



**COLORADO WATER RESOURCES &
POWER DEVELOPMENT AUTHORITY**

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April 28, 2005

Mr. Ron Hill
State Program Officer
U.S. EPA Region VIII
Ref: 8P2-W-MS
999 18th Street, Suite 500
Denver, CO 80202-2466

RE: 2003 Summary Report for the Colorado Drinking Water Revolving Fund (DWRF)

Dear Mr. Hill:

I am transmitting herewith three copies of our 2003-2004 DWRF Biennial Report. This report provides you with loan and grant status reports, the 2003 and 2004 Intended Use Plans, and the 2004 audited financial statements of the program.

If you should have any questions, please feel free to call.

Sincerely,

Michael Brod
Finance Director

MB/cas

Enclosures: (3 copies) 2003-2004 DWRF Biennial Report

cc: Mr. Mark Pifher, WQCD, 2003-2004 DWRF Biennial Report
Mr. Dick Parachini, WQCD, 2003-2004 DWRF Biennial Report
Ms. Donna Davis, WQCD, 2003-2004 DWRF Biennial Report
Mr. Jack Kirtland, WQCD, 2003-2004 DWRF Biennial Report
Mr. Barry Cress, DLG, (2 copies) 2003-2004 DWRF Biennial Report

COLORADO
DRINKING WATER
REVOLVING FUND
BIENNIAL REPORT
VOLUME I

JANUARY 1, 2003 – DECEMBER 31, 2004



PREPARED BY

THE STATE OF COLORADO

APRIL 30, 2005

FOR THE ENVIRONMENTAL PROTECTION AGENCY
REGION VIII

COLORADO DWRF BIENNIAL REPORT

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I. INTRODUCTION

The Water Quality Control Division (Division), the Colorado Water Resources and Power Development Authority (Authority), and the Division of Local Government (DLG), hereinafter collectively referred to as the State, prepared this biennial report on Colorado's Drinking Water Revolving Fund (DWRF) program. The report describes the activity of the DWRF program for calendar years 2003 and 2004 and provides the DWRF Intended Use Plans (IUP's) and annual program audits for these two years.

This report was developed and submitted to comply with the requirements of Regulation 40 CFR 35.3570.

II. LEGAL AUTHORITY AND PROGRAM BACKGROUND

The 1996 Amendments to the Safe Drinking Water Act (SDWA), Title I, Section 130, authorized the establishment of the DWRF program. The program was authorized to assist public water systems construct needed projects through low interest debt financing, thereby achieving or maintaining compliance with requirements of the SDWA for the protection of public health. The Environmental Protection Agency (EPA) makes annual capitalization grants to the State for deposit into the DWRF.

Colorado's DWRF program was established by State legislation in May 1995 through CRS 37-95-103 (4.8) and (12.2); CRS 37-95-107.8; and CRS 25-1-107 (1) (gg). This legislation provided authority to the State to promulgate program rules. The formal rule-making process involved forming a working committee to provide expert advice and input. The committee was comprised of members from Division, Authority, DLG, EPA, Clean Water Action, the Colorado Rural Water Association, Colorado Special Districts Association, Colorado Municipal League, and the Water Utility Council. The Colorado Board of Health adopted the initial DWRF program rules on October 18, 1995.

Colorado was one of the first states in the country to receive a capitalization grant for its DWRF program and was the first state to issue Drinking Water Revenue Bonds. **Exhibit A** lists all DWRF program loans executed from the program's inception through December 31, 2004. The loan tables show leveraged loan projects (loans in excess of \$1 million using capitalization grant funds to provide below-market interest rates) and direct loan projects (loans of one million dollars or less using re-loan or "revolved funds" with a pre-established 4% interest rate for loans issued in 2003 and 3.5% interest for loans issued in 2004).

The tables include the borrower's name, loan rate, loan amount, term, interest rate, and as applicable, the federal grant amount allocated, the State match allocated and the DWRF re-loan or "revolved funds" used. See Section V. "Financial Status of the DWRF" below for further information about leveraged and direct loans. **Exhibit A** also provides information about the State Direct Loan Program that was capitalized using State funds only. This loan pool is kept separate from the federal portion of the DWRF so that loan repayments may be made available for use as State match in the future. The

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final table in **Exhibit A** is a loan status report for the various types of loans issued. The table shows that all existing loans are current.

III. 2003 AND 2004 PROGRAM SUMMARY

From the DWRF program's inception through 2004, the State has been awarded \$97,629,700 in federal capitalization grants and of this amount, \$19,168,191 was allocated to non-project activities (herein referred to as "set-asides") eligible for funding under the SDWA. Set-asides are described in more detail in Section VII. of this report. **Exhibit B** shows federal funding binding commitments for 2003 and 2004 while **Exhibit C** is the federal capital grant draw summary that shows the 2003 and 2004 funds allocated and used for program set-asides and for loans issued through 2004.

In 2003, the federal capitalization grant received was \$13,243,000 and of this amount, \$3,665,329 was allocated to set-asides. In August 2003, an amendment was made to the 2003 grant award providing for a transfer of \$6,666,667 from the DWRF to the WPCRF. In 2004, the amount of the capitalization grant received was \$13,737,700 and of this amount, \$3,385,616 was allocated to set-asides. After subtracting the transfer to the WPCRF and the set-aside amounts for these two years and by also adding the required State match to the capitalization grants, a net amount of \$17,325,895 of the DWRF loan account was made available to eligible public entities for project activities. Ten public entities received \$40,107,996 over this two-year time period.

The IUP is developed by the Division with assistance from all DWRF program partners. The Colorado State Board of Health adopted the 2003 plan during a formal public hearing on November 20, 2002, and the 2004 plan was adopted on November 19, 2003, at a board public hearing. These plans include a Project Eligibility List and a list of projects intended to be funded with revolving funds in the planning year (Priority/Fundable List), the criteria and method for distributing funds, the financial status of the DWRF fund, program goals and a description of non-project activities supported with set-aside funds.

The most critical component of each IUP is the project eligibility list. The list identifies all public entities with drinking water system needs ranked in priority order to identify the most immediate public health issue or compliance problem. A Priority/Fundable List, a subset of the Eligibility List, describes projects that have been qualified for funding based on the submission and approval by Division of an eligibility assessment and/or a project planning report. Each project identified on the Priority/Fundable List is ranked based on the system's population, financial need including ability to pay and local burden, consolidation, water conservation, source water protection, and health risk. The 2003 and 2004 IUP's are included in this report as **Attachment 1** and **Attachment 2**.

In 2003, four leveraged loans were executed for \$36,134,598 and four direct loans were executed for \$3,181,198. While no leveraged loans were executed in 2004, two direct loans were executed for \$792,200. Refer to **Exhibit A** for a complete list of projects funded from the DWRF.

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IV. 2003 AND 2004 IUP GOALS AND ACCOMPLISHMENTS

The goals are listed in block style print and the accomplishments are listed in italics. Unless indicated otherwise, the goals and accomplishments listed are from both the 2003 and 2004 IUP's.

A. LONG TERM IUP GOALS AND ACCOMPLISHMENTS

Provide loans and technical and financial assistance to governmental agencies to facilitate effective planning, design, financing and construction or improvement of facilities to comply with the provisions of the Colorado Primary Drinking Water Regulations.

Customer service continues to be the program management focus for the three agencies involved with an approach that is conducive to accomplishing successful outcomes for the communities served and to maintain the sustainability of the fund.

Administrative loan surcharge fees as well as set-asides from the capitalization grants are sufficient to support State technical assistance for local government clients. \$100,000 is set aside each year from the Administrative fee account to provide small communities with \$10,000 pre-loan assistance grants. These grants are provided to assist with funding the upfront costs associated with the DWRF program requirements.

Site visits and pre-application meetings are regularly scheduled with communities to assist with planning, scheduling, financing and management.

An ongoing outreach program through DLG is assisting community officials to manage their systems and achieve compliance. Assistance is also provided by DLG through site visits, planning discussions, a plant operator training calendar and various other publications and activities. DLG also coordinates the Water and Sewer Funding Coordination Committee. This is an ongoing effort to assist local utilities by raising awareness of their projects and helping to coordinate funding programs and opportunities so that the most appropriate sources of funding are made available to the diverse projects in the State.

Maintain compliance with companion local, state and federal laws and the provisions of the EPA/State of Colorado Operating Agreement.

The DWRF rules adopted by the Colorado Board of Health are consistent with applicable local, state and federal laws. Application packets provided to prospective loan candidates include the required instructions for compliance. Application materials are amended as laws or provisions in the Operating Agreement are changed.

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Maintain the economic viability of the DWRF while meeting current and projected drinking water system needs in the state of Colorado. Ensure that the DWRF remains viable and is self-perpetuating to meet the long-range needs of the state.

The DWRF has been established in a manner to be self-perpetuating. The fund will be leveraged to the maximum extent possible to meet the projected drinking water needs of the state and to maintain the fund's solvency. Program participants have two choices based upon funding needs: direct or leveraged loans.

B. SHORT TERM IUP GOALS AND ACCOMPLISHMENTS

Submit an application for the 2003 and 2004 Capitalization Grant by January of the respective year.

The application for the FFY 2003 capitalization grant was submitted to EPA on April 9, 2003 and the application for the FFY 2004 capitalization grant was submitted on May 15, 2004.

Update the Handbook of Procedures and seek approval from EPA for amendments.

On June 4, 2004, EPA approved an update to the Handbook of Procedures involving the technical, managerial and financial review process for loan applicants. During 2004 a contract employee was hired to assist the Division staff with updating the Drinking Water Handbook of Procedures. A formal review effort is underway by Division staff. Due to the high turn over in staff experienced by the Division in the last two years, we are using this review to provide training to new staff while comparing the procedures for consistency with the Water Pollution Control Revolving Fund Handbook. It is anticipated that the revised Drinking Water Handbook of Procedures will be submitted for EPA approval by December 2005.

Initiate the process for identifying projects in the reporting years in a timely manner.

The annual needs survey to develop the project eligibility list in the IUP is initiated each spring. The Colorado Board of Health formally adopts the IUP in November. The Colorado General Assembly then approves the project list during the succeeding legislative session.

Submit a program audit to EPA on an annual basis by April 30, and furnish a biennial report in odd calendar years.

The audit is submitted to EPA Region VIII each year by April 30.

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Re-evaluate the DWRF Rules once EPA implements regulations based on any amendments to the Safe Drinking Water Act.

Significant program rule changes occurred during 2004. The State adopted a Disadvantaged Communities Program to provide low interest and no interest loans and options for extended terms beyond 20 years. This program is available to systems that serve users with median household incomes that are 80% or lower than the average state median household income level. In addition, minor adjustments were made to the rules to maintain consistency with federal and state statutory changes that have taken place since 1998 when the rules were initially adopted. Of note, procedures for responding to emergency situations that impact drinking water systems are now memorialized in the rules.

To the extent that there is a sufficient number of eligible projects to fund, the State shall use at least 15 percent of all funds credited to the DWRF account on an annual basis to provide loan assistance to systems serving 10,000 persons or less.

Over the two-year reporting period, there were two drinking water loans made to entities with populations over 10,000 persons: Fountain Valley Authority, \$3,221,862 and the City of Longmont, \$14,998,944. The remaining eight loans executed in 2003 and 2004 (in the amount of \$21,888,090) benefited communities with a population of 10,000 or less. The amount allocated to small communities represented 55% of all loans issued in 2003 and 2004.

Coordinate with other funding agencies to fund and complete drinking water projects identified in the IUP's.

The agencies involved in the DWRF Program have worked together and with other applicable state and federal funding agencies. A Funding Coordination Committee meets on a regular basis throughout the year to discuss upcoming projects and the resources available to meet individual drinking water system needs given a community's financial and managerial capability.

Funding sources identified to help systems include: the Water Quality Control Division's Drinking Water Grant Program, the Community Development Block Grants, the Colorado Energy and Mineral Impact Program, the Colorado Water Conservation Board, the U.S. Department of Agriculture-Rural Development Program, and the other funding programs of the Authority.

Leverage additional funds for the DWRF beyond the EPA capitalization grant amount to accommodate the estimated demand for eligible projects in 2003, 2004 and thereafter.

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The DWRF was leveraged consistently on a scale of approximately 2.25 to 1 to ensure that there would be enough monies available to fund anticipated loans in 2003, 2004 and subsequent years.

The Authority Board of Directors made the following policy changes during 2003 and 2004 for the implementation of the DWRF Program:

A Planning and Design Grant program was initiated in 2001 to help needy systems address front-end project development and engineering expenses. In 2001, \$50,000 was reserved for this purpose, but due to the popularity of the grant program, \$100,000 was made available in 2002. For 2003 and 2004, the Authority Board authorized an annual appropriation of \$100,000. The Planning and Design Grant program has been an invaluable incentive to help systems develop projects and/or offset additional expenses associated with federal compliance issues. To date, 33 grants have been awarded resulting in loans exceeding \$24 million. There are several systems that received grants during 2003 and 2004 that are making progress on their respective project planning efforts. (Many of the Planning and Design Grant projects take 12 to 18 months to complete.) These efforts will likely result in DWRF loan applications and approval for projects to be funded in 2005 or 2006.

In 2003, the interest rate for direct loans was set at 4% for loans not to exceed \$1 million. In 2004, the rate was reduced to 3.5% for direct loans executed in 2004.

The Division will continue to evaluate the feasibility of revising the State Environmental Review policy specific to the DWRF program.

With the assistance of a contract employee, the Division staff reviewed the Tier II Environmental Assessment Requirements and found that the existing State Environmental Review Policy (SERP) is appropriate for both federal and non-federal funded projects. Therefore, no changes will be made to the SERP at this time.

The Division continues to investigate a legislative change recommended by the State of Colorado auditors to allow the DWRF program to fund privately owned public water systems.

This recommendation was proposed to program stakeholders. The Colorado Municipal League and the Authority Board expressed concern that broadening the eligibility criteria to include private systems would diminish the pool available to public entities. Until this concern is resolved, it is unlikely that a state legislative change would be successful. The DWRF Program partners have developed educational materials aimed at privately owned public water system directors and managers containing information about the feasibility of forming a local government. The Planning and Design Grant program list of eligible activities was broadened in

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2004 to include reimbursement of legal expenses associated with this private to public ownership analysis and conversion process. In addition, the Division is considering retaining a consultant, funded from the Capacity Development set aside, to develop a template document that could be used by privately owned public water systems when considering a private to public ownership conversion.

The DLG provides a series of training workshops in 2003 and 2004 to help build financial and managerial capacity of small rural public water systems around the State.

In May 2004, DLG conducted a series of six training workshops to help build financial and managerial capacity of small rural public water systems around the state. Subjects included weather modification information for utility managers, an update on the State response to the drought, water distribution and collection system issues, financial management issues (including rate setting, measures of financial capacity and reserve fund management) and local utility vulnerability assessment procedures for infrastructure. The workshops featured speakers from DLG, Division and CWCB.

During 2003 and 2004, DLG performed financial analysis and completed credit reports on ten applicants to the DWRF program. DWRF applicants included: the City of Florence, Lookout Mountain Water District, the Town of Lyons, Mustang Water Authority, the Town of Oak Creek, Olde Stage Water District, the City of Ouray, Pinewood Springs Water District, the Town of Swink and Westwood Lakes Water District.

DLG has scheduled another series of eight water and sewer system management workshops for May of 2005, that will target small communities in rural areas throughout the state. Subjects covered will include asset management principles, utility rates, fees and collections, and an overview of available funding programs. These events are being conducted in coordination with the Colorado Water Quality Control Division, the Colorado Municipal League and the EPA Region X Environmental Finance Center.

DLG also coordinates the Water and Sewer Funding Coordination Committee. This is an ongoing effort to assist local utilities by raising awareness of their projects and helping to coordinate funding programs and opportunities so that the most appropriate sources of funding are made available to the diverse projects in the state. These regular meetings involve representatives of the DLG, Authority, Division, USDA Rural Development, the Colorado Water Conservation Board, Colorado's Rural Community Assistance Program and various other funding program and organization representatives. This committee also provides joint presentations at annual conferences of the Colorado Rural Water Association and the Colorado Municipal League.

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C. OTHER PROGRAM ACCOMPLISHMENTS

Due to a large number of projected loans from the WPCRF and a small number of loans from the DWRF, the Division and the Authority met with a stakeholders group on August 6, 2002, to evaluate the feasibility of transferring funds from the DWRF to the WPCRF. Based on the Authority Board, Water Quality Control Commission, the Board of Health, and the Governor's approvals, a transfer of approximately \$8 million dollars (including the State match) was made from the DWRF into the WPCRF in 2003. None of the transferred funds were used for administrative purposes. As described in the table below, grant funds and State match funds totaling \$8 million were initially transferred from the WPCRF to the DWRF in 1999. The 2003 transfer from the DWRF returns the \$8 million to the WPCRF. The transfer diminishes the loan capacity of the DWRF by approximately \$18 million (leverage ratio of approximately 2.25 multiplied by \$8 million) and increases the loan capacity of the WPCRF by an equal amount. The following table itemizes the amount of net SRF funds available for transfer between the two programs.

Year	Transaction	Banked Transfer Ceiling	Transferred from WPCRF – DWRF	Transferred from DWRF- WPCRF	WPCRF Funds Available to Transfer	DWRF Funds Available to Transfer
1997	CG Award	\$5.6	-----	-----	\$5.6*	\$5.6*
1998	CG Award	8.8	-----	-----	8.8	8.8
1999	CG Award	12.1	-----	-----	12.0	12.0
1999	Transfer	12.1	\$8.0	-----	4.1	20.1
2000	CG Award	15.6	-----	-----	7.6	23.6
2001	CG Award	19.1	-----	-----	11.1	27.1
2002	CG Award	23.6	-----	-----	15.6	31.6
2003	CG Award	28.0	-----	-----	20.0	36.0
2003	Transfer	28.0	-----	\$8.0	28.0	28.0
2004	CG Award	32.0	-----	-----	32.0	32.0

*Transfers could not occur until one year after the DWRF had been established.

Division continued its efforts to solicit State general fund appropriations, for the small community grant program, to assist public and private non-profit drinking water systems in both 2003 and 2004. Unfortunately, due to budget constraints, the budget request has been denied during this period of time. Division will continue to seek a general fund appropriation in future years in accordance with State statutory provisions.

A new policy concerning the loan distribution procedures was adopted for the allocation of DWRF funds beginning in 2004. The new policy includes the following two features: (1) A \$4 million minimum set-aside will be reserved for small projects (\$1 million or less). There is no application deadline for these loans. De-allocations

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from loan repayments received in September can be made available for additional small system loans if the \$4 million set-aside is inadequate. (2) All leveraged loan projects are required to submit applications by February 1st. Depending upon demand and available loan capacity, a second application date may be set by the Division and the Authority for a fall bond issue. This policy also eliminates the \$15 million maximum loan amount per project that was formerly in effect until December 31, 2003.

The Disadvantaged Communities Program was initiated on January 1, 2005. An extensive program development process began in 2003 that included numerous meetings with a stakeholder group. The stakeholder group eventually recommended establishing the program with specific guidelines for participation. The recommendation was forwarded to the Authority Board and the Colorado State Board of Health for review and approval. The Disadvantaged Communities Program eligibility requirements limit participation to systems that serve a population of 5,000 or less with a median household income (MHI) that is 80% or less of the state average (The state MHI average is \$47,203.) Program benefits for successful loan applicants that are on the DWRF project eligibility list are 0% interest rate loans for governmental entities with an MHI that is 60% or less of the state average and 1.75% interest rate loans for governmental entities with an MHI that is between 80% and 61% of the state average. (The 1.75% interest rate level is based on a program guideline that requires the rate be set at 50% of the effective direct loan interest rate.) Loan amounts are capped at \$1 million with terms up to 30 years, but not exceeding the project's design life. The program is capitalized through a set-aside of direct loan funds for small projects (\$1 million or less). Loans in the amount of \$4 million will be reserved for qualified disadvantaged communities. This amount may be increased in September when repayments from existing loans are deposited into the fund.

Based on a collaborative decision of the three program partners in 2004, planning and design grants may exceed the \$10,000 per project threshold beginning in 2005 and continuing in subsequent years if certain conditions are met. In the event a balance of planning and design grant funds are available on September 1 of each year, additional grant funds of up to \$10,000 (maximum of \$20,000 total per community) may be made to communities that have met criteria in demonstrating progress towards receiving funding through the program. The grant funds are non-reimbursable unless the entity does not borrow funds from the DWRF, in which case the Authority Board retains the ability to review and waive this requirement or request reimbursement of the grant. Grant funds may be used to support a variety of project development activities including, but not limited to: preliminary engineering reports, environmental assessments, legal fees (including costs associated with the formation of a legal entity capable of receiving DWRF assistance) and engineering design and project construction specifications. These funds are provided from loan administrative fees. To be eligible to receive a grant from this program the entity must be identified on the

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most current, or are intended to be listed on the following, year's eligibility list and meet applicable planning and/or design grant criteria.

To further track projects for compliance with the Operating Agreement, the State developed a shared project Access database in 2003. Since that time, the Division and Authority staffs have worked diligently towards populating the database. Initial transfer of data and data entry was completed in 2003-04. This Access database system provides a central data source that is used by both agencies to track project information.

In its first year of usage, the shared Access database underwent significant design and development modifications. Additional modifications to the database have been identified, and staff is working with an outside consultant to implement recommended changes. The database serves dual roles both as a tool to simplify data warehousing and to provide easily accessible and comprehensive reports.

Division staff has created a project milestone tracking report that assists with maintaining an up-to-date and accurate accounting of numerous project elements. The database includes grant and loan data, federal and state compliance data, construction milestone dates and is also used in the development of a project tracking system for the Division's Technical Services Unit. The Division has generated a number of specialized reports and queries with the database. As familiarity and understanding of the system continues to improve, the Division will be capable of developing additional reports. **Attachment 5** provides examples of some reports generated using the system and examples of Access Shared Database forms.

SAMPLE REPORTS:

- 5.1 FAP Project Report: Drinking Water
- 5.2 FAP Project Report: Wastewater

SAMPLE ACCESS FORM:

- 5.3 Sample Access Project Information Forms (3)

V. FINANCIAL STATUS OF THE DWRF

The DWRF was created by State statute in 1995 prior to the enactment of the 1996 Amendments to the SDWA. Under this legislation the Colorado General Assembly directed the transfer of approximately \$7,253,915 to the DWRF. The final transfer occurred in March 1998. In addition to the funds transferred by the General Assembly, the Authority appropriated and transferred \$17,776,957 to be deposited into the DWRF as a state match, for a total of \$25,030,872. The last transfer of Authority funds occurred in 2001. No further transfers of state or Authority funds are anticipated.

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A federally capitalized DWRF was authorized by the 1996 Amendments to the SDWA and was established in Colorado with the receipt of the first capitalization grant in September 1997. This program requires the state to match the total amount of each federal grant with a 20 percent contribution of state or Authority funds. This state match amount must be deposited entirely into the loan fund and be maintained in perpetuity. The State anticipates a change to the 2006 IUP that will allow the use of administrative fees to reimburse the Authority for state match funds it provides to meet the state match requirement. Loan fund amounts are not available for non-project activities.

The Authority has made 17 direct loans for \$5,818,581 from the initial 1995 appropriation. These funds are kept separate from the federal portion of the DWRF. This separation allows repayments from these loans to be made available for state match in the future. The remaining \$19,212,180 was made available for use as state match. Of this amount, \$17,073,607 has been used for state match through December 31, 2004. As of December 31, 2004, \$6,904,088 is available for state match from the uncommitted funds mentioned above, repayments from state loans and interest earnings.

The DWRF offers both direct loans and leveraged loans to finance projects. Direct loans (up to \$1,000,000) are generally made to smaller projects and borrowers that are not as credit worthy; and these loans are funded from “de-allocated” or “recycled” capitalization grant funds, state match funds and federal direct loan payments (re-loan dollars). Through December 31, 2004, \$7,373,398 of re-loan funds has been used to finance ten direct loans. This allows the program to provide low interest loans to small public water systems without going to the bond market and incurring those associated costs. Based on an effort to keep the rates for direct loans at or below the leveraged loan rate, the interest rate was set at 4.0% for 2003, but was lowered to 3.5% for 2004 loans to reflect market conditions at the time. The effective interest rate includes a fee of eight tenths of one percent of the original principal amount of the loan for administration.

Leveraged loans are provided to borrowers with projects in excess of \$1 million. A leveraged loan (composed of grant funds, state match funds and bond proceeds) uses the reserve fund concept, whereby grant funds and re-loan funds in the DWRF are used as the source of security for bonds that are sold. The leveraged loan interest rate is 80% of the market rate on the bonds and includes an administrative fee of eight tenths of one percent per year of the original principal amount of the loan. The market rate on the bonds is determined on the day of pricing (sale) as the “all-in bond yield” (all costs considered) of the “AAA” rated drinking water revenue bonds.

The administrative fee included in the loan interest rate ensures funding for long-term administration of the DWRF and provides potential opportunities for grant assistance to small public water systems. The administrative fee supplements the 4% administrative set-aside from the capitalization grant. The fee is deposited into an account separate from the DWRF and is used to pay expenses associated with the administration of the DWRF (i.e. Authority, Division and DLG staffing and other operating expenses of the DWRF). The cumulative amount of administrative fees received from all DWRF loans for 2003 and 2004 was \$3,126,547. Total operating expenses for administration of the DWRF for 2003 and 2004 was \$2,175,818, of which a portion was offset by the drinking water administrative set-aside. Additionally, administrative fee income was used to fund a planning and/or design grant

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program that will continue into the future. Following is a summary of the administrative fee account activity recorded on an accrual basis from program inception through 2004:

For Year ending	Loan Admin Fee Revenue	Cap. Grant Draw for Admin Expenses	Investment Income	Other Income / (Expenses)	(Admin Expenses)	(PWSS Set Aside Payouts)	Planning & Design Grants Paid	Annual Net Income / (Loss)
12/31/1997	23,408	84,411	24		(214,301)			(106,458)
12/31/1998	251,210	205,130	1,817	178,808	(559,680)			77,285
12/31/1999	609,066	287,502	5,852	90,900	(735,077)			258,243
12/31/2000	931,797	302,679	23,115		(769,629)			487,962
12/31/2001	1,029,413	260,092	29,145		(898,512)			420,138
12/31/2002	1,172,059	321,794	17,119		(980,321)		(7,457)	523,194
12/31/2003	1,494,366	351,245	14,794		(1,041,963)	(120,913)	(66,860)	630,669
12/31/2004	1,632,181	320,302	32,436		(953,920)	(112,743)	(101,027)	817,229
Totals	7,143,500	2,133,155	124,304	269,708	(6,153,403)	(233,656)	(175,344)	3,108,263

By continuing to leverage, the program will be able to assist more communities currently on the project eligibility list and those that will be added to the list in the future, particularly when the arsenic and radon standards are set. Although no interest income on the grant funds and state match funds accrue to the DWRF from the leveraged loans, the perpetual nature of the DWRF remains in place.

In 1998, Authority Board sought EPA's approval to "cross-collateralize" or pledge moneys on deposit in one fund to act as additional security for bonds secured by moneys on deposit in the other fund. This mechanism has been utilized for both programs since this time and, as a result, the bond ratings for both programs were upgraded to AAA by all three bond rating agencies. This upgrade translates to lower interest rates and thereby more savings to the borrowers of both programs. **Exhibit D** is a table that shows the financial status of the DWRF as of December 31, 2003 and December 31, 2004.

VI. 2003 AND 2004 PROJECT STATUS

Exhibit A presents a summary of all DWRF loans executed including those that occurred during the reporting years. Below is a summary of each pre-loan grant and DWRF loan made in 2003 and 2004. The project summaries are grouped by major river basins. A project status update is also provided for all loans executed prior to January 1, 2003, that are still in construction as of December 31, 2004.

South Platte River Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2003 & 2004:

Town of Eckley – A DWRF \$10,000 planning grant was issued to the Town on December 30, 2004, to develop an Environmental Assessment for the proposed drinking water project and a technical, managerial and financial capability report. These activities are still in progress.

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City of Evans – A DWRF \$10,000 grant was issued on March 10, 2004. The planning grant is assisting with the costs of developing a Preliminary Engineering Report (PER). The grant contract expires on December 31, 2005.

Town of Georgetown – A DWRF \$10,000 grant was issued on November 1, 2003. The planning grant assisted with the cost of developing a PER. The report has been approved by the Division. The grant was fully paid as of December 31, 2004. The Town is currently considering the alternatives.

Town of Hillrose – A DWRF planning grant of \$10,000 was issued to the Town on August 1, 2004, to complete a PER. The engineering work is still in progress.

Town of Larkspur – A DWRF planning grant of \$10,000 was issued to the Town on May 21, 2004. The planning grant will assist with the Town's development of a PER to address the Town's radionuclide compliance issues. The engineering work is still in progress. It is anticipated the Town will seek funding through the DWRF in the future.

City of Longmont – A 21-year leveraged loan in the amount of \$14,998,044 was issued to the City on June 1, 2003, at an interest rate of 3.11%. The project includes the construction of a new 30 MGD conventional water treatment plant and new pipelines. The project will replace aging infrastructure needed to maintain compliance and protect public health. The existing 15 MGD treatment plant has reached its useful life and cannot meet new drinking water regulations. Construction began in September of 2003 and is targeted for completion in July of 2005.

Lookout Mountain Water District – A DWRF planning grant of \$10,000 was issued to the District on April 20, 2004. The planning grant assisted with the costs associated with the development of a PER. The District received conditional DWRF loan approval for its line replacement project, but was unable to successfully meet the standard loan conditions. The District was able to obtain project financing through the Department of Local Affairs.

Town of Lyons – A 22-year leveraged loan in the amount of \$4,915,599 was issued to the Town on June 1, 2003, at an interest rate of 3.03%. The project consists of connecting to the City of Longmont's drinking water treatment facility. Additionally the project includes upgrades to its treated water storage system. The project is targeted to commence construction in February of 2005 and be completed in August of 2005.

Town of Platteville – A DWRF \$10,000 grant was issued on June 1, 2004. The planning grant assisted with the cost to develop a PER. The engineering work is still in progress.

Pinewood Springs Water District – A 20-year direct loan in the amount of \$123,200 was issued to the District on July 26, 2004, at an interest rate of 3.5%. The project is Phase 1 and consists of expansion and upgrading to the existing water treatment facility and modifications to the infiltration gallery. The project is targeted to commence construction in February 2005 and be completed in August of 2005.

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Sedalia Water and Sanitation District – The District was issued a planning and design grant on July 1, 2004 to complete a PER. The engineering work is still in progress.

Town of Sedgwick – A DWRF \$10,000 planning grant was issued on August 15, 2003. The planning grant assisted with the cost to develop an Environmental Assessment. The grant was fully paid as of July 31, 2004. It is anticipated that a loan application will be submitted in 2005.

Project Status Update:

All loans executed prior to 2003 have been closed out.

Yampa/White Rivers Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2003 & 2004

No grants were issued during 2003 – 2004 in the Yampa/White Rivers Basin.

Town of Oak Creek – The Town received a direct loan for \$981,198 on November 18, 2003, at an interest rate of 4.0% and a 20-year term. The project consists of the construction of a new 1 MGD micro-filtration drinking water treatment plant along with the necessary piping and valves to incorporate the plant into the raw water supply and distribution system. The treatment plant will replace a 1940's vintage treatment plant facility. In addition to providing an improved water quality output, the new plant will reduce chemical usage, reduce operating expenses, better meet new water quality regulations and provide a more dependable drinking water source for the town.

Project Status Update:

All loans executed prior to 2003 have been closed out.

Colorado River Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2003 & 2004

No grants or loans were issued during 2003 – 2004 in the Colorado River Basin.

Project Status Update:

City of Grand Junction – The City was issued a leveraged loan for \$3,566,521.69 on April 16, 2002, at an interest rate of 4.02% for a term of 20 years. The project will replace 8.9 miles or roughly 20% of the City's water distribution lines to coincide with the combined sewer elimination project, also funded with revolving fund loan proceeds. The lines are located in

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the older residential and commercial areas of the City. The project will reduce maintenance costs from frequent line breaks. It is anticipated that the project will be completed in early 2005.

Dolores/San Juan/ San Miguel Rivers Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2003 & 2004:

No grants were issued during 2003 – 2004 in the Dolores/San Juan/San Miguel Rivers Basin.

Mustang Water Authority (Towns of Naturita and Nucla) – The towns served by this newly created Authority located in western Montrose County have a combined population of almost 1,400. The Authority entered into a direct loan for \$700,000 on December 8, 2003, at an interest rate of 4.0% and a 20-year term. The Authority structure allowed for the legal and physical consolidation of two individual, municipal drinking water systems. A new micro-filtration drinking water plant is nearing completion. The Authority has completed the installation of a transmission line connecting both towns to the new filter plant. The new plant will replace two aging water treatment plants, reduce chemical usage and operating costs, better meet new water quality regulations and improve the drinking water quality for both towns.

City of Ouray – The City executed a direct loan for \$1 million on December 19, 2003, at an interest rate of 4.0% and a 20-year term. The project included upgrades and replacement of the drinking water distribution system, treated water storage, treatment plant and source water collection systems. The project will reduce the potential for contamination entering the distribution system, facilitate adequate water pressure in the lines, reduce repair costs and prevent water loss due to leaks.

Arkansas River

Pre-loan Planning and Design Grants & Executed Loans awarded in 2003 & 2004:

Bristol Water and Sanitation District – A DWRF \$10,000 grant was issued on December 30, 2004, to develop an Environmental Assessment and a Technical, Managerial and Financial capability report. These activities are still in progress.

City of Florence – The City received a 22-year leveraged loan on November 1, 2003, in the amount of \$12,999,093 at an interest rate of 3.51%. The project consists of improvements to the treatment plant, treated water storage, and raw-water conveyance to the treatment plant. Improvements will address potential chronic health risks associated with disinfection requirements and low-pressure risks associated with surface water treatment requirements. Construction commenced in the winter of 2004 and may be completed by the fall of 2005.

Forest View Acres Water District – The district received a grant on December 15, 2003, to

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develop a PER. The grant contract expires on June 30, 2005.

Fountain Valley Authority – The Fountain Valley Authority, serving entities in the Colorado Springs area, received a 22-year leveraged loan on June 1, 2003, in the amount of \$3,221,862 at an interest rate of 3.03%. The project consisted of replacing motor controls at four pumping stations. If these controls malfunctioned, the distribution system would lose pressure and increase the risk for cross-connection contamination. Since the project was under budget, the Authority has obtained approval to carry out additional, minor treatment plant upgrades. Construction may be completed by the spring of 2005.

Town of Swink – The Town received a DWRF \$10,000 grant on December 12, 2003, for the completion of a Technical, Managerial and Financial capability report and plans and specifications. A 20-year direct loan in the amount of \$669,000 was issued to the Town on April 20, 2004, at an interest rate of 3.5%. This project consists of rehabilitation of both potable and non-potable distribution systems and the installation of water meters. The project will eliminate the potential health hazard from contamination of the potable water and will promote water conservation. Construction commenced on October 25, 2004.

City of Victor – A DWRF \$10,000 planning grant was issued on August 15, 2003, to develop a PER. The grant was fully paid as of December 31, 2004. It is anticipated that a Disadvantaged Communities Program loan will be executed with the City in 2005 to construct drinking water treatment facility improvements.

Westwood Lakes Water District – The District received a 20-year direct loan on May 15, 2003, in the amount of \$500,000 at an interest rate of 4.0%. The project consisted of a new treatment plant, pressure tank, and storage tank. These improvements have enabled the system to achieve 4-log inactivation or removal of viruses. The project was completed in the fall of 2003.

Project Status Update:

All loans executed prior to 2003 have been closed out.

North Platte River Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2003 & 2004:

No loans were issued during 2003 – 2004 in the Rio Grande River Basin.

Town of Walden – A DWRF planning and design grant of \$10,000 was awarded to the Town on February 29, 2004, to develop PER and Technical, Managerial and Financial Capability report. These activities were completed as of December 31, 2004. A DWRF loan application is expected in 2005.

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Rio Grande River Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2003 & 2004:

No loans were issued during 2003 – 2004 in the Rio Grande River Basin.

Town of La Jara – The Town received a DWRF planning and design grant of \$10,000 on November 15, 2004, to develop a PER. It is anticipated that a Disadvantaged Communities Program loan will be executed with La Jara in 2005 to construct improvements.

VII. NON-PROJECT ACTIVITY STATUS

Division may set aside portions of the FFY 2003 and 2004 capitalization grant for non-project (set-aside) related activities. The purpose of the set-asides is to provide the funds needed to help the Division meet programmatic requirements of the 1996 Amendments to the SDWA and to assist with the administration of the DWRF. A list of the set-asides follows:

- Administration
- Small System Training and Technical Assistance
- State Drinking Water Program Management
- Local Assistance and Other State Programs:
 - Source Water Assessment and Protection Program
 - Wellhead Protection Program
 - Capacity Development

A summary of activities for each set-aside is outlined below.

Administration

The purpose of the administration set-aside is two-fold: (1) to cover the on-going cost of administering the DWRF; and (2) to provide technical assistance to public water systems.

These functions are funded by the administrative set-aside and supplemented by a loan administrative surcharge of 0.8%. The State has requested the full 4% administrative set-aside on each grant for the DWRF.

The DWRF program has consistently met its performance requirements for program administration. EPA concluded in a 2003 annual review of the DWRF program that the State is managing the program in accordance with applicable statutes and regulations, and that all SRF loans are adequately secured.

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Small System Training and Technical Assistance (SSTTA)

The SSTTA program is designed to provide outreach training and technical assistance to the operators and managers of the State's smallest drinking water systems. In 2003-2004, a two percent set-aside was taken by the State from the capitalization grants for SSTTA assistance activities. Representatives from the Division chair the SSTTA work group that coordinates training programs for managers and operators of small systems (i.e. systems serving less than 3,300 population). Contract instructors enlisted during 2003 and 2004 included the American Water Works Association (Leadville Operators School and Action Now Seminars), Colorado Rural Water Association, and the Rocky Mountain Water and Wastewater Operators and Distribution School. EPA approved the SSTTA work plans prior to any funds being expended for these purposes. The number of small systems benefiting from the training offered was 416 in 2003 and 329 in 2004. The number of small system participants enrolled and served by training programs was 1,215 in 2003 and 1,070 in 2004.

The SSTTA set-aside was \$264,860 for 2003 and \$274,754 for 2004. Program expenses for the two-year period were \$352,710. Any balance remaining may be used in future years or transferred to the DWRF project account.

State Drinking Water Program Management

An integral part of Colorado's drinking water program is included within this management component. EPA has approved annual work plans submitted by the State for the following program functions:

- Administration of the State Public Water Supply Supervision (PWSS) program and compliance monitoring
- Data management
- Enforcement
- Compliance assistance
- Wellhead protection
- Source water protection
- Capacity development programs
- Operator certification program

A 10% set-aside of the EPA annual capitalization grants may be used by the State for drinking water program management activities. In 2003, \$768,617 was set aside and \$871,617 was set aside in 2004. Division was able to meet EPA match requirements by utilizing a variety of other funding sources.

These set-aside funds were used to support 8.6 authorized full time employees for implementation of the specific program requirements associated with the 1996 reauthorization of the SDWA. Division staff has been allocated to the state drinking water program manager's office, the drinking water and wastewater technical services unit, the compliance monitoring

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and data management unit and the compliance assurance and enforcement program.

Staff was assigned to these activities during calendar years 2003 and 2004 to address EPA requirements for increased sanitary survey elements, sanitary survey frequency, capacity development reviews, data management, technical assistance, non-compliance investigation and response, and administration of set-aside programs. In addition, Division staff continues to work on fulfilling specific regulatory initiatives that require increased data handling and enforcement for the following rules: interim enhanced surface water treatment rule, disinfectant/disinfection by-product rule, arsenic rule, consumer confidence report rule and the public notification rule.

Division staff has also been involved in drafting new regulations and implementation manuals tailored to various categories at public water systems. A new staff-driven effort termed "Systems of Concern" was implemented. This project focuses on assisting systems that have poor operation, management, or compliance records. It uses both existing as well as new tools, to ensure that these systems not only achieve compliance, but also remain in compliance.

Local Assistance and Other State Programs

Fifteen percent of the EPA annual capitalization grant may be set aside and used by the Division to support five different program activities: 1) the Source Water Assessment Program (SWAP), 2) the Wellhead Protection Program (WHP), 3) Capacity Development, 4) land acquisition for SWAP, and 5) loans for local public water systems to implement source water protection. No more than ten percent (of the fifteen percent set aside) may be used for any one of the local assistance programs.

In 2003 and 2004, only the WHP program and Capacity Development were funded. No funding was set aside to make loans to public water systems for land acquisition or to implement voluntary, incentive-based source water quality protection measures.

Source Water Assessment Program

This program was established to delineate and assess source water areas for surface and ground water systems. SWAP assessments were completed by November 2004 and the assessment reports were released to public water systems beginning in January 2005. The Division set aside a one-time allocation of \$1,678,410 from FFY 1997 funds to support this program. Accomplishments made during the reporting period include:

- Development of a SWAP website: (www.cdphe.state.co.us/wq/sw/swaphom.html),
- Collection of location data for surface water intakes,
- Development and maintenance of a spatial data library,
- Preliminary development of a web-enabled GIS mapping website,
- Completion of the first phase of source water assessment area delineations for all public surface water supplies,
- Conducted contaminant source inventories for public surface water supplies in the

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state, and

- Completed the development of a data analysis toolset used in generating susceptibility analyses and source water assessment reports for all public water supplies.

Utilization of a public involvement process was a necessary aspect in the implementation of the program.

As of December 31, 2004, a balance of \$18,345 was available in the program account. Expenditures from the SWAP set-aside to support the completion of source water assessment reports were allowed through August 23, 2003. The balance will be utilized under the 2005-07 Capacity Development work plan to support SWAP implementation efforts. Revisions to the work plan, to utilize the remaining funds, will be submitted to EPA for review and approval.

Wellhead Protection Program

Under the WHP program, there are two technical phases associated with the assessment portion of the program: (1) delineation of source water areas for ground water systems, and (2) inventory of potential sources of contamination.

In accordance with the requirements of the SWAP program, the third technical phase is to determine the susceptibility of the public water system to contamination. This requirement must be applied to public ground water sources so that assessment results are consistent between surface water and ground water sources. A public involvement process has been an integral component of all three phases.

The Division allocated set-aside funds of \$500,000 in 2003 and \$315,967 in 2004 to support this program. Accomplishments made during the reporting period include:

- Development and maintenance of a SWAP website (www.cdphe.state.co.us/wq/sw/swaphom.html),
- Collection of location data for drinking water wells,
- Completion of source water assessment area delineations for all public surface water supplies,
- Conducted contaminant source inventories for public surface water supplies in the state, and
- Completed the development of a data analysis toolset to be used in generating susceptibility analyses and source water assessment reports for all public water supplies.

The 2003 EPA Annual Review recommended that a plan for the 2004 WHP set-aside be developed and submitted by September 27, 2004. The Division requested and received a 30-day extension to this deadline. The 2004 Wellhead Protection Set-Aside Work Plan was submitted to EPA on October 29, 2004, and approved on November 1, 2004.

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During 2003 and 2004, \$810,342 was expended for WHP activities. As of December 31, 2004, a balance of \$1,245,960 was available in the program account.

Capacity Development

The capacity development program assists new and existing systems achieve and maintain technical, managerial and financial capacity. Division set aside \$650,000 in 2003 and \$1,373,770 in 2004 to support this initiative. Program accomplishments made during the reporting period include:

- Continued implementation of new system capacity reviews using the “New Water System Capacity Planning Manual” to evaluate the technical, managerial and financial (TMF) capacity for new systems. This review was made for 20 systems in 2003 and 15 new water systems in 2004 throughout the state.
- Implementation of existing system capacity reviews using Chapter 3 of the DWRF Handbook of Procedures. This process involves the evaluation of the technical, managerial, and financial capacity of those systems anticipating DWRF loans. This evaluation was conducted on 12 entities applying for DWRF loans amounting to \$42,333,042 in loans.
- Conducted on-site sanitary surveys through the Consumer Protection Division in conjunction with local health departments. This effort involves biennial sanitary surveys of approximately 800 non-community ground water systems and provides some limited technical assistance to these systems.
- Through a contract for professional engineering services, conducted comprehensive performance evaluations (CPE's) of 20 surface water systems failing to demonstrate at least 99.9 percent (3 log) removal of particulates as measured by the microscopic particulate analyses (MPA) test.
- Continued implementation of the Colorado Strategy for Arsenic Reduction (COSTAR) project designed to assist public water systems in complying with the revised arsenic standards. This project provided assistance to 27 water systems.
- Initiated operator training to ensure compliance with the disinfectant/disinfection by-products and interim enhanced surface water treatment rules.

Of the amount allocated for capacity development, \$1,043,888 was expended during 2003-2004. As of July 1, 2004 a balance of \$3,344,013 was available in the program account.

Set-Aside Funding Summary

The following table documents the amount of the set-aside funding to date, the amount expended and the balances remaining:

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DWRF - Status of Set Aside Grants		
December 31, 2002		
Set-Aside	Grant Amount	Amount Remaining
Administration		
1997	\$671,364	\$0
1998	\$383,272	\$0
1999	\$401,704	\$0
2000	\$417,488	\$0
2001	\$0	\$0
2002	\$0	\$0
2003	\$1,481,852	\$1,249,029
2004	\$549,508	\$549,508
Capacity Development		
*1998	\$650,000	\$0
*1999	\$650,000	\$85,603
*2000	\$650,000	\$0
*2001	\$650,000	\$518,132
2002	\$650,000	\$650,000
2003	\$650,000	\$650,000
2004	\$1,373,770	\$1,364,228
Public Water System Supervision		
*2000	\$505,620	\$0
*2001	\$505,620	\$0
*2002	\$505,620	\$1,163
2003	\$768,617	\$474,752
2004	\$871,617	\$871,617
Small System Training and Technical Assistance		
*1997	\$335,682	\$0
*1998	\$191,636	\$0
*1999	\$200,852	\$0
*2000	\$208,744	\$33,195
2001	\$209,606	\$122,807
2002	\$266,460	\$266,460
2003	\$264,860	\$264,850
2004	\$274,754	\$274,754

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Source Water Assessment and Protection		
*1997	\$1,678,410	\$18,345
Wellhead Protection		
*1998	\$787,270	\$8262
*1999	\$354,260	\$4,667
*2000	\$525,170	\$21,459
*2001	\$500,000	\$588
2002	\$500,000	\$400,495
2003	\$500,000	\$500,000
2004	\$315,967	\$315,967

Note: The 1997 Capacity Development set-aside of \$839,205 was transferred to the DWRF. This table was edited by Division, removing two columns previously provided in the 2001/02 report; Last Draw (date) and Cumulative Draw (amount).

VIII. COMPLIANCE WITH GRANT AND OPERATING AGREEMENT

The State must comply with specific performance requirements that are contained within the EPA/State of Colorado Operating Agreement. This listing of the individual requirements address Colorado's obligations as set forth in Regulation 40 CFR 35.3550. The performance requirements are listed below in block style print, and the associated State work activities are listed in italics.

The Colorado General Assembly has established an instrumentality of the State and enacted enabling DWRF legislation, found in Section 37-95-103(1), C.R.S., as required by Section 130 of the SDWA.

The Authority was created by statute with broad powers aimed at protecting, developing, upgrading and conserving state water resources. By statute, the Authority can enter into loans in order to finance public system drinking water improvements of governmental agencies through the DWRF.

As required by Section 130, the State agrees to comply with all State statutes and regulations that are applicable to the DWRF, including Federal capitalization grant funds, State match, interest earnings, bond proceeds, repayments, and funds used for non-project activities.

See Audit Reports (Attachments 3 and 4) for compliance with this condition.

The State will allocate adequate personnel and resources to establish and maintain the DWRF.

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Proposed staffing plans are included as part of the EPA/State of Colorado Operating Agreement and the Memorandum of Agreement between the three program agency partners.

With each capitalization grant, the State will negotiate a payment schedule with EPA and submit an estimate of the quarterly cash draws from the EPA Automated Clearing House (EPA-ACH) by the third quarter of each Federal fiscal year. The State agrees to accept grant payments in accordance with the negotiated payment schedule that is consistent with proposed binding commitments outlined in the IUP.

The payment schedules and estimate of cash draws are negotiated each year with the capitalization grant.

The State will establish and maintain a separate DWRF account into which project related funds, including the state match and loan repayments, will be deposited. Separate accounts will be maintained for portions of the capitalization grants that will be used for non-project activities. Amended applications may be submitted transferring unused capitalization grant funds that were available for non-project activities into the DWRF account.

The State has established and does maintain a separate DWRF account. (See attached audit reports.)

As required by Section 1452(G), the State agrees to provide an amount equaling 20 percent of each capitalization grant by having the Authority deposit the required match into the DWRF at the time of payment.

*The Authority deposits the required match into the DWRF state match holding account on or before the times required by the payment schedule defined in IAW 40 CFR 3550. In 2004, the Authority executed Resolution No. 04-34 (**Attachment 6**) that: (1) establishes a DWRF state match account to be used solely and exclusively for providing the state match to the Drinking Water Revolving Fund; (2) transfers the state match requirement amount for the EPA 2004 capitalization grant to the state match account; and (3) commits that future transfers of the state match requirement will be made to the state match account.*

The State agrees to credit all funds, except as otherwise allowed, including repayment of principal and interest into the DWRF account.

