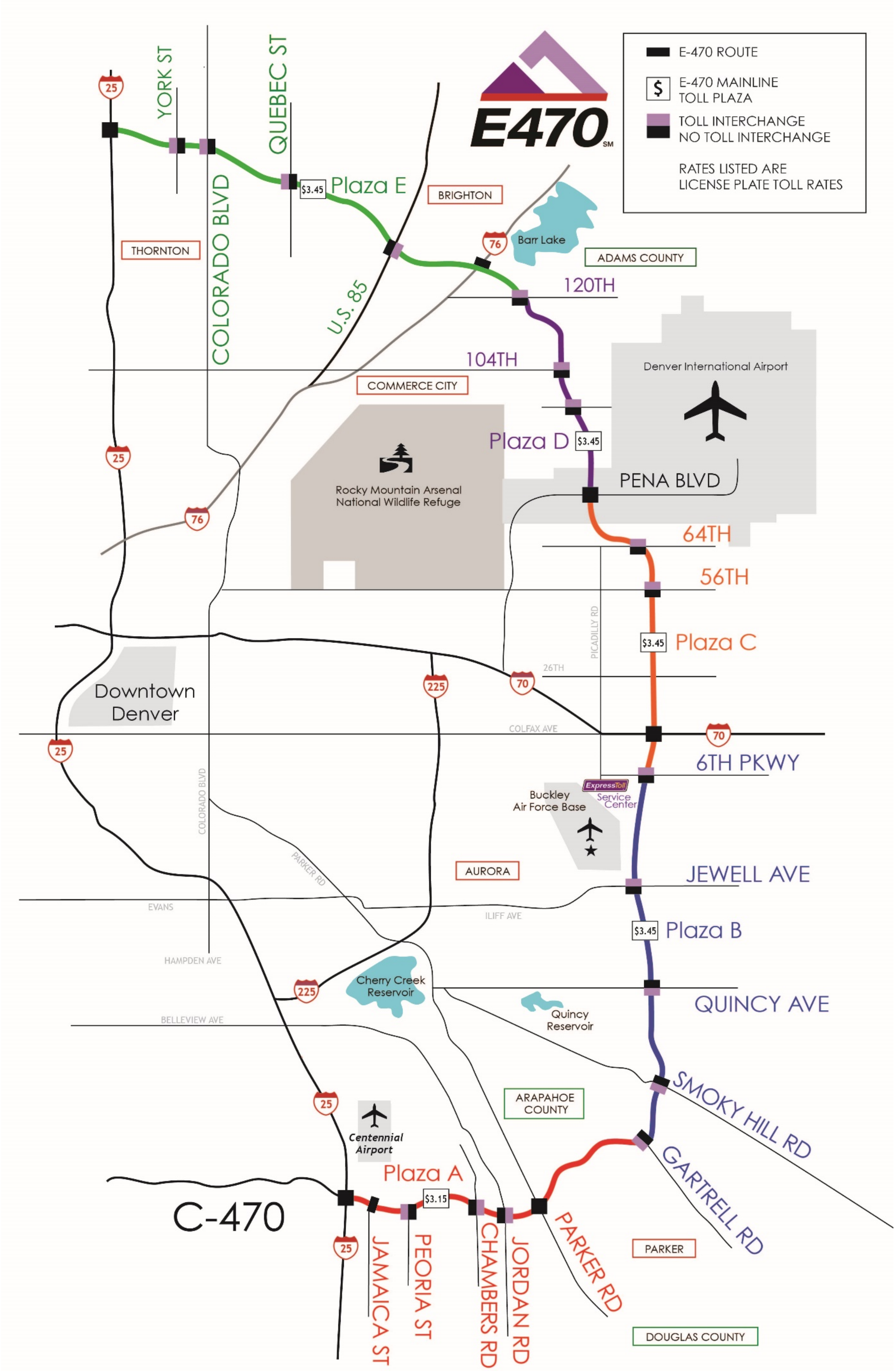
E-470 PUBLIC HIGHWAY AUTHORITY

2015 BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(WITH INDEPENDENT AUDITORS' REPORT THEREON)



E470
E-470 ROUTE
E-470 MAINLINE TOLL PLAZA
TOLL INTERCHANGE
NO TOLL INTERCHANGE
RATES LISTED ARE LICENSE PLATE TOLL RATES
YORK ST
COLORADO BLVD
QUEBEC ST
$3.45
Plaza E
BRIGHTON
THORNTON
Barr Lake
ADAMS COUNTY
U.S. 85
120TH
104TH
COMMERCE CITY
Denver International Airport
Plaza D
$3.45
PENA BLVD
Rocky Mountain Arsenal National Wildlife Refuge
64TH
56TH
PICADILLY RD
$3.45
Plaza C
26TH
Downtown Denver
COLFAX AVE
6TH PKWY
ExpressToll Service Center
Buckley Air Force Base
COLORADO BLVD
PARKER RD
AURORA
JEWELL AVE
EVANS
ILIFF AVE
$3.45
Plaza B
HAMPDEN AVE
Cherry Creek Reservoir
QUINCY AVE
Quincy Reservoir
BELLEVIEW AVE
SMOKY HILL RD
ARAPAHOE COUNTY
Centennial Airport
GARTRELL RD
Plaza A
$3.15
C-470
JAMAICA ST
PEORIA ST
CHAMBERS RD
JORDAN RD
PARKER RD
PARKER
DOUGLAS COUNTY
25
76
225
70

E-470 Public Highway Authority

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E-470 PUBLIC HIGHWAY AUTHORITY

Management's Discussion and Analysis

December 31, 2015 and 2014

(Unaudited)

The following is management's discussion and analysis of the financial performance and activity of the E-470 Public Highway Authority (the Authority or E-470), and is designed to provide an introduction and overview that may be used to interpret the basic financial statements as of and for the years ended December 31, 2015 and 2014. This discussion has been prepared by management covering complete data for a three-year period, and should be read in conjunction with the basic financial statements and notes thereto, which immediately follow this section.

Authority Overview

E-470 is a toll road that forms a semicircular beltway along the eastern perimeter of the Denver metropolitan area. The 75 mile-per-hour toll road extends 47 miles from State Highway C-470 at I-25, to I-25 at Northwest Parkway, a toll road managed by a separate highway authority. The toll road travels through three counties and five municipalities and provides easy access to Denver International Airport.

The toll road has been financed, constructed, operated, and governed by the Authority, which is a body corporate and political subdivision of the State of Colorado, established in January 1988 with all the powers, duties, and privileges permitted by the Public Highway Authority Law of the State, part 5 of article 4 of title 43, Colorado Revised Statutes, as amended (Public Highway Act). Under the Public Highway Act, the Authority has the power without voter approval, unless limited by the contract creating such authority, to construct, finance, operate, or maintain beltways and other transportation improvements; take private property by condemnation; establish, and collect tolls on any highway provided by the Authority; establish, and collect a highway expansion fee from persons developing property within the boundaries of the Authority; issue bonds, and pledge its revenues to payment of bonds; along with other powers as specified within the Public Highway Act.

The toll road was constructed and opened in segments from 1991 to 2003. Segment I of the toll road, I-25 South to Parker Road, was opened to traffic in June 1991. The northern portion of Segment II, 56th Avenue to 120th Avenue, and the southern portion of Segment III, Parker Road to Smoky Hill Road, opened to traffic in July 1998. In May 1999, the remaining portions of Segments II and III, Smoky Hill Road to 56th Avenue, were opened to link the already operational north and south sections of the E-470 toll road. Segment IV, the final segment of the E-470 toll road, was opened in two sections. The first, from 120th Avenue to U.S. Highway 85, opened in August 2002; the second, from U.S. Highway 85 to I-25 North, opened in January 2003. The four-lane toll road (with five miles consisting of six lanes) has been designed to accommodate future widening up to eight lanes and to allow for the addition of continuous recreation paths and future median mass transit.

The Authority consists of eight member jurisdictions, each of which has an elected official representative that sits on the Authority's board of directors as voting members (the board): Adams, Arapahoe, and Douglas counties, and the municipalities of Aurora, Brighton, Commerce City, Parker, and Thornton. The Authority also has nine nonvoting members including the cities of Arvada, Lone Tree and Greeley, City and County of Broomfield, Weld County, Denver Regional Council of Governments (DRCOG), Regional Transportation District (RTD), Regional Air Quality Council (RAQC), and the Colorado Department of Transportation (CDOT). Appointments to the board are made annually for both voting and nonvoting members, and are made by the individual jurisdictions.

The Authority provides two options for toll payments – ExpressToll and License Plate Toll (LPT).

ExpressToll is a state-of-the-art electronic system that allows drivers to pass through mainline tolling points and ramps on any Colorado toll facility without stopping or slowing below the prevailing speed limit. ExpressToll customers pay 20% less in tolls on E-470 compared to License Plate Toll customers due to a toll differential. ExpressToll currently operates with either the older Title 21 hard-case transponder, the windshield 6c sticker tag, or the newer switchable HOV transponder that allows tolls to be automatically deducted from a customer's prepaid account as the customer uses a toll facility.

LPT customers are all customers that do not have an ExpressToll account. LPT customers are generally billed on a monthly basis for all accumulated toll transactions through any tolling points (mainline and ramps) on any Colorado toll facility. Cameras photograph the front and rear license plates of all vehicles and, if the vehicle does not have an ExpressToll account, a statement (bill) is sent to the registered owner of the vehicle. No advance registration is required. LPT customers may also set up a managed account online to prepay tolls, leave a credit card on file, receive statements via e-mail, or pay for tolls prior to a statement being generated.

2015 Financial Highlights

- Transactions on the toll road experienced growth of 12% from 66.4 million transactions in 2014 to 74.6 million transactions in 2015. This was the highest annual traffic on record, and is the sixth straight year of traffic growth for the Authority. Traffic grew 14% from 58.4 million transactions in 2013 to 66.4 million transactions in 2014.
- Operating revenues increased 16% from 2014 to 2015 improving from $156.9 million to $181.9 million, the highest annual revenue on record. Operating revenues grew from $133.7 million to $156.9 million, or 17% from 2013 to 2014, respectively.
- Operating expenses, before depreciation, increased 16% from 2014 to 2015 from $35.7 million to $41.4 million. Operating expenses, before depreciation, increased 9% from 2013 to 2014 from $32.9 million to $35.7 million.
- Debt service coverage, a critical measurement of the Authority's annual operations, for fiscal 2015 was 1.78 versus an original budgeted ratio of 1.63. Debt service coverage for fiscal 2014 was 1.71 versus a budgeted 1.48, and was 1.48 versus a budgeted 1.39 in 2013.

- In June 2015, the Authority successfully closed the 2015 bond transaction, which included a cash contribution to partially pay off callable debt and refund the remaining portion. The Authority had a call opportunity for a portion (at par value) of the Subseries 2007A-1 to 2007D-1 Bonds totaling approximately $122.8 million in term bonds with original maturities between 2019 and 2024. The Authority, as part of its debt management plan, contributed approximately $78 million in cash from the unrestricted Senior Bonds Defeasance Fund of the General Surplus account to cash defease a significant portion of the callable debt, and refunded the remaining portion with new maturities between 2016 and 2020. As part of the transaction, the Authority also terminated portions of related interest rate swaps netting approximately $3.8 million in termination payments from the unrestricted Senior Bonds Defeasance Fund. The transaction partially alleviated the increasing debt service over the next several years and set up the Authority with opportunities in the next five years to achieve level annual debt service, a significant goal of the debt management plan.
- Throughout 2015, the Authority continued its significant efforts to accommodate CDOT's new toll facilities in the State of Colorado, which included toll commencement in 2015 on three roadways (US-36 managed lanes, reconfiguration of the I-25 Central managed lanes, and the I-70 Mountain Express Lane (MEXL)). The Authority provided several services to the High Performance Transportation Enterprise (HPTE), a division of CDOT, and its concessionaire on US-36 and I-25 Central, Plenary Roads Denver, LLC (Plenary) including, but not limited to, integrating and installing toll equipment, toll collection system enhancements and modifications, system testing and go live support, and back office toll collection services. The Authority has been providing back office services to CDOT since 2006 and to the Northwest Parkway (NWP) since 2004. E-470's tolling back office process allows customers to have only one account to manage and ensures a seamless customer experience regardless of which Colorado tolled facility they use. Toll collection or system costs originally incurred by the Authority for services provided to other entities are charged to the applicable entity (CDOT, HPTE, Plenary, or NWP). Tolling services revenues in 2015 and 2014 totaled approximately $2.3 million and $1.2 million, respectively.
- In 2015, the Authority remodeled and renovated the headquarters building to accommodate growth of E-470 and the other Colorado tolled facilities, mainly within the toll system back office including the customer service center and image review center. The Authority back office provides toll collection and administration to all toll facilities in Colorado. The $2.8 million dollar capital project was substantially completed at December 31, 2015 and under budget.
- The Authority's board of directors approved two changes in November 2010 to the toll rate schedule. The first was a change from the previous policy of a $0.25 increase every three years to annual increases in smaller increments that would equate to the total $0.25 increase every third year. The second change was an increase in the differential between ExpressToll and LPT toll rates from 10% to a 25% premium. Both policies were effective on January 1, 2011. Further, in November 2014, in accordance with the previous year's toll rate changes, the board of directors voted to increase the 2015 ExpressToll rates by $0.05 at all mainline tolling points and $0.05 at all ramp tolling points. The LPT rates were recalculated at 25% more than the new 2015 ExpressToll rates, and both were effective January 1, 2015. These annual incremental toll increases support the Authority's escalating debt service due in 2015 and beyond.

  The 2015 ExpressToll rate for a two-axle vehicle was $2.50 at mainline toll plaza A and $2.75 at mainline toll plazas B, C, D, and E. ExpressToll rates increase incrementally at the mainline toll plazas if the vehicle has more than two axles. All ramp tolling points charged a rate of $1.15 (regardless of axle count) for

ExpressToll accounts. The 2015 LPT toll rate for a two-axle vehicle was $3.15 at mainline toll plaza A and $3.45 at mainline toll plazas B, C, D, and E. LPT toll rates also increase incrementally at the mainline toll plazas if the vehicle has more than two axles. All ramp tolling points charged a rate of $1.45 (regardless of axles) for LPT accounts.

Summary of Operations

The Authority's operating revenues, which include toll revenues, other toll-related fees, and tolling services revenues, for 2015 were $181.9 million, a 16% increase over the $156.9 million in 2014. Toll revenues, net of related bad debts, were $173.0 million and $150.4 million of total operating revenues in 2015 and 2014, respectively. This increase is primarily due to increased overall toll transactions of 12% from 2014 and an incremental toll increase beginning on January 1, 2015 for all tolling points. These components of operating revenues for fiscal year 2015 were $7.2 million above the $165.8 million 2015 operating revenue budget. Traffic on E-470 during 2015 combined for 74.6 million transactions, with approximately 71% of the corresponding toll revenues coming from ExpressToll accounts. Operating revenues for 2014 were $156.9 million, a 17% increase over the $133.7 million in 2013. This increase is primarily due to increased overall toll transactions of 14% from 2013 and an incremental toll increase beginning on January 1, 2014 for all tolling points. Operating revenues for 2013 were $133.7 million, an 11% increase over 2012, which was also due to increased overall toll transactions and an incremental toll increase beginning on January 1, 2013.

Total operating expenses, before depreciation, for 2015 were $41.4 million, a 16% increase over the $35.7 million in 2014. The increase is primarily due to higher toll collection costs from the 12% increase in E-470 toll transaction volume in 2015, coupled with more transactions incurred on other Colorado toll facilities. Costs such as call center labor, image processing, printing and postage on bills, registered vehicle owner information retrieval, and credit card fees accounted for $2.8 million of the overall $5.7 million increase from prior year. There were no other individually significant fluctuations. Total operating expenses, before depreciation, for 2014 were $35.7 million, a 9% increase over the $32.9 million in 2013. The increase is primarily due to higher toll collection costs from the 14% increase in toll transaction volume in 2014. Costs such as call center labor, image processing, printing and postage on bills, address retrieval, and credit card fees accounted for $1.5 million of the overall $2.8 million increase from prior year. There were no other individually significant fluctuations within the remaining $1.3 million in operating expense change.

Senior Revenue Bond principal and interest payments from the senior debt service fund during 2015 and 2014 were $91.1 million and $83.6 million, respectively, on the Series 1997, 2004, 2006, 2007, 2010, and 2014 bonds, and includes the interest rate swap differentials. In 2015 and 2014, approximately $2.5 million in principal and interest was due and separately paid on the Series 2009 Vehicle Registration Fee (VRF) bonds. Debt service coverage for 2015 was 1.78, compared to 1.71 in 2014 and 1.48 in 2013. The Master and Supplemental Bond Resolutions (Bond Resolutions) require producing net revenues of at least 1.30 times the aggregate senior debt service due for the year.

Overview of Basic Financial Statements

The Authority only engages in business-type activities. These activities are intended to recover all related costs through user fee charges (tolls) to external customers for services provided. The Authority reports its business-type activities in a single enterprise fund, meaning that its activities are operated and reported like a private-sector business. The Authority's basic financial statements include comparative statements of net position, statements of revenues, expenses, and changes in net position, and the statements of cash flows. Also included are the notes to the basic financial statements that provide more detailed information. These basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The Authority's net position is comprised of the following components:

- *Net investment in capital assets* – Consists of the Authority's investment in capital assets (e.g., land, buildings, equipment, and infrastructure), net of accumulated depreciation, and deferred outflows of resources, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. The Authority uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

- *Restricted for debt service* – Represents resources that are subject to external restrictions on how they may be used, and consists of restricted assets reduced by restricted liabilities whereby these restricted liabilities will generally be liquidated with the restricted assets reported.

- *Unrestricted* – Represents resources that may be used to meet the Authority's ongoing obligations to the public and creditors, and are not included in the determination of net investment in capital assets or restricted for debt service components of net position.

