E-470 PUBLIC HIGHWAY AUTHORITY

Basic Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

E-470 PUBLIC HIGHWAY AUTHORITY

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This management's discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position related to E-470 Public Highway Authority (the Authority). Please read it in conjunction with the basic financial statements, which immediately follow this section.

Complete data for a three-year period have been provided in management's discussion and analysis.

Financial Highlights

- Toll revenues increased 6.2% from 2008 to 2009 increasing from $90.0 million to $95.6 million. Toll revenues decreased 4.6% from 2007 to 2008 declining from $94.4 million to $90.0 million.

- Operating expenses, before depreciation, increased from $27.1 million in 2008 to $32.6 million in 2009. Operating expenses, before depreciation, decreased from $36.7 million in 2007 to $27.1 million in 2008.

- Debt service coverage for fiscal 2009 was 1.39 versus a budgeted 1.37. Debt service coverage for fiscal 2008 was 1.42 versus a budgeted 1.39. Debt service coverage for fiscal 2007 was 1.46 versus a budgeted 1.32.

- In May 2009, the Authority redeemed a portion of the outstanding 2001 Vehicle Registration Fee (VRF) Bonds totaling $17,700,000, and reissued the remaining outstanding bond balance of $19,365,000 as the 2009 VRF current interest bonds. Additionally, the Authority had an interest rate swap agreement with JP Morgan (formerly known as Bear Stearns) as a hedge against the variable rate interest on the 2001 VRF Bonds. The Authority chose to terminate that swap agreement by paying $2,457,000 from the general surplus fund and recorded as part of interest expense in fiscal year 2009.

- From 26th Avenue (just north of I-70) to Interstate 76, approximately 11 miles of median cable barrier was planned to be installed at a cost of approximately $1.2 million. $0.8 million was spent during 2009, with the remaining amount to be expended in 2010 as the project experienced weather delays in 2009. This will complete the third of a four-year plan to install median cable barrier along the entire 47 miles of the highway.

- In November 2009, work was completed to remove and replace the full depth of pavement on a six-lane, two and a quarter-mile portion of the original five-mile stretch of E-470 in Douglas County that originally opened in 1991. This $8.9 million project on approximately 13.5 lane miles provides a smoother and quieter driving surface for the customers. This is the only segment of the highway that is known and needed for replacement.

- The first phase of the License Plate Tolling (LPT) conversion began January 1, 2009 enabling customers that were not enrolled in EXpressToll with a transponder account to drive through the express lanes of the highway and receive a bill for the tolls in the mail rather than having to stop and pay cash. From January 1 to July 4, 2009, these customers still had the option to stop and pay cash. The second phase started on July 4, 2009 through year-end, where the only toll payment options for customers were by using their EXpressToll account or LPT as cash payments were ceased.

- Tolls were increased on January 1, 2009 in accordance with the toll studies and approval from the board of directors. For the first time in the history of the Authority, a two-tiered toll rate was introduced. At four of the five mainline toll plazas, tolls for a two-axle vehicle increased to $2.50 if paying by cash or LPT or $2.25 for EXpressToll customers. At the southern most mainline toll plaza, the increase was to $2.25 if paying by cash or LPT or $2.00 for EXpressToll customers. At all ramp plazas the amount is the same for all vehicle types, $1.00 for cash or LPT customers and $0.90 for EXpressToll customers. The two-tiered approach was introduced to entice customers to register for an EXpressToll account.

Summary of Operations

E-470 toll revenues for 2009 were $95.6 million, a 6.2% increase over 2008's $90.0 million. This increase is mainly due to the two-tiered toll increase effective on January 1, 2009. Toll revenue for fiscal year 2009 was $4.3 million below the $99.9 million budget. Traffic on E-470 during 2009 combined for 48.0 million transactions, with nearly 72% of them being paid using EXpressToll transponders. E-470 toll revenues for 2008 were $90.0 million, a 4.6% decrease from 2007 toll revenues of $94.4 million. Traffic on E-470 during 2008 combined for 52.1 million transactions, with nearly 69% of being paid using EXpressToll transponders.

Total operating expenses, before depreciation expense, for 2009 were $32.6 million, representing a 20.3% increase over 2008 operating expenses, before depreciation expense. Approximately $2.8 million of the increase was due to increased costs associated with the new toll collection process (LPT). Total operating expenses, before depreciation expense, for 2008 were $27.1 million, representing a 26.2% decrease over 2007 operating expenses, before depreciation. Approximately $8.1 million of the decrease was due to the completion of a major pavement resurfacing project in 2007 that did not occur in 2008.

Senior Revenue Bond principal and interest payments from the operating fund during 2009 and 2008 were $58.5 million and $59.8 million, respectively, on the Series 1997, 2006, and 2007 bonds, and $3.4 million and $6.3 million, respectively, for the VRF bonds (Series 2001 and 2009 bonds). Debt service coverage on the Senior Revenue Bonds for 2009 was 1.39 compared to 1.42 and 1.46 coverage in 2008 and 2007, respectively. The Senior Bond Trust Agreement requires a minimum coverage of 1.30.

Financial Results and Analysis

Summary of Net Deficit

	2009	2008	2007
Current assets	$ 111,745,435	101,325,233	113,716,024
Noncurrent assets:			
Capital assets	753,981,982	776,673,071	806,506,130
Other noncurrent assets	209,011,640	249,720,217	276,105,875
Total noncurrent assets	962,993,622	1,026,393,288	1,082,612,005
Total assets	$ 1,074,739,057	1,127,718,521	1,196,328,029
Current liabilities	$ 63,085,278	58,023,409	58,078,278
Noncurrent liabilities	1,380,810,667	1,373,321,011	1,390,519,359
Total liabilities	1,443,895,945	1,431,344,420	1,448,597,637
Net deficit:			
Investments in capital assets, net of related debt	(131,307,377)	(125,199,063)	(132,241,418)
Restricted for debt reserves	36,274,822	39,409,442	51,515,068
Unrestricted	(274,124,333)	(217,836,278)	(171,543,258)
Total net deficit	(369,156,888)	(303,625,899)	(252,269,608)
Total liabilities and net deficit	$ 1,074,739,057	1,127,718,521	1,196,328,029

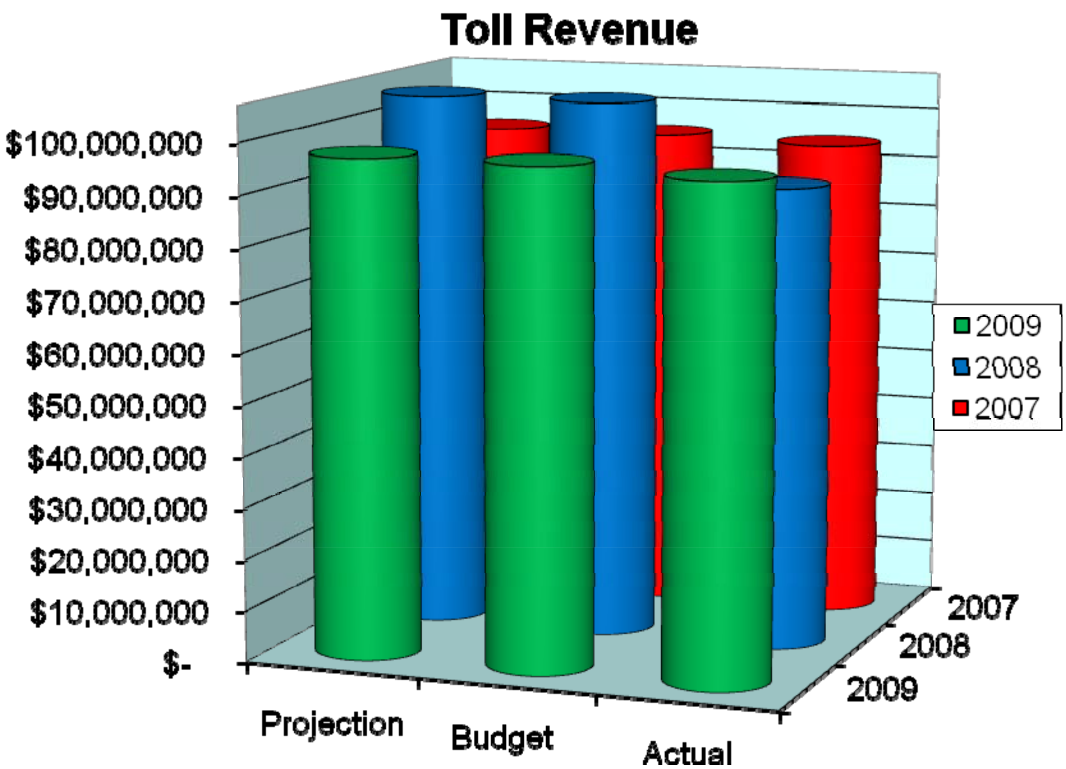
(Continued)

The largest portions of the Authority's assets are noncurrent. Seventy percent (70.2%) of the assets are capital assets (e.g., infrastructure, buildings, equipment, and other), net of accumulated depreciation. The Authority uses these capital assets to provide services and, consequently, these assets are not available to liquidate liabilities or other future spending. The acquisition of capital assets was primarily financed from revenue bond proceeds. Revenue bonds payable, net of current portion, is 99% of noncurrent liabilities. Total current liabilities were $63.1 million and $58.0 million at the end of 2009 and 2008, respectively. Of the total current liabilities, $51.4 million (81.5%) and $47.2 million (81.4%) for 2009 and 2008, respectively, are current bonds payable, notes payable, and related interest payable. These liabilities are to be paid from current assets and the subsequent year's operating and nonoperating revenue.

Summary of Revenue, Expenses, and Changes in Net Deficit

		2009	2008	2007
Operating revenue – vehicle tolls	$	95,625,715	90,017,985	94,372,723
Operating expenses before depreciation expense		(32,561,726)	(27,113,952)	(36,716,818)
Depreciation expense		(34,331,727)	(35,091,434)	(34,072,761)
Operating income		28,732,262	27,812,599	23,583,144
Nonoperating expenses		(94,263,251)	(79,184,543)	(54,289,852)
Capital contributions		—	15,653	—
Change in net deficit		(65,530,989)	(51,356,291)	(30,706,708)
Net deficit, beginning of year		(303,625,899)	(252,269,608)	(221,562,900)
Net deficit, end of year	$	(369,156,888)	(303,625,899)	(252,269,608)

Toll revenues in 2009 and 2008 were $95.6 million and $90.0 million, respectively, for an increase of 6.2% over 2008. Toll revenues in 2008 and 2007 were $90.0 million and $94.4 million, respectively. Toll revenues in 2009 were 93.7% of total revenues. Toll revenue accounted for 69.2% and 73.7% of total revenue of 2008 and 2007, respectively.