Except for eligible fees, set-asides, and state match reimbursement for set-asides, all funds are deposited into the DWRF account.

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As required by the DWSRF Program Guidelines, the State has established fiscal controls and accounting procedures sufficient to assure sound accounting procedures and in accordance with generally accepted accounting principals. The State uses the latest edition of “Standards for Audit of Governmental Organizations, Programs, Activities, and Functions published by the Government Accounting Office.”

The State requires DWRF loan recipients to maintain project accounting in accordance with “generally accepted accounting principles.” This requirement is implemented through conditions in the loan agreement.

The State also complies with fiscal controls and accounting procedures in the administration of the DWRF and meets the new requirements of 40 CFR Part 35, Subpart L.

The DWRF and set-asides will be audited annually in accordance with Generally Accepted Government Auditing Standards.

Audits are conducted on an annual basis. See audit reports (Attachments 3 and 4).

The State has established policies and procedures in the form of loan covenants to assure that borrowers have a dedicated source of funds for repayment of the loans.

Standard provisions and covenants dealing with the security pledge are incorporated in each loan agreement.

As required by Section 1452(g)(3), the State will commit and expend all funds as efficiently as possible. The State will enter into binding commitments with recipients of the DWRF equal to the total amount of each grant payment and state match deposited in the fund within one year of the grant payment.

Since the State leverages its program, it enters into binding commitments well over the 120% requirement. (See Exhibit B.)

The DWRF Rules establish procedures to adopt proposed additions and modifications to the Project Eligibility List for eligible drinking water projects.

The DWRF Rules were amended in 2004. The rules are now consistent with a State statutory change that was made in 2002 establishing the procedure for adding projects to the eligibility list that were deemed to be emergencies. The statute also provides for a notification procedure to the Colorado General Assembly for emergency projects added to the eligibility list.

The State will annually revise the IUP. The IUP includes a project eligibility list that identifies projects that may qualify for a loan during that fiscal year. The IUP will

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also specify the use of set-asides, and provide a description of the criteria and method established for the distribution of funds as well as the financial status of the DWRF. The DWRF IUP is available for public review and comment through the approval process.

*The Division annually revises the IUP that includes a priority/fundable list along with the project eligibility list. The annual revision is approved by the Board of Health through a public hearing process. The project eligibility list is required by State statute and by DWRF Rules. The remainder of the IUP contents is developed to meet federal regulations. (See **Attachments 1 and 2.**)*

As required by Section 1452(g)(4), the State agrees to make DWRF biennial reports to EPA on the actual use of funds including the set-aside funds. The State will report how it has met the goals and objectives for the previous fiscal years as identified in the IUP and in accordance with information required by the DWRF program guidelines.

The State meets this condition through the submission of this biennial report and the development of the annual IUP.

The State agrees to comply with all applicable Federal-crosscutting authorities in existence at the time that a loan recipient receives a binding commitment from the DWRF.

All applicable crosscutting Federal requirements are complied with through procedures established in the loan application review, environmental review process, loan agreement, and boiler-plate contract provisions in the plans and specifications for the project.

Division complies with the provisions of Executive Order 12432 and EPA's Minority and Women's Business Enterprise Program (MBE/WBE). The State also agrees to submit the appropriate forms to the MBE/WBE Coordinator at EPA, Region VIII within 30 days after the end of each federal fiscal year quarter.

An "Availability Analysis" conducted by BBC Research and Consulting was finalized in October 2002. The analysis report established goals for fiscal years 2003 through 2005. The goals are 6.1% MBE and 6.6% WBE for all four categories (i.e. construction, supplies, services and equipment).

*During 2003 and 2004, the State utilized MBE/WBE firms for overall construction services, and arbitrage rebate services. **Exhibit E** is the tracking system used to ensure compliance with the quarterly submittal of federal 5700-52A reporting forms.*

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Exhibit F is a table listing those systems that have certified compliance with civil rights requirements during 2003 and 2004.

The State agrees that it will conduct environmental reviews. A specific determination (e.g. categorical exclusion, environmental assessment or environmental impact statement) will be made using a NEPA-like State process approved by EPA that includes a public notification and involvement process.

An environmental review process was conducted for each of the projects funded during 2003 and 2004. The detailed environmental review record for each specific project is included in the individual Division project file. A summary is provided as follows:

Finding of No Significant Impact:

<u>Borrower</u>	<u>Publication Date</u>
Mustang Water Authority (EPA Published)	June 3, 2003
City of Longmont	July 11, 2003
Town of Oak Creek	October 12, 2003
City of Florence	February 5, 2004
Town of Lyons	January 9, 2004

Categorical Exclusion Determination:

<u>Borrower</u>	<u>Publication Date</u>
Fountain Valley Authority	February 23, 2003
Westwood Lakes Water District	May 21, 2003
City of Ouray	October 10, 2003
Olde Stage Water District (loan execution pending)	February 14, 2004
Pinewood Springs Water District	March 19, 2004
Lookout Mountain Water District (loan execution pending)	April 28, 2004
Town of Swink	March 14, 2005

The use of set-asides for DWRF program administration, Small System Training and Technical Assistance, Source Water Assessment and Protection, Wellhead Protection and Capacity Development will be identified every year in the IUP and work plans established in accordance with the DWRF Program Guidelines.

The State includes all set-aside uses in the IUP and prepares work plans for EPA's approval in accordance with guidelines and new regulations.

Specific Requirements under Title I:

In accordance with Section 1420(a) of the SDWA, the State must ensure that all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, can demonstrate technical, managerial, and financial capability with respect to each national primary drinking water

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regulation in effect or likely to be in effect on the date of operations. The State's authority shall be reviewed for compliance after EPA has established guidelines.

The Capacity Development Strategy required under Section 1420(c) was provided to EPA on August 4, 2000. The State has submitted the required reports on the efficacy of the strategy and progress made toward improving the technical, managerial, and financial capability of public water systems in the state. No further action on this matter was deemed necessary in 2003 and 2004.

In accordance with 1420(a) of the SDWA, the State shall obtain the legal authority or other means to ensure that all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, demonstrate their technical, managerial and financial capacity.

Senate Bill 98-179 was passed to address this condition. No further action on this matter was deemed necessary in 2003 and 2004.

The State will ensure that funds are provided to systems that "have the technical, managerial, and financial capability to ensure" compliance with drinking water regulations Section 1452 (a)(3) of the SDWA.

All DWRF loans issued in 2003 and 2004 required the submission of an adequate technical, managerial and financial capability report prior to loan execution. The current TMF process, as approved by EPA, is outlined in the DWRF Handbook of Procedures.

The State currently has a water and wastewater treatment plant operators certification program within the Division.

House Bill 00-1431, adopted by the Colorado General Assembly in 2000, revised the existing Colorado operators certification program, in part to meet new federal requirements. The Division and the Water and Wastewater Facility Operators Certification Board have developed a program to implement the new federal requirements, in accordance with the revised State statute. A program was submitted to EPA and approved by the February 5, 2001, deadline. No further action on this matter was deemed necessary in 2003 and 2004.

Privately owned systems are ineligible under the State's existing legislation.

In 2000, the Colorado State Auditor recommended changes to the Authority's legislation that would allow funding to privately owned public water systems. The Authority Board reviewed the proposal and it concluded the SDW Act does not require the funding of privates. However, the Authority Board approved expansion of the Planning and Design Grant list of eligible activities to include reimbursement of

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necessary legal fees and costs associated with the formation of a legal entity capable of receiving DWRF assistance.

In addition, consideration has been given to using funds through the Capacity Development set-aside for retaining consulting services to develop a primer through a pilot project that addresses the pros and cons of government incorporation. The DWRF Program partners have developed educational materials aimed at privately owned public water system boards of directors and managers that provide information about the feasibility of forming a local government.

As required by Section 37-60-126, C.R.S., the Authority will ensure compliance with the Colorado Water Conservation Act of 1991.

This requirement is addressed in each project credit report.

The State will consider a program for disadvantaged communities at a later date.

The Colorado Disadvantaged Communities Program was initiated on January 1, 2005. A detailed explanation of the program's features is provided above in Section IV., Subsection C.

Each year (but prior to fiscal year 2002) starting one year after the State establishes its DWRF, the State may reserve up to 33 percent of the DWSRF capitalization grant and transfer the funds to the Water Pollution Control Revolving Fund. That same dollar amount (33% of the DWSRF capitalization grant) may be reserved and transferred from the WPCRF to the DWRF. Consideration and amounts to be transferred will be identified in the DWRF IUP and the WPCRF IUP.

A transfer of approximately \$8 million dollars (including the state match) was made from the DWRF into the WPCRF in August of 2003. None of the transferred funds were used for administrative purposes. Grant funds and state match funds totaling \$8 million were initially transferred from the WPCRF to the DWRF in 1999. The 2003 transfer from the DWRF returned the \$8 million to the WPCRF.

IX. PROJECTIONS

The 2005 IUP (**Exhibit B**) identifies a list of projects from the Priority/Fundable List that have or are anticipated to submit loan applications. These projects are considered the State's projected commitments for the 2005 DWRF loan program.

A. Approved Loans First Quarter of 2005

Town of La Jara
City of Victor

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B. Anticipated Applications and Loans during 2005

Bristol Water and Sanitation District
 Cottonwood Water and Sanitation District
 Town of Log Lane Village
 Town of Hillrose
 Town of Pritchett
 Town of Sedgwick
 Town of Walden

C. EPA Annual Review

In EPA's October 2004 annual review of the DWRF for calendar year 2003, it was stated that the: "2003 DWRF IUP planned to fund 9 projects for \$13.7 million." The DWRF actually funded 7 projects on its PPL (Project Priority List) for \$41.0 million. Again, this is good fund utilization by the State. The FY03 Drinking Water SRF Summary Report did not document why priority points were bypassed. The SFY03-04 Drinking Water SRF Biennial Report will need to document why priority projects were bypassed in accordance with procedures allowed by §35.5555(c)(2). This reporting element is required by §35.5570(a)(3)(iv)."

Colorado's DWRF Intended Use Plans are developed on a calendar year basis. The 2003 DWRF IUP, approved November 20, 2002, specified that the State anticipated making three leveraged loans and six direct loans, but that only one project, the Pinewood Springs Water District, was "identified for funding with its (State of Colorado) FFY03 capitalization grant." The actual result of DWRF loans executed in 2003 was the following: four leveraged loans were executed for \$36,134,598 and four direct loans were executed for \$3,181,198.

Project development activities progress at different rates in each community facing infrastructure replacement and upgrade needs. Based on the original projection of program demand made in November 2002, the actual outcome demonstrated that more loans and more capital was needed to assist communities with projects that improved public health conditions. All projects identified on the DWRF Eligibility List are deemed qualified to participate in the program. Priority points for systems are only considered relevant when demand for DWRF funds outstrip available resources. Throughout the history of the program, it is fortunate that the available financial resources have always been able to adequately meet demand. When sufficient program resources are available, withholding funds from lower priority projects until higher priority projects are ready to proceed could severely jeopardize project feasibility for those systems that are forced to wait. Ultimately, the attractiveness of the program to prospective borrowers is diminished. Notwithstanding this reality, each project proceeding through the funding process is required by DWRF rules to

COLORADO DWRF BIENNIAL REPORT

have priority points assigned based on specific need factors. This prioritization process will continue in accordance with adopted rules.

The EPA Annual Review also made a recommendation that the “DWRF Program should consider implementation of a letter of credit (LOC) mechanism or similar financial arrangement for state match.”

Through adoption of Resolution No. 04-34 (Attachment 6), the Authority’s Board of Directors created the DWRF state match account as the financial arrangement put into effect for the implementation of state match documentation. The account is used solely and exclusively for providing the state match to the Drinking Water Revolving Fund. All future transfers of the state match requirement will be made to the DWRF state match account.

X. FUTURE DWRF ACTIVITIES

The State will develop Program Activity Measures (PAMs) that are linked to the IUP and included in future Capitalization Grant Applications. These output and outcome measures will be used to evaluate performance in protecting public health through the investment of DWRF funds in drinking water system improvements throughout the State.

Continue to involve other state and federal funding agencies in the Funding Coordination Committee. This effort facilitates communication among these parties and optimizes the limited resources available to address drinking water needs throughout the state.

The Authority Board and staff review market conditions on an annual basis to determine if the DWRF direct loan interest rate established in the previous year is appropriate. At its December meeting, the board sets the direct loan interest rate for the following year based on this review. A 3.5% interest rate is currently in effect for direct loans.

Refine the “Shared Project Database System” to adequately meet the needs of both the Division and Authority staff. The database provides an enhanced project management tool for program administrators. See **Attachment 5** for more information on the database.

The Disadvantaged Communities Program was established as a three-year pilot program. The Division, the Authority and DOLA will conduct a review of the program on a periodic basis in accordance with the DWRF Program rules, but no later than 2008.

The Disadvantaged Communities Program will be marketed through various publications targeting local governmental entities including the Colorado Municipal League, the Colorado Special Districts Association and the Colorado Rural Water Association. The program will also be discussed at various conferences, workshops, seminars and forums sponsored by the State and/or associations of local governmental entities.

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The Authority is in the process of surveying stakeholders and various program beneficiaries to provide feedback about the effectiveness of the Authority's role in administering the DWRF Program and its other financing programs. After a review of the survey responses, the three agencies will meet to determine if program or procedural changes are necessary to enhance service delivery. Changes will be implemented if forwarded to the Authority Board for review and appropriation.

The three agencies will explore the feasibility of increasing the existing direct loan amount limit. The \$1 million threshold has been in effect since direct loans were offered under the program. A review to determine if the limit is still valid or if the amount should be increased (and, if so, to what amount) will occur in 2005.

The DWRF loan agreement boiler-plate language will be supplemented to include provisions related to the compliance with technical, managerial and financial requirements and recommendations, if any, issued by Division in the loan approval process.

As part of the Capacity Development set-aside amount, Division will attempt to assist privately owned public water systems form a local government to own and operate its drinking water system. The governmental entity would then be eligible to apply for DWRF loan funds as well as other federal and state grant and loan assistance programs. Division will identify possible candidates that could benefit from this conversion and select one system that would serve as an example to be replicated by other interested systems. The project would involve a legal analysis of various governmental organizational structures, feasibility/cost analysis, governmental formation process and community education and outreach. A report would be the final product documenting the model community's experience in this initiative and lessons learned.

Division will finalize its website to provide easy access via the internet to DWRF Program information and contact persons.

**COLORADO DWRF BIENNIAL
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**EXHIBIT A
DWRF LOAN SUMMARY**

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND (DWRP)
 2003 / 2004 BIENNIAL REPORT - EXHIBIT A - LOAN SUMMARY
 As of December 31, 2004

DETAIL OF LOANS FINANCED UNDER THE DWRP PROGRAM									
Borrower	Loan Date	Loan Amount	Loan Term (In Years)	Effective Loan Interest Rate	DW SRF Funds Obligated to Loan (a)	State Match Provided for Loan (b)	Loans Funded or Subsidized with Reloan Monies (c)	Percent of State Match Provided to DW SRF	Loan Type
Gand Lake, Town of	10/29/97	\$ 495,000.00	20	4.500%	\$ 394,988.00	\$ 100,012.00		0.253	DL
Arapahoe Estates WD	10/01/97	1,048,333	20	4.150%	388,360	98,333		0.253	LL
Englewood, City of	10/01/97	15,292,636	21	4.140%	5,361,910	1,357,636		0.253	LL
Fort Collins, City of	10/01/97	10,125,300	20	4.120%	3,614,928	915,300		0.253	LL
Chatfield South WD	07/13/98	728,500	20	4.500%	581,310	147,190		0.253	DL
Left Hand W&SD	09/11/98	188,700	20	4.500%	150,574	38,126		0.253	DL
Buena Vista, Town of	06/01/98	1,324,120	20	4.010%	490,204	124,120		0.253	LL
Fort Morgan, City of	06/01/98	15,433,355	21	4.020%	5,641,214	1,428,355		0.253	LL
Julesburg, Town of	05/01/99	693,000	1	4.500%	543,757	149,243		0.274	DL
La Junta, City of	10/15/99	490,000	20	4.500%	384,475	105,525		0.274	DL
Thunderbird W&SD (#1)	06/01/99	285,000	20	4.500%	223,623	61,377		0.274	DL
Aurora, City of	05/01/99	14,999,899	15	3.633%	4,751,500	1,024,899		0.216	LL
Fort Collins, City of	05/01/99	4,998,395	20	3.808%	1,870,165	403,395		0.216	LL
Glenwood Springs, City of	05/01/99	4,999,017	19	3.773%	1,710,790	369,017		0.216	LL
Grand County W&SD	05/01/99	2,998,566	19	3.783%	1,036,468	223,566		0.216	LL
Greeley, City of	05/01/99	14,999,038	20	3.802%	5,280,660	1,139,038		0.216	LL
Julesburg, Town of	05/01/99	994,600	20	3.809%	392,210	84,600		0.216	LL
Left Hand WD	05/01/99	6,571,538	20	3.802%	2,139,722	461,538		0.216	LL
Craig, City of	12/15/00	450,000	5	4.000%	353,089	96,911		0.274	DL
Sedalia W&SD	03/09/00	326,000	20	4.500%	255,794	70,206		0.274	DL
Springfield, Town of	07/28/00	349,471	20	4.500%	274,209	75,262		0.274	DL
Evergreen MD	04/15/00	5,577,982	21	4.390%	1,786,069	452,982		0.254	LL
Fountain Valley Auth	04/15/00	7,607,966	21	4.400%	2,633,735	667,966		0.254	LL
Limon, Town of	04/15/00	1,440,809	21	4.410%	436,910	110,809		0.254	LL
Pueblo Board of WW	04/15/00	9,558,795	23	4.600%	2,499,000	633,795		0.254	LL
Westminster, City of	04/15/00	14,998,357	21	4.400%	4,764,452	1,208,357		0.254	LL
Wellington, City of	11/01/01	1,000,000	20	4.000%	716,007	283,993		0.397	DL
Basalt, Town of	12/19/02	948,246	20	4.000%	0	0	1,000,000	n/a	DL
Dillon, Town of	10/18/02	1,000,000	10	4.000%	0	0	1,000,000	n/a	DL
Hayden, Town of	04/30/02	1,000,000	20	4.000%	0	0	1,000,000	n/a	DL
Thunderbird W&SD (#2)	08/27/02	400,000	20	4.000%	0	0	400,000	n/a	DL
Woodland Park, City of	03/13/02	800,000	20	4.000%	597,200	202,800		0.340	DL
Evergreen MD	04/01/02	2,036,130	21	4.000%	764,260	181,130		0.237	LL
Grand Junction, City of	04/01/02	3,566,522	21	4.020%	1,082,370	256,522		0.237	LL
Idaho Springs, City of	04/01/02	2,339,797	21	3.990%	906,316	214,797		0.237	LL
La Junta, City of	04/01/02	9,812,211	21	4.000%	3,300,469	782,211		0.237	LL
Mustang WA	12/08/03	700,000	20	4.000%			700,000	n/a	DL
Oak Creek, Town of	11/18/03	981,198	20	4.000%			981,198	n/a	DL
Ouray, City of	12/19/03	1,000,000	20	4.000%			1,000,000	n/a	DL
Westwood Lakes WD	05/15/03	500,000	20	4.000%			500,000	n/a	DL
Florence, City of	11/01/03	12,999,093	22	3.510%	5,502,502	1,304,093		0.237	LL
Fountain Valley Auth	06/01/03	3,221,862	22	3.030%	1,463,552	346,862		0.237	LL
Longmont, City of	06/01/03	14,998,044	21	3.110%	6,046,601	1,433,044		0.237	LL
Lyons, Town of	06/01/03	4,915,599	22	3.030%	2,196,621	520,599		0.237	LL
Pinewood Springs WD	07/26/04	123,200	20	3.500%	0	0	123,200	n/a	DL
Swink, Town of	04/20/04	669,000	20	3.500%	0	0	669,000	n/a	DL

Borrower Abbreviations Clarification:

W&SD = Water and Sanitation Dis WD = Water District

MD= Metropolitan District

WW = Water Works

SUMMARY OF LOANS MADE BY TYPE OF LOAN										
Loan Type	No. of Loans Financed	Total Amount of Financial Assistance-Loans	Average Loan Term (In Years)	Weighted Average Loan Interest Rate	Total DW SRF Funds Obligated (a)	Total State Match Funds Provided (b)	Loans Funded or Subsidized with Reloan Monies (c)	No. of Loans Financed with Reloan Monies (c)	Percent of Loans Funded With Reloan Monies (c)	
DIRECT LOANS (DL)	21	\$13,127,314	18	4.11%	\$4,475,026	\$1,330,645	\$7,373,398	10	0.476	
LEVERAGED LOANS (LL)	25	\$186,857,963	21	3.90%	\$66,060,988	\$15,742,963	\$0	0	0.000	
TOTAL FOR PROGRAM	46	\$199,985,277	19	3.91%	\$70,536,014	\$17,073,607	\$7,373,398	10	0.217	

Type of Loan:

LL = Leveraged Loan - Funded, in part, from bond proceeds

DL = Direct Loan - Funded from available sources: (1) Authority state funds, (2) Grant Funds or (3) Reloan funds.

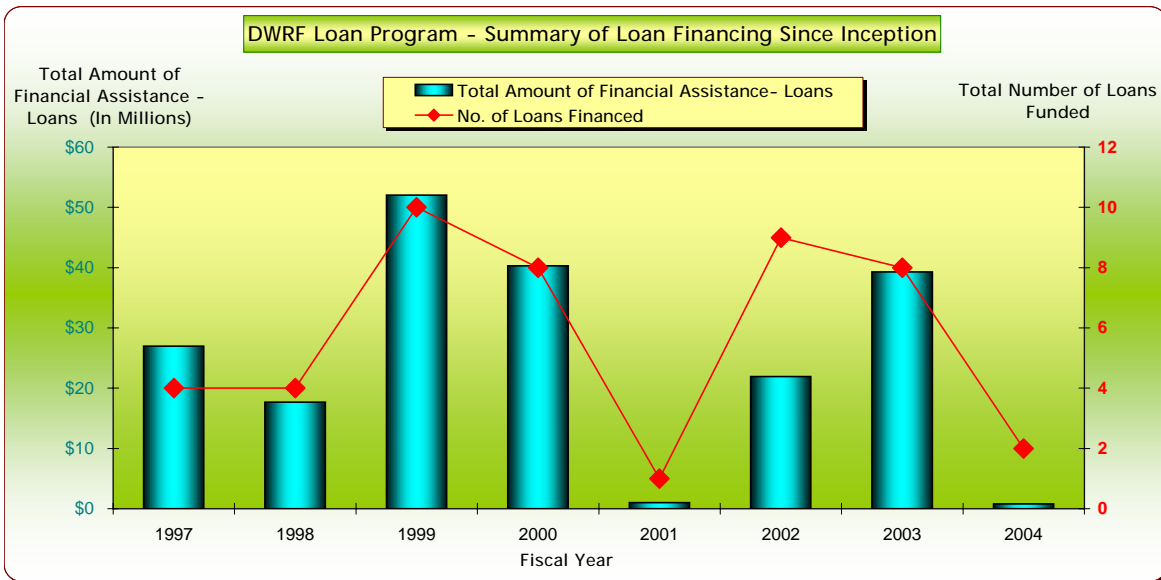
In 2002, the DWRP program began funding all direct loans with Reloan Monies.

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND (DWRP)
 2003 / 2004 BIENNIAL REPORT - EXHIBIT A - LOAN SUMMARY
 As of December 31, 2004

SUMMARY OF ALL LOANS MADE EACH FISCAL YEAR									
Fiscal Year	No. of Loans Financed	Total Amount of Financial Assistance- Loans	Average Loan Term (In Years)	Weighted Average Loan Interest Rate	Total DW SRF Funds Obligated (a)	Total State Match Funds Provided (b)	Loans Funded or Subsidized with Reloan Monies (c)	No. of Loans Financed with Reloan Monies (c)	Percent of # of Loans Funded With Reloan Monies (c)
1997	4	26,961,268	20	4.14%	9,760,186	2,471,280		0	0.0%
1998	4	17,674,675	20	4.04%	6,863,302	1,737,791		0	0.0%
1999	10	52,029,053	17	3.77%	18,333,370	4,022,198		0	0.0%
2000	8	40,309,380	19	4.44%	13,003,258	3,316,288		0	0.0%
2001	1	1,000,000	20	4.00%	716,007	283,993		0	0.0%
2002	9	21,902,905	19	4.00%	6,650,615	1,637,459	3,400,000	4	44.4%
2003	8	39,315,796	21	3.30%	15,209,276	3,604,598	3,181,198	4	50.0%
2004	2	792,200	20	3.50%			792,200	2	100.0%
TOTAL	46	199,985,277	20	3.91%	\$70,536,014	\$17,073,607	\$7,373,398	10	21.7%

Explanation of DW SRF Loan Funding and/or Subsidization

- (a) DW SRF Funds = Drinking Water State Revolving Fund - Received from EPA Capitalization Grant Awards
- (b) State Match Funds = (Required 20% match for Each Dollar Received From EPA Grants from State Funds) - Provided Mainly from Authority Funds
- (c) Reloan Monies = Recycled DW SRF funds - No State Match Required



STATE DIRECT LOAN PROGRAM				
Borrower	Loan Date	Amount of Loan	Loan Term	Loan Rate
Idledale W&SD	07/10/95	\$250,000	20 YEARS	4.500%
Fairplay #1, Town of	08/01/95	250,000	20 YEARS	4.500%
Minturn, Town of	08/11/95	300,000	20 YEARS	4.500%
Empire, Town of	08/24/95	331,432	20 YEARS	4.500%
Elizabeth, Town of	10/01/95	500,000	20 YEARS	4.500%
Lake Creek MD	01/12/96	500,000	20 YEARS	4.500%
Fraser, Town of	04/15/96	200,000	5 YEARS	4.500%
Baca Grande, W&SD	02/01/96	500,000	10 YEARS	4.500%
Firestone, Town of	06/13/96	95,000	10 YEARS	4.500%
Nunn, Town of	08/12/96	330,260	20 YEARS	4.500%
Lochbuie, Town of	08/28/96	351,889	20 YEARS	4.500%
Lyons, Town of	08/19/96	500,000	21 YEARS	4.500%
Bayfield, Town of	11/15/96	350,000	20 YEARS	4.500%
Fairplay #2, Town of	07/30/97	200,000	20 YEARS	4.500%
Idaho Springs, Town of	10/15/97	500,000	20 YEARS	4.500%
Westlake W&SD	08/19/97	250,000	20 YEARS	4.500%
Redstone W&SD	12/01/97	410,000	20 YEARS	4.500%
TOTAL STATE DIRECT LOANS FUNDED		\$5,818,581		
NUMBER OF NON-SRF DIRECT LOANS FUNDED:		17		

**COLORADO DWRF BIENNIAL
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EXHIBIT B

**AMENDED AND RESTATED MEMORANDUM OF
AGREEMENT FOR THE OPERATION OF THE DWRF
PROGRAM**

ATTACHMENT 1
AMENDED AND RESTATED
MEMORANDUM OF AGREEMENT
FOR THE OPERATION OF THE DWRF PROGRAM

This AMENDED AND RESTATED MEMORANDUM OF AGREEMENT ("MOA") is entered into this 5 day of March 2004, by and between the Colorado Department of Local Affairs, Division of Local Government (DLG), the Colorado Department of Public Health and Environment, Division of Administration (known as the Water Quality Control Division ("WQCD")), and the Colorado Water Resources and Power Development Authority ("Authority").

Section 1. Background and Purpose.

Section 1452 of the Safe Drinking Water Act (the "SDWA") created, and funded through capitalization grants issued to states pursuant to Operating Agreements and Capitalization Grant Agreements, a program to: (1) assist public water systems with financing the costs of infrastructure needed to achieve or maintain compliance with the SDWA's requirements; (2) ensure new and existing system capacity; (3) ensure source water protection; (4) improve operator certification programs; and (5) provide funding to implement the Drinking Water Program. The State of Colorado ("State") established the Drinking Water Revolving Fund ("DWRF") to provide low cost loans and other types of assistance to eligible public water systems and to carry out certain other facets of the Drinking Water Program in accordance with the requirements of the SDWA. To qualify for a capitalization grant, the State must deposit into the DWRF matching monies, in an amount equal to 20% of the capitalization grants provided to the State by the United States Environmental Protection Agency ("EPA").

As set forth in Title 40 of the Code of Federal Regulations, Part 35.3525, money deposited in the DWRF may be used: (1) to provide loans to be used for eligible purposes at or below market interest rates for terms no longer than 20 years after completion of construction, (except that loans to disadvantaged communities may be for terms up to 30 years after project completion); (2) to purchase or refinance debt obligations of municipalities incurred after July 1, 1993, for construction initiated after July 1, 1993; (3) to guarantee or purchase insurance for local obligations, the proceeds of which finance eligible projects, in order to improve credit access or lower interest rates; (4) as a source of revenue or as security for payment of principal and interest on bonds issued by the Authority, the proceeds of which are deposited in the DWRF; and (5) to earn interest on the fund prior to disbursement of assistance, though monies deposited must not remain in the fund primarily to earn interest.

The SDWA allows certain monies to be set aside from the Capitalization Grant for other Drinking Water Program functions on an annual basis as described in the SDWA as follows:

up to 4% may be used to cover the reasonable costs of administering the DWRF and to provide technical assistance to public water systems;

up to 10% of the grant may be used: (1) for public water system supervision ("PWSS") programs; (2) to administer or provide technical assistance through source water protection programs; (3) to develop and implement a capacity development strategy; and (4) for an operator certification program; provided that the state matches such expenditures with at least an equal amount (100 percent match requirement) of state funds as specified by SDWA Section 1452 (g)(2);

up to 2% may be used to provide technical assistance to public water systems serving 10,000 people or fewer;

up to 15% may be used as specified in SDWA 1452 (k): (1) to provide loans to public water systems to acquire land or conservation easements if the purpose is to protect the source water of the system from contamination, or to any community water system to implement local, voluntary source water protection measures, or to any community water system to provide funding in accordance with Section 1454(a)(1)(B)(i); (2) to provide assistance, including technical and financial assistance, to public water systems as part of a capacity development strategy; (3) to delineate and assess source water protection areas (fiscal years 1996 and 1997 only, or as otherwise authorized by federal law); and (4) to establish and implement wellhead protection programs, provided that each such activity may not exceed 10% of the Capitalization Grant annually.

Collectively, these activities and the associated funding authorized under the SDWA are referred to as the "Set-Asides."

Senate Bill 95-083, codified at C.R.S. §37-95-103(4.8), (12.2), §37-95-107.8 and §25-1.5-203(1)(e) was enacted in the 1995 session to allow Colorado in establishing a DWRF to meet the requirements of the Drinking Water Program under the SDWA. The statute established and provided for the participation of three entities in the DWRF: the WQCD and DLG, both State agencies, and the Authority, a political subdivision of the State. The Authority holds and administers the DWRF, and is the recipient of the Capitalization Grants.

The arrangement of three entities sharing SDWA Section 1452 program responsibilities, as reflected in this MOA, is intended to make use of each entity's capabilities to operate a financially and technically sound DWRF. As the entity responsible for achieving and maintaining primary enforcement responsibility or "primacy" for the public water supervision program in Colorado (referred to as the "Drinking Water Program"), the WQCD is involved to establish assistance priorities (including use of fund set-asides) and carry out oversight and related activities (other than financial administration) with respect to assistance after consultation with the Authority and the DLG. The Authority is involved by virtue of its administrative and financial responsibility for the DWRF, its ability to provide the capitalization grant match required by the federal program, its role as recipient of the Capitalization Grant and its ability to issue bonds to leverage the capitalization grants and other funds in the DWRF. The DLG is involved as a liaison with the local governments utilizing the loan program, and to analyze local fiscal and management capacity by using the data it maintains for the State and to conduct outreach and financial assistance.

The Authority uses the funds received in the Capitalization Grants to capitalize the DWRF and to fund the Set-Asides. The Authority uses the money deposited in the DWRF to provide financial assistance to governmental agencies for eligible projects that are included upon a project eligibility list adopted by the Board of Health, and then approved by the Colorado Legislature in a Joint Resolution (the "Joint Resolution") signed by the Governor, all as required by C.R.S. §37-95-108.8.

On September 15, 1997, the parties entered into a Memorandum of Agreement to identify their respective roles and responsibilities in connection with the operation of the DWRF, recognizing that the successful use of the Capitalization Grant to fund the DWRF and Set-Asides requires cooperation and coordination by all Parties.

Since adoption of the 1997 Memorandum of Agreement, the roles of the parties have developed and evolved, and the parties now wish to amend and restate their agreement on this MOA to define further their respective roles and responsibilities with regard to the DWRF and the Set-Asides.

Section 2. Operation of the DWRF and Set-Asides.

The operation and administration of the DWRF and Set-Asides encompasses the following general activities: (1) budgeting, accounting, and administrative expense reimbursement; (2) periodic modifications to the DWRF Rules and annual modifications to the IUP which includes the Project Eligibility List ("PEL"); (3) processing and administering loan applications and loans, including financial and technical review and monitoring and approving project expenditures in accordance with the loan agreements; (4) administration and execution of the Set-Asides; (5) financial summary and biennial reports; and (6) annual audits, annual updates to the Intended Use Plan (the "IUP"), periodic updates to the Operating Agreement, annual approval of Capitalization Grant Agreements; and liaison with EPA. Further definition of the roles and responsibilities of each party hereto with respect to the general activities of the DWRF and Set-Asides is set forth in Sections 3 and 4 below.

Section 3. Roles and Responsibilities of the Parties.

3.1. WQCD.

3.1.1. Budget.

The WQCD shall provide a proposed detailed budget for its DWRF administrative costs and for the Set-Asides for the following calendar year to the Authority by August 21 of each year. The WQCD's 2004 budget for administrative costs shall not exceed \$596,000 and shall be limited to no more than 6.3 FTE. Subsequent annual DWRF budgets for the WQCD shall be adjusted by a factor reflecting: (1) State Annual Compensation Survey results as implemented by the General Assembly; (2) any change in responsibilities among the parties; and (3) any change in indirect costs or in responsibilities resulting from changes in federal or state laws, regulations, directives from, or requirements imposed by, the General Assembly in developing the budget for state agencies. A material change to federal funding levels for this program shall require a review and revision to budgeting provisions of this MOA.

3.1.2. Project Eligibility List (PEL).

The WQCD shall update the PEL as part of the annual IUP by assigning categories to projects in accordance with the "State of Colorado Drinking Water Revolving Fund Rules" adopted by the Board of Health, as amended from time to time, and by deleting projects that have been completed or come into compliance. Further, in consultation with the DLG and the Authority, the WQCD shall develop additions and modifications to the PEL. The WQCD shall periodically update and assign priority points to projects on the Priority/Fundable List (required by EPA) once public water systems have submitted a planning or pre-planning document and an eligibility review is completed.

The WQCD shall annually submit the PEL to the Board of Health for its adoption by October 31st of each year. The WQCD shall provide technical back-up information on additions and modifications to the PEL to the Authority, and as appropriate, provide testimony to the General Assembly in support of a Joint Resolution on such additions and modifications.

3.1.3. Set-Asides.

From each capitalization grant, the WQCD shall determine the amount of funds necessary to be set aside to develop and carry out the Set-Asides. The WQCD shall develop and update as necessary, detailed Work Plans for the Set-Asides, in substantial conformance with the activities identified in the annual IUP, for EPA review and approval. Upon EPA approval, the WQCD shall be

responsible for implementing the Work Plan for the Set-Asides. The WQCD shall submit to the Authority requests for disbursements for Set-Asides, with appropriate documentation and certification by the WQCD that the requests are accurate and appropriate for payment under the approved Work Plans.

The WQCD shall provide the 100 percent state match required by the PWSS (Program Management Activities), and shall annually certify by letter that it has provided or will be able to provide the one hundred percent match requirement for the PWSS (program management activities) set-aside prior to receipt of PWSS set-aside funds from a capitalization grant.

3.1.4. Loan Processing and Administration.

3.1.4.1. Loan Applications.

The WQCD shall be the primary contact for a project loan applicant or for a Section 1452(k)(1)(A) Set-Aside loan applicant. The WQCD shall acquaint applicants with all requirements and the procedures to be followed in seeking assistance from the DWRF, or from the Set-Asides; assist applicants in preparing loan applications; and coordinate the preparation and review of all supporting environmental and financial documentation. WQCD shall forward each completed loan application to the DLG and the Authority for review and processing.

3.1.4.2. Design and Technical, Managerial and Financial (TMF) Capacity Review.

The WQCD shall inform applicants of their responsibility to obtain and demonstrate sufficient TMF capacity to ensure compliance with all applicable SDWA requirements; the procedures to be followed to assess the applicant's TMF capacity; and for conducting the TMF capacity review required by the SDWA.

The WQCD is also responsible for conducting engineering design reviews on the proposed project in accordance with the Colorado Primary Drinking Water Regulations; evaluating eligible and reasonable costs; and providing environmental reviews.

3.1.4.3. Monitoring Project Expenditures.

The WQCD shall authorize reimbursement of expenditures for projects for which loan assistance is provided (including project loans and Section 1452(k)(1)(A) Set-Aside loans). The WQCD shall monitor loan projects including periodic, or at a minimum, final construction inspections. Loan recipients shall send all requests for disbursement of loan funds for incurred costs to the WQCD, with a copy to the Authority. The WQCD shall approve or deny all such requests for the disbursement within five (5) working days of the receipt of the request. If the WQCD denies a request, it shall provide the reasons to the loan recipient and the Authority within such five (5) working day period. Upon approval of each request, the WQCD shall forward the approved request for disbursement to the Authority within the five (5) working day period. All project costs that have been approved by the WQCD shall be subject to audits required by the Operating Agreement and the loan agreement with the project applicant.

3.1.4.4. Files Maintenance and Data Management

The WQCD shall maintain official project files for all projects receiving assistance under the DWRF. The WQCD shall make such files available to the DLG, the Authority, and

the EPA for review at the WQCD's offices on reasonable notice. The WQCD will also maintain, update and populate the technical and project information in the Authority/WQCD shared database.

3.1.5. Reports, Certification, and Liaison.

The WQCD shall serve as the primary contact with the EPA for the programmatic aspects of the DWRF Operating Agreement. The WQCD shall provide all certifications or other documentation required by the EPA that relate to programmatic aspects of the DWRF or of the projects financed thereby. The WQCD, as necessary, shall approve in writing any capitalization grant or agreement between the EPA and the Authority with respect to the DWRF. The WQCD shall coordinate closely with the Authority in structuring Capitalization Grant Payment Schedules. In addition, in cooperation with the Authority and the DLG, the WQCD shall develop annual IUP's describing the activities proposed for the DWRF and Set-Asides. The annual IUP is adopted by the Board of Health and submitted to the EPA. In addition, the WQCD, with assistance from the Authority and the DLG, initially prepares a biennial report for review by the DWRF Committee.

The WQCD shall assist the Authority in preparing the annual National Information Management System ("NIMS") report to the EPA. The NIMS report provides financial and programmatic information on the activities of the DWRF and other related loan and grant programs administered by the State.

So long as planning and design grants remain authorized, and funds are available for them in the DWRF administrative fee account, the WQCD shall forward requests for such funds, along with a recommendation to approve or reject, to the Authority.

3.1.6. Needs Surveys.

The WQCD shall participate in the national needs survey with the EPA that determines the State's allocation of funding for the DWRF. The WQCD acknowledges the importance of this internal activity.

The WQCD shall conduct annually a State needs survey of drinking water systems, as part of the annual IUP process, to identify eligible projects for the project eligibility list and to estimate the funding demands from the DWRF for the following five years.

3.1.7. Disadvantaged Communities Activities.

The WQCD is responsible for the administration and implementation of any disadvantaged community program duly established in accordance with SDWA Section 1452(d).

3.2. DLG.

3.2.1. Budget.

The DLG shall provide a proposed, detailed budget for its DWRF administrative costs for the following calendar year to the Authority by August 21 each year. The DLG's 2004 budget for administrative costs shall not exceed \$120,000 and shall be limited to 1.25 FTE. Subsequent budgets shall be adjusted by a factor reflecting: (1) State Annual Compensation Survey results as implemented by the General Assembly; (2) any change in responsibilities among the parties; and (3) any change in indirect costs or in responsibilities resulting from changes in federal or state laws, regulations, directives from, or

requirements imposed by, the General Assembly in developing the budget for state agencies. A material change to federal funding levels for this program shall require a review and revision to the budgeting provisions of this MOA. Prior to June 30, 2005, the Authority Board, in consultation with the DLG, shall establish such FTE cap as is warranted by the facts of record at that time; provided, however, that in no case shall the number of FTE's fall below 1.0 absent justification therefore under the above-referenced adjustment factors.

3.2.2. Project Eligibility List.

As needed, the DLG shall assist the WQCD in assigning points under the Financial Need section of the DWRF Rules, as amended from time to time. The DLG shall consult with the WQCD and the Authority in the preparation of the PEL. The DLG shall provide financial back-up information on additions and modifications to the PEL to the Authority, and as appropriate, provide testimony to the General Assembly regarding the Joint Resolution on such additions and modifications.

3.2.3. Set-Asides.

The DLG will assist the WQCD and the Authority, as requested, with financial reviews associated with the Set-Asides.

3.2.4. Loan Processing and Administration.

3.2.4.1. Loan Applications.

The DLG shall assist potential loan applicants with project development and financial planning support; shall provide project loan applicants with information concerning the financial disclosure requirements of the loan application; and shall acquaint such applicant with the financial procedures and requirements for receiving assistance from the DWRF. In the event that the project loan applicant does not have the required financial information available, the DLG will work with the applicant to assemble such data. The DLG shall prepare a credit report to analyze each project loan applicant's ability to repay a loan and submit such report for review before the DWRF Committee. This analysis shall examine existing revenue streams for drinking water (taxes, tap fees, user charges and other revenue sources) and expenditures such as existing debt repayment (all existing debt including overlapping jurisdictions) and operation and maintenance costs.

If the DWRF Committee has reason to believe that a project loan applicant is financially unable to repay a loan, the DLG shall review other State and Federal programs for the availability of grants and/or low interest loans to enhance the applicant's repayment capability and include any information developed in the DWRF Committee findings to be forwarded to the Authority Board. The DLG shall assist the Authority in the acquisition of necessary financial data to be presented in any Official Statement for Authority bond issues under the DWRF.

3.2.4.2. Outreach and Assistance

The DLG will conduct a DWRF outreach program consisting of sponsorship of and participation in workshops and conferences relevant to the DWRF, providing financial and managerial assistance to public water systems, coordination of funding activities through the Funding Coordination Committee and marketing of the SRFs to make potential project loan applicants aware of the availability of DWRF monies. The outreach program will be coordinated with the staffs of the Authority and the WQCD. The DLG shall develop a proposed annual workplan for review by other

members of the DWRF Committee at such time as to permit a summary to be incorporated into the annual IUP. The outreach program will be summarized in the IUP and the biennial report.

3.2.4.3. Monitoring Project Expenditures.

The DLG shall not be responsible for monitoring project expenditures.

3.2.4.4. Loan Surveillance

The DLG shall annually review all DWRF direct loan borrowers' audits and establish financial trends for the DWRF direct loan borrowers and annually issue a report with copies to the Authority and the WQCD. Audit information may be supplemented by personal communication with borrower representatives. The DLG will also support the Authority in its efforts to monitor leveraged loan borrowers through the provision of copies of financial audits and other materials and support as requested.

3.2.5. Reports and Liaison.

The DLG shall participate with the WQCD and the Authority in the drafting and reviewing of the annual IUP, additions and modifications to the PEL, and the development of a financial summary or biennial report.

The DLG shall assist the Authority in preparing the annual NIMS report to the EPA.

3.3. Authority.

3.3.1. DWRF Administration.

The Authority shall administer the DWRF, and to that end shall be responsible for the financial structure of the DWRF, investments, and disbursements of funds for administrative and project costs.

3.3.2. State Match.

The Authority shall provide the 20 percent State Match required under the SDWA for receipt of the Capitalization Grant. The Authority Board may issue bonds, utilize administrative surcharges, or other available resources, to provide the State Match. The State Match is deposited into the DWRF and is not used for funding the Set-Asides.

3.3.3. Budget.

The Authority staff shall prepare a proposed DWRF budget for the following calendar year based on the budget information provided by the WQCD and the DLG and on information developed internally. The Authority's 2004 budget for internal administrative costs (personnel and overhead) shall not exceed \$324,000. Subsequent annual internal administrative DWRF budgets for the Authority shall be adjusted by a factor reflecting: (1) Board authorizations for a) personnel costs covering staff and associated benefits as well as annual salary adjustments, and b) overhead costs covering rent, utilities, equipment, furniture and fixtures, insurance, etc.; (2) any change in responsibilities among the parties; and (3) any change in responsibilities resulting from changes in federal or state laws, regulations, directives from, or requirements imposed by, the General Assembly in developing the budget for state

agencies. A material change to federal funding levels for this program shall require a review and revision to the budgeting provisions of this MOA. Outside consulting needs for required, but specific, services will be presented separately from the Authority's DWRF internal administrative budget as part of the standard budget documentation and shall be adjusted to reflect anticipated increases or decreases in the cost of the services. The proposed DWRF budget incorporating the administrative expenses of the DLG, the WQCD and the Authority for the ensuing calendar year shall be accompanied by the narrative descriptions, provided by the WQCD and the DLG, and a similar narrative prepared by the Authority staff for the Authority's portion of the proposed DWRF budget, explaining changes in the amounts compared to the previous year and specifically identifying those costs that are eligible for grant reimbursement.

Once the proposed DWRF budget has been drafted, it will be incorporated as a component of the Authority's overall proposed Budget for the ensuing calendar year, and a copy will be sent to the WQCD and the DLG at the same time that the proposed overall Authority Budget is forwarded to the Authority's Board for review, usually about the last week of September. From that point in time until the Authority's Board adopts the overall Authority Budget in December (usually the first Friday in December), the WQCD and the DLG may submit written comments on the proposed DWRF budget component to the Authority.

Subject to the aforementioned provisions of this MOA, by December 31 of each year, the Authority Board shall review, approve or revise as necessary, and in its sole discretion, adopt the DWRF budget as a component of the Authority's overall Budget for the ensuing calendar year. The DWRF component of the Authority's Budget shall be annotated as necessary to identify the FTE's to be funded thereby for the DLG and the WQCD.

If as a result of unexpected circumstances, arising after the budget has been adopted, any party believes that additional resources are required over budgeted amounts, then such party may request that the Authority amend the budget appropriately.

3.3.4. Project Eligibility List.

The Authority shall participate with the WQCD and the DLG in the establishment of additions and modifications to the PEL. The Authority shall be the lead entity in securing the Joint Resolution from the Colorado General Assembly authorizing such additions or modifications to the PEL as are adopted by the Board of Health. To that end, the Authority shall seek sponsors for a Joint Resolution and have such Resolution introduced into the General Assembly by January 15th of each year.

3.3.5. Set-Asides.

The Authority, as the Capitalization Grant recipient, will receive and administer disbursement of all grant funds, including funds used for administrative costs, for financial assistance from the DWRF, and for the Set-Asides. Disbursements from grant funds or administrative loan surcharge fees for administrative costs shall be made upon submission of invoices (in accordance with section 5 below) from the party incurring such administrative costs. Disbursements for the Set-Asides shall be made upon request and certification by the WQCD that expenditures are consistent with EPA-approved Work Plans.

In order to assist the WQCD with the utilization and distribution of the Set-Asides grant funds, the Authority may be a party to memoranda of understanding ("MOU's") to facilitate the expenditure and commitment of the Set-Aside grant funds. The Authority Board may set specific administrative requirements for review and execution of such MOU's.

3.3.6. Loan Processing and Administration.

3.3.6.1. Loan Applications.

The Authority Board and staff shall review applications for financial assistance from the DWRF, using the financial analysis of the DLG and the technical analyses of the WQCD. The Authority Board shall approve or disapprove all applications for project loans and Section 1452(k)(1)(A) Set-Aside loans. If the Authority Board denies a project loan application, the Authority Board's meeting minutes shall reflect the reasons for denial. The Authority Board shall determine the loan structure, including interest rate and security provisions, for each loan financed by the DWRF, as well as all other loan provisions and conditions.

3.3.6.2. Financial Services.

The Authority shall negotiate and execute loan agreements for each DWRF loan. The Authority shall procure all services associated with the issuance of its bonds and the execution of the loan agreements. Such services may include, but will not be limited to, those provided by financial advisers, bond and disclosure counsel, underwriter, general counsel, auditor, accountant, consulting engineer, and trustee, the solicitation of credit ratings, and the selection of bond insurers.

3.3.6.3. Disbursements and Monitoring Loan Expenditures.

After the project loan agreements or Section 1452(k)(1)(A) Set-Aside loan agreements are executed, the Authority shall rely upon the WQCD's approval of requests for payment as set forth in Paragraph 3.1.4.3. above prior to authorizing any loan disbursements to any borrower. Upon approval of requisition requests by the WQCD, the Authority shall be authorized to make disbursements to the loan recipient. Requisitions shall be reviewed by the Authority for compliance with the loan agreement, if applicable, and shall be approved or denied within 5 working days of receipt. If a requisition is denied, the Authority shall provide notification of the basis for denial, and confer with the WQCD concerning the same.