E-470 PUBLIC HIGHWAY AUTHORITY

Management's Discussion and Analysis

December 31, 2015 and 2014

(Unaudited)

Financial Results and Analysis

Summary of Net Position

		2015	2014	2013
Current assets:				
Current unrestricted assets	$	161,615,456	187,953,107	91,794,174
Current restricted assets		57,498,869	55,925,506	43,092,725
Total current assets		219,114,325	243,878,613	134,886,899
Noncurrent assets:				
Capital assets, net of accumulated depreciation		591,458,677	617,894,782	639,916,297
Other noncurrent assets		169,902,709	187,814,590	248,426,010
Total noncurrent assets		761,361,386	805,709,372	888,342,307
Total assets		980,475,711	1,049,587,985	1,023,229,206
Deferred outflows of resources		98,594,860	107,600,113	115,386,000
Total assets and deferred outflows of resources	$	**1,079,070,571**	**1,157,188,098**	**1,138,615,206**
Current liabilities:				
Current liabilities payable from unrestricted assets	$	26,346,644	20,901,840	21,451,893
Current liabilities payable from restricted assets		85,568,458	75,669,135	66,723,668
Total current liabilities		111,915,102	96,570,975	88,175,561
Noncurrent liabilities		1,503,046,870	1,613,239,891	1,592,179,687
Total liabilities		1,614,961,972	1,709,810,866	1,680,355,248
Total net position		(535,891,401)	(552,622,768)	(541,740,042)
Total liabilities and net position	$	**1,079,070,571**	**1,157,188,098**	**1,138,615,206**

The largest portion of the Authority's assets is noncurrent. Approximately 60% and 59% of the total assets are capital assets (e.g., infrastructure, buildings, equipment, and other), net of accumulated depreciation as of December 31, 2015 and 2014, respectively. The Authority uses these capital assets to provide services, and consequently, these assets are not available to liquidate liabilities or for other future spending. The acquisition of capital assets was primarily financed from revenue bond proceeds, with more recent capitalized assets financed with unrestricted funds. Noncurrent bonds payable was approximately 96% and 95% of total noncurrent liabilities in 2015 and 2014, respectively. Total current liabilities were $111.9 million and $96.6 million at the end of 2015 and 2014, respectively. Of the total current liabilities, $85.8 million (77%) and $75.9 million (79%) for 2015 and 2014, respectively, were current bonds payable, current notes payable, and related accrued interest payable. These liabilities are to be paid from current assets and the subsequent year's operating and nonoperating revenue as allowed under the Bond Resolutions.

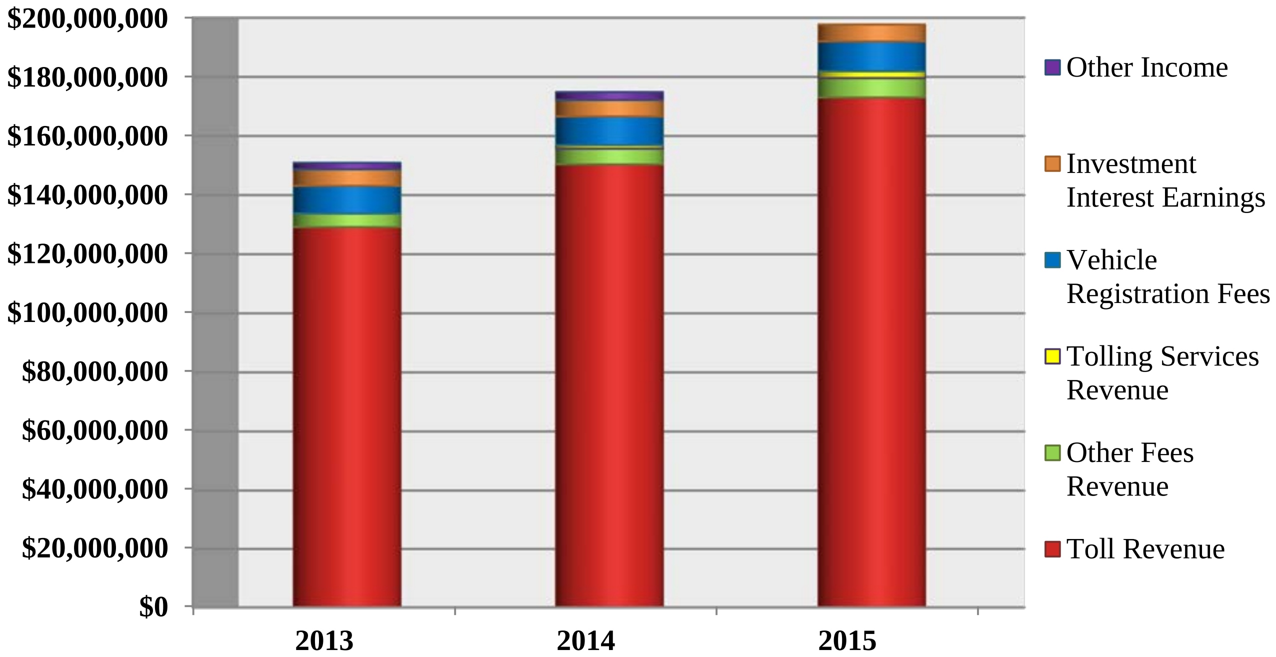
Summary of Revenue, Expenses, and Changes in Net Position

	2015	2014	2013
Operating revenues	$ 181,909,495	156,871,823	133,739,697
Operating expenses before depreciation	(41,386,029)	(35,693,280)	(32,858,448)
Depreciation	(35,426,200)	(34,106,187)	(33,683,646)
Operating income	**105,097,266**	**87,072,356**	**67,197,603**
Nonoperating revenues (expenses):			
Vehicle registration fees	10,095,783	9,732,693	9,367,238
Interest expenses	(99,060,982)	(99,674,362)	(100,078,345)
Investment revenues (expenses)	1,303,805	(10,712,005)	18,815,030
Other income (loss)	(704,505)	2,698,592	2,209,400
Total nonoperating expenses	(88,365,899)	(97,955,082)	(69,686,677)
Loss before intergovernmental expense	16,731,367	(10,882,726)	(2,489,074)
Intergovernmental expense	—	—	(3,207,700)
Change in net position	**16,731,367**	**(10,882,726)**	**(5,696,774)**
Net position, beginning of year	(552,622,768)	(541,740,042)	(536,043,268)
Net position, end of year	**$ (535,891,401)**	**(552,622,768)**	**(541,740,042)**

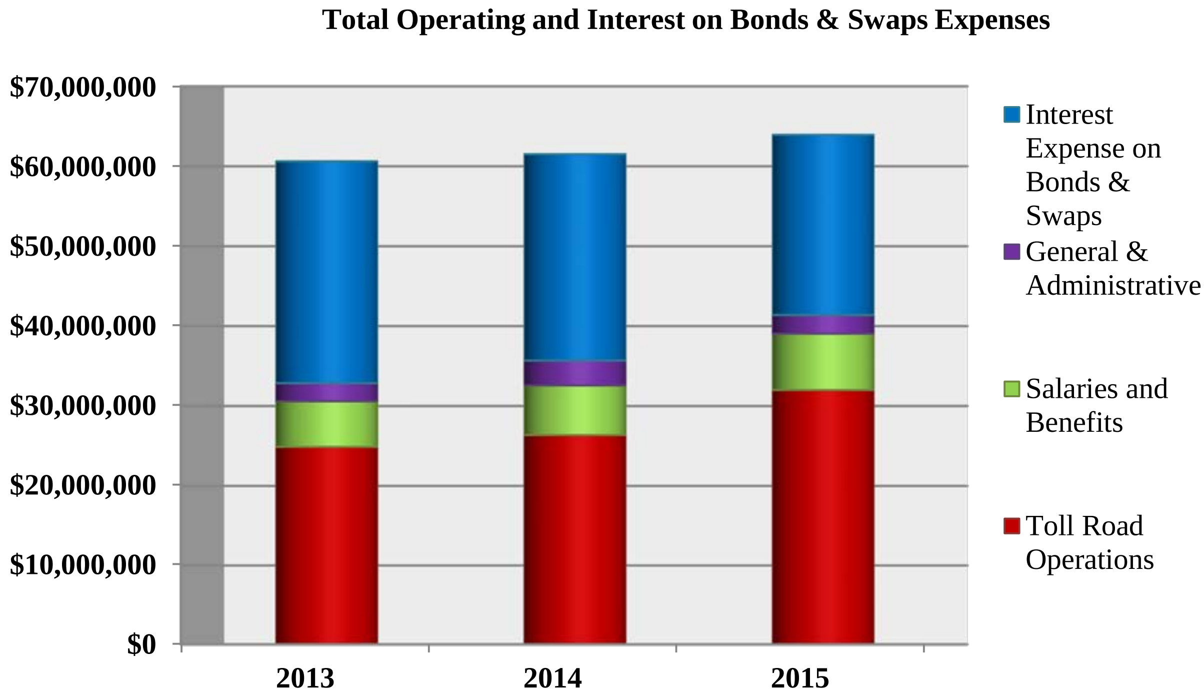
Operating revenues (which include tolls, other toll-related fees, and tolling services revenues) in 2015 and 2014 were $181.9 million and $156.9 million, respectively, an increase of 16% over 2014. Operating expenses before depreciation increased by $5.7 million to $41.4 million in 2015. Depreciation expense remained consistent with prior year. Overall, operating income increased by $18.0 million from 2014 to $105.1 million. Total net nonoperating expenses decreased by $9.6 million to $88.4 million in 2015, which was attributed to changes in interest rates and the corresponding effect on the change in fair value of derivative instruments and investments of $11.9 million. The overall increase in net position was $16.7 million in 2015, which is $27.6 million more than the decrease in net position of $10.9 million in 2014.

Operating revenues in 2014 and 2013 were $156.9 million and $133.7 million, respectively, for an increase of 17% over 2013. Operating expenses before depreciation increased by $2.8 million to $35.7 million in 2014. Depreciation expense in 2014 remained consistent with 2013. Overall, operating income increased by $19.9 million from 2013 to $87.1 million. Total net nonoperating expenses increased by $28.3 million to $98.0 million in 2014, which was attributed to changes in interest rates and the corresponding effect on the change in fair value of derivative instruments and investments of $29.5 million. The overall decrease in net position was $10.9 million in 2014, which was $5.2 million more than the decrease in net position of $5.7 million in 2013.

Total Operating and Nonoperating Revenues



Operating and nonoperating revenues included in the chart above for 2015, 2014, and 2013 were $197.0 million, $174.9 million, and $150.9 million, respectively.



Total operating expenses, before depreciation and including nonoperating interest expense on bonds and interest rate swaps for 2015 and 2014, were $63.9 million and $61.5 million, respectively. Toll road operations expenses increased by $5.6 million to $32.0 million in 2015 versus $26.4 million in 2014. The increase is primarily due to higher toll collection costs from the 12% increase in E-470 toll transaction volume in 2015, coupled with more toll transactions incurred on other Colorado toll facilities. These increased costs include call center labor, image processing, printing and postage, registered vehicle owner information retrieval, and credit card fees. Nonoperating interest expenses on bonds and swaps decreased from $25.8 million in 2014 to $22.5 million in 2015 due to the 2015 bond transaction, which included a cash contribution to partially pay off callable debt and refund the remaining portion at a lower interest rate.

Total operating expenses, before depreciation and including nonoperating interest expense on bonds and interest rate swaps for 2014 and 2013, were $61.5 million and $60.6 million, respectively. Toll road operations expenses increased by $1.5 million to $26.4 million in 2014 versus $24.9 million in 2013. The increase is primarily due to higher toll collection costs from the 14% increase in toll transaction volume in 2014. These increased costs include call center labor, image processing, printing and postage, registered vehicle owner information retrieval, and credit card fees. Nonoperating interest expenses on bonds and swaps decreased from $27.8 million in 2013 to $25.8 million in 2014 due to improved interest rates on the debt refunded during 2014.

Capital Assets and Debt Service

Total capital assets (gross) including construction in progress increased slightly from $1,090 million in 2014 to $1,098 million in 2015. Accumulated depreciation reduced the year-end capital asset balances to $591.5 million in 2015 and $617.9 million in 2014. During 2015, the Authority expended approximately $9.0 million on capital projects, and successfully completed capital projects totaling $11.4 million, which were closed from construction in progress to their respective capital asset accounts. The major projects completed include the headquarters facility buildout, new data storage hardware, and various enhancements to the Authority's toll collection system. During 2014, the Authority expended approximately $12.3 million on capital projects, and successfully completed capital projects totaling $9.1 million, which were closed from construction in progress to their respective capital asset accounts. The major projects completed include the Quebec Street interchange and various enhancements to the Authority's toll collection system. During 2013, the Authority expended approximately $4.3 million on capital projects, and successfully completed capital projects totaling $5.6 million, which were closed from construction in progress to their respective capital asset accounts. The major projects include the completion of the deer fence along a five-mile stretch of the toll road and various enhancements to the Authority's toll collection system.

In 2015, principal and interest paid on Senior Bond debt from restricted debt service totaling $91.1 million consisted of $39.8 million in Series 1997 bonds, $1.1 million in Series 2004 bonds, $6.0 million in Series 2006 bonds, $34.0 million in Series 2007 bonds, $4.4 million in Series 2010 bonds, $0.9 million in Series 2014 bonds, and $4.9 million on the three remaining interest rate swaps settlement differential. The Authority also paid approximately $2.5 million on the Series 2009 VRF bonds from the restricted VRF account.

In 2014, principal and interest paid on Senior Bond debt from restricted debt service totaling $83.6 million consisted of $55.3 million in Series 1997 bonds, $1.1 million in Series 2004 bonds, $3.8 million in Series 2006 bonds, $12.4 million in Series 2007 bonds, $4.4 million in Series 2010 bonds, $0.5 million in Series 2011 bonds, $0.7 million in Series 2014 bonds, and $5.4 million on the three remaining interest rate swaps settlement differential. The Authority also paid approximately $2.5 million on the Series 2009 VRF bonds from the restricted VRF account.

In 2013, principal and interest paid on Senior Bond debt from restricted debt service totaling $81.7 million consisted of $54.4 million in Series 1997 bonds, $1.1 million in Series 2004 bonds, $1.2 million in Series 2006 bonds, $14.8 million in Series 2007 bonds, $4.4 million in Series 2010 bonds, $2.1 million in Series 2011 bonds, and $3.7 million on the four interest rate swaps settlement differential. The Authority also paid approximately $2.5 million on the Series 2009 VRF bonds from the restricted VRF account.

Debt Administration

Bonds payable includes current interest bonds (CIB), capital appreciation bonds (CAB), VRF bonds, and SIFMA index bonds, consisting of both new issue and refunded bonds of the Authority.

E-470 Revenue Bonds Outstanding Principal

	2015	2014	2013
Series 1997 A Current Interest	$ —	—	14,700,000
Series 1997 B Capital Appreciation	367,623,398	386,659,765	404,735,907
Series 2000 B Capital Appreciation	405,140,665	380,852,358	358,018,844
Series 2004 A Capital Appreciation	137,630,339	130,489,355	123,718,818
Series 2004 B Capital Appreciation	131,162,301	124,014,539	117,256,341
Series 2004 C Converted Current Interest	22,065,000	22,065,000	22,065,000
Series 2006 A Current Interest	16,470,000	21,445,000	24,105,000
Series 2006 B Capital Appreciation	90,621,462	86,193,890	81,982,664
Series 2007 A-1 Current Interest	12,850,000	49,150,000	49,300,000
Series 2007 B-1 Current Interest	12,850,000	49,150,000	49,300,000
Series 2007 C-1 Current Interest	12,850,000	49,150,000	49,300,000
Series 2007 D-1 Current Interest	12,855,000	49,110,000	49,300,000
Series 2007 CD-2 SIFMA Index	66,075,000	66,075,000	66,075,000
Vehicle Registration Fee 2009 Current Interest	5,930,000	8,090,000	10,175,000
Series 2010 A Capital Appreciation	31,372,956	29,254,057	27,278,365
Series 2010 C Current Interest	81,655,000	81,655,000	81,655,000
Series 2011 A SIFMA Index	—	—	72,565,000
Series 2014 A SIFMA Index	72,565,000	72,565,000	—
Series 2015 A Current Interest	41,550,000	—	—
Premiums, net of discounts	4,755,487	2,240,327	2,834,750
Total	$ 1,526,021,608	1,608,159,291	1,604,365,689

The Authority actively manages its debt based on the current debt profile and market opportunities as they relate to the overall operating condition of the Authority. Below is a summary of the more significant debt management activities during the past three years:

- In June 2015, the Authority successfully closed the 2015 bond transaction, which included a cash contribution to partially pay off callable debt and refund the remaining portion. The Authority had a call opportunity for a portion (at par value) of the Subseries 2007A-1 bonds ($30.7 million), 2007B-1 bonds ($30.7 million), 2007C-1 bonds ($30.7 million), and 2007D-1 bonds ($30.7 million) totaling approximately $122.8 million in term bonds with original maturities between 2019 and 2024. The Authority, as part of its debt management plan, contributed approximately $78 million in cash from the unrestricted Senior Bonds Defeasance Fund of the General Surplus account to cash defease a significant portion of the callable debt, and refunded the remaining portion at a par amount of $41.5 million (not including the bond premium) with new maturities between 2016 and 2020. The transaction partially alleviated the increasing debt service over the next several years and set up the Authority with opportunities in the next five years to achieve level annual debt service, a significant goal in the debt management plan. The 2007 term bonds were callable on

September 1, 2015, but the Authority used the opportunity to price and close the refunded bonds in June due to favorable market conditions with an escrow account to make the necessary payments on September 1, 2015. Also, as the callable bonds were linked to the Authority's outstanding interest rate swaps, the Authority fully terminated the Morgan Stanley 2008 SIFMA interest rate swap (MS-3) and partially terminated the 2007 London Interbank Offered Rate (LIBOR) interest rate swaps with Morgan Stanley (MS-1) and JP Morgan (JP-1) for a net termination payment of $3.8 million from the unrestricted Senior Bonds Defeasance Fund. These terminations unwound the swap notional amounts originally related to the callable bonds.

