Annual Financial Statements • Fiscal Years 2021 and 2022

CDOT

COLORADO
Department of Transportation
Statewide Bridge and Tunnel Enterprise

COLORADO AT WORK

PROJECT FUNDED BY YOUR FASTER VEHICLE REGISTRATION FEES

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REPORT NUMBER 2233-F

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Members of the Legislative Audit Committee

We have completed the financial statement and compliance audits of the Colorado Department of Transportation's Statewide Bridge and Tunnel Enterprise (the Enterprise, BTE) as of and for the years ended June 30, 2022 and 2021. Our audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

FORVIS, LLP

Denver, Colorado
December 15, 2022

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Statewide Bridge and Tunnel Enterprise
June 30, 2022 and 2021

Table of Contents

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Statewide Bridge and Tunnel Enterprise
Report Summary
Year Ended June 30, 2022

Purposes and Scope of Audit

The Office of the State Auditor engaged FORVIS, LLP (FORVIS) to conduct a financial and compliance audit of the Statewide Bridge and Tunnel Enterprise (the Enterprise or BTE) for the fiscal year ended June 30, 2022. FORVIS performed the audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The audit of the Bridge and Tunnel Enterprise (the Enterprise) was performed under authority of Section 2-3-103, C.R.S.

The purposes and scope of this audit were to:

- Express an opinion on the financial statements of the Enterprise as of and for the years ended June 30, 2022 and 2021, including consideration of internal control over financial reporting as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards* for the year ended June 30, 2022.
- Review the Enterprise's compliance with rules and regulations governing the expenditure of State funds for the year ended June 30, 2022.
- Issue a report on the Enterprise's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters based on our audit of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2022.

Audit Opinions and Reports

The independent auditor's reports included herein expressed an unmodified opinion on the Enterprise's financial statements as of and for the years ended June 30, 2022 and 2021.

No material weakness in internal control over financial reporting were identified.

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

Significant Audit Adjustments

There was one proposed audit adjustment identified during the audit.

Summary of Audit Findings

There is one finding for the year ended June 30, 2022.

Statewide Bridge and Tunnel Enterprise

Report Summary

Year Ended June 30, 2022

Summary of Progress in Implementing Prior Year Audit Recommendations

For the Fiscal Year 2021-22 audit, we performed test work to determine the disposition of the prior year recommendation relating to Fiscal Year 2020-21. We found that Part (A) and (C) were deferred as the Department planned to fully implement this recommendation by October 2022. Part (B) was implemented. See the Disposition of Prior Audit Findings and Recommendations section of this report for further information.

Auditor's Communication to Legislative Audit Committee

The auditor's communication to the Legislative Audit Committee describes the auditor's responsibility under auditing standards generally accepted in the United States of America and significant management judgments and estimates. This communication is located on page 83.

Statewide Bridge and Tunnel Enterprise
Background
Year Ended June 30, 2022

On March 2, 2009, former Governor Ritter signed into law Colorado SB 09-108, *Funding Advancements for Surface Transportation and Economic Recovery*, otherwise known as FASTER. The law created the Colorado Bridge Enterprise (the CBE or the Enterprise) and authorized a new bridge safety surcharge fee assessed as a motor vehicle registration fee. The surcharge is dedicated for Colorado's poor rated bridges based on Federal bridge standards.

The legislation appointed the Colorado Transportation Commission to serve as the Enterprise Board of Directors (Board) to provide program oversight. Per statute, the Board has the authority to designate the Bridge Enterprise director, and the Board appointed the Colorado Department of Transportation (CDOT) executive director as the Bridge Enterprise director.

Subsequently, Colorado SB21-260, Concerning the Sustainability of the Transportation System in Colorado, was passed in June 2021 by the State Legislature and signed into law by Governor Polis. The bill changed the name of the Colorado Bridge Enterprise to the Statewide Bridge and Tunnel Enterprise (the BTE) and modified the business purpose of the Enterprise to finance, repair, reconstruct, and replace any bridge in the state and complete tunnel projects. A tunnel project is defined by the Legislation as a project to repair, maintain, or enhance the operation of any tunnel that is part of the State highway system.

SB21-260 also authorized the Enterprise to impose a new bridge and tunnel impact fee assessed on special fuel and a new bridge and tunnel retail delivery fee assessed on deliveries of tangible personal property to consumers to fund its business purpose. Because it was constituted as a government owned business, the Enterprise may issue revenue bonds to accelerate construction to replace or repair deficient bridges or to repair, maintain, or enhance tunnels.

As provided in FASTER, the Enterprise constitutes an "enterprise" for purposes of Section 20 of Article X of the State Constitution (commonly referred to as "TABOR"), and accordingly, is not subject to the revenue and spending limitations of TABOR as long as it receives less than 10 percent of its total revenues in grants from the State and local governments. Management did not identify any violations of this enterprise status, for fiscal years 2022 or 2021.

Statewide Bridge and Tunnel Enterprise

Recommendation Locator

Year Ended June 30, 2022

Recommendation Number	Page Number	Recommendation Summary	Response	Implementation Date
2022-001	6	The Statewide Bridge and Tunnel Enterprise (BTE) should improve internal controls over its fiscal year-end accounts payable accruals by implementing a reconciliation and review between the accounts payable estimate and actual amount and, if necessary, recording adjusting entries for any significant differences.	Agree	August 2023

Statewide Bridge and Tunnel Enterprise

Disposition of Prior Year Audit Findings and Recommendations

Year Ended June 30, 2022

Recommendation Number	Recommendation Summary	Disposition
2021-001	The Department of Transportation's Colorado Bridge and Tunnel Enterprise should strengthen its internal controls over exhibit preparation and review by: (A) Assigning back-up responsibilities for exhibit preparation and review to staff to allow for appropriate segregation of duties and review and appropriate delegation when turnover occurs. (B) Appropriately training employees on exhibit preparation and reviews. (C) Ensuring exhibits are reviewed prior to submission to the Office of the State Controller.	(A) and (C) Deferred. BTE plans to fully implement this recommendation by the October 2022 implementation date. Significant Deficiency. (B) Implemented

Statewide Bridge and Tunnel Enterprise
Findings and Recommendations
Year Ended June 30, 2022

Finding 2022-001
Statewide Bridge and Tunnel Enterprise's Accounts Payable

The Colorado Department of Transportation (Department) is responsible for operating and maintaining Colorado's state highway system, including bridges, as well as aviation, rail, and multimodal transportation under the policy direction of the 11-member Transportation Commission. The Department's responsibilities include managing highway construction projects, implementing the State's Highway Safety Plan, repairing, and maintaining roads, providing technical support to local airports regarding aviation safety, and administering the reimbursement of aviation fuel tax revenues and discretionary grants to airports.

The Colorado Bridge Enterprise (CBE) was formed in 2009 as part of Colorado's Funding Advancement for Surface Transportation and Economic Recovery (FASTER) legislation, otherwise known as Senate Bill 09-108. Subsequently, Colorado SB21-260, Concerning the Sustainability of the Transportation System in Colorado, was passed in June 2021 by the State Legislature and signed into law by Governor Polis. The bill changed the name of the Colorado Bridge Enterprise to the Statewide Bridge and Tunnel Enterprise (the BTE) and modified the business purpose of the Enterprise to finance, repair, reconstruct, and replace any bridge in the state and complete tunnel projects. A tunnel project is defined by the Legislation as a project to repair, maintain, or enhance the operation of any tunnel that is part of the State highway system. BTE operates as a government-owned business within the Department.

The BTE's accounting team is responsible for the BTE's financial reporting, including the accurate and timely entry, as well as approval, of financial transactions into its SAP accounting system. The Governmental Accounting Standards Board (GASB) establishes the generally accepted accounting principles (GAAP) that BTE is required to follow in recording its financial transactions in SAP. For financial reporting, transactions that have occurred before June 30 are required to be recognized in the current year. The BTE may receive invoices for payment after June 30 that relate to services received up through June 30 (fiscal year-end); therefore, the BTE is required to record entries in SAP to accrue those payments to the current fiscal year. In order to ensure appropriate and timely financial reporting, the BTE can record an estimate for payments it anticipates making for invoices received later in the next fiscal year that relate to goods or services that were received in the current fiscal year. For example, payments to reimburse a local entity, such as a city or county, for construction services provided in the current fiscal year but billed by the local entity in the subsequent fiscal year need to be recognized in the BTE's financial activity in the current fiscal year.

The BTE relies on year-end estimates prepared by various contractors to accrue for accounts payable. In many instances, year-end estimates span both the current and subsequent fiscal year, which requires the BTE to identify the portion of the invoice attributable to the current fiscal year. At June 30, 2022, BTE had total accounts payable of approximately $6.3 million.

Statewide Bridge and Tunnel Enterprise
Findings and Recommendations
Year Ended June 30, 2022

What was the purpose of our audit work and what work was performed?

The purpose of the audit work was to determine whether the BTE's accounts payable and related expenses were appropriately recorded as of June 30, 2022 in accordance with GAAP. We statistically sampled via monetary unit sampling from a population of payments totaling $18,165,175 made subsequent to June 30, 2022, in Fiscal Year 2023, to determine whether the payments were recorded in the correct fiscal year. Our sample consisted of 14 items totaling $12,626,629.

How were the results of the audit work measured?

We measured our results against generally accepted accounting principles that address the proper recognition and accounting of accruals.

- GASB Statement No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as amended, paragraph 12, states "in the absence of an explicit requirement to do otherwise, a government should accrue a governmental fund liability and expenditure in the period in which the government incurs the liability."

Additionally, we measured our results against the following guidance provided by the Office of the State Controller (OSC):

- Section 3.1.1, *Estimation of Accrued Expenditures*, of the OSC's Fiscal Procedures Manual (Manual) requires that all known liabilities and related expenditures must be accrued for fiscal year-end. As part of the year-end close process, some liabilities must be estimated. Year-end estimates should be based on situations, circumstances, and documented evidence known before issuance of the financial statements.

- Section 3.2, *Reconciliation and Over-Accrual Adjustments* of the Manual requires an accounts payable reconciliation and over-accrual adjustment to be completed by September 30. Departments should compare the total expenditures accrued to the total actually paid. If the department under-accrued (the amount is more than the amount accrued) no adjustment is needed. If the department over-accrued (the amount paid is less that the amount accrued), an adjustment must be made.

What problem did the audit work identify?

We found 4 of the 14 items tested (29 percent) were recorded incorrectly as Fiscal Year 2022 activity rather than as Fiscal Year 2023 activity. This resulted in approximately $2.2 million being overreported in accounts payable for Fiscal Year 2022. The Department relies on estimates obtained from contractors to record accounts payable prior to the receipt of invoices containing actual expenses. Errors in the four invoices noted above were impacted by these estimates. Once we notified the Department of this error, they recorded an adjusting journal entry in SAP.

Why did this problem occur?

The BTE did not implement controls to ensure its accounts payable accrual process is appropriate and accurate. For example, BTE has not implemented a reconciliation and review process between its accounts payable estimates and actual expenditures to determine whether estimates are reasonable compared to the contractor's invoices received by BTE after fiscal year-end. Therefore, BTE did not make any adjustments for significant differences identified in the reconciliation.

Why does this problem matter?

Strong financial accounting internal controls, including effective reconciliations and reviews of estimates, are necessary to ensure that BTE staff are reporting financial information appropriately, accurately, and in accordance with GAAP.

Classification of Finding: **Significant Deficiency**
This finding does not apply to a prior audit recommendation.

Recommendation 2022-001

The Statewide Bridge and Tunnel Enterprise (BTE) should improve internal controls over its fiscal year-end accounts payable accruals by implementing a reconciliation and review between the accounts payable estimate and actual amount and, if necessary, recording adjusting entries for any significant differences.

Response

Statewide Bridge and Tunnel Enterprise

Agree
Implementation Date: August 2023

The Statewide Bridge and Tunnel Enterprise (BTE) will enhance internal controls over year-end accounts payable accruals by implementing a reconciliation process between accounts payable estimates and the actual invoice amount. BTE will work with the regional business managers and accounting staff to provide additional reviews and analysis of the accounts payable estimates and invoices received to implement a true up process. Additionally, BTE will work with Office of the State Controller (OSC) to complete adjusting entries in period 14-15 to correct any variances between accounts payable estimates and invoices received.

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Independent Auditor's Report

Members of the Legislative Audit Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Statewide Bridge and Tunnel Enterprise (the Enterprise or BTE), an enterprise fund of the State of Colorado, Department of Transportation, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Enterprise's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Enterprise as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Enterprise, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 – Nature of Operations and Summary of Significant Accounting Policies, the financial statements of the Enterprise are intended to present the net position and changes in financial position and, cash flows for only that portion of the financial reporting entity, State of Colorado, Department of Transportation, that is attributable to the transactions of the Enterprise. They do not purport to, and do not present fairly the financial position of the State of Colorado, Department of Transportation as of June 30, 2022 and 2021 and the change in its financial position, or cash flows, for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Enterprise's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Enterprise's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Enterprise's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the Enterprise's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Enterprise's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Enterprise's internal control over financial reporting and compliance.