If the Authority determines that a loan recipient is in default, it shall be authorized to withhold funds, and will provide the reasons funds are withheld, within three (3) working days of receipt of an approved request for disbursement from WQCD. In addition, the Authority shall be under no obligation to make a disbursement to a loan recipient, whose loan is supported by federal monies, until such time as the cash draw from the EPA automated clearing house (ACH) has been received and deposited into accounts held or caused to be held by the Authority. In the case of approval (by WQCD and the Authority) of requests for disbursement for loans that are supported by federal monies (e.g., EPA ACH cash draws) the Authority shall request ACH cash draws from the United States Treasury within a three (3) working day period.

The Authority shall record payments for loan expenditures for each project loan or Section 1452(k)(1)(A) Set-Aside loan in accordance with generally accepted accounting procedures.

3.3.7. Annual Reports and Liaison with EPA.

The Authority shall serve as the primary contact with the EPA for all financial issues involved with the Capitalization Grant Agreement required under Section 1452 of the SDWA and the Operating Agreement for the DWRF. The Authority shall participate with the DLG and the WQCD to

establish an annual IUP. The Authority will prepare annual financial statements covering all activities of the DWRF enterprise fund, which will then be audited by an independent, certified public accounting firm as required under Section 1452 of the SDWA. The annual audit is to be included in the financial summary and biennial reports. The Authority shall assist the WQCD in developing the biennial report and shall prepare the financial summary report for review by the DWRF Committee. (The financial summary report is prepared every other year and covers the financial aspects of the DWRF and set-asides.) Once the reports have been reviewed by the DWRF Committee, the Authority shall submit the financial summary and biennial reports to the EPA on behalf of the State on or before April 30.

The Authority with assistance from the WQCD and the DLG will prepare the annual NIMS report to EPA. The NIMS report provides financial and programmatic information on the activities of the DWRF and other related loan and grant programs administered by the State.

3.3.8. Operating Agreement and Capitalization Grant Agreement.

Pursuant to C.R.S. §37-95-107.8(7), with the written consent of the Department of Public Health and Environment, the Authority, on behalf of the State of Colorado, shall execute all Operating Agreements and Capitalization Grant Agreements with EPA, and any revisions thereto.

3.3.9. Marketing.

The Authority, in coordination with the DLG and the WQCD, will market the DWRF at various conferences including but not limited to those conferences sponsored by: Colorado Rural Water Association, Colorado Municipal League, Special District Association, Colorado Water Congress, Colorado Government Finance Officers Association, Colorado Counties, Inc., DOLA, and the Rocky Mountain AWWA/WEA. The marketing effort may involve a display at these conferences as well as individual contacts with local government officials involving a potential DWRF project. The individual contacts with local government officials will be coordinated with the WQCD and the DLG. The Authority shall develop a workplan for review by the other members of the DWRF Committee. The marketing program will be summarized in the annual IUP and the biennial report.

3.3.10 Files Maintenance and Data Management

The Authority will maintain, update and populate the basic and financial information on the shared WQCD/Authority database and will also maintain the supporting computer system.

Section 4. DWRF Committee.

A DWRF Committee, ("Committee"), to be composed of a designated representative from the WQCD, the DLG, and the Authority, shall be formed to coordinate the DWRF. The Committee shall meet as needed. The primary activities of the Committee shall be reviewing loan applications, reviewing the progress of the DWRF in meeting the goals stated in the IUP and reviewing and recommending policy changes involving the DWRF. The Committee shall act by unanimous vote of its duly designated members.

4.1. Duties of the Committee.

4.1.1. DWRF Review.

The Committee shall review: (a) progress on short and long term goals; (b) compliance with EPA's TMF requirements; (c) drafts of the financial summary and biennial reports to EPA; (d) recommend additions and modifications to the PEL and the annual IUP; (e) the Authority's financial statements on the status of the DWRF; (f) the content and effectiveness of the outreach and marketing programs; and (g) make recommendations on policy changes for the DWRF to the Authority Board and the Board of Health.

4.1.2. Project Review.

The Committee shall review each loan application received and the financial analysis and technical information (including but not limited to planning review, plans and specifications review, environmental review and the project sponsor's ability to operate and maintain the system) provided on each such loan application by the DLG and the WQCD respectively, and upon review of such information, forward its findings and recommendation to the Authority Board. If upon initial review, the Committee recommends that a loan application be denied, the Committee, acting through the DLG, shall afford the loan applicant an opportunity to submit additional information relevant to the loan application, and to correct deficiencies therein.

Based on the TMF capacity analyses by the WQCD and the DLG, the Committee shall determine the adequacy of a borrower's TMF capacity to receive project funding.

4.1.3. Disadvantaged Communities Activities.

When appropriate, the Committee shall develop criteria to define disadvantaged communities and to establish a system that awards disadvantaged communities a higher funding priority or other assistance as authorized by SDWA Section 1452 (d).

Section 5. Reimbursement of Expenses.

5.1 Reimbursable Expenses

Reimbursable administrative expenses from the DWRF shall consist of all costs, including salary and benefits and related indirect costs, and other direct costs of all personnel providing services supporting the DWRF and Set-Aside activities, and the roles and responsibilities of the parties set forth in this MOA. Direct costs shall include operating (e.g. supplies, telecommunications, travel, legal services, workers' compensation insurance, risk management, insurance, rent, incidental expenses, and equipment (e.g. computers, etc.) costs.

5.2. Rates for Reimbursement.

5.2.1. Reimbursements for salary and benefits and related indirect costs of the parties' personnel fulfilling the roles and responsibilities for the DWRF and the Set-Asides as set forth in this MOA shall be for the total indirect and direct hourly salary costs of employees for all hours directly devoted to fulfillment of the responsibilities for the DWRF pursuant to this MOA.

5.2.2. Reimbursement of other direct costs of the WQCD and the DLG shall be according to the rates and terms of the State of Colorado Fiscal Rules for Travel, Personnel Pay, Allowances and Benefits as they exist on the date of this amended agreement and as they may be further amended from time to time during the term of this agreement. (The current Rules are found at 1 CCR 101-1 and 1 CCR 101-2.) The Authority shall be reimbursed for other direct costs based on the

reimbursement policies adopted by the Authority Board of Directors for the Authority's personnel. Reimbursement from federal grant funds for computers and other equipment shall follow federal regulations associated with the use of grant funds for the purchase of such equipment.

5.3 Reimbursement Procedures.

5.3.1. The parties shall prepare monthly requests for reimbursement and submit them quarterly to the Authority's controller. Each request shall be accompanied by supporting documentation in an easily understandable format: (1) indicating the nature of the expenses for which reimbursement is being sought; (2) certifying that employee salary expenses (including benefits and related indirect costs) were determined using OMB Circular A-87 procedures (only if reimbursement is sought from federal funds); (3) certifying that the purpose of all costs for which reimbursement is sought is consistent with DWRF activities. The DLG and the WQCD shall maintain and shall make available to the Authority, upon request, time sheets or other documentation sufficient to verify employee salary expenses, and receipts, invoices, or other documentation sufficient to verify other direct costs. Reimbursement of salary, benefits and related indirect costs to be funded by federal grant moneys will be made only after written assurance from the EPA that the time and effort documentation process is satisfactory.

5.3.2. The Authority shall review all requests for reimbursement and shall pay all requests that are accompanied by satisfactory documentation within thirty (30) days. In order for the Authority to prepare annual financial statements in a timely manner, the monthly requests for October and November shall be submitted to the Authority's controller by January 15 of the following year. However, the Authority shall not be required to pay any requests for administrative reimbursement that exceed the overall annual amounts budgeted for that party for the DWRF for the applicable year, or for which money is not available in the DWRF (from the federal grant or from loan administrative surcharge fees) or the payment of which would violate the terms of C.R.S. §37-95-107.8 (SB95-083), the Safe Drinking Water Act, the Operating Agreement and Capitalization Grant between the United States and the State of Colorado, the MOA, or any other statute, agreement, regulation, covenant, or other document governing the DWRF. The Authority shall provide 90 days notice to the DLG and the WQCD if funds are not available in the DWRF to pay administrative costs.

Section 6. Term.

This MOA shall be in effect from the date of execution until termination by any party for cause by written notice to all other Parties hereto, or until statutory revisions to the DWRF require adjustments to the MOA; provided however, that if adjustments are required because of statutory revisions, those portions, if any, of this MOA that are consistent with such statutory revisions shall remain effective until a revised MOA has been executed. This MOA shall be reviewed by all parties at least every five years, but no later than December 31, 2008.

Section 7. Amendments.

The MOA may be amended from time to time to reflect changes in the responsibilities of any Party, upon the approval of the WQCD, the DLG and the Authority.

Section 8. Notices.

All notices required or permitted to be given hereunder shall be in writing and sent by registered or certified mail, and shall be delivered upon deposit in the United States mail as follows:

If to the WQCD: Executive Director
 Colorado Department of Public Health and Environment
 4300 Cherry Creek Drive South – A-5
 Denver, Colorado 80246-1530

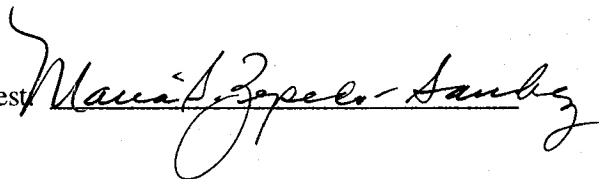
If to the DLG: Executive Director
 Department of Local Affairs
 1313 Sherman Street – Room 521
 Denver, Colorado 80203

If to the Authority: Executive Director
 Colorado Water Resources and Power Development Authority
 1580 Logan Street – Suite 620
 Denver, Colorado 80203-1942


These addresses may be changed by written notice.

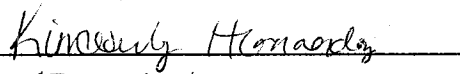
COLORADO DEPARTMENT OF PUBLIC
HEALTH AND ENVIRONMENT

By: 
Douglas H. Benevento, Executive Director

Attest: 


DEPARTMENT OF LOCAL AFFAIRS

By: 
Michael L. Beasley, Executive Director

Attest: 
Exec. Asst.

COLORADO WATER RESOURCES AND
POWER DEVELOPMENT AUTHORITY

By: 
Ann Nichols, Chair

Attest: 
Asst. Secretary

**COLORADO DWRF BIENNIAL
REPORT**

**EXHIBIT C
DWRF PLANNING AND DESIGN GRANTS**

COLORADO DWRF BIENNIAL REPORT

EXHIBIT C

DWRF PLANNING/DESIGN GRANT FUNDS FOR 2001, 2002, 2003 AND 2004

(\$10,000 EACH)

Recipients of 2001 Funds	Sent Application	Received Application	Criteria Met	Agreement Date	Project Number	Expiration / Completion Date
1) City of La Junta	3/15/2001	4/12/2001	Both	4/18/2001	WQC01000040	10/3/2001
2) Aspen Springs MD	4/30/2001	5/14/2001	Rate	6/18/2001	WQC02000018	6/30/2002
3) Town of Cedaredge	4/30/2001	5/25/2001	Income	6/15/2001	WQC02000006	12/2/2003
4) Pinewood Springs WD	11/15/2001	11/28/2001	Rate	12/11/2001	WQC02000029	6/30/2003
5) Town of Oak Creek	10/1/2001	10/31/2001	Income	11/6/2001	WQC02000026	12/30/2003
Recipients of 2002 Funds						
1) Grand County	3/1/2002	4/30/2002	Rate	5/9/2002	WQC02000044	6/30/2003
2) Parkville WD	3/1/2002	6/28/2002	Income	7/22/2002	WQC03000014	12/31/2003
3) City of Ouray	10/1/2002	12/19/2002	Income	12/28/2002	030051D	1/31/2004
4) Town of Nucla	2/20/2003	2/24/2003	Income/Rate	2/24/2003	020027D	3/31/2004
5) Town of Naturita	2/20/2003	2/24/2003	Income	2/24/2003	020026D	3/31/2004
6) City of Florence	5/28/2003	6/6/2003	Income/Rate	5/1/2003	960033D	12/31/2003
7) Olde Stage WD	6/13/2003	6/25/2003	Rate	7/1/2003	960084D	6/30/2004
8) Pinewood Springs WD	7/1/2003	7/15/2003	Rate	8/15/2003	960093D	3/1/2004
9) East Alamosa WSD	5/5/2002	6/27/2003	Income	9/1/2003	000007D	6/30/2004
Recipients of 2003 Funds						
1) Town of Sedgwick	7/28/2003	8/7/2003	Income	8/15/2003	040027D	7/31/2004
2) City of Victor	10/1/2003	9/23/2003	Income	10/01/2003	010037D	12/31/2004
3) Town of Georgetown	10/2/2003	10/17/2003	Income	11/1/2003	030026D	12/31/2004
4) Town of Haswell	8/29/2003	10/29/2003	Income	11/15/2003	010016D	12/31/2004
5) Town of Swink	10/9/2003	11/4/2003	Income	12/10/2003	030065D	12/31/2004
6) Mountain WSD	9/19/2003	11/12/2003	Rate	12/10/2003	040014D	12/31/2004
7) Forest View Acres WD	1/10/2003	2/10/2003	Rate	12/15/2003	030022D	12/31/2004

(Cont.)

COLORADO DWRF BIENNIAL REPORT

EXHIBIT C

DWRF PLANNING/DESIGN GRANT FUNDS FOR 2001, 2002, 2003 AND 2004

(\$10,000 EACH)

Recipients of 2004 Funds						
1) Walden, Town of	1/13/2004	1/16/2004	Income	2/29/2004	960115D	12/31/2004
2) Evans, City of	2/15/2004	3/3/2004	Income	3/10/2004	960199D	12/31/2005
3) Lookout Mt. WD	2/14/2004	4/28/2004	Rate	4/20/2004	990030D	12/31/2005
4) Larkspur	4/1/2004	4/13/2004	Income	12/28/2004	960061D	12/31/2005
5) Platteville	4/1/2004	4/14/2004	Income/Rate	6/1/2004	960094D	5/30/2005
6) Sedalia WSD	6/2/2004	6/17/2004	Income	7/1/2004	960105D	7/1/2005
7) Hillrose, Town of	6/25/2004	8/4/2004	Income	8/1/2004	040033D	7/31/2005
8) La Jara, Town of	11/15/2004	11/30/2004	Income	11/15/2004	040011D	12/31/2005
9) Eckley, Town of	6/22/2004	12/7/2004	Income	12/30/2004	050021D	6/30/2006
10) Bristol, WSD	11/22/2004	12/22/2004	Income	12/30/2004	05120006D	6/30/2006

**COLORADO DWRF BIENNIAL
REPORT**

**EXHIBIT D
BINDING COMMITMENTS**

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND (DWRF)
 2003 / 2004 BIENNIAL REPORT - EXHIBIT D - BINDING COMMITMENTS
 As of December 31, 2004

Federal Quarter Ending	EPA DW SRF GRANT AWARDS - DEPOSITS TO LOC - LOAN PROGRAM ONLY							State Funds to Match Grant Funds	Cumulative Federal Funds Deposits Plus State Match	Notes	Executed Loans	Cumulative Binding Commitments	Binding Commitments Percentage (a)
	1997 - 1999 GRANTS (b)	2000 GRANT	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	TOTAL						
03/31/97	0						0	0	\$0		0	\$0	
06/30/97	0						0	0	\$0		0	\$0	
09/30/97	13,259,439						13,259,439	3,356,820	\$16,616,259		0	\$0	
12/31/97	0						0	0	\$16,616,259		26,961,268	\$26,961,268	
03/31/98	0						0	0	\$16,616,259		0	\$26,961,268	
06/30/98	7,569,622						7,569,622	1,916,360	\$26,102,241		16,757,475	\$43,718,743	
09/30/98	0						0	0	\$26,102,241		917,200	\$44,635,943	268.6281%
12/31/98	0						0	0	\$26,102,241		0	\$44,635,943	268.6281%
03/31/99	0						0	0	\$26,102,241		0	\$44,635,943	268.6281%
06/30/99	8,873,285						8,873,285	1,607,016	\$36,582,542	(e)	51,539,053	\$96,174,996	368.4549%
09/30/99	401,704						401,704	401,504	\$37,385,750		0	\$96,174,996	368.4549%
12/31/99	6,666,667						6,666,667	1,333,333	\$45,385,750	(d)	490,000	\$96,664,996	370.3322%
03/31/00	0						0	0	\$45,385,750		326,000	\$96,990,996	371.5811%
06/30/00	0	7,733,696					7,733,696	2,087,440	\$55,206,886		39,183,909	\$136,174,905	372.2401%
09/30/00	0	396,482					396,482	0	\$55,603,368		349,471	\$136,524,376	365.1776%
12/31/00	0						0	0	\$55,603,368		450,000	\$136,974,376	301.8004%
03/31/01	0						0	0	\$55,603,368		0	\$136,974,376	301.8004%
06/30/01	281,532		8,615,074				8,896,606	2,096,060	\$66,596,034	(e)	0	\$136,974,376	248.1110%
09/30/01	0						0	0	\$66,596,034		0.00	\$136,974,376	246.3419%
12/31/01	0						0	0	\$66,596,034		1,000,000.00	\$137,974,376	248.1403%
03/31/02	0						0	0	\$66,596,034		800,000	\$138,774,376	249.5791%
06/30/02	0			11,400,920			11,400,920	2,664,600	\$80,661,554		18,754,659	\$157,529,035	236.5442%
09/30/02	0						0	0	\$80,661,554		400,000	\$157,929,035	237.1448%
12/31/02	0						0	0	\$80,661,554		1,948,246	\$159,877,281	240.0703%
03/31/03	0						0	0	\$80,661,554		0	\$159,877,281	240.0703%
06/30/03	0						0	0	\$80,661,554		23,635,505	\$183,512,786	227.5096%
09/30/03	0						0	0	\$80,661,554		0	\$183,512,786	227.5096%
12/31/03	0						0	0	\$80,661,554		15,680,291	\$199,193,077	246.9492%
03/31/04	0						0	0	\$80,661,554		0	\$199,193,077	246.9492%
06/30/04	0				2,911,004		2,911,004	1,315,267	\$84,887,825	(f)	669,000	\$199,862,077	247.7786%
09/30/04	0						10,352,084	2,747,540	\$97,987,449		123,200	\$199,985,277	247.9313%
12/31/04	0						0	0	\$97,987,449		0	\$199,985,277	247.9313%
Totals	37,052,249	\$8,130,178	\$8,615,074	\$11,400,920	\$2,911,004	\$10,352,084	\$78,461,509	\$19,525,940			\$199,985,277		

- (a) The required minimum percentage for binding commitments is 120%. (Calculated by dividing cumulative loan obligations (binding commitments) by cumulative payments to the LOC plus state match one year earlier.) This percentage reflects not only new loan funding and grant awards, but any adjustments made during the current year to existing loans and grants (amendments).
- (b) To reduce the size of this report, the 1997 through 2000 grant details have been combined into the first column. Details of these grant years are available upon request.
- (c) Includes \$839,205 of 1997 Grant capacity development set aside transferred to the loan fund in April, 1999
- (d) \$6.7 million transfer from the 1998 CW SRF Grant
- (e) Includes \$281,532 of the 1997 Grant SSTA set aside funds transferred to the loan fund in May, 2001.
- (f) 2003 DW SRF Grant Award (originally \$13,243,000) net of the \$6.7 million in loan funds transferred to the WPCRF program.

Total cumulative grant awards (includes set asides)	97,629,700
State Match percentage of total grant loan funds	0.249
State Match percentage of total awarded grant funds	0.200

**COLORADO DWRF BIENNIAL
REPORT**

**EXHIBIT E
EPA CAPITAL CONTRIBUTIONS SUMMARY**

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND (DWRF)
 2003/2004 BIENNIAL REPORT - EXHIBIT E - EPA CAPITAL CONTRIBUTIONS SUMMARY
 As of December 31, 2004

DW SRF GRANT AWARD SUMMARY									
	1997 GRANT	1998 GRANT	1999 GRANT	2000 GRANT	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	TOTAL GRANTS
GRANT ID NUMBER	FS998657-97-3	FS998832-98-1	FS998832-99-3	FS998832-00-2	FS998832-01-0	FS998832-02-4	FS998832-03-1	FS998832-04-0	
TOTAL GRANT AWARD	\$16,784,100	\$9,581,800	\$16,709,267	\$10,437,200	\$10,480,300	\$13,323,000	\$6,576,333	\$13,737,700	\$97,629,700
ALLOCATED TO SET ASIDES:	\$2,403,924	\$2,012,178	\$1,606,816	\$2,307,022	\$1,865,226	\$1,922,080	\$3,665,329	\$3,385,616	\$19,168,191
ALLOCATED TO DW SRF LOAN PROGRAM:	\$14,380,176	\$7,569,622	\$15,102,451	\$8,130,178	\$8,615,074	\$11,400,920	\$2,911,004	\$10,352,084	\$78,461,509

Grant Award Amendments (monetary changes only): (a) (b) (c) (d)

(a) Originally, 5% of the 1997 Grant (\$839,205) was set-aside for Capacity Development. All of the Capacity Development set-aside funds were transferred to the 1997 Grant SRF Loan Account (April 1999). Originally, 2% of the 1997 Grant (\$335,882) was set-aside for Small System Technical Assistance. \$281,532 of the Small System Technical Assistance set-aside funds were transferred to the 1997 Grant SRF Loan Account (May 2001).

(b) Includes a \$6,666,667.00 transfer of funds from the WPCRF SRF Program's 1998 Grant (December 1999).

(c) Original 2003 grant award was \$13,243,000. In August, 2003, \$6,666,667 of DW 2003 Cap Grant funds were transferred to the CW 2003 Cap. Grant.

(d) November, 2003: \$150,000 of the 2000 Capacity Development Set-aside (local assistance) was re-assigned to the EPA (in-kind) for contract work. It reduced the Capacity Development set-aside amount but not total grant funds awarded.

DETAIL OF DWF SET ASIDES ACTIVITY										
SET ASIDE PROGRAM	1997 GRANT	1998 GRANT	1999 GRANT	2000 GRANT	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	TOTAL GRANTS	Percent Drawn of Total Available
GRANT ADMINISTRATION										
Allocated (obligated)	671,364	383,272	401,704	417,488	0	0	1,481,852	549,508	3,905,188	53.94%
Total Draws (liquidated)	(671,364)	(383,272)	(401,704)	(417,488)			(232,823)	0	(2,106,651)	
Remaining (unliquidated obligation)	0	0	0	0	0	0	1,249,029	549,508	1,798,537	
SMALL SYSTEM TECHNICAL ASSISTANCE										
Allocated (obligated)	54,150	191,636	200,852	208,744	209,606	266,460	264,860	274,754	1,671,062	42.43%
Total Draws (liquidated)	(54,150)	(191,636)	(200,852)	(175,549)	(86,799)	0	0	0	(708,986)	
Remaining (unliquidated obligation)	0	0	0	33,195	122,807	266,460	264,860	274,754	962,076	
STATE PROGRAM MANAGEMENT:										
PWS SUPERVISION										
Allocated (obligated)	0	0	0	505,620	505,620	505,620	768,617	871,617	3,157,094	57.32%
Total Draws (liquidated)	0	0	0	(505,620)	(505,620)	(504,457)	(293,865)	0	(1,809,562)	
Remaining (unliquidated obligation)	0	0	0	0	0	1,163	474,752	871,617	1,347,532	
LOCAL ASSISTANCE (1452(K) ACTIVITIES:										
CAPACITY DEVELOPMENT										
Allocated (obligated)	0	650,000	650,000	500,000	650,000	650,000	650,000	1,373,770	5,123,770	36.22%
Total Draws (liquidated)	0	(650,000)	(564,397)	(500,000)	(131,868)	0	0	(9,542)	(1,855,807)	
Remaining (unliquidated obligation)	0	0	85,603	0	518,132	650,000	650,000	1,364,228	3,267,963	
SOURCE WATER PROTECTION										
Allocated (obligated)	1,678,410	0	0	0	0	0	0	0	1,678,410	98.91%
Total Draws (liquidated)	(1,660,065)	0	0	0	0	0	0	0	(1,660,065)	
Remaining (unliquidated obligation)	18,345	0	0	0	0	0	0	0	18,345	
WELLHEAD PROTECTION										
Allocated (obligated)	0	787,270	354,260	525,170	500,000	500,000	500,000	315,967	3,482,667	64.18%
Total Draws (liquidated)	0	(782,860)	(349,593)	(503,711)	(499,412)	(99,505)	0	0	(2,235,081)	
Remaining (unliquidated obligation)	0	4,410	4,667	21,459	588	400,495	500,000	315,967	1,247,586	
IN-KIND SERVICES										
Allocated (obligated)	0	0	0	150,000	0	0	0	0	150,000	
Total Draws (liquidated)	0	0	0	(150,000)	0	0	0	0	(150,000)	
Remaining (unliquidated obligation)	0	0	0	0	0	0	0	0	0	
TOTALS FOR ALL GRANT SET ASIDES										
Allocated (obligated)	2,403,924	2,012,178	1,606,816	2,307,022	1,865,226	1,922,080	3,665,329	3,385,616	19,168,191	54.91%
Total Draws (liquidated)	(2,385,579)	(2,007,788)	(1,516,546)	(2,252,368)	(1,223,699)	(603,962)	(526,688)	(9,542)	(10,526,152)	
Remaining (unliquidated obligation)	18,345	4,410	90,270	54,654	641,527	1,318,118	3,138,641	3,376,074	8,642,039	

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND (DWRF)
 2003/2004 BIENNIAL REPORT - EXHIBIT E - EPA CAPITAL CONTRIBUTIONS SUMMARY
 As of December 31, 2004

DETAIL OF DWF LOAN PROGRAM DRAWS											
PROJECT / BORROWER	Total Federal Funds Awarded (Obligated)	1997 GRANT	1998 GRANT	1999 GRANT	2000 GRANT	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	TOTAL DRAWS (Liquidated)	REMAINING FEDERAL FUNDS (Unliquidated Obligations)
Arapahoe Estates Water Dist (1997A)	388,360	(388,360)								(388,360)	0
Aurora (1999A)	4,751,500	0	(1,593,260)	(2,558,368)	(599,872)					(4,751,500)	0
Buena Vista (1998A)	490,204	(406,195)	(26,405)	(15,084)	(19,112)	(14,599)	(2,599)	(6,210)		(490,204)	0
Chatfield South Water Dist (98DL)	581,310	(283,601)	(297,709)							(581,310)	0
Craig (00DL)	353,089			(353,089)						(353,089)	0
Englewood (1997A)	5,361,910	(3,804,421)	(1,312,251)	(245,238)						(5,361,910)	0
Evergreen Metro Dist (2000A)	1,786,069			(933,783)	(79,984)	(593,694)	(178,608)			(1,786,069)	0
Evergreen Metro Dist (2002A)	764,260				(78,005)	(686,255)				(764,260)	0
Florence (2003B)	5,502,502						(2,678,493)			(2,678,493)	2,824,009
Fort Collins (1997A)	3,614,928	(3,538,043)		(76,885)						(3,614,928)	0
Fort Collins (1999A)	1,870,165		(925,840)	(921,296)						(1,870,165)	0
Fort Morgan (1998A)	5,641,214	(5,347,602)	(293,612)							(5,641,214)	0
Fountain Valley Auth (2000A)	2,633,735			(2,633,735)						(2,633,735)	0
Fountain Valley Auth (2003A)	1,463,552					(365,182)	(879,988)			(1,245,170)	218,382
Glenwood Springs (1999A)	1,710,790		(688,703)	(847,169)	(174,871)	(47)				(1,710,790)	0
Grand County W&SD (1999A)	1,036,468		(42,522)	(295,420)	(524,884)	(158,887)	(14,755)			(1,036,468)	0
Grand Junction (2002A)	1,082,370							(272,752)		(802,457)	279,913
Grand Lake (97DL)	394,988	(142,238)	(11,719)	(241,031)						(394,988)	0
Greeley (1999A)	5,280,660	(281,532)	(1,486,171)	(2,404,903)	(784,031)	(218,297)	(105,726)			(5,280,660)	0
Idaho Springs (2002A)	906,316					(906,316)				(906,316)	0
Julesburg (1999A)	392,210		(164,339)	(227,871)						(392,210)	0
Julesburg (99DL)	543,757			(543,757)						(543,757)	0
La Junta (2002A)	3,300,469					(1,399,347)	(1,817,662)			(3,217,009)	83,460
La Junta (99DL)	384,475		(384,475)							(384,475)	0
Left Hand W&SD (98DL)	150,574	(149,821)		(753)						(150,574)	0
Left Hand Water Dist (1999A)	2,139,722	(15,335)	(125,120)	(1,098,766)	(450,357)	(450,144)				(2,139,722)	0
Limon (2000A)	436,910			(19,695)	(376,128)	(41,087)				(436,910)	0
Longmont (2003A)	6,046,601					(895,953)	(5,150,648)			(6,046,601)	0
Lyons (2003A)	2,196,621					(54,090)	(254,199)	(25,833)		(334,122)	1,862,499
Pueblo (2000A)	2,499,000			(1,316,705)	(1,144,809)	(37,486)				(2,499,000)	0
Sedalia W&SD (00DL)	255,794			(88,567)	(167,227)					(255,794)	0
Springfield (00DL)	274,209			(274,209)						(274,209)	0
Thunderbird W&SD (99DL)	223,623		(217,496)	(6,127)						(223,623)	0
Wellington (01DL)	716,007				(370,105)	(345,902)				(716,007)	0
Westminster (2000A)	4,764,452				(3,360,793)	(1,358,169)	(45,490)			(4,764,452)	0
Woodland Park (02DL)	597,200					(559,915)				(559,915)	37,285
TOTAL DRAWS - LOANS	70,536,014	(14,380,177)	(7,569,622)	(15,102,451)	(8,130,178)	(8,615,075)	(11,400,920)	(32,043)	0	(65,230,466)	5,305,548
Percent of Total Grant Funds Allocated to the Loan Program Obligated to Loans 0.90											

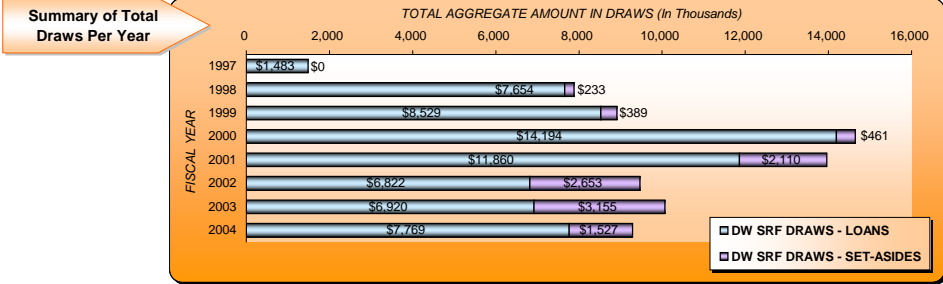
REMAINING GRANT FUNDS (unliquidated)	18,344	4,410	90,270	54,654	641,526	1,318,118	6,017,602	13,728,158	21,873,082
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SUMMARY OF FEDERAL FUND OBLIGATIONS	1997 GRANT	1998 GRANT	1999 GRANT	2000 GRANT	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	ALL GRANTS	Total Available	
UNLIQUIDATED OBLIGATIONS-SET ASIDES	18,345	4,410	90,270	54,654	641,527	1,318,118	3,138,641	3,376,074	8,642,039	45.09%	
UNLIQUIDATED OBLIGATIONS-LOANS	0	0	0	0	0	0	2,878,961	2,426,587	5,305,548	7.52%	
UNOBLIGATED GRANT FUNDS - LOANS	0	0	0	0	0	0	0	7,925,497	7,925,496		
SUMMARY OF EPA CAPITAL CONTRIBUTIONS BY FISCAL YEAR	1997 GRANT	1998 GRANT	1999 GRANT	2000 GRANT	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	TOTAL FOR ALL GRANTS	Cumulative Draws	Percent Drawn of Total Available

SUMMARY OF FEDERAL FUNDS DRAWN BY FISCAL YEAR - LOANS											
1997	1,482,959	0	0	0	0	0	0	0	1,482,959	(1,482,959)	10.31%
1998	7,654,312	0	0	0	0	0	0	0	7,654,312	(9,137,271)	41.63%
1999	5,219,876	3,308,648	0	0	0	0	0	0	8,528,524	(17,665,795)	47.68%
2000	23,029	4,260,974	9,909,751	0	0	0	0	0	14,193,754	(31,859,549)	70.51%
2001	0	0	5,192,700	6,667,767	0	0	0	0	11,860,467	(43,720,016)	81.27%
2002	0	0	0	1,462,411	5,359,110	0	0	0	6,821,521	(50,541,537)	77.52%
2003	0	0	0	0	3,255,965	3,664,375	0	0	6,920,340	(57,461,877)	84.37%
2004	0	0	0	0	0	7,736,545	32,043	0	7,768,588	(65,230,465)	83.14%
TOTALS	14,380,176	7,569,622	15,102,451	8,130,178	8,615,075	11,400,920	32,043	0	65,230,465		

SUMMARY OF FEDERAL FUNDS DRAWN BY FISCAL YEAR - AGGREGATE SET ASIDES											
1997	232,901	0	0	0	0	0	0	0	232,901	(232,901)	0.00%
1998	388,603	0	0	0	0	0	0	0	388,603	(621,504)	10.32%
1999	308,947	132,291	19,384	0	0	0	0	0	460,622	(1,082,126)	12.99%
2000	355,318	1,198,055	383,727	172,779	0	0	0	0	2,109,879	(3,192,005)	31.31%
2001	655,356	645,394	530,263	638,742	182,842	0	0	0	2,652,597	(5,844,602)	48.23%
2002	430,655	12,494	416,629	1,182,819	712,738	359,323	40,106	0	3,154,764	(8,999,366)	57.02%
2003	13,799	19,534	166,543	258,028	328,119	244,639	486,582	9,542	1,526,786	(10,526,152)	54.91%
TOTALS	2,385,579	2,007,768	1,516,546	2,252,368	1,223,699	603,962	526,688	9,542	10,526,152		

SUMMARY OF FEDERAL FUNDS DRAWN BY FISCAL YEAR - ENTIRE PROGRAM											
1997	1,482,959	0	0	0	0	0	0	0	1,482,959	1,482,959	8.84%
1998	7,887,213	0	0	0	0	0	0	0	7,887,213	9,370,172	35.54%
1999	5,608,479	3,308,648	0	0	0	0	0	0	8,917,127	18,287,299	42.45%
2000	331,976	4,393,265	9,929,135	0	0	0	0	0	14,654,376	32,941,675	61.56%
2001	355,318	1,198,055	5,576,427	6,840,546	0	0	0	0	13,970,346	46,912,021	73.31%
2002	655,356	645,394	530,263	2,101,153	5,541,952	0	0	0	9,474,118	56,386,139	72.93%
2003	430,655	12,494	416,629	1,182,819	3,968,703	4,023,698	40,106	0	10,075,104	66,461,243	79.22%
2004	13,799	19,534	166,543	258,028	328,119	7,981,184	518,625	9,542	9,295,374	75,756,617	77.60%
TOTALS	16,765,755	9,577,390	16,618,997	10,382,546	9,838,774	12,004,882	558,731	9,542	75,756,617		




April 30, 2005

**COLORADO DWRF BIENNIAL
REPORT**

**EXHIBIT F
FINANCIAL STATUS REPORTS**

DWRF 2617 JEO

FINANCIAL STATUS REPORT
(Short Form)
(Follow instructions on the back)

1. Federal Agency and Organization Element to Which is Submitted. U.S. Environmental Protection Agency Grants Administration Office	2. Federal Grant or other Identifying Number Assigned by Federal Agency FS998657-97-3	OMB Approval No. 0348-0039	Page 1	of 3	pages
3. Recipient Organization (name and complete address, including ZIP code) Colorado Water Resources and Power Development Authority (Drinking Water) 1580 Logan Street, Suite 620, Denver, Colorado 80203					
4. Employer Identification Number 84-0879485	5. Recipient Account Number or Identifying Number N/A	6. Final Report Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7. Basis Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>		
8. Grant Period (See Instructions) From: (Month, Day, Year) 10/01/97	To: (Month, Day, Year) 09/30/17	9. Period Covered by this report From (Month, Day, Year) 01/01/04		To: 12/31/04	
10. Transactions:		I Previously Reported	II This Period	III Cumulative	
a. Total outlays		\$20,108,817	\$13,799	\$20,122,616	
b. Recipient share of outlays		3,356,861	0	3,356,861	
c. Federal share of outlays		16,751,956	13,799	16,765,755	
d. Total unliquidated obligations				18,345	
e. Recipient share of unliquidated obligations				0	
f. Federal share of unliquidated obligations				18,345	
g. Total Federal share (sum of c. and f.)				16,784,100	
h. Total Federal funds authorized to this grant period				16,784,100	
i. Unobligated balance of Federal funds (line h. minus line g.)				0	
11. Indirect Expense		a. Type of Rate Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed <input type="checkbox"/> NOT APPLICABLE			
		b. Rate		c. Base	
NOT APPLICABLE - NO INDIRECT EXPENSES CHARGED TO THIS GRANT					
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.					
13. Certification: I certify to the best of my knowledge that this report is correct and complete and that all outlays and unliquidated obligations are for the purpose set forth in the award documents.					
Typed or Printed Name and Title Daniel L. Law, Executive Director			Telephone (Area code, number, and extension) (303) 830-1550 call Ext 14		
Signature of Authorized Certifying Official 			Date Report Submitted April 15, 2005		

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(d - f) - **Unliquidated Obligations**
 For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/04	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,905,188	\$2,106,651	1,798,537
Small System Technical Assistance	1,671,062	708,986	962,076
State Program Management:			
PWS Supervision	3,157,094	1,809,562	1,347,532
Local Assistance (1452 (k) Activities) :			
Capacity Development	5,123,770	1,855,807	3,267,963
Wellhead Protection	3,482,667	2,235,081	1,247,586
Source Water Protection	1,678,410	1,660,065	18,345
Total Obligated for Set Asides:	19,018,191	10,376,152	8,642,039
CURRENT LOANS / PROJECTS:			
Buena Vista, Town of (1998A)	490,204	490,204	0
Evergreen Metropolitan Dist (2000A)	1,786,069	1,786,069	0
Florence, City of (2003B)	5,502,502	2,678,493	2,824,009
Fountain Valley Authority (2003A)	1,463,552	1,245,170	218,382
Grand County W&SD (1999A)	1,036,468	1,036,468	0
Grand Junction, City of (2002A)	1,082,370	802,457	279,913
Greeley, City of (1999A)	5,280,660	5,280,660	0
La Junta, City of (2002A)	3,300,469	3,217,009	83,460
Longmont, City of (2003A)	6,046,601	6,046,601	0
Lyons, Town of (2003A)	2,196,621	334,122	1,862,499
Westminster, City of (2000A)	4,764,452	4,764,452	0
Woodland Park, City of (DL)	597,200	559,915	37,285
Total Obligated to Loans / Projects	33,547,168	28,241,620	5,305,548
Totals Obligations from DWSRF Grants as of 12/31/04	\$52,565,359	\$38,617,772	\$13,947,587
Less Federal Share Amounts Allocable to:			
1998 EPA DWSRF Grant (FS998832-98-1)	(3,567,276)	(3,562,866)	(4,410)
1999 EPA DWSRF Grant (FS998832-99-3)	(5,256,006)	(5,165,736)	(90,270)
2000 EPA DWSRF Grant (FS998832-00-2)	(6,925,826)	(6,871,172)	(54,654)
2001 EPA DWSRF Grant (FS998832-01-2)	(8,013,064)	(7,371,537)	(641,527)
2002 EPA DWSRF Grant (FS998832-02-0)	(13,323,000)	(12,004,882)	(1,318,118)
2003 EPA DWSRF Grant (FS998832-03-1)	(6,576,333)	(558,731)	(6,017,602)
2004 EPA DWSRF Grant (FS998832-04-0)	(5,812,203)	(9,542)	(5,802,661)
Total Amounts Allocable to:			
1997 EPA DWSRF Grant - Federal Share	3,091,651	3,073,306	\$18,345
Plus: 1997 EPA DWSRF Grant - Recipient's Share	174,105	174,105	\$0
Total 1997 EPA DWSRF Grant (FS998657-97-3)	3,265,756	3,247,411	\$18,345

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2004 to December 31, 2004

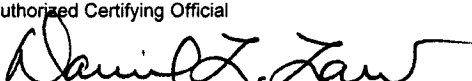
DWSRF Grant Funds Outlays To:	OUTLAYS (Draws) from the 1997 EPA Drinking Water Capitalization (DWSRF) Grant (# FS998657-97-3)		
	Draws from EPA LOC	State Match Provided (% of EPA LOC draws)	Total Outlays
<u>Program Set Asides:</u>			
Local Assistance (1452 (k) Activities) :			
Source Water Protection	\$ 13,799	(a)	\$ 13,799
<u>Total Draws for Set Asides</u>	<u>13,799</u>	<u>n/a</u>	<u>13,799</u>
<u>Current Loans/Projects:</u>			
<u>Total Draws for Current Loans / Projects</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Outlays</u>	<u>\$13,799</u>	<u>\$0</u>	<u>\$13,799</u>

<u>Calculated State Match Percentage</u>	<u>0.253165</u>
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(a) State Match for set-aside draws are rolled over to the the Drinking Water Revolving loan Fund as required.

DWRF 2617280

FINANCIAL STATUS REPORT
(Short Form)
(Follow instructions on the back)

1. Federal Agency and Organization Element to Which is Submitted U.S. Environmental Protection Agency Grants Administration Office	2. Federal Grant or other Identifying Number Assigned by Federal Agency FS998832-98-1	OMB Approval No. 0348-0039	Page 1	of 3 pages
3. Recipient Organization (name and complete address, including ZIP code) Colorado Water Resources and Power Development Authority (Drinking Water) 1580 Logan Street, Suite 620, Denver, Colorado 80203				
4. Employer Identification Number 84-0879485	5. Recipient Account Number or Identifying Number N/A	6. Final Report Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7. Basis Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>	
8. Grant Period (See Instructions) From: (Month, Day, Year) 06/01/98	To: (Month, Day, Year) 06/01/21	9. Period Covered by this report From (Month, Day, Year) 01/01/04 To: 12/31/04		
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		11,474,220	19,534	11,493,754
b. Recipient share of outlays		1,916,364	0	1,916,364
c. Federal share of outlays		9,557,856	19,534	9,577,390
d. Total unliquidated obligations				4,410
e. Recipient share of unliquidated obligations				0
f. Federal share of unliquidated obligations				4,410
g. Total Federal share (sum of c. and f.)				9,581,800
h. Total Federal funds authorized to this grant period				9,581,800
i. Unobligated balance of Federal funds (line h. minus line g.)				0
11. Indirect Expense		a. Type of Rate Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed <input type="checkbox"/> NOT APPLICABLE		
		b. Rate	c. Base	d. Total Amount
		NOT APPLICABLE - NO INDIRECT EXPENSES CHARGED TO THIS GRANT		
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.				
13. Certification: I certify to the best of my knowledge that this report is correct and complete and that all outlays and unliquidated obligations are for the purpose set forth in the award documents.				
Typed or Printed Name and Title Daniel L. Law, Executive Director			Telephone (Area code, number, and extension) (303) 830-1550 call Ext 14	
Signature of Authorized Certifying Official 			Date Report Submitted April 15, 2005	

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(d - f) - **Unliquidated Obligations**
 For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/04	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,905,188	\$2,106,651	1,798,537
Small System Technical Assistance	1,671,062	708,986	962,076
State Program Management:			
PWS Supervision	3,157,094	1,809,562	1,347,532
Local Assistance (1452 (k) Activities) :			
Capacity Development	5,123,770	1,855,807	3,267,963
Wellhead Protection	3,482,667	2,235,081	1,247,586
Source Water Protection	1,678,410	1,660,065	18,345
Total Obligated for Set Asides:	19,018,191	10,376,152	8,642,039
CURRENT LOANS / PROJECTS:			
Buena Vista, Town of (1998A)	490,204	490,204	0
Evergreen Metropolitan Dist (2000A)	1,786,069	1,786,069	0
Florence, City of (2003B)	5,502,502	2,678,493	2,824,009
Fountain Valley Authority (2003A)	1,463,552	1,245,170	218,382
Grand County W&SD (1999A)	1,036,468	1,036,468	0
Grand Junction, City of (2002A)	1,082,370	802,457	279,913
Greeley, City of (1999A)	5,280,660	5,280,660	0
La Junta, City of (2002A)	3,300,469	3,217,009	83,460
Longmont, City of (2003A)	6,046,601	6,046,601	0
Lyons, Town of (2003A)	2,196,621	334,122	1,862,499
Westminster, City of (2000A)	4,764,452	4,764,452	0
Woodland Park, City of (DL)	597,200	559,915	37,285
Total Obligated to Loans / Projects	33,547,168	28,241,620	5,305,548
Totals Obligations from DWSRF Grants as of 12/31/04	\$52,565,359	\$38,617,772	\$13,947,587
Less Federal Share Amounts Allocable to:			
1997 EPA DWSRF Grant (FS998657-97-3)	(3,091,651)	(3,073,306)	(18,345)
1999 EPA DWSRF Grant (FS998832-99-3)	(5,256,006)	(5,165,736)	(90,270)
2000 EPA DWSRF Grant (FS998832-00-2)	(6,925,826)	(6,871,172)	(54,654)
2001 EPA DWSRF Grant (FS998832-01-2)	(8,013,064)	(7,371,537)	(641,527)
2002 EPA DWSRF Grant (FS998832-02-0)	(13,323,000)	(12,004,882)	(1,318,118)
2003 EPA DWSRF Grant (FS998832-03-1)	(6,576,333)	(558,731)	(6,017,602)
2004 EPA DWSRF Grant (FS998832-04-0)	(5,812,203)	(9,542)	(5,802,661)
Total Amounts Allocable to:			
1998 EPA DWSRF Grant - Federal Share	3,567,276	3,562,866	\$4,410
Plus: 1998 EPA DWSRF Grant - Recipient's Share	393,689	393,689	\$0
Total 1998 EPA DWSRF Grant (FS998832-98-1)	3,960,965	3,956,555	\$4,410

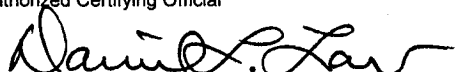
Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2004 to December 31, 2004

	OUTLAYS (Draws) from the 1998 EPA Drinking Water Capitalization (DWSRF) Grant (# FS998832-98-1)		
DWSRF Grant Funds Outlays To:	Draws from EPA LOC	State Match Provided (% of EPA LOC draws)	Total Outlays
<u>Program Set Asides:</u>			
Local Assistance (1452 (k) Activities) :			
Wellhead Protection	\$ 19,534	(a)	\$ 19,534
<u>Total Draws for Set Asides</u>	<u>19,534</u>	<u>n/a</u>	<u>19,534</u>
<u>Current Loans/Projects:</u>			
<u>Total Draws for Current Loans / Projects</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Outlays</u>	<u>\$19,534</u>	<u>\$0</u>	<u>\$19,534</u>

Calculated State Match Percentage	0.253165
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(a) State Match for set-aside draws are rolled over to the the Drinking Water Revolving loan Fund as required.