Toll Revenue
$100,000,000
$90,000,000
$80,000,000
$70,000,000
$60,000,000
$50,000,000
$40,000,000
$30,000,000
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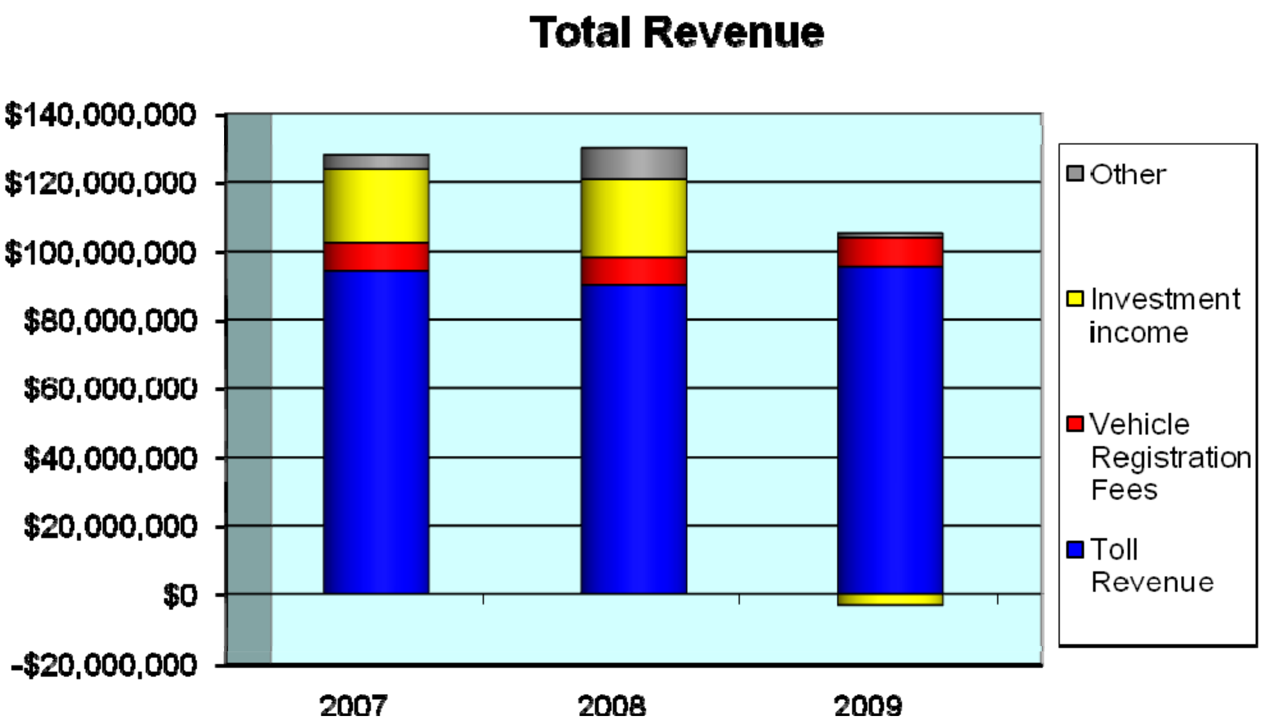

Total revenues for 2009 and 2008 were $102.1 million and $130.2 million, respectively. The decrease is primarily due to less investment income due to fair market valuations at December 31, 2009 versus 2008 and less other income received in fiscal year 2009 when compared to 2008. Total revenues for 2008 and 2007 were $130.2 million and $128.1 million, respectively.

Capital Assets and Long-Term Debt

Total capital assets increased from $1,059 million in 2008 to $1,067 million in 2009. Accumulated depreciation reduced the year-end capital asset balances to $754.0 million in 2009 and $777.0 million in 2008.

In 2009, principal and interest paid on bond debt consisted of $32,945,000 in Series 1997 bonds, $1,205,250 in Series 2006 bonds, $24,403,985 in Series 2007 bonds, and $3,440,735 in 2001 and 2009 VRF bonds.

In 2008, principal and interest paid on bond debt consisted of $31,183,213 in Series 1997 bonds, $5,875,308 in Series 2006 bonds, $27,739,873 in Series 2007 bonds, and $6,311,352 in 2001 VRF bonds.

In 2007, principal and interest paid on revenue bonds payable consisted of $43,571,707 in Series 1997 bonds, $6,139,250 in Series 2006 bonds, $4,946,833 in 2001 VRF bonds, and $11,307,264 in Series 2007 bonds.

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In June 2007, the Authority issued $423,340,000 Senior Revenue Bonds in the auction rate mode. The final maturity date for all Series 2007 A, B, C, and D bonds was September 1, 2039, and the bonds were subject to optional redemption on any interest payment date while the bonds remain in the auction rate mode. The proceeds of this issue were used to current refund a portion of the Series 1997A bonds and to pay costs of issuance.

During 2008, the Authority carried out multiple bond transactions to manage the decline in revenue as well as the collapse of the auction-rate market. In May 2008, all of the outstanding Series 2007 A through D auction-rate bonds were remarketed as fixed rate or term rate bonds. The bonds were remarketed into eight sub-series: 2007A-1, 2007A-2, 2007B-1, 2007B-2, 2007C-1, 2007C-2, 2007D-1, and 2007D-2 with the 2007A-1, B-1, C-1, and D-1 as fixed rate bonds and the 2007A-2, B-2, C-2, and D-2 as term rate bonds. The annual principal maturities and bond life were unchanged from the Series 2007 bonds with only the interest mode changing. An interest rate swap agreement entered into with George K. Baum & Company in 2007 was terminated as a result of this remarketing transaction. Two new interest rate swaps with Morgan Stanley were entered into to offset the effect of the remaining 2007 swap agreements with JP Morgan (formerly known as Bear Stearns) and Morgan Stanley. In July of 2008, the remaining outstanding principal of $27,005,000 of the 1997C current interest bonds were redeemed with cash from the Authority's general surplus fund. Further, in November 2008, $22,605,000 of outstanding principal of the Series 2006A current interest bonds was cash defeased. This portion of the 2006A outstanding principal was maturing between 2009 and 2014. The funds used to set up the escrow were withdrawn from cash in the Senior Bonds Debt Service Reserve account. A $25.0 million surety policy was purchased from MBIA to replace the cash draw and still meet the account requirements as specified in the bond document.

In May 2009, the Authority redeemed a portion of the outstanding 2001 VRF Bonds totaling $17,700,000 and reissued the remaining balance of $19,365,000 as the 2009 VRF current interest bonds. Additionally, the Authority has an interest rate swap agreement with JP Morgan (formerly known as Bear Stearns) as a hedge against the variable rate interest on the 2001 VRF Bonds. The Authority chose to terminate that swap agreement by paying $2,457,000 from the general surplus fund and recorded as part of interest expense in fiscal year 2009.

As of December 31, 2009, the underlying senior bond ratings of the Authority remained consistent by all three major rating agencies: Moody's, Standard & Poor's, and Fitch. These ratings were all reaffirmed by the rating agencies prior to reissuing the Series 2007 bonds in May 2008. Additionally, in March of 2009, Standard & Poor's reaffirmed the rating of BBB-. The other rating agencies were not updated in 2009.

Ratings and Outlook as of December 31, 2009:

Rating agency	Rating	Outlook
Moody's	Baa2	Stable
Standard & Poor's	BBB-	Stable
Fitch	BBB-	Stable

Further, on April 27, 2010, Fitch reaffirmed the senior bond rating of BBB-, but changed the outlook from stable to negative based on the current economic environment.

Debt Administration

E-470 Revenue Bonds Outstanding Principal

	2009	2008	2007
Series 1997 A	$ 32,520,000	32,520,000	32,520,000
Series 1997 B	479,898,074	486,929,428	489,287,420
Series 1997 C	—	—	27,005,000
Series 2000 B	279,581,014	262,820,584	247,065,238
Vehicle registration fee 2001	—	37,065,000	40,240,000
Series 2004 A	99,972,917	94,785,971	89,868,182
Series 2004 B	93,711,226	88,604,420	83,776,081
Series 2004 C	20,580,988	19,738,377	18,930,236
Series 2006 A	24,105,000	24,105,000	50,245,000
Series 2006 B	67,097,078	63,818,827	60,700,825
Series 2007 A	—	—	105,525,000
Series 2007 A-1	51,975,000	52,675,000	—
Series 2007 A-2	52,200,000	52,200,000	—
Series 2007 B	—	—	105,525,000
Series 2007 B-1	51,975,000	52,675,000	—
Series 2007 B-2	52,200,000	52,200,000	—
Series 2007 C	—	—	105,525,000
Series 2007 C-1	51,975,000	52,675,000	—
Series 2007 C-2	52,200,000	52,200,000	—
Series 2007 D	—	—	105,535,000
Series 2007 D-1	52,035,000	52,685,000	—
Series 2007 D-2	52,165,000	52,165,000	—
Vehicle registration fee 2009	17,865,000	—	—
Discounts, premiums, and deferred refunding adjustments, net	(111,542,877)	(120,621,906)	(136,331,757)
Total	$ 1,420,513,420	1,409,240,701	1,425,416,225

Loans

	2009	2008	2007
Local member jurisdictions (Douglas County)	$ 2,407,693	2,407,693	2,407,693
Total	$ 2,407,693	2,407,693	2,407,693

	2009	2008	2007
Lennar Corporation	$ —	—	5,990,400
Total	$ —	—	5,990,400

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Economic Factors

Estimates by the Authority's traffic and revenue consultant are shown against actual toll revenue for 2009, 2008, and 2007 in the following tables. The Authority has hired Wilbur Smith Associates to conduct numerous investment grade traffic and revenue studies and updated reviews over the years based on economic conditions and bond refunding transactions. The last traffic and revenue study was completed by Wilbur Smith Associates in 2008 in conjunction with the reissuance of the Series 2007 Bonds, with downward adjustments being made to the 2008 forecast. No updated study was performed or requested in 2009. Those forecasts are summarized below.

Transactions (Annual Total)

Year	Forecast	Actual	Variance	Percentage variance
2007	$ 56,633,000	54,141,641	(2,491,359)	(4.40)%
2008 (Revised May 2008)	55,009,000	52,080,461	(2,928,539)	(5.32)
2009	48,942,000	47,972,713	(969,287)	(1.98)

Toll Revenue (Annual Total)

Year	Forecast	Actual	Variance	Percentage variance
2007	$ 95,323,000	94,372,723	(950,277)	(1.00)%
2008 (Revised May 2008)	92,618,000	90,017,985	(2,600,015)	(2.81)
2009	96,920,300	95,625,715	(1,294,585)	(1.34)

Reserves Management

The Authority maintains a Senior Bonds Debt Service Reserve Fund, an Operating Reserve Fund, and a General Surplus Fund. The General Surplus Fund has been divided into four subaccounts. These are a Senior Bonds redemption account, a VRF bond redemption account, a Capital Improvements account, and a Rainy Day account. At December 31, 2009, all required funds were fully funded as specified in the bond document.

Intergovernmental Tolling Services

The Authority has entered into a series of Intergovernmental Agreements with the Northwest Parkway LLC and High Performance Transportation Enterprise (Colorado Department of Transportation) to provide certain electronic toll collection services. These agreements provide economies of scale for toll collection costs and seamless interoperability for customers using EXpressToll on Colorado toll facilities. As part of the agreements, the Authority collects electronic tolls for the other two facilities and transfers the funds monthly to the Northwest Parkway LLC and the High Performance Transportation Enterprise for transactions that occurred on their highways. These electronic tolls collected and transferred on behalf of other entities are not included in the basic financial statements.

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Future Management Plans

During 2010, the Authority is focusing its efforts on improving the LPT process. Changes will be made to allow LPT customers additional mechanisms of paying tolls prior to receiving a bill. This will address requests by customers to make payments shortly after using the highway and not waiting to receive a bill in the mail. Changes will also be made in the administration of violations. Currently each individual transaction that is unpaid becomes a single violation notice. The Authority will consolidate multiple violations onto a single citation notice. This will substantially decrease the operational and administrative costs of printing and postage for these documents.

In addition to changes made to the LPT process, the final stretch of median cable barrier will be installed from Interstate 76 to the northern terminus of the highway at Interstate 25 in Thornton. Also, a budgeted pavement overlay will be completed in 2010 on the 7.5-mile section of highway that was opened in 2003 and will be managed by the Authority’s maintenance department.

Contacting E-470’s Financial Management

This financial report is designed to provide overview information to the Authority’s bondholders, customers, and other interested parties. Should you have any questions about this report, contact the E-470 Public Highway Authority’s Director of Finance, 22470 E. 6th Parkway, Aurora, Colorado 80018.

KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202

Independent Auditors' Report

The Board of Directors
E-470 Public Highway Authority:

We have audited the accompanying basic financial statements of the E-470 Public Highway Authority (the Authority) as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the E-470 Public Highway Authority as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

May 5, 2010

E-470 PUBLIC HIGHWAY AUTHORITY

Statements of Net Deficit

December 31, 2009 and 2008

Assets	2009	2008
Current assets:		
Unrestricted cash and cash equivalents	$ 12,351,265	15,464,146
Unrestricted investments	60,157,355	59,530,523
Restricted cash and equivalents for debt service	10,664,758	21,149,950
Restricted investments for debt service	20,517,365	—
Accrued interest receivable	756,245	1,303,972
Accounts receivable, net	7,005,868	3,816,642
Prepaid expenses	292,579	60,000
Total current assets	111,745,435	101,325,233
Noncurrent assets:		
Unrestricted investments	56,790,480	73,441,874
Restricted for debt reserves:		
Cash and cash equivalents	36,354,286	36,890,813
Investments	71,659,234	91,796,690
Accrued interest receivable	1,679,320	2,599,763
Total noncurrent unrestricted and restricted assets	166,483,320	204,729,140
Capital assets (net of accumulated depreciation of $312,994,954 in 2009 and $282,012,394 in 2008)	753,981,982	776,673,071
Bond issuance costs (net of accumulated amortization of $26,819,196 in 2009 and $24,032,038 in 2008)	42,528,320	44,991,077
Total noncurrent assets	962,993,622	1,026,393,288
Total assets	$ 1,074,739,057	1,127,718,521
Liabilities and Net Deficit		
Current liabilities:		
Accounts payable	$ 3,984,566	3,923,003
Unearned toll revenue	7,231,338	6,465,806
Accrued expenses	437,005	415,206
Current portion of revenue bonds payable	43,040,000	39,010,000
Accrued interest payable	8,392,369	8,209,394
Total current liabilities	63,085,278	58,023,409
Noncurrent liabilities:		
Revenue bonds payable, net of current portion	1,377,473,420	1,370,230,701
Notes payable	2,407,693	2,407,693
Deferred revenue	639,059	677,403
Other long-term liabilities	290,495	5,214
Total noncurrent liabilities	1,380,810,667	1,373,321,011
Total liabilities	1,443,895,945	1,431,344,420
Net deficit:		
Invested in capital assets, net of related debt	(131,307,377)	(125,199,063)
Restricted for debt reserves	36,274,822	39,409,442
Unrestricted	(274,124,333)	(217,836,278)
Total net deficit	(369,156,888)	(303,625,899)
Commitments and contingencies (notes 6, 10, 11 and 12)		
Total liabilities and net deficit	$ 1,074,739,057	1,127,718,521

See accompanying notes to basic financial statements.

E-470 PUBLIC HIGHWAY AUTHORITY

Statements of Revenue, Expenses, and Changes in Net Deficit

Years ended December 31, 2009 and 2008

	2009	2008
Operating revenue – vehicle tolls	$ 95,625,715	90,017,985
Operating expenses:		
Toll road operations	25,690,659	19,266,779
Salaries and benefits	5,035,238	5,238,830
General and administrative	997,782	1,239,653
Purchased services	838,047	1,368,690
Total operating expenses before depreciation expense	32,561,726	27,113,952
Depreciation expense	34,331,727	35,091,434
Total operating expenses	66,893,453	62,205,386
Operating income	28,732,262	27,812,599
Nonoperating revenue (expenses):		
Vehicle registration fees	8,337,124	8,258,236
Highway expansion fees	135,407	447,832
Investment income (loss)	(3,164,004)	22,545,480
Interest expense	(100,713,713)	(119,334,597)
Other income	1,141,935	8,898,506
Total nonoperating expenses	(94,263,251)	(79,184,543)
Loss before capital contributions	(65,530,989)	(51,371,944)
Capital contributions	—	15,653
Change in net deficit	(65,530,989)	(51,356,291)
Net deficit, beginning of year	(303,625,899)	(252,269,608)
Net deficit, end of year	$ (369,156,888)	(303,625,899)

See accompanying notes to basic financial statements.

E-470 PUBLIC HIGHWAY AUTHORITY

Statements of Cash Flows

Years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts of vehicle tolls	$ 90,485,557	90,468,790
Payments to employees	(5,013,439)	(5,212,871)
Payments to suppliers	(25,937,249)	(22,967,999)
Net cash provided by operating activities	59,534,869	62,287,920
Cash flows from capital and related financing activities:		
Payment of other noncurrent liabilities	—	(4,967,736)
Purchase and construction of capital assets	(13,411,676)	(5,216,500)
Proceeds from sale of capital assets	69,575	183,887
Interest paid	(32,075,347)	(40,515,108)
Principal payments on bonds	(37,195,000)	(37,700,000)
Payment to cash defease principal portion of series 2001 bonds	(17,700,000)	(22,605,000)
Redemption of series 1997C bonds outstanding principal	—	(27,005,000)
Proceeds from premium of series 2007 remarketed bonds	—	6,789,092
Proceeds from premium of series 2009 VRF refinanced bonds	638,649	—
Payment of cash to refund remaining series 2001 bonds	(19,365,000)	—
Proceeds from refunded series 2009 bonds	19,365,000	—
Payment of cash into escrow for series 2006A bond defeasance	—	(2,350,517)
Payment of bond issuance costs for series 2007 remarketed bonds and series 2006A defeased bonds	—	(4,591,868)
Payment of bond issuance costs for series 2009 VRF bonds	(463,564)	—
Payments to terminate portion of forward delivery agreement	—	(334,000)
Other capital payments or receipts and contributions	285,281	(984,347)
Net cash used in capital and related financing activities	(99,852,082)	(139,297,097)
Cash flows from noncapital financing activities:		
Receipts of vehicle registration fees	8,337,124	8,258,236
Receipts of highway expansion fees	135,407	447,832
Other receipts and contributions	3,799,607	4,867,033
Net cash provided by noncapital financing activities	12,272,138	13,573,101
Cash flows from investing activities:		
Proceeds from sales of investments	101,024,241	226,596,103
Purchase of investments	(96,576,671)	(150,959,666)
Interest received	9,462,905	15,691,466
Net cash provided by investing activities	13,910,475	91,327,903
Net increase (decrease) in cash and cash equivalents	(14,134,600)	27,891,827
Cash and cash equivalents, beginning of year	73,504,909	45,613,082
Cash and cash equivalents, end of year	$ 59,370,309	73,504,909
Reconciliation of cash and cash equivalents to the statements of net deficit:		
Cash and cash equivalents – current – unrestricted	$ 12,351,265	15,464,146
Cash and cash equivalents – current – restricted for debt service	10,664,758	21,149,950
Cash and cash equivalents – restricted for debt reserves	36,354,286	36,890,813
Cash and cash equivalents, end of year	$ 59,370,309	73,504,909

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E-470 PUBLIC HIGHWAY AUTHORITY

Statements of Cash Flows

Years ended December 31, 2009 and 2008

		2009	2008
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	28,732,262	27,812,599
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		34,331,727	35,091,434
Loss on replacement of capital asset		1,760,255	—
Changes in assets and liabilities:			
Accounts receivable, net (tolls)		(5,905,689)	—
Prepaid expenses		(232,579)	(50,388)
Accounts payable		61,563	(1,042,489)
Unearned toll revenue		765,531	450,805
Accrued expenses		21,799	25,959
Net cash provided by operating activities	$	59,534,869	62,287,920
Noncash transactions:			
Increase (decrease) in fair value of investments	$	(10,405,197)	7,446,785
Net gain on disposal of capital assets		58,792	225,762
Amortization of investment premiums		915,917	14,666
Amortization of deferred revenue		38,344	48,588
Amortization of net bond premiums		930,199	822,700
Accreted interest		57,088,689	55,424,625
Amortization of bond issuance costs		2,787,158	5,480,779
Interest expense recorded due to amortization of deferred refunding		9,370,579	8,776,953
Gain on forgiveness of U.S. Home (Lennar) Corporation payable		—	1,017,450
Loss on defeasance of 2006A bonds		—	(1,489,783)

See accompanying notes to basic financial statements.

(1) Financial Reporting Entity

The E-470 Authority (the First Authority) is a separate legal entity, created in February 1985, by an intergovernmental agreement among Adams County, Arapahoe County, Douglas County, and the City of Aurora. The purpose of the agreement was to plan, design, and construct the E-470 Highway (the Project). The First Authority does not have the power to incur debt; therefore, Arapahoe County (the County) issued bonds to finance the Project.

In January 1988, the E-470 Public Highway Authority (the Authority) was created by the original members of the First Authority pursuant to Colorado Revised Statutes Title 43, Article 4, Part 5. The Town of Parker, City of Thornton, City of Brighton, and Commerce City became participants in the Authority in 1989, 1990, 1991, and 1995, respectively. In February 1989, all rights, privileges, obligations, and liabilities of the First Authority were assigned to the Authority. In the event the Authority is ever dissolved, all rights, privileges, obligations, and liabilities will transfer back to the First Authority. As required by accounting principles generally accepted in the United States of America, the accompanying basic financial statements present the Authority and its component unit, an entity for which the Authority is considered to be financially accountable, as discussed below. The blended component unit, although a legally separate entity, is, in substance, part of the Authority's operations, and therefore, data from this component unit are combined with data of the primary government.

The First Authority is a blended component unit of the Authority; however, it currently has no assets, liabilities, or operations.

In an opinion dated May 15, 1995, the Colorado Supreme Court held that the County had relinquished any control it had over the 1986 Bonds and the alignment of the Project in February 1989 when it executed the Delegation and Substitution Agreement and amendments to the Establishing Contract to that effect. Therefore, the Authority is not a component unit of the County.

Intergovernmental Agreements with Arapahoe County, Colorado

Since its creation, the First Authority was not legally empowered to issue debt; therefore, the County authorized issuance of $722,010,000 of Capital Improvement Trust Fund Highway Revenue Bonds Series 1986A-M. The ultimate objective of this issuance was to remit the proceeds to the Authority for the construction of the Project. In the contract establishing the Authority, the County assigned to the Authority all of the County's rights and privileges with respect to the bonds, and the Authority assumed all of the County's obligations with respect to the bonds. The proceeds of the bond issue were invested and held in trust for the benefit of the owners of the bonds (until the releases as described below). The bonds were generally remarketed every six months.

In February 1989, the Authority released from escrow the Series D bonds in the amount of $63,260,000 to complete construction on the first phase of the highway (Segment I). In consideration of the obligations assumed by the Authority and to assist the Project, the County granted to the Authority all of the County's rights to the excess investment earnings for all bond series. In addition, the Authority agreed to pay all bond administration costs with no financial obligation to the County.

At the August 31, 1995 remarketing of the bonds, the funds remaining were released from escrow to finance the costs associated with the design, acquisition of property, and construction of Segments II and III of the Project. Any bonds that were not remarketed were redeemed on August 31, 1995.

Due to the interrelationship between the County and the Authority in this financing arrangement, all the transactions incurred by the County relating to this financing are included in the accompanying basic financial statements as if they were incurred by the Authority.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The operations of the Authority are accounted for as an enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenue is recorded when earned, and expenses are recorded at the time liabilities are incurred. Enterprise funds are used to account for those operations for which the pricing policies of the entity establish fees and charges designed to recover its costs, including capital costs such as depreciation and debt service. The Authority applies all applicable pronouncements, as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

(b) Statements of Cash Flows

The basic financial statements include statements of cash flows showing cash and cash equivalents provided by and used in operating, noncapital and capital financing, and investing activities. The Authority considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents may be restricted by trustee under the master bond agreement.

(c) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America involves the use of management’s estimates. These estimates are based upon management’s best judgments, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

(d) Accounts Receivable

The accounts receivable, net balance represents amounts due for customer tolls, vehicle registration fees collected by counties and not yet remitted to the Authority, and other miscellaneous receivables from third parties.