- In March 2014, the Authority successfully refunded the Series 2011A SIFMA Index Term Rate bonds totaling $72.6 million with the Series 2014A SIFMA Index Term Rate bonds. The Series 2014A bonds are subject to optional redemption on or after March 1, 2017 with a mandatory tender and remarketing date of September 1, 2017. The Authority pays interest on the bonds each month based on the previous month's final SIFMA market pricing plus 118 basis points (1.18%). Portions of the Authority's two 2007 pay-fixed interest rate swaps, which are based on 67% of the LIBOR, have outstanding notional amounts from 2026 to 2039 related to the outstanding Series 2014A bond maturities during the same period; thus, the Authority takes on basis risk between SIFMA and LIBOR as long as the Series 2014A bonds are outstanding. However, the swap relationship did not meet the requirements of a hedging derivative instrument and continued to be recorded as an investment derivative as of December 31, 2015 and 2014.

- In September 2013, the Authority successfully remarketed the remaining portions of the Series 2007C-2 and 2007D-2 fixed-rate term bonds totaling $66.1 million as the Series 2007CD-2 SIFMA Index term rate bonds. For accounting purposes, the transaction was treated as a bond refunding in 2013. The Series 2007CD-2 bonds are subject to optional redemption on or after March 1, 2017 with a mandatory tender and remarketing date of September 1, 2017. The Authority pays interest on the bonds each month based on the previous month's final SIFMA market pricing plus 175 basis points (1.75%). Portions of the Authority's two 2007 pay-fixed interest rate swaps, which are based on 67% of LIBOR, have outstanding notional amounts from 2026 to 2039 related to the outstanding Series 2007CD-2 bond maturities during the same period; thus, the Authority takes on basis risk between SIFMA and LIBOR as long as the Series 2007CD-2 bonds are outstanding. However, the swap relationship did not meet the requirements of a hedging derivative instrument and continued to be recorded as an investment derivative as of December 31, 2015 and 2014.

- The provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, are applicable to the Authority due to the two remaining 2007 pay-fixed interest rate swaps. The Authority fully terminated the 2008 offsetting receive-fixed interest rate swap and partially terminated the two 2007 pay-fixed interest rate swaps in June 2015. The notional amounts on the remaining 2007 swaps in total correspond with specific maturities of the Series 2007, 2010, and 2014 bonds. The swaps were determined to be investment derivatives as of December 31, 2015 and 2014 with a net liability fair value of $51.7 million and $53.8 million, respectively, and derivative instruments investment loss of $1.7 million in 2015 (when including the net swap termination payment) and loss of $20.0 million in 2014.

As of December 31, 2015, and related to the refunding transaction in June 2015, the underlying senior bond ratings were upgraded by all three major credit rating agencies from 2014 due to continued financial strength, positive traffic and revenue trends, liquidity, and taking a significant step in the debt management plan toward leveling the annual debt service. All three rating agencies upgraded the Authority one notch within their respective rating scales, and all affirmed a stable outlook for the Authority.

Ratings and outlook as of December 31, 2015:

	Rating	Outlook
Rating agency:		
Moody's	Baa1	Stable
Standard and Poor's	BBB+	Stable
Fitch	BBB	Stable

Notes Payable

The Authority entered into an intergovernmental agreement with Douglas County in 2003 to receive contributed funds for costs of the Jamaica Road interchange ramp construction. Based on this agreement, the remaining contributed funds as of 2008 of $2.4 million are to be repaid in 10 equal payments (noninterest-bearing) beginning in 2011. The annual payment of $0.24 million is made from unrestricted funds.

		2015	2014	2013
Local member jurisdiction (Douglas County)	$	1,203,846	1,444,616	1,685,385

Economic Factors

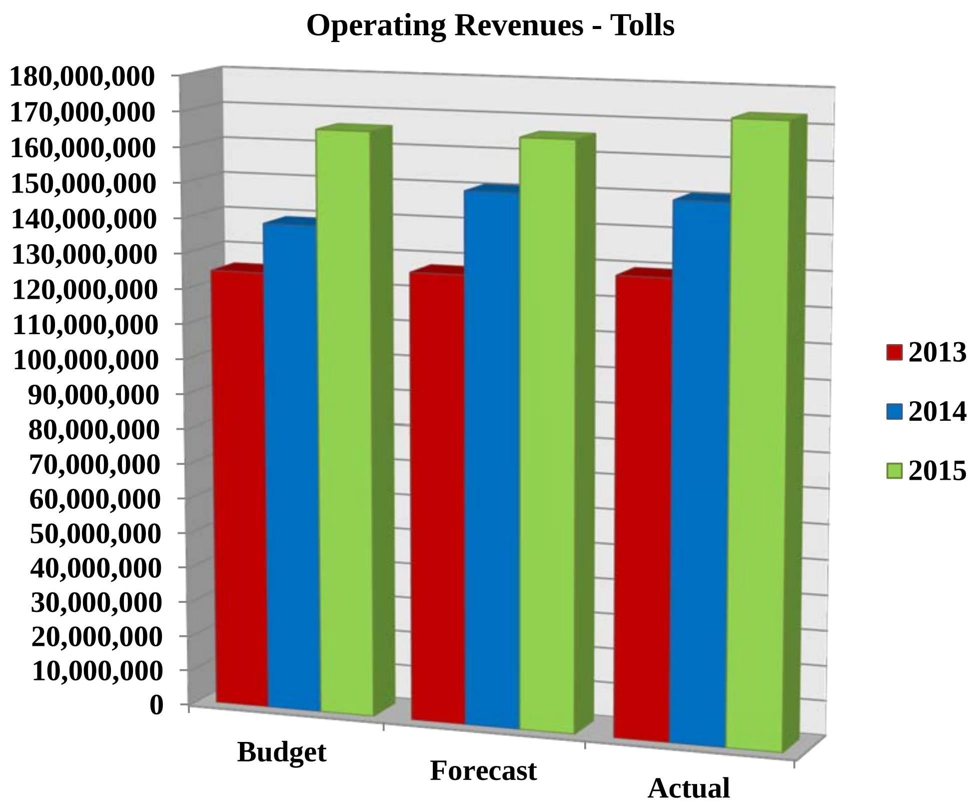
Estimates by the Authority's traffic and revenue consultant are shown against actual toll revenue, net of uncollectible amounts for the fiscal years ended 2015, 2014, and 2013 in the following tables. The Authority has engaged a traffic and revenue consultant to conduct investment-grade traffic and revenue studies and updated reviews over the years based on current economic conditions of surrounding areas and bond refunding transactions. In 2014, the Authority completed a full investment grade traffic and revenue study. The previous full traffic and revenue study was completed in 2008. The 2014 study contains refined future forecasts by considering historical growth, current economic conditions, future transportation forecasts, and development plans for the Authority, local jurisdictions, and the State in the surrounding area. The toll forecasts may differ from the Authority's budget, and only includes the toll revenue, net of estimated bad debts, and excludes the Authority's other toll-related fees that are included in operating revenues during the period. The 2013 traffic and toll revenue forecast was obtained from the updated letter dated July 2013. The 2014 and 2015 forecasts are from the 2014 study.

Transactions (Annual Total)

Year	ExpressToll	LPT	Total Traffic	Forecast	Variance	Percentage variance
2015	50,301,725	24,307,322	74,609,047	70,787,000	3,822,047	5.40
2014	45,112,841	21,252,197	66,365,038	65,520,000	845,038	1.29
2013	41,108,598	17,294,134	58,402,732	56,791,000	1,611,732	2.84

Toll Revenues, Net (Annual Total)

Year	ExpressToll	LPT	Total Toll Revenue	Forecast	Variance	Percentage variance
2015	$ 123,109,780	49,929,732	173,039,512	165,751,000	7,288,512	4.40
2014	107,474,418	42,930,094	150,404,512	150,433,000	(28,488)	(0.02)
2013	93,203,452	35,978,466	129,181,918	127,125,000	2,056,918	1.62



Budget Results

The Authority is required under state law and board resolutions to prepare an annual budget of operating and capital outlays as well as debt service due in the upcoming year. The annual budget is approved by the Authority's board of directors before the budget (calendar) year begins. Appropriations generally do not carry over to future periods, and overall net outlay overages, or budget amendments, require additional approval by the board. The original approved budget by the board is generally considered the final budget. The budget is recorded on the Authority's budget basis and conforms to the Bond Resolutions Revenue Covenant calculation. Refer to the Supplementary Information – Revenue Covenant section for reconciliation to the basic financial statements for operating balances and senior debt service due. Further, toll revenue amounts budgeted by management may differ from the traffic and revenue consultant's forecasts.

The following is a summary of the Authority's 2015 operating budget compared to the actual results, as well as the capital budget compared to the actual results as of and for the year ended December 31, 2015:

		2015 Budget	2015 Results	Variance	Percentage variance
Total operating revenues	$	189,767,100	200,036,176	10,269,076	5.4%
Total operating expenses		(41,296,800)	(37,925,250)	3,371,550	-8.2%
Net operating income		148,470,300	162,110,926	13,640,626	9.2%
Senior debt service due		91,309,100	91,119,525	(189,575)	-0.2%
Debt service coverage ratio		1.63	1.78	0.15	9.2%
Capital & renewal and replacement costs	$	(28,557,700)	(14,162,982)	14,394,718	-50.4%

During 2015, the original budget was the final approved budget and total budgeted operating revenues ended \$10.3 million, or 5% over budget. This is primarily due to net toll revenues and toll fees ending over budget by \$7.3 million and \$1.8 million, respectively, from the higher than budgeted traffic during the year. Total operating expenses ended \$3.4 million, or 8% under budget, which is mainly attributable to certain operating costs originally budgeted for 2015 being moved to 2016 to accompany the ongoing efforts of system development for CDOT's new tolled facilities. Senior debt service due was on budget and does not include VRF debt service as the annual Series 2009 bonds debt service was paid from the restricted VRF account and is excluded from the debt service coverage ratio. These final budget results led to a debt service coverage ratio of 1.78, which is over the original budgeted ratio of 1.63 for 2015.

Capital and renewal and replacement costs, which are excluded from the debt service coverage ratio as specified in the Bond Resolutions and fully paid from unrestricted funds, were \$14.4 million, or 50% under budget. This is due to overall capital projects coming in under budget for items such as roadway and facility maintenance, technology upgrades and enhancements, and construction projects such as the Sandy Acres lake infill, which was delayed due to wet conditions during the spring of 2015 and will be completed in late spring 2016. In addition, \$4.0 million was originally budgeted in 2015 for a contribution toward the 6th Parkway expansion with the City of Aurora, but this amount was not expended due to Aurora timing and funding needs.

The following is a summary of the Authority's 2014 operating budget compared to the actual results, as well as the capital budget compared to the actual results as of and for the year ended December 31, 2014:

		2014 Budget	2014 Results	Variance	Percentage variance
Total operating revenues	$	160,477,000	175,569,001	15,092,001	9.4%
Total operating expenses		(34,329,100)	(32,976,647)	1,352,453	-3.9%
Net operating income		126,147,900	142,592,354	16,444,454	13.0%
Senior debt service due		85,019,100	83,630,014	(1,389,086)	-1.6%
Debt service coverage ratio		1.48	1.71	0.23	15.5%
Capital & renewal and replacement costs	$	(26,148,100)	(17,757,713)	8,390,387	-32.1%

During 2014, the original budget was the final approved budget and total budgeted operating revenues ended $15.1 million, or 9% over budget. This is primarily due to net toll revenues and toll fees ending over budget by $11.6 million and $1.3 million, respectively, from the higher than budgeted traffic during the year. Total operating expenses ended $1.4 million, or 4% under budget, which is mainly attributable to certain information technology noncritical projects originally budgeted for 2014 being moved to 2015 to accompany the ongoing efforts of system development for CDOT's new tolled facilities. Senior debt service due was under budget by $1.4 million due to savings on the 2014 bond refunding transaction, and does not include VRF debt service as the annual Series 2009 bonds debt service was paid from the restricted VRF account and is excluded from the debt service coverage ratio. These final budget results led to a debt service coverage ratio of 1.71, which is over the original budgeted ratio of 1.48 for 2014.

Capital and renewal and replacement costs, which are excluded from the debt service coverage ratio as specified in the Bond Resolutions and fully paid from unrestricted funds, were $8.4 million, or 32% under budget. This is due to overall capital projects coming in under budget for items such as roadway and facility maintenance, technology upgrades and enhancements, and construction projects such as the Quebec interchange, which was completed in 2014 and under budget by $1.9 million.

Reserves Management

Pursuant to the Bond Resolutions, the Authority is required to maintain reserve accounts including the Senior Bonds Debt Service Reserve Fund and an Operating Reserve Fund. In addition, a General Surplus account is maintained in accordance with the Bond Resolutions. The General Surplus account is unrestricted and is currently divided into three subaccount funds for administrative purposes: the Senior Bonds Defeasance Fund, the Capital Improvements Fund, and the Rainy Day Fund. At December 31, 2015 and 2014, all required and restricted reserves were fully funded as specified by the Bond Resolutions.

Tolling Services Agreements

The Authority has entered into a tolling services agreement with HPTE, a tolling services agreement with HPTE and its concessionaire Plenary for tolled facilities on US-36 and I-25 Central, as well as agreements with NWP and its underlying public highway authority to provide certain electronic toll collection back office services. Back office services occur after toll commencement on each toll facility and include major items such as maintenance of the toll system and website, toll billing and collections, license plate image review, and the customer service center. These agreements provide economies of scale for toll collection costs and seamless interoperability for customers on Colorado toll facilities, allowing them to maintain and manage one toll account. As part of the agreements, the Authority collects electronic tolls for the other tolling facilities and transfers the funds daily to NWP (ExpressToll only) and to HPTE/Plenary (ExpressToll and LPT) for transactions that occurred and were collected on their toll facilities. The tolls collected and remitted on behalf of other entities are not included in the basic financial statements of the Authority. Costs incurred are recovered by tolling services revenues charged to NWP, HPTE, and Plenary for their share of toll collection costs that are included in operating expenses on the statement of revenues, expenses, and changes in net position. These revenues totaled $2.3 million and $1.2 million in 2015 and 2014, respectively.

Future Management Plans

During 2016, the Authority will begin construction on the significant multi-year roadway widening project from Parker Road to Quincy Avenue to expand E-470 from two lanes to three lanes in each direction. The Authority budgeted $44.9 million in 2016 and $42.4 million in 2017, and estimate that the total $87.3 million project will be completed by the end of 2017 along the eight miles of roadway. The Capital Improvements Fund of the General Surplus account will be used to fund this project, and is included in the Authority's five-year capital budget program. Regarding debt management, on September 1, 2016 the Authority has the ability to call approximately $11.2 million of the remaining and outstanding 2006A Bonds. The Authority plans to cash defease the entire $11.2 million from the unrestricted Senior Bonds Defeasance Fund of the General Surplus account on the date of the call to further help the Authority achieve its debt management goal of level annual debt service within the next five years. Further, the Authority will continue to provide back office services on other tolled facilities in the State of Colorado by NWP, HPTE (I-70 MEXL), and Plenary (US36 and I-25 Central). Other future toll facilities scheduled to become operational in 2016 include phase two of US36 by Plenary and I-25 North Segment 2 by HPTE extending the current managed lane from US36 to 120th Avenue. The Authority will continue to provide services to these new facilities including integration and installation of toll equipment, toll collection system enhancements and modifications, system testing, analysis and go live support, and begin back office toll collection services when tolling commences.

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 at 22470 E. 6th Parkway, Suite 100, Aurora, Colorado 80018.

KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

The Board of Directors
E-470 Public Highway Authority:

We have audited the accompanying financial statements of the business-type activities of the E-470 Public Highway Authority (the Authority) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the E-470 Public Highway Authority as of December 31, 2015 and 2014, and the changes in financial position, and cash flows thereof for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information relating to the revenue covenant is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information relating to the revenue covenant has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Denver, Colorado
April 13, 2016

E-470 PUBLIC HIGHWAY AUTHORITY

Basic Financial Statements as of December 31, 2015 and 2014

E-470 PUBLIC HIGHWAY AUTHORITY

Statements of Net Position

December 31, 2015 and 2014

		2015	2014
ASSETS			
Current unrestricted assets:			
Cash and cash equivalents	$	60,343,087	32,387,010
Investments		75,470,163	131,141,717
Cash and cash equivalents limited for construction		3,207,700	3,207,700
Accrued interest receivable		1,645,566	2,029,409
Accounts receivable, net of allowance for uncollectibles		20,698,507	18,890,152
Derivative instruments – interest rate swaps		—	295,119
Prepaid expenses and other current assets		250,433	2,000
Total current unrestricted assets		161,615,456	187,953,107
Current restricted assets:			
Cash and cash equivalents for debt service		38,020,161	35,945,427
Investments for debt service		19,105,006	19,661,804
Accrued interest receivable		73,587	18,178
Cash and cash equivalents for construction		300,115	300,097
Total current restricted assets		57,498,869	55,925,506
Total current assets		219,114,325	243,878,613
Noncurrent assets:			
Unrestricted investments		49,243,389	48,358,747
Restricted investments for debt service		104,050,946	106,436,824
Prepaid bond costs and other noncurrent assets		16,608,374	19,022,389
Derivative instruments – interest rate swaps		—	13,996,630
Capital assets, net of accumulated depreciation		591,458,677	617,894,782
Total noncurrent assets		761,361,386	805,709,372
Total assets		**980,475,711**	**1,049,587,985**
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refundings of debt		98,594,860	107,600,113
Total assets and deferred outflows of resources	**$**	**1,079,070,571**	**1,157,188,098**

See accompanying notes to basic financial statements.