FINANCIAL STATUS REPORT
(Short Form)
(Follow instructions on the back)

1. Federal Agency and Organization Element to Which is Submitted U.S. Environmental Protection Agency Grants Administration Office	2. Federal Grant or other Identifying Number Assigned by Federal Agency FS998832-99-3	OMB Approval No. 0348-0039	Page 1	of 3	pages
3. Recipient Organization (name and complete address, including ZIP code) Colorado Water Resources and Power Development Authority DWSRF 1580 Logan Street, Suite 620, Denver, Colorado 80203					
4. Employer Identification Number 84-0879485	5. Recipient Account Number or Identifying Number N/A	6. Final Report Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7. Basis Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>		
8. Grant Period (See Instructions) From: (Month, Day, Year) 04/12/99	To: (Month, Day, Year) 04/30/19	9. Period Covered by this report From (Month, Day, Year) 01/01/04 To: 12/31/04			
10. Transactions:		I Previously Reported	II This Period	III Cumulative	
a. Total outlays		19,794,350	166,543	19,960,893	
b. Recipient share of outlays		3,341,896	0	3,341,896	
c. Federal share of outlays		16,452,454	166,543	16,618,997	
d. Total unliquidated obligations				90,270	
e. Recipient share of unliquidated obligations				0	
f. Federal share of unliquidated obligations				90,270	
g. Total Federal share (sum of c. and f.)				16,709,267	
h. Total Federal funds authorized to this grant period				16,709,267	
i. Unobligated balance of Federal funds (line h. minus line g.)				0	
11. Indirect Expense		a. Type of Rate Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed <input type="checkbox"/> NOT APPLICABLE			
		b. Rate NOT APPLICABLE - NO INDIRECT EXPENSES CHARGED TO THIS GRANT		c. Base NOT APPLICABLE - NO INDIRECT EXPENSES CHARGED TO THIS GRANT	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.					
13. Certification: I certify to the best of my knowledge that this report is correct and complete and that all outlays and unliquidated obligations are for the purpose set forth in the award documents.					
Typed or Printed Name and Title Daniel L. Law, Executive Director			Telephone (Area code, number, and extension) (303) 830-1550 call Ext 14		
Signature of Authorized Certifying Official 			Date Report Submitted April 15, 2005		

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(d - f) - **Unliquidated Obligations**
 For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/04	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,905,188	\$2,106,651	1,798,537
Small System Technical Assistance	1,671,062	708,986	962,076
State Program Management:			
PWS Supervision	3,157,094	1,809,562	1,347,532
Local Assistance (1452 (k) Activities) :			
Capacity Development	5,123,770	1,855,807	3,267,963
Wellhead Protection	3,482,667	2,235,081	1,247,586
Source Water Protection	1,678,410	1,660,065	18,345
Total Obligated for Set Asides:	19,018,191	10,376,152	8,642,039
CURRENT LOANS / PROJECTS:			
Buena Vista, Town of (1998A)	490,204	490,204	0
Evergreen Metropolitan Dist (2000A)	1,786,069	1,786,069	0
Florence, City of (2003B)	5,502,502	2,678,493	2,824,009
Fountain Valley Authority (2003A)	1,463,552	1,245,170	218,382
Grand County W&SD (1999A)	1,036,468	1,036,468	0
Grand Junction, City of (2002A)	1,082,370	802,457	279,913
Greeley, City of (1999A)	5,280,660	5,280,660	0
La Junta, City of (2002A)	3,300,469	3,217,009	83,460
Longmont, City of (2003A)	6,046,601	6,046,601	0
Lyons, Town of (2003A)	2,196,621	334,122	1,862,499
Westminster, City of (2000A)	4,764,452	4,764,452	0
Woodland Park, City of (DL)	597,200	559,915	37,285
Total Obligated to Loans / Projects	33,547,168	28,241,620	5,305,548
Totals Obligations from DWSRF Grants as of 12/31/04	\$52,565,359	\$38,617,772	\$13,947,587
Less Federal Share Amounts Allocable to:			
1997 EPA DWSRF Grant (FS998657-97-3)	(3,091,651)	(3,073,306)	(18,345)
1998 EPA DWSRF Grant (FS998832-98-1)	(3,567,276)	(3,562,866)	(4,410)
2000 EPA DWSRF Grant (FS998832-00-2)	(6,925,826)	(6,871,172)	(54,654)
2001 EPA DWSRF Grant (FS998832-01-2)	(8,013,064)	(7,371,537)	(641,527)
2002 EPA DWSRF Grant (FS998832-02-0)	(13,323,000)	(12,004,882)	(1,318,118)
2003 EPA DWSRF Grant (FS998832-03-1)	(6,576,333)	(558,731)	(6,017,602)
2004 EPA DWSRF Grant (FS998832-04-0)	(5,812,203)	(9,542)	(5,802,661)
Total Amounts Allocable to:			
1999 EPA DWSRF Grant - Federal Share	5,256,006	5,165,736	\$90,270
Plus: 1999 EPA DWSRF Grant - Recipient's Share	729,838	729,838	\$0
Total 1999 EPA DWSRF Grant (FS998832-99-3)	5,985,844	5,895,574	\$90,270

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2004 to December 31, 2004


DWSRF Grant Funds Outlays To:	OUTLAYS (Draws) from the 1999 EPA Drinking Water Capitalization (DWSRF) Grant (# FS998832-99-3)		
	Draws from EPA LOC	State Match Provided (% of EPA LOC draws)	Total Outlays
<u>Program Set Asides:</u>			
Small System Technical Assistance	\$ 5,700	(a)	\$ 5,700
Local Assistance (1452 (k) Activities) :			
Capacity Development	160,843	(a)	160,843
Wellhead Protection	-	(a)	-
Total Draws for Set Asides	166,543	n/a	166,543
<u>Current Loans/Projects:</u>			
Total Draws for Current Loans / Projects	-	-	-
Total Outlays	\$166,543	\$0	\$166,543

Calculated State Match Percentage	original grant	0.238095
Calculated State Match Percentage	transfer from CW	0.200000

(a) State Match for set-aside draws are rolled over to the the Drinking Water Revolving loan Fund as required.

DWRF 2617280

FINANCIAL STATUS REPORT
(Short Form)
(Follow instructions on the back)

1. Federal Agency and Organization Element to Which is Submitted U.S. Environmental Protection Agency Grants Administration Office	2. Federal Grant or other Identifying Number Assigned by Federal Agency FS998832-00-2	OMB Approval No. 0348-0039	Page 1	of 4 pages
3. Recipient Organization (name and complete address, including ZIP code) Colorado Water Resources and Power Development Authority 1580 Logan Street, Suite 620, Denver, Colorado 80203 DWSRF				
4. Employer Identification Number 84-0879485	5. Recipient Account Number or Identifying Number N/A	6. Final Report Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7. Basis Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>	
8. Grant Period (See Instructions) From: (Month, Day, Year) 05/01/00	To: (Month, Day, Year) 09/03/20	9. Period Covered by this report From (Month, Day, Year) 01/01/04 To: 12/31/04		
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		12,211,957	258,028	12,469,985
b. Recipient share of outlays		2,087,439	0	2,087,439
c. Federal share of outlays		10,124,518	258,028	10,382,546
d. Total unliquidated obligations				54,654
e. Recipient share of unliquidated obligations				0
f. Federal share of unliquidated obligations				54,654
g. Total Federal share (sum of c. and f.)				10,437,200
h. Total Federal funds authorized to this grant period				10,437,200
i. Unobligated balance of Federal funds (line h. minus line g.)				0
11. Indirect Expense	a. Type of Rate Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed <input type="checkbox"/> OTHER - Based on Direct Labor Costs			
	b. Rate 0.2126	c. Base 97,416	d. Total Amount 20,525	e. Federal Share 20,525
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.				
13. Certification: I certify to the best of my knowledge that this report is correct and complete and that all outlays and unliquidated obligations are for the purpose set forth in the award documents.				
Typed or Printed Name and Title Daniel L. Law, Executive Director		Telephone (Area code, number, and extension) (303) 830-1550 call Ext 14		
Signature of Authorized Certifying Official 		Date Report Submitted April 15, 2005		

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(d - f) - **Unliquidated Obligations**
 For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/04	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,905,188	\$2,106,651	1,798,537
Small System Technical Assistance	1,671,062	708,986	962,076
State Program Management:			
PWS Supervision	3,157,094	1,809,562	1,347,532
Local Assistance (1452 (k) Activities) :			
Capacity Development	5,123,770	1,855,807	3,267,963
Wellhead Protection	3,482,667	2,235,081	1,247,586
Source Water Protection	1,678,410	1,660,065	18,345
Total Obligated for Set Asides:	19,018,191	10,376,152	8,642,039
CURRENT LOANS / PROJECTS:			
Buena Vista, Town of (1998A)	490,204	490,204	0
Evergreen Metropolitan Dist (2000A)	1,786,069	1,786,069	0
Florence, City of (2003B)	5,502,502	2,678,493	2,824,009
Fountain Valley Authority (2003A)	1,463,552	1,245,170	218,382
Grand County W&SD (1999A)	1,036,468	1,036,468	0
Grand Junction, City of (2002A)	1,082,370	802,457	279,913
Greeley, City of (1999A)	5,280,660	5,280,660	0
La Junta, City of (2002A)	3,300,469	3,217,009	83,460
Longmont, City of (2003A)	6,046,601	6,046,601	0
Lyons, Town of (2003A)	2,196,621	334,122	1,862,499
Westminster, City of (2000A)	4,764,452	4,764,452	0
Woodland Park, City of (DL)	597,200	559,915	37,285
Total Obligated to Loans / Projects	33,547,168	28,241,620	5,305,548
Totals Obligations from DWSRF Grants as of 12/31/04	\$52,565,359	\$38,617,772	\$13,947,587
Less Federal Share Amounts Allocable to:			
1997 EPA DWSRF Grant (FS998657-97-3)	(3,091,651)	(3,073,306)	(18,345)
1998 EPA DWSRF Grant (FS998832-98-1)	(3,567,276)	(3,562,866)	(4,410)
1999 EPA DWSRF Grant (FS998832-99-3)	(5,256,006)	(5,165,736)	(90,270)
2001 EPA DWSRF Grant (FS998832-01-2)	(8,013,064)	(7,371,537)	(641,527)
2002 EPA DWSRF Grant (FS998832-02-0)	(13,323,000)	(12,004,882)	(1,318,118)
2003 EPA DWSRF Grant (FS998832-03-1)	(6,576,333)	(558,731)	(6,017,602)
2004 EPA DWSRF Grant (FS998832-04-0)	(5,812,203)	(9,542)	(5,802,661)
Total Amounts Allocable to:			
2000 EPA DWSRF Grant - Federal Share	6,925,826	6,871,172	\$54,654
Plus: 2000 EPA DWSRF Grant - Recipient's Share	1,224,400	1,224,400	\$0
Total 2000 EPA DWSRF Grant (FS998832-00-2)	8,150,226	8,095,572	\$54,654

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2004 to December 31, 2004

OUTLAYS (Draws) from the 2000 EPA Drinking Water Capitalization (DWSRF) Grant (#FS998832-00-2)			
DWSRF Grant Funds Outlays To:	Draws from EPA LOC	State Match Provided (% of EPA LOC draws)	Total Outlays
<u>Program Set Asides:</u>			
Grant Administration	\$ 103,539	(a)	\$ 103,539
Small System Technical Assistance	15,000	(a)	15,000
Local Assistance (1452 (k) Activities) :			
Capacity Development	95,893	(a)	95,893
Wellhead Protection	43,596	(a)	43,596
<u>Total Draws for Set Asides</u>	<u>258,028</u>	<u>n/a</u>	<u>258,028</u>
<u>Current Loans/Projects:</u>			
<u>Total Draws for Current Loans / Projects</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Outlays</u>	<u>\$258,028</u>	<u>\$0</u>	<u>\$258,028</u>

Calculated State Match Percentage	0.256752
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(a) State Match for set-aside draws are rolled over to the the Drinking Water Revolving loan Fund as required.

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 11(b) - Indirect Expenses
 For the Period: January 1, 2004 to December 31, 2004

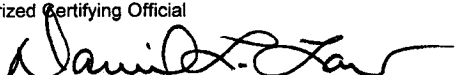
BASIC DATA				ADJUSTING SCHEDULE FOR DRAW FROM TWO GRANTS						
Month Expense Incurred	Total Overhead Expense for Month (BASE)	Total Overhead Costs Allocated to DWRF (TOTAL AMOUNT)	Expenses Drawn From DWSRF Grant Year	Ratio of Overhead Costs Allocated to DWRF to Total Expenses (RATE)	"BASE" Allocated to DWSRF 2000 Grant	"BASE" Allocated to DWSRF 2003 Grant	"TOTAL" allocated to DWSRF 2000 Grant	"TOTAL" allocated to DWSRF 2003 Grant	"RATE" for DWSRF 2000 Grant	"RATE" for DWSRF 2003 Grant
<i>2003 Indirect Expenses Requisitioned in 2004</i>										
December-03	28,326.74	6,153.19	2000	0.21722	28,326.74		6,153.19		0.2172	
<i>2004 Indirect Expenses Requisitioned in 2004</i>										
January-04	20,582.09	5,556.28	2000 / 2003	Split - see schedules adjusting 0.14519	15,108.57	5,473.52	4,078.67	1,477.61	0.2700	0.2700
February-04	21,558.03	4,721.87	2000 / 2003		15,824.97	5,733.06	3,466.15	1,255.72	0.2190	0.2190
March-04	27,343.31	5,275.23	2000 / 2003		20,071.74	7,271.57	3,872.36	1,402.87	0.1929	0.1929
April-04	24,635.69	4,025.52	2000 / 2003		18,084.17	6,551.52	2,954.99	1,070.53	0.1634	0.1634
May-04	22,663.17	3,290.46	2003		22,663.17			3,290.46	0.1452	0.1452
June-04	24,983.22	3,277.57	2003		24,983.22			3,277.57	0.1312	0.1312
July-04	23,526.61	3,880.82	2003		23,526.61			3,880.82	0.1650	0.1650
August-04	23,562.28	5,058.87	2003		23,562.28			5,058.87	0.2147	0.2147
September-04	21,443.03	4,536.14	2003		21,443.03			4,536.14	0.2115	0.2115
October-04	31,617.53	5,764.52	2003		31,617.53			5,764.52	0.1823	0.1823
November-04	22,687.18	4,517.69	2003		22,687.18			4,517.69	0.1991	0.1991
Totals	ADJUSTED DUE TO SPLIT					97,416.19	195,512.69	20,525.36	35,532.80	0.2125
Average Percentage				Adjusted Due to Split						

Totals in red are the information to put into form

CALCULATION OF GRANT PERCENTAGE TO TOTAL GRANT DRAW FOR ADJUSTING SCHEDULE		
	GRANT (#FS998832-00-2)	FROM 2003 GRANT (#FS998832-00-2)
Grant funds drawn for Jan, Feb, Mar Apr 2004 expenses	\$83,065.00	\$22,090.00
Percentage of Total Grant Draw	100%	26.5936%

DWRF 2617280

FINANCIAL STATUS REPORT
(Short Form)
(Follow instructions on the back)

1. Federal Agency and Organization Element to Which is Submitted U.S. Environmental Protection Agency Grants Administration Office	2. Federal Grant or other Identifying Number Assigned by Federal Agency FS998832-01-2	OMB Approval No. 0348-0039	Page 1	of 3 pages
3. Recipient Organization (name and complete address, including ZIP code) Colorado Water Resources and Power Development Authority 1580 Logan Street, Suite 620, Denver, Colorado 80203				
4. Employer Identification Number 84-0879485	5. Recipient Account Number or Identifying Number N/A	6. Final Report Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7. Basis Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>	
8. Grant Period (See Instructions) From: (Month, Day, Year) 06/01/01	To: (Month, Day, Year) 06/30/21	9. Period Covered by this report From (Month, Day, Year) 01/01/04		To: 12/31/04
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		11,606,716	328,119	11,934,835
b. Recipient share of outlays		2,096,062	0	2,096,062
c. Federal share of outlays		9,510,654	328,119	9,838,773
d. Total unliquidated obligations				641,527
e. Recipient share of unliquidated obligations				0
f. Federal share of unliquidated obligations				641,527
g. Total Federal share (sum of c. and f.)				10,480,300
h. Total Federal funds authorized to this grant period				10,480,300
i. Unobligated balance of Federal funds (line h. minus line g.)				0
11. Indirect Expense		a. Type of Rate Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed <input type="checkbox"/> NOT APPLICABLE		
		b. Rate	c. Base	d. Total Amount
NOT APPLICABLE - NO INDIRECT EXPENSES CHARGED TO THIS GRANT				
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.				
13. Certification: I certify to the best of my knowledge that this report is correct and complete and that all outlays and unliquidated obligations are for the purpose set forth in the award documents.				
Typed or Printed Name and Title Daniel L. Law, Executive Director			Telephone (Area code, number, and extension) (303) 830-1550 call Ext 14	
Signature of Authorized Certifying Official 			Date Report Submitted April 15, 2005	

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(d - f) - **Unliquidated Obligations**
 For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/04	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,905,188	\$2,106,651	1,798,537
Small System Technical Assistance	1,671,062	708,986	962,076
State Program Management:			
PWS Supervision	3,157,094	1,809,562	1,347,532
Local Assistance (1452 (k) Activities) :			
Capacity Development	5,123,770	1,855,807	3,267,963
Wellhead Protection	3,482,667	2,235,081	1,247,586
Source Water Protection	1,678,410	1,660,065	18,345
Total Obligated for Set Asides:	19,018,191	10,376,152	8,642,039
CURRENT LOANS / PROJECTS:			
Buena Vista, Town of (1998A)	490,204	490,204	0
Evergreen Metropolitan Dist (2000A)	1,786,069	1,786,069	0
Florence, City of (2003B)	5,502,502	2,678,493	2,824,009
Fountain Valley Authority (2003A)	1,463,552	1,245,170	218,382
Grand County W&SD (1999A)	1,036,468	1,036,468	0
Grand Junction, City of (2002A)	1,082,370	802,457	279,913
Greeley, City of (1999A)	5,280,660	5,280,660	0
La Junta, City of (2002A)	3,300,469	3,217,009	83,460
Longmont, City of (2003A)	6,046,601	6,046,601	0
Lyons, Town of (2003A)	2,196,621	334,122	1,862,499
Westminster, City of (2000A)	4,764,452	4,764,452	0
Woodland Park, City of (DL)	597,200	559,915	37,285
Total Obligated to Loans / Projects	33,547,168	28,241,620	5,305,548
Totals Obligations from DWSRF Grants as of 12/31/04	\$52,565,359	\$38,617,772	\$13,947,587
Less Federal Share Amounts Allocable to:			
1997 EPA DWSRF Grant (FS998657-97-3)	(3,091,651)	(3,073,306)	(18,345)
1998 EPA DWSRF Grant (FS998832-98-1)	(3,567,276)	(3,562,866)	(4,410)
1999 EPA DWSRF Grant (FS998832-99-3)	(5,256,006)	(5,165,736)	(90,270)
2000 EPA DWSRF Grant (FS998832-00-2)	(6,925,826)	(6,871,172)	(54,654)
2002 EPA DWSRF Grant (FS998832-02-0)	(13,323,000)	(12,004,882)	(1,318,118)
2003 EPA DWSRF Grant (FS998832-03-1)	(6,576,333)	(558,731)	(6,017,602)
2004 EPA DWSRF Grant (FS998832-04-0)	(5,812,203)	(9,542)	(5,802,661)
Total Amounts Allocable to:			
2001 EPA DWSRF Grant - Federal Share	8,013,064	7,371,537	\$641,527
Plus: 2001 EPA DWSRF Grant - Recipient's Share	1,495,778	1,495,778	\$0
Total 2001 EPA DWSRF Grant (FS998832-01-2)	9,508,842	8,867,315	\$641,527

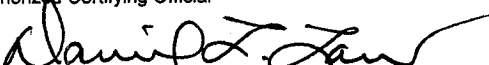
Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND PROGRAM
FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2004 to December 31, 2004

OUTLAYS (Draws) from the 2001 EPA Drinking Water Capitalization (DWSRF) Grant (#FS998832-01-2)			
DWSRF Grant Funds Outlays To:	Draws from EPA LOC	State Match Provided (% of EPA LOC draws)	Total Outlays
<u>Program Set Asides:</u>			
Small System Technical Assistance	86,799	(a)	86,799
Local Assistance (1452 (k) Activities) :			
Capacity Development	131,868	(a)	131,868
Wellhead Protection	109,452	(a)	109,452
Total Draws for Set Asides	328,119	n/a	328,119
<u>Current Loans/Projects:</u>			
Total Draws for Current Loans / Projects	-	-	-
Total Outlays	\$328,119	\$0	\$328,119

Calculated State Match Percentage	0.243302
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(a) State Match for set-aside draws are rolled over to the the Drinking Water Revolving loan Fund as required.

FINANCIAL STATUS REPORT
(Short Form)
(Follow instructions on the back)

1. Federal Agency and Organization Element to Which is Submitted U.S. Environmental Protection Agency Grants Administration Office	2. Federal Grant or other Identifying Number Assigned by Federal Agency FS998832-02-00	OMB Approval No. 0348-0039	Page 1	of 3 pages
3. Recipient Organization (name and complete address, including ZIP code) Colorado Water Resources and Power Development Authority 1580 Logan Street, Suite 620, Denver, Colorado 80203 DWSRF				
4. Employer Identification Number 84-0879485	5. Recipient Account Number or Identifying Number N/A	6. Final Report Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7. Basis Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>	
8. Grant Period (See Instructions) From: (Month, Day, Year) 04/01/02	To: (Month, Day, Year) 09/30/22	9. Period Covered by this report From (Month, Day, Year) 01/01/04 To: 12/31/04		
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		1,575,624	13,093,858	14,669,482
b. Recipient share of outlays		230,419	2,434,181	2,664,600
c. Federal share of outlays		1,345,205	10,659,677	12,004,882
d. Total unliquidated obligations				1,318,118
e. Recipient share of unliquidated obligations				0
f. Federal share of unliquidated obligations				1,318,118
g. Total Federal share (sum of c. and f.)				13,323,000
h. Total Federal funds authorized to this grant period				13,323,000
i. Unobligated balance of Federal funds (line h. minus line g.)				0
11. Indirect Expense	a. Type of Rate Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed <input type="checkbox"/> NOT APPLICABLE			
	b. Rate	c. Base	d. Total Amount	e. Federal Share
NOT APPLICABLE - NO INDIRECT EXPENSES CHARGED TO THIS GRANT				
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.				
13. Certification: I certify to the best of my knowledge that this report is correct and complete and that all outlays and unliquidated obligations are for the purpose set forth in the award documents.				
Typed or Printed Name and Title Daniel L. Law, Executive Director		Telephone (Area code, number, and extension) (303) 830-1550 call Ext 14		
Signature of Authorized Certifying Official 		Date Report Submitted April 15, 2005		

Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND PROGRAM
FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
Form 269A, Lines 10(d - f) - Unliquidated Obligations
For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/04	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,905,188	\$2,106,651	1,798,537
Small System Technical Assistance	1,671,062	708,986	962,076
State Program Management:			
PWS Supervision	3,157,094	1,809,562	1,347,532
Local Assistance (1452 (k) Activities) :			
Capacity Development	5,123,770	1,855,807	3,267,963
Wellhead Protection	3,482,667	2,235,081	1,247,586
Source Water Protection	1,678,410	1,660,065	18,345
Total Obligated for Set Asides:	19,018,191	10,376,152	8,642,039
CURRENT LOANS / PROJECTS:			
Buena Vista, Town of (1998A)	490,204	490,204	0
Evergreen Metropolitan Dist (2000A)	1,786,069	1,786,069	0
Florence, City of (2003B)	5,502,502	2,678,493	2,824,009
Fountain Valley Authority (2003A)	1,463,552	1,245,170	218,382
Grand County W&SD (1999A)	1,036,468	1,036,468	0
Grand Junction, City of (2002A)	1,082,370	802,457	279,913
Greeley, City of (1999A)	5,280,660	5,280,660	0
La Junta, City of (2002A)	3,300,469	3,217,009	83,460
Longmont, City of (2003A)	6,046,601	6,046,601	0
Lyons, Town of (2003A)	2,196,621	334,122	1,862,499
Westminster, City of (2000A)	4,764,452	4,764,452	0
Woodland Park, City of (DL)	597,200	559,915	37,285
Total Obligated to Loans / Projects	33,547,168	28,241,620	5,305,548
Totals Obligations from DWSRF Grants as of 12/31/04	\$52,565,359	\$38,617,772	\$13,947,587
Less Federal Share Amounts Allocable to:			
1997 EPA DWSRF Grant (FS998657-97-3)	(3,091,651)	(3,073,306)	(18,345)
1998 EPA DWSRF Grant (FS998832-98-1)	(3,567,276)	(3,562,866)	(4,410)
1999 EPA DWSRF Grant (FS998832-99-3)	(5,256,006)	(5,165,736)	(90,270)
2000 EPA DWSRF Grant (FS998832-00-2)	(6,925,826)	(6,871,172)	(54,654)
2001 EPA DWSRF Grant (FS998832-01-2)	(8,013,064)	(7,371,537)	(641,527)
2003 EPA DWSRF Grant (FS998832-03-1)	(6,576,333)	(558,731)	(6,017,602)
2004 EPA DWSRF Grant (FS998832-04-0)	(5,812,203)	(9,542)	(5,802,661)
Total Amounts Allocable to:			
2002 EPA DWSRF Grant - Federal Share	13,323,000	12,004,882	\$1,318,118
Plus: 2002 EPA DWSRF Grant - Recipient's Share	2,664,600	2,664,600	\$0
Total 2002 EPA DWSRF Grant (FS998832-02-0)	15,987,600	14,669,482	\$1,318,118


Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND PROGRAM
FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Outlays To:	OUTLAYS (Draws) from the 2002 EPA Drinking Water Capitalization (DWSRF) Grant (#FS998832-02-00)		
	Draws from EPA LOC	State Match Provided (% of EPA LOC draws)	Total Outlays
Program Set Asides:			
Small System Technical Assistance	\$ -		\$ -
State Program Management:			
PWS Supervision	145,134	(a)	-
Local Assistance (1452 (k) Activities) :			
Capacity Development			-
Wellhead Protection	99,505	(a)	99,505
Total Draws for Set Asides	244,639	n/a	99,505
Current Loans/Projects:			
Buena Vista, Town of (1998A)	2,599	607	3,206
Evergreen Metropolitan Dist (2000A)	178,608	41,744	220,352
Florence, City of (2003B)	2,678,493	626,012	3,304,505
Fountain Valley Authority (2003A)	396,064	92,567	488,631
Grand County W&SD (1999A)	14,755	3,449	18,204
Grand Junction, City of (2002A)	272,752	63,747	336,499
Greeley, City of (1999A)	105,726	24,710	130,436
La Junta, City of (2002A)	1,529,773	357,535	1,887,308
Longmont, City of (2003A)	4,965,777	1,160,591	6,126,368
Lyons, Town of (2003A)	225,001	52,587	277,588
Westminster, City of (2000A)	45,490	10,632	56,122
Woodland Park, City of (DL)	-	-	-
Total Draws for Current Loans / Projects	10,415,038	2,434,181	12,849,219
Total Outlays	\$10,659,677	\$2,434,181	\$12,948,724

Calculated State Match Percentage	0.233718
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(a) State Match for set-aside draws are rolled over to the the Drinking Water Revolving loan Fund as required.

FINANCIAL STATUS REPORT
(Short Form)
(Follow instructions on the back)

1. Federal Agency and Organization Element to Which is Submitted U.S. Environmental Protection Agency Grants Administration Office	2. Federal Grant or other Identifying Number Assigned by Federal Agency FS998832-03-01	OMB Approval No. 0348-0039	Page 1	of 4 pages
3. Recipient Organization (name and complete address, including ZIP code) Colorado Water Resources and Power Development Authority DWSRF 1580 Logan Street, Suite 620, Denver, Colorado 80203				
4. Employer Identification Number 84-0879485	5. Recipient Account Number or Identifying Number N/A	6. Final Report Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7. Basis Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>	
8. Grant Period (See Instructions) From: (Month, Day, Year) 06/15/03	To: (Month, Day, Year) 09/30/23	9. Period Covered by this report From (Month, Day, Year) 01/01/04 To: 12/31/04		
10. Transactions:	I Previously Reported	II This Period	III Cumulative	
a. Total outlays	40,106	533,103	573,209	
b. Recipient share of outlays	0	14,478	14,478	
c. Federal share of outlays	40,106	518,625	558,731	
d. Total unliquidated obligations			7,318,391	
e. Recipient share of unliquidated obligations			1,300,789	
f. Federal share of unliquidated obligations			6,017,602	
g. Total Federal share (sum of c. and f.)			6,576,333	
h. Total Federal funds authorized to this grant period			6,576,333	
i. Unobligated balance of Federal funds (line h. minus line g.)			0	
11. Indirect Expense	a. Type of Rate Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed <input type="checkbox"/> OTHER - BASED ON DIRECT LABOR COSTS			
	b. Rate 0.1904	c. Base 195,513	d. Total Amount 35,533	e. Federal Share 35,533
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.				
13. Certification: I certify to the best of my knowledge that this report is correct and complete and that all outlays and unliquidated obligations are for the purpose set forth in the award documents.				
Typed or Printed Name and Title Daniel L. Law, Executive Director		Telephone (Area code, number, and extension) (303) 830-1550 call Ext 14		
Signature of Authorized Certifying Official 		Date Report Submitted April 15, 2005		

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(d - f) - **Unliquidated Obligations**
 For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/04	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,905,188	\$2,106,651	1,798,537
Small System Technical Assistance	1,671,062	708,986	962,076
State Program Management:			
PWS Supervision	3,157,094	1,809,562	1,347,532
Local Assistance (1452 (k) Activities) :			
Capacity Development	5,123,770	1,855,807	3,267,963
Wellhead Protection	3,482,667	2,235,081	1,247,586
Source Water Protection	1,678,410	1,660,065	18,345
Total Obligated for Set Asides:	19,018,191	10,376,152	8,642,039
CURRENT LOANS / PROJECTS:			
Buena Vista, Town of (1998A)	490,204	490,204	0
Evergreen Metropolitan Dist (2000A)	1,786,069	1,786,069	0
Florence, City of (2003B)	5,502,502	2,678,493	2,824,009
Fountain Valley Authority (2003A)	1,463,552	1,245,170	218,382
Grand County W&SD (1999A)	1,036,468	1,036,468	0
Grand Junction, City of (2002A)	1,082,370	802,457	279,913
Greeley, City of (1999A)	5,280,660	5,280,660	0
La Junta, City of (2002A)	3,300,469	3,217,009	83,460
Longmont, City of (2003A)	6,046,601	6,046,601	0
Lyons, Town of (2003A)	2,196,621	334,122	1,862,499
Westminster, City of (2000A)	4,764,452	4,764,452	0
Woodland Park, City of (DL)	597,200	559,915	37,285
Total Obligated to Loans / Projects	33,547,168	28,241,620	5,305,548
Totals Obligations from DWSRF Grants as of 12/31/04	\$52,565,359	\$38,617,772	\$13,947,587
Less Federal Share Amounts Allocable to:			
1997 EPA DWSRF Grant (FS998657-97-3)	(3,091,651)	(3,073,306)	(18,345)
1998 EPA DWSRF Grant (FS998832-98-1)	(3,567,276)	(3,562,866)	(4,410)
1999 EPA DWSRF Grant (FS998832-99-3)	(5,256,006)	(5,165,736)	(90,270)
2000 EPA DWSRF Grant (FS998832-00-2)	(6,925,826)	(6,871,172)	(54,654)
2001 EPA DWSRF Grant (FS998832-01-2)	(8,013,064)	(7,371,537)	(641,527)
2002 EPA DWSRF Grant (FS998832-02-0)	(13,323,000)	(12,004,882)	(1,318,118)
2004 EPA DWSRF Grant (FS998832-04-0)	(5,812,203)	(9,542)	(5,802,661)
Total Amounts Allocable to:			
2003 EPA DWSRF Grant - Federal Share	6,576,333	558,731	\$6,017,602
Plus: 2003 EPA DWSRF Grant - Recipient's Share	1,315,267	14,478	\$1,300,789
Total 2003 EPA DWSRF Grant (FS998832-03-1)	7,891,600	573,209	\$7,318,391

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2004 to December 31, 2004

OUTLAYS (Draws) from the 2003 EPA Drinking Water Capitalization (DWSRF) Grant (#FS998832-03-1)			
DWSRF Grant Funds Outlays To:	Draws from EPA LOC	State Match Provided (% of EPA LOC draws)	Total Outlays
Program Set Asides:			
Grant Administration	232,823	(a)	232,823
Small System Technical Assistance			-
State Program Management:			-
PWS Supervision	253,759	(a)	253,759
Local Assistance (1452 (k) Activities) :			
Capacity Development			-
Wellhead Protection			-
Total Draws for Set Asides	486,582	(a)	486,582
Current Loans/Projects:			
Buena Vista, Town of (1998A)	6,210	2,806	9,016
Evergreen Metropolitan Dist (2000A)	-	-	-
Florence, City of (2003B)	-	-	-
Fountain Valley Authority (2003A)	-	-	-
Grand County W&SD (1999A)	-	-	-
Grand Junction, City of (2002A)	-	-	-
Greeley, City of (1999A)	-	-	-
La Junta, City of (2002A)	-	-	-
Longmont, City of (2003A)	-	-	-
Lyons, Town of (2003A)	25,833	11,672	37,505
Westminster, City of (2000A)	-	-	-
Woodland Park, City of (DL)	-	-	-
Total Draws for Current Loans / Projects	32,043	14,478	46,521
Total Outlays	\$518,625	\$14,478	\$533,103

Calculated State Match Percentage	0.451826
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(a) State Match for set-aside draws are rolled over to the the Drinking Water Revolving loan Fund as required.

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT FOR FEDERAL FUNDS AWARDS
 Form 269A, Lines 11(b) - Indirect Expenses
 For the Period: January 1, 2004 to December 31, 2004


BASIC DATA				ADJUSTING SCHEDULE FOR DRAW FROM TWO GRANTS						
Month Expense Incurred	Total Appropriated Overhead Expense for Month (BASE)	Total Overhead Costs Allocated to DWRF (TOTAL AMOUNT)	Expenses Drawn From DWSRF Grant Year	Ratio of Overhead Costs Allocated to DWRF to Total Expenses (RATE)	"BASE" Allocated to DWSRF 2000 Grant	"BASE" Allocated to DWSRF 2003 Grant	"TOTAL" allocated to DWSRF 2000 Grant	"TOTAL" allocated to DWSRF 2003 Grant	"RATE" for DWSRF 2000 Grant	"RATE" for DWSRF 2003 Grant
<i>2003 Indirect Expenses Requisitioned in 2004</i>										
December-03	28,326.74	6,153.19	2000	0.21722	28,326.74		6,153.19		0.2172	
<i>2004 Indirect Expenses Requisitioned in 2004</i>										
January-04	20,582.09	5,556.28	2000 / 2003	Split - see adjusting schedules	15,108.57	5,473.52	4,078.67	1,477.61	0.2700	0.2700
February-04	21,558.03	4,721.87	2000 / 2003		15,824.97	5,733.06	3,466.15	1,255.72	0.2190	0.2190
March-04	27,343.31	5,275.23	2000 / 2003		20,071.74	7,271.57	3,872.36	1,402.87	0.1929	0.1929
April-04	24,635.69	4,025.52	2000 / 2003		18,084.17	6,551.52	2,954.99	1,070.53	0.1634	0.1634
May-04	22,663.17	3,290.46	2003		22,663.17			3,290.46	0.1452	0.1452
June-04	24,983.22	3,277.57	2003		24,983.22			3,277.57	0.1312	0.1312
July-04	23,526.61	3,880.82	2003		23,526.61			3,880.82	0.1650	0.1650
August-04	23,562.28	5,058.87	2003		23,562.28			5,058.87	0.2147	0.2147
September-04	21,443.03	4,536.14	2003		21,443.03			4,536.14	0.2115	0.2115
October-04	31,617.53	5,764.52	2003		31,617.53			5,764.52	0.1823	0.1823
November-04	22,687.18	4,517.69	2003		22,687.18			4,517.69	0.1991	0.1991
Totals	ADJUSTED DUE TO SPLIT				97,416.19	195,512.69	20,525.36	35,532.80	0.2125	0.1904
Average Percentage				Adjusted Due to Split						

Totals in red are the information to put into form

CALCULATION OF GRANT PERCENTAGE TO TOTAL GRANT DRAW FOR ADJUSTING SCHEDULE		
GRANT (#FS998832-00-2)	GRANT FROM 2003 GRANT (#FS998832-00-2)	
TOTAL	\$83,065.00	
Grant funds drawn for Jan, Feb, Mar Apr 2004 expenses	\$60,975.00	
Percentage of Total Grant Draw	73.4064%	26.5936%

DWRF 2617080

FINANCIAL STATUS REPORT
(Short Form)
(Follow instructions on the back)

1. Federal Agency and Organization Element to Which is Submitted U.S. Environmental Protection Agency Grants Administration Office	2. Federal Grant or other Identifying Number Assigned by Federal Agency FS998832-04-00	OMB Approval No. 0348-0039	Page 1	of 4 pages
3. Recipient Organization (name and complete address, including ZIP code) Colorado Water Resources and Power Development Authority 1580 Logan Street, Suite 620, Denver, Colorado 80203 DWSRF				
4. Employer Identification Number 84-0879485	5. Recipient Account Number or Identifying Number N/A	6. Final Report Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7. Basis Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>	
8. Grant Period (See Instructions) From: (Month, Day, Year) 07/01/04	To: (Month, Day, Year) 09/30/2024	9. Period Covered by this report From (Month, Day, Year) 01/01/04		To: 12/31/04
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		0	9,542	9,542
b. Recipient share of outlays		0	0	0
c. Federal share of outlays		0	9,542	9,542
d. Total unliquidated obligations				6,446,700
e. Recipient share of unliquidated obligations				644,039
f. Federal share of unliquidated obligations				5,802,661
g. Total Federal share (sum of c. and f.)				5,812,203
h. Total Federal funds authorized to this grant period				13,737,700
i. Unobligated balance of Federal funds (line h. minus line g.)				7,925,497
11. Indirect Expense	a. Type of Rate Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed <input type="checkbox"/> OTHER - BASED ON DIRECT LABOR COSTS			
	b. Rate	c. Base	d. Total Amount	e. Federal Share
NOT APPLICABLE: NO INDIRECT EXPENSES CHARGED TO THIS GRANT				
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.				
13. Certification: I certify to the best of my knowledge that this report is correct and complete and that all outlays and unliquidated obligations are for the purpose set forth in the award documents.				
Typed or Printed Name and Title Daniel L. Law, Executive Director			Telephone (Area code, number, and extension) (303) 830-1550 call Ext 14	
Signature of Authorized Certifying Official 			Date Report Submitted April 15, 2005	

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(d - f) - **Unliquidated Obligations**
 For the Period: January 1, 2004 to December 31, 2004

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/04	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,905,188	\$2,106,651	1,798,537
Small System Technical Assistance	1,671,062	708,986	962,076
State Program Management:			
PWS Supervision	3,157,094	1,809,562	1,347,532
Local Assistance (1452 (k) Activities) :			
Capacity Development	5,123,770	1,855,807	3,267,963
Wellhead Protection	3,482,667	2,235,081	1,247,586
Source Water Protection	1,678,410	1,660,065	18,345
Total Obligated for Set Asides:	19,018,191	10,376,152	8,642,039
CURRENT LOANS / PROJECTS:			
Buena Vista, Town of (1998A)	490,204	490,204	0
Evergreen Metropolitan Dist (2000A)	1,786,069	1,786,069	0
Florence, City of (2003B)	5,502,502	2,678,493	2,824,009
Fountain Valley Authority (2003A)	1,463,552	1,245,170	218,382
Grand County W&SD (1999A)	1,036,468	1,036,468	0
Grand Junction, City of (2002A)	1,082,370	802,457	279,913
Greeley, City of (1999A)	5,280,660	5,280,660	0
La Junta, City of (2002A)	3,300,469	3,217,009	83,460
Longmont, City of (2003A)	6,046,601	6,046,601	0
Lyons, Town of (2003A)	2,196,621	334,122	1,862,499
Westminster, City of (2000A)	4,764,452	4,764,452	0
Woodland Park, City of (DL)	597,200	559,915	37,285
Total Obligated to Loans / Projects	33,547,168	28,241,620	5,305,548
Totals Obligations from DWSRF Grants as of 12/31/04	\$52,565,359	\$38,617,772	\$13,947,587
Less Federal Share Amounts Allocable to:			
1997 EPA DWSRF Grant (FS998657-97-3)	(3,091,651)	(3,073,306)	(18,345)
1998 EPA DWSRF Grant (FS998832-98-1)	(3,567,276)	(3,562,866)	(4,410)
1999 EPA DWSRF Grant (FS998832-99-3)	(5,256,006)	(5,165,736)	(90,270)
2000 EPA DWSRF Grant (FS998832-00-2)	(6,925,826)	(6,871,172)	(54,654)
2001 EPA DWSRF Grant (FS998832-01-2)	(8,013,064)	(7,371,537)	(641,527)
2002 EPA DWSRF Grant (FS998832-02-0)	(13,323,000)	(12,004,882)	(1,318,118)
2003 EPA DWSRF Grant (FS998832-03-1)	(6,576,333)	(558,731)	(6,017,602)
Total Amounts Allocable to:			
2004 EPA DWSRF Grant - Federal Share	5,812,203	9,542	\$5,802,661
Plus: 2004 EPA DWSRF Grant - Recipient's Share	644,039	0	\$644,039
Total 2004 EPA DWSRF Grant (FS998832-04-0)	6,456,242	9,542	\$6,446,700

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2004 to December 31, 2004

OUTLAYS (Draws) from the 2004 EPA Drinking Water Capitalization (DWSRF) Grant (#FS998832-04-0)			
DWSRF Grant Funds Outlays To:	Draws from EPA LOC	State Match Provided (% of EPA LOC draws)	Total Outlays
Program Set Asides:			
Grant Administration	-	(a)	-
Small System Technical Assistance	-	(a)	-
State Program Management:			
PWS Supervision	-	(a)	-
Local Assistance (1452 (k) Activities) :			
Capacity Development	9,542	(a)	9,542
Wellhead Protection	-	(a)	-
Total Draws for Set Asides	9,542	(a)	9,542
Current Loans/Projects:			
Buena Vista, Town of (1998A)	-	-	-
Evergreen Metropolitan Dist (2000A)	-	-	-
Florence, City of (2003B)	-	-	-
Fountain Valley Authority (2003A)	-	-	-
Grand County W&SD (1999A)	-	-	-
Grand Junction, City of (2002A)	-	-	-
Greeley, City of (1999A)	-	-	-
La Junta, City of (2002A)	-	-	-
Longmont, City of (2003A)	-	-	-
Lyons, Town of (2003A)	-	-	-
Westminster, City of (2000A)	-	-	-
Woodland Park, City of (DL)	-	-	-
Total Draws for Current Loans / Projects	-	-	-
Total Outlays	\$9,542	\$0	\$9,542

Calculated State Match Percentage	0.265409
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(a) State Match for set-aside draws are rolled over to the the Drinking Water Revolving loan Fund as required.

Colorado Water Resources & Power Development Authority
DRINKING WATER FUND
2004 GRANT FINANCIAL STATUS REPORT

CALCULATION OF PERCENTAGE OF STATE MATCH TO EPA LOC

CALCULATION FOR ORIGINAL GRANT:

TOTAL DRINKING WATER 2004 GRANT	\$13,737,700.00
LESS: SET ASIDES	(3,385,616.00)
SUBTOTAL (funds available for loans)	<u>\$10,352,084.00</u>
20% REQUIRED STATE MATCH	\$2,747,540.00
DIVIDED BY AMOUNT FOR SRF LOANS	<u>10,352,084.00</u>
STATE MATCH / EPA LOC PERCENTAGE	<u><u>26.54094%</u></u>

**COLORADO DWRF BIENNIAL
REPORT**

**EXHIBIT G
MBE/WBE TRACKING**

COLORADO DWRF BIENNIAL REPORT

EXHIBIT G

MBE / WBE PARTICIPATION

Project Name	Project Number	Construction Start	Construction End	Federal Share	Federal Quarters	MBE Dollars	WBE Dollars
Grand Junction, City of	960136D	3/01/2004	12/31/2004	\$1,082,370.00	Fy 03 1st	N/A	N/A
					2nd	N/A	N/A
					3rd	N/A	N/A
					4th	N/A	N/A
					Fy 04 1st	N/A	N/A
					2nd	\$0.00	\$1,459.00
					3rd	\$0.00	\$30,579.00
					4th	\$0.00	\$25,835.50
Florence, City of	960033D	6/01/2004	10/01/2005	\$5,502,502.00	Fy 03 1st	N/A	N/A
					2nd	N/A	N/A
					3rd	N/A	N/A
					4th	N/A	N/A
					Fy 04 1st	N/A	N/A
					2nd	N/A	N/A
					3rd	\$28,720.00	\$0.00
					4th	\$15,984.00	\$0.00
La Junta, City of	990026-2D	8/01/2002	5/09/2004	\$3,300,469.00	Fy 03 1st	\$0.00	\$0.00
					2nd	\$0.00	\$809.00
					3rd	\$14,805.75	\$0.00
					4th	\$1,075.00	\$65,042.27
					Fy 04 1st	\$0.00	\$7,126.30
					2nd	\$1,812.00	\$74,736.00
					3rd	N/A	N/A
					4th	N/A	N/A
Longmont, City of	0330070D	9/01/2003	7/01/2005	\$6,046,601.00	Fy 03 1st	N/A	N/A
					2nd	N/A	N/A
					3rd	N/A	N/A
					4th	\$0.00	\$0.00
					Fy 04 1st	\$0.00	\$0.00
					2nd	\$0.00	\$0.00
					3rd	*	*
					4th	*	*

COLORADO DWRF BIENNIAL REPORT

EXHIBIT G

MBE / WBE PARTICIPATION

Project Name	Project Number	Construction Start	Construction End	Federal Share	Federal Quarters	MBE Dollars	WBE Dollars				
Westminster, City of	020029D	2/01/2001	8/01/2003	\$4,764,452.00	Fy 03 1st	\$90,644.35	\$6,326.65				
					2nd	\$0.00	\$0.00				
					3rd	\$28,571.03	\$0.00				
					4th	\$945.10	\$0.00				
					Fy 04 1st	N/A	N/A				
					2nd	N/A	N/A				
					3rd	N/A	N/A				
					4th	N/A	N/A				
					TOTALS				\$20,696,394.00	\$182,557.23	\$211,913.72
					** Colorado Water Resources & Power Development Authority	998832-03-0				Fy 03 1st	\$0.00
					2nd	\$0.00	\$0.00				
					3rd	\$0.00	\$0.00				
					4th	\$0.00	\$5,695.00				
					Fy 04 1st	\$0.00	\$4,250.00				
					2nd	\$0.00	\$0.00				
					3rd	\$0.00	\$0.00				
					4th	\$0.00	\$5,395.00				
Arbor and Associates / DW set-a-sides arsenic project					2nd	\$0.00	\$1,021.88				
Totals including CWRPDA Participation:						\$182,557.23	\$233,650.60				

NA = Project not in construction during the reporting quarter.

* Quarterly form was not submitted during the reporting period.

** Non-construction related participation

The following projects made a good faith effort but did not receive any MBE/WBE participation:

Fountain Valley Water District

**COLORADO DWRF BIENNIAL
REPORT**

**EXHIBIT H
CIVIL RIGHTS COMPLIANCE**

COLORADO DWRF BIENNIAL REPORT

EXHIBIT H

CIVIL RIGHTS COMPLIANCE

Project	Project Number	Administrator	Date Received
Florence, City of	960033D	Pate	6/20/2003
La Jara, Town of	040011d	Pate	12/6/2004
Longmont, City of	030070D	Hermann	3/14/2003
Lookout Mountain Water District	990030D	Emerick	4/26/2004
Nucla, Town of	020027D	Kirtland	7/10/2002
Oak Creek, Town of	960082D	Kirtland	11/7/2003
Olde Stage Water District	960084D	Hermann	2/11/2004
Ouray, City of	030051D	Kirtland	7/2/2003
Pinewood Springs Water District	960093D	Hermann	5/3/2004
Swink, Town of	030070D	Emerick	1/30/2004
Victor, City of	010037D	Pate	12/6/2004

Per Brian Friel 12/18/02 no staff at EPA to certify (state responsible for tracking)

April 30, 2005

**COLORADO DWRF BIENNIAL
REPORT**

**EXHIBIT I
CERTIFICATION LETTER**

STATE OF COLORADO

Bill Owens, Governor
Douglas H. Benevento, Executive Director

Dedicated to protecting and improving the health and environment of the people of Colorado

4300 Cherry Creek Dr. S. Laboratory Services Division
Denver, Colorado 80246-1530 8100 Lowry Blvd.
Phone (303) 692-2000 Denver, Colorado 80230-6928
TDD Line (303) 691-7700 (303) 692-3090
Located in Glendale, Colorado
<http://www.cdphe.state.co.us>



Colorado Department
of Public Health
and Environment

April 30, 2005

Ron Hill, SRF Program Officer
Environmental Protection Agency, Region VIII
999 18th Street, Suite 300
Denver, Colorado 80202-2466

Dear Mr. Friel:

Under its Operating Agreement with EPA, the Colorado Department of Public Health and Environment, Water Quality Control Division along with the Colorado Water Resources and Power Development Authority is responsible for providing the Drinking Water Revolving Fund biennial report. The report for federal fiscal years 2003 and 2004 is hereby submitted to meet this requirement.

The Division certifies that all applicable state and federal laws and program regulations were complied with in the management of the program. The report fully addresses the state's performance and compliance activities.

Please contact Donna Davis at (303) 692-3562 for any questions or if you require additional information.