With the inception of License Plate Tolling (LPT) in 2009, the Authority began to accrue toll revenue and related receivables within the basic financial statements at the time the customer uses the toll road. In previous periods, revenue was recorded when the cash was collected at the time of service. Within tolls receivables, there are three stages accrued within the basic financial statements: accrued toll revenue (transactions in-process for billing); unbilled toll revenue (transactions assigned to a customer account but yet to be billed); and tolls receivable (transactions that have been billed to a customer and are awaiting payment). Customers are generally billed within two months of using the toll road and have 45 days to pay, with notices and violations being assessed for delinquent payments. Also, tolls charged to customers for LPT versus charging an EXpressToll transponder account may vary based on the approved two-tiered toll rates effective January 1, 2009.

Toll receivables are reported net of allowances for uncollectible amounts. An allowance for estimated uncollectible toll receivables is recognized to reduce the gross amount of receivables to its realizable value. The allowance is estimated based on experience of collections in relation to revenues. The allowance is calculated as the historical collection percentage multiplied by the year-end accounts receivable balance. Further, the Authority generally does not deem transactions older than six months to be collectible and has fully allowed for these transactions within the basic financial statements.

Vehicle registration fees are collected by Adams, Arapahoe, and Douglas Counties on behalf of the Authority. Each county collects $10 when each car is reregistered annually. They withhold 5% ($0.50) per transaction as a collection fee and the remaining amount is sent to the Authority. The amount accrued as accounts receivable and included within the basic financial statements equals what has been collected by the counties for the previous month but not yet remitted to the Authority. No allowance is recorded for these receivables as the amounts are fully collectable and timely remitted.

(e) Investments

In accordance with authorized investment laws, the Authority's investments consist primarily of U.S. government securities, corporate coupon securities, and guaranteed investment contracts. The Authority accounts for the U.S. government securities and corporate coupon securities at fair value. Fair value is determined from quotable market prices available at year-end. The guaranteed investment contracts cannot be traded and, therefore, are reported using a cost-based measurement. Investments may be restricted by trustee under the master bond agreement.

(f) Capital Assets

Capital assets have an estimated useful life in excess of one year and an initial cost greater than $5,000 for software, fixtures, and equipment; $50,000 for land improvements; $100,000 for buildings; and $500,000 for infrastructure (roadway, bridges, and ramps).

Capital assets are recorded at historical cost. Costs include not only purchase price or construction cost, but also ancillary charges necessary to place the asset in its intended location and condition for use. Ancillary charges include, but are not limited to, costs such as freight and transportation charges, site preparation expenditures, professional fees, and legal expenses directly attributable to asset acquisition. Donations of capital assets represent facilities, or cash payments for facilities, received from property owners, governmental agencies, and customers. Donated capital assets are recorded at estimated fair value at the date of transfer.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Those capital assets subject to depreciation have the following useful lives:

Assets	Years
Software	3
Fixtures and equipment	5 – 10
Land improvements	20
Buildings	40
Infrastructure	30

Ongoing construction costs associated with the Authority's highway are capitalized as construction in progress (CIP). As construction is not yet complete, depreciation has not been recorded on these CIP costs. The Authority capitalizes interest on these assets under construction for interest costs on the tax-exempt debt used to finance the assets, reduced by interest earned from investments acquired with the tax-exempt debt proceeds.

(g) Bond Issuance Costs

Bond issuance costs are deferred and amortized to interest expense using the effective-interest method over the life of the bonds.

(h) Revenue and Expenses

The Authority's statements of revenue, expenses, and changes in net deficit distinguish between operating and nonoperating revenue and expenses. Operating revenue results from vehicle tolls associated with the operation of the Authority's highway. The Authority recognizes toll operating revenue when earned. Advanced payments received for toll operating revenue are deferred as unearned toll revenue on the statements of net deficit and are recognized as revenue as the customers use the toll road. Operating expenses include costs incurred to provide for maintenance and administration of the highway.

Nonoperating revenue and expenses consist of vehicle registration fees, highway expansion fees, investment income, interest on debt, and other miscellaneous income. Vehicle registration fees are assessed by local counties and remitted to the Authority on a monthly basis.

(i) Income Taxes

The income derived by the Authority is exempt from federal income tax under the provisions of Internal Revenue Code Section 115. Accordingly, no provision for the payment or refund of income taxes has been made in the accompanying basic financial statements.

(j) Net Deficit Amounts

Net deficit amounts reported in the Authority's statements of net deficit consist of three categories: net deficit invested in capital assets, net of related debt; restricted net assets; and unrestricted net deficit. Net deficit invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation, reduced by outstanding borrowings and the costs associated with those

(Continued)

borrowings, to acquire or construct the capital assets. Restricted net assets consist of net asset amounts that contain externally imposed restrictions on their use and are not available to fund all obligations of the Authority. Unrestricted net deficit is an amount that does not meet the definition of restricted net assets (deficit) or invested in capital assets, net of related debt. These net assets are available to fund any obligation of the Authority.

As of December 31, 2009 and 2008, the Authority had a total net asset deficit of approximately \$369.2 million and \$303.6 million, respectively. The Authority primarily plans to fund this net deficit with increased annual growth in vehicle toll revenues and other nonoperating revenues.

(k) Future Accounting Standards

GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is effective for financial statements for periods beginning after June 15, 2009. The standard includes new requirements related to the determination of hedging derivative instruments and the application of hedge accounting and recordation within the financial statements at fiscal year-end. This will be applicable to the Authority in fiscal year 2010 as the Authority has four interest rate swap agreements (see note 6).

(l) Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

(3) Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2009 and 2008, the Authority's cash deposits had a book balance of $59,370,310 and $73,504,909, respectively, and a corresponding bank balance of $59,363,410 and $73,882,161, respectively. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the banks. As of December 31, 2009 and 2008, the Authority's book balances are classified as follows:

	2009		
	Deposits	**Investments**	**Total**
Restricted cash and cash equivalents by trustee under bond agreement	$ 47,019,044	—	47,019,044
Unrestricted cash and cash equivalents – undesignated	12,351,265	—	12,351,265
Restricted investments by trustee under bond agreement	—	92,176,599	92,176,599
Unrestricted investments – undesignated	—	116,947,835	116,947,835
	$ 59,370,309	209,124,434	268,494,743

	2008		
	Deposits	**Investments**	**Total**
Restricted cash and cash equivalents by trustee under bond agreement	$ 58,040,763	—	58,040,763
Unrestricted cash and cash equivalents – undesignated	15,464,146	—	15,464,146
Restricted investments by trustee under bond agreement	—	91,796,690	91,796,690
Unrestricted investments – undesignated	—	132,972,397	132,972,397
	$ 73,504,909	224,769,087	298,273,996

The following is a summary of the Authority's investments by type at December 31, 2009 and 2008, at fair value:

		2009	2008
U.S. government agency	$	182,260,487	209,185,188
Guaranteed investment contract		8,471,273	8,471,273
Corporate coupon securities		9,194,481	7,112,626
U.S. Treasury note		9,198,193	—
	$	209,124,434	224,769,087

(a) Credit Risk

Although the Authority has separate policy regarding credit risk, it follows Colorado statutes and bond covenants. Colorado statutes specify the following investment instruments that meet defined rating and risk criteria in which local government entities may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international investments
- Bonds of certain Colorado government entities
- Banker's acceptances of certain banks
- Commercial paper with a certain rating
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

The Authority may invest or deposit any funds in the manner provided by law for political subdivisions of the state. In addition, the Authority may direct a corporate trustee, which holds funds of the Authority to invest or deposit such funds in investments or deposits other than those specified by law for political subdivisions of the state if the board of directors determines, by resolution, that (1) such investment or deposit meets the standard established in the Colorado Revised Statutes, (2) the income is at least comparable to income available on investments or deposits specified by law for political subdivisions of the state, and (3) such investments will assist the Authority in the financing, construction, maintenance, or operation of public highways. The bond documents impose additional restrictions on investments.

The following is a summary of the Authority's investments at December 31, 2009 and 2008 with credit ratings based on the Standard & Poor's and Moody's ratings scale:

	2009	
	Fair value	**Rating**
U.S. government agency:		
Federal Farm Credit Banks (FFCB)	$ 25,116,430	AAA/Aaa
Federal Farm Credit Banks (FFCB) (Floating Rate)	1,499,508	AAA/Aaa
Federal Home Loan Banks (FHLB)	35,896,213	AAA/Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	22,363,608	AAA/Aaa
Federal National Mortgage Association (FNMA)	28,137,931	AAA/Aaa
Federal National Mortgage Association Medium Term Note (FNMAMTN)	15,288,900	AAA/Aaa
International Bank for Reconstruction and Development	49,584,053	AAA/Aaa
Student Loan Marketing Association Discount Note	4,373,844	AAA/Aaa
Total U.S. government agency	182,260,487	
U.S. Treasury security:		
U.S. Treasury note	9,198,193	Not rated
Guaranteed investment contract:		
Societe Generale	8,471,273	A+/AA2
Corporate coupon securities:		
JP Morgan Chase (FDIC guaranteed)	2,549,145	AAA/Aaa
Morgan Stanley (FDIC guaranteed)	2,018,512	AAA/Aaa
Regions Bank (FDIC guaranteed)	2,043,154	AAA/Aaa
American Express Bank (FDIC guaranteed)	2,583,670	AAA/Aaa
Total corporate coupon securities	9,194,481	
Total investments	$ 209,124,434	

	2008	
	Fair value	**Rating**
U.S. government agency:		
Federal Farm Credit Banks (FFCB)	$ 29,005,189	AAA/Aaa
Federal Farm Credit Banks (FFCB) (Floating Rate)	1,493,283	AAA/Aaa
Federal Home Loan Banks (FHLB)	31,163,793	AAA/Aaa
Federal Home Loan Banks (FHLB) (discount notes)	2,000,000	AAA/Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	40,234,653	AAA/Aaa
Federal National Mortgage Association (FNMA)	27,411,048	
Federal National Mortgage Association Medium Term Note (FNMAMTN)	17,339,190	AAA/Aaa
International Bank for Reconstruction and Development	55,294,747	AAA/Aaa
Student Loan Marketing Association Discount Note	5,243,285	AAA/Aaa
Total U.S. government agency	209,185,188	
Guaranteed investment contract:		
Societe Generale	8,471,273	A+/AA2
Corporate coupon securities:		
JP Morgan Chase (FDIC guaranteed)		
Regions Bank (FDIC guaranteed)	2,550,192	AAA/Aaa
American Express Bank (FDIC guaranteed)	2,042,532	AAA/Aaa
	2,519,902	AAA/Aaa
Total corporate coupon securities	7,112,626	
Total investments	$ 224,769,087	

U.S. Treasury bills/notes/bonds are guaranteed by the federal government and are, therefore, not subject to credit risk.

(b) Interest Rate Risk

The Authority employs two professional money management firms to manage its investments. The funds are all "laddered" so that investments do not mature all at once. Additionally, 74% and 73% of the investments have maturities of three years or less at December 31, 2009 and 2008, respectively.

(c) Custodial Credit Risk

The Authority has no custodial credit risk as all securities are registered in the name of the Authority and held by a third-party safekeeping agent. All deposits are covered by depository insurance. Investments in money market mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

(d) Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. More than 87.2% of the Authority's investments are in U.S. government agency investments that are not fully backed by the full faith and credit of the federal government. The investments include Federal Farm Credit Banks (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), International Bank for Reconstruction and Development, and Student Loan Marketing Association investments.