E-470 PUBLIC HIGHWAY AUTHORITY
Statements of Net Position
December 31, 2015 and 2014

		2015	2014
LIABILITIES			
Current liabilities payable from unrestricted assets:			
Accounts payable and accrued expenses	$	5,548,555	4,181,285
Unearned toll revenue		20,164,139	15,733,853
Notes payable		240,769	240,769
Derivative instruments – interest rate swaps		393,181	745,933
Total current liabilities payable from unrestricted assets		26,346,644	20,901,840
Current liabilities payable from restricted assets:			
Bonds payable (including accumulated accretion on capital appreciation bonds of $28,621,824 in 2015 and $24,553,515 in 2014)		80,960,000	69,235,000
Accrued interest payable		4,608,458	6,434,135
Total current liabilities payable from restricted assets		85,568,458	75,669,135
Total current liabilities		111,915,102	96,570,975
Noncurrent liabilities:			
Bonds payable (including accumulated accretion on capital appreciation bonds of $618,783,372 in 2015 and $581,523,039 in 2014)		1,445,061,608	1,538,924,291
Notes payable		963,077	1,203,847
Other restricted noncurrent liabilities		2,544,858	2,548,308
Intergovernmental liability		3,207,700	3,207,700
Derivative instruments – interest rate swaps		51,269,627	67,355,745
Total noncurrent liabilities		1,503,046,870	1,613,239,891
Total liabilities		**1,614,961,972**	**1,709,810,866**
NET POSITION			
Net investment in capital assets		(70,707,875)	(153,985,603)
Restricted for debt service		23,007,951	23,563,112
Unrestricted deficit		(488,191,477)	(422,200,277)
Total net position		**(535,891,401)**	**(552,622,768)**
Commitments and contingencies (notes 7, 8, 11, 12, 13, and 14)			
Total liabilities and net position	**$**	**1,079,070,571**	**1,157,188,098**

See accompanying notes to basic financial statements.

E-470 PUBLIC HIGHWAY AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

Years ended December 31, 2015 and 2014

		2015	2014
Operating revenues:			
Tolls	$	173,039,512	150,404,512
Other fees		6,528,828	5,300,362
Tolling services		2,341,155	1,166,949
Total operating revenues		181,909,495	156,871,823
Operating expenses:			
Toll road operations		32,005,157	26,363,580
Salaries and benefits		7,041,501	6,213,971
General and administrative		2,339,371	3,115,729
Total operating expenses before depreciation		41,386,029	35,693,280
Depreciation		35,426,200	34,106,187
Total operating expenses		76,812,229	69,799,467
Operating income		**105,097,266**	**87,072,356**
Nonoperating revenue (expenses):			
Vehicle registration fees		10,095,783	9,732,693
Interest expenses:			
Interest on bonds and interest rate swaps		(22,546,247)	(25,825,858)
Accretion on capital appreciation bonds		(65,882,157)	(64,268,026)
Other bond amortization expenses		(10,632,578)	(9,580,478)
Investment revenues (expenses):			
Interest earned on investments		5,720,817	5,566,417
Net change in the fair value of investments		(2,731,384)	3,756,207
Net change in the fair value of derivative instruments		(1,685,628)	(20,034,629)
Other income (loss)		(704,505)	2,698,592
Total nonoperating expenses		(88,365,899)	(97,955,082)
Change in net position		**16,731,367**	**(10,882,726)**
Net position, beginning of year		(552,622,768)	(541,740,042)
Net position, end of year	**$**	**(535,891,401)**	**(552,622,768)**

See accompanying notes to basic financial statements.

E-470 PUBLIC HIGHWAY AUTHORITY

Statements of Cash Flows

Years ended December 31, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Receipts of Authority vehicle tolls and toll fees	$	181,771,849	155,206,525
Receipts from third parties for tolling services		2,003,120	1,015,784
Payments to employees		(6,960,983)	(6,122,719)
Payments to suppliers		(33,334,549)	(29,067,326)
Net cash provided by operating activities		**143,479,437**	**121,032,264**
Cash flows from capital and related financing activities:			
Change in other restricted noncurrent liabilities		—	(179,653)
Payment of notes payable		(240,770)	(240,769)
Purchase and construction of capital assets		(8,994,457)	(12,346,589)
Receipts from third parties for capital assets		1,479,372	104,411
Proceeds from sale of capital assets		30,825	30,235
Interest paid		(24,371,924)	(26,235,391)
Principal payments on bonds		(69,235,000)	(59,880,000)
Payment of cash from bond proceeds to refund related bond series		(44,850,000)	(72,565,000)
Proceeds from refunded bond series		45,631,237	72,565,000
Payment of unrestricted cash to defease related callable bond series		(78,000,000)	—
Payment of bond issuance costs for related bond series		(779,387)	(846,553)
Payment to terminate portion of interest rate swap agreements		(3,832,749)	—
Net cash used in capital and related financing activities		**(183,162,853)**	**(99,594,309)**
Cash flows from noncapital financing activities:			
Receipts of vehicle registration fees		10,094,405	9,666,003
Receipts of non-Authority third party vehicle tolls and toll fees		18,519,151	13,567,593
Remittance to third parties for non-Authority vehicle tolls and toll fees		(18,384,645)	(13,567,593)
Purchases of equipment for third parties		(1,313,240)	(1,563,578)
Receipts from third parties for equipment		1,261,086	1,548,743
Other receipts and disbursements		(1,302,423)	2,335,680
Net cash provided by noncapital financing activities		**8,874,334**	**11,986,848**
Cash flows from investing activities:			
Proceeds from sales of investments		204,277,453	110,979,562
Purchases of investments		(149,505,327)	(161,375,871)
Interest received		6,067,785	5,406,567
Net cash provided by (used in) investing activities		**60,839,911**	**(44,989,742)**
Net increase (decrease) in cash and cash equivalents		30,030,829	(11,564,939)
Cash and cash equivalents, beginning of year		71,840,234	83,405,173
Cash and cash equivalents, end of year	**$**	**101,871,063**	**71,840,234**
Reconciliation of cash and cash equivalents to the statements of net position:			
Cash and cash equivalents – current – unrestricted	$	63,550,787	35,594,710
Cash and cash equivalents – current – restricted for debt service		38,020,161	35,945,427
Cash and cash equivalents – current – restricted for construction		300,115	300,097
Cash and cash equivalents, end of year	**$**	**101,871,063**	**71,840,234**

See accompanying notes to basic financial statements.

E-470 PUBLIC HIGHWAY AUTHORITY

Statements of Cash Flows

Years ended December 31, 2015 and 2014

		2015	2014
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	105,097,266	87,072,356
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		35,426,200	34,106,187
Changes in assets and liabilities:			
Accounts receivable, net (tolls, late fees, and tolling services)		(2,458,646)	(2,750,029)
Prepaid expenses and other current assets		(248,433)	—
Accounts payable and accrued expenses		1,339,291	503,286
Unearned toll revenue		4,323,759	2,100,464
Net cash provided by operating activities	**$**	**143,479,437**	**121,032,264**
Noncash transactions:			
Interest expense recorded due to bond accretion	$	65,882,157	64,268,026
Interest expense recorded due to amortization of deferred outflows of resources		9,015,404	7,785,887
Interest expense recorded due to amortization of prepaid bond costs and other assets		1,470,077	1,542,462
Interest expense recorded due to amortization of net bond premiums		632,290	594,424
Increase (decrease) in fair value of derivative instruments – interest rate swaps		2,147,121	(20,034,629)
Investment income recorded due to amortization of investment premiums		266,345	353,151
Investment income recorded due to amortization of other restricted noncurrent liabilities		207,544	207,544
(Decrease) increase in fair value of investments		(2,731,384)	3,756,207
Net gain (loss) on disposal of capital assets		26,463	(231,682)
Decrease in other restricted noncurrent liabilities		(204,095)	(169,239)
Other noncash loss		(289,527)	—
Net loss due to refundings of debt on related bond series transaction		(943,938)	—

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 did 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 City of 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 toll road (Segment I). In consideration of the obligations assumed by the Authority and to assist the Project, the County granted to the Authority all 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.

Tolling Services Agreements

The Authority provides various services to the Northwest Parkway (NWP), High Performance Transportation Enterprise (HPTE), a division of Colorado Department of Transportation (CDOT), and HPTE's concessionaire, Plenary Roads Denver, LLC (Plenary) including, but not limited to, integrating and installing toll equipment, toll collection system enhancements and modifications, system testing and go live support, and back office toll collection services. E-470's tolling back office process allows customers to have only one account to manage and ensures a seamless customer experience regardless of which Colorado tolled facility they use. Toll collection or system costs originally incurred by the Authority for services provided to other entities are charged to the applicable entity (CDOT, HPTE, Plenary, or NWP).

(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 basis of accounting also incorporates Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

(b) 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.

(c) Cash and Cash Equivalents

The Authority considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents, which may include authorized money market mutual funds, local government investment pools, commercial paper, or repurchase agreements. Cash and cash equivalents may be restricted by the Trustee under the Master and Supplemental Bond Resolutions (Bond Resolutions) or other externally imposed restrictions. 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.

(d) Investments

The Authority invests its funds in accordance with the Authority's Bond Resolutions and Colorado statutes (CRS 24-75-601). The Authority's authorized investments may consist of U.S. government agency securities, U.S. Treasury securities, commercial paper, municipal bonds, and an investment agreement. The Authority accounts for the U.S. government agency securities, U.S. Treasury securities, municipal bonds, and commercial paper at fair value. Fair value is determined from quotable market prices available at year-end. The investment agreement cannot be traded and, therefore, is reported using a cost-based measurement. Investments may be restricted by the Trustee under the Bond Resolutions.

(e) Accounts Receivable

Accounts receivable represents amounts due for customer tolls (License Plate Toll (LPT) and ExpressToll) and any assessed late fees, net of the estimated uncollectible toll and fee receivables, vehicle registration fees (VRF) collected by specific counties and not yet remitted to the Authority, and other miscellaneous receivables from third parties. The Authority accrues the related revenue when earned. An allowance for estimated uncollectible toll receivables is recognized to reduce the gross amount of receivables to its net realizable value. The allowance for customer tolls is estimated based on historical collection information by revenue type. No allowance is recorded for VRF receivables as the amounts are fully collectible and timely remitted.

(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 and building improvements	20
Buildings	40
Infrastructure	30

Ongoing construction costs associated with the Authority's toll road are capitalized as construction in progress (CIP). As construction is not yet complete, depreciation is not 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 (if applicable), reduced by interest earned from investments acquired with the tax-exempt debt proceeds.

(g) Prepaid Bond Costs and Premiums and Discounts

Prepaid bond costs and other noncurrent assets as well as bond premiums and discounts are deferred and amortized as a component of interest expense – other bond amortization expenses using the effective-interest method over the life of the related bonds.

(h) Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. The deferral balances are from losses on refundings of debt that are amortized as a component of interest expense – other bond amortization expenses using the straight-line method over the remaining life of the old (refunded) debt or the life of the new debt, whichever is shorter.

(i) Revenue and Expenses

The Authority's statements of revenue, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenues consist of vehicle tolls and other toll-related fees assessed (late fees, civil penalties, or other fines and fees) associated with the operation of the Authority's toll road, net of estimated bad debts. The Authority recognizes toll operating revenues when earned. Advance payments received for toll operating revenues are deferred as unearned toll revenue on the statements of net position and are recognized as revenue as the customers use the Authority's toll road. Advance payments used as customers drive on non-Authority facilities in Colorado are remitted to the appropriate agency and are not recognized as revenue on the Authority's statements of revenues, expenses, and changes in net position. Operating revenues also include revenues for providing tolling services to other entities, and is recognized as an exchange transaction. Any amounts collected and remitted to external entities for tolls incurred on other tolled facilities are not included in the basic financial statements of the Authority. Operating expenses include costs incurred to provide for maintenance and administration of the toll road.

Nonoperating revenue and expenses consist of vehicle registration fees, interest expense, investment revenues, including interest earned on investments and change in derivative instruments, and other miscellaneous revenues and expenses. Vehicle registration fees are assessed by specified local counties and remitted to the Authority on a monthly basis net of related administrative costs.

(j) Net Position Amounts

Net position amounts reported in the Authority's statements of net position consist of three categories: net investment in capital assets; restricted for debt service; and unrestricted. The Authority's board of directors, along with any state statutes, has official authorization to assign funds for a specific purpose. Net investment in capital assets consists of the Authority's investment in capital assets (e.g., land, buildings, equipment, and infrastructure) net of accumulated depreciation, and deferred outflows of resources, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Restricted for debt service represents resources that are subject to external restrictions on how they may be used, and consists of restricted assets reduced by restricted liabilities where the restricted liability will generally be liquidated with the restricted assets reported. Unrestricted net position represents resources that may be used to meet the Authority's ongoing obligations to the public and creditors, and are not included in the determination of net investment in capital assets or restricted for debt service components of net position. This balance includes any noncurrent accreted portions of revenue bonds payable. These net position amounts are available to fund any obligation of the Authority. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority generally uses unrestricted funds first, then restricted as needed.

As of December 31, 2015 and 2014, the Authority had a total net deficit of approximately $535.9 million and $552.6 million, respectively. The Authority primarily plans to fund this net deficit with increased annual growth in toll operations revenues and other nonoperating revenues.

(k) 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.

(l) Impact of Recently Issued Accounting Standards

GASB Statement 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. GASB Statement 72 is effective for periods beginning after June 15, 2015, and earlier application is encouraged. The Authority is currently evaluating the impact GASB Statement 72 will have on its financial statements.

(m) Reclassifications

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

(3) Cash, Cash Equivalents, 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 (currently, $250,000 by the Federal Deposit Insurance Corporation (FDIC)) 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 and 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, 2015 and 2014, the Authority's cash deposits had a book balance of $24.8 million and $23.2 million, respectively, and a corresponding bank balance of $25.0 million and $23.5 million, 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, 2015 and 2014, the Authority's book balances are classified as follows:

	2015		
	Deposits	**Cash equivalents and investments**	**Total**
Restricted cash and cash equivalents by trustee under the bond resolutions	$ —	38,020,161	38,020,161
Restricted cash and cash equivalents for construction	—	300,115	300,115
Unrestricted cash and cash equivalents – undesignated	24,795,207	38,755,580	63,550,787
Restricted investments by trustee under the bond resolutions	—	123,155,952	123,155,952
Unrestricted investments – undesignated	—	124,713,552	124,713,552
	$ 24,795,207	324,945,360	349,740,567

	2014		
	Deposits	**Cash equivalents and investments**	**Total**
Restricted cash and cash equivalents by trustee under the bond resolutions	$ 2,292,913	33,652,514	35,945,427
Restricted cash and cash equivalents for construction	—	300,097	300,097
Unrestricted cash and cash equivalents – undesignated	20,907,219	14,687,491	35,594,710
Restricted investments by trustee under the bond resolutions	—	126,098,628	126,098,628
Unrestricted investments – undesignated	—	179,500,464	179,500,464
	$ 23,200,132	354,239,194	377,439,326

The following is a summary of the Authority's cash equivalents and investments by type at December 31, 2015 and 2014, at fair value, including the investment agreement using a cost-based measurement:

	2015	2014
U.S. government agency	$ 168,301,602	187,512,920
Money market mutual funds	76,850,893	48,640,102
U.S. Treasury securities	61,984,408	81,834,809
Commercial paper	8,836,794	27,279,640
Investment agreement	8,471,273	8,471,273
Municipal bonds	500,390	500,450
	$ 324,945,360	354,239,194

(a) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's policies regarding credit risk comply with Colorado statutes (CRS 24-75-601, as amended) and the Bond Resolutions. 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
- Bonds of certain government entities
- Bankers' acceptances of certain banks
- Commercial paper with a certain rating
- Repurchase agreements
- Certain money market mutual funds
- Local government investment pools
- Certain investment agreements

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 following is a summary of the Authority's cash equivalents and investments at December 31, 2015 with credit ratings based on the Standard & Poor's and Moody's ratings scales:

	2015	
	Fair value	**Rating**
U.S. government agency:		
Federal Farm Credit Banks (FFCB)	$ 6,390,426	AA+/Aaa
Federal Home Loan Banks (FHLB)	15,497,288	AA+/Aaa
FHLB Discount Note	10,235,123	A-1+/P-1
Federal Home Loan Mortgage Corporation (FHLMC)	19,393,183	AA+/Aaa
FHLMC Discount Note	1,222,596	A-1+/P-1
Federal National Mortgage Association (FNMA)	43,684,665	AA+/Aaa
FNMA Discount Note	12,282,212	A-1+/P-1
International Bank for Reconstruction and Development	52,159,464	AAA/Aaa
Student Loan Marketing Association Discount Note	7,436,645	Not rated/Aaa
Total U.S. government agency	168,301,602	
U.S. Treasury securities:		
U.S. Treasury notes	61,984,408	Not applicable
Money market mutual funds:		
Federated Prime Obligations Fund	62,792,974	AAAm/Aaa-mf
First American Government Obligations Fund	300,115	AAAm/Aaa-mf
PFM Prime Series Fund – CSIP	13,757,804	AAAm/Not rated
Total money market mutual funds	76,850,893	
Investment agreement:		
Societe Generale	8,471,273	A/A2
Commercial paper:		
Bank of Tokyo Mitsubishi NY	3,495,842	A-1/P-1
Rabobank Nederland NV NY	2,149,017	A-1/P-1
Toyota Motor Credit Corporation	3,191,935	A-1+/P-1
Total commercial paper	8,836,794	
Municipal Bonds		
Fairfax County VA	500,390	AAA/Aaa
Total cash equivalents and investments	$ 324,945,360	

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

The following is a summary of the Authority's cash equivalents and investments at December 31, 2014 with credit ratings based on the Standard & Poor's and Moody's ratings scales:

	2014	
	Fair value	**Rating**
U.S. government agency:		
Federal Farm Credit Banks (FFCB)	$ 19,502,838	AA+/Aaa
Federal Home Loan Banks (FHLB)	20,482,015	AA+/Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	42,469,257	AA+/Aaa
Federal National Mortgage Association (FNMA)	43,520,876	AA+/Aaa
International Bank for Reconstruction and Development	54,320,803	AAA/Aaa
Student Loan Marketing Association Discount Note	7,217,131	Not rated/Aaa
Total U.S. government agency	187,512,920	
U.S. Treasury securities:		
U.S. Treasury notes	81,834,809	Not applicable
Money market mutual funds:		
Federated Prime Obligations Fund	39,777,907	AAAm/Aaa-mf
First American Government Obligations Fund	300,097	AAAm/Aaa-mf
PFM Prime Series Fund – CSIP	8,562,098	AAAm/Not rated
Total money market mutual funds	48,640,102	
Investment agreement:		
Societe Generale	8,471,273	A/A2
Commercial paper:		
Bank of Tokyo Mitsubishi NY	4,748,545	A-1/P-1
General Electric Capital Corporation	5,555,046	A-1+/P-1
UBS Finance	1,124,412	A-1/P-1
Toyota Motor Credit Corporation	4,745,467	A-1+/P-1
Societe Generale	1,764,953	A-1/P-1
HSBC Bank USA	3,749,175	A-1/P-1
PNC Bank	5,592,042	A-1/P-1
Total commercial paper	27,279,640	
Municipal Bonds		
Fairfax County VA	500,450	AAA/Aaa
Total cash equivalents and investments	$ 354,239,194	

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

(b) Interest Rate Risk

Interest rate risk is the risk that an investment's value will change due to change in the level of interest rates. The Authority currently employs one professional investment management firm to manage its investments. The funds are all "laddered" so that investments do not mature all at once, and are in compliance with the Colorado statutes and Bond Resolutions. Additionally, 74% and 75% of the cash equivalents and investments have maturities of three years or less at December 31, 2015 and 2014, respectively.