Sincerely,

Mark Pifher, Director
Water Quality Control Division

COLORADO
DRINKING WATER
REVOLVING FUND
BIENNIAL REPORT
VOLUME II

JANUARY 1, 2003 – DECEMBER 31, 2004



PREPARED BY

THE STATE OF COLORADO

APRIL 30, 2005

FOR THE ENVIRONMENTAL PROTECTION AGENCY
REGION VIII

April 30, 2005

**COLORADO DWRF BIENNIAL
REPORT**

**ATTACHMENT 1
2003 INTENDED USE PLAN**

STATE OF COLORADO

YEAR 2003

DRINKING WATER REVOLVING FUND

INTENDED USE PLAN

Date Approved: November 20, 2002

DWRF IUP
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DWRF IUP
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- C. Summary of Fire and Drought Impacts
- D. Fire and Drought Recovery Grant Funds Available in Colorado

Attachments

- 1. List of Eligible and Ineligible Projects and Project Related Costs
- 2. DWRF Rules for Ranking Projects
- 3. Table of Funds for Loans and Non-Project Activities
- 3a. Summary of Set-Aside and Fee Activity
- 3b. Funds Available to the DWRF
- 4. Status of Funded Projects

**STATE OF COLORADO
DWRF INTENDED USE PLAN
JANUARY 1 - DECEMBER 31, 2003**

I. INTRODUCTION

An Intended Use Plan (IUP) is required by Section 1452(b) of the Safe Drinking Water Act (SDWA) and by Interim Final Regulations 40 CFR 35.3555 published on August 7, 2000 to be filed annually with the U.S. Environmental Protection Agency (EPA) by each state that has accepted a Federal Capitalization Grant establishing a Drinking Water Revolving Fund (DWRF) program. The IUP must describe how the State intends to use the Capitalization Grant and DWRF program funds to meet the objectives of the SDWA and further the goal of protecting public health. The IUP must be made available to the public for review and comment prior to submitting it to the EPA as the central part of the capitalization grant agreement.

The purpose of the DWRF program is: 1) to provide financial assistance to governmental agencies for the construction of water projects for public health and compliance purposes as described in the Drinking Water Revolving Fund Regulations (Attachment 2), and 2) to set-aside funds from the capitalization grant to fund a variety of activities that are necessary to accomplish the requirements of the SDWA.

The DWRF may be used for: below market rate loans; loan guarantees; a source of reserve and security for leveraged loans (proceeds of which must be placed in the DWRF loan fund); the purchase or refinancing of existing local debt obligations where the initial debt was incurred and construction started after July 1, 1993; and earning interest prior to disbursement of assistance. Colorado limits this assistance to governmental agencies as defined by statute under C.R.S. 37-95-103 (5)(a) and (b).

The SDWA allows a state to set aside up to 31 percent of any yearly capitalization grant for non-project activities as follows: administration and technical assistance (4%), state program activities (10%), small systems technical assistance (2%), and local assistance (15%). Additionally, up to 30 percent of each grant may be used for loan assistance (including forgiveness of principal) to disadvantaged communities. In 2003, the Water Quality Control Division (WQCD) within the Department of Public Health and Environment will establish a work group to begin investigating the need and criteria for a disadvantaged community program as specified under the SDWA section 1452(d).

This IUP will serve as the planning document for explaining how the remainder of Federal Fiscal Year (FFY) 2002 and all of FFY 2003 Capitalization Grant appropriations will be used for the DWRF and non-project program set-asides. The program fiscal year for the DWRF is January 1, 2003 to December 31, 2003. As currently developed, the IUP identifies the specific projects and activities associated with the federal appropriation and funds available from repayments to the program.

The “State” as referenced in this document is comprised of three agencies involved in operating the DWRF under a memorandum of agreement - the Colorado Water Resources and Power Development Authority (hereafter referred to as the “Authority”), the WQCD at the Department of Public Health and Environment, and the Division of Local Government at the Department of Local Affairs (DLG). The SDWA, Section 1542(g)(1)(B), expressly places the authority for establishing assistance priorities and carrying out oversight and related activities (other than financial administration) with the State agency having primary enforcement responsibility. The WQCD is the agency that has this responsibility in Colorado. The DLG evaluates financial and managerial capacity of loan applicants, identifies potential projects for the program, and provides outreach to raise awareness of the program. The Authority is named administrator under state statute; therefore, it is the grant recipient and provides financial administration for the DWRF.

The requirements of the SDWA that are included in this IUP are as follows:

- , A comprehensive priority list of those projects eligible to be assisted by the DWRF which must include the name of the public water system, the priority assigned to the project, a description of the project (type), the expected terms of financial assistance, the size of the community and an expected funding schedule. The State must identify which projects on the priority list will, or are projected to, receive funding in 2003;
- , A description of the criteria and method established for the distribution of funds;
- , A description of the financial status of the DWRF;
- , A description of the short and long-term goals of the State's DWRF;
- , A description of amounts transferred between the DWRF and the Water Pollution Control Revolving Fund; and
- , A description of the non-project activities to be funded from the DWRF Capitalization Grant including the percentage of such funds to be devoted thereto.

The State will prepare and submit a grant application for FFY 2003 based on this IUP.

II. LIST OF DRINKING WATER REVOLVING FUND PROJECTS

States are required to develop a comprehensive priority list of eligible projects for funding and to identify projects that will receive funding in the first year after each capitalization grant award. In determining funding priority, states must ensure, to the maximum extent practical, that priority for the use of funds be given to projects that 1) address the most serious risks to human health; 2) are necessary to ensure compliance under SDWA; and 3) assist systems most in need, on a per household basis (i.e.

affordability). Projects primarily to serve future growth are not eligible. Examples of eligible and ineligible projects and project related costs are found in Attachment 1.

Appendix A to this IUP is the statewide Drinking Water Project Eligibility List (Eligibility List) illustrating the various projects and their associated estimated costs as required by Colorado's authorizing statute. The Eligibility List includes, for each individual entry: the name of the public water system, a description of the project, whether or not the community is under 5000 population, the estimated cost of the project and a categorical ranking by priority as described in the DWRP Regulations (included in Attachment 2).

Appendix B (Project Priority/Fundable List) is a list of the 16 projects that have or will have a planning document for a specific project, have been prioritized for funding within each category, and are eligible to receive or have recently received a loan from the DWRP. The supporting documentation covering the assignment of priority points is available from the WQCD. This list includes the anticipated loan terms, interest rate, type of loan and an enumeration of the drinking water problem and project description to correct the problem.

Of the 16 projects prioritized and ready for funding and described in Appendix B (Project Priority/Fundable List), one is a category 1 (public health concerns) that needs grant funds to proceed. The only project deleted from Appendix B is the Town of Wellington since they received a loan and completed their project.

The DWRP anticipates making three leveraged loans and six direct loans on projects for 2003, totaling \$13,760,000; however, currently the only DWRP project that the State has identified for funding with its FFY03 capitalization grant is:

Priority Rank	Loan Amount	Entity To Receive Loan	Project Description
3	\$330,000	Pinewood Springs WD	Add New Water Source

Total: \$330,000 of which 100% is for small systems (those serving less than 10,000 people)

Projects from the Eligibility List can be moved to the Priority/Fundable List (Appendix B) during the funding year when the public water system submits a planning document that provides the WQCD with enough information to prioritize the project. The Priority/Fundable List is amended as projects proceed throughout the year by notification to the Board of Health.

Attached as Appendix C is a summary of fire and drought impacts. This summary has been included in the 2003 IUP to solicit public participation in the process of allocating funds to water and wastewater systems affected by the wildfires and drought. Funding options for these projects are listed in Appendix D. The division has developed funding distribution criteria for the programs administered through the Department of Public Health and Environment. Eligible projects from the summary may be forwarded to the Legislature to receive funding through the DWRP.

III. CRITERIA AND METHODS FOR DISTRIBUTING FUNDS

The new regulations require that the IUP include "...the process and rationale for distribution of funds between the fund and set-aside accounts." In accordance with the Memorandum of Agreement, the State has a decision-making team comprised of staff from the three agencies to determine what DWRF projects will be forwarded to the Authority Board for funding

Regarding the non-project activities, the WQCD determines the amount of funds to be set aside for activities documented in the IUP and forwards the amount for funding to the Authority for inclusion in the capitalization grant application. The WQCD anticipates utilizing approximately 17.5 percent of the FFY03 grant to meet various SDWA requirements as described in Section VII (Non-project Activities).

Colorado's project priority system is set forth in the DWRF Regulations (5 CCR 1003-3) (Attachment 2). The Regulations include the following criteria:

- Categories By Priority Ranking
 - (1) Acute Health Hazard.
 - (2) Chronic (long term) Health Hazard.
 - (3) Potential Acute Health Hazard.
 - (4) Potential Chronic Health Hazard.
 - (5) Other Future Needs.

- Priority Point Assignments Within Each Category - Once a planning document is received, projects within each category will be prioritized by the assignment of points and documented by the WQCD from the following:
 - (1) Population.
 - (2) Financial Need.
 - (3) Consolidation.
 - (4) Water Conservation.
 - (5) Source Water Protection.
 - (6) Beneficial Use of Sludge.
 - (7) Health Risk. To further clarify the ranking of treatment facility projects, the WQCD shall assign points for a project once a determination of the greater health risk is made based upon the type and level of contaminant present within each category.

Projects on the Project Priority/Fundable List (Appendix B) will be financed in priority order to the maximum extent practical. Exceptions for funding out of priority order shall be due to one of the following reasons:

- a) Governmental agencies are not ready to proceed with the project.
- b) Governmental agencies do not wish to participate in the DWRF or they have received funding from other sources.
- c) Governmental agencies (on the eligibility or priority list) that have an emergency situation occur during the funding year.
- d) Governmental agencies not approved for funding because of technical, financial or managerial deficiencies. (The WQCD and DLG will attempt to work with the governmental entity to resolve the issue through the capacity development program.)

SMALL SYSTEMS FUNDING GOAL

To the extent that there are a sufficient number of eligible projects to fund, the State shall use at least 15 percent of all funds credited to the DWRF account on an annual basis to provide loan assistance to systems serving 10,000 persons or fewer. In 2003, the majority of projects to be funded will be small systems.

To further this goal in 2003, planning and/or design grants will be made available (see short term goal No. 7) to assist small systems with meeting some of the requirements of the DWRF. In addition, the DLG is planning to conduct a series of training workshops in 2003 to help build financial and managerial capacity of small rural public water systems. Finally, an annual survey is conducted to identify and update the needs of small systems.

All direct loans, will receive assistance from re-loan funds. Communities receiving assistance from the re-loan funds need only comply with the federal environmental and anti-discrimination requirements.

IV. FINANCIAL STATUS OF THE DWRF

The DWRF was created by State statute in 1995 prior to the enactment of the 1996 Amendments to the SDWA. Under this legislation the Colorado General Assembly directed the transfer of approximately \$7,253,915 to the DWRF. The final transfer occurred in March 1998. In addition to the funds transferred by the General Assembly, the Authority has appropriated and authorized the transfer of \$17,776,957 to be deposited into the DWRF for a total of \$25,030,872 in state funds. No further transfers of state funds are anticipated at this time.

A federally capitalized DWRF was authorized by the 1996 Amendments to the SDWA and was established in Colorado with the receipt of the first capitalization grant in September 1997. This program requires the state to match the total amount of each federal grant with a 20 percent contribution of state funds. This state match amount must be deposited entirely into the loan fund, which must be maintained in perpetuity. Loan fund amounts are not available for non-project activities.

The State has made 17 direct loans for \$5,818,692 with state funds, which are kept separate from the federal portion of the DWRF so that repayments from these loans may be available for state match in the future. The remaining \$19,212,180 is available for use as state match. Of this amount, \$13,454,781 has been used for state match through June 30, 2002. As of June 30, 2002, \$10,417,506 is available for state match from the uncommitted funds mentioned above, repayments from state loans and interest earnings.

The DWRF provides both direct loans and leveraged loans to finance projects. Direct loans are generally made to smaller projects and borrowers that are not as credit worthy. This allows the program to provide low interest loans to small public water systems without going to the bond market and incurring those associated costs. A direct loan (up to \$1,000,000) utilizes approximately 75 percent capitalization grant and 25 percent state match dollars. Based on an effort to keep the rates for direct loans at or below the leveraged loan rate, the interest rate is set at 4.0% (for 2002) that includes a fee of eight tenths of a percent for administration.

Leveraged loans are generally provided to investment grade borrowers with larger projects. A leveraged loan (composed of grant funds, state match funds and bond proceeds with a maximum amount of \$15,000,000 per borrower) uses the reserve fund concept, whereby grant funds and re-loan funds in the DWRF are used as the source of security for bonds that are sold to increase the loan capacity. The leveraged loan interest rate is 80% of the market rate on the bonds and includes the administrative fee of eight tenths of a percent per year. The market rate on the bonds is determined on the day of pricing (sale) as the "all-in bond yield" (all costs considered) of the "AAA" rated drinking water revenue bonds.

The administrative surcharge on all loans, eight tenths of a percent, ensures long-term administration of the DWRF and provides potential opportunities for grant assistance to small public water systems. In the future, the funds may be deposited in the DWRF to fund loans. The administrative fee supplements the 4% administrative set-aside from the capitalization grant. The fee is deposited into an account separate from the DWRF and is used for costs associated with the DWRF (i.e., Authority, WQCD and DLG staffing and expenses and other operations expenses of the DWRF). Administrative fees received from DWRF loans for 2003 are estimated to be \$1,286,655. These funds will be used to fund direct program costs including legal and accounting fees, trustee fees, and other consultant fees, in addition to labor and overhead allocations of the Authority, WQCD and DLG. Total costs for administration of the DWRF are estimated to be \$1,209,600, a portion of which will be paid from DWRF set aside grant monies available. Additionally, administrative fee income will be used to fund a planning and/or design grant program that will continue in 2003.

Following is a table showing the administrative fee account:

Year	Loan Admin Fee Revenue	Cap Grant Draws for Admin Exps	Other Income		Admin Expenses	Net Income
1997	23,408	84,411	171,149	1	(281,642)	(2,673)
1998	251,210	205,130	75,000	1	(559,680)	(28,339)
1999	609,066	287,502	88,425	1	(735,077)	249,917
2000	931,797	302,679	-		(769,629)	464,847
2001	1,029,413	260,092	-		(894,540)	394,965
2002	1,172,500	315,000	-		(1,120,000)	367,500
Totals	4,017,394	1,454,814	334,574		(4,360,568)	1,446,217

1 Transfers from DWF Funding Account or paid from the State Direct Loan Administrative Fee Account

Leveraging the fund is appropriate where financing needs significantly exceed available funds; however, it impacts the DWRF by reducing the interest rate subsidy provided or reducing future loan capacity. Each year the eligibility list needs (currently over \$560 million) are compared against the loan capacity of the DWRF. Even though demand for loans (Fundable List) in the year 2003 is less than the projected loan capacity, it is in the best interest of the program to continue leveraging in order to maintain the flexibility to meet anticipated future needs in 2004 and thereafter. By continuing to leverage, the program will be able to assist more communities currently on the eligibility list and help those communities' meet the needs that will be added to the list when the arsenic and radon standards are set. Given that the leveraged loan rate of 80% of market rate has produced an average loan rate of between 3.75 and 4.5%, leveraging has not created a loan rate significantly different than the direct loan rate. Although no interest income on the grant funds and state match funds accrue to the DWRF from the leveraged loans, the long-term or perpetual nature of the DWRF remains in place.

States may provide loan subsidies such as reduced interest and principal forgiveness for disadvantaged communities. Those subsidies cannot exceed 30 percent of the amount of the capitalization grant in any given year. Colorado has not defined a disadvantaged system or determined the feasibility of loan subsidies and their impacts on the perpetuity of the DWRF.

Through June 30, 2002, the State has received a total of \$77,315,667 in federal capitalization grants. Of this amount, \$12,398,778 has been set aside for non-project activities. The State anticipates receiving a FFY03 capitalization grant of \$14,437,540 with \$2,521,870 set aside for non-project activities. This amount may change based on final federal appropriations. (See attachment 3, 3a and 3b.) For every \$1 of the capitalization grant that is set aside for non-project activities, it is estimated that the loan capacity of the DWRF over a 20-year period is diminished by \$7.

Under the federal portion of the DWRF, twelve direct loans for \$6,588,200 and twenty-one leveraged loans for \$150,723,365 have been made to-date from the DWRF utilizing the federal capitalization grants (See attachment 4).

The DWRF anticipates making three leveraged loans and six direct loans to projects for 2003 totaling \$13,760,000; however, there is only one direct loan ready to proceed as described in Appendix B. Set-aside activities are described in the non-project section below. The following table illustrates the amount of funds available for loans:

**Drinking Water Revolving Fund
Calculation of Loan Capacity for 2003**

Capitalization grants for loans through 2002	\$ 65,198,421
Obligated for loans through 6/30/02	\$ 55,454,638
Remainder	\$ 9,743,783
 Expected 2003 Capitalization Grant	
1.65% of \$850 million	\$ 13,323,000
Less Set-Asides	\$ 1,922,080
Total 2003 Grant	\$ 11,400,920
 Total Grant Funds Available	\$ 21,144,703
 Re-loan funds as of 9/2/03	\$ 6,580,124
less: Re-loan funds used on direct loans 2002	\$ 2,500,000
 Total Re-Loan Funds Available	\$ 4,080,124
 Transfer to WPCRF	\$ 8,000,000
 Leveraged Loans from Grants X 2.9	\$ 38,119,639
Direct Loans from Re-Loan Funds	\$ 4,000,000
Leveraged Loans from Re-Loan Funds (total less direct loans) X 2.7	\$ 216,335
 2003 DWRF Loan Capacity	\$ 42,335,974

Upon the request of EPA, a contractor (BBC Research and Consulting) was hired to perform a Minority Business Enterprise/Women Business Enterprise (MBE/WBE) study to determine the availability of MBE/WBE contractors for the Colorado WPCRF and DWRF programs. BBC collected a sample of firms, surveyed each firm, and analyzed the resulting data to determine availability of MBE/WBE firms. The results of the study will be available this fall and will help determine the appropriate MBE/WBE goals for the FFY 03 capitalization grant.

TRANSFER ACTIVITIES

As authorized by Congress, up to 33% of the drinking water capitalization grants for FY 1997 through FY 2003 (total drinking water grants estimated at \$90.6 million), may be reserved from the Drinking Water Revolving Fund (DWRF) and transferred to the Water Pollution Control Revolving Fund (WPCRF). The authorization to transfer funds between revolving funds expired on October 1, 2001. In 2001, Congress extended the transfer provision to September 30, 2002. In late 2002, Congress is expected to extend the transfer provision through September 30, 2003.

Based on anticipated project needs for 2003, representatives of the Authority, the WQCD and the DLG, jointly agreed to pursue this transfer.

Due to a large number of projected loans from the WPCRF and a small number of loans from the DWRF, the WQCD and the Authority met with a stakeholders group to evaluate the feasibility of transferring funds from the DWRF to the WPCRF. Based on the Water Quality Control Commission, the Board of Health, and the Governor's approvals, a transfer of approximately \$8 million dollars (including the state match) will be made from the DWRF into the WPCRF in 2003. None of these funds will be used for administrative purposes. In 1999, \$8,000,000 of grant funds and state match was transferred from the WPCRF to the DWRF. This transfer would return the \$8,000,000 to the WPCRF.

This transfer diminishes the loan capacity of the DWRF by approximately \$24 million (leverage ratio of approximately 3 multiplied by \$8.0 million) and increases the loan capacity of the WPCRF by an equal amount. Assuming a FY 2003 WPCRF grant award of \$10.6 million and re-loan funds of over \$10 million, the 2003 loan capacity of the WPCRF (utilizing the transferred funds) is estimated to be over \$80 million. Since several large water pollution projects are expected to need funds in 2003, WPCRF loan demand is expected to utilize all available loan capacity. The long-term need for the WPCRF is more than \$700,000,000.

The transfer would reduce the DWRF capitalization grant for FY 2003 at \$13.3 million by \$6,666,667. The set-asides would not be affected and the remainder of the allocation (about \$3,000,000) would be deposited into the revolving fund. This grant combined with the existing unused grant and re-loan funds, minus the transfer, creates a 2003 DWRF loan capacity of over \$40 million. The expected DWRF need for the year 2003 and beyond is over \$560,000,000. All identified and eligible drinking water projects that are ready for construction in 2003 can be funded out of the expected 2003 loan capacity. It is also anticipated that there will be no drinking water projects denied funding in the next few years due to this transfer.

All of this information was presented to a stakeholders group on August 6, 2002. There were no objections to the transfer.

This transfer, which is a combination of capitalization grant, state match and re-loan funds, will be deposited in the WPCRF and will only be available for loans. With the statutory language approved by the Colorado State Legislature in 2002, any transfers can be made from one account to the other with all of the appropriate approvals.

DWRF financial modeling, with a series of federal funding and other program assumptions, shows the long term result of this transfer will be an average reduction of \$2.2 million per year in DWRF project disbursements over the next twenty years. The assumptions include \$13.3 million/year in EPA grant funding through 2010; full set-aside funding for administration and small system technical assistance; and an annual 4% funding for the state program management set-aside; and 7% for the local assistance set-aside.

CROSS-COLLATERALIZATION ACTIVITIES

Beginning in the calendar year commencing on January 1, 1999, the WPCRF, along with the DWRF, may cross-collateralize or pledge moneys on deposit in one fund to act as additional security for bonds secured by moneys on deposit in the other fund. This mechanism was utilized for both programs in 1999 and, as a result, the bond ratings for both programs were upgraded to AAA by all three bond rating agencies. This upgrade translates to lower interest rates and thereby more savings to the borrowers of both programs.

OPERATOR CERTIFICATION

The 1996 Amendments to the Federal Safe Drinking Water Act required that states develop certification programs for operators of water treatment plants and distribution systems. House Bill 00-1431 adopted by the Colorado General Assembly this year revises the existing Colorado operators certification program, in part to meet the new federal requirements. The WQCD and the Water and Wastewater Facility Operators Certification Board have developed a program to implement the new federal requirements, in accordance with the revised state statute. The program has been approved by EPA.

V. LONG TERM GOALS

The State continues to develop long term goals that will ensure the integrity of the DWRF. These goals and the method for achieving them are as follows:

1. Maintain the economic viability of the DWRF while meeting current and projected drinking water system needs in the State of Colorado.

Ensure that the DWRF remains viable and is self-perpetuating to meet the long-range needs of the State.

2. Provide loans and technical and financial assistance to governmental agencies to facilitate effective planning, design, financing, and construction or improvement of facilities to comply with the provisions of the Colorado Primary Drinking Water Regulations.

Customer service will be the focus while utilizing the team approach to create an atmosphere conducive to accomplishing the best practicable project.

3. Maintain compliance with companion local, state and federal laws and the provisions of the State/EPA Operating Agreement.

VI. SHORT TERM GOALS

In an effort to continually improve the DWRF program, the State will pursue the following short-term goals throughout the 2003 calendar year:

1. Submit an application for the 2003 Capitalization Grant by January 2003.
2. Update the Handbook of Procedures and seek approval by EPA.
3. Initiate the process for identifying projects in the FY2004 Intended Use Plan by August 2003.
4. Submit the Annual Audit and the biennial report to EPA by April 30, 2003.
5. Coordinate with other funding agencies to complete drinking water projects identified in the 2003 IUP.
6. Leverage funds in the DWRF to accommodate the estimated demand for eligible projects in 2003 and thereafter.
7. The program will continue to provide funds (up to \$100,000 upon approval by the Authority Board) for planning and/or design grants for communities under 10,000 population, with a maximum grant per community of \$10,000. These are non-reimbursable grants, unless the entity is not borrowing funds from the DWRF in which case the Authority Board retains the ability to review, and if appropriate, waive this requirement. These funds are provided from the administrative fee account from income received after the capitalization grant period.
8. The WQCD will review and revise as necessary the State Environmental Review Policy specific to the DWRF.
9. The DLG is planning to conduct a series of training workshops in 2003 to help build financial and managerial capacity of small rural public water systems around the state.

VII. DESCRIPTION OF NON-PROJECT (SET-ASIDE) ACTIVITIES TO BE SUPPORTED BY THE DWRF

A. INTRODUCTION

The state may set aside portions of each year’s capitalization grant for non-project (set-aside) activities. The purpose of the set-asides is to provide the funds needed to administer the DWRF, as well as to meet overall drinking water program requirements of the 1996 amendments to the SDWA.. The Authority will provide the required 20 percent up-front state match required to receive the federal funds. Starting with the federal fiscal year 2003 grant, the 20 percent match for the set-aside portion will come from the loan administrative fee account. A list of the set-asides follows:

- Administration
- Small System Training and Technical Assistance
- State Drinking Water Program Management
- Local Assistance and Other State Programs:
 - Source Water Assessment and Protection Program (SWAP)
 - Wellhead Protection Program
 - Land/Conservation Easement Acquisition for SWAP
 - Implementation of SWAP Program
 - Capacity Development

A description of each set-aside and the funding earmarked from the FFY 03 capitalization grant for each activity is described below. The funding for the FFY 03 capitalization grant is estimated to be \$14,437,500. It is the responsibility of the WQCD to determine the amount of funds necessary to administer the DWRF and to meet the obligations of the SDWA. The financial status of the set-asides is summarized in Attachment 3. Once set-asides funds are allotted, the state must develop, and EPA approve, a work plan that describes the activities to be accomplished to be able to use those funds.

B. ADMINISTRATION SET-ASIDE

SET-ASIDE	AMOUNT	PURPOSE
Administration	\$577,500 (4%) for FFY03.	To cover the cost of (1) administering the DWRF, and (2) providing technical assistance to public water systems (PWS’s). Admin is an on-going activity.

FFY 03 REQUEST: Colorado is entitled to set aside up to 4 percent (\$577,500) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$577,500.

Additionally, the state deposited the FFY 01 and FFY 02 administrative set-aside funds (\$420,000 and \$561,000, respectively) into the DWRP project account and reserved the right to draw the funds from a future capitalization grant. These funds (totaling \$981,000) will also be drawn from the FFY 03 capitalization grant.

Match: The Authority is expected to continue providing this match with no reimbursement.

Use of Funds in 2003 and Expected Accomplishments: These funds will be used to cover current and future administrative expenses related to projects and activities authorized under the SDWA, including provision of technical assistance to public water systems.

C. SMALL SYSTEM TRAINING AND TECHNICAL ASSISTANCE (SSTTA)

SET-ASIDE	AMOUNT	PURPOSE
SSTTA	\$288,750 (2%) for FFY 03.	To provide (1) training, and (2) technical assistance to small systems. SSTTA is an on-going activity.

FFY 03 Request: Colorado is entitled to set aside up to 2 percent (\$288,750) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$288,750.

Match: For set-aside grants through FFY 00, reimbursement of the 20 percent up-front state match to the Authority has been waived. For future work under FFY 01 and later grants, reimbursement of the up-front state match to the Authority will be reviewed annually by the Authority Board to determine whether the state match is to be reimbursed or waived.

Key Accomplishments to Date: In 2002, training programs were conducted for managers and operators of small systems. Providers included:

- American Water Works Association Leadville Operators School
- Colorado Rural Water Association
- Pat McGlothlin and Associates
- Rocky Mountain Water and Wastewater Operators and Distribution School

Use of Funds in 2003 and Expected Accomplishments: Currently, training programs are being designed for 2003. The WQCD chairs the SSTTA work group and is working to expand the composition of that work group. The expanded work group will integrate work planning for the operator certification reimbursement grant. Colorado is eligible for a one-time grant from EPA to assist in training and certification of operators of public water systems (PWS's) that serve less than 3,300

population. Some of the funds from this one-time grant will be used to secure training materials and possibly supplementing or replacing funding otherwise provided by the 2 percent SSTTA set-aside.

D. STATE DRINKING WATER PROGRAM MANAGEMENT

SET-ASIDE	AMOUNT	PURPOSE
State Program Management	\$505,620 (3.5%) for FFY03.	<p>To administer the state public water supply supervision (PWS's) program which includes regulations development compliance monitoring, data management, compliance assistance and enforcement.</p> <p>Can also be used to:</p> <ul style="list-style-type: none"> --Administer or provide technical assistance for SWAP, --Administer and implement capacity development program, --Administer and implement operator certification program. <p>PWSS, and other programs, are an on-going activity.</p>

FFY 03 Request: Colorado is entitled to set aside up to 10 percent (\$1,443,750) from the capitalization grant for this set-aside. Based on the Authority match, described below, the WQCD intends to set aside a minimum of \$505,620 and may set aside up to \$768,617 depending on the amount of qualifying one for one match funds the division is able to document in accordance with the requirements of section 1452 (g)(2) of the 1996 amendments to the Safe Drinking Water Act.

Match: The Authority has authorized (resolution 00-17) up to \$101,124 of loan administration fees to provide for the state match requirement for \$505,620 of capitalization grant funds through FFY 04 (per resolution 00-17). For program management set aside amounts in excess of \$505,620 and for future work under FFY 05 and later grants, reimbursement of the up-front state match to the Authority will be reviewed by the Authority Bboard to determine whether the state match is to be reimbursed or waived.

In addition to the up-front 20 percent match (and match reimbursement waiver provided by the Authority), a dollar-for-dollar match must be provided by the state. The dollar-for-dollar federal match requirement will be met by utilizing drinking water related expenditures from the state laboratory, drinking water treatment and distribution system operator certification program expenses, and 1993 drinking water grant matching funds from the WQCD. The laboratory contribution includes analyses of drinking water samples. Drinking water operator certification expenses include the costs of processing applications, exam fees, and certificate issuance. State program match funds that were expended in 1993 can be used to provide up to 50 percent of the set-aside match. The current year match in excess

of the minimum required may also be used. The three match amounts, i.e., laboratory contribution, operator certification expenses and the 1993 drinking water match amount allow the WQCD to take \$768,617.

Additional match may be available from other sources including the drinking water operator certification program. The federal grant that supports the PWSS program has been level funded in recent years while Colorado program costs are increasing from existing staff due to salary cost inflation. In addition, the new requirements of the 1996 SDWA amendments require additional program staff with more formal technical training and experience. The combination of these factors results in staff shortages that could be alleviated by accessing more of the program management set-aside as authorized by the 1996 SDWA amendments. In the event that additional program match funds can be identified, the WQCD may request the Authority to waive additional match reimbursement requirements.

Key Accomplishments to Date: New program requirements include meeting the need for increased sanitary survey elements and sanitary survey frequency; capacity development efforts for new and existing public water systems; new regulations adoption and implementation; improved operator certification programs; and administration of set-aside programs. The new regulatory initiatives will also require increased data handling, compliance assistance, and enforcement for the following rules: interim enhanced surface water treatment rule, disinfectant/disinfection byproducts rule, radionuclides rule, arsenic rule, consumer confidence report rule and the public notification rule. New staff will also be involved in drafting new regulations including the increased public involvement requirements, and the writing of guidance manuals and implementation procedures for the rules.

A portion of this set-aside is being used to hire 6.5 full time employees (FTE) for implementation of the many new program requirements associated with the 1996 reauthorization of the SDWA. New staff is being allocated to the drinking water program manager, drinking water and wastewater technical services unit and the compliance assurance and data management unit. In addition, funds from this set-aside will be used to reimburse the consumer protection division for administering the non-community drinking water system sanitary survey initiative using local health departments.

Use of Funds in 2003 and Expected Accomplishments: For 2003, the efforts highlighted above will be continued.

E. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS

SET-ASIDE	AMOUNT	PURPOSE
Local Assistance Set-Asides:	15% Total (No more than 10% for any one of the following activities).	Consists of the following five activities:
<ul style="list-style-type: none"> • Source Water...(SWAP) 	See below for funding requests.	See below for Set-Aside descriptions.
<ul style="list-style-type: none"> • Wellhead... 		
<ul style="list-style-type: none"> • SWAP Land Acquisition (PWS Loan) 		
<ul style="list-style-type: none"> • SWAP Implementation (PWS Loan) 		
<ul style="list-style-type: none"> • Capacity Development 		

FFY 03 Request: Colorado is entitled to set aside up to 15 percent (\$2,165,625) from the capitalization grant for these five set-asides. However, no more than 10 percent (\$1,443,750) may be used for any one of the local assistance set-asides. The specific amounts indicated below are based on project needs identified by the WQCD and total \$1,150,000 (7.9 percent). The five set-asides are described below:

1. SOURCE WATER ASSESSMENT AND PROTECTION PROGRAM (SWAP)

SET-ASIDE	AMOUNT	PURPOSE
SWAP	\$0 for FFY03.	To delineate and assess source water areas for surface and ground water systems. SWAP assessments must be completed by the EPA extension date of April 2004.

FFY 03 Request: N/A. The WQCD set-aside the full FFY 97 allotment of \$1,678,410, based on project needs identified by the WQCD. The SWAP allotment was a one-time allotment.

Match: The Authority has provided the required 20 percent up-front state match and has waived the reimbursement requirement.

Key Accomplishments to Date:

- Development of a SWAP website: <www.cdphe.state.co.us/wq/sw/swaphom.html>
- Collection of locational data (lat/longs) for surface water intakes.
- Development of a spatial data library.
- Preliminary development of a web-enabled geographic information system (GIS) mapping website.
- Completion of source water assessment area delineations for all public surface water supplies (Phase 1).
- Conducting contaminant source inventories (Phase 2) for all public surface water supplies in the state; Projected completion – January 2003.
- Initiating development of a data analysis toolset to be used in generating susceptibility analyses and source water assessment reports (Phase 3) for all public surface water supplies in the state; Projected completion – April 2004.

Use of Funds in 2003 and Expected Accomplishments: There are three technical phases associated with the SWAP program: (1) delineation of source water areas, (2) inventory of potential sources of contamination, and (3) analysis of the susceptibility of the PWS's to contamination. Public involvement is an integral component of all three phases

For 2003, the contaminant source inventories for surface water-based PWS's will be completed. Additional activities will focus on developing the automated data analysis toolset that will be instrumental in conducting the susceptibility analyses and reporting the assessment results for surface water-based PWS's statewide.

2. WELLHEAD PROTECTION PROGRAM (WHP)

SET-ASIDE	AMOUNT	PURPOSE
Wellhead Protection	\$500,000 (3.5%) for FFY03.	To delineate and assess source water areas for ground water systems. WHP assessments must be completed by the EPA extension date of April 2004.

FFY 03 request: Based on project needs identified by the WQCD, the WQCD intends to set aside \$500,000.

Match: For set-aside grants through FFY 02, the reimbursement of the 20 percent up-front state match to the Authority. For future work under FFY 03 and later grants, reimbursement of the up-front state

match to the Authority will be reviewed annually by the Authority Board to determine whether the state match is to be reimbursed or waived.

Key Accomplishments to Date:

- Development of a swap website (which includes the WHP program):
<www.cdphe.state.co.us/wq/sw/swaphom.html>
- Collection of locational data (lat/longs) for drinking water wells.
- Completion of source water assessment area delineations for all public ground water supplies (Phase 1).
- Conducting contaminant source inventories (Phase 2) for all public ground water supplies in the state; projected completion – January 2003.
- Initiating development of a data analysis toolset to be used in generating susceptibility analyses and source water assessment reports (phase 3) for all public ground water supplies in the state; projected completion – April 2004.

Use of Funds in 2003 and Expected Accomplishments: Under the WHP program, there are two technical phases associated with the assessment portion of the program: (1) delineation of source water areas for ground water systems, and (2) inventory of potential sources of contamination. Under the requirements of the SWAP program, the third technical phase of the SWAP program, determining the susceptibility of the PWS's to contamination, will also be applied to assessing public ground water supplies so that assessment results are consistent between surface water and ground water supplies. Again, public involvement is an integral component of all three phases. The existing WHP program guidelines will be the basis for conducting the source water assessments for ground water systems.

For 2003, the contaminant source inventories for ground water-based PWSS will be completed. Additional activities will focus on developing the automated data analysis toolset that will be instrumental in conducting the susceptibility analyses and reporting the assessment results for ground water-based PWSS statewide.

3. LOANS TO PUBLIC WATER SYSTEMS TO ACQUIRE LAND OR CONSERVATION EASEMENTS FOR SOURCE WATER PROTECTION PURPOSES

SET-ASIDE	AMOUNT	PURPOSE
Local Land Acquisition for SWAP.	\$0 for FFY03.	To provide loans to PWS's to acquire land or conservation easements to protect source water areas.

FFY 03 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY03 capitalization grant.

4. LOANS TO COMMUNITY WATER SYSTEMS TO IMPLEMENT VOLUNTARY, INCENTIVE BASED SOURCE WATER QUALITY PROTECTION MEASURES

SET-ASIDE	AMOUNT	PURPOSE
Local SWAP Implementation	\$0 for FFY03.	To provide loans to PWS's to implement source water protection measures.

FFY 03 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY03 capitalization grant.

5. CAPACITY DEVELOPMENT

SET-ASIDE	AMOUNT	PURPOSE
Capacity Development	\$650,000 (4.5%) for FFY03.	To implement the capacity development strategy to assist new and existing systems to achieve and maintain technical, managerial, and financial capacity.

FFY 03 Request: Colorado is entitled to set aside up to 10 percent (\$1,443,750) from the capitalization grant for this set-aside. Based on the Authority match, described below, the WQCD intends to set aside \$650,000.

Match: The Authority has authorized up to \$130,000 of Authority funds to provide for the state match reimbursement requirement for \$650,000 of capitalization grant funds through FFY 00. For future work under FFY 01 and later grants, reimbursement of the up-front state match to the Authority will be reviewed annually by the Authority Board to determine whether the state match is to be reimbursed or waived.

Key Accomplishments to Date:

- Implementation of new system capacity reviews using the “new water system capacity planning manual” to evaluate the technical, managerial and financial (TMF) capacity for new systems.
- Implementation of existing system capacity reviews using Chapter 3 of the DWRF Handbook of Procedures, “Evaluation of technical, managerial, and financial capacity” to evaluate the TMF capacity of existing systems that receive funding under the DWRF.

- Continuation of the on-site sanitary survey effort coordinated by the Consumer Protection Division in conjunction with local health departments. This effort will eventually involve annual sanitary surveys of approximately 800 non-community ground water systems and will provide limited technical assistance to PWS's visited.
- Continuation of contract effort to provide comprehensive performance evaluations (CPES) of surface water systems that do not demonstrate at least 99.9 percent (3 log) removal of particulates as measured by the microscopic particulate analyses (MPA) test.

Use of Funds in 2003 and Expected Accomplishments:

For 2003, the efforts highlighted above will be continued. To the extent that assigned staff track the time that they contribute to accomplishing capacity development work plan activities, their associated, pro rata salary may be drawn from the capacity development set-aside. Additional activities included in the EPA approved work plan will be continued or initiated:

- Preparation of an informational pamphlet for non-community systems on the drinking water regulations and guidelines that apply.
- Upgrading the WQCD's web site to include access to new information and operator training.
- Develop summary of new federal regulations to be adopted by reference.
- Investigation of alternatives to developing a Colorado drinking water hotline.
- Development of an areawide optimization program via contract. This effort will work to change the on-site practices of systems that have performance limiting factors as documented by the CPE effort.
- Continued implementation of the Colorado strategy for arsenic reduction (COSTAR) project to assist public water systems with compliance of the revised arsenic standards.
- Initiation of operator training to conduct analyses required for compliance with the recently promulgated disinfectants/disinfection by-products and interim enhanced surface water treatment rules.

VIII. MISCELLANEOUS INFORMATION

The state will provide the necessary assurance and certifications as part of the Capitalization Grant Agreement and Operating Agreement between the State of Colorado and the U.S. Environmental Protection Agency.

The proposed payment schedule using FFY 2003 Drinking Water funds will be included in the application for the capitalization grant. The payment schedule identifies the anticipated amount of EPA

Automated Clearinghouse (ACH) draws from the capitalization grant and state dollars to be deposited into the DWRF.

The state legislation (SB 95-083) established the DWRF as an enduring and viable fund. The DWRF shall be maintained and be available in perpetuity for providing financial assistance as authorized and limited by the SDWA.

PUBLIC REVIEW AND COMMENT

The Colorado State Board of Health published this information and held a public meeting on November 20, 2002 at which time the State's 2003 IUP including the 2003 DWRF Eligibility List and Project Priority/Fundable List were approved. There were no comments from the general public.

Each year, the IUP will be amended to include additional DWRF projects and other appropriate changes. The WQCD will continually seek public review and comment for the proposed list of eligible projects and IUP brought before the State Board of Health for approval annually.

APPENDIX A

PROJECT ELIGIBILITY LIST

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DWRP PROJECT ELIGIBILITY LIST

DW Project #	Elig Cat	ENTITY NAME	CITY	COUNTY	PROJECT DESCRIPTION	PROJECT COST	POP UNDER 5000
030001	5	Academy WSD	Colorado Springs	El Paso	Upgrade water main	\$150,000	Y
960001	5	Aguilar, Town Of	Aguilar	Las Animas	Poor pressure, repair leaking lines, improve storage tank & main	\$4,000,000	Y
000001	2	Alamosa, City Of	Alamosa	Alamosa	Arsenic in water, upgrade treatment	\$4,000,000	N
960003	3	Allenspark WD	Allenspark	Boulder	Upgrade plant, add storage, high turbidity	\$125,000	Y
960126	5	Arapahoe County Water & Wastewater Authority and Cottonwood WSD	Englewood	Arapahoe	Construct WTP, lines, and wells	\$8,540,000	N
030002	5	Arriba, Town of	Arriba	Lincoln	Transmission lines and pump replacement	\$100,000	Y
010003	5	Aspen Springs MD	Pagosa Springs	Archuleta	Const well, distribution system, and transmission line, or connect to Pagosa Area Water & San Dist	\$12,500,000	Y
010002	5	Aspen, City Of	Aspen	Pitkin	Upgrade trmt, repair/replace mains, replace headgate	\$1,635,000	N
960004	5	Ault, Town Of	Ault	Weld	Upgrade distribution, add storage and transmission line	\$2,530,000	Y
990001	3	Aurora, City Of	Aurora	Arapahoe	Upgrade WTP, improve chemical handling & storage	\$20,000,000	N
960005	3	Baca Grande WSD	Crestone	Saguache	Treatment & distribution problems, drill new well	\$500,000	Y
990005	3	Basalt, Town of	Basalt	Eagle	Construct filter plant	\$1,500,000	Y
960181	3	Battlement Mesa MD	Battlement Mesa	Garfield	Upgrade treatment plant and plant drainage	\$35,000	Y
990002	3	Bayfield, Town Of	Bayfield	La Plata	Add new microloc cell, construct tank, new wells, upgrades due to wildfire impacts	\$800,000	Y
960127	5	Bear Creek WSD	Lakewood	Jefferson	Connect 59 homes on poor wells to district	\$1,000,000	N
960182	5	Bellyache Ridge MD	Wolcott	Eagle	Add storage and const new well	\$700,000	Y
960007	5	Bennett, Town Of	Bennett	Adams	Need back-up power supply for one well	\$30,000	Y
030004	3	Berkeley WSD	Denver	Adams	Loop quarter section for pressure and water quality needs	\$500,000	Y
990003	3	Berthoud, Town Of	Berthoud	Larimer	Increase WTP capacity, connect to southern pipeline	\$2,000,000	Y
960184	5	Beulah Water Works District	Beulah	Pueblo	Additional storage tanks	\$350,000	Y
030005	5	Black Hawk, City Of	Black Hawk	Gilpin	Water line replacement, upgrade infiltration gallery, replace Drowy Hill WTP filters, increase storage tank	\$2,900,000	Y
960009	5	Blanca, Town Of	Blanca	Costilla	Need second well and meters	\$300,000	Y
980241	5	Box Elder WSD	Denver	Arapahoe	Need new treatment system	\$400,000	Y
960011	5	Branson, Town Of	Branson	Las Animas	Add storage and replace distribution lines	\$275,000	Y
990004	5 3	Breckenridge, Town Of	Breckenridge	Summit	Add storage tank	\$3,000,000	Y
960128	5	Bristol WSD	Bristol	Prowers	Replace lines, storage tank, add meters, replace wiring for wells	\$300,000	Y
990008	5 3	Buffalo Creek WD	Buffalo Creek	Jefferson	Upgrade water supply	\$150,000	Y
960189	5	Burlington, City of	Burlington	Kit Carson	Increase wells and storage	\$650,000	Y
000003	5	Byers WSD	Byers	Adams	Replace wells, portion of distrib system, storage, pumps	\$300,000	Y
960012	5	Canon City, City Of	Canon City	Fremont	Construct trans lines	\$4,000,000	N
010006	5	Carbondale, Town Of	Carbondale	Garfield	Construct second WTP	\$1,500,000	N
960130	3	Carter Lake Filter Plant	Berthoud	Larimer	Provide multiple treatment barriers & upgrade equip, chlorine safety & dioxide upgrade, study for North WTP	\$10,636,000	N
030008	5	Castle Rock, Town Of	Castle Rock	Douglas	New water lines to Craig & Gould neighborhood	\$3,754,000	N
960190	5	Castle Rock, Town Of	Castle Rock	Douglas	Upgrade/replace distribution system, construct new WTP	\$12,000,000	N
000004	5	Cedaredge, Town Of	Cedaredge	Delta	Repair distribution system, upgrade treatment	\$4,000,000	Y
960191	5	Center, Town Of	Center	Saguache	Rehab storage tank, add meters and new well	\$500,000	Y
000021	4	Cheraw, Town Of	Cheraw	Otero	Upgrade treatment for iron, move treatment plant	\$310,000	Y
010042	1	Cheyenne Wells, Town Of	Cheyenne Wells	Cheyenne	Well high in nitrates, replace	\$270,000	Y
990012	5	Clifton WD	Clifton	Mesa	Increase pretreatment and const storage tank	\$2,260,000	N

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DW Project #	Elig Cat	ENTITY NAME	CITY	COUNTY	PROJECT DESCRIPTION	PROJECT COST	POP UNDER 5000
030009	5	Colorado Centre Metro District	Colorado Springs	El Paso	Add iron & manganese removal equipment & purchase land around drinking water well	\$150,000	Y
030010	5	Colorado City Metro District	Colorado City	Pueblo	Construct infrastructure to bring 3 unused wells online to meet existing water supply demands	\$600,000	Y
030011	5	Colorado Mountain College Spring Valley Campus	Glenwood Springs	Garfield	Replace storage tank, upgrade WTP	\$200,000	Y
960017	5	Costilla County WSD	San Luis	Costilla	New wells-Chama, Los Fuertes, Old San Acacio	\$300,000	Y
990013	1	Cottonwood WSD	Englewood	Douglas	Construct WTP	\$5,000,000	Y
010009	5	Craig, City Of	Craig	Moffat	Upgrade WTP, reaching capacity	\$600,000	N
960194	5	Crawford, Town Of	Crawford	Delta	Replace transmission line, construct tank	\$681,250	Y
030012	3	Creede, Town Of	Creede	Mineral	Replace leaking water mains	\$1,000,000	Y
960163	5	Crested Butte South MD	Crested Butte	Gunnison	Const underground stor tank,bld pump stat,ext mains	\$1,800,000	Y
990014	5	Cripple Creek, Town Of	Cripple Creek	Teller	Replace mains and distribution lines	\$400,000	Y
960195	5	Cucharas SWD	La Veta	Huerfano	Upgrade distribution, storage, and consolidate plants	\$1,178,465	Y
980253	1	Deer Trail, Town Of	Deer Trail	Arapahoe	Coliform/bacteria problems,upgrade trmt,storage,dist	\$866,000	Y
000006	5	Del Norte, Town Of	Del Norte	Rio Grande	Const new lines,install water meters,new well,pump	\$1,031,860	Y
030015	5	Delta, City Of	Delta	Delta	Construct alt feed for residences north of Gunnison River	\$736,000	N
960022	5	Dillon Valley MD	Dillon	Summit	Design and construct additional storage	\$800,000	Y
960021	5	Dillon, Town Of	Dillon	Summit	Exp microfiltration WTP,const storage,replace main	\$1,820,000	Y
030016	5	Dinosaur, Town Of	Dinosaur	Moffat	Replace distribution lines	\$800,000	Y
030072	5	Divide MPC Metro District	Divide	Teller	Develop wells, pump houses and well field supply system	\$270,000	Y
960024	5	Dolores, Town Of	Dolores	Montezuma	Upgrade WTP and lines, replace meters	\$400,000	Y
960026	5	Durango West MD # 1	Durango	La Plata	Increase capacity, upgrade meter pits	\$240,000	Y
020031	3	Durango, City Of	Durango	La Plata	Upgrade treatment plant	\$7,000,000	N
980240	3	Eads, Town Of	Eads	Kiowa	Transmission line leaks,replace, add storage	\$800,000	Y
020019	5	Eagle River WSD	Vail	Eagle	Const new WTP, storage tank	\$5,542,900	N
000007	2	East Alamosa WSD	ALAMOSA	Alamosa	Upgrade treatment, arsenic in water	\$300,000	Y
030017	5	East Boulder County Water District	Boulder	Boulder	Construct new storage tank, install backup generator to power pumps	\$155,000	Y
010011	5	East Cherry Creek Valley WSD	Aurora	Arapahoe	Upgrade well, treatment, and distribution	\$15,000,000	N
020021	5	East Larimer County Water District	Fort Collins	Larimer	Const transmission line, storage	\$3,320,000	N
960027	5	East Valley WSD	Englewood	Arapahoe	Upgrade lines, construct new well and underground storage,	\$600,000	Y
020022	5	Empire, Town Of	Empire	Clear Creek	Const trans line to serve 47 homes west of town	\$1,000,000	Y
030019	3	Erie, Town Of	Erie	Weld	Replace waterlines	\$500,000	N
990019	5	Estes Park, Town Of	Estes Park	Larimer	Replace distribution lines	\$3,000,000	N
960199	5	Evans, City Of	Evans	Weld	Additional supply & distribution	\$1,000,000	N
000008	5	Evergreen MD	Evergreen	Jefferson	Upgrade/expand trmt, upgrade distribution, const tank	\$7,000,000	N
960031	5	Fairplay, Town Of	Fairplay	Park	Upgrade pumping station,repair distribution,storage	\$500,000	Y
960032	5	Firestone, Town Of	Firestone	Weld	Replace distribution main, add storage	\$1,010,000	Y
030020	5	Flagler, Town Of	Flagler	Kit Carson	Upgrade treatment plant	\$200,000	Y
960033	5	Florence, City Of	Florence	Fremont	Const storage, booster station, upgrade/expand trmt	\$1,657,288	Y
030021	5	Florissant WSD	Florissant	Teller	Lower the water mains and loop the system	\$500,000	Y
960201	5	Forest Lakes MD	Bayfield	La Plata	Need upgrades to distribution, storage and pump stations	\$300,000	Y
030022	5	Forest View Acres Water District	Monument	El Paso	Water main from treatment plant to storage tank, upgrade treatment plant	\$150,000	Y