As of December 31, 2009, the Authority held the following investments:

	Fair value	< one year	Between one and two years	Between two and three years	> three years
U.S. government agency	$ 182,260,487	74,250,572	38,173,738	15,878,280	53,957,897
U.S. Treasury note	9,198,193	9,198,193	—	—	—
Guaranteed investment contract:					
Societe Generale	8,471,273	8,471,273	—	—	—
Total guaranteed investment contract	8,471,273	8,471,273	—	—	—
Corporate coupon securities:					
JP Morgan Chase	2,549,145	2,549,145	—	—	—
Morgan Stanley	2,018,512	—	—	2,018,512	—
Regions Bank	2,043,154	2,043,154	—	—	—
American Express Bank	2,583,670	—	2,583,670	—	—
Total commercial paper	9,194,481	4,592,299	2,583,670	2,018,512	—
Total investments	$ 209,124,434	96,512,337	40,757,408	17,896,792	53,957,897

As of December 31, 2008, the Authority held the following investments:

	Fair value	< one year	Between one and two years	Between two and three years	> three years
U.S. government agency	$ 209,185,188	79,628,069	49,233,065	19,786,022	60,538,032
Guaranteed investment contract:					
Societe Generale	8,471,272	—	8,471,272	—	—
Total guaranteed investment contract	8,471,272	—	8,471,272	—	—
Corporate coupon securities:					
JP Morgan Chase	2,550,193	—	2,550,193	—	—
Regions Bank	2,042,532	—	2,042,532	—	—
American Express Bank	2,519,902	—	—	2,519,902	—
Total commercial paper	7,112,627	—	4,592,725	2,519,902	—
Total investments	$ 224,769,087	79,628,069	62,297,062	22,305,924	60,538,032

(4) Accounts Receivable

The following is a summary of accounts receivable balances and related allowance as of December 31, 2009 and 2008:

	2009	2008
Accounts receivable	$ 372,989	3,057,142
Vehicle registration fees receivable	641,972	674,281
Accrued toll revenue – transactions still processing	3,397,204	—
Unbilled toll revenue	915,076	—
Tolls receivable	2,573,820	120,536
Allowance for uncollectible tolls receivable	(895,193)	(35,317)
	$ 7,005,868	3,816,642

Due to the new LPT process in fiscal year 2009, the Authority has approximately $0.9 million in outstanding receivables at year-end that are not expected to be collected within the next fiscal year.

(5) Capital Assets

A summary of changes in capital assets for the years ended December 31, 2009 and 2008 is as follows:

	Balance at January 1, 2009	Increases	Decreases	Transfers	Balance at December 31, 2009
Capital assets not being depreciated:					
Land	$ 111,327,451	—	—	—	111,327,451
Construction in progress	2,113,278	13,263,424	—	(14,452,352)	924,350
Total capital assets not being depreciated	113,440,729	13,263,424	—	(14,452,352)	112,251,801
Depreciable capital assets:					
Infrastructure	895,378,141	8,896,134	(4,570,537)	—	899,703,738
Buildings	17,890,696	—	—	—	17,890,696
Equipment	19,558,200	3,809,165	(549,668)	—	22,817,697
Software, fixtures, improvements, and other assets	12,417,699	1,895,305	—	—	14,313,004
Total depreciable capital assets	945,244,736	14,600,604	(5,120,205)	—	954,725,135
Less accumulated depreciation for:					
Infrastructure	(255,408,601)	(30,042,982)	2,819,375	—	(282,632,208)
Buildings	(5,109,171)	(493,567)	—	—	(5,602,738)
Equipment	(12,336,618)	(1,928,566)	535,927	—	(13,729,257)
Software, fixtures, improvements, and other assets	(9,158,004)	(1,872,747)	—	—	(11,030,751)
Total accumulated depreciation	(282,012,394)	(34,337,862)	3,355,302	—	(312,994,954)
Depreciable capital assets, net	663,232,342	(19,737,258)	(1,764,903)	—	641,730,181
Total capital assets, net	$ 776,673,071	(6,473,834)	(1,764,903)	(14,452,352)	753,981,982

	Balance at January 1, 2008	Increases	Decreases	Transfers	Balance at December 31, 2008
Capital assets not being depreciated:					
Land	$ 111,285,576	93,626	(51,751)	—	111,327,451
Construction in progress	2,127,350	5,216,500	—	(5,230,572)	2,113,278
Total capital assets not being depreciated	113,412,926	5,310,126	(51,751)	(5,230,572)	113,440,729
Depreciable capital assets:					
Infrastructure	893,885,169	1,492,972	—	—	895,378,141
Buildings	17,890,696	—	—	—	17,890,696
Equipment	17,333,946	2,224,254	—	—	19,558,200
Software, fixtures, improvements, and other assets	10,904,353	1,513,346	—	—	12,417,699
Total depreciable capital assets	940,014,164	5,230,572	—	—	945,244,736
Less accumulated depreciation for:					
Infrastructure	(225,332,971)	(30,075,630)	—	—	(255,408,601)
Buildings	(4,614,252)	(494,919)	—	—	(5,109,171)
Equipment	(10,629,806)	(1,706,812)	—	—	(12,336,618)
Software, fixtures, improvements, and other assets	(6,343,931)	(2,814,073)	—	—	(9,158,004)
Total accumulated depreciation	(246,920,960)	(35,091,434)	—	—	(282,012,394)
Depreciable capital assets, net	693,093,204	(29,860,862)	—	—	663,232,342
Total capital assets, net	$ 806,506,130	(24,550,736)	(51,751)	(5,230,572)	776,673,071

(6) Revenue Bonds Payable

Revenue bonds payable consist of Vehicle Registration Fee (VRF) bonds, current interest bonds, and capital appreciation bonds, consisting of new issue and refunding bonds of the Authority. The Authority is committed to repay the bonds and related interest from its revenues and restricted investments. Interest rates for the revenue bonds outstanding at December 31, 2009 and 2008 range from 3.00% to 5.75% and 4.00% to 6.35%, respectively. The average outstanding interest rate on all outstanding bonds was 4.82% and 5.14% for the years ended December 31, 2009 and 2008, respectively.

The following is an analysis of changes in revenue bonds payable and associated premiums, discounts, and refunding amounts for the years ended December 31, 2009 and 2008:

	Balance at January 1, 2009	Additions	Reductions	Balance at December 31, 2009	Due within one year
Senior Current Interest Bonds 1997A	$ 32,520,000	—	—	32,520,000	—
Premium Senior Current 1997A	793,936	—	186,860	607,076	—
Senior CAB 1997B	267,156,849	—	18,204,419	248,952,430	19,310,542
Senior CAB 1997B (Accretion)	219,772,578	25,913,647	14,740,581	230,945,644	17,874,458
Deferred refunding 1997	(36,809,867)	2,083,579	—	(34,726,288)	—
Senior CAB 2000B	154,024,296	—	—	154,024,296	—
Senior CAB 2000B (Accretion)	108,796,288	16,760,430	—	125,556,718	—
Vehicle Registration Fee Bonds 2001	37,065,000	—	37,065,000	—	—
Deferred refunding 2001	(2,932,813)	2,932,813	—	—	—
Senior CAB 2004A	76,484,624	—	—	76,484,624	—
Senior CAB 2004A (Accretion)	18,301,348	5,186,945	—	23,488,293	—
Senior CAB 2004B	70,705,810	—	—	70,705,810	—
Senior CAB 2004B (Accretion)	17,898,610	5,106,806	—	23,005,416	—
Senior CAB 2004C	16,680,798	—	—	16,680,798	—
Senior CAB 2004C (Accretion)	3,057,579	842,611	—	3,900,190	—
Deferred refunding 2004	(29,638,466)	1,090,986	—	(28,547,480)	—
Premium Senior 2004	589,778	—	15,550	574,228	—
Senior Current Interest Bonds 2006A	24,105,000	—	—	24,105,000	—
Premium Senior Current 2006	1,327,469	—	182,384	1,145,085	—
Senior CAB 2006B	56,932,723	—	—	56,932,723	—
Senior CAB 2006B (Accretion)	6,886,104	3,278,251	—	10,164,355	—
Deferred refunding 2006	(8,587,400)	322,027	—	(8,265,373)	—
Senior Current Interest Bonds 2007A-1	52,675,000	—	700,000	51,975,000	1,000,000
Senior Current Interest Bonds 2007A-2	52,200,000	—	—	52,200,000	—
Senior Current Interest Bonds 2007B-1	52,675,000	—	700,000	51,975,000	1,000,000
Senior Current Interest Bonds 2007B-2	52,200,000	—	—	52,200,000	—
Senior Current Interest Bonds 2007C-1	52,675,000	—	700,000	51,975,000	1,000,000
Senior Current Interest Bonds 2007C-2	52,200,000	—	—	52,200,000	—
Senior Current Interest Bonds 2007D-1	52,685,000	—	650,000	52,035,000	1,025,000
Senior Current Interest Bonds 2007D-2	52,165,000	—	—	52,165,000	—
Premium Senior Current 2007 A1-D1	4,009,665	—	399,999	3,609,666	—
Discount Senior Current 2007 A1-D1	(113,488)	11,321	—	(102,167)	—
Premium Senior Current 2007 A2-D2	2,699,981	—	111,107	2,588,874	—
Deferred refunding 2007	(51,960,701)	2,941,172	—	(49,019,529)	—
Vehicle Registration Fee Bonds 2009	—	19,365,000	1,500,000	17,865,000	1,830,000
Premium 2009 Vehicle Registration Bonds	—	638,649	45,618	593,031	—
Total	$ 1,409,240,701	86,474,237	75,201,518	1,420,513,420	43,040,000

	Balance at January 1, 2008	Additions	Reductions	Balance at December 31, 2008	Due within one year
Senior Current Interest Bonds 1997A	$ 32,520,000	—	—	32,520,000	—
Premium Senior Current 1997A	980,525	—	186,589	793,936	—
Senior CAB 1997B	283,795,847	—	16,638,998	267,156,849	18,204,419
Senior CAB 1997B (Accretion)	205,491,573	25,997,007	11,716,002	219,772,578	14,740,581
Senior Current Interest Bonds 1997C	27,005,000	—	27,005,000	—	—
Premium Senior Current 1997C	161,143	—	161,143	—	—
Deferred refunding 1997	(40,854,459)	4,044,592	—	(36,809,867)	—
Senior CAB 2000B	154,024,296	—	—	154,024,296	—
Senior CAB 2000B (Accretion)	93,040,943	15,755,345	—	108,796,288	—
Vehicle Registration Fee Bonds 2001	40,240,000	—	3,175,000	37,065,000	3,315,000
Deferred refunding 2001	(3,236,208)	303,395	—	(2,932,813)	—
Senior CAB 2004A	76,484,624	—	—	76,484,624	—
Senior CAB 2004A (Accretion)	13,383,556	4,917,792	—	18,301,348	—
Senior CAB 2004B	70,705,810	—	—	70,705,810	—
Senior CAB 2004B (Accretion)	13,070,271	4,828,339	—	17,898,610	—
Senior CAB 2004C	16,680,798	—	—	16,680,798	—
Senior CAB 2004C (Accretion)	2,249,439	808,140	—	3,057,579	—
Deferred refunding 2004	(30,729,453)	1,090,987	—	(29,638,466)	—
Premium Senior Current 2004	604,519	—	14,741	589,778	
Senior Current Interest Bonds 2006A	50,245,000	—	26,140,000	24,105,000	—
Premium Senior Current 2006	2,852,286	—	1,524,817	1,327,469	—
Senior CAB 2006B	56,932,723	—	—	56,932,723	—
Senior CAB 2006B (Accretion)	3,768,102	3,118,002	—	6,886,104	—
Deferred refunding 2006	(11,208,237)	2,620,837	—	(8,587,400)	—
Senior auction rate 2007A	105,525,000	—	105,525,000	—	—
Senior Current Interest Bonds 2007A-1	—	53,325,000	650,000	52,675,000	700,000