FORVIS, LLP

Denver, Colorado
December 15, 2022

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Statewide Bridge and Tunnel Enterprise
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Management's Discussion and Analysis (MD&A) was prepared by the Statewide Bridge and Tunnel Enterprise (the Enterprise or BTE) and is designed to provide an analysis of the Enterprise's financial condition and operating results for the fiscal years ended June 30, 2022 and 2021. The MD&A also informs the reader of the financial issues and activities related to the Enterprise. It should be read in conjunction with the Enterprise's financial statements.

Colorado Senate Bill 21-260 (SB21-260)

SB21-260, Concerning the Sustainability of the Transportation System in Colorado, was passed in June 2021 by the State Legislature and signed into law by Governor Polis. The bill changed the name of the Colorado Bridge Enterprise to the Statewide Bridge and Tunnel Enterprise and modified the business purpose of the Enterprise to finance, repair, reconstruct, and replace any designated bridge in the state and complete tunnel projects. A tunnel project is defined as the Legislation as a project to repair, maintain, or enhance the operation of any tunnel that is part of the State highway system.

SB21-260 also authorized the Enterprise to impose a new bridge and tunnel impact fee assessed on a special fuel and a new bridge and tunnel retail delivery fee assessed on deliveries of tangible personal property to consumers to fund its business purpose. In June 2022, the Statewide Bridge and Tunnel Enterprise Board of Directors (Enterprise Board) approved a resolution to impose the newly created bridge and tunnel fees at the maximum rates authorized by the Colorado General Assembly. The new fees are estimated to provide a total of $522 million in new enterprise revenues from Fiscal Year 2022-23 to Fiscal Year 2031-32. The bridge and tunnel impact fee is phased gradually over this ten year period, reaches its maximum in Fiscal Year 2031-32, and is indexed to inflation for Fiscal Year 2032-33 and each subsequent fiscal year. The bridge and tunnel retail delivery fee is imposed at is maximum in Fiscal Year 2022-23 and is indexed to inflation for Fiscal Year 2032-33 and for each subsequent fiscal year. Collection of fees will began in July 2022.

Projects identified in the Ten Year Vision Plan (Ten Year Plan) will be prioritized when determining allocation of the new bridge and tunnel fees. BTE is working to allocate these new revenue sources to advance critical Ten Year Plan projects as quickly as possible. In June 2022, the Enterprise Board approved resolutions to commit $100 million in bridge and tunnel fees to address the repair and maintenance backlog at the Eisenhower-Johnson Memorial Tunnel facility (EJMT) and to budget $49.5 million in bridge safety surcharge and bridge and tunnel fees for the replacement of the I-70 Westbound over Polk Creek as part of the Vail Pass Safety and Operations Improvement project, both of which are Ten Year Plan projects.

Designated Bridges and Tunnels

The business purpose of the Enterprise is to finance, repair, reconstruct, and replace any designated bridge in the State and complete tunnel projects. A "designated bridge" is defined in statute as every bridge, including any roadways, sidewalks, or other infrastructure connected or adjacent to, or required for the optimal function of the bridge that:

- Is part of the state highway system

- Has been identified by the Enterprise as structurally deficient or functionally obsolete
- Has been rated as "poor" by the Department

In Fiscal Year 2010-11, the Enterprise Board initially identified 128 bridges across the State highway system that qualified as "Designated Bridges." Subsequently, an additional 281 bridges have qualified bringing the total number of bridges eligible to receive BTE funding to 409 as of June 30, 2022.

The list of designated bridges is supplemented and amended over time as bridges are repaired, replaced or otherwise removed from the list. Additional bridges are added to the list as they qualify under the eligibility criteria established under FASTER. The Enterprise program has no mandate to address every eligible structure, however the program strives to address as many structures as available resources permit.

A "tunnel" was not defined in statute, however the Enterprise Board approved revisions to Policy Directive BE 16.0 (Oversight of Funding for State Bridge and Tunnels) in June 2022 to provide consistency and transparency in BTE's approach to funding tunnel projects. This policy directive defines a "tunnel" as "an enclosed roadway for motor vehicle traffic with vehicle access limited to portals, regardless of type of structure or method of construction, that requires, based on the owner's determination, special design considerations that may include lighting, ventilation, fire protection systems, and emergency egress capacity" in alignments with the Federal Highway Administration's definition of a tunnel.

A tunnel project is defined by statute as a project to repair, maintain, or enhance the operation of any tunnel that is part of the State Highway system.

There are a total of 20 tunnels and two snowsheds that are located on the state highway system and classified as tunnels based on the eligibility criteria established in the Policy Directive BE 16.0. The list of BTE eligible statewide tunnels is not expected to be supplemented or amended over time unless the Department constructs a new tunnel facility. Tunnels will not be removed from the BTE eligible list once projects are completed as the funding needs for the repair and maintenance of the tunnels will be ongoing.

Bridge and Tunnel Completion Status

Enterprise projects may include the repair, replacement, ongoing maintenance, inspection, or any combination thereof, of these designated bridges. In conjunction with these projects, Enterprise funds the expenses incurred by CDOT's specialty groups, which work to complete the requisite approvals and permits associated with environmental, railroad, and utility clearances; securing the necessary Right-of-Way (ROW); and finalizing intergovernmental agreements (as required).

While the Enterprise operates as a fully autonomous, governmental-owned business within CDOT, the Enterprise utilizes CDOT's in house resources to assist with several facets of program delivery, thereby eliminating the need to hire additional Enterprise staff with roles and responsibilities that are similar to or redundant with existing CDOT staff.

As of the end of June 2021, there were a total of 390 structures considered eligible to receive BTE funding. Subsequently, 19 additional bridges have qualified during Fiscal Year 2021-22, bringing the total number of bridges eligible to receive BTE funding to 409 as of June 30, 2022.

Below is the status of the 409 BTE eligible bridges within the program:

Project Phase	FY 2021-22	FY 2020-21
Future projects	164	149
In design phase	41	48
Design complete	4	1
In construction phase	25	18
Projects complete	175	174
Total	409	390

With the demolition of the I-70 Viaduct (Central 70), the Enterprise has now removed all 30 of the bridges from the CDOT inventory, which were originally (2009) identified as the most deficient bridges in the State as of June 30, 2022. Although the project to replace the Viaduct is still under construction, substantial completion is expected in Fiscal Year 2022-23.

No tunnel projects were completed during the past fiscal year since new bridge and tunnel fee revenue is not scheduled to begin until Fiscal Year 2022-23.

Bridge Maintenance Program

To comply with applicable state statutes, the Enterprise acquires ownership of bridges which have been addressed by the BTE program. The ownership of the assets is accomplished by resolution approved by the BTE Board, and the Enterprise becomes responsible for inspection, maintenance, and repair of these assets.

In November 2010, CDOT and the Enterprise entered into an agreement that authorizes CDOT to inspect and provide maintenance to bridges owned by the Enterprise. The Enterprise is invoiced by CDOT on a quarterly basis for expenses related to the maintenance and inspection of all bridges owned by the Enterprise.

Bridge Project Financing

In order to effectively and timely meet the goals of the program, the Board has used several funding mechanisms. These include:

Colorado Bridge Enterprise Revenue Bonds, Series 2010A

In December 2010, the Enterprise issued $300 million in Colorado Bridge Enterprise Revenue Bonds Series 2010A for the purpose of financing project costs. The Board resolved to use the revenue bond proceeds and any earned interest to provide at least partial funding for the design and or construction of 89 bridges. These 89 bridges are tracked separately from the total population of designated bridges through a unique Provider Code. Projects partially funded with bond funds use other available sources revenue sources such as FASTER funds, federal funding and local agency contributions to complete the project.

The proceeds of debt issuance are recorded as long-term debt in the financial statements with interest payable as of June 30, 2022 recorded as current. Principal payments on the bonds begin in December 2028 with final maturity in December 2040. Interest payments, as well as principal when due, are payable on June 1 and December 1 of each year with the first payment beginning June 1, 2011. The debt proceeds are held by the Trustee, Zions Bank, and invested by the State Treasury per written agreements. The Enterprise has agreed to place with the Trustee, December 1st and June 1st of each year, an amount equal to the debt service costs for the coming one-year period.

The Series 2010A Bonds were issued as taxable, Build America Bonds (BABs) as authorized by the federal American Recovery and Reinvestment Act (Recovery Act). Pursuant to the Recovery Act, the Enterprise expects to receive federal direct payments (subsidy) from the United States Treasury equal to 35 percent of the interest payable on the Series 2010A Bonds. The Internal Revenue Service (IRS) Code imposes requirements on the Series 2010A Bonds that the Enterprise must continue to meet after the Series 2010A Bonds are issued in order to receive the federal direct payments. These requirements generally involve the manner in which the Series 2010A Bond proceeds must be invested and ultimately used, and the periodic submission of requests for payment. If the Enterprise does not meet these requirements, it is possible that the program may not receive the federal direct payments.

Pursuant to the requirements of the Balance Budget and Emergency Deficit Control Act of 1985, the BABs are subject to sequestration. In Fiscal Years 2020-21 and 2021-22, the subsidy was reduced by approximately 1 percent. For future fiscal years, the subsidy was reduced due to the refunding of a portion of the 2010A bonds.

For a comprehensive discussion of the bond issuance please refer to the Notes to Financial Statements.

Colorado Bridge Enterprise Revenue Bonds, Series 2019A

A portion of the Series 2010A bonds were issued with an optional par-call redemption provision, enabling the Enterprise to refinance the 2027 term bond ($42.8 million) for interest rate savings prior to its maturity. The remainder of the Series 2010A bonds ($257.2 million) were issued with a make-whole call provision, which allows the Enterprise to refinance this portion of the bonds for structural considerations, but generally eliminates the ability to achieve debt service savings through refinancing. The 2027 Term bond was callable at par on December 1, 2020.

In December 2019, Enterprise issued $38.7 million in Colorado Bridge Enterprise Revenue Refunding Bonds Series 2019A to capitalize on favorable market conditions. While the refunding transaction resulted in the loss of the subsidy on the 2027 term bond, interest rate savings resulted in savings of $10.3 million over this term. Debt service from Fiscal Year 2027-28 through Fiscal Year 2040-41 remains unchanged, as the 2040 term bond was not refunded.

The proceeds of this debt issuance are recorded as long-term debt in financial statements with interest payable as of June 30, 2022 recorded as current. Principal payments on the bonds begin in December 2025 with final maturity in December 2027. Interest payments, as well as principal when due, are payable on June 1 and December 1 of each year.

As part of the Central 70 agreement, capital performance payments started in March 2022 and are paid to the Kiewit Meridiam Partners (KMP) monthly and continue for a period of 30 years. The performance payments have a base operation, maintenance, and repair (OMR) component and a base capital performance payment (CPP) component. The OMR component is the responsibility of CDOT, and HPTE for operations and maintenance of the general purpose lanes and the express lanes through an Inter-Agency Agreement. OMR payments are delayed until substantial completion, which was delayed to February 2023 due to the settlement agreement that was entered into in May 2019.

The CPP component is designed to repay KMP for its total capital investment in the Central 70 project including debt in the form of Private Activity Bonds (PABs), and Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, and KMP's equity contributions. BTE determined the present value of CPP by applying an implied interest rate of 3.91 percent, which was derived from the total KMP capital, which resulted in a finance purchase liability of $695.3 million.

Federal Funds

In November 2010, the Transportation Commission adopted a resolution expressing its intent to annually consider allocating $15 million of eligible federal funds to the Colorado Bridge Enterprise. If the Federal funds are allocated by the Transportation Commission, the funds will be available to be used for debt service on the Series 2010A Bonds.

For the periods of Fiscal Year 2010-11 through 2016-17, the Transportation Commission allocated $15 million in federal funds to the Enterprise each year. In November 2016, a memorandum of understanding was executed regarding the temporary suspension of the annual transfer of $15 million in federal funds for three years starting in Fiscal Year 2017-18. The transfer of eligible federal funds was reinstated in Fiscal Year 2020-21. Between Fiscal Years 2010-11 and 2018-19, the Enterprise received and used on average, approximately $9.7 million of the available $15 million of federal funds each year to pay debt services on the 2010A bonds. For Fiscal Years 2018-19, 2019-20, and 2020-21 even though CDOT did not transfer and allocate any new federal funds, the Enterprise was still able to request reimbursement from the Federal Highway Administration (FHWA) and use federal funds in the approximate amount of $9.7 million each fiscal year to pay debt service on the 2010A bonds due to the remaining unused allocation balance from prior years' $15 million allocations. In Fiscal Year 2021-22 approximately $9.7 million has been budgeted for the FHWA funded portion of the debt service.

Statewide Bridge and Tunnel Enterprise
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Highlights of Fiscal Year 2021-22

Economic Factors Impacting the Program Delivery

The COVID-19 pandemic resulted in revised revenue budgets and forecasting for Colorado Department of Transportation (CDOT) and the Enterprise. Since the onset of the pandemic, BTE has been able to maintain its planned preconstruction and construction programs despite reductions in revenue forecasts. The original revenue budget of $132 million for Fiscal Year 2021-22 was based on the CDOT Office of Financial Management and Budget (OFMB) June 2019 revenue forecast. Subsequent revenue forecasts, based on Fiscal Year 2020-21 actuals, reduced the revenue forecast to $108 million.