As of December 31, 2015, the Authority held the following cash equivalents and investments:

		Fair value	Less than one year	Between one and two years	Between two and three years	Greater than three years
U.S. government agency	$	168,301,602	50,894,278	18,662,233	23,202,392	75,542,699
U.S. Treasury securities		61,984,408	34,568,670	21,326,262	4,818,759	1,270,717
Money market mutual funds		76,850,893	76,850,893	—	—	—
Investment agreement		8,471,273	—	—	—	8,471,273
Commercial paper		8,836,794	8,836,794	—	—	—
Municipal bonds		500,390	500,390	—	—	—
Total cash equivalents and investments	$	324,945,360	171,651,025	39,988,495	28,021,151	85,284,689

Because the money market mutual funds have a weighted average maturity less than three months as of December 31, 2015, the funds are presented as cash equivalents with maturities of less than one year.

As of December 31, 2014, the Authority held the following cash equivalents and investments:

		Fair value	Less than one year	Between one and two years	Between two and three years	Greater than three years
U.S. government agency	$	187,512,920	59,579,866	24,704,612	21,969,267	81,259,175
U.S. Treasury securities		81,834,809	63,944,016	6,846,002	10,526,510	518,281
Money market mutual funds		48,640,102	48,640,102	—	—	—
Investment agreement		8,471,273	—	—	—	8,471,273
Commercial paper		27,279,640	27,279,640	—	—	—
Municipal bonds		500,450	—	500,450	—	—
Total cash equivalents and investments	$	354,239,194	199,443,624	32,051,064	32,495,777	90,248,729

Because the money market mutual funds have a weighted average maturity less than three months as of December 31, 2014, the funds are presented as cash equivalents with maturities of less than one year.

(c) Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. 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. 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 does not have a limit on the amount that may be invested in any one issuer. As of December 31, 2015 and 2014, approximately 52% and 53%, respectively, of the Authority's cash equivalents and 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 FFCB, FHLB, FHLMC, FNMA, International Bank for Reconstruction and Development, and Student Loan Marketing Association investments.

(e) Restricted Funds

The Authority maintains restricted accounts and funds as required per the Bond Resolutions or other externally imposed restrictions. Cash and cash equivalents and investments as of December 31, 2015 and 2014 are restricted as follows:

		2015	2014
Senior Bonds Debt Service Reserve Fund	$	102,466,609	104,963,163
Senior Bonds Debt Service Account		31,097,676	29,449,458
Trust Revenue Fund		15,399,485	14,280,593
Operating Reserve Fund		8,325,973	6,997,544
VRF Restricted Account		3,055,386	5,522,908
VRF Bonds Debt Service Account		830,984	830,389
Other restricted accounts		300,115	300,097
	$	161,476,228	162,344,152

The restricted funds and accounts have been established in accordance with the Bond Resolutions or other externally imposed restrictions. The Authority maintains other restricted accounts that do not have any funding requirements and thus have a zero balance as of December 31, 2015 and 2014 and are not shown above. The Bond Resolutions provide, among other provisions, that certain accounting procedures be followed and certain funds and accounts be established to provide bondholders a degree of security against certain contingencies. Brief descriptions of these funds and accounts are as follows:

Senior Bonds Debt Service Reserve Fund – Pursuant to the Bond Resolutions, a Senior Bonds Debt Service Reserve Fund was established solely for the benefit of the holders of the Senior Bonds in the event amounts on deposit in the Senior Bonds Debt Service Account are insufficient to make required payments. As of December 31, 2015 and 2014, the Senior Bonds Debt Service Reserve Fund requirement was $118.0 million, and the account was fully funded at December 31, 2015 and 2014 with balances of $127.5 million and $130.0 million, respectively. The change in year-end balances is due to fair value fluctuations. These balances include cash and cash equivalents and investments of $102.5 million and $105.0 million at December 31, 2015 and 2014, respectively, combined with the $25 million available under a reserve fund surety bond provided by MBIA (note 7(e)). Within the fund, the Authority holds numerous long-term investment securities, one of which is an investment agreement with Societe Generale. Under the agreement, among other provisions, Societe Generale pays the Authority 6.61% of the investment principal amount on a semiannual basis, and must post collateral at a specified amount if their long-term unsecured credit rating is reduced below AA– by Standard and Poor’s (S&P) or Aa3 by Moody’s. Societe Generale was rated A by S&P and A2 by Moody’s at December 31, 2015 and 2014, respectively, and thus has posted collateral in accordance with the agreement. The Authority may terminate the agreement at any time; however, Societe Generale may not terminate the agreement until final maturity in 2026.

Senior Bonds Debt Service Account – Pursuant to the Bond Resolutions, the Senior Bonds Debt Service account is funded from current year revenues in an amount equal to the aggregate senior bond debt service payable during the current fiscal year including the monthly cash settlements paid on the Authority’s interest rate swaps and SIFMA Index Term Rate bonds. Other senior bond series’ interest due is paid semiannually by the Trustee on March 1 and September 1, with outstanding senior bonds payable principal (including any accretion) due on September 1 for the applicable bond series.

Trust Revenue Fund – Except as otherwise provided in the Bond Resolutions, all revenues will be delivered to the Trustee immediately upon receipt by the Authority and will be deposited by the Trustee in the Trust Revenue Fund to be used by the Authority for the purposes of funding any other restricted accounts (including the Senior Bond Debt Service Account) and current year operating expenses. In November 2014, the Authority amended the flow of funds provisions within the Master Bond Resolutions to allow the Authority to move surplus funds from the Trust Revenue Fund to the General Surplus account (or subaccounts therein) on a monthly basis, but also must maintain a retained balance within the Trust Revenue Fund at month-end equal to one-half of the aggregate amount required to be transferred to the Senior Bonds Debt Service Account during such month. The required retained balance was $4.1 million as of December 31, 2015 and $3.9 million as of December 31, 2014, and was fully funded.

VRF Restricted Accounts – In 2011, the Authority transferred $13.5 million from the General Surplus account to a separate, Authority-controlled account, which is restricted per the bond resolutions and has been approved by the board of directors. The Authority intends to pay all future debt service on the VRF bonds over the next several years by funding the VRF Debt Service account from this new account. Payments on the VRF bonds debt service are paid semiannually by the Trustee on March 1 and September 1 from the VRF Debt Service account.

Operating Reserve Fund – Under the provisions of the Bond Resolutions, the Operating Reserve Fund is required to be maintained in an amount equal to 1/6th of annual budgeted operating expenses, as determined by the Authority. As of December 31, 2015 and 2014, $8.3 million and $7.0 million, respectively, were on deposit in the Operating Reserve Fund, which exceeded the required balance of $6.9 million and $5.7 million, respectively, during these periods.

Rebate Fund – Moneys will be deposited into the Rebate Fund pursuant to the Resolutions and used solely for the purpose of paying amounts due to the United States of America pursuant to the Internal Revenue Code and arbitrage rebate regulations issued by the Internal Revenue Service. Funds within the Rebate Fund are only required when an arbitrage rebate liability is due. If the amount in the Rebate Fund is in excess of the amount required to be deposited based on the assessed arbitrage rebate liability, such excess will be transferred to the Authority.

(f) Unrestricted Funds

The General Surplus account is unrestricted and is currently divided into three subaccounts for administrative purposes: the Senior Bond Defeasance Fund, the Capital Improvements Fund, and the Rainy Day Fund. These unrestricted funds are available to fund any obligations of the Authority; however, the Bond Resolutions include a requirement that the General Surplus account not be reduced below $20.0 million unless the Authority's bond issuer, MBIA, provides written consent to such a distribution below this level. As of December 31, 2015 and 2014, the Authority held $188.3 million and $215.1 million, respectively, in total unrestricted funds including cash and cash equivalents and investments. Approximately $160.3 million and $191.0 million were within the General Surplus accounts as of December 31, 2015 and 2014, respectively, which have specific purposes such as fully funding the Authority's future capital budget and bond defeasances.

(g) Investment Income

Investment income's interest earned on investments consists of restricted and unrestricted investment earnings, any associated premium or discounts, and any realized gains or losses on the investments. Also, included in total investment income is the change in the fair value of investments as of the end of the reporting period. The Authority recognized total investment gain of $3.0 million in 2015 and total investment gain of $9.3 million in 2014, excluding the net change in fair value of derivative instruments. Restricted interest earned on investments was $0.1 million in 2015 and 2014 and is restricted by the Bond Resolutions or by other externally imposed restrictions. Unrestricted investment income may be earned within restricted investment accounts as long as those accounts are fully funded by year-end as required by the Bond Resolutions.

(4) Accounts Receivable

The following is a summary of accounts and tolls receivable balances and related allowance as of December 31, 2015 and 2014:

		2015	2014
Tolls receivable (billed)	$	16,700,652	13,678,447
Unbilled toll revenue		3,054,557	1,792,367
Accrued toll revenue – transactions still processing		1,938,148	4,010,951
Late fee receivable		1,358,624	1,010,249
Vehicle registration fees receivable		835,953	834,575
Accounts receivable		948,024	960,847
Total accounts receivable		24,835,958	22,287,436
Allowance for uncollectible tolls receivable		(3,703,370)	(3,095,220)
Allowance for uncollectible late fee receivable		(434,081)	(302,064)
Total accounts receivable, net of allowance for uncollectibles	$	20,698,507	18,890,152

With LPT tolls receivable, 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 and are waiting to be billed); and tolls receivable (transactions that have been billed to a customer and are awaiting payment). Customers are generally billed each month for all toll activity incurred during the previous month and have 30 days to pay. If the first bill is unpaid, customers will be sent a second and third bill with a $5 late fee assessed on the second bill only and have an additional 60 days to pay the outstanding tolls and fee. If still unpaid, the tolls may be remitted to a collection law firm where additional collection fees including civil penalties and adjudication fees may be assessed with a possible hold being placed on the customer's vehicle registration. ExpressToll customers with unpaid tolls may also be remitted to the collection law firm for collections where fees are assessed. Further, tolls charged to customers for LPT versus ExpressToll vary based on the approved two-tiered toll rates, which were effective beginning January 1, 2009 and continuing through 2015. Based on the outstanding tolls and related late fees in fiscal years 2015 and 2014, the Authority has approximately $4.1 million and $3.4 million, respectively, in outstanding tolls and late fee receivables at year-end that are not expected to be collected within the next fiscal year.

Vehicle registration fees are collected by Adams, Arapahoe, and Douglas counties on behalf of the Authority based on enabling legislation. Each county collects $10 when each citizen's car within specific address boundaries is registered annually, and withholds 5% ($0.50) per transaction as an administrative fee with the net amount remitted 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.

(5) Capital Assets

A summary of changes in capital assets for the year ended December 31, 2015 is as follows:

	Balance at January 1, 2015	Increases	Decreases	Transfers	Balance at December 31, 2015
Capital assets not being depreciated:					
Land	$ 110,858,164	—	(4,361)	—	110,853,803
Construction in progress	4,115,519	9,044,519	(50,062)	(11,427,348)	1,682,628
Total capital assets not being depreciated	114,973,683	9,044,519	(54,423)	(11,427,348)	112,536,431
Depreciable capital assets:					
Infrastructure	909,463,889	134,849	—	—	909,598,738
Buildings	19,431,049	3,190,251	—	—	22,621,300
Equipment	27,515,532	4,251,318	(387,095)	—	31,379,755
Software, fixtures, improvements, and other assets	18,370,223	3,850,929	—	—	22,221,152
Total depreciable capital assets	974,780,693	11,427,347	(387,095)	—	985,820,945
Less accumulated depreciation for:					
Infrastructure	(429,294,556)	(30,233,638)	—	—	(459,528,194)
Buildings	(8,194,267)	(589,590)	—	—	(8,783,857)
Equipment	(20,124,542)	(2,479,889)	387,095	—	(22,217,336)
Software, fixtures, improvements, and other assets	(14,246,229)	(2,123,083)	—	—	(16,369,312)
Total accumulated depreciation	(471,859,594)	(35,426,200)	387,095	—	(506,898,699)
Depreciable capital assets, net	502,921,099	(23,998,853)	—	—	478,922,246
Total capital assets, net	$ 617,894,782	(14,954,334)	(54,423)	(11,427,348)	591,458,677

A summary of changes in capital assets for the year ended December 31, 2014 is as follows:

	Balance at January 1, 2014	Increases	Decreases	Transfers	Balance at December 31, 2014
Capital assets not being depreciated:					
Land	$ 110,858,164	—	—	—	110,858,164
Construction in progress	841,137	12,346,589	—	(9,072,207)	4,115,519
Total capital assets not being depreciated	111,699,301	12,346,589	—	(9,072,207)	114,973,683
Depreciable capital assets:					
Infrastructure	903,877,344	5,586,545	—	—	909,463,889
Buildings	18,835,085	595,964	—	—	19,431,049
Equipment	27,217,603	1,269,103	(971,174)	—	27,515,532
Software, fixtures, improvements, and other assets	16,751,813	1,620,595	(2,185)	—	18,370,223
Total depreciable capital assets	966,681,845	9,072,207	(973,359)	—	974,780,693
Less accumulated depreciation for:					
Infrastructure	(399,219,668)	(30,074,888)	—	—	(429,294,556)
Buildings	(7,638,070)	(556,197)	—	—	(8,194,267)
Equipment	(18,751,975)	(2,081,824)	709,257	—	(20,124,542)
Software, fixtures, improvements, and other assets	(12,855,136)	(1,393,278)	2,185	—	(14,246,229)
Total accumulated depreciation	(438,464,849)	(34,106,187)	711,442	—	(471,859,594)
Depreciable capital assets, net	528,216,996	(25,033,980)	(261,917)	—	502,921,099
Total capital assets, net	$ 639,916,297	(12,687,391)	(261,917)	(9,072,207)	617,894,782

(6) Deferred Outflows of Resources

The deferred outflows of resources represent the remaining unamortized deferral balances from losses on refundings of debt. The balances of $98.6 million and $107.6 million as of December 31, 2015 and 2014, respectively, are included within the net investment in capital assets component of net position.

A summary of deferred outflows of resources as of December 31, 2015 and 2014 is as follows:

	2015	2014
Deferred refunding 1997	$ 21,316,940	23,317,925
Deferred refunding 2004	22,001,559	23,092,546
Deferred refunding 2006	6,333,208	6,655,235
Deferred refunding 2007	9,553,689	21,671,791
Deferred refunding 2008	13,067,573	13,945,119
Deferred refunding 2010	11,733,321	12,834,707
Deferred refunding 2014	5,558,022	6,082,790
Deferred refunding 2015	9,030,548	—
	$ 98,594,860	107,600,113

(7) Bonds Payable

Bonds payable include current interest bonds (CIB), capital appreciation bonds (CAB), VRF bonds, and SIFMA index bonds, consisting of both new issue and refunded bonds of the Authority. The Authority is committed to repay the bonds and related interest from its revenues and restricted investments. Interest rates on outstanding current interest bonds (including the VRF bonds) at December 31, 2015 ranged from 2.00% to 5.375%. The average outstanding coupon (interest) rate on all outstanding current interest bonds was 4.25% and 4.98% for the years ended December 31, 2015 and 2014, respectively. Yields on outstanding capital appreciation bonds at December 31, 2015 and 2014 ranged from 5.06% to 7.13%. The average outstanding yield rate on all outstanding capital appreciation bonds was 5.85% for the years ended December 31, 2015 and 2014, respectively. Most bond series' interest due is paid semiannually on March 1 and September 1, with outstanding principal due on September 1 for the applicable bond series. Only the Series 2007CD-2 and 2014A SIFMA index bonds accrue and pay interest monthly based on the variable SIFMA index plus 175 basis points (bps), or 1.75%, and 118 basis points, or 1.18%, respectively.