	Balance at January 1, 2008	Additions	Reductions	Balance at December 31, 2008	Due within one year
Senior Current Interest Bonds 2007A-2	$ —	52,200,000	—	52,200,000	—
Senior auction rate 2007B	105,525,000	—	105,525,000	—	—
Senior Current Interest Bonds 2007B-1	—	53,325,000	650,000	52,675,000	700,000
Senior Current Interest Bonds 2007B-2	—	52,200,000	—	52,200,000	—
Senior auction rate 2007C	105,525,000	—	105,525,000	—	—
Senior Current Interest Bonds 2007C-1	—	53,325,000	650,000	52,675,000	700,000
Senior Current Interest Bonds 2007C-2	—	52,200,000	—	52,200,000	—
Senior auction rate 2007D	105,535,000	—	105,535,000	—	—
Senior Current Interest Bonds 2007D-1	—	53,370,000	685,000	52,685,000	650,000
Senior Current Interest Bonds 2007D-2	—	52,165,000	—	52,165,000	—
Premium Senior Current 2007 A1-D1	—	4,159,672	150,007	4,009,665	—
Discount Senior Current 2007 A1-D1	—	8,676	122,164	(113,488)	—
Premium Senior Current 2007 A2-D2	—	2,751,584	51,603	2,699,981	—
Deferred refunding 2007	(54,901,873)	2,941,172	—	(51,960,701)	—
Total	$ 1,425,416,225	495,455,540	511,631,064	1,409,240,701	39,010,000

At December 31, 2009, scheduled payments for revenue bonds payable over the next five years and thereafter are as follows:

		Principal	Interest	Total
Year(s) ending December 31:				
2010	$	43,040,000	25,177,100	68,217,100
2011		44,890,000	24,961,200	69,851,200
2012		53,510,000	23,433,261	76,943,261
2013		58,790,000	22,983,992	81,773,992
2014		64,880,000	21,024,362	85,904,362
2015 – 2019		434,610,000	86,100,399	520,710,399
2020 – 2024		523,025,000	56,325,730	579,350,730
2025 – 2029		597,380,000	30,054,734	627,434,734
2030 – 2034		637,500,000	24,560,246	662,060,246
2035 – 2039		527,845,000	19,780,017	547,625,017
		2,985,470,000	334,401,041	3,319,871,041
Add premiums net of discounts		9,015,792	—	9,015,792
Less unamortized deferred refunding		(120,558,670)	—	(120,558,670)
Total scheduled payments		2,873,927,122	334,401,041	3,208,328,163
Less future years’ accretion		(1,453,413,702)	—	(1,453,413,702)
Total bonds payable	$	1,420,513,420	334,401,041	1,754,914,461

Included in the above principal payment schedule is $1,453,413,702 of expected future year interest accretion on the Senior CAB 1997B bond series, Senior CAB 2000B bond series, Senior CAB 2004A, 2004B, and 2004C bonds series, and Senior 2006B bond series.

The detail of the Authority’s revenue bonds payable is as follows:

(a) 1997 Series Bonds

The 1997 Series bonds were issued to refund the Authority’s 1986 Series bonds, which were originally issued to finance the construction of the Authority’s first three segments of the road.

$441,600,000 Senior Current Interest Bonds Series 1997A – These bonds consist of serial bonds and term bonds. Serial bonds, in the amount of $113,250,000, have annual principal payments commencing on September 1, 2010, and continuing through September 1, 2018, in various amounts ranging from $1,160,000 to $21,645,000. Term bonds in the amount of $328,350,000 have mandatory sinking fund requirements commencing on September 1, 2021, and continuing through September 2026, in increasing amounts. Interest payments for serial and term bonds are due semiannually on March 1 and September 1 at rates ranging from 4.75% to 5.75%. This bond series was partially refunded in 2007 with the original 2007 auction-rate Series Bonds (as described in note 6(f)), with principal payments commencing on September 1, 2012 and continuing through September 1, 2014, in various amounts ranging from $6,455,000 to $14,700,000.

$313,756,417 Senior Capital Appreciation Bonds Series 1997B – These bonds are payable on respective maturity dates (unless redeemed) commencing on September 1, 2003, and continuing through September 1, 2026, in increasing annual amounts due ranging from $8,200,000 to $44,800,000. The Series 1997B Bonds accrete in value from date issued through maturity or any earlier redemption date, compounded on March 1 and September 1 of each year, at yields to maturity ranging from 4.55% to 5.52%.

$38,470,000 Senior Current Interest Bonds Series 1997C – These bonds had annual principal payments commencing on September 1, 2006, and continuing through September 1, 2011, in increasing annual amounts due ranging from $5,565,000 to $7,250,000. Interest was due semiannually on March 1 and September 1 at rates ranging from 4.80% to 6.00%. On July 3, 2008, the Authority called (redeemed) the outstanding balance of the 1997C senior current interest bonds of $27,005,000. Approximately $27,736,414 was used to redeem these bonds, which covered $461,363 of accrued interest as of the date of redemption and a 1% call premium (as required in the bond document) in the amount of $270,050 recorded within interest expense in 2008. The funds used to complete this transaction came from two unrestricted reserve accounts held by the Authority: the renewal and replacement fund of $20,624,320; and the senior bonds defeasance account of $7,112,094. There was no associated gain or loss from the transaction as these bonds were callable.

(b) 2000 Series Bonds

$154,024,296 Senior Capital Appreciation Bonds Series 2000B – These bonds are payable on respective maturity dates (unless redeemed) commencing during 2006 through 2035, excluding 2026, in increasing amounts from $2,700,000 to $104,200,000. The Series 2000B Bonds accrete in value from date issued through maturity or any earlier redemption date, compounded on March 1 and September 1 of each year, at yields to maturity ranging from 5.40% to 7.75%. The 2000 Series bonds were issued to finance construction of Segment IV of the toll road. This bond series was partially refunded in 2004 with the 2004 Series Bonds (as described in note 6(d)), with principal payments commencing on September 1, 2018 and continuing through September 1, 2033, in various amounts ranging from $9,301,176 to $16,916,870.

(c) 2001 Series Bonds

$46,190,000 Vehicle Registration Fee Bonds Series 2001 – The 2001 Vehicle Registration Fee Bonds (2001 VRF bonds) were issued to advance refund approximately $45 million of 1995 pledged VRF bonds. The 1995 pledged VRF bonds that were refunded are considered to be defeased and the liability for those bonds has been removed from the Authority’s statements of net deficit. The 2001 VRF bonds were issued as variable rate bonds with final maturity in September of 2018. On May 1, 2009, the Authority redeemed a portion of the outstanding VRF variable rate bonds ($37,065,000) totaling $17,700,000 and reissued the remaining balance as fixed rate bonds. The $17,700,000 of cash used for the partial redemption of these bonds came from the VRF Defeasance Fund of the General Surplus account. The remaining $19,365,000 was reissued as fixed-rate current interest bonds (2009 Series Bonds) with a final maturity on September 1, 2018 (as described in note 6(h)).

As a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance of the 2001 VRF bonds, the Authority entered into an interest rate swap with Bear Stearns Financial Products Inc. (counterparty), now known as JP Morgan, with an original notional amount of $37,065,000. Under the swap, the Authority paid the counterparty a fixed payment of 4.11% and received a variable payment computed as the lesser of (a) 67% of the London Interbank Offered Rate (LIBOR) or (b) the actual bond rate. The intention of the swap was to effectively change the Authority's variable interest rate on the bonds to a synthetic fixed rate of 4.11%. The Authority expended approximately $530,000 in interest expense in 2009 related to the swap. Further, as part of the refunding in May of 2009, the Authority chose to terminate that swap agreement by paying $2,457,000 from the general surplus fund and recorded the payment as part of interest expense in fiscal year 2009.

(d) 2004 Series Bonds

On December 22, 2004, the Authority issued $76,484,624 of noncallable capital appreciation bonds (Series 2004A), $70,705,810 callable capital appreciation bonds (Series 2004B), and $16,680,798 noncallable convertible appreciation bonds (Series 2004C) to advance refund certain portions of the outstanding Series 2000B bonds totaling $133,025,304, which includes accreted interest. As a result, the refunded 2000B bonds were defeased in substance, and the liability for those bonds has been removed from the Authority's statements of net deficit. These bonds are payable on respective maturity dates (unless redeemed) commencing on September 1, 2027, and continuing through September 1, 2036, in increasing annual amounts due ranging from $22,065,000 to $156,850,001. The 2004 Series Bonds accrete in value from date issued through maturity or any earlier redemption date, compounded on March 1 and September 1 of each year, at yields to maturity ranging from 4.17% to 5.72%.

(e) 2006 Series Bonds

On September 21, 2006, the Authority issued $53,755,000 of callable current interest bonds (Series 2006A) and $56,932,723 of callable capital appreciation bonds (Series 2006B) to advance refund the entire outstanding Series 2000A bonds totaling $105,200,000. As a result, the refunded 2000A bonds were considered to be defeased in substance, and the liability for those bonds has been removed from the Authority's statements of net deficit. The Authority completed the advance refunding as the first of a two-step process to level off future debt service payments. These bonds were payable on respective maturity dates (unless redeemed) commencing on September 1, 2007, and continuing through September 1, 2039, in increasing annual amounts due ranging from $1,205,250 to $272,160,000. The 2006 Series Bonds had yields to maturity ranging from 5.0% to 5.08%.

On November 25, 2008, the Authority cash defeased a portion of the 2006A bonds of approximately $22,605,000 with principal maturities between 2009 and 2014. Approximately $24,955,247 was transferred from the Senior Bonds Debt Service Reserve account to fund an escrow that will continue to pay principal and interest on these bonds as they become due. As the portion of these bonds is defeased, the liability has been removed from the Authority's statements of net deficit as of December 31, 2009 and 2008. Cash became available to fund this transaction when the Authority purchased a $25,000,000 surety policy from MBIA to replace these funds within the Senior Bonds Debt Service Reserve account and to meet the fund requirements as specified in the bond document. The Authority paid a $1,000,000 premium for this surety policy, and it will be amortized until

September 1, 2039, the date with which the senior bonds debt service refund is no longer required. A loss on the transaction of approximately $3.8 million was recognized within interest expense in 2008.

(f) 2007 Series Bonds

On June 14, 2007, the Authority issued $105,825,000 of auction rate bonds (Series 2007A), $105,825,000 of auction rate bonds (Series 2007B), $105,825,000 of auction rate bonds (Series 2007C), and $105,865,000 of auction rate bonds (Series 2007D) to current refund a significant portion of the Series 1997A current interest bonds totaling $409,080,000. As a result, the refunded portion of the 1997A bonds was considered to be defeased in substance, and the liability for those bonds has been removed from the Authority's statements of net deficit. This was the second refunding in a two-step process to level off future debt payments. These bonds are payable on respective maturity dates commencing on September 1, 2007, and continuing through September 1, 2039, in increasing annual amounts due ranging from $300,000 to $15,750,000. The 2007 auction rate Series Bonds were marketed at differing auction periods, and were remarketed in 2008 to fixed rate and term rate bonds (as described in note 6(g)).

As a means to hedge its borrowing costs, when compared against fixed rate bonds at the time of issuance of the 2007 auction rate bonds, the Authority originally entered into three separate interest rate swap agreements with three different counterparties. There are two 67% of LIBOR swaps, one with JP Morgan Chase Bank, N.A. with a notional amount of $155,252,500 and the other with Morgan Stanley with a notional amount of $155,252,500. The intention of these two swaps was to effectively change the Authority's variable interest rate on the bonds to a synthetic fixed rate of 3.832%. The third swap agreement was based on SIFMA (Securities Industry and Financial Markets Association) with George K. Baum & Company and had a notional amount of $112,835,000. The intention of this swap was to effectively change the Authority's variable interest rate on the bonds to a synthetic fixed rate of 4.035%. See note 6(g) for discussion regarding the termination of the SIFMA swap in 2008.