Future revenue forecasts from OFMB show that a combined change in inflation, supply chain disruption, and personal income are depressing the number of new registered vehicles in the state for Fiscal Year 2021-22. This would theoretically cause the growth of revenues over the near term to be slower than the historic growth rate. The forecast for Fiscal Year 2022-23 is $109 million, a slight increase over Fiscal Year 2021-22. Enterprise staff will continue to closely monitor program forecasts and project performance, and work with project teams to implement mitigation measures to reduce potential project schedule impacts, as necessary.

Over time, inflation may have a negative impact on the Bridge and Tunnel Enterprise's preconstruction and construction programs. CDOT and the Enterprise are seeing higher than expected bids on projects, which could potentially reduce the number of projects that can be accomplished with existing funding, or planned projects in future fiscal years.

Bridge Prioritization Plan

The Enterprise continues to utilize a BTE Board approved bridge prioritization process where both quantitative and qualitative criteria are used to determine the eligible bridge(s) that represents the current best use of available enterprise funding. This tool provides a peer-wise comparison between eligible bridges, which is used by BTE and region staff to allocate funding to bridges from the eligible statewide pool. The prioritization of eligible bridges is updated bi-annually with the most recent update completed in January 2022 and the next release occurred in August 2022. In June 2022, the BTE Board approved updates to the bridge prioritization process to incorporate changes resulting from the passage of SB21-260.

Four Year Project Plan (Fiscal Year 2022-23 to Fiscal Year 2025-26)

The BTE Four Year Project Plan is updated annually, and the development of the plan is typically timed to align with Statewide Transportation Improvement Program (STIP) update. With the passage of SB21-260, the Enterprise is required to prioritize CDOT Ten Year Vision Plan projects within BTE eligible scope when allocating the new bridge and tunnel fees authorized by the legislation. Accordingly, the Enterprise is awaiting the release of the CDOT Ten Year Vison Plan, which is being updated to reflect state SB21-260 and federal infrastructure bill revenues, and the recently adopted greenhouse gas pollution reduction planning rules, prior to updating its Four Year Project Plan. This approach will allow BTE to fully align its Fiscal Year 2022-23 to Fiscal Year 2025-26 Four Year Project Plan with the CDOT Ten Year Vision Plan.

Central 70 Project

The reconstruction of Interstate 70 from Brighton Boulevard to Tower Road is slated to be the largest project in Colorado history, removing 600,000 square feet of poorly rated bridge deck area from the CDOT bridge inventory. This project is utilizing a design/build/operate/maintain, public-private partnership procurement method, in which the concessionaire/developer will construct the project and operate and maintain the facilities they construct for a specified period. The approximately $1.2 billion project was awarded to Kiewit Meridiam Partners LLC (KMP) with financial close occurring on December 21, 2017. The project is now in the construction phase and is estimated at 84 percent complete as of June 2022. The project reconstructs approximately 8.5 miles of I-70 and replaces the Viaduct between Brighton Boulevard and Colorado Boulevard with a lowered section of highway and adds managed lanes.

In Fiscal Year 2021-22, the Viaduct was demolished. This accomplishment marked the removal of the last 30 worst bridges in the State identified at the Enterprise's inception. Additionally, the construction of the lowered section of I-70 made significant progress with the completion of the "Mile High Shift," which shifted eastbound and westbound I-70 traffic into the lowered section. The project is expected to reach substantial completion in Fiscal Year 2022-23.

A Settlement Agreement was executed on May 9, 2019, between the Enterprise, the High Performance Transportation Enterprise (HPTE), and KMP, to resolve four Supervening Events (potential claim). The Settlement Agreement involved amendments to the contract documents, including a settlement payment by the Enterprise of $7.6 million and a time extension to address these events. The payment of $7.6 million is due at substantial completion. Starting in May 2020, CDOT, HPTE, the Enterprise, and KMP, have worked toward a global settlement related to certain Union Pacific Railroad (UPPR) associated project disputes. The terms of the settlement did not increase either CDOT's or the Enterprise's project funding commitments and minimized schedule impacts. In late 2020, a second Settlement Agreement was executed, releasing all claims related to the disputes associated with the UPPR structure. The HPTE and the Enterprise Board authorized the debt restructuring associated with the settlement and approved all settlement related documents in April 2021. Financial close for the debt restructuring occurred in September 2021. More information about the debt restructuring can be found in Note 15. The second Settlement Agreement includes a base settlement payment by the Enterprise of $12.5 million and a $2.5 million incentive payment that will be due to the concessionaire if the project reaches substantial completed in calendar year 2022.

In May 2022 the Enterprise Board approved a budget supplement to increase the construction phase budget to include the previously approved Enterprise contingency for supervening events. This budget supplement was required to process the remaining construction milestone payments and any potential unidentified supervening events in Fiscal Year 2022-23. At this time, it is anticipated that the projects will be completed within the original Board approved project budget.

Speer Boulevard and 23rd Avenue Over Interstate 25 (I-25)

In Fiscal Year 2018-19, the Enterprise funded the eligible portion of the preliminary design for the Speer Boulevard and 23rd Avenue over I-25 bridge replacement project. This project includes the replacement of three eligible structures, and the reconstruction and reconfiguration of the interchanges at Speer Boulevard and 23rd Avenue.

The project will eliminate existing substandard vertical clearance conditions, mitigating damage caused by high frequency truck strikes, and opening the corridor to unrestricted freight traffic. The planned replacement structure will accommodate potential future corridor modifications of I-25 through Central Denver. The I-25 Central Planning and Environmental Linkages (PEL) study, which evaluated various alternatives to improve local and regional mobility through the corridor segment, was completed and was released in June 2020. Subsequently, preliminary investigations and design work on the project began in quarter three of Fiscal Year 2020-21. The estimated total Enterprise eligible cost for this project is $64 million however, various design alternatives are currently being analyzed and the project cost estimate is expected to be updated once a preferred alternative is identified. The project team anticipates work towards the completion of the preliminary design to continue through Fiscal Year 2022-23.

I-25 South Gap Project

The Gap project will provide capacity, safety, and access improvements to an 18 mile stretch of I-25 from Castle Rock to Monument, and it is being delivered through a construction manager/general contract (CM/GC) project delivery method which involves a contractor in both the design and construction phases of a project. CM/GC delivery allows the project to mitigate risks, accelerate the construction schedule, and streamlines the design process. A significant project milestone was achieved in Fiscal Year 2021-22 when the express lanes on I-25 opened a full year ahead of schedule.

In Fiscal Year 2018-19, the Enterprise funded the construction phase for two eligible structures that carry I-25 over Upper Lake Gulch Road, and in Fiscal Year 2021-22, the Enterprise funded the construction phase for a third eligible structure, County Road 404 over I-25. The construction phases of the I-25 over Upper Lake Gulch bridges and the County Road 404 over I-25 bridges are being reported by the project team as 99% complete, and the bridges are open to traffic. Enterprise funded portions of the project have an expected completion date of late November or early December 2022. It is anticipated that the cost to replace the structures will be less than originally planned due to the economies of scale provided by completing the work as part of the Gap project as compared to a standalone project. The current total Enterprise eligible project cost is estimated at $19.2 million.

USDOT Competitive Highway Bridge Program (CHBP or R2B2)

In Fiscal Year 2020-21, CDOT and the Enterprise were awarded a $12.5 million USDOT discretionary grant for the replacement of 14 eligible structures. This project will address the original 14 eligible structures that were included in the grant application as well as up to three additional nearby eligible structures in rural areas of southern Colorado using design build project delivery. The structures are located along key corridors and their replacement will improve rural mobility as well as enhance statewide connections to interstate commerce through the elimination of load restricted routes. The current total Enterprise eligible project costs for these 17 structures is estimated at $6.4 million. Of this amount, $54.9 million is being funded directly with BTE revenues and the remaining $12.5 million is funded through the USDOT grant. In Fiscal Year 2021-22, the project was awarded to the successful design build team and construction is expected to begin in Fiscal Year 2022-23. The table below itemizes the structures included in the project.

Structure Count	Structure ID	Facility Carried Over Featured Intersection	County	Year Built
1	G-12-C	SH 9 over Platte Gulch	Park	1938
2	H-13-N	US 24 over Draw	Park	1937
3	I-13-G	US 24 over Draw	Park	1937
4	I-13-H	US 24 over Draw	Park	1937
5	I-15-AO	US 24 over Draw	Teller	1937
6	I-15-T	US 24 over Draw	Teller	1937
7	J-14-C	SH 9 over Louis Gulch	Park	1934
8	J-15-G	SH 9 over Mack Gulch	Otero	1971
9	M-21-B	US 350 over Lone Tree Arroyo	Otero	1937
10	M-21-C	US 350 over Hoe Ranch Arroyo	Otero	1937
11	M-21-I	US 350 over Draw	Otero	1935
12	M-21-J	US 350 over Draw	Otero	1935
13	M-22-U	US 350 over Otero Ditch	Otero	1935
14	M-22-Y	US 350 over Draw	Otero	1935
15	N-21-C	US 350 over Draw	Otero	1936
16	N-21-F	US 350 over Sheet Canyon Arroyo	Otero	1937
17	O-19-D	US 350 over Lunning Arroyo	Las Animas	1937

Eastern Plains Rural Bridge Replacement Program

The "Eastern Plains" project will replace seven BTE eligible and four non-BTE eligible structures throughout CDOT Regions 1 and 4. The project is being delivered through the construction manager/general contract (CM/GC) project delivery method. The project is subdivided into three packages to capitalize on the opportunities for cost savings and schedule acceleration through bridge bundling with the first package entering construction during Fiscal Year 2021-22. The current total Enterprise eligible project cost is estimated at $26.4 million. The table below itemizes the Enterprise eligible structures in the "Eastern Plains" project.

Structure Count	Structure ID	Facility Carried Over Featured Intersection	County	Year Built
1	F-19-E	US 36 ML over Draw	Arapahoe	1932
2	F-20-L	I-70 Service Road over Draw	Arapahoe	1952
3	F-20-J	US 40 ML over Draw	Arapahoe	1952
4	C-22-K	US 6 ML over UPRR, S. Platte River, Beaver Canal	Morgan	1949
5	D-24-O	US 34 ML Over Draw	Washington	1931
6	D-25-E	SH 61 ML over Surveyor Creek	Washington	1931
7	D-28-D	US 34 ML over Republican River	Yuma	1931

Floyd Hill Project

This corridor improvement project includes the replacement of two Enterprise eligible structures, which carry traffic westbound on I-70 over Clear Creek and U.S. 6 and off westbound I-70 on to U.S. 6 at the base of Floyd Hill. In Fiscal Year 2019-20, the $2.1 million eligible portion of the preliminary design and environmental assessment (EA) was fully funded. Subsequently, "tunnel," "canyon viaduct," and "no build" alternatives for the project were evaluated though the National Environmental Policy Act (NEPA) review process, which is scheduled to conclude in Fiscal Year 2022-23. The "canyon viaduct" option was identified as the preferred alternative to achieve project objectives of addressing deficient infrastructure, improving multi-modal connectivity, providing alternative routes for emergencies or severe weather, improving travel time reliability, and safety and mobility. Major project elements include replacing two deficient bridges, adding an eastbound auxiliary lane, improving interchanges and intersections, improving the Clear Creek Greenway, and implementing environmental mitigation for wildlife connectivity, air and water quality, and stream conditions.

In June 2021, the CDOT Transportation Commission approved the use of CM/GC as the primary delivery method for the project in accordance with SB21-260 transparency measures. Subsequently, a design consultant and construction manager were selected, and the project design phase has advanced. In March 2022, the Enterprise Board committed the $10 million in design phase funding to the project. This commitment was determined based on the estimated eligible proportional share of the project design costs. The need for additional incremental design phase funding requests will be re-evaluated as design progresses and eligible project scope is further refined.

Due to the size and complexity of the project, as well as funding availability and limitations, it is anticipated that the project will be delivered in multiple packages. The total project cost is currently estimated at $700 million and it is estimated that there is $260 million of eligible project scope. Staff are currently working with CDOT management to review potential financing strategies to accommodate project funding needs. The remaining funding gap is expected to be addressed through the allocation of SB17-267 and SB 21-260 funds, potential USDOT Multimodal Project Discretionary Grant Opportunity (MPDG) grant funding and HPTE financing proceeds. HPTE is expected to leverage future toll revenues from the managed lanes that will be constructed by the project to finance a significant portion of the project's construction cost.

I-70 Vail Pass Safety and Operations Improvement Project

CDOT and the Enterprise were awarded $60.7 million though the USDOT Infrastructure for Rebuilding America (INFRA) Discretionary Grant Program to advance the I-70 Vail Pass Safety and Operations Improvement Project. The Enterprise was leveraged to improve the competitiveness of the grant applications by increasing the state funding match and showing participation of multiple stakeholders. The project is being delivered using both CM/GC and Design/Bid/Build (DBB) project delivery methods. All scope that cannot be delivered within the fixed limit of construction costs for the CM/GC contract will be delivered via the DBB method. The project includes: the reconstruction of the eligible westbound and eastbound I-70 bridge over Polk Creek, construction of an eastbound auxiliary lane, shoulder widening, westbound curve modifications, reconstruction of a truck ramp, dynamic message signs, and a variable speed limit system. The current total of the Enterprise eligible project cost for both bridges is estimated at $94.3 million.