The Bond Resolutions require that the Authority maintain a Revenue Covenant (also referred to as the debt service coverage ratio) of at least 1.30 times the aggregate debt service due for the year. For the years ended December 31, 2015 and 2014, the Authority exceeded the required debt service coverage ratio of 1.30. Refer to the Supplementary Information – Revenue Covenant section for the 2015 debt service coverage calculation and reconciliation to the basic financial statements for operating balances and senior debt service due.

The following is a summary of the bonds payable by bond series and type as of December 31, 2015:

Bonds outstanding	Original principal amount	Refunded series (if applicable)	Current maturity dates (1)	Current interest rate/yield ranges	Annual principal maturity due ranges
Series 1997 B CAB	$ 342,217,730	1986 Bonds	2015–2026	5.40%–5.52%	$ 39,795,000–44,800,000
Series 2000 B CAB	252,848,750	—	2018–2033	6.14%–6.35%	31,100,000–104,200,000
Series 2004 A CAB	76,484,624	2000 B CAB *	2027–2036	5.33%–5.46%	78,425,000–78,500,000
Series 2004 B CAB	70,705,810	2000 B CAB *	2027–2036	5.60%–5.72%	23,300,000–49,075,000
Series 2004 C Converted CIB (2)	16,680,798	2000 B CAB *	2016–2017	5.00%	7,065,000–15,000,000
Series 2006 A CIB	53,755,000	2000 A CIB	2015–2018	5.00%	4,975,000–5,760,000
Series 2006 B CAB	56,932,723	2000 A CIB	2035–2039	5.06%–5.08%	60,000,000–70,720,000
Series 2007 A-1 CIB	53,325,000	1997 A CIB *	2015–2018	5.25%	3,025,000–5,575,000
Series 2007 B-1 CIB	53,325,000	1997 A CIB *	2015–2018	4.50%–5.25%	3,025,000–5,575,000
Series 2007 C-1 CIB	53,325,000	1997 A CIB *	2015–2018	5.25%	3,025,000–5,575,000
Series 2007 D-1 CIB	53,370,000	1997 A CIB *	2015–2018	5.25%	3,060,000–5,580,000
Series 2007 CD-2 SIFMA	66,075,000	2007 C-2–D-2	2026–2039	SIFMA + 175bps	5,115,000–22,210,000
VRF 2009 CIB	19,365,000	2001 VRF Bonds	2015–2018	3.00%–5.00%	1,395,000–2,300,000
Series 2010 A CAB	21,834,746	1997B CAB *	2035–2041	7.08%–7.13%	7,860,000–52,385,000
Series 2010 C CIB	81,655,000	2007A2–D2 *	2025–2026	5.25%–5.375%	24,180,000–57,475,000
Series 2014 A SIFMA	72,565,000	2011 A	2026–2039	SIFMA + 118bps	13,515,000–22,250,000
Series 2015 A CIB	41,550,000	2007 A1–D1 *	2016–2020	2.00%–5.00%	200,000–20,590,000

(1) The current maturity dates includes a range, but does not indicate that there are maturities every year within the range.
(2) The Series 2004C bonds were converted from CAB to CIB on September 1, 2011 with $22.1 million in outstanding principal.
* The refunded bonds were partially refunded by the new Series bonds.

The following is an analysis of changes in bonds payable and associated bond premiums and discounts for the year ended December 31, 2015:

		Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due within one year
Series 1997B CAB (Principal)	$	151,405,211	—	15,241,485	136,163,726	16,178,176
Series 1997B CAB (Accretion)		235,254,554	20,758,633	24,553,515	231,459,672	28,621,824
Series 2000B CAB (Principal)		154,024,296	—	—	154,024,296	—
Series 2000B CAB (Accretion)		226,828,062	24,288,307	—	251,116,369	—
Series 2004A CAB (Principal)		76,484,624	—	—	76,484,624	—
Series 2004A CAB (Accretion)		54,004,731	7,140,984	—	61,145,715	—
Series 2004B CAB (Principal)		70,705,810	—	—	70,705,810	—
Series 2004B CAB (Accretion)		53,308,729	7,147,762	—	60,456,491	—
Series 2004C Converted CIB	*	22,065,000	—	—	22,065,000	7,065,000
Premium Series 2004		483,227	—	21,107	462,120	—
Series 2006A CIB		21,445,000	—	4,975,000	16,470,000	5,225,000
Premium 2006A CIB		253,284	—	124,618	128,666	—
Series 2006B CAB (Principal)		56,932,723	—	—	56,932,723	—
Series 2006B CAB (Accretion)		29,261,167	4,427,572	—	33,688,739	—
Series 2007 A-1 CIB		49,150,000	—	36,300,000	12,850,000	5,000,000
Series 2007 B-1 CIB		49,150,000	—	36,300,000	12,850,000	5,000,000
Series 2007 C-1 CIB		49,150,000	—	36,300,000	12,850,000	5,000,000
Series 2007 D-1 CIB		49,110,000	—	36,255,000	12,855,000	5,000,000
Series 2007 CD-2 SIFMA Notes		66,075,000	—	—	66,075,000	—
Premium 2007 A1-D1 CIB		1,698,505	—	1,434,091	264,414	—
Discount 2007 A1-D1 CIB		(48,073)	40,589	—	(7,484)	—
Series VRF 2009 CIB		8,090,000	—	2,160,000	5,930,000	2,235,000
Premium VRF 2009 CIB		91,184	—	49,067	42,117	—
Series 2010A CAB (Principal)		21,834,746	—	—	21,834,746	—
Series 2010A CAB (Accretion)		7,419,311	2,118,899	—	9,538,210	—
Series 2010C CIB		81,655,000	—	—	81,655,000	—
Discount 2010C CIB		(237,800)	22,217	—	(215,583)	—
Series 2014A SIFMA Notes		72,565,000	—	—	72,565,000	—
Series 2015A CIB		—	41,550,000	—	41,550,000	1,635,000
Premium 2015A CIB		—	4,081,237	—	4,081,237	—
Total	$	1,608,159,291	111,576,200	193,713,883	1,526,021,608	80,960,000

* The 2004C CAB bonds were converted to CIB bonds on September 1, 2011.

The following is an analysis of changes in bonds payable and associated bond premiums and discounts for the year ended December 31, 2014:

		Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014	Due within one year
Series 1997A CIB	$	14,700,000	—	14,700,000	—	—
Series 1997B CAB (Principal)		167,614,511	—	16,209,300	151,405,211	15,241,485
Series 1997B CAB (Accretion)		237,121,396	21,718,858	23,585,700	235,254,554	24,553,515
Series 2000B CAB (Principal)		154,024,296	—	—	154,024,296	—
Series 2000B CAB (Accretion)		203,994,548	22,833,514	—	226,828,062	—
Series 2004A CAB (Principal)		76,484,624	—	—	76,484,624	—
Series 2004A CAB (Accretion)		47,234,194	6,770,537	—	54,004,731	—
Series 2004B CAB (Principal)		70,705,810	—	—	70,705,810	—
Series 2004B CAB (Accretion)		46,550,531	6,758,198	—	53,308,729	—
Series 2004C Converted CIB	*	22,065,000	—	—	22,065,000	—
Premium Series 2004		503,297	—	20,070	483,227	—
Series 2006A CIB		24,105,000	—	2,660,000	21,445,000	4,975,000
Premium 2006A CIB		415,543	—	162,259	253,284	—
Series 2006B CAB (Principal)		56,932,723	—	—	56,932,723	—
Series 2006B CAB (Accretion)		25,049,941	4,211,226	—	29,261,167	—
Series 2007 A-1 CIB		49,300,000	—	150,000	49,150,000	5,575,000
Series 2007 B-1 CIB		49,300,000	—	150,000	49,150,000	5,575,000
Series 2007 C-1 CIB		49,300,000	—	150,000	49,150,000	5,575,000
Series 2007 D-1 CIB		49,300,000	—	190,000	49,110,000	5,580,000
Series 2007 CD-2 SIFMA Notes		66,075,000	—	—	66,075,000	—
Premium 2007 A1-D1 CIB		2,076,577	—	378,072	1,698,505	—
Discount 2007 A1-D1 CIB		(58,774)	10,701	—	(48,073)	—
Series VRF 2009 CIB		10,175,000	—	2,085,000	8,090,000	2,160,000
Premium VRF 2009 CIB		158,124	—	66,940	91,184	—
Series 2010A CAB (Principal)		21,834,746	—	—	21,834,746	—
Series 2010A CAB (Accretion)		5,443,619	1,975,692	—	7,419,311	—
Series 2010C CIB		81,655,000	—	—	81,655,000	—
Discount 2010C CIB		(260,017)	22,217	—	(237,800)	—
Series 2011A SIFMA Notes		72,565,000	—	72,565,000	—	—
Series 2014A SIFMA Notes		—	72,565,000	—	72,565,000	—
Total	$	1,604,365,689	136,865,943	133,072,341	1,608,159,291	69,235,000

* The 2004C CAB bonds were converted to CIB bonds on September 1, 2011.

At December 31, 2015, scheduled payments for bonds payable over the next five years, and thereafter, are as follows:

		Principal	Interest	Total
Year(s) ending December 31:				
2016	$	80,960,000	18,804,720	99,764,720
2017		87,580,000	17,332,258	104,912,258
2018		95,390,000	17,543,821	112,933,821
2019		96,295,000	16,544,983	112,839,983
2020		101,590,000	15,691,096	117,281,096
2021–2025		453,965,000	73,783,657	527,748,657
2026–2030		632,840,000	48,523,866	681,363,866
2031–2035		596,190,000	44,278,125	640,468,125
2036–2040		542,290,000	25,821,652	568,111,652
2041		52,385,000	-	52,385,000
		2,739,485,000	278,324,178	3,017,809,178
Add premiums, net of discounts		4,755,487	—	4,755,487
Total scheduled payments		2,744,240,487	278,324,178	3,022,564,665
Less future years' accretion		(1,218,218,879)	—	(1,218,218,879)
Total bonds payable	$	1,526,021,608	278,324,178	1,804,345,786

Included in the above principal payment schedule is $1.2 billion of expected future year interest accretion on the Senior CAB 1997B bond series, Senior CAB 2000B bond series, Senior CAB 2004A and 2004B bonds series, Senior 2006B bond series, and the Senior 2010A bond series.

Further detail of the Authority's bonds payable is as follows:

(a) Series 1997 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. The senior current interest bonds Series 1997A were originally serial bonds ($113.2 million) and term bonds ($328.4 million) totaling $441.6 million. This bond series was partially refunded in 2007 with the original 2007 auction-rate Series Bonds (as described in note 7(f)). The senior capital appreciation bonds Series 1997B were originally issued at a par value of $342.2 million. This bond series was partially refunded in 2010 for a portion of the maturity values totaling $20.1 million between 2011 and 2015 with the Series 2010A capital appreciation bonds and 2010C current interest bonds (as described in note 7(j)). The senior current interest bonds Series 1997C were originally issued at a par value of $38.5 million. In 2008, the Authority called (redeemed) the outstanding balance of the 1997C senior current interest bonds along with a one percent call premium and accrued interest as of the date of redemption of $27.0 million, using funds from an authorized restricted account and the unrestricted Senior Bonds Defeasance Fund of the General Surplus account.

(b) Series 2000 Bonds

The 2000 Series bonds were issued to finance the construction of the Authority's final segment (Segment IV) to complete the ultimate build out plans of the toll road. The senior current interest bonds Series 2000A were originally issued at a par value of $105.2 million. This bond series was fully refunded in 2006 with the Series 2006A current interest bonds and the 2006B capital appreciation bonds (as described in note 7(e)). The senior capital appreciation bonds Series 2000B were originally issued at a par value of $252.8 million 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 7(d)).

(c) Series 2001 Bonds

The 2001 Vehicle Registration Fee Bonds (2001 VRF bonds) were originally issued at a par value of $46.2 million to advance refund approximately $45.0 million of the 1995 pledged VRF bonds. The related liability on the 1995 pledged VRF bonds that were refunded was removed from the Authority's statements of net position as the bonds were no longer outstanding. The 2001 VRF bonds were issued as variable-rate bonds with final maturity in September 2018 with an associated interest rate swap. In May 2009, the Authority redeemed $17.7 million of the total outstanding VRF variable-rate bonds of $37.1 million and reissued the remaining balance of $19.4 million as fixed-rate bonds (2009 Series Bonds – see note 7(i)). The related interest rate swap was fully terminated in conjunction with the reissuance of the 2009 bonds.

(d) Series 2004 Bonds

In December 2004, the Authority issued $76.5 million of noncallable capital appreciation bonds (Series 2004A), $70.7 million callable capital appreciation bonds (Series 2004B), and $16.7 million noncallable convertible appreciation bonds (Series 2004C) to advance refund certain portions of the outstanding Series 2000B bonds totaling $133.0 million, which included accreted interest. As a result, the refunded 2000B bonds were legally defeased, and the liability for those bonds has been removed from the Authority's statements of net position. The 2004C convertible capital appreciation bonds were converted to current interest bonds on September 1, 2011 with outstanding original principal of $16.7 million and accumulated accretion of $5.4 million for a total outstanding principal balance of $22.1 million.

(e) Series 2006 Bonds

In September 2006, the Authority issued $53.8 million of callable current interest bonds (Series 2006A) and $56.9 million of callable capital appreciation bonds (Series 2006B) to advance refund the entire outstanding Series 2000A bonds totaling $105.2 million. As a result, the refunded 2000A bonds were considered to be legally defeased, and the liability for these bonds was removed from the Authority's statements of net position. The escrow account for the legally defeased debt paid the final maturity in September 2010. The Authority completed the advance refunding as the first of a two-step process to level off future debt service payments, with step two occurring in 2007 (note 7(f)).

In November 2008, the Authority cash defeased a portion of the 2006A bonds totaling $22.6 million with original bond maturities between 2009 and 2014. Approximately $24.9 million 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 was considered defeased (note 7(n)), the liability was removed from the Authority's statements of net position. Cash became available to fund this transaction when the Authority purchased a $25.0 million surety policy from MBIA to replace these funds within the Senior Bonds Debt Service Reserve account and to meet the fund requirements as specified by the Bond Resolutions (note 3(e)).

(f) Series 2007 Bonds

In June 2007, the Authority issued multiple series of auction-rate bonds including $105.8 million of Series 2007A bonds, $105.8 million of Series 2007B bonds, $105.8 million of Series 2007C bonds, and $105.9 million of Series 2007D bonds to current refund a significant portion of the Series 1997A current interest bonds totaling $409.1 million. As a result, the related liability for the refunded portion of the 1997A bonds was removed from the Authority's statements of net position. This was the second refunding in a two-step process to level off future debt payments. 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 – George K. Baum & Company (GK Baum), JP Morgan Chase Bank, NA (JP Morgan – JP-1), and Morgan Stanley Capital Services, Inc. (Morgan Stanley – MS-1), two of which remain in effect as of December 31, 2015 and 2014 (note 8). The original 2007 auction-rate Series Bonds were subsequently remarketed in 2008 to fixed-rate and term-rate bonds (as described in note 7(g)).

(g) Remarketing of the Series 2007 Bonds

In May 2008, the Authority remarketed the outstanding 2007 Series auction-rate bonds as fixed-rate and term-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. The Authority remarketed the original Series 2007A auction-rate bonds into $53.3 million of fixed-rate bonds (Subseries 2007A-1) and $52.2 million of term-rate bonds (Subseries 2007A-2); Series 2007B auction-rate bonds into $53.3 million of fixed-rate bonds (Subseries 2007B-1) and $52.2 million of term-rate bonds (Subseries 2007B-2); Series 2007C auction-rate bonds into $53.3 million of fixed-rate bonds (Subseries 2007C-1) and $52.2 million of term-rate bonds (Subseries 2007C-2); and the Series 2007D auction-rate bonds into $53.4 million of fixed-rate bonds (Subseries 2007D-1) and $52.2 million of term-rate bonds (Subseries 2007D-2). The Subseries 2007A-2 and Subseries 2007B-2 term-rate bonds had a redemption date of September 2, 2011 (note 7(k)), and the Subseries 2007C-2 and Subseries 2007D-2 term-rate bonds had a redemption date of September 2, 2013 (note 7(h)).

As a result of converting the Series 2007 auction-rate bonds into fixed and term-rate bonds, the Authority terminated the pay-fixed interest rate swap agreement with GK Baum. Further, the Authority entered into two additional reversing receive-fixed interest rate swaps with Morgan Stanley (2008 LIBOR swap (MS-2) and 2008 SIFMA swap (MS-3)) at the time of the remarketing to partially offset the effect of the two remaining 2007 pay-fixed interest rate swaps, but both reversing swaps have since been fully terminated (note 8).

From June 2007 to May 2008, the two 2007 pay-fixed interest rate swaps with JP Morgan and Morgan Stanley were effectively hedging interest rate risk on the 2007 auction-rate bonds. At the date of remarketing, the negative fair value of the 2007 pay-fixed interest rate swaps was $20.0 million. The Authority is amortizing the effective values deferred from June 2007 to May 2008 as a component of deferred outflows of resources (2008 deferred refunding – note 6)) and interest expense on a straight-line basis, using the combined weighted average notional amounts outstanding for the period, which mature in September 2039.

In October 2010, this bond series was partially refunded for a portion (at par value) of the Subseries 2007A-2, 2007B-2, 2007C-2, and 2007D-2 term-rate bonds totaling $70.1 million along with a portion of the Series 1997B bonds with the Series 2010 capital appreciation bonds and 2010C current interest bonds (as described in note 7(j)). In June 2015, this bond series was again partially refunded for a portion (at par value) of the Subseries 2007A-1, 2007B-1, 2007C-1, and 2007D-1 callable term bonds totaling $122.8 million with the 2015A current interest bonds (note 7(m)), including a cash contribution of $78 million to defease debt.