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DW Project #	Elig Cat	ENTITY NAME	CITY	COUNTY	PROJECT DESCRIPTION	PROJECT COST	POP UNDER 5000
030073	5	Fort Collins/Loveland Water District	Fort Collins	Larimer	Upgrade WTP, transmission and distribution	\$8,000,000	N
000009	5	Fort Garland WSD	Fort Garland	Costilla	Repair/replace valves, replace lines, install meters	\$446,656	Y
010043	5	Fort Lupton, City Of	Fort Lupton	Weld	Upgrade treatment, add filter	\$2,700,000	N
030023	5	Fountain Valley Authority	Colorado Springs	El Paso	Replace controllers for pump motors	\$1,500,000	N
960038	5	Fowler, Town Of	Fowler	Otero	Develop/rehab supply, replace water lines	\$200,000	Y
010013	5	Fowler, Town Of	Fowler	Otero	Westcamp (unincorporated area) connect to Town of Fowler (health concerns)	\$500,000	Y
980250	5	Franktown Metro District	Castle Rock	Douglas	Need water system	\$5,700,000	Y
020033	5	Fraser, Town Of	Fraser	Grand	Upgrade wells and distribution lines	\$500,000	Y
030025	5	Genessee WSD	Golden	Jefferson	Rehab/replace terrace lift station, increase well capacity, aux. Power supply	\$300,000	Y
960161	1	Genoa, Town Of	Genoa	Lincoln	Replace line, upgrade storage, trmt, supply, remove nitr	\$500,000	Y
030026	5	Georgetown, Town Of	Georgetown	Clear Creek	Study to identify & map distribution lines for replacement	\$15,000	Y
960152	5	Golden, City Of	Golden	Jefferson	Upgrade trmt system, and clearwell	\$537,000	N
990021	5	Granada, Town Of	Granada	Prowers	Upgrade storage, distribution, and re-drill well	\$750,000	Y
020016	1	GRAND COUNTY	Granby	Grand	compliance order, connect to Granby, replace distribution lines & purchase adequate taps for Moraine Park	\$1,050,000	Y
990020	3	Grand County WSD #1	Winter Park	Grand	Upgrade treatment, distribution and storage	\$3,213,500	Y
960136	4	Grand Junction, City Of	Grand Junction	Mesa	Upgrade transmission lines and replace iron pipes	\$6,131,000	N
960155	5	Grand Lake, Town Of	Grand Lake	Grand	Upgrade treatment facility	\$5,000,000	Y
960155	5	Greeley, City Of	Greeley	Weld	Upgrade/rehab existing treatment facilities, const pipeln	\$12,750,000	N
960205	5	Green Mountain WSD	Lakewood	Jefferson	Upgrade/replace distribution and transmission lines	\$705,232	#REF!
030027	5	Grover, Town Of	Grover	Weld	New water storage tower	\$230,000	Y
990009	5	Gunnison, City Of	Gunnison	Gunnison	Expand well field	\$180,000	N
990010	5	Gypsum, Town Of	Gypsum	Eagle	Const pump back system and transmission	\$1,100,000	Y
990045	5	Hamilton Creek MD	Breckenridge	Summit	Connect new well and transmission line	\$1,000,000	Y
030028	5	Hartman, Town Of	Hartman	Prowers	Repair/replace chlorination facility	\$600,000	Y
010016	5	Haswell, Town Of	Haswell	Kiowa	Construct new well casing	\$12,000	Y
960137	5	Hayden, Town Of	Hayden	Routt	Upgrade trmt & distribution, install emergency generator,	\$400,000	Y
020020	5	Hi Land Acres WSD	Brighton	Adams	Replace distribution system, add storage, pump	\$277,000	Y
960171	5	Highland Lakes Water District	Divide	Teller	Inc capacity, upgrade treatment, add storage & distrib	\$4,500,000	Y
960045	5	Holly, Town of	HOLLY	Prowers	Filtration sys rehab	\$750,000	Y
990023	5	Holyoke, City Of	Holyoke	Phillips	Increase storage, const booster station, drill new well, upgrade treatment plant	\$2,700,000	Y
020032	5	Hoover Hill WSD	Boulder	Boulder	Replace Ravenwood water line	\$250,000	Y
960047	5	Hot Sulphur Springs, Town of	Hot Sulphur Springs	Grand	New intake structure, pump controls, upgrade main, dist	\$1,000,000	Y
010017	5	Hotchkiss, Town of	Hotchkiss	Delta	Water treatment plant upgrade, water main replacement & upgrade, and const storage tank	\$1,450,000	Y
020023	5	Hudson, Town Of	Hudson	Weld	Upgrade/repair distribution system	\$100,000	Y
020018	2	Idledale WSD	LAKEWOOD	Jefferson	Upgrade WTP, treat radiological contamination	\$350,000	Y
960050	5	Ignacio, Town Of	Ignacio	La Plata	Replace old water mains	\$500,000	Y
030029	5	Indian Hills Water District	Indian Hills	Jefferson	Construct storage tank	\$75,000	Y
960051	3	Jamestown, Town Of	Jamestown	Boulder	Replace failed well, water main, and upgrade water intake	\$100,000	Y
030031	5	Keenesburg, Town of	Keenesburg	Weld	Upgrade treatment facility	\$50,000	Y

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DW Project #	Elig Cat	ENTITY NAME	CITY	COUNTY	PROJECT DESCRIPTION	PROJECT COST	POP UNDER 5000
030032	2	Ken Caryl Ranch Water District	Morrison	Jefferson	Upgrade treatment - out of compliance w/radionuclides and disinfection	\$400,000	Y
960208	5	Kersey, Town Of	Kersey	Weld	Upgrade distribution,lines and mains	\$817,080	Y
030033	5	Kim, Town Of	Kim	Las Animas	Replace piping from well to storage tanks	\$30,000	Y
960055	5	Kiowa, Town of	Kiowa	Elbert	Upgrade supply,storage,transmission & distribution	\$2,264,000	Y
960056	1	Kit Carson, Town of	Kit Carson	Cheyenne	Capacity,mcl exceeded,need alternate source construct storage/detention tank and piping	\$1,665,000	Y
960057	5	Kremmling, Town of	Kremmling	Grand	Repair/replace distrib lines,expand storage,boost pump, develop alternative water supply	\$4,500,000	Y
000002	2	La Junta City Of	La Junta	Otero	High fluoride, Bent's Fort WUA connect to La Junta	\$150,000	Y
990026	4	La Junta, City of	La Junta	Otero	WTP in noncompliance, const new facility	\$10,000,000	N
030036	2	La Junta, City of	La Junta	Otero	South Swink Water Company radionuclides enforcement, connect to La Junta, distribution rehab	\$150,000	Y
030035	2	La Junta, City of	La Junta	Otero	Eureka Water Company radionuclides enforcement, connect to la junta	\$150,000	Y
020024	5	La Veta, Town Of	La Veta	Huerfano	Upgrade treatment,chlorine contact,storage	\$500,000	Y
010020	5	Lake City, Town Of	Lake City	Hinsdale	Construct storage tank	\$250,000	Y
960061	5	Larkspur, Town Of	Larkspur	Douglas	Compliance problems, const WTP, install new well pumps and add water looping	\$1,500,000	Y
960062	5	Las Animas, City Of	Las Animas	Bent	Replace distribution lines	\$1,300,000	Y
010021	2	Lincoln County/Karval	Hugo	Lincoln	Construct treatment system	\$300,000	Y
000023	5	Little Thompson WD	Berthoud	Larimer	Upgrade WTP, filtration, replace lines	\$500,000	Y
020004	1	Lochbuie, Town Of	Brighton	Weld	Add well	\$100,000	Y
030040	1	Log Lane Village, Town Of	Log Lane Village	Morgan	Water treatment and storage for high nitrates	\$1,000,000	Y
030070	5	Longmont, City Of	Longmont	Boulder	Construct new 30 mgd water treatment plant	\$60,000,000	N
990030	5	Lookout Mountain WD	Golden	Jefferson	Upsize distribution lines	\$500,000	Y
990031	5	Louisville, City Of	Louisville	Boulder	Increase supply	\$8,500,000	N
020025	5	Loveland, City Of	Loveland	Larimer	Upgrade WTP	\$4,500,000	N
960067	3	Lyons, Town Of	Lyons	Boulder	Upgrade WTP or const new facility, install water meters	\$7,500,000	Y
000011	5	Mancos, Town Of	Mancos	Montezuma	Replace leaking lines, add storage	\$75,000	Y
960213	2	Manzanola, Town Of	Manzanola	Otero	Under enforcement action upgrade water source and treatment	\$601,510	Y
030041	5	Marble, Town Of	Marble	Gunnison	Install water tank	\$760,000	Y
960138	5	Mead, Town Of	Mead	Weld	Const storage tank, expand transmission line	\$750,000	Y
020005	5	Meeke, Town Of	Meeke	Rio Blanco	Replace 8" transmission lines	\$750,000	Y
960214	5	Mesa Cortina WSD	Breckenridge	Summit	Expand storage and meters	\$232,560	Y
960151	2	Mesa County/Artesian Water Service (Bruners)	Grand Junction	Mesa	Upgrade system, replace distribution lines, supply and/or consolidate w/Ute	\$200,000	Y
010024	5	Mesa WSD	Mesa	Mesa	Replace old galv. & asbestos cement pipe	\$100,000	Y
980246	5	Milliken, Town Of	Milliken	Weld	Increase storage and const transmission line	\$1,602,000	Y
960070	5	Monte Vista, City Of	Monte Vista	Rio Grande	Construct pump stations and loop dead-end lines	\$437,000	Y
960071	5	Montezuma, Town Of	Montezuma	Summit	Construct WTP and distribution system	\$1,000,000	Y
030042	5	Monument, Town Of	Monument	EI Paso	Expand water treatment plant, construct new wells, replace distribution lines	\$5,000,000	Y
960073	5	Morgan County Quality Water District	Fort Morgan	Morgan	Const transmission line, distribution, storage, and pump station	\$5,600,000	Y
960074	3	Morrison, Town Of	Morrison	Jefferson	Expand/upgrade treatment, reduce organics	\$1,200,000	Y

APPENDIX A
FY 2003
DWRP PROJECT ELIGIBILITY LIST

DW Project #	Elig Cat	ENTITY NAME	CITY	COUNTY	PROJECT DESCRIPTION	PROJECT COST	POP UNDER 5000
960075	5	Mt Crested Butte WSD	Mt Crested Butte	Gunnison	Upgrade treatment, pumping, and construct storage	\$4,300,000	Y
010025	5	Munn's Addition WSD	Brush	Morgan	Construct water system or connect to City of Brush	\$500,000	Y
020026	3	Naturita, Town Of/Mustang Water Authority	Naturita	Montrose	Const WTP or joint trmt plant with Nucla	\$2,700,000	Y
960122	3	Nederland, Town Of	Nederland	Boulder	Const larger pre-sedimentation pond	\$722,000	Y
960119	5	New Castle, Town Of	New Castle	Garfield	Expand WTP, replace portion of transmission line	\$1,000,000	Y
960078	5	North Shore WSD	Granby	Grand	Upgrade distribution lines	\$1,000,000	Y
030043	5	Northern Douglas County WSD	Littleton	Douglas	Connect Macarthur Ranch to Northern Douglas County WSD	\$3,000,000	Y
960080	5	Norwood, Town Of	Norwood	San Miguel	Upgrade treatment and distribution	\$1,500,000	Y
020027	3	Nucla, Town Of/Mustang Water Authority	Nucla	Montrose	Const WTP or joint trmt plant with Naturita	\$2,700,000	Y
010026	1	Nunn, Town Of	Nunn	Weld	High nitrates, upgrade WTP	\$150,000	Y
960082	1	Oak Creek, Town Of	Oak Creek	Routt	Upgrade WTP and storage, replace trans lines	\$3,500,000	Y
960084	5	Olde Stage WD	Boulder	Boulder	Upgrade pumping, storage, distribution	\$200,000	Y
020014	3	Olney Springs, Town Of	Olney Springs	Crowley	Rehab springs, add storage, upgrade distribution	\$800,000	Y
030044	3	Ophir, Town Of	Ophir	San Miguel	Build surface water treatment plant, storage tank and replace waterlines	\$600,000	Y
960085	3	Orchard City, Town Of	Austin	Delta	Failed particulate analysis, const 2 mgd trmt plant	\$1,000,000	Y
030045	5	Ordway, Town Of	Ordway	Crowley	Replace piping from wells to town, install valves	\$579,048	Y
960086	5	Otero County	La Junta	Otero	Failing wells, link small systems, study freshwater line	\$500,000	Y
030050	5	Otis, Town Of	Otis	Washington	Rehab storage tanks	\$100,000	Y
030051	5	Ouray, City Of	Ouray	Ouray	Upgrade water treatment plant, distribution lines and storage	\$1,000,000	Y
010027	3	Ovid, Town Of	Ovid	Sedgwick	Upgrade water tank and distribution	\$305,905	Y
960087	5	Pagosa Area WSD	Pagosa Springs	Archuleta	Replace lines and enlarge reservoir, construct WTP	\$7,000,000	N
030052	5	Paint Brush Hills Metro District	Falcon	El Paso	New wells, pump house, storage tank, treatment, pump stations and expand distribution lines	\$2,160,000	Y
010028	5	Palmer Lake, Town Of	Palmer Lake	El Paso	Upgrade WTP and replace distribution lines	\$500,000	Y
000015	5	Paonia, Town Of	Paonia	Delta	Add storage	\$1,000,000	Y
030053	5	Parachute, Town Of	Parachute	Garfield	Upgrade treatment plant	\$1,500,000	Y
010033	1	Parkville WD	Leadville	Lake	Rehab water source	\$300,000	Y
030055	5	Peetz, Town Of	Peetz	Logan	Improvements to water tank	\$20,000	Y
960219	5	Perry Park WSD	Larkspur	Douglas	Replace water lines, increase supply	\$600,000	Y
960178	5	Piedra Park Metro Improvement District	Arboles	Archuleta	Upgrade supply, transmission, distribution	\$165,173	Y
990035	1	Pine Drive WD	Beulah	Pueblo	Upgrade water storage tank and lines	\$160,000	Y
960093	2	Pinewood Springs WD	Lyons	Larimer	Add water storage and upgrade distribution system	\$330,000	Y
010031	5	Pioneer Lookout WD	Monument	El Paso	Upgrade storage capacity, well and distribution lines	\$100,000	Y
960094	5	Platteville, Town Of	Platteville	Weld	Expand storage, rehab tank	\$2,402,683	Y
020037	3	Poncha Springs, Town of	Poncha Springs	Chaffee	Copper in water, upgrade treatment	\$200,000	Y
990036	5	Project 7 Water Authority	Montrose	Montrose	Further upgrades to WTP including filters and clear wells	\$5,000,000	N
010050	5	Pueblo West MD	Pueblo West	Pueblo	Upgrade treatment, transmission & storage	\$15,000,000	Y
960225	5	Rainbow Valley WD	Woodland Park	Teller	Build new pump station and purchase delivery truck	\$62,000	Y
020006	5	Rangely, Town Of	Rangely	Rio Blanco	Extend distribution system	\$350,000	Y
960098	5	Rico, Town Of	Rico	Dolores	Repair/replace distribution system, new supply needed	\$1,000,000	Y

APPENDIX A
FY 2003
DWRP PROJECT ELIGIBILITY LIST

DW Project #	Elig Cat	ENTITY NAME	CITY	COUNTY	PROJECT DESCRIPTION	PROJECT COST	POP UNDER 5000
960099	5	Ridgewood WD	Woodland Park	Teller	Const storage tank, replace lines & meter, new well & water filtration system	\$1,000,000	Y
020007	5	Rifle, City Of	Rifle	Garfield	Extend water system, upgrade pumping & distribution	\$2,000,000	N
960141	5	Rock Creek Mesa Water District	Colorado Springs	El Paso	Upgrade WTP, storage and transmission	\$275,000	Y
960100	5	Rockvale, Town Of	Rockvale	Fremont	Add storage, rehab distribution system	\$863,000	Y
960227	5	Rocky Ford, City Of	Rocky Ford	Otero	Upgrade distribution and storage, install lift station	\$500,000	Y
020028	5	Round Mountain WSD	Westcliffe	Custer	Replace water mains and valves	\$100,000	Y
960164	5	Roxborough Park MD	Littleton	Douglas	Upgrade WTP or construct new plant and add storage tanks	\$3,404,500	Y
960102	5	Rye, Town of	Rye	Pueblo	Construct storage tank and upgrade filtration	\$600,000	Y
960142	5	Saguache, Town Of	Saguache	Saguache	Replace relay system between wells and storage tank	\$35,000	Y
990039	5	Salida, City Of	Salida	Chaffee	Construct water tank transmission lines and treatment	\$1,106,250	N
030059	5	San Luis WSD	San Luis	Costilla	Alternate well needed	\$500,000	Y
960104	5	Sanford, Town Of	Sanford	Conejos	Small lines, inadequate supply	\$250,000	Y
030071	5	Santa Fe Trails Ranch Metro District	Trinidad	Las Animas	Upgrade distribution lines and connect to Trinidad	\$350,000	Y
030060	5	Sawpit, Town Of	Sawpit	San Miguel	Replace distribution system & storage tank	\$130,000	Y
960105	5	Sedalia WSD	Sedalia	Douglas	Inadequate supply, upgrade filtration, replace tank	\$653,400	Y
000017	5	Seibert, Town Of	Seibert	Kit Carson	Upgrade or replace water tower, install pumps & new water line	\$300,393	Y
030061	5	Severance, Town Of	Severance	Weld	Storage tank and related infrastructure required by N Weld County Water Dist	\$1,100,000	Y
020008	5	Silt, Town Of	Silt	Garfield	Upgrade/replace WTP to meet current/future capacity	\$500,000	Y
960107	5	Silver Plume, Town Of	Silver Plume	Clear Creek	Loop distribution system, inc storage, const well	\$500,000	Y
990041	5	Silverton, Town Of	Silverton	San Juan	Upgrade WTP, add storage	\$3,000,000	Y
010015	5	Somerset Domestic Waterworks District	Gunnison	Gunnison	Replace distribution system	\$465,000	Y
030062	1	South Adams County WSD	Commerce City	Adams	Joint project w/Denver Water to eliminate nitrates and VOC problems	\$48,000,000	N
030063	5	South Fork WSD	South Fork	Rio Grande	Development of centralized community water system	\$40,000	Y
960145	5	St Charles Mesa WD	Pueblo	Pueblo	Upgrade storage, intake, transmission systems, distribution	\$2,500,000	N
960109	3	St Mary's Glacier WSD	Idaho Springs	Clear Creek	Phase 2 of water system improvements including reservoir #2 and well #4	\$444,000	Y
990043	5	Starkville, Town Of	Starkville	Las Animas	Upgrade lines, repair tank, and new meter/collars	\$15,000	Y
010044	5	Steamboat II MD	Steamboat Springs	Routt	Construct storage tank to increase pressure	\$1,411,500	Y
030064	5	Steamboat Lakes WSD	Clark	Routt	Drill & construct new wells	\$50,000	Y
960156	1	Sterling, City of	Sterling	Logan	Upgrade WTP for nitrates, may need new source	\$2,000,000	N
980244	5	Stratmoor Hills WD	Colorado Springs	El Paso	Construct lines from well to storage tanks	\$180,000	Y
010035	5	Sugar City, Town Of	Sugar City	Crowley	Upgrade water system, transmission, construct tank, new well	\$400,000	Y
960230	5	Summit Ridge WD	Mancos	Montezuma	Increase storage, loop lines, upgrade lines	\$500,000	Y
030065	5	Swink, Town Of	Swink	Otero	Replace water lines, drill new well, construct water storage	\$270,000	Y
010036	5	Telluride, Town Of	Telluride	San Miguel	Replace damaged transmission lines (Bridal Vail Basin)	\$172,505	Y
020009	3	Thornton, City Of	Thornton	Adams	Upgrade Thornton and Columbine WTP's	\$15,000,000	N
020010	5	Thunderbird WSD	Sedalia	Douglas	Construct new well	\$425,000	Y
990046	5	Trinidad, City Of	Trinidad	Las Animas	Increase storage, treatment, and transmission	\$17,800,000	N
010037	5	Victor, City Of	Victor	Teller	Upgrade water treatment plant to meet new standards	\$750,000	Y
010038	5	Vilas, Town Of	Vilas	Baca	Redrill well, replace part of distribution and pump	\$500,000	Y
960115	5	Walden, Town Of	Walden	Jackson	Upgrade water treatment plant and increase storage capacity	\$1,800,000	Y
960116	5	Walsenburg, City of	Walsenburg	Huerfano	Replace transmission, increase storage	\$3,200,000	Y

APPENDIX A
FY 2003
DWRP PROJECT ELIGIBILITY LIST

DW Project #	Elig Cat	ENTITY NAME	CITY	COUNTY	PROJECT DESCRIPTION	PROJECT COST	POP UNDER 5000
990047	5	Walsh, Town Of	Walsh	Baca	Const well/pump house, replace lines, upgrade storage	\$425,000	Y
030068	5	West Fort Collins Water District	La Porte	Larimer	Transmission lines	\$2,500,000	Y
960231	3	Westcreek Lakes WD	Sedalia	Douglas	Upgrade trmt, add storage and new infiltration gallery, upgrades due to wildfire damage	\$450,000	Y
990048	3	Westwood Lakes WD	Woodland Park	Teller	Upgrade storage and treatment, replace pipe, drought & fire impacted	\$1,350,000	Y
000020	3	Wiggins, Town Of	Wiggins	Morgan	Nitrate levels increasing, need alternate source	\$1,000,000	Y
960233	5	Wiley, Town Of	Wiley	Prowers	Add well and related treatment and storage	\$925,000	Y
020015	5	Williamsburg, Town Of	Williamsburt	Fremont	Replace/upgrade distribution system	\$650,000	Y
990049	5	Wilson Mesa at Telluride Metro District	Telluride	San Miguel	Upgrade distribution, add meters	\$200,000	Y
020030	5	Winter Park WSD	Winter Park	Grand	Low head pump station, treatment upgrade, infiltration gallery improvements, diversion structure	\$781,000	Y
960167	5	Woodland Park, City Of	Woodland Park	Teller	Increase supply, develop well field, upgrade treatment	\$1,100,000	N
020038	3	Woodmoor WSD	Monument	El Paso	Surface water trmt compliance problem, upgrade WTP	\$4,500,000	N
960238	5	Yampa, Town Of	Yampa	Routt	Increase storage	\$1,000,000	Y
030069	5	Yuma, City Of	Yuma	Yuma	Improve distribution system	\$125,000	Y
						\$560,018,658	

APPENDIX B

PROJECT PRIORITY/FUNDABLE LIST

**APPENDIX B
FY2003 DWRP PROJECT PRIORITY/FUNDABLE LIST**

Pty	PROJ. #	CAT.	PTS.	FACILITY	COUNTY	PWS ID#	POP	LOAN	EXPECTED	TERM	LOAN	INTRST	PROBLEM DESCRIPTION	PROJECT DESCRIPTION
Rnk								AMOUNT	LOAN DATE	(YRS)	TYPE	RATE		
1	980253	1	45	Deer Trail, Town of	Arapahoe	103030	250	\$200,000	12/31/2003	20	D	4.00	Exceeding MCL for bacteria	Replace distribution system
2	960061	2	80	Larkspur, Town of	Douglas	118030	232	\$500,000	3/1/2003	20	D	4.00	Exceeding MCL for Radium	Construct WTP, upgrade distribution lines
3	960093	2	50	**Pinewood Springs Water Dist	Larimer	135610	638	\$330,000	3/1/2003	20	D	4.00	Some turbidity & radioactivity, Lead & Copper	Additional water source
4	990005	3	65	*Basalt, Town of	Eagle	119134	1128	\$800,000	12/1/2002	20	D	4.00	Under Influence of Surface Water	Construct 2 membrane treatment plants
5	010018	3	55	*Idaho Springs, City of	Clear Creek	110020	2064	\$2,339,797	4/16/2002	20	L	3.99	Periodically exceeds MCL for Turbidity	Construct pre-trmt, ww line, construct new WTP
6	980252	3	40	Lake Creek Metro Dist	Eagle	119467	200	\$615,000	12/31/2003	20	D	4.80	Insufficient storage	Construct new storage tank
7	990026	4	60	*La Junta, City of	Otero	145420	7750	\$9,812,211	4/16/2002	20	L	4.00	WTP in noncompliance	Upgrade treatment & Construct new WTP
8	960167	4	50	*Woodland Park, City of	Teller	160900	4610	\$800,000	3/13/2002	20	D	4.00	Exceeding MCL for Radium and EDB	Upgrade Treatment, develop well field, inc. storage
9	960136	4	25	*Grand Junction, City of	Mesa	139321	40125	\$3,566,522	4/16/2002	20	L	4.02	Broken and deteriorating transmission and distribution lines	Transmission and Distribution line replacement
10	020010	5	45	*Thunderbird Water & San District	Douglas	118078	500	\$400,000	8/27/2002	20	D	4.00	Aging Well No. 1 and Radium in Well No. 2	Construct New Well
11	960208	5	40	Kersey, Town of	Weld	162439	1079	\$165,000	12/1/2003	20	D	4.00	Distribution lines deteriorating	Upgrade and Replace Distribution lines
12	960137	5	35	*Hayden, Town of	Routt	154333	1569	\$1,000,000	4/30/2002	20	L	4.00	Maintain compliance with primary standards and prevention of microbiological contaminants	replace lines, upgrade treatment & distribution
13	960021	5	30	*Dillon, Town of	Summit	159035	3075	\$1,000,000	12/1/2002	20	D	4.00	Aging conventional system	Install 2 0.5 MGD microfiltration units (same capacity)
14	960033	5	30	Florence, City of	Fremont	122500	3789	\$2,356,557	9/1/2003	20	L	4.80	Pressure issues	Upgrade WTP and storage
15	960087	5	25	Pagosa Area Water & San Dist	Archuleta	104500 & 104300	5935	\$2,500,000	12/31/2001	20	L	4.80	Distribution & Transmission lines deteriorating	Replace lines
16	960092	5	25	Penrose Water Dist	Fremont	122700	3238	\$550,000	12/31/2001	20	D	4.00	Pressure issues, concerns over future compliance	Upgrade Distribution and storage
				TOTAL				\$27,435,087						
				* Loan awarded or will be awarded in 2002				** Intend to Fund in 2003						

APPENDIX C

SUMMARY OF FIRE AND DROUGHT IMPACTS

APPENDIX C

SUMMARY OF FIRE IMPACTS ON COLORADO PUBLIC WATER SYSTEMS - SUMMER 2002

Total Number of Systems: 55
 Last Updated On: 9/6/2002

PUBLIC WATER SYSTEM NAME	PWSID NUMBER	COUNTY	NAME OF IMPACTING FIRE	PORTION OF SERVICE AREA BURNED? (Y/N/?)	DESCRIPTION OF IMPACT	INFRA-STRUCTURE DAMAGE? (Y/N/?)	COMPLIANCE ISSUE ? (Y/N/?)	FINANCIAL AID PRIORITY	COST ESTIMATE	AMOUNT FUNDED
Camp Shady Brook-YMCA Ca	218027	Douglas	Hayman	Yes	Infrastructure Destroyed by Fire	Yes	?	1	\$20,000	\$10,000
Colorado Trails LTD	234200	La Plata	Missionary Ridge	Yes	Flooding	?	?	1	\$20,000	
Copper Gulch Store	222200		Iron Mountain	Yes	Infrastructure Destroyed by Fire	Yes	No	1		
Edgemont Ranch MD	134200	La Plata	Missionary Ridge	Yes	Raw Water Quality Affected	No	?	1	\$15,000	
Freeman Creek Pipeline	234388	La Plata	Missionary Ridge	Yes	Infrastructure Destroyed by Fire	Yes	Yes	1	\$30,000	
Lutheran Valley Retreat	260560	Teller	Hayman	Yes	Infrastructure Destroyed by Fire	Yes	Yes	1		
Westcreek Lakes WD	118085	Douglas	Hayman	Yes	Infrastructure Destroyed by Fire	Yes	?	1		
Bayfield, Town of	134030	La Plata	Missionary Ridge	Yes	Raw Water Quality Affected	No	?	2	\$300,000	
Denver Water Board	116001	Denver	Hayman	Yes	Raw Water Quality Affected	No	No	2		
Durango, City of	134150	La Plata	Missionary Ridge	No	Raw Water Quality Affected	No	Yes	2	\$20,000	
Silt, Town of	123710	Garfield	Coal Seam Fire	Yes	Raw Water Quality Affected	No	?	2	\$265,000	
Williams Field Services	234600	La Plata	Missionary Ridge	Yes	Raw Water Quality Affected	No	Yes	2		
Big Elk Meadows WA	135143	Larimer	Big Elk	No	Watershed Burned	No	No	3		
Black Hawk, City of	124147	Gilpin	Fountain Gulch	No	Watershed Burned	No	No	3		
Canon City, City of	122100	Fremont	Iron Mountain	Y	Watershed Burned	N	?	3		
Florence, City of	122500	Fremont	Iron Mountain	Y	Watershed Burned	N	?	3		
Glenwood Springs, City of	123314	Garfield	Coal Seam	Yes	Watershed Burned	No	?	3		
Lost Valley Ranch Corp	230041	Jefferson	Hayman	No	Watershed Burned	No	No	3		
No Name Creek WS	123552	Garfield	Coal Seam	Yes	Watershed Burned	?	?	3		
Norwood Water Commission	157500	San Miguel	Burn Canyon	Yes	Watershed Burned	No	?	3		
Town of Ignacio	134500	La Plata	Missionary Ridge	?	Watershed Burned	?	?	3		
Town of New Castle	123538	Garfield	Spring Creek	Yes	Watershed Burned	No	?	3		
Aurora, City of	103005	Arapahoe	Hayman	Yes	Raw Water Quality Affected	No	No	N		
Camp Colorado	218001	Douglas	Hayman	No	System closed/evacuated	No	No	N		
Decker's Resort	218005	Douglas	Hayman	?	System closed/evacuated	?	?	N		
Horsecreek Saloon and CG	218010		Hayman	Yes	Infrastructure Destroyed by Fire	Yes	No	N		
Mesa Verde National Park	142750	Montezuma	Long Mesa	Yes	Infrastructure Destroyed by Fire	Yes	?	N		
Ami's Acres	223116	Garfield	Coal Seam	Yes	Unknown	?	?	U		
Canyon Creek Estates & Apts	123155	Garfield	Coal Seam	?	Unknown	?	?	U		
Colorado Lions Camp	260240	Teller	Hayman	?	Unknown	?	?	U		
Highland Lakes WD	160200	Teller	Hayman	?	Unknown	?	No	U		
Meadow Park Land Company	160295	Teller	Hayman	?	Unknown	?	?	U		
Mitchell-Cooper Ditch/Pipeline	123510	Garfield	Coal Seam	?	Unknown	?	?	U		
Quaker Ridge Camp	260600	Teller	Hayman	?	Unknown	?	?	U		
Ridgewood WD	160400	Teller	Hayman	?	Unknown	?	No	U		
Riverbend Resort	253720	Rio Grande	Million	Yes	Unknown	?	?	U		
Rock Gardens MHP	123685	Garfield	Coal Seam	?	Unknown	?	?	U		
Trappers Lake Lodge	223755	Garfield	Big Fish	Yes	Infrastructure Destroyed by Fire	Yes	?	U		
View Ridge Mutual WC	118080	Douglas	Hayman	?	Unknown	?	?	U		

APPENDIX C

SUMMARY OF FIRE IMPACTS ON COLORADO PUBLIC WATER SYSTEMS - SUMMER 2002

Total Number of Systems: 55
 Last Updated On: 9/6/2002

PUBLIC WATER SYSTEM NAME	PWSID NUMBER	COUNTY	NAME OF IMPACTING FIRE	PORTION OF SERVICE AREA BURNED? (Y/N/?)	DESCRIPTION OF IMPACT	INFRA-STRUCTURE DAMAGE? (Y/N/?)	COMPLIANCE ISSUE ? (Y/N/?)	FINANCIAL AID PRIORITY	COST ESTIMATE	AMOUNT FUNDED
Westwood Lakes WD	160750	Teller	Hayman	?	Unknown	?	No	U		
Woodbine Ranch	218033	Douglas	Hayman	?	System closed/evacuated	?	?	U		
Woodland West WU	160950	Teller	Hayman	?	Unknown	?	?	U		
Burro CG	342160	Dolores	Missionary Ridge	?	System closed/evacuated	?	?	N		
Cabin CG	342505	Montezuma	Missionary Ridge	?	System closed/evacuated	?	?	N		
Ferris CG	342506	Montezuma	Missionary Ridge	?	System closed/evacuated	?	?	N		
Florida CG	334280	La Plata	Missionary Ridge	?	System closed/evacuated	?	?	N		
Metaska CG	342507	Montezuma	Missionary Ridge	?	System closed/evacuated	?	?	N		
Miller Creek CG	334600	La Plata	Missionary Ridge	?	System closed/evacuated	?	?	N		
North Canyon CG	334620	La Plata	Missionary Ridge	?	System closed/evacuated	?	?	N		
North Canyon CG	334620	La Plata	Missionary Ridge	?	System closed/evacuated	?	?	N		
Old Timers CG	334640	La Plata	Missionary Ridge	?	System closed/evacuated	?	?	N		
Pine Point CG	334680	La Plata	Missionary Ridge	?	System closed/evacuated	?	?	N		
Sig Creek CG	334710	La Plata	Missionary Ridge	?	System closed/evacuated	?	?	N		
Transfer Park CG	334801	La Plata	Missionary Ridge	?	System closed/evacuated	?	?	N		
Vallecito CG	334880	La Plata	Missionary Ridge	?	Unknown	?	?	N		

Number of Systems with Service Area Burned	SUMMARY	Number of Systems with Infrastructure Damage	Number of Compliance Issues
21	YES	8	4
5	NO	14	11
29	?	33	40
TOTALS 55		55	55

TOTALS

**Appendix C
Colorado Public Water Systems
Drought-Impact Summary**

12/26/2002

SYSTEM NAME	PWSID	COUNTY	DPHE CONTACT	DATE REPORTED	PROBLEM SUMMARY	CRITICALITY	RESOLUTION	NAME OF HAULER OR ALTERNATE SOURCE	DPHE ACTION	LAST UPDATED
Aguilar, Town of	136100	Las Animas	Knope	8/2/2002	springs dry; wells meeting 0.08 MGD demand; on watering restrictions	medium				8/3/2002
Bear Creek below Evergreen		Jefferson								8/3/2002
Bear Lake Campground		Jefferson			Low flows in Bear Creek and upstream WWTPs potentially impacting potability	high	park closed			8/3/2002
Beulah Water Works District	151100	Pueblo	Knope		out of water, except for fire emergency	high	purchased 700 gal tank; purchasing water from Pueblo			8/3/2002
Chambers Subdivision	162175	Weld	Davis	9/5/2002	Well has gone dry	medium		Brighton		9/5/2002
Cuchara W&SD	128100	Huerfano	Knope		If there is a call on senior water rights, their reservoirs are drying up	medium				8/3/2002
Gardner, Town of, W&S District	128300	Huerfano	Knope	8/2/2002	meeting demands; reports of shortages are rumors, likely related to private homes	low				8/3/2002
Frisco, Town of	159055	Summit		9/30/2002	Surface water source has no water to sample/ Dave Koop, system operator				need more information	10/8/2002
Highlands Lakes	160200	Teller		8/9/2002	out of water				need more information	8/9/2002
Huajatolla L&C WC (Huajatolla Valley Estates)	128400	Huerfano	Knope	7/30/2002	essentially out of water; difficulty maintaining pressure during the day; may need to start hauling Aug 5; potential use of regasification well water; began drilling new well;	high	county declared a local disaster area; providing degasification (non-potable) water for sanitary purposes and issuing bottled water advisory for consumption, 8/9/02	degasification wells	Approved use of non-potable; required bacti & disinfectant monitoring; assisted with Bottled Water Advisory	8/9/2002
La Veta, Town of	128500	Huerfano	Knope	7/30/2002	120-180 days of water left if Cucharas Creek doesn't dry up	medium				8/3/2002
Morrison, Town of	130085	Jefferson		7/16/2002	Low flows in Bear Creek and upstream WWTPs potentially impacting treatment plant capacity	medium	Bottled water advisory issued 7/16/02.		Advisory issued jointly.	8/4/2002
Norwood WC	157500		Israel	7/19/2002	Receiving 1/2 normal water volume from Gurley Reservoir	medium				8/3/2002
Pine Drive Water District	151450	Pueblo	Knope		Out of water, except for fire emergency	high	Cooperative arrangement with Buelah.			8/3/2002
Pinebrook Water	107610	Boulder		9/4/2002	SW source dry; using an emergency GW well	medium				9/4/2002
Pinewood Springs	135610	Larimer	Armitage							8/3/2002

**Appendix C
Colorado Public Water Systems
Drought-Impact Summary**

12/26/2002

SYSTEM NAME	PWSID	COUNTY	DPHE CONTACT	DATE REPORTED	PROBLEM SUMMARY	CRITICALITY	RESOLUTION	NAME OF HAULER OR ALTERNATE SOURCE	DPHE ACTION	LAST UPDATED
Tranquil Acres Water Supply	160650	Teller	Vrudny/ Talbot	9/12/2002	Losing water pressure, one well drying up despite being on watering restrictions. Bottled water advisory issued late Friday afternoon (8/30/02) because they had lost pressure in their system due to drought conditions. May be using non-potable water haulers provided by Teller County.	medium	looking to DOLA for financial Assistance for water hauling	Teller County is assisting them with finding water hauler and working out details.	Advised that they call DOLA and keep us informed. Outlined hauling procedures. Bottled water advisory issued 8/30/02	9/5/2002
Trinidad, City of	136800	Las Animas	Knope	8/2/2002	8 month supply + North Lake & storage in Monument Lake	low				08/03/2002
Walsenburg, City of	128900	Huerfano	Knope	7/30/2002	Estimate supply adequate until March 2003; pumping from raw water storage at Lathrop State Park	low				08/03/2002
Westwood Lakes	160750	Teller		8/9/2002	"the drought is shutting us down." Report that they will need \$1.3 million to build water storage and improve the distribution system	medium				8/9/2002

APPENDIX D

FIRE AND DROUGHT RECOVERY GRANT FUNDS AVAILABLE IN COLORADO

APPENDIX D
DROUGHT & FIRE RECOVERY LOAN FUNDS AVAILABLE IN COLORADO

PROGRAM	LOAN FUNDS AVAILABLE	USES/REQUIREMENTS	AGENCY AND CONTACT
CWCB Emergency Infrastructure Loan Program	<ul style="list-style-type: none"> - Subject to a \$2 million cumulative annual limit in the emergency account - Loans for up to 75% of project costs. - Rates from 2.75% to 6% 	<ul style="list-style-type: none"> - Raw water projects of an emergency nature - Available to any organization (municipalities, agriculture, ditch companies, homeowners assn, special districts, etc) - Must receive CWCB Board approval 	Colorado Water Conservation Board, John Van Sciver 303-866-3449
CWCB Small Project Loan Program	<ul style="list-style-type: none"> - Up to \$1 million loans for small raw water projects - Loans for up to 75% of project costs. - Rates from 2.75% to 6% 	<ul style="list-style-type: none"> - Raw water projects of an emergency nature - Available to any organization (municipalities, agriculture, ditch companies, homeowners assn, special districts, etc) - Must receive CWCB Board approval 	Colorado Water Conservation Board, John Van Sciver 303-866-3449
CWCB Construction Fund	<ul style="list-style-type: none"> - No limit - Loans typically range from \$50,000 to \$2,000,000 	<ul style="list-style-type: none"> - Raw water projects (dams, pipelines, ditches, wells, new projects or restorations) - Available to any organization (municipalities, agriculture, ditch companies, homeowners assn, special districts, etc) - Must receive CWCB Board and Legislative approval 	Colorado Water Conservation Board, John Van Sciver 303-866-3449
Water Pollution Control Revolving Fund (WPCRF)	<ul style="list-style-type: none"> - Fire-related NPS projects can be given priority status. - Direct loans under \$1,000,000 available with Board approval. - \$10K grants available for planning (fire-related OK). 	<ul style="list-style-type: none"> - Low-interest loans for public waste water treatment system needs and watershed nonpoint source (NPS) control projects. - Available to governmental agencies. - Emergency projects can be identified at any time throughout the year. - Loan funds require board review, study grants available immediately. 	Colorado Water Quality Control Division. Debbie Stenson 303-692-3554
Drinking Water Revolving Fund (DWRF)	<ul style="list-style-type: none"> - Fire-related projects can be given priority status. - Direct loans under \$1,000,000 available with Board approval. - \$10K grants available for planning (fire-related OK). 	<ul style="list-style-type: none"> - Low-interest loans for drinking water treatment system needs. - Available to governmental agencies. - Emergency projects can be identified at any time throughout the year. - Loan funds require board review, study grants available immediately. 	Colorado Water Quality Control Division. Debbie Stenson 303-692-3554
USDA Rural Development 502 Direct Housing Loan Program	<ul style="list-style-type: none"> -Loans limited by individual county mortgage limits - Most counties have loan limit of \$108,317 	Available for wells and water connections - Applicants must be very low income, owner/occupant, unable to obtain conventional credit, and in rural communities and areas.	14 Rural Development offices in Colorado Initial contact Denise Coit (720) 544-2920 for referral to local office

APPENDIX D

FIRE & DROUGHT RECOVERY GRANT FUNDS AVAILABLE IN COLORADO

PROGRAM	GRANT FUNDS AVAILABLE	USES/REQUIREMENTS	AGENCY AND CONTACT
Natural Resources Conservations Service - Emergency Watershed Protection Program	- Funding available through the Simplified Acquisition Procedures (SAP) ranges from \$25K to \$100K. - Federal funds may cover 75 percent of the construction cost.	Installing/repairing conservation measures to control flooding and prevent soil erosion. Generally, more than one individual should benefit from the project. Public or private landowners or others who have a legal interest or responsibility for the values threatened by the watershed emergency.	NRCS - Stu Simpson, Assistant State Conservationist, 720-544-2804
Nonpoint Source Pollution (NPS) “319 Program” Grants	-Typical awards range from \$30K to \$150K.	- Applicants can include governmental and non-governmental organizations. - Applications generally evaluated through a stakeholder process, but this can be waived. - 40% non-federal match can be waived by EPA upon request from Governor and Senators Allard and Campbell. - Funds available immediately for fire-damaged watersheds, generally not on federal land.	Colorado Water Quality Control Division. Laurie Fisher, Non-Point Source Coordinator, 303-692-3570
Supplemental Environmental Project (SEP) Grants	- Typical awards range from \$10K to \$25K.	- Available to governmental agencies and non-profit water systems. - Funds available for fire-damaged watersheds and infrastructure.	Colorado Water Quality Control Division. Debbie Stenson 303-692-3554
PPG Grants (EPA funds)	-Typical awards range from \$10K to \$25K.	- Available to governmental agencies. - Funds available for fire-damaged watersheds and infrastructure, and drought-related needs.	Colorado Water Quality Control Division. Debbie Stenson 303-692-3554
Agricultural Emergency Drought Response Fund	\$1million fund for loans and grants	- For emergency drought-related water augmentation purposes. - Limited to agricultural organizations	Colorado Water Conservation Board & Colorado Division of Water Resources & Colorado Department of Agriculture. John Van Sciver 303-866-3449
EDA Economic Adjustment Program	Grants up to \$100,000 available	- Job losses from natural disasters - State and local governments and non-profit organizations	U.S. Economic Development Administration – John Zender 303-844-4902
Energy Impact Assistance Fund	- Maximum grant \$300,000 (guideline) - Loans available for sewer and treated water projects	- Public facility and infrastructure needs - Eligible recipients include municipalities, counties, and special districts. Loan terms up to 20 years, and interest rates of at least 5%	8 Colorado Department of Local Affairs field offices in Colorado – Initial contact Barry Cress at 303-866-2352 for referral to field office
Community Development Block Grants	Maximum award \$250,000 (guideline)	- Public facility and infrastructure needs - Eligible recipients include CDBG “non-entitlement” municipality or county; districts and private systems are eligible sub-recipients. Applicants must provide local cash participation, qualify with low/moderate incomes, pay Davis-Bacon wages, and comply with NEPA.	8 Colorado Department of Local Affairs field offices in Colorado – Initial contact Barry Cress at 303-866-2352 for referral to field office
USDA Rural Development Home Improvement and Repair Loans and Grants (504 Program)	-\$20,000 maximum loan - \$7,500 maximum grant (must be elderly owner occupant age 62+)	For home rehabilitation, including wells and water connections - Applicants must be very low income, owner/occupant, unable to obtain conventional credit, and in rural communities and areas.	14 Rural Development offices in Colorado Initial contact Denise Coit (720) 544-2920 for referral to local office

ATTACHMENT 1

List of Eligible and Ineligible Projects and Project Related Costs

ATTACHMENT 1
2003 DWRP IUP

ELIGIBLE AND INELIGIBLE PROJECTS AND PROJECT-RELATED COSTS UNDER THE
DRINKING WATER STATE REVOLVING LOAN FUND (DWRP) PROGRAM

EXAMPLES OF ELIGIBLE PROJECTS AND PROJECT RELATED COSTS

Projects that address present Safe Drinking Water Act (SDWA) exceedances

Projects that prevent future SDWA exceedances (applies only to regulations in effect)

Projects to replace aging infrastructure

- rehabilitate or develop drinking water sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated sources
- install or upgrade drinking water treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary SDWA standards
- install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the water system
- install or replace transmission and distribution piping to prevent contamination caused by leaks or breaks, or to improve water pressure to safe levels

Projects to restructure and consolidate water supplies to rectify a contamination problem, or to assist systems unable to maintain SDWA compliance for financial or managerial reasons (assistance must ensure compliance)

Projects that purchase a portion of another system's capacity, if such purchase will cost-effectively rectify a SDWA compliance problem

Land acquisition

- land must be integral to the project (i.e., needed to meet or maintain compliance and further public health protection such as land needed to locate eligible treatment or distribution facilities)
- acquisition must be from a willing seller

Note: The cost of complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (the Uniform Act) is an eligible cost.

Planning (including required environmental assessment reports) , design, and construction costs associated with eligible projects.

ATTACHMENT 1 (cont.)

EXAMPLES OF INELIGIBLE PROJECTS AND PROJECT RELATED COSTS

Dams, or rehabilitation of dams

Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy

Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located

Drinking water monitoring costs

Operation and maintenance costs

Projects needed mainly for fire protection

Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance

Projects for systems in significant noncompliance under the SDWA. unless funding will ensure compliance

Projects primarily intended to serve future growth

ATTACHMENT 2

DWRF Rules for Ranking Projects

ATTACHMENT 2

**DRINKING WATER REVOLVING FUND
REGULATIONS**

5 CCR 1003-3

ADOPTED BY THE BOARD OF HEALTH

October 15, 1997

Revised: April 15, 1998

STATE OF COLORADO DRINKING WATER REVOLVING FUND RULES

AUTHORITY

In Senate Bill 95-083, the Colorado General Assembly created the Drinking Water Revolving Fund to provide financial assistance to certain drinking water projects in the State of Colorado. The fund is held and administered by the Colorado Water Resources and Power Development Authority (hereinafter referred to as the "Authority"), which is authorized to issue bonds to finance the program. Moneys in the fund may be used to provide financial assistance to projects included on a Project Eligibility List. The statute at C.R.S. 37-95-103 and C.R.S. 37-95-107.8 directs the Colorado Board of Health ('Board of Health') to submit additions and modifications to the Project Eligibility List annually for adoption by the General Assembly by Joint Resolution signed by the Governor. This regulation provides for the Board of Health's approval of proposed additions and modifications to the Project Eligibility List, and for prioritization of projects for financial assistance from the limited dollars currently available in the fund.

The 1996 amendments to the federal Safe Drinking Water Act (SDWA) include authorization of a state revolving fund program similar to that included in the Clean Water Act for wastewater projects. The Drinking Water Revolving Fund established by Senate Bill 95-083 meets the requirements of the SDWA concerning revolving fund financing programs and allows for federal funding of Colorado's revolving fund financing program.

Section 25-1-107 C.R.S., also provides authority for this regulation.

DEFINITIONS

Section 1.2.2 of the Colorado Primary Drinking Water Regulations (CPDWR) has additional definitions that apply to this rule.

(1) "Beneficial Use" - The use of water treatment plant sludge in conjunction with wastewater treatment plant sludge to act as a soil conditioner or low grade fertilizer for the promotion of vegetative growth on land and that meet the requirements of the state Biosolids Regulations.