I-270 Critical Bridges Project

The I-270 Critical Bridges Project is intended to accelerate the replacement of the most safety critical bridges on the I-270 corridor in advance of the separate I-270 Safety and Mobility Project. In total, there are eight structures within a one mile stretch of I-270 that will be replaced as part of the project, six of which are eligible for funding. All eight of the structures are considered a high priority due to the increasing frequency and severity of planned and unplanned bridge deck repairs which have created maintenance and safety concerns. Over 300 emergency maintenance repairs have been performed on the structures since 2006.

The CM/GC project delivery method has been selected for this project due to the method's ability to engage the construction manager early and often during the design phase and help to identify and mitigate risks early and continuously. The project delivery method will benefit the project by providing advanced coordination between the designer, construction manager, and CDOT/BTE. The CM/GC delivery method should also result in a shorter project duration, better risk allocation, improved group cohesion, and more accurate/earlier cost certainty. The delivery method was approved by the Transportation Commission in June 2022 in accordance with SB21-260 transparency measures.

In March 2022, the Enterprise Board committed funding for the preliminary design phase for the six eligible structures. The completion of this project will remove over 70,000 square feet of poor rated deck area from the CDOT bridge inventory. Additional funding for the replacement of non-eligible structures is anticipated to be provided through SB17-267. The table below itemizes the eligible structures in the project.

Structure Count	Structure ID	Facility Carried Over Featured Intersection	County	Year Built
1	E-17-ID	I-270 ML WBND over South Platte River	Adams	1969
2	E-17-IE	I-270 ML EBND over South Platte River	Adams	1969
3	E-17-IF	I-270 ML WBND over Burlington Canal	Adams	1969
4	E-17-IG	I-270 WBND over Burlington Canal	Adams	1969
5	E-17-IH	I-270 ML WBND over SH 265 ML & RR	Adams	1969
6	E-17-IJ	I-270 ML over Service Road & RR	Adams	1970

Committed BTE Grant Funding Match

In Fiscal Year 2021-22, the Enterprise Board committed a combined $308 million of BTE funds as a state funding match for projects which submitted applications for various USDOT grant opportunities. The budgeting of BTE funds is contingent on both the successful award of the various grants and the subsequent approval of project funding requests by the Enterprise Board. The projects and the corresponding grant opportunity being pursued are identified in the table below.

USDOT Grant Opportunity	Major Project	Facility Carried Over Featured Intersection	County
MPDG	Floyd Hill to Veterans Memorial Tunnels Improvement	1-70 ML WB over US 6, Clear Creek, Ramp to US 6 ML over Clear Creek	$260 Million
MPDG	I-76 Phase IV Safety & Mobility Reconstruction Project, I-76 and US 34 Spur Bridge & Interchanged Reconstruction	I-76 ML WB over RR, Beaver Creek, I-76 ML EB over US 34 Spur	$18 Million
MPDG	US 160 Safety & Mobility Project, Elmore's corner, US 160 over Florida River Bridge	US 160 ML over Florida River	$10 Million
RAISE	US 6 & Wadsworth Boulevard, Interchange Improvement Project	US 6 ML over SH 121 ML	$20 Million

Statewide Project Portfolio Progress Update

The statewide project portfolio is comprised of every BTE eligible bridge that is currently in any phase of design or construction. Projects are discussed in a greater level of detail, in the statewide project portfolio. Additional information is provided about projects due to their importance to the program based on factors such as strategic significance, size, cost, complexity, and risk profile.

During the Fiscal Year 2021-22, the BTE statewide project portfolio consisted of 31 separate projects that will rehabilitate or replace 70 BTE eligible structures. As of the end of Fiscal Year 2021-22, 49% of eligible structures are in construction or complete and 11% are in design. To date, approximately 2 million square feet of "Poor" rated bridge deck area has been addressed statewide and approximately 500,000 million square feet of "Poor" rated bridge deck area will be addressed upon the completion of the current BTE active statewide project portfolio.

Enterprise Website Maintenance

Enterprise staff, in collaboration with the CDOT Communications Office, continues to provide up to date bridge data and material for the website found at **https://www.codot.gov/programs/BridgeEnterprise**. The site contains items such as frequently asked questions, a comprehensive list of eligible bridges, an expanded section on business opportunities with a link to the current bid list, a project/program progress status updated monthly, and an interactive State map of all eligible bridges with relevant statistical information. Recent program activities, financial information, major project updates, and other updates can be found under the quarterly reports section on the BTE website.

Using This Annual Report

This annual report consists of a series of financial statements.

The statements of net position include the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, and provides information about the Enterprise assets, liabilities, deferred outflows of resources and deferred inflows of resources and reflects the financial position of the

Enterprise as of June 30, 2022 and 2021. Over time, increases or decreases in the net position continues to serve as a useful indicator of whether the financial position of the Enterprise is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present the revenues earned and expenses incurred for the years ended June 30, 2022 and 2021. Revenues and expenses are reported on the accrual basis. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal years.

The statements of cash flows present information of cash inflows and outflows related to the Enterprise's activities for the years ended June 30, 2022 and 2021.

Net Position Analysis

Condensed Statements of Net Position

	June 30, 2022	June 30, 2021	June 30, 2020
Assets			
Current Assets	$ 185,358,180	$ 270,270,988	$ 331,725,199
Noncurrent Assets	15,662,224	15,647,483	15,667,157
Capital Assets	2,120,671,840	1,261,364,381	1,091,646,207
Total Assets	**2,321,692,244**	**1,547,282,852**	**1,439,038,563**
Deferred Outflows of Resources	**2,875,434**	**2,458,257**	**2,688,897**
Liabilities			
Current Liabilities	12,833,412	9,239,485	5,019,282
Noncurrent Long-term Liabilities	995,601,966	305,985,952	306,661,253
Total Liabilities	**1,008,435,378**	**315,225,437**	**311,680,535**
Deferred Inflows of Resources	**1,884,669**	**1,362,172**	**2,489,264**
Net Position			
Net Investment in Capital Assets	1,118,988,006	952,755,476	786,593,442
Restricted for Debt Service	15,662,224	15,647,483	15,667,157
Unrestricted	179,597,401	264,750,541	325,297,062
Total Net Position	**$ 1,314,247,631**	**$ 1,233,153,500**	**$ 1,127,557,661**

Fiscal Year 2021-22 Analysis

Assets

Total assets increased in Fiscal Year 2021-22 by $774.4 million, due to explanations provided below.

Current Assets

Current assets decreased by $84.9 million in Fiscal Year 2021-22. The decrease in cash of $86.4 million was related to the capital performance payments and milestone 2B, 4A, 4B, and 5A for the Central 70 project. Additionally, there was an increase in receivables totaling $1.5 million, related to construction projects. Capital performance payments totaled $8 million and milestone payments totaled $86 million.

Noncurrent Assets

Noncurrent assets, excluding capital assets, increased by $14,741 due to an increase in long-term investments. The increase is due to the interest earnings of the investments, which are held by the Trustee. This increase is due to an increase in interest earnings on the required debt service balance that is held by the Trustee.

Capital Assets

Completed bridge projects increased by $77.5 million, net of accumulated depreciation. This increase is due to the capitalization additions to the Ilex project and several smaller bridge projects. The increase of $780.5 million in assets under construction was due to the start of construction of new projects such as I-70 Vail Pass, I-25 South Academy and I-70 over 32^{nd} Avenue, and the Central 70 availability payments totaling $697.3 million. The additions to completed bridges were offset by $11.9 million of depreciation on completed bridges.

Liabilities

Total liabilities increased by $693.2 million in Fiscal Year 2021-22, due to explanations provided below.

Current Liabilities

Current liabilities increased by $4 million in Fiscal Year 2021-22 caused by the recording of the current portion of the Central 70 capital performance payments.

Noncurrent Liabilities

Noncurrent liabilities increased by $689.5 million in Fiscal Year 2021-22. The increase was due to the recording of the long term portion of the Central 70 capital performance payments.

Net Position

Total net position increased by $81.1 million in Fiscal Year 2021-22. Of the ending balance, $15.7 million is restricted for payment of debt service in the following year. Also $1.1 billion represents the net amount invested in capital assets. This amount includes capitalized assets and construction in progress. The remainder of the net position is unrestricted.

The total net position is affected by the PERA pension and other postemployment benefit (OPEB) liabilities as detailed in the table below:

	Fiscal Year 2021-22	Fiscal Year 2020-21	Fiscal Year 2019-20
Net Position (GAAP Basis)	$ 1,314,247,631	$ 1,233,153,500	$ 1,127,557,661
GASB 68-Pension Related Items			
Net Pension Liability	4,991,256	4,864,259	4,653,323
Deferred Outflows of Resources	(1,569,740)	(910,097)	(868,731)
Deferred Inflows of Resources	1,747,124	1,185,480	2,278,672
Total GASB 68 Pension	5,168,640	5,139,642	6,063,264
GASB 75 OPEB Related Items			
Postemployment Benefit Liability	190,961	167,659	182,489
Deferred Outflows of Resources	(88,153)	(50,485)	(42,356)
Deferred Inflows of Resources	137,545	176,692	210,592
Total GASB 75 OPEB	240,353	293,866	350,725
Net Position excluding Pension and OPEB	$ 1,319,656,624	$ 1,238,587,008	$ 1,133,971,650

The Enterprise's net position increase was also affected by the change in net pension expense. In Fiscal Year 2021-22 net pension expense totaled $28,999, while in Fiscal Year 2020-21 net pension expense (credit) totaled ($923,622) and ($3,161,414) in Fiscal Year 2019-20. The credit to the expense was primarily a result of the amortization of the Enterprise's change in proportional share of the net pension liability and also the State's contribution to the Trust Fund in accordance with C.R.S. § 24-51-413.

Fiscal Year 2020-21 Analysis

Assets

Total assets increased in Fiscal Year 2020-21 by $108.2 million, due to explanations provided below.

Current Assets

Current assets decreased by $61.5 million in Fiscal Year 2020-21. The decrease in cash of $58.1 million was related to the milestone 2A and 3 payments for the Central 70 project. Milestone 2A and 3 totaled $105.6 million.

Noncurrent Assets

Noncurrent assets, excluding capital assets, decreased by $19,674 due to a decrease in long-term investments. The decrease is due to the interest earnings of the investments, which are held by the Trustee. The decrease in interest earnings is due to a reduced required debt service balance that was caused by the 2019A bonds.

Capital Assets

Completed bridge projects increased by $20.7 million, net of accumulated depreciation. This increase is due to the capitalization of the U.S. 34 over North Fork, I-25 over Butte Creek and several smaller bridge projects. The increased amount also includes a portion of debt interest that has been capitalized based on bond proceeds directly attributable to the costs of the bridges being constructed. The increase of $148.5 million in assets under construction was due to the start of construction of new projects such as I-70 Vail Pass, I-270, and the current construction of the Central 70 project. The additions to completed bridges were offset by $10.9 million of depreciation on completed bridges.

Liabilities

Total liabilities increased by $3.5 million in Fiscal Year 2020-21, due to explanations provided below.

Current Liabilities

Current liabilities increased by $4.2 million in Fiscal Year 2020-21 caused by an increase in accrued liabilities. The increase in accrued liabilities is primarily related to accrued invoices for new projects such as I-70 Vail Pass, I-270 and the Central 70 projects.

Noncurrent Liabilities

Noncurrent liabilities decreased by $675,301 in Fiscal Year 2020-21. The decrease was due to a reduction in other postemployment benefits of $14,830 and the amortization of the 2019A bond premium.

Net Position

Total net position increased by $106 million in Fiscal Year 2020-21. Of the ending balance, $15.6 million is restricted for payment of debt service in the following year. Also, $952.8 million represents the net amount invested in capital assets. This amount includes capitalized assets and construction in progress. The remainder of the net position is unrestricted.

The Enterprise's net position increase was also affected by the change in net pension expense. In Fiscal Year 2020-21 net pension expense (credit) totaled ($923,622) and ($3,161,414) in Fiscal Year 2019-20. The credit to the expense was primarily a result of the amortization of the Enterprise's change in proportional share of the net pension liability and also the State's contribution to the Trust Fund in accordance with C.R.S. § 24-51-413.