(h) Series 2007CD-2 Bonds

On September 2, 2013, the Authority successfully remarketed the remaining outstanding balances of the Subseries 2007C-2 ($28.9 million) and 2007D-2 ($37.2 million) fixed-rate term bonds totaling $66.1 million with the new Series 2007CD-2 SIFMA Index Term Rate bonds. The proceeds were used to defease the redemption price equal to the principal amount outstanding on the Subseries 2007C-2 and 2007D-2 bonds, and the related liability for those bonds was removed from the Authority's statements of net position. The Authority pays interest on the Series 2007CD-2 bonds each month based on the previous months' final calculated SIFMA market pricing plus 175 basis points (1.75%). The principal portion of the Series 2007CD-2 bonds is payable in September 2026 and September 2037 to September 2039 with amounts ranging between $5.1 million to $22.2 million. The Series 2007CD-2 bonds are subject to optional redemption on or after March 1, 2017 with a mandatory tender and remarketing date of September 1, 2017. If the bonds are not converted (or refunded) by the mandatory redemption date of September 1, 2017, the bonds will reset to a failed remarketing rate during the first 90 days at the greater of a) SIFMA plus 4.50% or b) 7.50%; thereafter the failed remarketing rate is 12% based on the Bond Resolutions.

(i) Series 2009 Bonds

In May 2009, the Authority issued $19.4 million of VRF bonds (2009 Series bonds) to current refund the remaining outstanding 2001 VRF Series variable-rate bonds after redemption of approximately $17.7 million during the same period (note 7(c)). As a result, the related liability of the refunded 2001 VRF Series bonds was removed from the Authority's statements of net position and eliminated the Authority's exposure to the related variable-rate debt as the interest rate swap was terminated at the time of refunding.

(j) Series 2010 Bonds

In October 2010, the Authority issued $21.8 million of capital appreciation bonds (Series 2010A) and $81.7 million of current interest bonds (Series 2010C) to purchase (redeem) through the tender invitation a portion of the Series 1997B capital appreciation bonds maturing between 2011 and 2015 with a total par and accumulated accretion value of $20.1 million, and a portion (at par value) of the Subseries 2007A-2 ($4.7 million), 2007B-2 ($27.1 million), 2007C-2 ($23.3 million), and 2007D-2 ($15.0 million) term-rate bonds with original maturities in 2025, 2026, and 2037. The purpose of the tender was to restructure debt service. The Authority partially terminated the notional amounts within the interest rate swaps related to the Subseries 2007A-2 to 2007D-2 maturities tendered (note 8). The net proceeds were used to purchase portions of the 1997B capital appreciation bonds and Subseries 2007A-2 to 2007D-2 term-rate bonds and pay the 1% redemption premium and any accrued interest related to the tendered bonds with the new 2010A and 2010C bonds for debt service. As a result, the related liabilities of the tendered portions of the Series 1997B and Subseries 2007A-2 to 2007D-2 bonds were removed from the Authority's statements of net position.

(k) Series 2011 Bonds

In September 2011, the Authority refunded the remaining outstanding balances of the Subseries 2007A-2 ($47.5 million) and 2007B-2 ($25.1 million) fixed-rate term bonds totaling $72.6 million with the Series 2011A SIFMA Index Term Rate bonds. The proceeds of $72.6 million were used to defease the outstanding Subseries 2007A-2 and 2007B-2 bonds, and the related liability for those bonds was removed from the Authority's statements of net position. The Authority paid interest on the Series 2011A bonds each month based on the previous months' final calculated SIFMA market pricing plus 272 basis points (2.72%) up through February 2014, as the bonds were fully refunded on March 3, 2014 (as described in note 7(l)).

(l) Series 2014 Bonds

On March 3, 2014, the Authority refunded the Series 2011A SIFMA Index Term Rate bonds with the Series 2014A SIFMA Index Term Rate bonds totaling approximately $72.6 million at par. The Series 2011A bonds were subject to optional early redemption on or after March 1, 2014 with a mandatory tender and remarketing date of September 1, 2014. The Authority exercised the early redemption option to take advantage of low interest rates and debt service savings. The Series 2011A bonds paid interest each month based on the previous months' final calculated SIFMA market pricing plus 272 basis points (2.72%), which were refunded with the new Series 2014A SIFMA Index bonds plus 118 basis points (1.18%), saving the Authority over 1.54% in monthly interest costs. The proceeds of $72.6 million were used to defease the outstanding Series 2011A bonds, and the related liability for those bonds were removed from the Authority's statements of net position. The Authority used funds from the General Surplus account (Senior Bond Defeasance Fund) to pay all related underwriting fees and other issuance costs totaling approximately $0.8 million.

The principal portions of the Series 2014A bonds are payable in September 2026 and September 2037 to September 2039 with amounts ranging between $13.5 million and $22.3 million. These principal amounts due did not change from the refunded Series 2011A bonds principal debt service requirements. The Series 2014A SIFMA Index Term Rate bonds are subject to optional early redemption on or after March 1, 2017 with a mandatory tender and remarketing date of September 1, 2017. If the bonds are not converted (or refunded) by the mandatory redemption date of September 1, 2017, the bonds will reset to a failed remarketing rate during the first 90 days at the greater of a) SIFMA plus 4.50% or b) 7.50%; thereafter, the failed remarketing rate is 10%.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $6.1 million in the prior year. This difference, reported in the accompanying basic financial statements as a component of deferred outflows of resources within the 2014 deferred refunding balance, is being amortized as a component of interest expense over the shorter life of the old (including previous refunded debt) and the new debt, which is 2026. The refunding resulted in a net present value economic gain of $45.4 million, which is based on comparing the refunded bonds debt service at the failed remarketing rate of 10% from September 1, 2017 until final maturity in 2039, versus an estimated interest rate of 7.5% on the Series 2014A bonds from the refunding date of September 1, 2017 to final maturity in 2039. Using these same assumptions, the refunding reduces debt service payments in the years 2014 to and including 2039 by $75.6 million.

(m) Series 2015 Bonds

On June 24, 2015, the Authority successfully closed the 2015 bond transaction, which included a cash contribution to partially pay off callable debt and refund the remaining portion. The Authority had a call opportunity for a portion (at par value) of the Subseries 2007A-1 bonds ($30.7 million), 2007B-1 bonds ($30.7 million), 2007C-1 bonds ($30.7 million), and 2007D-1 bonds ($30.7 million) totaling approximately $122.8 million in term bonds with original maturities between 2019 and 2024. The Authority, as part of its debt management plan, contributed approximately $78 million in cash from the unrestricted Senior Bonds Defeasance Fund of the General Surplus account to cash defease a significant portion of the callable debt, pay for all related underwriting fees and other issuance costs totaling approximately $0.8 million, and refunded the remaining portion at a par amount of $41.5 million (not including the 2015A bond premium of $4.1 million). Also, as the 2007 callable bonds were linked to the Authority's outstanding interest rate swaps, the Authority fully terminated the Morgan Stanley 2008 SIFMA interest rate swap (MS-3) and partially terminated the 2007 LIBOR interest rate swaps with Morgan Stanley (MS-1) and JP Morgan (JP-1) for a net termination payment of $3.8 million from the unrestricted Senior Bonds Defeasance Fund (note 8).

The interest rates on the new maturities range between 2.00% and 5.00%, and new principal amounts due between September 1, 2016 and September 1, 2020 have a range between $0.2 million and $20.6 million. The 2007 term bonds were callable on September 1, 2015, but the Authority used the opportunity to price and close the refunded bonds in June due to favorable market conditions with an escrow to make the necessary payments on September 1, 2015. The related liabilities for the applicable portions of the 2007 refunded bonds were removed from the Authority's statements of net position. The transaction partially alleviated the increasing debt service over the next several years and set up the Authority with opportunities in the next five years to get to level annual debt service, a significant goal in the debt management plan.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $9.0 million in the prior year. This difference, reported in the accompanying basic financial statements as a component of deferred outflows of resources within the 2015 deferred refunding balance, is being amortized as a component of interest expense over the shorter life of the old (including previous refunded debt) and the new debt, which is 2020. The refunding resulted in a net present value economic gain of $18.5 million, which factors in the unrestricted cash contribution of $81.8 million from the Authority to cash defease debt early and terminate the applicable interest rate swaps. The refunding, including the cash contribution, reduces debt service payments in the years 2016 to and including 2020 by $116.1 million.

(n) Legal Defeasance of Senior Revenue Bonds

Various bonds previously issued by the Authority have been legally defeased and, thus, are not reflected as bonds payable in the Authority's statements of net position. The Authority has entered into advance refunding transactions in the past 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 planned interest earnings, are used by the Trustee to pay principal and interest due until redemption. At December 31, 2015 and 2014, the Authority does not have any outstanding principal balances due from an advanced refunding escrow account.

(8) Derivative Instruments

The Authority has multiple interest rate swap agreements that are considered investment derivatives under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as of December 31, 2015 and 2014.

As a means to hedge its borrowing costs, when compared against fixed-rate bonds at the time of issuance of the Series 2007 auction-rate bonds in June 2007, the Authority originally entered into separate pay-fixed, receive-floating LIBOR interest rate swap agreements with Morgan Stanley (MS-1) and JP Morgan (JP-1) (formerly known as Bear Stearns). The intention of these two pay-fixed swaps was to effectively change the Authority's variable interest rate on the Series 2007 auction-rate bonds to a synthetic fixed rate of 3.832% until final maturity of the bonds in September 2039. As a result of remarketing the Series 2007 auction-rate bonds into fixed and term-rate bonds in May 2008 combined with the negative fair value of the two pay-fixed 2007 LIBOR interest rate swaps with JP Morgan and Morgan Stanley, the Authority entered into two additional "reversing" receive-fixed, pay-floating interest rate swaps at the time of remarketing with Morgan Stanley (2008 LIBOR swap (MS-2) and 2008 SIFMA swap (MS-3)) to partially offset the negative fair value and swap cash flows. The MS-2 interest rate swap matured as it was associated with the remaining Subseries 2007C-2 and 2007D-2 term-rate bonds refunded in September 2013, while the MS-3 interest rate swap was associated with the Subseries 2007A-1, B-1, C-1, and D-1 callable fixed-rate bonds. In October 2010, the Authority issued the Series 2010 bonds and partially terminated the notional amounts within the interest rate swaps related to the Subseries 2007A-2 to 2007D-2 maturities tendered. The reduction (unwind) of the swap notional amounts on the date of the swap terminations of the MS-1, MS-2, and JP-1 swaps was $35.1 million, $70.1 million, and $35.1 million, respectively.

In August 2011, the Authority refunded the remaining outstanding balances of the Subseries 2007A-2 ($47.5 million) and 2007B-2 ($25.1 million) fixed-rate term bonds with the Series 2011A SIFMA Index Term Rate bonds totaling $72.6 million. The Subseries 2007A-2 and 2007B-2 bonds originally corresponded with the offsetting 2008 swap (MS-2), which had approximately $72.6 million of notional amounts that matured on September 1, 2011 leading to an overall reduction in notional amount. Additionally, the swap agreements were amended for the portions of the Authority's two 2007 pay-fixed LIBOR interest rate swaps (MS-1 and JP-1), which also have outstanding notional amounts from 2026 to 2039 related to the new outstanding Series 2011A bond maturities. However, the relationship between the Series 2011A bonds and the two 2007 swaps did not meet the requirements of a hedging derivative instrument; therefore, the related swap fair values were recorded as investment derivatives as of December 31, 2013. The Authority refunded the 2011A bonds in March of 2014.

In June 2012, Moody's downgraded Morgan Stanley's long-term debt ratings from "A2" to "Baa1," which triggered an additional termination event per the original swap agreement where the swap counterparty was required to maintain a rating of at least "Aa3" from Moody's. In December 2012, the Authority amended the terms of the original swap agreement to allow Morgan Stanley to remain as the swap counterparty by reducing the ratings requirements to "Baa2" from Moody's, "BBB" from Standard and Poor's, and "BBB" from Fitch. In reducing the ratings requirements, Morgan Stanley provided the Authority consideration, which was split into two separate periods to reduce the swap settlement payments by \$0.5 million in both fiscal years 2013 and 2015 on the MS-1 pay-fixed interest rate swap. The original fixed rate on the MS-1 swap of 3.832% will remain for all fiscal periods except for 2013 and 2015 where the rate will be reduced to 3.412%. If triggered again, the Authority may terminate or require the swap to be reassigned to a counterparty that meets the ratings requirements.

In September 2013, the Authority refunded the remaining outstanding balances of the Subseries 2007C-2 (\$28.9 million) and 2007D-2 (\$37.2 million) fixed-rate term bonds with the Series 2007CD-2 SIFMA Index Term Rate bonds totaling \$66.1 million (note 7(h)). The Subseries 2007C-2 and 2007D-2 bonds originally corresponded with the offsetting 2008 swap (MS-2), which had approximately \$66.1 million of notional amounts that matured on September 1, 2013 leading to an overall reduction in notional amount. Additionally, the 2007 MS-1 and JP-1 swaps also have outstanding notional amounts from 2026 to 2039 related to the new outstanding Series 2007CD-2 bond maturities. The Authority pays variable interest on the Series 2007CD-2 bonds each month based on the previous months' final SIFMA market pricing plus 175 basis points (1.75%). This spread plus the MS-1 and JP-1 pay-fixed interest rate of 3.832% leads to an effective interest rate of 5.582% on the outstanding Series 2007CD-2 bonds during the term-rate period, where the Authority takes on the basis risk between LIBOR (swaps) and SIFMA (bonds). However, the relationship between the Series 2007CD-2 bonds and the two 2007 swaps did not meet the requirements of a hedging derivative instrument; therefore, the related swap fair values were recorded as investment derivatives as of December 31, 2015.

In March 2014, the Authority refunded the 2011A SIFMA Index Term Rate bonds with the Series 2014A SIFMA Index Term Rate bonds totaling \$72.6 million (note 7(l)). The 2007 MS-1 and JP-1 swaps have outstanding notional amounts from 2026 to 2039 related to the new outstanding Series 2014A bond maturities. The Authority pays variable interest on the Series 2014A bonds each month based on the previous months' final SIFMA market pricing plus 118 basis points (1.18%). This spread plus the MS-1 and JP-1 pay-fixed interest rate of 3.832% leads to an effective interest rate of 5.012% on the outstanding Series 2014A bonds during the term-rate period, where the Authority takes on the basis risk between LIBOR (swaps) and SIFMA (bonds). However, the relationship between the Series 2014A bonds and the two 2007 swaps did not meet the requirements of a hedging derivative instrument; therefore, the related swap fair values were recorded as investment derivatives as of December 31, 2015.

In June 2015, the Authority issued the Series 2015 bonds, which included a cash contribution from unrestricted funds to defease callable debt early and refunded the remaining amount as the new 2015A bonds (note 7(m)). Since the original 2007A-1 to 2007D-1 callable maturities were linked to all three outstanding interest rate swaps, the Authority fully terminated the Morgan Stanley 2008 SIFMA interest rate swap (MS-3) at a positive value of \$13.1 million and partially terminated the 2007 LIBOR interest rate swaps with Morgan Stanley (MS-1) at a negative value of \$8.6 million and JP Morgan (JP-1) at a negative value of \$8.3 million for a net termination payment of \$3.8 million from the unrestricted Senior Bonds Defeasance Fund. The net swap termination is reflected within investment revenues – net change in the fair value of derivative instruments on the statement of revenues, expenses, and changes in net position for the year ended

December 31, 2015. The partial reduction (unwind) of the swap notional amounts related to the callable bonds on the date of the swap terminations of both the MS-1 and JP-1 swaps was $50.9 million each. The full termination of the MS-3 swap reduced the entire reversing swap notional amount by $101.7 million.

During 2015, the Authority recognized, on the accrual basis, swap settlements on the 2007 pay-fixed swaps (MS-1 and JP-1) of $6.3 million and received swap settlements on the 2008 receive-fixed swap (MS-3) of $1.5 million up to June 2015, for a net swap settlement differential of $4.8 million during the year. During 2014, the Authority recognized swap settlements on the 2007 pay-fixed swaps (MS-1 and JP-1) of $8.9 million and received swap settlements on the 2008 receive-fixed swap (MS-2 and MS-3) of $3.5 million, for a net swap settlement differential of $5.4 million during the year.

The following table provides a summary of the Authority's investment derivative interest rate swaps as of December 31, 2015 and 2014:

Swap	Counterparty	Effective date	Maturity date	Terms		Original notional amount	2015 notional amount	2014 notional amount
JP-1	JP Morgan	June 14, 2007	September 1, 2039	Pay 3.832%; receive 67% one-month LIBOR	$	155,252,500	69,320,000	120,190,000
MS-1	Morgan Stanley	June 14, 2007	September 1, 2039	Pay 3.832%; receive 67% one-month LIBOR*		155,252,500	69,320,000	120,190,000
				Total notional amounts for pay-fixed swaps	$	310,505,000	138,640,000	240,380,000
MS-3	Morgan Stanley	May 30, 2008	September 1, 2024**	Receive 3.518%; pay SIFMA index	$	101,740,000	—	101,740,000
				Total notional amounts for receive-fixed swaps	$	101,740,000	—	101,740,000

* The MS-1 swap was amended in 2012 to reduce the fixed-rate to 3.412% in fiscal years 2013 and 2015 only.

** The MS-3 swap was terminated on June 10, 2015 as part of the 2015A bond transaction.

The fair values of the interest rate swap derivatives are provided to the Authority from the swap counterparties using valuation dates consistent with the Authority's reporting period. The Authority values the interest rate swap derivatives based on the swaps' monthly quoted market prices from its counterparties, and has subscribed to an independent monitoring service to assist in the review of the monthly cash flows and fair market valuations received. The fair values are based on the notional amounts outstanding and swap reference rate, and are estimated based on the present value of their estimated future cash flows.