(2) "Consolidation" - A proposed new construction or expansion of a drinking water supply system that will eliminate one or more existing water supply or treatment works. A letter of intent or a resolution adopted by the project participants must be provided to the Water Quality Control Division (Division) to guarantee the facilities will consolidate.

(3) "Emergencies" - Situations or occurrences of a serious nature, developing suddenly and unexpectedly that cause a treatment facilities to be in noncompliance with drinking water standards and require immediate action.

(4) "Governmental Agencies" - means departments, divisions, or other units of state government, special districts, water conservation districts, metropolitan water districts, conservancy districts, irrigation districts, municipal corporations, counties, cities and other political subdivisions, the United States or any agency thereof, and any agency, commission, or authority established pursuant to an interstate compact or agreement.

(5) "Health Hazard" - The Division has identified a maximum contaminant level (MCL) violation or a treatment technique violation. Funding for these projects shall result in compliance with existing standards.

An acute health hazard includes violations of SWTR treatment processes, bacteriological standards, and nitrite/nitrate levels. Acute contaminant health effects can occur immediately or within a short period of time.

A chronic health hazard includes violations of all MCL's (other than those listed as acute) and treatment technique requirements. Chronic contaminant health effects occur after years of exposure.

(6) "Other Future Needs" - Facility is beyond the useful/design life and is in need of equipment replacement, rehabilitation or repair in order to maintain compliance or further the public health protection goals of the SDWA.

(7) "Operational Means" - Taking temporary managerial or technical steps to protect public health during the time period when the plant is out of compliance, e.g., boil order or bottled water.

(8) "Pollution" - The man-made, man-induced, or natural alteration of the physical, chemical, biological, and radiological integrity of water.

(9) "Potential Health Hazard" - The system has periodically exceeded an MCL, has levels greater than 50% of an MCL on a regular basis, or has short term problems meeting a treatment technique requirement.

(10) "Project Eligibility List" - The list of projects eligible for financial assistance from the Authority through the Drinking Water Revolving Fund (DWRF), as adopted and from time to time modified in accordance with C.R.S. 37-95-107.8(4). The list shall consist of projects which address public health and SDWA compliance issues in the State of Colorado, and shall include only those domestic drinking water supply projects eligible for financial assistance through a state revolving fund pursuant to the terms of the SDWA.

(11) "Source Water Protection" - Structural or nonstructural source water protection activities done in addition to area delineation and contaminant assessment.

(12) "Treatment Facilities" - Any devices or systems used in the collection, storage, treatment, transmission, diversion, or distribution of water intended for drinking water purposes.

(13) "Wastewater Treatment Plant Sludge" - The accumulated solids resulting from treatment of domestic wastewater.

(14) "Water Conservation" - Any structural or nonstructural water conservation measure that achieves a reduction in water consumption for a publicly-owned treatment works. Structural measures shall include installation of interior low-flow plumbing fixtures that are distributed and/or installed by a governmental agency or that are funded in whole or in part by the governmental agency and water meters which are funded and owned by the governmental agency. Nonstructural measures shall include but are not necessarily limited to: incentives for previously installed low-flow fixtures, leak detection or infiltration/inflow programs, public awareness, public education, and incentive water service charges.

(15) "Water Treatment Plant Sludge" - The accumulated solids resulting from treatment of water for domestic use.

PURPOSE

The purpose of the DWRP is to provide financial assistance to governmental agencies for the construction of treatment facilities for health and compliance purposes as defined above.

The project eligibility list is intended to identify those drinking water projects of governmental agencies that are eligible for financial assistance from the DWRP. The project priority system is intended to establish priorities for financial assistance from the DWRP in order to protect and improve the health, safety, and reliability of drinking water supplies in Colorado. It is the policy of the Board of Health to maintain and improve the existing high quality standards for drinking water in the State by providing accessibility to the DWRP.

It is also the policy of the Board of Health to encourage consolidation of drinking water systems and to promote water conservation where practicable. The Board of Health and the Water Quality Control Commission shall promote sludge disposal methods for beneficial use.

Any applicant for financial assistance from the DWRF must comply with policies and procedures and other requirements of the Authority.

INTENDED USE PLAN PROCEDURES

The Division, in cooperation with the Division of Local Government and the Authority will develop an annual Intended Use Plan (IUP). The IUP is required by the SDWA to provide information about how the state will assist communities with their drinking water needs. The IUP will be recommended to the Board of Health for final agency action which will also provide for public comment and review to comply with the SDWA.

The IUP shall include:

- (1) Priority/Eligibility List of projects including description and size of community.
- (2) Descriptions of:
 - criteria and method used for distribution of funds
 - financial status of the DWRF program
 - short and long term goals of the DWRF program
 - amounts transferred between the DWRF and the Water Pollution Control Revolving Fund
 - set aside activities and percentage of the capitalization grant to be used
 - how a state disadvantaged community program will be defined and utilized if applicable.

PROJECT ELIGIBILITY LIST PROCEDURES

- (1) The initial project eligibility list was authorized by the general assembly through the enactment of Senate Joint Resolution 95-19.
- (2) Each year the Division shall (after consultation with the Division of Local Government, and the Authority) review, update, and compile additions and modifications to the project eligibility list and recommend such additions and modifications to the Board of Health for final agency action.
- (3) Each governmental agency whose project is eligible for inclusion on the proposed project eligibility list will be notified and a public hearing regarding the list shall be held. After considering all pertinent comments, the Board of Health shall adopt additions and modifications to the project eligibility list for submittal to the general assembly by January 15 of each year.

(4) Projects on the eligibility list will be financed in priority order; however, exceptions for funding out of priority order shall be due to one of the following reasons:

- (a) Governmental agencies are not ready to proceed with the project.
- (b) Governmental agencies do not wish to participate in the DWRP or they have received funding from other sources.
- (c) Governmental agencies (on the list) that have an emergency situation occur during the funding year.
- (d) Governmental agencies not approved for funding because of technical, financial or managerial deficiencies. (The Division will attempt to work with the governmental entity to resolve the issue through the capacity development program.)

Determinations for such out of priority financing shall be made by the Authority with recommendations from the Division and Division of Local Government.

PRIORITY SYSTEM

All governmental agencies' treatment facilities with identified water quality problems related to health and compliance issues may be included in one of the categories listed below.

All treatment facility projects of governmental agencies that fall into one of the categories listed below and have a planning document that describes a project to correct the water quality problem, shall be prioritized as ready for funding on the project eligibility list.

Funding for the projects under each category shall result in the treatment facility's complying with existing standards.

Eligible Project Criteria

Categories were developed to emphasize the most immediate public health and compliance issues. Projects on the eligibility list will be classified by category 1, 2, 3, 4, or 5 below, with "1" being the highest priority. Once a planning document is received, projects within each category will be further prioritized by the assignment of points from the priority point listings under each category. No consideration will be given to governmental agencies that appear to have violations caused by poor operation and maintenance procedures or are under an administrative order for violating reporting requirements.

CATEGORIES BY PRIORITY RANKING

(1) Acute Health Hazard. The Division has identified continuous violation of an acute maximum contaminant level (MCL) or a surface water treatment rule (SWTR) treatment technique requirement.

(2) Chronic (long term) Health Hazard. The Division has identified a continuous violation of an MCL or a treatment technique requirement for a chronic contaminant.

(3) Potential Acute Health Hazard. The system has periodically exceeded an acute MCL, has levels greater than 50% of an acute MCL on a regular basis, or has short term problems meeting an SWTR treatment technique requirement that can be controlled temporarily by operational means.

(4) Potential Chronic Health Hazard. The system has periodically exceeded a chronic MCL, has levels greater than 50% of a chronic MCL on a regular basis, or has short term problems meeting other treatment technique requirements.

(5) Other Future Needs. Facility is beyond the useful/design life and is in need of equipment replacement, rehabilitation or repair, in order to maintain compliance or further the public health protection goals of the SDWA.

PRIORITY POINT ASSIGNMENTS WITHIN EACH CATEGORY

Once a planning document is received, projects within each category will be prioritized by the assignment of points from the following:

(1) Population. Points shall be assigned to water systems based on the following schedule of population served by the project with emphasis given to small communities:

25 to 1,000	20 points
1,001 to 3,300	15 points
3,301 to 10,000	10 points
Over 10,000	5 points

(2) Financial Need. Points shall be assigned to water systems in accordance with the following "financial need criteria" established by the state.

(a) ability to pay (annual water service fee as a percentage of median household income):

Over 3.0%	20 points
Over 2%; up to 3.0%	15 points
	Over 1%; up to 2%
	10 points

(b) local burden (total project cost per equivalent residential tap):

Over \$5,000	20 points
Over \$3,500	15 points
Over \$2,000	10 points

(3) Consolidation. Fifteen points shall be assigned to an entity if the project includes consolidating two or more public water systems.

(4) Water Conservation. Five points shall be assigned to a project if the governmental agency implements a water conservation measure.

(5) Source Water Protection. Two points shall be assigned to a project if the governmental agency implements source water protection measures.

(6) Beneficial Use of Sludge. Two points shall be assigned to a project if the governmental agency intends to utilize water treatment plant sludge for a beneficial use as defined herein.

(7) Health Risk. To further clarify the ranking of treatment facility projects, the Division shall assign up to twenty points for a project's health risks. Determination of the health risk will be made based upon the type and level of contaminant present within categories.

Emergency Procedures

(1) If a system has an emergency situation causing immediate public health concerns and it is identified on the Eligibility List, it may receive a DWRF loan out of priority order if funds are available.

(2) If an emergency arises and the system is not identified on the Eligibility List, funding shall be sought from other available sources. The project, which may include refinancing and/or additional construction costs, may be added to the Eligibility List for funding in the following year.

DRINKING WATER REVOLVING FUND RULES REGULATORY ANALYSIS

Prepared July 3, 1997

(I) This amended rule establishes new procedures for the Board of Health to adopt additions and modifications to the Project Eligibility List. It also establishes a system for prioritizing the projects that are on the Project Eligibility List. This procedure will allow the limited financial resources of the Drinking Water Revolving Fund (DWRF) to be used for projects that provide the greatest drinking water quality benefit. There is no cost associated with the rule, and since it is designed to target drinking water projects with the greatest water quality benefit, the benefits will apply to all residents of Colorado.

This rule also establishes procedures for developing an annual Intended Use Plan and provides information on what the DWRF program will do in case of an emergency funding situation caused by a public health risk.

(II) The impact of the Project Eligibility List and Priority System will be to target distribution of financial assistance to water projects based on public health benefits including financial need criteria and interest in receiving financial assistance. There is no affected class of persons associated with this rule.

(III) This rule is expected to generate resources at either the programmatic or state level; however, the federal grants provided for the DWRF as well as a small loan surcharge will cover the costs associated with program administration.

(IV) The alternative to having the Board of Health hold hearings to approve the annual Intended Use Plan which includes proposed additions and modifications to the prioritized Project Eligibility List would be for the General Assembly to perform the same function. Considerations of cost, timeliness, and intrusion into the legislative process make the Board of Health the preferred entity to perform this function. In addition, the General Assembly has clearly assigned responsibility for this function to the Board of Health by means of legislation passed in Senate Bill 95-083.

(V) The rules were amended by committee and with Guidelines from the Environmental Protection Agency. Alternatives were discussed and the committee reached consensus to the proposed amendments to this rule.

DRINKING WATER REVOLVING FUND RULES

STATEMENT OF BASIS AND PURPOSE

October 15, 1997

The amendments to the Drinking Water Revolving Fund (DWRF) Rules establish procedures by the Board of Health for adopting an annual Intended Use Plan (IUP) which includes proposed additions and modifications to the Project Eligibility List for drinking water projects qualified to receive financial assistance from the DWRF.

All governmental agencies with identified water quality problems shall be included in one of the categories on the project eligibility list. The categories are ranked by order of importance to public health and drinking water compliance. The highest priority is "Acute Health Hazard," followed by "Chronic Health Hazard," "Potential Acute Health Hazard," "Potential Chronic Health Hazard," and finally, "Other Future Needs." Once a plan has been received from the governmental agency describing the project specifics, points will be assigned to projects within those categories for population, financial need, consolidation, water conservation, source water protection, beneficial use of water treatment plant sludge and a final clarification of the greater health risks.

The Intended Use Plan is proposed to the Board of Health once each year. A public hearing will be held by the Board to receive input on the proposed changes to the IUP and Project Eligibility List; any appropriate changes will then be made and the approved additions/modifications to the Project Eligibility List will be submitted to the General Assembly for adoption by means of a Joint Resolution signed by the Governor.

DRINKING WATER REVOLVING FUND RULES STATEMENT OF BASIS AND PURPOSE

April 15, 1998

The amendments to the Drinking Water Revolving Fund (DWRF) Rules establish procedures by the Board of Health for adopting an annual Intended Use Plan (IUP) which includes proposed additions and modifications to the Project Priority/Eligibility List for drinking water projects qualified to receive financial assistance from the DWRF.

The categories are ranked by order of importance to public health and drinking water compliance. The highest priority is "Acute Health Hazard," followed by "Chronic Health Hazard," "Potential Acute Health Hazard," "Potential Chronic Health Hazard," and finally, "Other Future Needs." Once a plan has been received from the governmental agency describing the project specifics, points will be assigned to projects within those categories.

This amendment to the DWRF Rules will change the "Final Clarification" point assignment to a "Health Risk" point assignment. The points shall be assigned to every project that has a plan and is identified on the priority list for funding.

ATTACHMENT 3

Table of Funds for Loans and Non-Project Activities

**ATTACHMENT 3
CAPITALIZATION GRANT FUNDS FOR LOANS AND NON-PROJECT ACTIVITIES
INCLUDING MATCH DOLLARS**

YEAR	CAP GRANT		
	AMOUNT	SET- ASIDE	DWRP
1997	\$16,784,100	\$2,685,456	\$14,199,326
1998	\$9,581,800	\$2,012,178	\$7,569,622
1999	\$8,034,080	\$0	\$8,034,080
99 amend	\$2,008,520	\$1,606,816	\$401,704
99 transfer	\$6,666,667	\$0	\$6,666,667
2000	\$10,437,200	\$2,307,022	\$8,130,178
2001	\$10,480,300	\$1,865,226	\$8,615,074
2002 est	\$14,025,000	\$1,936,120	\$11,859,580
TOTAL	\$78,017,667	\$12,412,818	\$65,476,231

**** See footnote below.

YEAR	SET-ASIDES					LOCAL ASSISTANCE SET-ASIDES (15%)*						
	ADMIN (4%)	MATCH	PWSS MGMT (10%)	MATCH	SSTTA (2%)	MATCH REIMB**	CAPACITY DEVELOP	MATCH/ REIMB REQ 2000+ **	WELLHEAD	MATCH REIMB**	SWAP (97 only)	MATCH
1997	\$671,364	\$134,273	\$0	\$0	\$335,682	\$67,136	\$0	\$0	NA		\$1,678,410	\$335,682
1998	\$383,272	\$76,654	\$0	\$0	\$191,636	\$38,327	\$650,000	\$130,000	\$787,270	\$157,454	NA	NA
1999	\$401,704	\$80,341	\$0	\$0	\$200,852	\$40,170	\$650,000	\$130,000	\$354,260	\$70,852	NA	NA
2000	\$417,488	\$83,498	\$505,620	\$101,124	\$208,744	\$41,749	\$650,000	\$130,000	\$525,170	\$105,034	NA	NA
2001	\$0***	\$84,000	\$505,620	\$101,124	\$209,606	\$42,000	\$650,000	\$130,000	\$500,000	\$100,000	NA	NA
2002 Est.	\$0****	\$112,200	\$505,620	\$101,124	\$280,500	\$56,100	\$650,000	\$130,000	\$500,000	\$145,860	NA	NA
TOTAL	\$1,873,828	\$570,966	\$1,011,240	\$202,248	\$1,427,020	\$285,482	\$3,250,000	\$650,000	\$2,666,700	\$579,200	\$1,678,410	\$335,682

* Local Asst = 15% total, with not more than 10% to any one area.

** 20% match reimbursement to Authority required on these set-asides.

*** Admin \$420,000 set-aside for FFY01 moved to project fund; reserved for future year.

**** Admin \$561,000 set-aside for FFY02 moved to project fund; reserved for future year.

ATTACHMENT 3a

Summary of Set-Aside and Fee Activity

ATTACHMENT 3a

DWSRF SET-ASIDE AND FEE ACTIVITY - 2003 IUP

<u>Set-Aside</u>	<u>Set Aside Through Sept 2002</u>	<u>Transferred To DWSRF Loan Fund</u>	<u>Expended Through 8/31/02</u>	<u>Balance available</u>	<u>Estimated FFY03 Set-Aside</u>	<u>Total Funds Available SFY03</u>	<u>Reserved Through 2001</u>	<u>Reserved From FFY02 Allotment</u>	<u>Total Set-Aside Reserved</u>
4% Administration	\$1,873,828	\$0	\$1,322,716	\$551,112	\$577,500	\$1,128,612	\$420,000	\$561,000	\$981,000
10% State Program:									
PWS Supervision	1,516,860	0	513,163	1,003,697	505,620	1,509,317			0
Source Water Protection				0		0			0
Capacity Development				0		0			0
Operator Certification				0		0			0
2% Small System Tech. Asst.	1,413,374	0	605,730	807,644	288,750	1,096,394			0
15% Local Assistance:									
Loan Assistance for SWP									
Capacity Development	3,250,000		638,668	2,611,332	650,000	3,261,332			
Source Water Assessment	1,678,410		1,032,268	646,142	0	646,142			
Wellhead Protection	2,666,700		1,174,189	1,492,511	500,000	1,992,511			
TOTALS	\$12,399,172	\$0	\$5,286,734	\$7,112,438	\$2,521,870	\$9,634,308	\$420,000	\$561,000	\$981,000

<u>Fees Collected & Expended</u>	<u>Collected through 8/31/02</u>	<u>Grant Funds Used as of 8/31/02</u>	<u>Expended Through 8/31/02</u>	<u>Balance Available as of 8/31/02</u>	<u>Anticipated Collection for 9/01/02-8/31/03 *</u>	<u>Anticipated Collection in 9/1/03-8/31/04 *</u>	<u>Anticipated Fee Funds Available for 03</u>
Administrative Loan Fee	\$3,636,471	\$1,322,716	\$3,718,596	\$1,240,591	\$1,286,655	\$1,389,587	\$2,527,246

* Based on loans issued as of 8/31/02.

ATTACHMENT 3b

Funds Available to the DWRF

Attachment 3b
Drinking Water Revolving Fund
2003 Intended Use Plan (IUP)
Funds Available to the DWRF Program

SOURCES	Inception through August 31, 2002	Projected - For the Time Period (09/01/02 - 08/31/03)	Total
Federal Capitalization Grants	\$70,649,000	\$14,437,500	\$85,086,500
less: Set-asides	(12,117,246)	(2,526,563)	(14,643,809)
State Match:			
Appropriation/Agency Cash - Committed	13,454,781	1,553,178	15,007,959
Agency Cash for CWSRF transfer	0	0	0
State Match Bonds	0	0	0
Leveraging Bonds Proceeds	138,585,000	23,000,000	161,585,000
Leveraged Loans Repayments:			0
Principal (1)	14,280,000	5,345,000	19,625,000
Interest	7,986,007	3,567,670	11,553,677
Principal (2) (State Match)	1,270,055	470,083	1,740,138
Direct Loans Repayments:			0
Principal	365,660	255,820	621,479
Interest	244,388	122,241	366,628
Federal Funds Deallocation (from DSRF)	3,096,130	1,567,352.09	4,663,482
Fees Deposited to the DWRF	0	0	0
Interest Income on Investments		3,500,000	17,514,222
Transfer from 1998 Clean Water SRF Grants	6,666,667	0	6,666,667
TOTAL SOURCES	258,494,664	51,292,281	309,786,944

USES			
Loans Executed:			
Direct	7,281,200	3,456,000	10,737,200
Leveraged	150,723,364	19,175,032	169,898,396
Grant Funds Committed to Loans	55,416,495	6,519,511	61,936,006
Leveraging Bond Debt Service			
Principal	9,440,000	4,600,000	14,040,000
Interest	17,218,737	5,584,112	22,802,849
Loan Principal rcvd but due to debt service	4,840,000	5,345,000	10,185,000
Loan Principal rcvd but due to debt service	1,672,198	1,849,933	3,522,131
			0
TOTAL USES	\$246,591,994	\$46,529,588	\$293,121,582

FUNDS AVAILABLE AFTER PROJECTED 2003 LOANS	\$16,665,362
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* Amounts for this schedule are cash basis.

ATTACHMENT 4

Status of Funded Projects

ATTACHMENT 4

Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND (DWRF)
LOAN SUMMARY REPORT as of 08/31/02

A - State Match Cash Provided by Authority	E - State Match Cash provided from Direct Loan
B - State Match Cash Provided by DWRF Admin. Acct.	Pre-Construction Account Interest Income (Cash)
C - State Match Cash Provided by DWRF Funding Acct.	F - Loan Funding Provided by DWSRF Reloan Funds
D - State Match Cash Provided by Borrower	

LEVERAGED LOAN PROGRAM

NUMBER OF SRF LEVERAGED LOANS FUNDED: 21

BOND ISSUE	BORROWER	LOAN EXECUTED	DATE of BOND ISSUE	ORIGINAL LOAN AMOUNT	LOAN TERM	EFFECTIVE INTEREST RATE	FEDERAL GRANT AMOUNT	STATE MATCH PROVIDED	
1997A	Arapahoe Estates Water District	10/01/97	10/22/97	\$1,048,332.75	20 YEARS	4.150%	\$388,360.00	\$98,332.75	C
1997A	Englewood, City of	10/01/97	10/22/97	15,292,635.61	21 YEARS	4.140%	5,361,910.00	1,357,635.61	C
1997A	Fort Collins, City of	10/01/97	10/22/97	10,125,299.77	20 YEARS	4.120%	3,614,928.00	915,299.77	C
1998A	Buena Vista, Town of	06/01/98	06/23/98	1,324,119.65	20 YEARS	4.010%	490,204.00	124,119.65	C
1998A	Fort Morgan, City of	06/01/98	06/23/98	15,433,355.38	21 YEARS	4.020%	5,641,214.00	1,428,355.38	C
1999A	Aurora, City of	05/01/99	05/20/99	14,999,898.55	15 YEARS	3.633%	4,751,500.00	1,024,898.55	C
1999A	Fort Collins, City of	05/01/99	05/20/99	4,998,394.59	20 YEARS	3.808%	1,870,165.00	403,394.59	C
1999A	Glenwood Springs, City of	05/01/99	05/20/99	4,999,017.40	19 YEARS	3.773%	1,710,790.00	369,017.40	C
1999A	Grand County W&S District	05/01/99	05/20/99	2,998,566.15	19 YEARS	3.783%	1,036,468.00	223,566.15	C
1999A	Greeley, City of	05/01/99	05/20/99	14,999,038.36	20 YEARS	3.802%	5,280,660.00	1,139,038.36	C
1999A	Julesburg, Town of	05/01/99	05/20/99	994,599.70	20 YEARS	3.809%	392,210.00	84,599.70	C
1999A	Left Hand Water District	05/01/99	05/20/99	6,571,538.04	20 YEARS	3.802%	2,139,722.00	461,538.04	C
2000A	Evergreen Metropolitan District	04/15/00	05/10/00	5,577,981.71	21 YEARS	4.390%	1,786,069.00	452,981.71	C
2000A	Fountain Valley Authority	04/15/00	05/10/00	7,607,966.23	21 YEARS	4.400%	2,633,735.00	667,966.23	C
2000A	Limon, Town of	04/15/00	05/10/00	1,440,808.84	21 YEARS	4.410%	436,910.00	110,808.84	C
2000A	Pueblo Board of Waterworks	04/15/00	05/10/00	9,558,794.83	23 YEARS	4.600%	2,499,000.00	633,794.83	C
2000A	Westminster, City of	04/15/00	05/10/00	14,998,357.36	21 YEARS	4.400%	4,764,452.00	1,208,357.36	C
2002A	Evergreen Metropolitan District	04/16/02	04/16/02	2,036,129.62	21 YEARS	4.000%	764,260.00	181,129.62	C
2002A	Grand Junction, City of	04/16/02	04/16/02	3,566,521.69	21 YEARS	4.020%	1,082,370.00	256,521.69	C
2002A	Idaho Springs, City of	04/16/02	04/16/02	2,339,796.89	21 YEARS	3.990%	906,316.00	214,796.89	C
2002A	La Junta, City of	04/16/02	04/16/02	9,812,211.15	21 YEARS	4.000%	3,300,469.00	782,211.15	C
TOTAL LEVERAGED LOANS				\$150,723,364.27			\$50,851,712.00	\$12,138,364.27	

SRF DIRECT LOAN PROGRAM

NUMBER OF SRF DIRECT LOANS FUNDED: 14

BORROWER	LOAN EXECUTED	ORIGINAL LOAN AMOUNT	LOAN TERM	EFFECTIVE INTEREST RATE	FEDERAL GRANT AMOUNT	STATE MATCH PROVIDED	DWSRF RELOAN FUNDS USED
1997	Gand Lake, Town of	11/04/97	20 YEARS	4.500%	394,988.00	100,012.00	0.00
1998	Chatfield South Water District	08/10/98	20 YEARS	4.500%	581,310.00	147,190.00	0.00
1998	Left Hand W&S District	09/11/98	20 YEARS	4.500%	150,574.00	38,126.00	0.00
1999	Julesburg, Town of (a)	05/01/99	Paid in Full	N/A	543,757.00	149,243.00	0.00
1999	Thunderbird W&S District (#1)	06/18/99	20 YEARS	4.500%	223,623.00 (b)	61,377.00	0.00
1999	La Junta, City of	11/01/99	20 YEARS	4.500%	384,475.00	105,525.00	0.00
2000	Sedalia W&S District	03/16/00	20 YEARS	4.500%	255,794.00	70,206.00	0.00
2000	Springfield, Town of	07/28/00	20 YEARS	4.500%	333,473.00	91,527.00	0.00
2000	Craig, City of	12/15/00	5 YEARS	4.000%	353,089.00	96,911.00	0.00
2001	Wellington, City of	12/05/01	20 YEARS	4.000%	746,500.00	253,500.00	0.00
2002	Woodland Park, City of	03/13/02	20 YEARS	4.000%	597,200.00	202,800.00	0.00
2002	Hayden, Town of	04/30/02	20 YEARS	4.000%	0.00	0.00	1,000,000.00
2002	Thunderbird W&S District (#2)	08/27/02	20 YEARS	4.000%	0.00	0.00	400,000.00
2002	Dillon, Town of	10/18/02	10 YEARS	4.000%	0.00	0.00	1,000,000.00
TOTAL FEDERAL PROGRAM DIRECT LOANS			\$8,281,200.00		\$4,564,783.00	\$1,316,417.00	

ATTACHMENT 4

Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND (DWRF)
LOAN SUMMARY REPORT as of 08/31/02

A - State Match Cash Provided by Authority	E - State Match Cash provided from Direct Loan
B - State Match Cash Provided by DWRF Admin. Acct.	Pre-Construction Account Interest Income (Cash)
C - State Match Cash Provided by DWRF Funding Acct.	F - Loan Funding Provided by DWSRF Reloan Funds
D - State Match Cash Provided by Borrower	

STATE DIRECT LOAN PROGRAM	
NUMBER OF NON-SRF DIRECT LOANS FUNDED:	17

BORROWER	LOAN EXECUTED	ORIGINAL LOAN AMOUNT	LOAN TERM	EFFECTIVE INTEREST RATE	FEDERAL GRANT AMOUNT	STATE MATCH PROVIDED		
1995	Idledale W&S District	07/10/95	250,000.00	20 YEARS	4.500%	0.00	0.00	C
1995	Fairplay #1, Town of	08/01/95	250,000.00	20 YEARS	4.500%	0.00	0.00	C
1995	Minturn, Town of	08/11/95	300,000.00	20 YEARS	4.500%	0.00	0.00	C
1995	Empire, Town of	08/24/95	331,432.00	20 YEARS	4.500%	0.00	0.00	C
1995	Elizabeth, Town of	10/01/95	500,000.00	20 YEARS	4.500%	0.00	0.00	C
1996	Lake Creek Metropolitan District	01/12/96	500,000.00	20 YEARS	4.500%	0.00	0.00	C
1996	Fraser, Town of	(c) 04/15/96	200,000.00	5 YEARS	4.500%	0.00	0.00	C
1996	Baca Grande, W&S District	04/30/96	500,000.00	10 YEARS	4.500%	0.00	0.00	C
1996	Firestone, Town of	07/09/96	95,000.00	10 YEARS	4.500%	0.00	0.00	C
1996	Nunn, Town of	08/13/96	330,260.00	20 YEARS	4.500%	0.00	0.00	C
1996	Lochbuie, Town of	08/28/96	352,000.00	20 YEARS	4.500%	0.00	0.00	C
1996	Lyons, Town of	08/29/96	500,000.00	21 YEARS	4.500%	0.00	0.00	C
1996	Bayfield, Town of	12/06/96	350,000.00	20 YEARS	4.500%	0.00	0.00	C
1997	Fairplay #2, Town of	07/30/97	200,000.00	20 YEARS	4.500%	0.00	0.00	C
1997	Idaho Springs, Town of	11/03/97	500,000.00	20 YEARS	4.500%	0.00	0.00	C
1997	Westlake W&S District	12/04/97	250,000.00	20 YEARS	4.500%	0.00	0.00	C
1998	Redstone W&S District	02/10/98	410,000.00	20 YEARS	4.500%	0.00	0.00	C
TOTAL STATE PROGRAM DIRECT LOANS			\$5,818,692.00			\$0.00	\$0.00	

TOTAL NUMBER OF DWRF LOANS FUNDED:	52		
TOTAL AMOUNT OF DIRECT LOANS		\$14,099,892.00	\$1,316,417.00
TOTAL AMOUNT OF LEVERAGED LOANS		\$150,723,364.27	\$12,138,364.27
TOTAL DWRF PROGRAM LOANS		\$164,823,256.27	\$13,454,781.27
TOTAL DW SRF LEVERAGED and DIRECT LOANS		\$159,004,564.27	\$13,454,781.27

- (a) The Town of Julesburg was granted a interim loan for an amount of \$700,000. In December, 2000, they changed the principal amount of the loan to \$693,000, withdrew funds up to that amount and paid the loan in full on December 18, 2000.
- (b) The state match portion of this loan was initially miscalculated at \$ 61,404. Correcting adjustment made in 2000.
- (c) Loan paid in full

April 30, 2005

**COLORADO DWRF BIENNIAL
REPORT**

**ATTACHMENT 2
2004 INTENDED USE PLAN**

STATE OF COLORADO

YEAR 2004

DRINKING WATER REVOLVING FUND

INTENDED USE PLAN

Date Approved: November 19, 2003

**DWRF IUP
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ATTACHMENTS

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**STATE OF COLORADO
DWRF INTENDED USE PLAN
JANUARY 1 - DECEMBER 31, 2004**

I. INTRODUCTION

An Intended Use Plan (IUP) is required by Section 1452(b) of the Safe Drinking Water Act (SDWA) and by Interim Final Regulations 40 CFR 35.3555 published on August 7, 2000 to be filed annually with the U.S. Environmental Protection Agency (EPA) by each state that has accepted a Federal Capitalization Grant establishing a Drinking Water Revolving Fund (DWRF) program. The IUP must describe how the State intends to use the Capitalization Grant and DWRF program funds to meet the objectives of the SDWA and further the goal of protecting public health. The IUP must be made available to the public for review and comment prior to submitting it to the EPA as the central part of the capitalization grant agreement.

The purpose of the DWRF program is: 1) to provide financial assistance to governmental agencies for the construction of water projects for public health and compliance purposes as described in the Drinking Water Revolving Fund Regulations (Attachment 2), and 2) to set-aside funds from the capitalization grant to fund a variety of activities that are necessary to accomplish the requirements of the SDWA.

The DWRF may be used for: below market rate loans; loan guarantees; a source of reserve and security for leveraged loans (proceeds of which must be placed in the DWRF loan fund); the purchase or refinancing of existing local debt obligations where the initial debt was incurred and construction started after July 1, 1993; and earning interest prior to disbursement of assistance. Colorado limits this assistance to governmental agencies as defined by statute under C.R.S. 37-95-103 (5)(a) and (b).

The SDWA allows a state to set aside up to 31 percent of any yearly capitalization grant for non-project activities as follows: administration and technical assistance (4%), state program activities (10%), small systems technical assistance (2%), and local assistance (15%). Additionally, up to 30 percent of each grant may be used for loan assistance (including forgiveness of principal) to disadvantaged communities. In 2003, the Water Quality Control Division (WQCD) within the Department of Public Health and Environment established a work group to begin investigating the need and criteria for a disadvantaged community program as specified under the SDWA section 1452(d).

This IUP will serve as the planning document for explaining how the remainder of Federal Fiscal Year (FFY) 2003 and all of FFY 2004 Capitalization Grant appropriations will be used for the DWRF and non-project program set-asides. The program fiscal year for the DWRF is January 1, 2004 to December 31, 2004. As currently developed, the IUP identifies the specific projects and activities associated with the federal appropriation and funds available from repayments to the program.

The "State" as referenced in this document is comprised of three agencies involved in operating the DWRF under a memorandum of agreement - the Colorado Water Resources and Power Development Authority

(hereafter referred to as the “Authority”), the WQCD at the Department of Public Health and Environment, and the Division of Local Government at the Department of Local Affairs (DLG). The SDWA, Section 1542(g)(1)(B), expressly places the Authority for establishing assistance priorities and carrying out oversight and related activities (other than financial administration) with the State agency having primary enforcement responsibility. The WQCD is the agency that has this responsibility in Colorado. The DLG evaluates financial and managerial capacity of loan applicants, identifies potential projects for the program, and provides outreach to raise awareness of the program. The Authority is named administrator under state statute; therefore, it is the grant recipient and provides financial administration for the DWRP.

The requirements of the SDWA that are included in this IUP are as follows:

- ◆ A comprehensive priority list of those projects eligible to be assisted by the DWRP which must include the name of the public water system, the priority assigned to the project, a description of the project (type), the expected terms of financial assistance, the size of the community and an expected funding schedule. The State must identify which projects on the priority list will, or are projected to, receive funding in 2004;
- ◆ A description of the criteria and method established for the distribution of funds;
- ◆ A description of the financial status of the DWRP;
- ◆ A description of the short and long-term goals of the State's DWRP;
- ◆ A description of amounts transferred between the DWRP and the Water Pollution Control Revolving Fund; and
- ◆ A description of the non-project activities to be funded from the DWRP Capitalization Grant including the percentage of such funds to be devoted thereto.

The State will prepare and submit a grant application for FFY 2004 based on this IUP.

II. LIST OF DRINKING WATER REVOLVING FUND PROJECTS

States are required to develop a comprehensive priority list of eligible projects for funding and to identify projects that will receive funding in the first year after each capitalization grant award. In determining funding priority, states must ensure, to the maximum extent practical, that priority for the use of funds be given to projects that 1) address the most serious risks to human health; 2) are necessary to ensure compliance under SDWA; and 3) assist systems most in need, on a per household basis (i.e. affordability). Projects primarily to serve future growth are not eligible. Examples of eligible and ineligible projects and project related costs are found in Attachment 1.

Appendix A to this IUP is the statewide Drinking Water Project Eligibility List (Eligibility List) illustrating the various projects and their associated estimated costs as required by Colorado’s authorizing statute. The Eligibility List includes, for each individual entry: the name of the public water system, a description of the project, whether or not the community is under 5000 population, the estimated cost of the project and a categorical ranking by priority as described in the DWRF Regulations (included in Attachment 2). Appendix B (Project Priority/Fundable List) is a list of the 10 projects that have or will have a planning document for a specific project, have been prioritized for funding within each category, and are eligible to receive or have recently received a loan from the DWRF. The supporting documentation covering the assignment of priority points is available from the WQCD. This list includes the anticipated loan terms, interest rate, type of loan and an enumeration of the drinking water problem and project description to correct the problem.

Of the 10 projects prioritized and ready for funding and described in Appendix B (Project Priority/Fundable List), the Town of Deer Trail is ranked as a category 1 (public health concerns) that needs grant funds to proceed. A number of projects were deleted from the previous year’s list. Deletions were made for those entities that both received a DWRF loan and completed the project or are currently in the process of completing a funded project. In other cases, the projects were deleted from the list since the entity was able to secure project funding from sources other than the DWRF.

It is anticipated that two leveraged loans and three direct loans will be made from the DWRF for projects in 2004, totaling \$17,760,000. The State has identified the following five projects for funding with its FFY04 capitalization grant:

Priority Rank	Loan Amount	Entity to Receive Loan	Project Description
1	\$180,000	Town of Haswell	Improvement to Drinking Water Treatment Plant
4	\$330,000	Pinewood Springs WD	Add New Water Source
5	\$13,000,000	City of Florence	Water Treatment Plant Improvements; New Storage Tank; New Water Supply Line
6	\$250,000	Olde Stage WD	New Storage Tank; Repair Existing Tank
9	\$4,000,000	Cottonwood WSD	Construct New Filtration Plant

TOTAL: \$17,760,000

Of which 100% is for small systems (those serving less than 10,000 people).

Projects from the Eligibility List can be moved to the Priority/Fundable List (Appendix B) during the funding year when the public water system submits a planning document that provides the WQCD with enough information to prioritize the project. The Priority/Fundable List is amended as projects proceed throughout the year by notification to the Board of Health.

III. CRITERIA AND METHODS FOR DISTRIBUTING FUNDS

The Federal regulations require that the IUP include “...the process and rationale for distribution of funds between the fund and set-aside accounts.” In accordance with the Memorandum of Agreement, the State

has a decision-making team comprised of staff from the three agencies to determine what DWRF projects will be forwarded to the Authority Board for funding

Regarding the non-project activities, the WQCD determines the amount of funds to be set aside for activities documented in the IUP and forwards the amount for funding to the Authority for inclusion in the capitalization grant application. The WQCD anticipates utilizing approximately 25 percent of the FFY04 grant to meet various SDWA requirements as described in Section VII (Non-project Activities).

Colorado's project priority system is set forth in the DWRF Regulations (5 CCR 1003-3) (Attachment 2). The Regulations include the following criteria:

- ◆ Categories By Priority Ranking
 - (1) Acute Health Hazard
 - (2) Chronic (long term) Health Hazard
 - (3) Potential Acute Health Hazard
 - (4) Potential Chronic Health Hazard
 - (5) Other Future Needs

- ◆ Priority Point Assignments Within Each Category - Once a planning document is received, projects within each category will be prioritized by the assignment of points and documented by the WQCD from the following:
 - (1) Population
 - (2) Financial Need
 - (3) Consolidation
 - (4) Water Conservation
 - (5) Source Water Protection
 - (6) Beneficial Use of Sludge
 - (7) Health Risk. To further clarify the ranking of treatment facility projects, the WQCD shall assign points for a project once a determination of the greater health risk is made based upon the type and level of contaminant present within each category.

- ◆ In addition to the DWRF regulations (5 CCR 1003-3), a new policy will be applied to the allocation of loan proceeds:
 - (1) A \$4 million set-aside will be reserved for small projects (\$1 million or less); there will not be an application deadline for these loans. In September of each year, loan repayments are deposited into the fund. These deposits can be made for additional small system loans if the \$4 million set-aside is not adequate.

- (2) All leveraged loan projects must submit applications by February 1, 2004. (Depending upon demand and available loan capacity, a second application date may be set by the WQCD and the Authority for a fall bond issue.)

Projects on the Project Priority/Fundable List (Appendix B) will be financed in priority order to the maximum extent practical. Exceptions for funding out of priority order shall be due to one of the following reasons:

- a) Governmental agencies are not ready to proceed with the project.
- b) Governmental agencies do not wish to participate in the DWRF or they have received funding from other sources.
- c) Governmental agencies (on the eligibility or priority list) that have an emergency situation occur during the funding year.
- d) Governmental agencies not approved for funding because of technical, financial or managerial deficiencies. (The WQCD and DLG will attempt to work with the governmental entity to resolve the issue through the capacity development program.)

SMALL SYSTEMS FUNDING GOAL

To the extent that there are a sufficient number of eligible projects to fund, the State shall use at least 15 percent of all funds credited to the DWRF account on an annual basis to provide loan assistance to systems serving 10,000 persons or fewer. In 2004, it is anticipated that the majority of projects to be funded will be small systems.

To further this goal in 2004, planning and/or design grants will be made available (See VI. SHORT TERM GOALS; No. 7) to assist small systems with meeting some of the requirements of the DWRF. In addition, the DLG is planning to conduct a series of training workshops in 2004 to help build financial and managerial capacity of small rural public water systems. Finally, an annual survey is conducted to identify and update the needs of small systems.

All direct loans, will receive assistance from re-loan funds. Communities receiving assistance from the re-loan funds need only comply with the federal environmental and anti-discrimination requirements.

IV. FINANCIAL STATUS OF THE DWRF

The DWRF was created by State statute in 1995 prior to the enactment of the 1996 Amendments to the SDWA. Under this legislation, the Colorado General Assembly directed the transfer of \$7,253,915 to the DWRF. The final transfer occurred in March 1998. In addition to the funds transferred by the General Assembly, the Authority has appropriated and authorized the transfer of \$17,776,957 to be deposited into the DWRF for a total of \$25,030,872 in state funds. No further transfers of state funds are anticipated at this time.

A federally capitalized DWRF was authorized by the 1996 Amendments to the SDWA and was established in Colorado with the receipt of the first capitalization grant in September 1997. This program requires the state to match the total amount of each federal grant with a 20 percent contribution of state funds. This state match amount must be deposited entirely into the loan fund, which must be maintained in perpetuity. Loan fund amounts are not available for non-project activities.

The State has made 17 direct loans for \$5,818,692 with state funds, which are kept separate from the federal portion of the DWRF so that repayments from these loans may be available for state match in the future. The remaining \$19,212,180 is available for use as state match. Of this amount, \$15,739,021 has been used for state match through June 30, 2003. As of June 30, 2003, \$9,135,817 is available for state match from the uncommitted funds mentioned above, repayments from state loans and interest earnings.

The DWRF provides both direct loans and leveraged loans to finance projects. Direct loans are generally made to smaller projects and borrowers that are not as credit worthy. This allows the program to provide low interest loans to small public water systems without going to the bond market and incurring those associated costs. A direct loan (up to \$1,000,000) utilizes approximately 75 percent capitalization grant and 25 percent state match dollars; however, direct loans will be funded from re-loan funds. Based on an effort to keep the rates for direct loans at or below the leveraged loan rate, the interest rate will be set by the Authority's Board of Directors each December with a maximum rate of 4.0% that includes a fee of eight tenths of a percent for administration.

Leveraged loans are generally provided to investment grade borrowers with larger projects. A leveraged loan (composed of grant funds, state match funds and bond proceeds) uses the reserve fund concept, whereby grant funds and re-loan funds in the DWRF are used as the source of security for bonds that are sold to increase the loan capacity. The leveraged loan interest rate is 80% of the market rate on the bonds and includes the administrative fee of eight tenths of a percent per year. The market rate on the bonds is determined on the day of pricing (sale) as the "all-in bond yield" (all costs considered) of the "AAA" rated drinking water revenue bonds.

The administrative surcharge on all loans, eight tenths of a percent, ensures long-term administration of the DWRF and provides potential opportunities for grant assistance to small public water systems. In the future, the funds may be deposited in the DWRF to fund loans. The administrative fee supplements the 4% administrative set-aside from the capitalization grant. The fee is deposited into an account separate from the DWRF and is used for costs associated with the DWRF (i.e., Authority, WQCD and DLG staffing and expenses and other operations expenses of the DWRF). Administrative fees received from DWRF loans for 2004 are estimated to be \$1,505,668. These funds will be used to fund direct program costs including legal and accounting fees, trustee fees, and other consultant fees, in addition to labor and overhead allocations of the Authority, WQCD and DLG. Total costs for administration of the DWRF are estimated to be \$1,600,000, a portion of which will be paid from DWRF set aside grant monies available. Additionally, administrative fee income will be used to fund a planning and/or design grant program that will continue in 2004.

Following is a table showing the administrative fee account:

Year	Loan Admin Fee Revenue	Cap Grant Draws for Admin Exp	Other Income	Admin Expenses	Net Income
1997	23,408	84,411	171,149 ¹	(281,642)	(2,673)
1998	251,210	205,130	75,000 ¹	(559,680)	(28,339)
1999	609,066	287,502	88,425 ¹	(735,077)	249,917
2000	931,797	302,679	-	(769,629)	464,847
2001	1,029,413	260,092	-	(894,540)	394,965
2002	1,172,500	315,000	-	(1,120,000)	367,500
2003	1,320,500	325,000	-	(1,300,000)	345,500
Totals	5,337,894	1,779,814	334,574	(5,660,568)	1,791,714

¹ *Transfers from DWF Funding Account or paid from the State Direct Loan Administrative Fee Account*

Leveraging the fund is appropriate where financing needs significantly exceed available funds; however, it impacts the DWRP by reducing the interest rate subsidy provided or reducing future loan capacity. Each year the eligibility list needs (currently over \$623 million) are compared against the loan capacity of the DWRP. Even though demand for loans (Fundable List) in the year 2004 is less than the projected loan capacity, it is in the best interest of the program to continue leveraging in order to maintain the flexibility to meet anticipated future needs in FY2005 and thereafter. By continuing to leverage, the program will be able to assist more communities currently on the eligibility list and help those communities' meet the needs that will be added to the list when the arsenic and radon standards are implemented. To date, the leveraged loan rates have been in the range of 3.03 and 4.50 percent. Although no interest income on the grant funds and state match funds accrue to the DWRP from the leveraged loans, the long-term or perpetual nature of the DWRP remains in place.

States may provide loan subsidies such as reduced interest and principal forgiveness for disadvantaged communities. Those subsidies cannot exceed 30 percent of the amount of the capitalization grant in any given year. Colorado has not defined a disadvantaged system or determined the feasibility of loan subsidies and their impacts on the perpetuity of the DWRP. (See section VIII. MISCELLANEOUS ISSUES for an update concerning the state's accomplishments during 2003 in evaluating the need for a disadvantaged communities program.)

Through August 31, 2003, the State has received a total of \$83,892,000 in federal capitalization grants (includes the \$6,666,667 transfer back to the Water Pollution Control Revolving Fund in 2003. Of this amount, \$15,782,572 has been set aside for non-project activities. The State anticipates receiving a FFY04 capitalization grant of \$13,243,000 with \$3,324,910 set aside for non-project activities. This amount may change based on final federal appropriations. (See Attachment 3, 3a and 3b.)

Under the federal portion of the DWRF, sixteen direct loans for \$9,653,916 and twenty-four leveraged loans for \$173,858,870 have been made to-date from the DWRF utilizing the federal capitalization grants (See Attachment 4).

The State anticipates making two leveraged loans and three direct loans from the DWRF for projects in 2004 totaling \$17,760,000. Five loans are ready to proceed as described in Appendix B. Set-aside activities are described in the non-project section below. The following table illustrates the amount of funds available for loans:

**Drinking Water Revolving Fund
Calculation of Loan Capacity for 2004**

Capitalization grants for loans through 2003*	\$ 68,109,425
Obligated for loans through 6/30/03	\$ 65,064,005
Remainder	\$ 3,045,420
Expected 2004 Capitalization Grant	
1.65% of \$850 million	\$ 13,243,000
Less Set-Asides	\$ 3,324,910
Total 2004 Grant	\$ 9,918,090
Total Grant Funds Available	\$ 12,963,510
Re-loan funds as of 9/2/03	\$ 6,602,720
Re-loan funds to be deposited on 9/2/04	\$ 2,800,000
Less: Re-loan funds used on direct loans 2003	\$ 4,000,000
Total Re-Loan Funds Available	\$ 5,402,720
Loan Capacity for 2004	
Leveraged Loans from Grants X 2.2	\$ 28,519,722
Direct Loans from Re-Loan Funds	\$ 4,000,000
Leveraged Loans from Re-Loan Funds	
(Total less direct loans) X 2.1	\$ 11,345,712
2004 DWRF Loan Capacity	\$ 43,865,434

**This number reflects the \$6,666,667 transfer to the WPCRF.*

A. TRANSFER ACTIVITIES

As authorized by Congress, up to 33% of the drinking water capitalization grants for FY 1997 through FY 2003 (total drinking water grants estimated at \$90.6 million), may be reserved from the Drinking Water Revolving Fund (DWRF) and transferred to the Water Pollution Control Revolving Fund (WPCRF). The following table itemizes the amount of net SRF funds available for transfer between the two programs.