Revenue and Expense Analysis

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

	June 30, 2022	June 30, 2021	June 30, 2020
Operating Revenues			
FASTER Revenues	$ 109,483,874	$ 106,403,060	$ 106,770,724
Federal Revenues	11,882,182	11,250,782	14,659,093
Other Revenues	159,569	165,737	194,901
Total Operating Revenues	**121,525,625**	**117,819,579**	**121,624,718**
Operating Expenses			
Program Management (credit)	1,178,941	1,036,365	(1,594,102)
Bridge Operations and Maintenance Expense	606,297	601,967	300,136
Depreciation Expense	11,908,530	10,932,932	10,520,169
Total Operating Expenses	**13,693,768**	**12,571,264**	**9,226,203**
Net Operating Income	**107,831,857**	**105,248,315**	**112,398,515**
Net Nonoperating Revenues (Expenses)	**(26,737,726)**	**347,524**	**15,020,276**
Change in Net Position	**81,094,131**	**105,595,839**	**127,418,791**
Beginning Net Position	**1,233,153,500**	**1,127,557,661**	**1,000,138,870**
Net Position, End of year	**$ 1,314,247,631**	**$ 1,233,153,500**	**$ 1,127,557,661**

Fiscal Year 2021-22 Analysis

Revenues

Total operating revenues increased by $3.7 million in Fiscal Year 2021-22, due to the explanations provided below.

The primary source of operating revenues for the Enterprise is from the bridge surcharge authorized in the FASTER legislation. The FASTER legislation authorizes a surcharge upon the registration of a motor vehicle with the amount of the surcharge ranging from $13 to $32 depending on the type and weight of the vehicle. FASTER revenues increased by $3.1 million.

Expenses

Total operating expenses increased by $1.1 million. The majority of the increase operating expenses was due to an increase in depreciation expense totaling $975,598 due to an increase in the number of completed bridges. The increase was also caused by an increase of $142,576 in program management, which primarily consists of salary and benefits totaling $1.2 million. The increase of $142,576 is due to an increase of staff charges to BTE projects that are in the preconstruction phase.

Nonoperating Revenues (Expenses)

Net nonoperating revenues (expenses) decreased from 2021. The decrease in nonoperating (expenses) was related to a decrease by $116.2 million due to an increase in unrealized loss and a reduction in cash and pooled investments. This was offset by the Central 70 capital performance payments and an increase of interest expense of $16.2 million, as interest is no longer being capitalized. The capital performance payments are classified as nonoperating as they are repaying the debt and equity contributions of KMP.

Change in Net Position

The effect of these changes was an increase in net position in the amount of $81.1 million in Fiscal Year 2021-22 compared to an increase of $106 million for Fiscal Year 2020-21.

Fiscal Year 2020-21 Analysis

Revenues

Total operating revenues decreased by $3.8 million in Fiscal Year 2020-21, due to the explanations provided below.

The primary source of operating revenues for the Enterprise is from the bridge surcharge authorized in the FASTER legislation. The FASTER legislation authorizes a surcharge upon the registration of a motor vehicle with the amount of the surcharge ranging from $13 to $32 depending on the type and weight of the vehicle. FASTER revenues decreased by $367,664. Federal highway revenues also decreased by $3.4 million due the Region 2 CHBP grant being received in Fiscal Year 2019-20.

Expenses

Total operating expenses increased by $3.3 million. The majority of the increase operating expenses was from program management, resulting in an increase of $2.6 million. Program management primarily consists of salary and benefits totaling $1.5 million. Program management is offset by a credit totaling $980,307, which is related to pensions and OPEB. The GASB 68 and 75 pension and OPEB entries cause credits to pension and OPEB items due to the Enterprise having a small number of FTEs. Bridge operations and maintenance expense increased by $301,831 due to the increased number of bridges that have been placed into service and require the Enterprise to complete quarterly maintenance.

Nonoperating Revenues (Expenses)

Net nonoperating expenses decreased by $14.7 million.

The Build America Bonds (BABs) subsidy decreased by $422,530, due to the refunding of the 2010A bonds. The refunding of the 2010A bonds also caused the Enterprise to incur costs associated with the amortization of the bond premium and refunding loss totaling $603,244 for Fiscal Year 2021-22. Additionally, investment income decreased by $19.4 million due to a decrease in unrealized gain and a reduction in cash and pooled investments. Interest expense decreased by $4.5 million due to capitalized interest.

Change in Net Position

The effect of these changes was an increase in net position in the amount of $106 million in Fiscal Year 2020-21 compared to an increase of $127.4 million for Fiscal Year 2019-20.

Capital Assets

Capital Assets and Debt Administration

	June 30, 2022	June 30, 2021	June 30, 2020
Bridges - net of accumulated depreciation	$ 840,880,993	$ 763,345,892	$ 742,635,265
Land	99,874,129	98,564,499	98,041,961
Assets Under Construction	1,179,916,718	399,453,990	250,968,981
Capital Assets, Net of Accumulated Depreciation	**$ 2,120,671,840**	**$ 1,261,364,381**	**$ 1,091,646,207**

The Enterprise's investment in capital assets includes land, capital assets under construction and completed bridge projects. Total capital assets as of June 30, 2022 are $2.1 billion, net of accumulated depreciation of $73.1 million. Significant capital assets events during the current fiscal year include:

- Construction of the Central 70 project began in Fiscal Year 2018-19, with an overall budget of $400 million and has since been increased to $488.5 million Construction expenditures totaled $423.9 million in total since the beginning of the project.

Financial Contact

If you have questions about this report please contact:

Statewide Bridge and Tunnel Enterprise
2829 West Howard Place
Denver, Colorado 80204
Attn: Kay Hruska

Statewide Bridge and Tunnel Enterprise

Statements Net Position

June 30, 2022 and 2021

	June 30, 2022	June 30, 2021
Assets		
Current assets:		
Cash and pooled cash investments	$ 171,316,029	$ 257,722,060
Receivables	9,134,854	7,717,789
Federal receivables	4,903,380	4,827,514
Prepaid items	3,917	3,625
Total current assets	185,358,180	270,270,988
Noncurrent assets:		
Long-term investments	15,662,224	15,647,483
Land	99,874,129	98,564,499
Assets under construction	1,179,916,718	399,453,990
Bridges, net of accumulated depreciation	840,880,993	763,345,892
Total noncurrent assets	2,136,334,064	1,277,011,864
Total assets	**2,321,692,244**	**1,547,282,852**
Deferred Outflows of Resources		
Related to bond refunding	1,217,541	1,497,675
Related to pensions	1,569,740	910,097
Related to other postemployment benefits	88,153	50,485
Total deferred outflows of resources	**2,875,434**	**2,458,257**
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	8,790,696	9,239,485
Central 70 capital performance payments	4,042,716	-
Total current liabilities	12,833,412	9,239,485
Noncurrent liabilities:		
2010A bonds	257,180,000	257,180,000
2019A bonds	38,740,000	38,740,000
2019A bond premium	4,149,308	5,034,034
Central 70 capital performance payments	690,350,441	-
Net pension liability	4,991,256	4,864,259
Net other postemployment benefits liability	190,961	167,659
Total noncurrent liabilities	995,601,966	305,985,952
Total liabilities	**1,008,435,378**	**315,225,437**
Deferred Inflows of Resources		
Related to pensions	1,747,124	1,185,480
Related to other postemployment benefits	137,545	176,692
Total deferred inflow of resources	**1,884,669**	**1,362,172**
Net Position		
Net investment in capital assets	1,118,988,006	952,755,476
Restricted for debt service	15,662,224	15,647,483
Unrestricted	179,597,401	264,750,541
Total net position	**$ 1,314,247,631**	**$ 1,233,153,500**

The accompanying notes are an integral part of these financial statements

Statewide Bridge and Tunnel Enterprise

Statements of Changes in Net Position

June 30, 2022 and 2021

	June 30, 2022	June 30, 2021
Operating Revenues		
FASTER revenues	$ 109,483,874	$ 106,403,060
Federal revenues	11,882,182	11,250,782
Other operating revenues	159,569	165,737
Total operating revenues	**121,525,625**	**117,819,579**
Operating Expenses		
Program management	1,178,941	1,036,365
Bridge operations and maintenance expense	606,297	601,967
Depreciation expense	11,908,530	10,932,932
Total operating expenses	**13,693,768**	**12,571,264**
Operating income	**107,831,857**	**105,248,315**
Nonoperating Revenues (Expenses)		
Build America Bonds subsidy (BABs)	5,174,169	5,169,100
Investment income (loss), net	(8,174,500)	(4,440,581)
Amortization of 2019A bond premium and refunding loss	604,591	603,244
Interest expense	(17,181,000)	(984,239)
Central 70 capital performance payments	(7,160,986)	-
Net nonoperating revenues (expenses)	**(26,737,726)**	**347,524**
Change in Net Position	**81,094,131**	**105,595,839**
Beginning Net Position	**1,233,153,500**	**1,127,557,661**
Net Position, End of year	**$ 1,314,247,631**	**$ 1,233,153,500**

The accompanying notes are an integral part of these financial statements

Statewide Bridge and Tunnel Enterprise
Statements of Cash Flow
June 30, 2022 and 2021

	June 30, 2022	June 30, 2021
Cash Flows from Operating Activities		
Cash received from users and grants	$ 120,040,089	$ 121,046,826
Cash payments to employees and suppliers of goods and services	(1,825,332)	(2,826,905)
Net cash provided by operating activities	**118,214,757**	**118,219,921**
Cash Flows from Capital Financing Related Activities		
Interest subsidy received	5,174,169	5,169,100
Acquisition and construction of capital assets	(177,256,334)	(160,026,798)
Interest paid on capital debt	(24,341,986)	(17,169,028)
Net cash used in capital financing activities	**(196,424,151)**	**(172,026,726)**
Cash Flows from Investing Activities		
Purchase of investments and related fees	(17,195,741)	(17,173,299)
Proceeds from sales and maturities of investments	17,181,000	17,192,972
Investment expense	(8,181,896)	(4,304,811)
Net cash provided by (used in) investing activities	**(8,196,637)**	**(4,285,138)**
Net increase (decrease) in cash and cash equivalents	(86,406,031)	(58,091,943)
Cash and cash equivalents, beginning of period	257,722,060	315,814,003
Cash and cash equivalents, end of period	$ 171,316,029	$ 257,722,060
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	**$ 107,831,857**	**$ 105,248,315**
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	11,908,530	10,932,932
Changes in assets and liabilities:		
Receivables, net	(1,485,537)	3,227,248
Compensated absences	409	173
Deferred inflows of resources - related to pension and other postemployment benefits	522,498	(1,127,092)
Deferred outflows of resources - related to pension and other postemployment benefits	(697,311)	230,640
Deferred outflows of resources - related to bond refunding		(280,135)
Prepaid expense	(292)	(750)
Accounts payable and accrued liabilities	(15,696)	(207,516)
Adjustment to net pension liability	126,997	210,936
Adjustment to postemployment benefits	23,302	(14,830)
Net cash provided by operating activities	**$ 118,214,757**	**$ 118,219,921**
Noncash Investing, Capital and Financing Activities		
Acquisition of capital assets, on account	$ 9,404,612	$ 6,853,613
Unrealized gain (loss)	$ 1,570,748	$ 8,022,684
Capitalized interest	$ -	$ 16,196,761
Amortization of 2019A bond premium	$ 884,725	$ 11,972

The accompanying notes are an integral part of these financial statements

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

Nature of Operations

The Statewide Bridge and Tunnel Enterprise (the Enterprise) is a self-supporting enterprise fund of the State of Colorado. It was established as an entity of the Colorado Department of Transportation (CDOT) pursuant to Colorado Revised Statutes (C.R.S) Section 43-4-805. The statute authorized a bridge safety surcharge fee dedicated specifically to address Colorado's most deficient bridges. These bridges meet specific measures identified by statutes based upon federal criteria. The statute also created the Colorado Bridge Enterprise board to provide oversight for the Enterprise. The CDOT Executive Director serves as the Enterprise Director.

SB21-260, was passed by the State Legislature and signed into law by the Governor. It will implement several new transportation fees and General Fund transfers, create or modify four state enterprises and add new planning and environmental study requirements. The bill also changed the name and scope of the Colorado Bridge Enterprise to the Statewide Bridge and Tunnel Enterprise, authorizing an impact fee on diesel fuel and a retail delivery fee and is estimated to provide $522 million in new Enterprise revenues from Fiscal Year 2022-23 to Fiscal Year 2031-32. Fees are phased in gradually over this 10 year period, reach their maximum in Fiscal Year 2031-32, and are indexed to inflation.

By statute, the Enterprise is now granted the authority to repair, maintain, and operate tunnels throughout the state.

The Enterprise constitutes an enterprise for purposes of Section 20 of Article X of the State Constitution. The legislation appointed the Transportation Commission to serve as the Statewide Bridge and Tunnel Enterprise Board of Directors (Board). The business purpose of the Enterprise is to "finance, repair, reconstruct, and replace any designated bridge in the state." Because it was constituted as a government-owned business, the Enterprise may issue revenue bonds to accelerate construction to replace or repair Colorado's poor bridges.

Basis of Accounting and Presentation

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

The financial statements of the Enterprise have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements of the Enterprise present the financial position, results of operations, and cash flows for only the Enterprise. They do not purport to, and do not present, the financial position of CDOT as of June 30, 2022 and 2021 or the results of operations, or cash flows, for the years then ended.

Use of Estimates in Preparation of Financial Statements

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

Cash and Pooled Cash Investments

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

Receivables

Receivables are recorded for charges for services as well as funds due from other governments. Enterprise receivables are detailed in Note 4.