The fair values of derivative instruments outstanding at December 31, 2015, classified by type, and changes in fair value of such derivative instruments for the year then ended as reported in the basic financial statements are as follows:

		2015 Changes in fair value			Fair value at December 31, 2015		
		Classification		Amount	Classification		Amount
Investment derivative instruments:							
JP-1	Pay-fixed interest rate swap	Derivative gain	$	8,458,912	Derivative instruments	$	(25,844,290)
MS-1	Pay-fixed interest rate swap	Derivative gain		7,979,958	Derivative instruments		(25,818,518)
MS-3	Receive-fixed interest rate swap	Derivative loss		(14,291,749)	Derivative instruments		—
		Investment revenues: Derivative gain (net)	$	2,147,121			
		Swap settlement payments (net)		(3,832,749)			
		Investment Revenues: Net change in FV of derivative	$	(1,685,628)	Derivative instruments	$	(51,662,808)

The fair values of derivative instruments outstanding at December 31, 2014, classified by type, and changes in fair value of such derivative instruments for the year then ended as reported in the basic financial statements are as follows:

		2014 Changes in fair value			Fair value at December 31, 2014		
		Classification		Amount	Classification		Amount
Investment derivative instruments:							
JP-1	Pay-fixed interest rate swap	Derivative loss	$	(11,936,651)	Derivative instruments	$	(34,303,202)
MS-1	Pay-fixed interest rate swap	Derivative loss		(11,989,875)	Derivative instruments		(33,798,476)
MS-3	Receive-fixed interest rate swap	Derivative gain		3,891,897	Derivative instruments		14,291,749
		Investment revenues: Derivative loss (net)	$	(20,034,629)	Derivative instruments (net)	$	(53,809,929)

(a) Credit Risk

Credit risk can be measured by actual market value exposure or theoretical exposure. When the fair value of any swap has a positive fair market value, the Authority is exposed to the actual risk that the counterparty will not fulfill its obligations. As of December 31, 2014, the Authority had credit risk at fair value on the offsetting 2008 swap (MS-3), which was fully terminated in June of 2015:

			2015	2014
MS-3	Receive-fixed interest rate swap	$	—	14,291,749

Under the current swap agreements, JP Morgan Chase Bank, N.A. is required to maintain credit quality ratings of “Aa3” by Moody’s or “AA–” by S&P, while Morgan Stanley Capital Services Inc. is required to maintain credit quality ratings of at least two of the following ratings, which is a “Baa2” from Moody’s, “BBB” from Standard and Poor’s, and “BBB” from Fitch. As of December 31, 2015, the swap counterparties had the following ratings from Moody’s, S&P, and Fitch:

Counterparty	Moody’s	Standard & Poor's	Fitch
JP Morgan	Aa3	A+	AA-
Morgan Stanley	A3	BBB+	A

Due to ratings adjustments with both swap counterparties over the past few years, the Authority entered into a separate credit support annex agreement with Morgan Stanley in 2010 during the time of the 2010 tender transaction, and entered into a credit support annex agreement with JP Morgan in April 2013 due to their S&P rating downgrade to A+ in 2011. Under these agreements, the Authority can require the counterparty to post collateral at any time when the aggregate fair market value of the Morgan Stanley swaps or the separate JP Morgan swap is an asset to the Authority; however, these counterparty rating downgrades did not trigger a termination event. The Authority monitors its fair market value and the ratings on its counterparties regularly to determine if credit risk is a concern. The Authority has not calculated theoretical credit exposure on its swaps. There is no master netting agreement between the Authority and either counterparty.

(b) Interest Rate Risk

Interest rate risk exists if the investment derivative exposes the Authority to interest rate risk. Each of the investment derivatives exposes the Authority to interest rate risk because changes in interest rates will affect the fair market value of each of the investment derivatives. As variable LIBOR and SIFMA rates increase or decrease, the amount of each net settlement changes resulting in potentially dramatic changes in fair market value from period to period.

The following table shows the impact of a 25 basis point (0.25%) increase and decrease in related rates in a parallel yield curve shift for each outstanding investment derivative as of December 31, 2015:

		Fair value at December 31, 2015	Interest rates up 25 basis points	Interest rates down 25 basis points
JP-1 Receive-variable (LIBOR) swap	$	(25,844,290)	(23,358,785)	(28,449,810)
MS-1 Receive-variable (LIBOR) swap		(25,818,518)	(23,335,342)	(28,421,583)
	$	(51,662,808)	(46,694,127)	(56,871,393)

The following table shows the impact of a 25 basis point (0.25%) increase and decrease in related rates in a parallel yield curve shift for each outstanding investment derivative as of December 31, 2014:

		Fair value at December 31, 2014	Interest rates up 25 basis points	Interest rates down 25 basis points
JP-1 Receive-variable (LIBOR) swap	$	(34,303,202)	(31,073,908)	(37,674,195)
MS-1 Receive-variable (LIBOR) swap		(33,798,476)	(30,569,270)	(37,169,420)
MS-3 Pay-variable (SIFMA) swap		14,291,749	12,678,664	15,934,043
	$	(53,809,929)	(48,964,514)	(58,909,572)

(c) Foreign Currency Risk

All of the interest rate swaps are denominated in U.S. dollars; therefore, the Authority is not exposed to foreign currency risk.

(d) Contingent Features

The Authority or counterparty may terminate the swap if the other party fails to perform under the terms of the swap contract or any credit support annex agreement. In such cases, the Authority may owe or be due a termination payment depending on the fair market value of the interest rate swap at that time. The termination payment due to the counterparty or from the counterparty may not be equal to the fair market value. A termination of any interest rate swap may automatically occur due to cross default, bankruptcy, merger, and other defined events found in the swap agreements. Termination risk is a contingent feature of the investment derivatives and is described below. The Authority is not required to post collateral under its swap agreements.

Termination Risk: The 2007 LIBOR interest rate swap agreements (JP-1 and MS-1) expire on September 1, 2039, while the 2008 SIFMA swap agreement with Morgan Stanley (MS-3) had a termination date of September 1, 2024, but was fully terminated in June of 2015. All swap 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 – administered by National Public Finance Guarantee (NPFG)), 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. Besides the substitution event with Morgan Stanley amended in December of 2012, no additional early automatic termination events were triggered as of December 31, 2015 and 2014. NPFG's financial strength and claims paying ability ratings has remained consistent at "A-" from S&P; however, their rating 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 S&P or Baa3 by Moody's to cause a termination event. As of December 31, 2015 and 2014, the Authority's underlying senior bond rating was BBB+ and BBB, respectively, by S&P and Baa1 and Baa2, respectively, by Moody's. 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 $188.3 million and $215.1 million in total unrestricted funds at December 31, 2015 and 2014, respectively. In addition, the Authority has the ability to exercise, at its sole discretion, early termination of the swap agreements at a mutually agreed-upon price for any reason.

Further, in August 2011, in conjunction with the issuance of the Series 2011A bonds and continuing with the new 2014A bonds, the Authority and the swap insurer, NPFG, entered into an amendment to the original swap insurance agreements to insert a provision stating that if, at any time during the remaining term of the 2007 pay-fixed swaps, the estimated settlement amount based on the swap fair value report is equal to or less than a liability balance of $2.0 million, the Authority may be notified by NPFG to terminate the swap or may seek to cancel swap insurance coverage under the original 2007 and 2008 swap policies. As of December 31, 2015 and 2014, the negative fair value (liability balance) of the specific swap notional amounts related to the Series 2014A bonds was $26.3 million and $25.7 million, respectively, and did not trigger a possible termination event during either period.

(9) Notes Payable

The following is an analysis of changes in notes payable for the years ended December 31, 2015 and 2014:

		Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due within one year
Other intergovernmental agreements	$	1,444,616	—	240,770	1,203,846	240,769

		Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014	Due within one year
Other intergovernmental agreements	$	1,685,385	—	240,769	1,444,616	240,769

The Authority entered into an intergovernmental agreement with Douglas County in 2003 to receive contributed funds for costs of the Jamaica Road interchange ramp construction. Based on this agreement, the remaining contributed funds of $2.4 million as of 2008 are to be repaid in 10 equal payments (noninterest-bearing) beginning in 2011. The annual payment of $0.2 million is made from unrestricted funds.

(10) Other Restricted Noncurrent Liabilities

Other restricted noncurrent liabilities includes the remaining unamortized balance of the 1997 forward delivery agreement and any arbitrage rebate liability to the Authority, if applicable. The following is an analysis of changes in the unamortized balance of the 1997 forward delivery agreement for the years ended December 31, 2015 and 2014:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015
$	2,416,160	—	207,544	2,208,616

	Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014
$	2,623,704	—	207,544	2,416,160

Under the Bond Resolutions, the Authority is required to make scheduled payments with respect to 1997 Senior Bonds by depositing certain moneys 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

$11.3 million 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, 2008, and 2010, the Authority refunded, tendered, and redeemed a portion of the Series 1997A, 1997B, and 1997C bonds, respectively. By entering into these transactions on the Series 1997 bonds, the Authority no longer had a requirement to deposit interest and principal into the Senior Bonds Debt Service Account in the amount that was originally agreed upon when entering into the Debt Service Forward Delivery Agreement with LBSF. Partial termination payments were made to LBSF in 2007 ($6.5 million), 2008 ($0.3 million), and 2010 ($0.2 million). Due to bankruptcy of LBSF, the Authority entered into a novation agreement on June 3, 2013 to transfer the forward delivery agreement from LBSF to Deutsche Bank. No terms of the original agreement were changed, and the Authority did not incur any expenses from the novation. The remaining balance of the 1997 forward delivery agreement is being amortized over the life of the outstanding 1997 bonds, which reach final maturity in September 2026.

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 has an assessed arbitrage rebate liability of $0.3 million as of December 31, 2015 and $0.1 million as of December 31, 2014. Due to the refunding of the 2011A bonds in March 2014, the Authority assessed an arbitrage rebate liability of $0.1 million as of that date, and paid this amount to the Internal Revenue Service during 2014. There were no amounts due in 2015.

(11) 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, 2015 and 2014, no amounts have been recorded for pending or future claims. Further, claims have not exceeded insurance limits for each of the past three years.

(c) Solar Equipment

The Authority entered into a solar power purchase agreement in July 2011 with Renewable Social Benefit Funds (RSBF), L3C, which provided RSBF the right to install solar power generating facilities within the Authority's 16-mile Xcel Energy corridor. Generating facilities were installed at all 18 ramp locations and 4 building locations within this corridor (Authority headquarters, toll plazas B and C, and the central maintenance facility) for an estimated generating capacity of 707 kilowatts. RSBF is responsible for all installation, operation and maintenance, and other associated costs of the entire generating system for a 20-year period. However, the Authority has the right and option, but not the obligation, to purchase the generating system in its entirety on the anniversary of the sixth year of full operation at a mutually agreed-upon fair market value of the solar equipment. If the option is exercised by the Authority, the generating assets will be transferred to the Authority and all responsibilities and aspects of the solar power purchase agreement will be terminated. The estimated buyout price at the exercise date is approximately $2.0 million. The solar generating facilities were fully operational in early 2012.

(d) Intergovernmental Agreement with City of Aurora for 6th Avenue Parkway Extension

The Authority entered into an intergovernmental agreement in 2015 with the City of Aurora regarding the extension of 6th Avenue from its present terminus in an eastward direction from Buckley Air Force Base to East 6th Parkway and E-470. This extension will establish a more direct route of travel, thereby filling a gap in the regional roadway network. In addition, E-470 had a traffic and revenue study performed by CDM Smith in 2012, which indicated that the 6th Avenue Parkway extension would provide future revenue increases for the Authority. In consideration of the potential future revenue impacts, the Authority agreed to contribute $4 million toward the cost of construction in the form of a $2 million contribution and a $2 million loan, which will have a ten year term beginning on the date of disbursement and will bear interest at a rate of 2.5% per annum. Both components of the Authority's contribution are conditioned upon all other funds being appropriated by the City or otherwise irrevocably committed to the City by third parties. Pursuant to the IGA, these funds will be appropriated by the Authority within the 2017 budget but may be accelerated to 2016 if all conditions are met and with approval of the Authority's Board of Directors. As the conditional provisions of the IGA have not yet been satisfied by the City of Aurora, no accrual has been made in the financial statements as of December 31, 2015.

(12) Intergovernmental Liability – Ramp Financing

The Authority entered into an intergovernmental agreement in 1995 with the City of Commerce City regarding coordination of road improvements and operations. At that time, the Authority was seeking funding for design and construction of Segments II and III and entered into numerous agreements with local jurisdictions. The agreement with Commerce City included a provision for the Authority to fully finance and construct the west ramps of the Tower Road/Pena Boulevard interchange based on a mutually agreed-upon design if the west ramps had not been constructed by January 1, 2012. As of this date, only the southwest ramp has been designed or constructed, and all other provisions in the agreement have been satisfied. In April 2014, the Authority's board and Commerce City approved a new intergovernmental agreement regarding funding of the Tower Road/Pena Boulevard Interchange, and the board of directors approved the 2014 capital budget including the outlay of $3.2 million to relieve the Authority of this infrequent obligation. As the capital outlay is probable, the Authority accrued the liability as of December 31, 2013 as an intergovernmental liability for the ramp financing. Commerce City is currently procuring construction services, and as the timing and amount of payments for construction to Commerce City are still unknown, the Authority presents the $3.2 million liability as noncurrent on the statements of net position as of December 31, 2015 and 2014, which corresponds with the cash and cash equivalent limited for construction.

(13) 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.

(14) 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 $118,500 in 2015 and $117,000 in 2014, for a maximum contribution of $7,347 and $7,254 for 2015 and 2014, respectively. Plan members are also required to contribute 6.2% of their annual covered salary. The plan is a defined-contribution plan administered by International City/County Management Association (ICMA) Retirement Corporation. Plan provisions and contribution requirements are established by and can be amended by the Authority's board of directors. The Authority and its employees each contributed $0.3 million to this plan in 2015 and 2014. 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 ICMA Retirement Corporation. Plan provisions and contribution requirements are established by 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 $0.5 million to this plan in 2015 and $0.4 million to this plan in 2014.

(15) Subsequent Events

The Authority has evaluated subsequent events through April 13, 2016, the date the financial statements were available to be issued. This evaluation determined there are no subsequent events that necessitated disclosures or adjustments to the financial statement amounts presented therein.

E-470 PUBLIC HIGHWAY AUTHORITY

Supplementary Information – Revenue Covenant

Year ended December 31, 2015

(Unaudited)

Section 7.18 of the Master and Supplemental Bond Resolutions (Bond Resolutions), 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 were to be reduced by the aggregate debt service due and paid from the VRF Debt Service Fund in such fiscal year on the 2009 VRF Series Bonds, unless paid for from the General Surplus account. 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 year ended December 31, 2015, the Authority exceeded the required debt service coverage ratio reporting an actual ratio of 1.78. Below is the calculation for the year ended December 31, 2015:

Revenue:		
Operating revenues	$	181,909,495
Vehicle registration fees		10,095,783
Unrestricted investment income		5,898,264
Other income		2,132,634
Total revenue		200,036,176
Less operating expenses before depreciation, net of renewal and replacement expenses		(37,925,250)
Net revenue		162,110,926
Less vehicle registration fee bonds aggregate debt service due		—
Net income available for senior debt service	$	162,110,926
Aggregate senior debt service due during the year	$	91,119,525
Senior debt service coverage ratio		1.78

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

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

E-470 PUBLIC HIGHWAY AUTHORITY

Supplementary Information – Revenue Covenant

Year ended December 31, 2015

(Unaudited)

The following is a reconciliation of investment income reported in the audited basic financial statements of the Authority for the year ended December 31, 2015 to unrestricted investment income available for senior debt service:

Interest earned on investments per the basic financial statements	$	5,720,817
Less:		
Gain on investments		(40,267)
Restricted investment income		(48,385)
Add: Unamortized investment premium		266,099
Unrestricted investment income	$	5,898,264

The following is a reconciliation of other income reported in the audited basic financial statements of the Authority for the year ended December 31, 2015 to other income available for senior debt service:

Other loss per the basic financial statements	$	(704,505)
Less: Gain on disposal of capital assets		(26,463)
Add:		
Increase in arbitrage rebate		204,095
Other nonoperating expenses		2,659,507
Other income	$	2,132,634

Operating Expense: As defined by the Bond Resolutions, 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 toll road. Operating expenses do not include depreciation expense, interest for debt service, or expenses associated with the renewal and replacement accounts established under the Bond Resolutions. Per the Bond Resolutions, renewal and replacement expenses are to be funded after senior debt service.

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, 2015 to operating expenses before depreciation expense, net of nonoperating fund expenses, included in the revenue covenant calculation:

Operating expenses before depreciation and interest per the audited basic financial statements	$	41,386,029
Less renewal and replacement expenses		(3,460,779)
Operating expenses before depreciation expense, net of nonoperating fund expenses	$	37,925,250

VRF Bonds Aggregate Debt Service: VRF bonds aggregate debt service is the aggregate debt service due and paid from the VRF Debt Service Fund for the year ended December 31, 2015 on the 2009 VRF Series Bonds. VRF bonds aggregate debt service excludes the entire principal and interest amount due in 2015 of $2.5 million as these amounts were paid from the VRF restricted account as specified in the Bond Resolutions.

Aggregate Senior Debt Service Due: For the year ended December 31, 2015, aggregate senior debt service due is all principal and interest paid on outstanding senior bonds (cash basis), which includes Senior Bond Series 1997B, 2004C, 2006A, 2007A-1, 2007B-1, 2007C-1, 2007D-1, 2007CD-2, 2010C, and 2014A, as well as the paid settlement differential on the Authority's interest rate swaps during the year.

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