Terms: The 2007 bonds have a final maturity in September 2039, and the related LIBOR swap agreements terminate on September 1, 2039. Under the LIBOR swaps, the Authority pays the counterparty a fixed monthly payment of 3.832% and receives a variable payment computed as 67% of the one-month LIBOR. These swaps have a notional amount of $155,252,500 each, which is equal to the 2007 bonds principal amount associated to these swaps. The fixed amount and the variable amounts are to be netted against each other. The payment of one is due only to the extent it exceeds the other. See note 6(g) for discussion of basis risk related to the 2007 swaps.

Fair Value: Because interest rates have declined since execution of the LIBOR swaps, the remaining two 2007 swaps have a combined negative fair value of $37,371,897 as of December 31, 2009. The fair value is based on the amount the Authority would have to pay at December 31, 2009 if terminated.

Credit Risk: At December 31, 2009, the Authority was not exposed to credit risk because the swap had a negative fair value; however, should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty is required to maintain long-term senior unsecured debt ratings at or above AA- from Standard & Poor's and Aa3 from Moody's. As of December 31, 2009, the swap counterparty's long-term senior unsecured debt ratings were AA- from Standard & Poor's and Aa1 from Moody's.

Termination Risk: The 2007 LIBOR interest rate swap agreements expire on September 1, 2039. Both agreements are subject to early termination by the parties in certain specified events. These events include events of default; a failure by the swap insurer (MBIA) to maintain specified financial strength, claims paying ability, or equivalent ratings; and other ratings of the Authority and swap counterparty falling below the specified ratings in the swap agreements. The above early termination events including default were not met as of December 31, 2009 as the Authority is current on the Series 2007 bonds and related swap interest owed, and the counterparty's long term senior unsecured debt rating from Standard & Poor's was AA- at December 31, 2009. MBIA financial strength and claims paying ability ratings have been downgraded to BBB+ by Standard & Poor's; however, it does not cause automatic termination and settlement of the swaps alone. The Authority's underlying senior bond rating would have to go below BBB- by Standard & Poor's and Baa3 by Moody's to cause a termination event. As of December 31, 2009, the Authority's underlying senior bond rating was BBB- by Standard & Poor's and Baa2 by Moody's. Further, on April 27, 2010, Fitch reaffirmed the senior bond rating of BBB-, but changed the outlook from stable to negative based on the current economic environment. This outlook change does not impact the swap agreements or associated senior bonds. If the swap agreements had an unscheduled ending, any associated termination payments would not impact the Authority's asset/liability strategy as the Authority holds approximately $129.3 million in unrestricted surplus funds at year-end. In addition, the Authority has the ability to exercise, at its sole discretion, early termination of the swap agreements for any reason.

Rollover Risk: The Authority is exposed to rollover risk on the swap agreement because it matures, or may be terminated, prior to the final maturity of the 2007 bonds. When the swap agreement terminates, the Authority will not realize the synthetic rate offered by the swap agreement.

(g) Remarketing of the 2007 Series Bonds

In May 2008, the Authority remarketed all of the 2007 Series auction-rate bonds (as described in note 6(f)) as fixed rate and term rate bonds. Term rate bonds are bonds that are set at fixed rates until the conversion date, at which time the Authority may change the interest mode or remain as variable rate bonds. The transaction changed the interest mode of the 2007 Series bonds and did not change the annual principal maturities or maturity dates of the original 2007 Series bonds. Because the 2007 Series auction-rate bonds had different auction periods, the conversion occurred over the course of several days in May of 2008. On May 27, 2008, the Authority remarketed the Series 2007A auction-rate bonds of $105,525,000 and 2007D auction-rate bonds of $105,535,000 into $53,325,000 of fixed rate bonds (Subseries 2007A-1), $52,200,000 of term rate bonds (Subseries 2007A-2), $53,370,000 of fixed rate bonds (Subseries 2007D-1), and $52,165,000 of term rate bonds (Subseries 2007D-2). On May 28, 2008, the Authority remarketed the Series 2007B auction-rate bonds of $105,525,000 into $53,325,000 of fixed rate bonds (Subseries 2007B-1) and $52,200,000 of term rate bonds (Subseries 2007B-2). On May 30, 2008, the Authority remarketed the 2007C auction-rate bonds of $105,525,000 into $53,325,000 of fixed rate bonds (Subseries 2007C-1) and

$52,200,000 of term rate bonds (Subseries 2007C-2). The Subseries 2007A-2 and Subseries 2007B-2 term rate bonds have a conversion date of September 2, 2011, and the Subseries 2007C-2 and Subseries 2007D-2 term rate bonds have a conversion date of September 2, 2013.

Associated to the series 2007 auction-rate bonds, the Authority entered into two separate 67% of LIBOR interest rate swaps with Bear Stearns (now known as JP Morgan) and Morgan Stanley and a SIFMA interest rate swap with George K. Baum & Company as described in note 6(f) above. As a result of converting the series 2007 auction-rate bonds into fixed and term rate bonds, the Authority terminated the SIFMA interest rate swap with George K. Baum & Company at the time of the remarketing. Because the swap had a negative fair value on the date of termination, the Authority made a payment of $6,040,550 to George K. Baum & Company on May 27, 2008 and recorded the payment within interest expense in 2008. To offset the effect of the remaining 2007 LIBOR interest rate swaps with JP Morgan and Morgan Stanley, two additional reversing interest rate swaps were entered into in 2008 with Morgan Stanley.

Terms: Both swaps entered into during 2008 are with Morgan Stanley. The first interest rate swap is associated with the Subseries 2007A-2, B-2, C-2, and D-2 term rate bonds. The terms of this swap are that on the first day of each month, commencing July 1, 2008, up to and including the termination date of September 1, 2013, Morgan Stanley will pay to the Authority a fixed rate of 2.6185% of the notional amount (which was $208,765,000 as of December 31, 2009), and the Authority will pay a floating rate based on 67% of one-month LIBOR. The second interest rate swap is associated with the Subseries 2007A-1, B-1, C-1, and D-1 fixed rate bonds. The terms of this swap are that on the first day of each month, commencing July 1, 2008, up to and including the termination date of September 1, 2024, Morgan Stanley will pay the Authority a fixed rate of 3.518% of the notional amount (which was $101,740,000 as of December 31, 2009), and the Authority will pay a floating rate based on the Bond Market Association (BMA) Municipal Swap Index. For both swaps, the floating rate reset date is the effective date and every Thursday thereafter. The fixed amount and the variable amounts are to be netted against each other, and the payment of one is due only to the extent it exceeds the other. The Authority is not exposed to basis risk as the 2008 swaps were entered into by the Authority to hedge its exposure with respect to the 2007 swaps that remain in place of December 31, 2009.

Fair Value: As of December 31, 2009, the LIBOR and BMA interest rate swaps had a positive fair value of $6,808,896 and $3,486,641, respectively for a total of $10,295,537. The fair value is based on the amount the Authority would receive if the swaps were terminated at December 31, 2009 if terminated. This positive fair value effectively nets against the negative fair value of $37,371,897 associated with the 2007 swaps mentioned above in note 6(f), with a combined net negative fair value of $27,076,360.

Credit Risk: At December 31, 2009, the Authority was exposed to credit risk because the swaps had positive fair values, and the Authority is exposed to credit risk in the amount of the derivative's fair values. Per the agreement, the swap counterparty is required to maintain long-term senior unsecured debt ratings at or above AA- from Standard & Poor's and Aa3 from Moody's. As of December 31, 2009, the swap counterparty's long-term senior unsecured debt ratings were AAA from Standard & Poor's and Aaa from Moody's.

Termination Risk: The 2008 LIBOR swap agreement with Morgan Stanley has a termination date of September 1, 2013 and the 2008 SIFMA swap agreement with Morgan Stanley has a termination date of September 1, 2024. All agreements are subject to early termination by the parties in certain specified events. These events include events of default; a failure by the swap insurer (MBIA) to maintain specified financial strength, claims paying ability, or equivalent ratings; and other ratings of the Authority and swap counterparty falling below the specified ratings in the swap agreements. The above early termination events including default were not met as of December 31, 2009 as the Authority is current on the Series 2007 bonds and related swap interest owed, and the counterparty's long-term senior unsecured debt ratings from Standard & Poor's was AA- at December 31, 2009. MBIA financial strength and claims paying ability ratings have been downgraded to BBB+ by Standard & Poor's; however, it does not cause automatic termination and settlement of the swaps alone. The Authority's underlying senior bond rating would have to go below BBB- by Standard & Poor's and Baa3 by Moody's to cause a termination event. As of December 31, 2009, the Authority's underlying senior bond rating was BBB- by Standard & Poor's and Baa2 by Moody's. Further, on April 27, 2010, Fitch reaffirmed the senior bond rating of BBB-, but changed the outlook from stable to negative based on the current economic environment. This outlook change does not impact the swap agreements or associated senior bonds. If the swap agreements had an unscheduled ending, any associated termination payments would not impact the Authority's asset/liability strategy as the Authority holds approximately $129.3 million in unrestricted surplus funds at year-end. In addition, the Authority has the ability to exercise, at its sole discretion, early termination of the swap agreements for any reason.

Rollover Risk: The Authority is exposed to rollover risk on the swap agreement because it matures, or may be terminated, prior to the final maturity of the Series 2007 bonds. When the swap agreement terminates, the Authority will not realize the synthetic rate offered by the swap agreement.

Swap Payments and Associated Debt: Debt service requirements of the series 2007 fixed and term rate bonds and net swap payments of the two 2007 LIBOR swaps and the 2008 LIBOR and BMA swaps, assuming current interest rates as of December 31, 2009 remain the same for the terms of the debt and the swap agreements, are listed in the below table until maturity of the swap agreements. As rates vary, net swap payments of the swaps will vary. The amounts were calculated using the estimated net swap payments of the 2007 LIBOR swaps and net swap receipts and the 2008 LIBOR and BMA swaps.

		Authority payments	Authority receipts	Net payments
Year(s) ending December 31:				
2010	$	(12,491,666)	9,530,547	(2,961,119)
2011		(12,440,960)	8,619,462	(3,821,498)
2012		(12,276,167)	5,886,206	(6,389,961)
2013		(12,165,700)	4,064,036	(8,101,664)
2014		(12,165,700)	4,064,036	(8,101,664)
2015 – 2019		(60,828,502)	20,320,179	(40,508,323)
2020 – 2024		(50,759,647)	11,315,867	(39,443,780)
2025 – 2029		(29,032,765)	1,199,849	(27,832,916)
2030 – 2034		(24,560,246)	1,015,195	(23,545,051)
2035 – 2039		(18,142,668)	749,885	(17,392,783)
Total		(244,864,021)	66,765,262	(178,098,759)
Less amounts representing interest		(207,492,124)	56,469,725	(151,022,399)
Fair value at December 31, 2009	$	(37,371,897)	10,295,537	(27,076,360)

(h) 2009 Series Bonds

On May 1, 2009, the Authority issued $19,365,000 of VRF bonds (2009 Series bonds) to current refund the entire remaining outstanding 2001 VRF Series variable rate bonds after redemption of approximately $17,700,000. The net proceeds of $19,365,000 (after payment of $463,564 in underwriting fees, insurance, and other issuance costs) plus a premium of $638,649 were used to defease the entire outstanding 2001 VRF Series Bonds. As a result, the refunded 2001 VRF Series bonds are considered to be defeased in substance, and the liability for those bonds has been removed from the Authority's statements of net deficit. These bonds are payable on respective maturity dates (unless redeemed) commencing on September 1, 2009, and continuing through September 1, 2018, in increasing annual amounts due ranging from $2,484,025 to $8,923,700. The 2009 Series Bonds had yields to maturity ranging from 3.0% to 5.0%.