Capital Assets

The Statewide Bridge and Tunnel Enterprise records its property and equipment at historical cost. Contributed capital assets are recorded at acquisition value on the date they are accepted into the Enterprise. Maintenance and repairs are charged to current period operating expense; additions and improvements are capitalized. Prior to July 1, 2021, interest cost related to construction was capitalized. Subsequent to the adoption of GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest is expensed as occurred beginning with the year ending June 30, 2022. Certain applicable labor costs are also capitalized. The Enterprise's capitalization level is $500,000 for infrastructure and $5,000 for other capital assets. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation will be removed from the respective accounts and any gains or losses will be included in nonoperating expenses.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

The Enterprise's deferred outflows of resources and deferred inflows of resources consist of pension, other postemployment benefits (OPEB) items, and a refunding loss. The deferred outflows of resources that are related to pension and OPEB amounts will be amortized to pension and OPEB expense in a later period, or in the case of the deferred outflows of resources relating to contributions made subsequent to the measurement date, will be recognized as a reduction of the net pension liability and net OPEB liability in the subsequent year. The deferred outflow of resources related to the refunding loss will be amortized to refunding loss expense in a later period and is amortized over the life of the bond.

Liabilities

Amounts due within one year are reported as current liabilities. Amounts owed after one year are reported as noncurrent liabilities. Enterprise liabilities are detailed in Note 6 and Note 8.

Unearned Revenue

Unearned revenue consists of contributions made by local entities under various Intergovernmental Agreements related to several Enterprise projects. As many of these projects are not yet completed, the payments made by the local entities are not considered earned revenue, and therefore, are not recognized as such. The revenue will be recognized when the construction has been completed for the projects. There is no unearned revenue recorded for the years ended June 30, 2022 and 2021.

Net Position

The net position of the Enterprise is classified as follows:

Net investment in capital assets

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

Restricted net position

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

Unrestricted net position

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

Classification of Revenues and Expenses

The Enterprise has classified its revenues and expenses as either operating or nonoperating. Operating revenues and expenses generally result from providing services or incurring expenses in connection with the

Enterprise's principal activities. Nonoperating revenues and expenses include transactions such as interest earned on deposits and interest expense.

Budgets and Budgetary Accounting

By statute, the Enterprise is continuously funded through user surcharge fees. Therefore, the budget is not legislatively adopted and budgetary comparison information is not a required part of these financial statements.

Application of Restricted and Unrestricted Resources

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

Implementation of New Accounting Principles

Effective for Fiscal Year 2021-22 the Enterprises adopted both GASB Statement 87, *Leases* and GASB Statement 89*, Accounting for Interest Cost Incurred before the End of a Construction Period*. The implementation of GASB 87 had no impact on the financial statements for the year ended June 30, 2022. The requirements of *GASB 89* were applied prospectively as of July 1, 2021, and requires that interest incurred during the construction period be expensed as incurred, as opposed to capitalization into the cost of the construction, has been done in the previous year. The previously constructed assets are not adjusted for previously capitalized interest costs.

NOTE 2 – CASH AND POOLED INVESTMENTS

The Enterprise deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Monies deposited in the Treasury are invested until the cash is needed. As of June 30, 2022 and 2021, the Enterprise had cash on deposit with the State Treasurer of $171,316,029 and $257,722,060, respectively, which represented approximately less than one percent of the total $17,744.6 million fair value of investments in the State Treasurer's Pool (Pool) and as of June 30, 2022 and on and one percent of the total $17,744.6 million as of June 30, 2022. As of June 30, 2022, the Pool's resources included $46.2 million of cash on hand and $21,013.7 million of investments.

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

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Annual Comprehensive Financial Report for the year ended June 30, 2022.

NOTE 3 – LONG-TERM INVESTMENTS

The Enterprise has also recorded long-term investments as of June 30, 2022 and 2021 in the amount of $15,662,224 and $15,647,483, respectively. These amounts represent debt service reserve held by the Enterprise's trustee, Zions Bank. Zions Bank has entered into an investment agreement with the State Treasury to hold the proceeds in a separate account to be invested in the Pool as disclosed in Note 2. The State Treasurer pools these deposits and invests them in securities approved by C.R.S. Section 24-75-601.1.

Investments in the State Treasurer's Pool are recorded at fair value. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments

Values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

Level 2 Investments

Other than quoted prices included within Level 1 that are observable for an asset (or liability), either directly or indirectly.

Level 3 Investments

Investments classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using market prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

The Enterprise's only investments with recurring measurements are its investments with State Treasury in the amount of $15,662 224 and $15,647,483 for the years ended June 30, 2022 and 2021, respectively. The Enterprise's equity in the Pool is valued using the equivalent of the net asset value, and thus is not included in the fair value hierarchy.

NOTE 4 – ACCOUNTS RECEIVABLE

The Enterprise records a receivable for Funding Advancements for Surface Transportation and Economic Recover (FASTER) revenues earned at year-end and paid in the subsequent month. The amount is calculated by the State Department of Revenue based on historical collections.

Debt proceeds are retained by Zions Bank acting as trustee and invested for the trustee by the Colorado State Treasury per an investment agreement. Interest due on the year-end balances is recorded by the Enterprise.

The Enterprise also expects to receive matching funds from local governments and from the federal government for approved projects. The amounts are recorded in the Enterprise financial statements directly from CDOT's federal aid billing system based on the project status. The amounts recorded as receivables as of June 30 are as follows:

	2022	2021
FASTER revenues receivable	$ 8,089,418	$ 7,578,463
Trustee interest receivable	35,840	28,444
Federal receivable	4,903,380	4,827,514
Other receivable	1,009,596	110,882
Total accounts receivable	**$ 14,038,234**	**$ 12,545,303**

The Enterprise believes all receivable amounts are collectable and therefore no allowance is recorded.

NOTE 5 – CAPITAL ASSETS

By the end of Fiscal Year 2021-22, as a result of construction projects, a total of 136 bridges have been capitalized upon completion. They are depreciated using straight-line methodology over a useful life of 75 years. Costs capitalized include all expenses directly associated with the construction of the asset.

A summary of changes in capital assets is as follows for the years ended June 30, 2022 and 2021:

	Balance at July 1, 2021	Additions	Disposals	Transfers	Balance at June 30, 2022
Capital assets, not being depreciated					
Land	$ 98,564,499	$ -	$ -	$ 1,309,630	$ 99,874,129
Assets under construction	399,453,990	871,215,989	-	(90,753,261)	1,179,916,718
Total capital assets, not being depreciated	498,018,489	871,215,989	-	(89,443,631)	1,279,790,847
Capital assets, being depreciated					
Bridges	824,541,734	-	-	89,443,631	913,985,365
Accumulated depreciation	(61,195,842)	(11,908,530)	-	-	(73,104,372)
Total capital assets, being depreciated, net	763,345,892	(11,908,530)	-	89,443,631	840,880,993
Capital assets, net	$ 1,261,364,381	$ 859,307,459	$ -	$ -	$ 2,120,671,840

	Balance at July 1, 2020	Additions	Disposals	Transfers	Balance at June 30, 2021
Capital assets, not being depreciated					
Land	$ 98,041,961	$ -	$ -	$ 522,538	$ 98,564,499
Assets under construction	250,968,981	181,079,481	(428,375)	(32,166,097)	399,453,990
Total capital assets, not being depreciated	349,010,942	181,079,481	(428,375)	(31,643,559)	498,018,489
Capital assets, being depreciated					
Bridges	792,898,175	-	-	31,643,559	824,541,734
Accumulated depreciation	(50,262,910)	(10,932,932)	-	-	(61,195,842)
Total capital assets, being depreciated, net	742,635,265	(10,932,932)	-	31,643,559	763,345,892
Capital assets, net	$ 1,091,646,207	$ 170,146,549	$ (428,375)	$ -	$ 1,261,364,381

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Liabilities due and payable as of June 30 have been calculated and recorded as follows:

	2022	2021
Accrued interest payable on debt issuance	$ 1,431,750	$ 1,431,750
Retainage payable	1,029,534	801,258
Accrued project costs payable	8,375,078	6,893,133
Other payables	(2,045,666)	113,344
Total accrued liabilities	**$ 8,790,696**	**$ 9,239,485**

NOTE 7 – COMMITMENTS

The Enterprise had outstanding commitments for construction in the amount of $131,360,582 at June 30, 2022.

NOTE 8 – LONG-TERM LIABILITIES

The Enterprise has recorded debt for the years ended June 30, 2021 and 2020 as follows:

	Balance at June 30, 2021	Issuances/ Additions	Retirements/ Reductions	Balance at June 30, 2022	Amount Due Within One Year
Bridge Enterprise 2010A bonds	$ 257,180,000	$ -	$ -	$ 257,180,000	$ -
Bridge Enterprise 2019A bonds	38,740,000	-	-	38,740,000	-
Bridge Enterprise 2019A Premium	5,034,034	-	(884,725)	4,149,309	-
Central 70 Capital Performance Payment	-	699,313,993	(4,920,836)	694,393,157	4,042,716
Net pension liability	4,864,259	127,054	(57)	4,991,256	-
Net other postemployment benefits/liability	167,659	23,302	-	190,961	-
	$ 305,985,952	$ 699,464,349	($5,805,618)	$ 999,644,683	$ 4,042,716

	Balance at June 30, 2020	Issuances/ Additions	Retirements/ Reductions	Balance at June 30, 2021	Amount Due Within One Year
Bridge Enterprise 2010A bonds	$ 257,180,000	$ -	$ -	$ 257,180,000	$ -
Bridge Enterprise 2019A bonds	38,740,000	-	-	38,740,000	-
Bridge Enterprise 2019A Premium	5,905,441	-	(871,407)	5,034,034	-
Net pension liability	4,653,323	2,725,236	(2,514,300)	4,864,259	-
Net other postemployment benefits/liability	182,489	18,691	(33,521)	167,659	-
	$ 306,661,253	$ 2,743,927	$ (3,419,228)	$ 305,985,952	$ -

Series 2010A Bonds

On December 10, 2010, the Enterprise issued $300 million in Colorado Bridge Enterprise Revenue Bonds Series 2010A for the purpose of financing the project costs. The Series 2010A Bonds were issued as taxable, Build America Bonds (BABs), as authorized by the federal American Recovery and Reinvestment Act (the Act). Pursuant to the Act, the Enterprise expects to receive federal direct payments from the United States Treasury equal to 35 percent of the interest payable on the Series 2010A Bonds. The Bonds were issued with a coupon rate of 6.078 percent but with the federal subsidy, the net interest cost of the Bonds for the Enterprise is approximately 3.97 percent.

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, the BABs are subject to sequestration. In Fiscal Year 2018-19, an executive order was signed reducing the federal direct payments by 6.2 percent and in Fiscal Year 2017-18 the federal direct payment was reduced by 6.6 percent. In Fiscal Year 2019-20, the federal direct payment was reduced due to the refunding of the 2010A bonds that was completed in December 2019 with proceeds from the Series 2019A bond as discussed below.

The IRS Code imposes requirements on the Series 2010A Bonds that the Enterprise must continue to meet after the Series 2010A Bonds are issued in order to receive the federal direct payments. These requirements generally involve the way that Series 2010A Bond proceeds must be invested, ultimately used, and the periodic submission of requests for payment. If the Enterprise does not meet these requirements, it is possible that the program may not continue to receive the federal payments.

The proceeds of this issuance are recorded as long-term debt in the financial statements with interest payable as of June 30, 2022 recorded as current. Interest payments are due on June 1 and December 1 of each year. A portion of the Bonds mature in December 2025 with the balance due by December 2040. The debt proceeds are held by the Trustee, Zions Bank, and invested by the State Treasury per written agreement.

The primary source of revenues to repay the debt obligations comes from bridge surcharges as defined in statute and from the BABs subsidy. The Transportation Commission has also committed, subject to annual approval, up to $15 million in Federal Highway Authority funds annually to pay a portion of the debt service costs of the bonds. Please see further discussion of availability of these funds in Note 9.

This agreement is detailed in a Memorandum of Agreement between the Federal Highway Administration and the Enterprise.

Series 2019A Bonds

A portion of the Series 2010A bonds were issued with an optional par-call redemption provision enabling the Enterprise to refund the 2027 term bond totaling $42.8 million for interest rate savings prior to its maturity. The 2027 Term bond was callable at par on December 1, 2020. The Enterprise started to evaluate the interest saving and pursued the partial refunding of the 2010A bonds in the Summer of 2019.

In December 2019, the Enterprise issued $38.7 million in Colorado Bridge Enterprise Revenue Refunding Bonds Series 2019A with an interest rate of 4 percent and included a premium of $6.3 million. Interest payments are due June 30 and December 30 each year, starting in June 2020. A portion of the Bonds mature in December 2025 with the balance due June 2028.

In December 2019, the Enterprise partially refunded the 2010A bonds to reduce its total debt service payments by $10.3 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $4.2 million. The reacquisition price of $44.7 million exceeded the carrying value of the 2010A bond totaling $42.8 million, which resulted in a refunding loss of $1.9 million. The refunding loss was recognized as a deferred outflow and will be amortized over the remaining life of the bond. The balance of the refunding loss as of June 30, 2022 was $1, 217,541.

The proceeds from the 2019A bonds that were used to advance refund a portion of the outstanding 2010A bonds have been placed in escrow to provide for all future debt service payments on the refunded bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the Enterprise's financial statements. As of June 30, 2022, $257,180,000 of the defeased 2010A bonds remains outstanding.

Central 70 Capital Performance Payments

In 2017, to partially finance the Central 70 Project BTE issued $120.8 million of Private Activity Bonds (PABs) and Kiewit Meridiam Partners (KMP) obtained a Transportation Infrastructure Finance Innovation Act (TIFIA) loan totaling $416 million. In September 2021, BTE and KMP refinanced the PAB and TIFIA loans with the issuance of $51.7 million Series 2021A and $465 million 2021B PABs and $465 million of a 2021 TIFIA loan. BTE issued the Series 2021A, 2021B, and the TIFIA loan as a conduit issuer and as a result, the bonds and TIFIA loan are not obligations of BTE and are payable solely by KMP. Within the terms of the agreement with KMP, there is also capital performance payments.

The capital performance payments are related to the Central 70 project started in March 2022 and are paid to the developer monthly and continue for a period of 30 years. The performance payments have a base operation, maintenance, and repair (OMR) component and a base capital performance payment (CPP) component. The OMR component is the responsibility of CDOT, and HPTE for operations and maintenance of the general purpose lanes and the express lanes through an Inter-Agency Agreement. OMR payments are delayed until substantial completion, which was delayed to February 2023 due to the settlement agreement that was entered into in May 2019.

The CPP component is designed to repay KMP for its total capital investment in the Central 70 project including debt in the form of PABs, and TIFIA loan, and KMP's equity contributions. BTE determined the present value of CPP by applying an implied interest rate of 3.91 percent, which was derived from the total KMP capital, which resulted in a finance purchase liability of $699.3 million.

The CPP is a base amount that escalates at 2% every year. The monthly payment is based on the annual CPP amount, divided by twelve months. The monthly payment can vary slightly due to the number of days in a month. The monthly payment is divided between principal and interest, as shown in the table below.

Total future debt service payments over the remaining life of the 2010A bonds, 2019A bonds, and the Central 70 Capital Performance Payments bonds as follows:

2010A Bonds:

Fiscal Year	Interest Due	Principal Due	Less BAB Subsidy	Net Debt Service Payment
2023	$ 15,631,400	$ -	$ 5,470,990	$ 10,160,410
2024	15,631,400	-	5,470,990	10,160,410
2025	15,631,400	-	5,470,990	10,160,410
2026	15,631,400	-	5,470,990	10,160,410
2027	15,631,400		5,470,990	10,160,410
2028 to 2032	70,380,505	65,590,000	24,633,177	111,337,328
2033 to 2037	43,804,602	97,995,000	16,327,134	125,472,468
2038 to 2041	11,658,364	93,595,000	3,084,904	102,168,460
Total payments	**$ 204,000,471**	**$ 257,180,000**	**$ 71,400,165**	**$ 389,780,306**

The BABs subsidy is received prior to the due date of the semi-annual debt service payments.

2019A Bonds:

Fiscal Year	Interest Due	Principal Due	Net Debt Service Payment
2023	$ 1,549,600	$ -	$ 1,549,600
2024	1,549,600	-	1,549,600
2025	1,549,600	-	1,549,600
2026	1,301,200	12,420,000	13,721,200
2027	794,700	12,905,000	13,699,700
2028 to 2030	268,300	13,415,000	13,683,300
Total payments	**$ 7,013,000**	**$ 38,740,000**	**$ 45,753,000**

Central 70 Capital Performance Payments:

Fiscal Year	Interest Due	Principal Due	Net Debt Service Payment
2023	$ 26,812,533	$ 4,042,716	$ 30,855,249
2024	26,642,513	4,829,841	31,472,354
2025	26,440,379	5,661,422	32,101,801
2026	26,205,677	6,538,161	32,743,838
2027	25,936,188	7,462,526	33,398,714
2028 to 2032	124,285,586	52,998,829	177,284,415
2033 to 2037	111,142,843	84,593,477	195,736,320
2038 to 2042	91,072,199	125,036,514	216,108,713
2043 to 2047	62,166,455	176,435,026	238,601,481
2048 to 2052	22,118,729	226,794,645	248,913,374
Total payments	**$ 542,823,102**	**$ 694,393,157**	**$ 1,237,216,259**

NOTE 9 – AVAILABILITY OF FEDERAL FUNDS

Although the Transportation Commission adopted resolution TC-1925 in November 2010 expressing its intent to annually consider allocating and transferring from CDOT to the Enterprise $15 million of eligible federal funds, the Transportation Commission is not obligated to make such transfers. The decision whether or not to allocate and transfer such federal funds will be made on an annual basis and will be at the sole discretion of the Transportation Commission. Such decision may be affected by the amounts of such federal funds that are available to CDOT in the future, which may be adversely impacted by federal budgeting and appropriation constraints or changes in federal law.

In November 2016, a memorandum of understanding (MOU) was executed regarding the temporary suspension of the annual transfer of $15 million in federal funds for three years starting in Fiscal Year 2017-18. In compliance with the MOU, the transfer of eligible federal funds was partially reinstated in Fiscal Year 2020-21 in the annual budget. Beginning in Fiscal Year 2021-22, a transfer in amount equal to the FHWA participation in the debt service has been reinstated.

In Fiscal Year 2019-20 CDOT was awarded a $12.5 million discretionary grant for the Region 2 Concrete Box Culvert Program. This federal funding will be coupled with Enterprise revenues to address Enterprise structures on State Highway 9, U.S. Highway 24, and U.S. Highway 350 throughout rural areas throughout southern Colorado with the goal of providing rural mobility and connections to interstate commerce. The current Enterprise eligible project costs for these structures is estimated at $42.7 million. In Fiscal Year 2021-22, the Enterprise has spent $1.8 million on eligible costs for these structures.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

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

General Information about the Pension Plan

A. Plan Description

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

B. Benefits Provided as of December 31, 2021

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

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

C. Contributions Provisions as of June 30, 2022

Eligible employees of the Enterprise and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of July 1, 2021 through June 30, 2022 are summarized in the table below:

	July 1, 2021-December 31, 2021	January 1, 2022-June 30, 2022
Employee contribution (all employees other than State Troopers)	10.50%	10.50%

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

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	Fiscal Year 2020-21	Fiscal year 2021-22	Fiscal Year 2021-22
	CY21	CY21	CY22
	January 1,2021-June 30, 2021	July 1 2021-December 31, 2021	January 1, 2022-June 30, 2022
Employer Contribution Rate**	10.90%	10.90%	10.90%
Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%
Amount Apportioned to the SDTF	9.88%	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in 413 C.R.S., Section 24-51-411	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S., 24-51-415	0.05%	0.05%	0.10%
Total Employer Contribution Rate to the SDTF	19.93%	19.93%	19.98%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Enterprise is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Enterprise were $450,275 and $355,828 for the years ended June 30, 2022 and 2021, respectively.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S § 24-51-414, the State is required to contribute $225 million (actual dollar) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State Treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023 and July 1, 2024.

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

The net pension liability was measured as of December 31, 2021 and 2020, respectively, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and 2019. Standard update procedures were used to roll forward the TPL liability to December 31, 2021 and 2020. The Enterprise proportion of the net pension liability was based on the Enterprise's contributions to the SDTF for calendar year 2021, relative to the total contributions of participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2022, the Enterprise reported a liability of $4,991,256 and $4,864,259 as of June 30, 2021 for its proportionate share of the net pension liability.

At December 31, 2021, the Enterprise proportion was .0677 which was an increase of .0164 percent from is proportion measured as of December 31, 2020.

At December 31, 2020, the Enterprise proportion was .0513 percent, which was a decrease of .003 percent from its proportion measured as of December 31, 2019.

For the years ended June 30, 2022 and 2021, the Enterprise recognized a pension expense of $28,999 and (credit expense) of ($923,622). At June 30, 2022 and 2021, the Enterprise reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 33,962	$ 6,944	$ 120,209	$ -
Changes of assumptions or other inputs	177,957	-	330,292	-
Net difference between projected and actual earnings on pension plan investments	-	1,717,624	-	995,584
Changes in proportion and differences between BTE contributions and proportionate share of contributions	1,189,121	22,556	275,628	189,896
BTE contributions subsequent to the measurement date	168,700	-	183,968	-
Total	$ 1,569,740	$ 1,747,124	$ 910,097	$ 1,185,480

$168,700 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	$ 517,475
2024	(241,972)
2025	(413,741)
2026	(207,846)
2027	-
	$ (346,084)

E. Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuations were determined using the following actuarial cost methods, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	
Members other than State Troopers	3.30 percent-10.90 percent
State Troopers	3.20 percent-12.40 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Postretirement benefit increase:	
PERA Benefit Structure hired prior to January 1, 2007 and DPS Benefit Structure (compounded annually)	1.00 percent
PERA Benefit Structure hired after December 31, 2006[1]	Financed by the AIR

[1] Postretirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefits tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustment to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projects using scale MP-2019.

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

Post-retirement non-disabled mortality assumptions were based on the PubG-2010 Healthy Retiree Table adjusted as follows:

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

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

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-210 Contingent Survivor Table, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016 through December 31, 2019 and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.0%	4.70%
Total	100%	

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

F. Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ration reaches 103 percent, at which point the AED and SAED will each drop .050 every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 7,039,987	$ 4,991,256	$ 3,268,935

H. Pension Plan Fiduciary Net Position

Detailed information about the SDTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investment/pera-financial-reports.

NOTE 11 – OTHER RETIREMENT PLANS

Voluntary Investment Program PERAPlus 401(k) Plan

A. Plan Description

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

B. Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Article 51, Section 1402 of the C.R.S. Employees are immediately vested in their own contributions, employer contribution and investment earnings.

Defined Contribution Retirement Plan (DC Plan)

C. Plan Description

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

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

D. Funding Policy

All participating employees in the PERA DC Plan and the Enterprise are required to contribute a percentage of the participating employee's PERA-includable salary to the PERA DC Plan. The employee contributions rates for the period July 1, 2021 through June 30, 2022 are summarized in the table below:

	July 1, 2021 through December 31, 2021	January 1, 2022 through June 30, 2022
Employee Contribution Rates:		
Employee contribution (All employees except State Troopers)	10.50%	10.50%
State Troopers Only	12.50%	12.50%
Employer Contributions Rates:		
On behalf of all employees except State Troopers	10.15%	10.15%
State Troopers Only	12.85%	12.85%

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

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

	July 1, 2021 through December 31, 2021	January 1, 2022 through June 30, 2022
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S.§ 24-51-411	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.10%
Total Employer Contribution Rate to the SDTF	10.80%	10.85%

[1] Rates are expressed as a percentage of salary as defined in C.R.S. §24-51-101(42).

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. The Enterprise did not recognize any pension expense for the PERA DC plan and no employees contributed to the plan for the years ended June 30, 2022 and 2021.

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

A. OPEB

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

B. Plan Description

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

C. Benefits Provided

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the

DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under

PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

D. PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

E. Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Enterprise is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Enterprise were $18,892 for the year ended June 30, 2022 and $18,455 for the year ended June 30, 2021.

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

At June 30, 2022 and 2021, the Enterprise reported a liability of $190,961 and $167,659 for its proportionate share of the net OPEB liability, respectively. The net OPEB liability for the HCTF was measured as of December 31, 2021 and 2020, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actual valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Enterprise's proportion of the net OPEB liability was based on Enterprise's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Enterprise proportion was .022 percent, which was an increase of .004 percent from its proportion measured as of December 31, 2020.

At December 31, 2020, the Enterprise's proportion was .018 percent, which was a decrease of .002 percent from its proportion measured as of December 31, 2019.