The refunding eliminates the Authority's exposure to variable rate debt and reduces debt service payments in the years 2009 to and including 2018 by $27,801,454 over the span of the refunding bonds, taking into account the redeemed principal of the 2001 VRF bonds in 2009 of $17.7 million. The refunding resulted in a net present value economic gain of $4,713,937.

(Continued)

(i) Revenue Covenant (unaudited)

Section 7.18 of the Master Bond Resolution, titled "Revenue Covenant," requires that there shall be sufficient revenues (as defined) collected, after the provision for the payment of operating expenses (as defined), to produce net income at least 1.30 times the aggregate senior debt service due for the year. For purposes of this provision, revenues and aggregate senior debt service in a fiscal year are to be reduced by the aggregate debt service due in such fiscal year on the 2001 and 2009 VRF Series Bonds. The year ended December 31, 2002 was the first fiscal year the revenue covenant was applicable, and such covenant is applicable to all subsequent years through the payment of the Senior Bonds.

For the years ended December 31, 2009 and 2008, the Authority exceeded the required debt service coverage ratio reporting actual ratios of 1.39 and 1.42, respectively. Below is the calculation for the year ended December 31, 2009:

		(unaudited)
Revenue:		
Tolls	$	95,625,715
Vehicle registration fees		8,337,124
Highway expansion fees		135,407
Unrestricted investment income		7,981,720
Other income		1,224,417
Total revenue		113,304,383
Less operating expenses before depreciation, net of renewal and replacement expenses		(28,606,573)
Net revenue		84,697,810
Less vehicle registration fee bonds aggregate debt service due during the year		(3,440,735)
Net income available for senior debt service	$	81,257,075
Aggregate senior debt service due during the year	$	58,475,108
Senior debt service coverage ratio		1.39

The following is a summary description of key terminology of terms identified in the Master Bond Resolution. Please refer to the Master Bond Resolution for a complete description and additional clarification of the below terms.

Revenue: As defined by the Master Bond Resolution, revenue comprises amounts received by the Authority from fees, tolls, rates, and charges for the privilege of traveling on the E-470 highway project. Revenues also include all other amounts derived from or in respect of the ownership or operation of the highway project, which constitute revenues in accordance with generally accepted accounting principles, including accrued toll revenues under the new LPT process. Revenues also include highway expansion fees, vehicle registration fees, and other amounts derived from the E-470 highway project, as defined in the Master Bond Resolution. Revenues do not include investment

(Continued)

income that is externally restricted by credit agreements for purposes other than senior debt service. Revenues also do not include investment income that is noncash in nature, such as unrealized gains (losses), premiums, and discounts.

The following is a reconciliation of investment income reported in the audited basic financial statements of the Authority for the year ended December 31, 2009 to unrestricted investment income available for senior debt service.

	(unaudited)
Investment income per audited basic financial statements	$ (3,164,004)
Less:	
Decrease in fair value of investments	10,405,197
Unamortized investment premium	915,197
Loss on investments	(123,310)
Externally restricted investment income for purposes other than senior debt service	(51,360)
Unrestricted investment income	$ 7,981,720

The following is a reconciliation of other income reported in the audited basic financial statements of the Authority for the year ended December 31, 2009 to other income available for senior debt service.

	(unaudited)
Other income per the basic financial statements	$ 1,141,935
Add:	
Arbitrage rebate	285,281
Less:	
Gain on sale of capital assets	(58,792)
Other nonoperating income	(144,007)
Unrestricted investment income	$ 1,224,417

Operating Expense: As defined by the Master Bond Resolution, operating expenses are amounts expended for the operation, maintenance, repair, and any other current expenses or obligations required to be paid by the Authority directly attributable to the operation of the E-470 highway project. Operating expenses do not include depreciation expense, interest for debt service, or expenses associated with the renewal and replacement accounts established under the Master Bond Resolution. Per the Master Bond Resolution, renewal and replacement expenses are to be funded after senior debt service.

(Continued)

The following is a reconciliation of operating expenses before depreciation expense reported in the audited basic financial statements of the Authority for the year ended December 31, 2009 to operating expenses before depreciation expense, net of nonoperating fund expenses, included in the revenue covenant calculation.

		(unaudited)
Operating expenses before depreciation and interest per the audited basic financial statements	$	32,561,726
Less nonoperating fund expenses		(3,955,153)
Operating expenses before depreciation expense, net of nonoperating fund expenses	$	28,606,573

VRF Bonds Aggregate Debt Service: VRF bonds aggregate debt service is the aggregate debt service due for the year ended December 31, 2009 on the 2001 and 2009 VRF Series Bonds.

Aggregate Senior Debt Service Due: For the year ended December 31, 2009, aggregate senior debt service due is all principal and interest due on outstanding senior bonds, which includes senior bond Series 1997A, 1997B, 1997C, 2006A, 2007A-1, 2007A-2, 2007B-1, 2007B-2, 2007C-1, 2007C-2, 2007D-1, and 2007D-2. Aggregate senior debt service due excludes principal and interest on the 2001 and 2009 VRF Series Bonds and approximately $5 million of debt service due from the surplus account for a portion of the Series 1997B bonds as specified in the Master Bond Resolution.

Senior Debt Service Coverage Ratio: Senior debt service coverage ratio is the ratio of net income available for senior debt service to aggregate service debt service due.

(j) Defeased Revenue Bonds

Various bonds previously issued by the Authority have been defeased and, thus, are not reflected as revenue bonds payable in the Authority's statements of net deficit. The Authority has entered into advance refunding transactions whereby bonds were issued to facilitate the defeasance of the Authority's obligations with respect to certain refunded bonds. In these advanced refunding transactions, an escrow agreement was entered into, and a portion of the proceeds was deposited in an escrow account. The deposited amounts, along with interest earnings, are used by the Trustee to pay interest due until redemption. The Authority considers the following refunded bonds to be legally defeased, even though the debt has not actually been paid at this time. The following amounts are the unpaid principal balances of the defeased bonds as of December 31, 2009 and 2008:

		Amount	
		2009	**2008**
Senior Capital Appreciation Bonds – 2000B (maturity value)	$	518,400,000	523,600,000
Senior Current Interest Bonds – 2000A		105,200,000	105,200,000
Senior Current Interest Bonds – 2006A		18,890,000	22,605,000

(k) Arbitrage

The Internal Revenue Code and arbitrage rebate regulations issued by the Internal Revenue Service require rebate to the federal government of excess investment earnings on tax-exempt debt proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt debt issued. Excess earnings must be rebated every five years or upon maturity of the debt, whichever is earlier. The Authority had a liability of $290,495 and $5,214 as of December 31, 2009 and 2008, respectively.

(7) Payable to Lennar Corporation

Lennar Corporation had advanced funds to the Authority for the construction of the Gartrell Road Interchange. The Authority and Lennar Corporation negotiated a discounted early repayment in 2008. On December 11, 2008, the Authority transferred $4,568,000 to Lennar Corporation to repay the obligation. This created a gain of $1.0 million that was recognized by the Authority during 2008 as other income. With this final settlement, there is no future liability recorded as of December 31, 2008 and 2009 to Lennar Corporation.

(8) Notes Payable

The following is an analysis of changes in notes payable for the years ended December 31, 2009 and 2008:

	Balance at January 1, 2009	Additions	Reductions	Balance at December 31, 2009	Due within one year
Other intergovernmental agreements	$ 2,407,693	—	—	2,407,693	—
Total	$ 2,407,693	—	—	2,407,693	—

	Balance at January 1, 2008	Additions	Reductions	Balance at December 31, 2008	Due within one year
Other intergovernmental agreements	$ 2,407,693	—	—	2,407,693	—
Total	$ 2,407,693	—	—	2,407,693	—

At the beginning of 2008, an intergovernmental agreement for $2,407,693 remained outstanding with Douglas County for the Jamaica interchange construction loan. The remaining balance of $2,407,693 will be repaid to Douglas County in 10 equal payments starting in 2011.

(9) Deferred Revenue

The following is an analysis of changes in deferred revenue for the years ended December 31, 2009 and 2008:

	Balance at January 1, 2009	Additions	Reductions	Balance at December 31, 2009	Due within one year
$	677,403	—	38,344	639,059	—

	Balance at January 1, 2008	Additions	Reductions	Balance at December 31, 2008	Due within one year
$	1,059,991	—	382,588	677,403	—

Under the Master Bond Resolution and Supplemental Bond Resolutions, the Authority is required to make scheduled payments with respect to Senior Bonds by depositing certain monies into the Senior Bonds Debt Service Account held by the Trustee. The Authority has deemed the reinvestment of these funds for a period prior to the required payment date to be desirable. To facilitate the reinvestment, the Authority entered into a Debt Service Forward Delivery Agreement in December 1997 with U.S. Bank National Association and Lehman Brothers Special Financing Inc. (LBSF). Under the terms of the original agreement in 1997, LBSF agreed to pay a facility fee of $11,250,000 for the opportunity to use the funds to invest in qualified securities. The agreement provides for the appropriate amounts to be available as needed for scheduled debt service payments.

During 2007, the Authority refunded $409,080,000 of the Series 1997A current interest bonds. By refunding these bonds, the Authority no longer has a requirement to deposit interest and principal into the Senior Bonds Debt Service Account in the amount that was agreed upon when entering into the Debt Service Forward Delivery Agreement with LBSF. A partial termination payment was made to LBSF in 2007 in the amount of $6,475,000. During 2008, the Authority called (redeemed) $27,005,000 of the Series 1997C current interest bonds. By redeeming these bonds, the Authority no longer has a requirement to deposit interest and principal into the Senior Bonds Debt Service Account in the amount that was agreed upon when entering into the Debt Service Forward Delivery Agreement with LBSF. A partial termination payment was made to LBSF in July of 2008 in the amount of $334,000. The remaining amount of deferred revenue will be amortized over the life of the remaining 1997A and 1997B bonds. The balance of deferred revenue at December 31, 2009 and 2008 is $639,059 and $677,403, respectively.

(10) Commitments and Contingencies

(a) Tax, Spending, and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, referred to as the Taxpayers Bill of Rights (TABOR), which added a new Section 20 to article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the state of Colorado and all local governments. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Authority's operations qualify for this exclusion.

(b) Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance for most risks of loss. Claims, expenses, and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At December 31, 2009 and 2008, no amounts have been recorded for pending or future claims. Further, claims have not exceeded insurance limits for each of the past three years.

(11) Litigation

The Authority is from time to time involved in various legal proceedings characterized as normally incidental to the business of the Authority. Management does not believe that the outcome of any legal proceedings will have a materially adverse impact on the financial position or results of operations of the Authority.

(12) Retirement Plans

In lieu of Social Security, the Authority contributes 6.2% of all compensation for regular employees to a retirement plan, up to the maximum Federal Insurance Contributions Act (FICA) base level of $106,800 and $102,000 in 2009 and 2008, respectively, for a maximum contribution of $6,622 and $6,324 for 2009 and 2008, respectively. Plan members are also required to contribute 6.2% of their annual covered salary. The plan is a defined contribution plan administered by IMCA Retirement Corporation. Plan provisions and contribution requirements are established and can be amended by the Authority's board of directors. The Authority and its employees each contributed $214,159 and $218,980, respectively, to this plan in 2009 and 2008. Employees are immediately vested.

In addition, the Authority contributes to a 401(a) Retirement Plan covering 10% of all compensation for regular employees. Employees are not allowed to make contributions to the plan. The plan is a defined contribution plan administered by IMCA Retirement Corporation. Plan provisions and contribution requirements are established and can be amended by the Authority's board of directors. Employees are 50% vested at the date of hire and 100% vested after one year of service. The Authority contributed $372,361 and $380,321 to this plan in 2009 and 2008, respectively.