For the years ended June 30, 2022 and 2021, the Enterprise recognized a reduction of OPEB expense (credit) of $34,620 and $56,859, respectively. At June 30, 2022, the Enterprise reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 291	$ 45,279	$ 445	$ 36,859
Changes of assumptions	3,954	10,359	1,252	10,281
Net difference between projected and actual earnings on OPEB plan investments	-	11,821	-	6,851
Changes in proportion and differences between Enterprise contributions and proportionate share of contributions	75,718	70,086	39,661	122,701
Enterprise contributions subsequent to the measurement date	8,190	-	9,127	-
Total	$ 88,153	$ 137,545	$ 50,485	$ 176,692

$8,190 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30		
2023	$	(51,376)
2024		(8,065)
2025		(9,995)
2026		3,214
2027		7,301
2028		1,340
	$	(57,581)

F. Actuarial Assumptions

The TOL in the December 31, 2020 and 2019 actuarial valuations were determined using the following actuarial cost method and actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	2020	2019
Actuarial cost method	Entry age	Entry age
Price inflation	2.30 percent	2.40 percent
Real wage growth	0.70 percent	1.10 percent
Wage inflation	3.00 percent	3.50 percent
Salary increases, including wage inflation		3.50 percent in aggregate
Members other than State Troopers	3.30 percent-10.90 percent	
State Troopers	3.20 percent -12.40 percent	
Long-term investment Rate of Return, net of OPEB plan investment expenses, including price inflation	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent
Health care cost trend rates		
PERA Benefit Structure:		
Service-based premium subsidy	0.00 percent	0.00 percent
PERACare Medicare plans	4.50 percent in 2021 6.00 pecent in 2022 gradually decreasing to 4.50 percent in 2029	8.10% percent in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.75 percent in 2021 3.75 percent in 2021, gradually increasing to 4.50 percent in 2029	3.50 percent in 2020, gradually increasing to 4.50 percent in 2029

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing the costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020 valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA benefit structure:

Medicare Plan	Initial Costs for members without Medicare Part A: Monthly Costs	Initial Costs for members without Medicare Part A: Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self- Insured Rx	$ 633	$ 230	$ 591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the TOL for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

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

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

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

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

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

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$185,477	$190,961	$197,314

I. Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021 measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$221,781	$190,961	$164,635

K. OPEB Plan Fiduciary Net Position

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

NOTE 13 – RISK MANAGEMENT

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

NOTE 14 – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of State and local governments. The amendment excludes from its provision Enterprise operations. Enterprises are defined as government-owned businesses authorized to issue revenue bonds, which receive less than 10 percent of their annual revenue in grants from all State and local governments combined. The Enterprise qualifies as an Enterprise pursuant to C.R.S. Section 43-4-805 (2)(c).

NOTE 15 – CENTRAL 70 PROJECT

On August 24, 2017, Kiewit Meridiam Partners (KMP) was selected to be the Central 70 project developer to undertake the $1.2 billion dollar project. On November 22, 2017, the Enterprise and the High Performance Transportation Enterprise (HPTE) Boards approved the Project Agreement and completed the commercial close of the Central 70 project. On December 21, 2017, KMP and the Enterprise completed the financial close of the project that included the Enterprise issuing $120,765,426 of Private Activity Bonds (PABs) and closing on a TIFIA loan totaling $416,000,000. Since the Enterprise acted as a conduit issuer for the TIFIA loan and the PABs, the Enterprise has no liabilities to record, and the debt will be repaid by KMP. Construction officially started in the summer of 2018 with completion estimated to be in early 2023.

In April 2021, HPTE and BTE Board authorized the restructuring of KMP's debt for the Central 70 project. Doing so allowed the Central 70 project to generate additional financing proceeds, without increasing project funding from BTE, and to mitigate increases in project costs, delay costs and future risk to the project.

The refinancing involved the following: (1) a new, upsized TIFIA loan with the USDOT (the 2021 TIFIA Loan) at a lower interest rate than the existing TIFIA loan; (2) new senior revenue bonds issued via BTE as a conduit issuer' and (3) additional equity investment by KMP, while maintaining the same key financial ratios and BTE funding commitments that were in place at the start of the project.

The new BTE Series 2021A Senior Revenue Bonds were sized to maximize the total refinancing proceeds, payable from the current Performance Payment amounts, without increase once the final interest rate on the TIFIA is set as of the date of financial close. As with the original Colorado Bridge Enterprise Senior Revenue Bonds (Central 70 Project), Series 2017, issued for this project, BTE issued the bonds as conduit issuer. The Series 2021 are not obligations of BTE and are solely payable by KMP from the Trust Estate (as defined in the Trust Indenture, as amended).

The Series 2021B Project Infrastructure Bonds were put into place as a financing bridge due to the legal restrictions that prevent repayment of the 2017 TIFIA Loan directly from proceeds of the 2021 TIFIA Loan. The fixed maturity bonds being issued by BTE as a conduit had interest fully capitalized, meaning KMP has prefunded all interest payments during the time the bonds are outstanding, and will be paid off in full through a draw on the 2021 TIFIA loan proceeds prior to maturity.

BTE and KMP finalized the 2021 TIFIA loan and the issuances of the Series 2021A and 2021B Bonds. The closing of this debt occurred on September 14-15, 2021.

The Capital Performance Payments (CPP) related to the Central 70 project started in March 2022 and are paid to KMP monthly and continue for a period of 30 years. The CPP had a Base Operation, Maintenance, and Repair (OMR) component and a Base Capital Performance Payment (CPP) component. The OMR component is the responsibility of CDOT and HPTE for operations and maintenance of the general-purpose lanes and the express lanes through an Inter-Agency Agreement. OMR and CPP payments begin upon substantial completion, which was delayed to February 2023 due to the settlement agreement that was entered into in May 2019.

The CPP component is designed to repay the developer for its capital investment in the Central 70 project including debt in the form of PABs, and a TIFIA loan, and the developer's equity contributions. BTE determined the present value of the CPP by applied interest rate of 3.91 percent, which was derived from the total developer capital, which resulted in a finance purchase liability of $699.3 million.

Required Supplementary Information

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Statewide Bridge and Tunnel Enterprise

Required Supplementary Information

Schedule of the Enterprise's Proportionate Share of the Net Pension Liability

June 30

	2022	2021	2020	2019	2018	2017	2016 *	2015 *
Enterprise's proportion of the net pension liability	0.07%	0.05%	0.05%	0.05%	0.04%	0.11%	0.12%	0.11%
Enterprise's proportionate share of the net pension liability	$ 4,991,256	$ 4,864,259	$ 4,653,323	$ 5,957,055	$ 8,444,751	$ 19,828,708	$ 12,315,953	$ 10,165,317
Enterprise's covered payroll	$ 2,082,536	$ 1,683,441	$ 1,499,770	$ 1,598,345	$ 1,238,452	$ 3,076,792	$ 3,193,343	$ 3,087,257
Enterprise's proportionate share of the net pension liability as a percentage of its covered payroll	239.67%	288.95%	310.27%	372.70%	681.88%	644.46%	385.68%	329.27%
Plan fiduciary net position as a percentage of the total pension liability	73.05%	65.34%	62.24%	55.11%	43.20%	42.60%	56.10%	59.80%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date (December 31) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

* Amounts were not updated for the implementation of Governmental Accounting Standards Board Statement No. 82 as amounts were not readily available.

Statewide Bridge and Tunnel Enterprise

Required Supplementary Information

Schedule of the Enterprise's Pension Contributions

June 30

	2022	2021	2020	2019	2018	2017	2016 *	2015 *
Statutorily required contribution	$ 450,275	$ 355,828	$ 361,180	$ 336,026	$ 251,976	$ 365,722	$ 630,061	$ 454,689
Contributions in relation to the statutorily required contribution	450,275	355,828	361,180	336,026	251,976	365,722	630,061	454,689
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Enterprise's covered payroll	$ 1,852,203	$ 1,809,283	$ 1,657,763	$ 1,553,032	$ 1,317,384	$ 1,957,828	$ 3,544,901	$ 2,853,298
Contributions as a percentage of covered payroll	24.31%	19.67%	21.79%	21.64%	19.13%	18.68%	17.77%	15.94%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of BTE's fiscal year-end (June 30) in accordance with Governmental Accounting Standards Board Statement No. 68.

* Amounts were not updated for the implementation of Governmental Accounting Standards Board Statement No. 82 as amounts were not readily available.

Statewide Bridge and Tunnel Enterprise

Required Supplementary Information

Schedule of the Enterprise's Proportionate Share of the Net OPEB Liability

June 30

	2022	2021	2020	2019	2018
Enterprise's proportion of the net OPEB liability	0.022%	0.018%	0.016%	0.018%	0.015%
Enterprise's proportionate share of the net OPEB liability	$ 190,961	$ 167,659	$ 182,489	$ 250,452	$ 193,163
Enterprise's covered payroll	$ 2,082,536	$ 1,683,441	$ 1,499,770	$ 1,598,345	$ 1,238,452
Enterprise's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.31%	9.96%	12.17%	15.67%	15.60%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%

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

Statewide Bridge and Tunnel Enterprise

Required Supplementary Information

Schedule of the Enterprise's OPEB Contributions

June 30

	2022	2021	2020	2019	2018
Statutorily required contribution	$ 18,892	$ 18,455	$ 16,909	$ 15,841	$ 13,437
Contributions in relation to the statutorily required contribution	18,892	18,455	16,909	15,841	13,437
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Enterprise's covered payroll	$ 1,852,203	$ 1,809,283	$ 1,657,763	$ 1,553,031	$ 1,317,384
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

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

A. Defined Benefit Pension Plan

2021 Changes in Plan Provisions Since 2020

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

2020 Changes in Assumptions or Other Inputs Since 2019

- House Bill (HB) 20-1379, enacted on June 29, 2020, suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.

- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.

- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.

- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

- The postretirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 Changes in Assumptions or Other Inputs Since 2018:

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

2018 Changes in Assumptions or Other Inputs Since 2017:

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

2017 Changes in Assumptions or Other Inputs Since 2016:

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

2016 Changes in Assumptions or Other Inputs Since 2015:

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

2015 Changes in Assumptions or Other Inputs Since 2014:

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

2014 Changes in Assumptions or Other Inputs Since 2013:

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

2013 Changes in Assumptions or Other Inputs Since 2012:

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

B. Defined Benefit Other Postemployment Benefit Plan

- There were no changes made to plan provisions.

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

A. Defined Benefit Pension Plan

2021 Changes in Assumption or Other Inputs Since 2020

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

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

- The postretirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

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

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

2019 Changes in Assumptions or Other Inputs Since 2018:

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

2018 Changes in Assumptions or Other Inputs Since 2017:

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

2017 Changes in Assumptions or Other Inputs Since 2016:

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

B. Defined Benefit Other Postemployment Benefit Plan

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

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Members of the Legislative Audit Committee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Statewide Bridge and Tunnel Enterprise (the Enterprise or BTE), an enterprise fund of the State of Colorado, Department of Transportation, which comprise the Enterprise's statement of financial position as of June 30, 2022, and the related revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Purpose of this Report

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

FORVIS, LLP

Denver, Colorado
December 15, 2022

FORV/S

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Member of the Legislative Audit Committee

As part of our audit of the financial statements and compliance of Statewide Bridge and Tunnel Enterprise (the Enterprise) as of and for the year ended June 30, 2022, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

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

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

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

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

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

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

Alternative Accounting Treatments

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

- No matters are reportable

Management Judgments and Accounting Estimates

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

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

Financial Statement Disclosures

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

- Revenue recognition
- Defined benefit pension plan
- OPEB plan

Audit Adjustments

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

Proposed Audit Adjustments Recorded

- Adjustment to properly state accounts payable

Proposed Audit Adjustments Not Recorded

- A summary of uncorrected misstatements is included on page 87 that we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole
- We would like to call your attention to the fact that although these uncorrected misstatements, individually and in the aggregate, were deemed to be immaterial to the current year financial statements, it is possible that the impact these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated

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

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

- No matters are reportable

Disagreements with Management

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

- No matters are reportable

Consultation with Other Accountants

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

- Matters related to Central 70

Significant Issues Discussed with Management

Prior to Retention

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

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Implementation of GASB 87, *Leases*

Difficulties Encountered in Performing the Audit

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

- No matters are reportable

Other Material Communications

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

- Management representation letter
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

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

FORVIS, LLP

December 15, 2022

Colorado Department of Transportation

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Bridge and Tunnel Enterprise

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	185,358,180		185,358,180	
Non-Current Assets & Deferred Outflows	2,136,334,064		2,136,334,064	
Current Liabilities	(12,833,412)	(897,853)	(13,731,265)	7.00%
Non-Current Liabilities & Deferred Inflows	(994,611,201)		(994,611,201)	
Current Ratio	14.443		13.499	-6.54%
Total Assets & Deferred Outflows	2,321,692,244		2,321,692,244	
Total Liabilities & Deferred Inflows	(1,007,444,613)	(897,853)	(1,008,342,466)	0.09%
Total Net Position	(1,314,247,631)	897,853	(1,313,349,778)	-0.07%
Operating Revenues	(121,525,625)		(121,525,625)	
Operating Expenses	13,693,768	897,853	14,591,621	6.56%
Nonoperating (Revenues) Exp	26,737,726		26,737,726	
Change in Net Position	(81,094,131)	897,853	(80,196,278)	-1.11%

Client: Colorado Department of Transportation
Period Ending: June 30, 2022

Bridge and Tunnel Enterprise

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

			Assets & Deferred Outflows		Liabilities & Deferred Inflows						Net Effect on Following Year	
Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	*Current* DR (CR)	*Noncurrent* DR (CR)	*Current* DR (CR)	*Noncurrent* DR (CR)	Operating Revenues DR (CR)	Operating Expenses DR (CR)	Nonoperating (Revenues) Exp DR (CR)	Net Position DR (CR)	*Change in Net Position* DR (CR)	*Net Position* DR (CR)
To record projected error of under accrual of accounts payable		P	0	0	(897,853)	0	0	897,853	0	0	0	0
	Personal services - professional							897,853				
	Accounts payable				(897,853)							
Total passed adjustments			0	0	(897,853)	0	0	897,853	0	0	0	0

Impact on Change in Net Position	**897,853**
Impact on Net Position	**897,853**