Year	Transaction	Banked Transfer Ceiling	Transferred from WPCRF - DWRF	Transferred from DWRF - WPCRF	WPCRF Funds Available for Transfer	DWRF Funds Available for Transfer
1997	CG Award	\$5.6	-----	-----	\$5.6*	\$5.6*
1998	CG Award	8.8	-----	-----	8.8	8.8
1999	CG Award	12.1	-----	-----	12.0	12.0
1999	Transfer	12.1	\$8.0	-----	4.1	20.1
2000	CG Award	15.6	-----	-----	7.6	23.6
2001	CG Award	19.1	-----	-----	11.1	27.1
2002	CG Award	23.6	-----	-----	15.6	31.6
2003	CG Award	28.0	-----	-----	20.0	36.0
2003	Transfer	28.0	-----	\$8.0	28.0	28.0
2004	CG Award	32.0	-----	-----	32.0	32.0

**Transfers could not occur until one year after the DWRF had been established.*

The authorization to transfer funds between revolving funds expired on October 1, 2001. In 2001, Congress extended the transfer provision to September 30, 2002. In late 2002, Congress is expected to extend the transfer provision through September 30, 2003.

Based on anticipated project needs for 2004, representatives of the Authority, the WQCD and the DLG, jointly agreed that no moneys will be transferred between funds.

B. CROSS-COLLATERALIZATION ACTIVITIES

Beginning in the calendar year commencing on January 1, 1999, the WPCRF, along with the DWRF, may cross-collateralize or pledge moneys on deposit in one fund to act as additional security for bonds secured by moneys on deposit in the other fund. This mechanism was utilized for both programs in 1999 and, as a result, the bond ratings for both programs were upgraded to AAA by all three bond rating agencies. This upgrade translates to lower interest rates and thereby more savings to the borrowers of both programs.

C. OPERATOR CERTIFICATION

The 1996 Amendments to the Federal Safe Drinking Water Act required that states develop certification programs for operators of water treatment plants and distribution systems. House Bill 00-1431 adopted by the Colorado General Assembly this year revises the existing Colorado operators certification program, in

part to meet the new federal requirements. The WQCD and the Water and Wastewater Facility Operators Certification Board have developed a program to implement the new federal requirements, in accordance with the revised state statute. The program has been approved by EPA.

V. LONG TERM GOALS

The State continues to develop long term goals that will ensure the integrity of the DWRF. These goals and the method for achieving them are as follows:

1. Maintain the economic viability of the DWRF while meeting current and projected drinking water system needs in the State of Colorado.

Ensure that the DWRF remains viable and is self perpetuating to meet the long-range needs of the State.

2. Provide loans and technical and financial assistance to governmental agencies to facilitate effective planning, design, financing, and construction or improvement of facilities to comply with the provisions of the Colorado Primary Drinking Water Regulations.

Customer service will be the focus while utilizing the team approach to create an atmosphere conducive to accomplishing the best practicable project.

3. Maintain compliance with companion local, state and federal laws and the provisions of the State/EPA Operating Agreement.

VI. SHORT TERM GOALS

In an effort to continually improve the DWRF program, the State will pursue the following short-term goals throughout the 2004 calendar year:

1. Submit an application for the 2004 Capitalization Grant by January 2004.
2. Update the Handbook of Procedures and seek approval by EPA.
3. Initiate the process for identifying projects in the FY2005 Intended Use Plan by August 2004.
4. Submit the Annual Audit to EPA by April 30, 2004.
5. Coordinate with other funding agencies to complete drinking water projects identified in the 2004 IUP.
6. Leverage funds in the DWRF to accommodate the estimated demand for eligible projects in 2004 and thereafter.

7. The program will continue to provide funds (up to \$100,000 upon approval by the Authority Board) for planning and/or design grants for communities under 10,000 population, with a maximum grant per community of \$10,000. These are non-reimbursable grants, unless the entity is not borrowing funds from the DWRF in which case the Authority Board retains the ability to review, and if appropriate, waive this requirement. These funds are provided from the administrative fee account from income received after the capitalization grant period.
8. The WQCD will review and revise as necessary the State Environmental Review Policy specific to the DWRF.
9. The DLG is planning to conduct a series of training workshops in 2004 to help build financial and managerial capacity of small rural public water systems around the state.
10. Consider establishing a disadvantaged communities program to assist eligible systems that are in the greatest financial need meet the requirements of the Safe Drinking Water Act.

VII. DESCRIPTION OF NON-PROJECT (SET-ASIDE) ACTIVITIES TO BE SUPPORTED BY THE DWRF

A. INTRODUCTION

Historically, the WQCD has consulted with the Board of the Colorado Water Resources and Power Development Authority in establishing amounts and uses of set aside funds proposed in the Intended Use Plan prior to the plan's development. For the FFY04 capitalization grant, the division and the Board have not yet come to agreement on the proposed amounts and uses of the set-aside funds. The division anticipates that planned discussions with the Board will resolve any differences well in advance of the date that the application for the capitalization grant will be officially submitted to the EPA. Accordingly, the WQCD has identified in this plan, the maximum amounts of set-aside funds the division currently believes appropriate to best meet the goals of the Safe Drinking Water Act. Since these amounts represent the maximum amount of funding that would be devoted to each of the set-asides for this capitalization grant, no further public notification would be made by the division if it turns out that discussions with the Authority Board result in the decision to use lesser amounts than those proposed herein.

The state may set aside portions of each year's capitalization grant for non-project (set-aside) activities. The purpose of the set-asides is to provide the funds needed to administer the DWRF, as well as to meet overall drinking water program requirements of the 1996 Amendments to the SDWA. The Authority will provide the required 20 percent up-front state match to receive the federal funds. Beginning with the FFY02 grant, the 20 percent match for the set-aside portion has come from the loan administrative fee account. A list of the set-asides follows:

- ◆ Administration

- ◆ Small System Training and Technical Assistance
- ◆ State Drinking Water Program Management
- ◆ Local Assistance and Other State Programs:
 - Land/Conservation Easement Acquisition for SWAP
 - Assistance to a Community Water System to Implement Voluntary, Incentive-Based Source Water Protection Measures
 - Provide Assistance to Any Public Water System As Part of A Capacity Development Strategy
 - Source Water Assessment and Protection Program (SWAP)
 - Wellhead Protection Program

A description of each set-aside and the funding earmarked from the FFY04 capitalization grant for each activity are described below. The FFY04 capitalization grant is estimated to be funded at \$13,243,000. It is the responsibility of the WQCD to determine the amount of funds necessary to administer the DWRF and to meet the obligations of the SDWA. The financial status of the set-asides is summarized in Attachment 3. The state must develop, and EPA approve, a work plan that describes the activities to be accomplished to be able to use those funds.

B. ADMINISTRATION SET-ASIDE

Set-Aside	Amount	Purpose
Administration	\$529,720 (4%) for FFY04	To Cover the Cost of (1) Administering the DWRF, and (2) Providing Technical Assistance to Public Water Systems (PWSS). Admin is an on-going activity.

FFY04 Request: Colorado is entitled to set aside up to 4 percent (\$529,720) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$529,720.

Additionally, the state deposited the FFY01 and FFY02 administrative set-aside funds (\$420,000 and \$561,000, respectively) into the DWRF project account and reserved the right to draw these funds from a future capitalization grant. These funds were withdrawn from the 2003 capitalization grant.

Match: The Authority will provide the required 20 percent up-front state match and waive the match reimbursement requirement.

Use of Funds in 2004 and Expected Accomplishments: These funds will be used to cover administrative expenses related to projects and activities authorized under the SDWA, including provision of technical assistance to public water systems.

C. SMALL SYSTEM TRAINING AND TECHNICAL ASSISTANCE (SSTTA)

Set-Aside	Amount	Purpose
SSTTA	\$264,860 (2%) for FFY04	To Provide (1) Training, (2) Technical Assistance, and (3) Provide Planning and Design Grants to Small Systems. SSTTA is an on-going activity.

FFY04 Request: Colorado is entitled to set aside up to 2 percent (\$264,860) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$264,860.

Match: For set-aside grants through FFY00, reimbursement of the 20 percent up-front state match to The Authority has been waived. For future work under FFY01 and later grants, reimbursement of the up-front state match to the Authority will be reviewed annually by the Authority Board to determine whether the state match is to be reimbursed or waived.

Key Accomplishments to Date: In 2003, training programs were conducted for managers and operators of small systems. Providers included:

- ◆ RMSAWWA Leadville Operators School
- ◆ Colorado Rural Water Association
- ◆ Pat McGlothlin and Associates
- ◆ Rocky Mountain Water and Wastewater Operators and Distribution School
- ◆ RMSAWWA Action Now Seminars

Use of Funds in 2004 and Expected Accomplishments: Currently, training programs are being designed for 2004 and the division may use funds from the 2001, 2002, and 2003 SSTTA set asides for technical assistance and planning and design grants for water system serving 10,000 or less in population.

The WQCD chairs the SSTTA work group and has expanded the composition of that work group. The expanded work group integrated the SSTTA set aside with the expense reimbursement grant to develop a strategy for both funding sources. Colorado has received a one-time expense reimbursement grant from EPA to assist in training and certification of operators of public water systems (PWSS) that serve less than 3,300 population. Funding from this one-time grant will be used to reimburse operator certification expenses and improve the opportunities for operator training.

D. STATE DRINKING WATER PROGRAM MANAGEMENT

Set-Aside	Amount	Purpose
State Program Management	\$871,617 (6.6%) for FFY04	To administer the state public water supply supervision (PWSS) program, which includes regulations development, compliance monitoring, data

management, compliance assistance and enforcement.

Can also be used to:

--Administer or provide technical assistance for SWAP,

--Develop and implement a capacity development strategy,

--Administer and implement operator certification program.

PWSS program implementation and the other activities are on-going.

FFY04 Request: Colorado is entitled to set aside up to 10 percent (\$1,324,300) from the capitalization grant for this set-aside. Based on the Authority match, and availability of additional one-for-one match requirements, the WQCD intends to set aside \$871,617.

Match: The Authority has authorized up to \$153,723 of Authority funds to provide for the state match requirement for \$768,671 of capitalization grant funds through FFY07 (per resolution 03-02). For future work after FFY07 and later grants, reimbursement of the up-front state match to the Authority will be reviewed annually by the Authority Board to determine whether the state match is to be reimbursed or waived.

In addition to the up-front 20 percent match (and match reimbursement waiver provided by the Authority), a dollar-for-dollar match must be provided by the state. The dollar-for-dollar federal match requirement will be met by utilizing drinking water program fees, drinking water operator certification fees, drinking water related expenditures from the state laboratory, and 1993 drinking water grant matching funds from the WQCD. The laboratory contribution includes analyses of drinking water samples. State program match funds that were expended in 1993 can be used to provide up to 50 percent of the set-aside match. The current year match in excess of the minimum required may also be used. The program funding sources that qualify as match (program fees in excess of PWSS grant match requirements, operator certification program fees, drinking water related laboratory expenditures, and 1993 drinking water program state expenditures) allow the WQCD to take \$871,617.

The federal grant that supports the PWSS program has been level funded in recent years while Colorado program costs for existing staff are increasing due to salary cost inflation. In addition, the new requirements of the 1996 SDWA amendments require additional program staff with more formal technical training and experience. The combination of these factors results in staff shortages that could be alleviated by accessing more of the program management set-aside as authorized by the 1996 SDWA amendments. In the event that additional program match funds can be identified, the WQCD may request the Authority to waive additional match reimbursement requirements.

Key Accomplishments to Date: New program requirements include meeting the need for increased sanitary survey elements and sanitary survey frequency; capacity development efforts for new and existing public

water systems; new regulations adoption and implementation; improved operator certification programs; and administration of set-aside programs. The new regulatory initiatives will also require increased data handling, compliance assistance, and enforcement for the following rules: interim enhanced surface water treatment rule, disinfectant/disinfection byproducts rule, radionuclides rule, arsenic rule, consumer confidence report rule and the public notification rule. New staff will also be involved in drafting new regulations including filter backwash recycling rule, groundwater rule, and long term enhanced surface water treatment rule, and the writing of guidance manuals and implementation procedures for these rules.

A portion of this set-aside is being used to fund 6.5 full time employees (FTE) for implementation of the many new program requirements associated with the 1996 reauthorization of the SDWA. This staff has been allocated to the drinking water program manager, drinking water and wastewater technical services unit and the compliance assurance and data management unit.

In addition, funds from this set-aside may continue to be used to reimburse the Consumer Protection Division for administering the non-community drinking water system sanitary survey initiative using local health departments in the event a work plan revision submitted to EPA to fund this activity from capacity development set-aside funds is not approved.

Use of Funds in 2004 and Expected Accomplishments: For 2004, the efforts highlighted above will be continued.

E. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS:

Set-Aside	Amount	Purpose
Local Assistance Set-Asides:	15% total (no more than 10% for any one of the following activities)	Consists of the following five activities:
SWAP Land Acquisition (PWS Loan)	See below for funding requests	See below for set-aside descriptions
SWAP Implementation (PWS Loan)		
Capacity Development		
Source Water...(SWAP)*		
Wellhead...*		

**The wellhead protection program (for groundwater systems) was created by the Safe Drinking Water Act Amendments of 1986; the Colorado Wellhead Protection Program Plan was issued in 1994. The source water assessment and protection program (SWAP) was created by the Safe Drinking Water Act Amendments of 1996; the Colorado Source Water Assessment and Protection Plan was issued in 2000. Programmatically, SWAP combines both groundwater and surface water activities (although the original wellhead protection program has some features which are somewhat different from SWAP). For budgetary purposes, however, SWAP set-aside funds were required to be dedicated to surface water systems and wellhead set-aside funds to groundwater systems. Once all the SWAP assessments are complete, the two programs will be integrated into one program plan.*

FFY04 Request: Colorado is entitled to set aside up to 15 percent (\$1,986,450) from the capitalization grant for these five set-asides combined. However, no more than 10 percent (\$1,324,300) may be used for any one of the individual local assistance set-asides. The specific amounts indicated below are based on project needs identified by the WQCD and total \$1,627,400 (12.3%). The five set-asides are described below:

1. LOANS TO PUBLIC WATER SYSTEMS TO ACQUIRE LAND OR CONSERVATION EASEMENTS FOR SOURCE WATER PROTECTION PURPOSES

Set-Aside	Amount	Purpose
Local Land Acquisition for SWAP	\$0 for FFY04	To provide loans to PWSS to acquire land or conservation easements to protect source water areas

FFY04 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY04 capitalization grant.

2. LOANS TO COMMUNITY WATER SYSTEMS TO IMPLEMENT VOLUNTARY, INCENTIVE BASED SOURCE WATER QUALITY PROTECTION MEASURES

Set-Aside	Amount	Purpose
Local SWAP Implementation	\$0 for FFY04	To provide loans to PWSS to implement source water protection measures.

FFY04 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY04 capitalization grant.

3. CAPACITY DEVELOPMENT

Set-Aside	Amount	Purpose
Capacity Development	\$1,324,300 (10%) for FFY04	To implement the capacity development strategy to assist new and existing systems to achieve and maintain technical, managerial, and financial capacity. A portion will be used to support the SWAP activities described below.

FFY04 Request: Colorado is entitled to set aside up to 10 percent (\$1,324,300) from the capitalization grant for this set-aside. Based on the Authority match, described below, the WQCD intends to set aside the entire \$1,324,300. A portion of this (\$196,900) will be used to support the SWAP activities described below.

Match: The Authority has authorized up to \$130,000 of Authority funds to provide for the state match reimbursement requirement for \$650,000 of capitalization grant funds through FFY00. For future work under FFY01 and later grants, reimbursement of the up-front state match to the Authority will be reviewed annually by the Authority Board to determine whether the state match is to be reimbursed or waived.

Rollover of SWAP Funds: As indicated above, completion of the SWAP surface water assessments funded by the SWAP set-aside was required to be completed by August 17, 2003. As of August 17, an approximate balance of \$17,000 remained in the SWAP account. These funds will be rolled over into the capacity development set-aside account.

Key Accomplishments to Date:

- ◆ Implementation of new system capacity reviews using the “new water system capacity planning manual” to evaluate the technical, managerial and financial (TMF) capacity for new systems.
- ◆ Implementation of existing system capacity reviews using Chapter 3 of the DWRF Handbook of Procedures, “Evaluation of technical, managerial, and financial capacity” to evaluate the TMF capacity of existing systems that receive funding under the DWRF.
- ◆ Continuation of the on-site sanitary survey effort coordinated by the Consumer Protection Division in conjunction with local health departments. This effort provides annual sanitary surveys of approximately 800 non-community ground water systems and will provide limited technical assistance to those PWSS visited.
- ◆ Continuation of contract effort to provide comprehensive performance evaluations (CPES) of surface water systems that do not demonstrate at least 99.9 percent (3 log) removal of particulates as measured by the microscopic particulate analyses (MPA) test.

Use of Funds in 2004 and Expected Accomplishments: For 2004, the efforts highlighted above will be continued. To the extent that assigned staff track the time that they contribute to accomplishing EPA approved capacity development work plan activities, their associated, pro rata salary may be drawn from the capacity development set-aside. Additional activities included in the EPA approved work plan to be continued or initiated:

- ◆ Preparation of an informational pamphlet for non-community systems on the applicable drinking water regulations and guidelines.
- ◆ Continued improvements to the CDPHE drinking water web site to include access to new information and operator training.
- ◆ Development of guidance materials for state and federal regulations by EPA’s level of effort contractor on behalf of the WQCD.
- ◆ Development of a systems of concern project to identify and provide technical assistance to water systems either on the SNC list or soon to be on the SNC list. This effort will utilize WQCD staff and contractors with the goal of both to resolving the violation and ensuring the water system has technical, managerial, and financial capacity.

- ◆ Continued implementation of the Colorado Strategy for Arsenic Reduction (CoSTAR) project to assist public water systems complies with the revised arsenic standards.
- ◆ Continuation of operator training to conduct analyses required to comply with the recently promulgated disinfectants/disinfection by-products (DDBP) and interim enhanced surface water treatment rules.
- ◆ Continuation of operator training for the DDBP (i.e., Surface Water Treatment Rule) at various locations throughout Colorado.
- ◆ Development of an electronic sanitary survey for the division's technical services unit to use with handheld devices. EPA, on behalf of the WQCD, will develop Colorado specific sanitary survey software for use in the field while conducting sanitary surveys. The funding for this project will require deobligation of \$50,000 from the 2004 capitalization grant to be held in reserve by EPA for this effort.
- ◆ SWAP activities will involve conducting follow-up activities on surface water systems assessment reports (new data integration and revision of reports if necessary), improvements to the analytical toolset, integration of the wellhead protection program plan, and assistance to local interests in developing local contingency and protection plans.

4. SOURCE WATER ASSESSMENT AND PROTECTION PROGRAM (SWAP)

Set-Aside	Amount	Purpose
SWAP	\$0 for FFY04	To delineate and assess source water areas for surface and ground water systems. SWAP assessments must be completed by the EPA extension date of October 2003.

FFY04 Request: N/A. The WQCD set-aside the full FFY97 allotment of \$1,678,410, based on project needs identified by the WQCD. The SWAP allotment was a one-time allotment.

Match: The Authority provided the required 20 percent up-front state match and has waived the reimbursement requirement.

Rollover of SWAP Funds: Completion of the SWAP surface water assessments funded by this set-aside was required to be completed by August 17, 2003. Any SWAP work performed after August 17 is not eligible to access these funds. As of August 17, an approximate balance of \$17,000 remained in the SWAP account. These funds will be rolled over into the capacity development set-aside account.

Key Accomplishments:

- ◆ Development of a SWAP website:
<www.cdphs.state.co.us/wq/sw/SWAPhom.html>
- ◆ Collection of locational data (lat/longs) for surface water intakes.
- ◆ Development of a spatial data library.

- ◆ Completion of “source water assessment area delineations” for all public surface water systems (PWS) and distribution to all systems for comment (Phase 1).
- ◆ Completion of “contaminant source inventories” for all PWS and distribution to all systems for comment (Phase 2).
- ◆ Development a software program (called data analysis toolset) used to generate susceptibility analyses and source water assessment reports.
- ◆ Completion of “susceptibility analyses” and release of detailed assessment reports to all surface water PWSS and an assessment report summary to the public.

Use of Funds in 2004 and Expected Accomplishments: The three technical phases associated with the SWAP program assessments have been completed. Once the SWAP ground water assessments have been completed and released to the public, SWAP work will shift towards integration of the source water assessment and protection program plan and the wellhead protection program plan, and assisting with local protection plan development and implementation. The exception will be those future years when the next significant updating of the SWAP databases and toolset is undertaken to update the original assessments. Beginning in 2004, funding to support source water protection activities for public water systems served by surface water will be drawn from the capacity development set-aside as described under the capacity development section.

5. WELLHEAD PROTECTION PROGRAM (WHP)

Set-Aside	Amount	Purpose
Wellhead Protection	\$303,100 (2.3%) for FFY04	To delineate and assess source water areas for ground water systems. WHP assessments must be completed by the EPA extension date of January 2004.

FFY04 Request: The WQCD intends to set aside \$303,100 based on identified project needs.

Match: For set-aside grants through FFY02, reimbursement of the 20 percent up-front state match to the Authority has been waived. For work conducted using FFY03 and later grants, reimbursement of the up-front state match to the Authority will be reviewed annually by the Authority Board to determine whether the state match is to be reimbursed or waived.

Reversion of Funds: As the SWAP ground water assessments are completed and released to the public, the level-of-effort for SWAP work will shift more towards the protection phase. The exception will be those future years when the next significant updating of the SWAP databases and toolset is undertaken to update the original assessments. The division, for FFY01, 02 and 03, capitalization grants, has been identifying \$500,000 to implement the SWAP program for all public water systems. Since wellhead protection funds are not allowed to be used for SWAP activities on surface water systems, capacity development funds were identified to fund these activities for the future. Accordingly, the Water Quality Control Division wellhead set-aside budget was proportionally reduced thereby allowing \$196,900 from the FFY03 wellhead set-aside to revert to the project loan account based on the estimated funding need.

Key Accomplishments to Date:

- ◆ Development of a SWAP website (which includes the WHP program):
<www.cdphs.state.co.us/wq/sw/SWAPhom.html>
- ◆ Collection of locational data (lat/longs) for drinking water wells.
- ◆ Completion of source water assessment area delineations for all public ground water supplies (Phase 1).
- ◆ Completion of “source water assessment area delineations” for all public ground water systems (PWS) and distribution to systems for comment (Phase 1).
- ◆ Completion of “contaminant source inventories” for all PWS and distribution to systems for comment (Phase 2).
- ◆ Development of a data analysis toolset to be used in generating susceptibility analyses and source water assessment reports (Phase 3).
- ◆ Completion of “susceptibility analyses” and release of detailed assessment reports to all surface water PWSS and an assessment report summary to the public.

Use of Funds in 2004 and Expected Accomplishments: The three technical phases associated with the SWAP program assessments have been completed. Once the SWAP ground water assessments have been completed and released to the public, wellhead work will shift towards integration of the source water assessment and protection program plan and the wellhead protection program plan, and assisting with local protection plan development and implementation. The exception will be those future years when the next significant updating of the SWAP databases and toolset is undertaken to update the original assessments. Assessment report summaries will be released to the general public and detailed final assessment reports to the PWSS by January 31, 2004 to complete the SWAP assessments for ground water systems.

VIII. MISCELLANEOUS INFORMATION

The state will provide the necessary assurance and certifications as part of the Capitalization Grant Agreement and Operating Agreement between the State of Colorado and the U.S. Environmental Protection Agency.

The proposed payment schedule using FFY 2004 Drinking Water funds will be included in the application for the capitalization grant. The payment schedule identifies the anticipated amount of EPA Automated Clearinghouse (ACH) draws from the capitalization grant and state dollars to be deposited into the DWRF.

The state legislation (SB 95-083) established the DWRF as an enduring and viable fund. The DWRF shall be maintained and be available in perpetuity for providing financial assistance as authorized and limited by the SDWA.

The state empanelled a stakeholders group during the summer of 2003 to determine the feasibility and merits of creating a disadvantaged communities program including specific program criteria and incentive

features (i.e. system eligibility, project funding guidelines and subsidies to be provided). Two meetings have been held to solicit input and to provide direction in this initiative. It is anticipated that the stakeholders group will submit recommendations to the State Board of Health and the Authority Board of Directors during the fall of 2003. Any changes to the existing DWRF program to include a disadvantaged communities component will be instituted through appropriate rule-making procedures.

PUBLIC REVIEW AND COMMENT

The Colorado State Board of Health published this information and held a public meeting on November 19, 2003 at which time the State's 2004 IUP including the 2004 DWRF Eligibility List and Project Priority/Fundable List were approved. There were no comments from the public.

Each year, the IUP will be amended to include additional DWRF projects and other appropriate changes. The WQCD will continually seek public review and comment for the proposed list of eligible projects and IUP brought before the State Board of Health for approval annually.

Appendix A

**APPENDIX A
FY 2004
DWRP PROJECT ELIGIBILITY LIST**

Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
030001D	5	Academy WSD	Colorado Springs	El Paso	Distribution / Transmission Lines; Supply	\$150,000	Y
960001D	4	Aguilar, Town of	Aguilar	Las Animas	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$2,282,100	Y
000001D	2	Alamosa, City of	Alamosa	Alamosa	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$6,000,000	N
040001D	5	Alma, Town of	Alma	Park	Supply	\$300,000	Y
960126D	4	Arapahoe County WWA / Cottonwood WSD	Englewood	Arapahoe	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$25,000,000	N
030002D	5	Arriba, Town of	Arriba	Lincoln	Water Storage Facilities; Distribution / Transmission Lines; Supply	\$93,000	Y
010003D	5	Aspen Springs MD	Pagosa Springs	Archuleta	Distribution / Transmission Lines; Supply Or Consolidation of Drinking Water Treatment Facilities	\$15,000,000	Y
010002D	5	Aspen, City of	Aspen	Pitkin	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply; Pump Stations	\$6,475,000	N
960004D	5	Ault, Town of	Ault	Weld	Water Storage Facilities; Distribution / Transmission Lines	\$2,500,000	Y
960005D	3	Baca Grande WSD	Crestone	Saguache	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines; Supply	\$500,000	Y
960181D	3	Battlement Mesa MD	Battlement Mesa	Garfield	Improvement to Drinking Water Treatment Plant	\$50,000	Y
990002D	3	Bayfield, Town of	Bayfield	La Plata	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$1,580,000	Y
960127D	5	Bear Creek WSD	Lakewood	Jefferson	Distribution / Transmission Lines	\$400,000	N

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
960182D	5	Bellyache Ridge MD	Wolcott	Eagle	Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$1,500,000	Y
960007D	5	Bennett, Town of	Bennett	Adams	Supply	\$30,000	Y
030004D	5	Berkeley WSD	Denver	Adams	Distribution / Transmission Lines	\$1,440,000	Y
990003D	3	Berthoud, Town of	Berthoud	Larimer	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Hydraulic Analysis / Distribution System	\$4,158,000	Y
960184D	5	Beulah Water Works District	Beulah	Pueblo	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$210,000	Y
030005D	4	Black Hawk, City of	Black Hawk	Gilpin	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$4,350,000	Y
960009D	5	Blanca, Town of	Blanca	Costilla	Distribution / Transmission Lines; Supply	\$140,000	Y
980241D	4	Box Elder WSD	Englewood	Arapahoe	Improvement to Drinking Water Treatment Plant	\$400,000	Y
960011D	5	Branson, Town of	Branson	Las Animas	Water Storage Facilities; Distribution / Transmission Lines	\$275,000	Y
990004D	5	Breckenridge, Town of	Breckenridge	Summit	Water Storage Facilities; Distribution / Transmission Lines	\$4,300,000	Y
040003D	4	Brighton, City of	Brighton	Adams	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$8,900,000	N
990008D	4	Buffalo Creek WD	Buffalo Creek	Jefferson	Water Storage Facilities; Distribution / Transmission Lines	\$301,000	Y
960189D	4	Burlington, City of	Burlington	Kit Carson	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$6,963,175	Y
000003D	4	Byers WSD	Byers	Adams	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$354,000	Y

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
960012D	4	Canon City, City of	Canon City	Fremont	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$27,500,000	N
010006D	4	Carbondale, Town of	Carbondale	Garfield	Improvement to Drinking Water Treatment Plant; Supply	\$570,000	N
960130D	3	Carter Lake Filter Plant	Berthoud	Larimer	Improvement to Drinking Water Treatment Plant	\$12,492,568	N
000004D	4	Cedaredge, Town of	Cedaredge	Delta	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines; Supply	\$7,427,000	Y
010042D	1	Cheyenne Wells, Town of	Cheyenne Wells	Cheyenne	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$400,000	Y
030009D	4	Colorado Centre MD	Colorado Springs	El Paso	Improvement to Drinking Water Treatment Plant; Supply	\$375,000	Y
030011D	5	Colorado Mountain College Spring Valley Campus	Glenwood Springs	Garfield	Water Storage Facilities	\$501,400	Y
960017D	5	Costilla County WSD	San Luis	Costilla	Distribution / Transmission Lines	\$204,000	Y
990013D	3	Cottonwood WSD	Englewood	Douglas	Distribution / Transmission Lines; Supply; New Drinking Water Treatment Plant	\$8,540,000	N
010009D	4	Craig, City of	Craig	Moffat	Improvement to Drinking Water Treatment Plant	\$6,000,000	N
960194D	5	Crawford, Town of	Crawford	Delta	Water Storage Facilities; Distribution / Transmission Lines	\$150,000	Y
960163D	4	Crested Butte South MD	Crested Butte	Gunnison	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$2,500,000	Y
990014D	3	Cripple Creek, Town of	Cripple Creek	Teller	Distribution / Transmission Lines; Supply	\$600,000	Y
040005D	3	De Beque, Town of	De Beque	Mesa	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$850,000	Y
980253D	1	Deer Trail, Town of	Deer Trail	Arapahoe	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$866,000	Y
960022D	5	Dillon Valley MD	Dillon	Summit	Water Storage Facilities	\$850,000	Y

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
960021D	5	Dillon, Town of	Dillon	Summit	Water Storage Facilities; Distribution / Transmission Lines; Supply	\$820,000	Y
030016D	5	Dinosaur, Town of	Dinosaur	Moffat	Distribution / Transmission Lines	\$800,000	Y
960024D	4	Dolores, Town of	Dolores	Montezuma	Improvement to Drinking Water Treatment Plant	\$410,000	Y
040006D	4	Dove Creek, Town of	Dove Creek	Dolores	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines; Supply	\$128,000	Y
960026D	5	Durango West MD #1	Durango	La Plata	Water Storage Facilities; Distribution / Transmission Lines	\$1,640,000	Y
040007D	4	Durango West MD #2	Durango	La Plata	Improvement to Drinking Water Treatment Plant; Supply	\$60,000	Y
980240D	5	Eads, Town of	Eads	Kiowa	Distribution / Transmission Lines	\$800,000	Y
020019D	4	Eagle River WSD	Vail	Eagle	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines; Supply	\$17,900,000	N
000007D	2	East Alamosa WSD	Alamosa	Alamosa	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$2,000,000	Y
030017D	5	East Boulder County WD	Boulder	Boulder	Water Storage Facilities	\$125,000	Y
010011D	4	East Cherry Creek Valley WSD	Aurora	Arapahoe	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines; Supply	\$15,000,000	N
020021D	5	East Larimer County WD	Fort Collins	Larimer	Distribution / Transmission Lines	\$9,478,412	N
960027D	5	East Valley WSD	Englewood	Arapahoe	Water Storage Facilities	\$75,000	Y
040008D	3	Eastlake WSD	Eastlake	Adams	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$708,000	Y
020022D	5	Empire, Town of	Empire	Clear Creek	Distribution / Transmission Lines	\$1,500,000	Y
030019D	5	Erie, Town of	Erie	Weld	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$15,800,000	N
990019D	4	Estes Park, Town of	Estes Park	Larimer	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$4,750,000	N

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
960199D	5	Evans, City of	Evans	Weld	Distribution / Transmission Lines; Supply	\$12,000,000	N
960032D	4	Firestone, Town of	Firestone	Weld	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$8,402,250	Y
030020D	4	Flagler, Town of	Flagler	Kit Carson	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$1,000,000	Y
960033D	3	Florence, City of	Florence	Fremont	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$13,000,000	Y
030021D	4	Florissant WSD	Florissant	Teller	Improvement to Drinking Water Treatment Plant; Supply	\$250,000	Y
960201D	5	Forest Lakes MD	Bayfield	La Plata	Water Storage Facilities; Distribution / Transmission Lines	\$750,000	Y
030022D	4	Forest View Acres WD	Monument	El Paso	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$350,000	Y
000009D	5	Fort Garland WSD	Fort Garland	Costilla	Supply; Water Meters	\$175,000	Y
030023D	3	Fountain Valley Authority	Colorado Springs	El Paso	Improvement to Drinking Water Treatment Plant	\$1,500,000	N
040032D	5	Fountain, City of	Fountain	El Paso	New Drinking Water Treatment Plant; Replace Water Source	\$30,000,000	N
960038D	4	Fowler, Town of	Fowler	Otero	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$200,000	Y
010013D	5	Fowler, Town of / Westcamp Unincorporated Area	Fowler	Otero	Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$300,000	Y
980250D	5	Franktown Business Area MD	Franktown	Douglas	Water Storage Facilities; Distribution / Transmission Lines; Supply	\$6,500,000	Y
030025D	4	Genesee WSD	Golden	Jefferson	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$500,000	Y
960161D	5	Genoa, Town of	Genoa	Lincoln	Distribution / Transmission Lines	\$250,000	Y

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
030026D	3	Georgetown, Town of	Georgetown	Clear Creek	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$100,000	Y
040009D	4	Glenwood Springs, City of	Glenwood Springs	Garfield	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Supply	\$4,000,000	N
990021D	5	Granada, Town of	Granada	Prowers	Water Storage Facilities; Supply	\$230,000	Y
020016D	1	Grand County / Moraine Park	Granby	Grand	Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$510,000	Y
990020D	4	Grand County WSD #1	Winter Park	Grand	Improvement to Drinking Water Treatment Plant	\$2,500,000	Y
960136D	5	Grand Junction, City of	Grand Junction	Mesa	Distribution / Transmission Lines	\$6,131,000	N
960174D	4	Grand Lake, Town of	Grand Lake	Grand	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$3,000,000	Y
960155D	4	Greeley, City of	Greeley	Weld	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines; Supply	\$15,000,000	N
030027D	5	Grover, Town of	Grover	Weld	Water Storage Facilities	\$50,000	Y
990009D	4	Gunnison, City of	Marble	Gunnison	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$515,100	N
990045D	4	Hamilton Creek MD	Breckenridge	Summit	Improvement to Drinking Water Treatment Plant	\$500,000	Y
030028D	4	Hartman, Town of	Hartman	Prowers	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$50,000	Y
010016D	2	Haswell, Town of	Haswell	Kiowa	Improvement to Drinking Water Treatment Plant	\$180,000	Y
960137D	4	Hayden, Town of	Hayden	Routt	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$1,900,000	Y
960171D	4	Highland Lakes WD	Divide	Teller	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$5,838,000	Y
020020D	5	Hi-Land Acres WSD	Brighton	Adams	Water Storage Facilities; Distribution / Transmission Lines	\$1,050,000	Y

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
040033D	5	Hillrose, Town of	Hillrose	Morgan	Improvement to Drinking Water Treatment Plant; Supply	\$340,000	Y
960045D	5	Holly, Town of	Holly	Prowers	Distribution / Transmission Lines	\$820,000	Y
990023D	4	Holyoke, City of	Holyoke	Phillips	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$1,575,000	Y
020032D	5	Hoover Hill WSD	Boulder	Boulder	Distribution / Transmission Lines	\$353,587	Y
960047D	4	Hot Sulphur Springs, Town of	Hot Sulphur Springs	Grand	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$475,000	Y
010017D	4	Hotchkiss, Town of	Hotchkiss	Delta	Improvement to Drinking Water Treatment Plant	\$500,000	Y
020023D	4	Hudson, Town of	Hudson	Weld	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$522,000	Y
010018D	5	Idaho Springs, City of	Idaho Springs	Clear Creek	Distribution / Transmission Lines	\$470,000	Y
040010D	1	Idalia School District RJ-3	Idalia	Yuma	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$48,000	Y
020018D	5	Idledale WSD	Lakewood	Jefferson	Water Storage Facilities	\$50,000	Y
960050D	5	Ignacio, Town of	Ignacio	La Plata	Distribution / Transmission Lines	\$832,600	Y
030029D	4	Indian Hills WD	Indian Hills	Jefferson	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$142,500	Y
960051D	3	Jamestown, Town of	Jamestown	Boulder	Distribution / Transmission Lines; Supply	\$85,000	Y
030031D	4	Keenesburg, Town of	Keenesburg	Weld	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$850,000	Y
030032D	2	Ken Caryl West Ranch WD	Morrison	Jefferson	Improvement to Drinking Water Treatment Plant	\$400,000	Y
960208D	5	Kersey, Town of	Kersey	Weld	Distribution / Transmission Lines	\$2,200,000	Y
030033D	5	Kim, Town of	Kim	Las Animas	Distribution / Transmission Lines	\$50,000	Y
960055D	5	Kiowa, Town of	Kiowa	Elbert	Water Storage Facilities; Distribution / Transmission Lines	\$2,220,000	Y
960056D	1	Kit Carson, Town of	Kit Carson	Cheyenne	Improvement to Drinking Water Treatment Plant	\$450,000	Y
960057D	4	Kremmling, Town of	Kremmling	Grand	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$3,650,000	Y
040011D	5	La Jara, Town of	La Jara	Conejos	Distribution / Transmission Lines	\$400,000	Y
990026D	2	La Junta, City of	La Junta	Otero	New Drinking Water Treatment Plant	\$10,000,000	N

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
000002D	2	La Junta, City of / Bent's Fort WUA	La Junta	Otero	Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$280,800	Y
030035D	2	La Junta, City of / Eureka Water Co	La Junta	Otero	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$1,649,000	Y
000039D	2	La Junta, City of / Homestead Improvement Assoc	La Junta	Otero	Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$198,000	Y
030036D	2	La Junta, City of / South Swink Water Co	Swink	Otero	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Water Storage Facilities; Distribution / Transmission Lines	\$1,110,000	Y
020024D	4	La Veta, Town of	La Veta	Huerfano	Improvement to Drinking Water Treatment Plant	\$300,000	Y
980252D	5	Lake Creek MD	Edwards	Eagle	Water Storage Facilities	\$150,000	Y
960061D	2	Larkspur, Town of	Larkspur	Douglas	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Supply	\$1,850,000	Y
010021D	1	Lincoln County / Karval Water Users Inc	Karval	Lincoln	Improvement to Drinking Water Treatment Plant	\$300,000	Y
020004D	5	Lochbuie, Town of	Lochbuie	Weld	Supply	\$50,000	Y
030040D	1	Log Lane Village, Town of	Log Lane Village	Morgan	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$3,518,389	Y
030070D	4	Longmont, City of	Longmont	Boulder	New Drinking Water Treatment Plant	\$60,000,000	N
990030D	5	Lookout Mountain WD	Golden	Jefferson	Water Storage Facilities; Distribution / Transmission Lines	\$2,013,000	Y
020025D	4	Loveland, City of	Loveland	Larimer	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$22,400,000	N
960067D	3	Lyons, Town of	Lyons	Boulder	Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$6,000,000	Y
000011D	4	Mancos, Town of	Mancos	Montezuma	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$1,400,000	Y

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
960213D	2	Manzanola, Town of	Manzanola	Otero	Improvement to Drinking Water Treatment Plant	\$601,510	Y
020005D	5	Meeker, Town of	Meeker	Rio Blanco	Distribution / Transmission Lines; New Water Meters	\$550,000	Y
960214D	4	Mesa Cortina WSD	Breckenridge	Summit	Improvement to Drinking Water Treatment Plant; Supply	\$100,000	Y
960151D	3	Mesa County / Artesian Water Service (Bruners)	Grand Junction	Mesa	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines; Supply	\$1,000,000	Y
010024D	5	Mesa WSD	Mesa	Mesa	Water Storage Facilities; Distribution / Transmission Lines	\$70,000	Y
040014D	5	Montezuma County WD #1	Cortez	Montezuma	Distribution / Transmission Lines	\$275,000	Y
960071D	5	Montezuma, Town of	Montezuma	Summit	Water Storage Facilities; Distribution / Transmission Lines; Supply	\$3,015,000	Y
030042D	4	Monument, Town of	Monument	El Paso	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$3,325,000	Y
960073D	5	Morgan County Quality WD	Fort Morgan	Morgan	Water Storage Facilities; Distribution / Transmission Lines	\$2,759,000	N
960074D	3	Morrison, Town of	Morrison	Jefferson	Water Storage Facilities; Distribution / Transmission Lines	\$700,000	Y
960075D	4	Mount Crested Butte WSD	Mt Crested Butte	Gunnison	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$4,400,000	Y
040015D	2	Mountain WSD	Conifer	Jefferson	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Water Storage Facilities	\$650,000	Y
010025D	5	Munn's Addition WSD	Brush	Morgan	Consolidation of Drinking Water Treatment Facilities; Supply	\$500,000	Y

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Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
020026D	3	Naturita, Town of / Mustang WA	Naturita	Montrose	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$2,400,000	Y
960119D	4	New Castle, Town of	New Castle	Garfield	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines; Supply	\$1,000,000	Y
960078D	5	North Shore WSD	Granby	Grand	Distribution / Transmission Lines	\$1,800,000	Y
040016D	4	Northern Douglas County WSD / Chatfield East Estates Inclusion	Littleton	Douglas	Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$3,100,000	Y
030043D	4	Northern Douglas County WSD / McArthur Ranch Inclusion	Littleton	Douglas	Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$2,100,000	Y
960080D	3	Norwood Water Commission	Norwood	San Miguel	Water Storage Facilities; Distribution / Transmission Lines	\$45,000	Y
020027D	3	Nucla, Town of / Mustang WA	Nucla	Montrose	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Distribution / Transmission Lines	\$2,400,000	Y
960082D	1	Oak Creek, Town of	Oak Creek	Routt	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$3,221,750	Y
960084D	3	Olde Stage WD	Boulder	Boulder	Water Storage Facilities	\$300,000	Y
020014D	3	Olney Springs, Town of	Olney Springs	Crowley	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$1,395,000	Y
030044D	3	Ophir, Town of	Ophir	San Miguel	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$133,000	Y
960085D	3	Orchard City, Town of	Orchard City	Delta	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$760,000	Y
030045D	5	Ordway, Town of	Ordway	Crowley	Distribution / Transmission Lines	\$25,000	Y
030050D	4	Otis, Town of	Otis	Washington	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$80,000	Y

**APPENDIX A
FY 2004
DWRP PROJECT ELIGIBILITY LIST**

Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
030051D	5	Ouray, City of	Ouray	Ouray	Water Storage Facilities; Distribution / Transmission Lines	\$1,000,000	Y
960087D	4	Pagosa Area WSD	Pagosa Springs	Archuleta	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$10,645,000	N
030052D	4	Paint Brush Hills MD	Falcon	El Paso	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$1,145,000	Y
040022D	3	Palisade, Town of	Palisade	Mesa	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$750,000	N
010028D	5	Palmer Lake, Town of	Palmer Lake	El Paso	Distribution / Transmission Lines	\$500,000	Y
000015D	5	Paonia, Town of	Paonia	Delta	Water Storage Facilities; Distribution / Transmission Lines	\$2,500,000	Y
030053D	4	Parachute, Town of	Parachute	Garfield	Improvement to Drinking Water Treatment Plant	\$677,000	Y
010033D	3	Parkville WD	Leadville	Lake	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines; Supply	\$750,000	N
030055D	3	Peetz, Town of	Peetz	Logan	Water Storage Facilities; Distribution / Transmission Lines	\$49,341	Y
960092D	4	Penrose WD	Penrose	Fremont	Improvement to Drinking Water Treatment Plant	\$35,000	Y
960219D	5	Perry Park WSD	Larkspur	Douglas	Supply	\$600,000	Y
990035D	5	Pine Drive WD	Beulah	Pueblo	Water Storage Facilities	\$138,000	Y
960093D	3	Pinewood Springs WD	Lyons	Larimer	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$1,720,000	Y
010031D	5	Pioneer Lookout WD	Monument	El Paso	Distribution / Transmission Lines	\$10,500	Y
960094D	5	Platteville, Town of	Platteville	Weld	Water Storage Facilities; Distribution / Transmission Lines	\$1,856,000	Y
990036D	4	Project 7 WA	Montrose	Montrose	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$5,000,000	N
010050D	4	Pueblo West MD	Pueblo West	Pueblo	Distribution / Transmission Lines	\$3,500,000	Y
960225D	5	Rainbow Valley WD	Woodland Park	Teller	Distribution / Transmission Lines	\$62,000	Y

**APPENDIX A
FY 2004
DWRP PROJECT ELIGIBILITY LIST**

Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
020006D	4	Rangely, Town of	Rangely	Rio Blanco	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$500,000	Y
040023D	4	Red Cliff, Town of	Redcliffe	Eagle	Improvement to Drinking Water Treatment Plant	\$100,000	Y
040024D	4	Red Rock Valley Estates WD	Colorado Springs	El Paso	Water Storage Facilities; Distribution / Transmission Lines; Supply	\$445,000	Y
960098D	1	Rico, Town of	Rico	Dolores	Improvement to Drinking Water Treatment Plant; Supply	\$200,000	Y
960099D	4	Ridgewood WD	Woodland Park	Teller	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$1,000,000	Y
040025D	4	Ridgway, Town of	Ridgway	Ouray	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$750,000	Y
020007D	5	Rifle, City of	Rifle	Garfield	Distribution / Transmission Lines	\$2,000,000	N
960227D	4	Rocky Ford, City of	Rocky Ford	Otero	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$2,050,000	Y
020028D	5	Round Mountain WSD	Westcliffe	Custer	Distribution / Transmission Lines	\$300,000	Y
960164D	4	Roxborough Park MD	Littleton	Douglas	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$4,940,000	N
960102D	5	Rye, Town of	Rye	Pueblo	Water Storage Facilities	\$100,000	Y
960142D	4	Saguache, Town of	Saguache	Saguache	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$12,000	Y
990039D	4	Salida, City of	Salida	Chaffee	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Improve Pump Capabilities And Water Pressure	\$4,150,000	N
040026D	3	San Juan River Village MD	Pagosa Springs	Archuleta	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Supply	\$600,000	Y
030059D	4	San Luis WSD	San Luis	Costilla	Improvement to Drinking Water Treatment Plant; New Water Meters	\$700,000	Y
960104D	5	Sanford, Town of	Sanford	Conejos	Distribution / Transmission Lines; Supply	\$250,000	Y
030071D	5	Santa Fe Trails Ranch MD	Trinidad	Las Animas	Distribution / Transmission Lines	\$506,000	Y

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DWRP PROJECT ELIGIBILITY LIST**

Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
030060D	5	Sawpit, Town of	Sawpit	San Miguel	Water Storage Facilities; Distribution / Transmission Lines	\$130,000	Y
960105D	5	Sedalia WSD	Sedalia	Douglas	Water Storage Facilities; Distribution / Transmission Lines	\$1,000,000	Y
040027D	3	Sedgwick, Town of	Sedgwick	Sedgwick	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$280,000	Y
000017D	5	Seibert, Town of	Seibert	Kit Carson	Supply	\$300,393	Y
030061D	5	Severance, Town of	Severance	Weld	Water Storage Facilities; Distribution / Transmission Lines	\$929,000	Y
020008D	4	Silt, Town of	Silt	Garfield	Improvement to Drinking Water Treatment Plant	\$3,200,000	Y
960107D	4	Silver Plume, Town of	Silver Plume	Clear Creek	Improvement to Drinking Water Treatment Plant; Distribution / Transmission Lines	\$500,000	Y
990041D	4	Silverton, Town of	Silverton	San Juan	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$3,000,000	Y
040028D	1	Simla, Town of	Simla	Elbert	Improvement to Drinking Water Treatment Plant	\$100,000	Y
010015D	5	Somerset Domestic Waterworks District	Somerset	Gunnison	Distribution / Transmission Lines	\$465,000	Y
030062D	5	South Adams County WSD	Commerce City	Adams	Water Storage Facilities; Distribution / Transmission Lines; Improvement to Pump Stations	\$6,730,000	N
030063D	4	South Fork WSD	South Fork	Rio Grande	Consolidation of Drinking Water Treatment Facilities; Water Storage Facilities; Distribution / Transmission Lines	\$5,470,000	Y
040029D	4	Southeast La Plata Rural WD		La Plata	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$10,000,000	Y
960145D	4	St Charles Mesa WD	Pueblo	Pueblo	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; Supply	\$2,010,000	N
960109D	3	St Mary's Glacier WSD	Idaho Springs	Clear Creek	Water Storage Facilities; Distribution / Transmission Lines	\$400,000	Y

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FY 2004
DWRP PROJECT ELIGIBILITY LIST**

Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
030064D	5	Steamboat Lakes WSD	Clark	Routt	Distribution / Transmission Lines; Supply	\$208,253	Y
960156D	1	Sterling, City of	Sterling	Logan	Distribution / Transmission Lines; Supply	\$700,000	N
980244D	5	Stratmoor Hills WD	Colorado Springs	El Paso	Distribution / Transmission Lines; Supply	\$300,000	N
010035D	4	Sugar City, Town of	Sugar City	Crowley	Improvement to Drinking Water Treatment Plant; Consolidation of Drinking Water Treatment Facilities; Water Storage Facilities; Distribution / Transmission Lines	\$1,200,000	Y
960230D	5	Summit Ridge WD	Mancos	Montezuma	Water Storage Facilities; Distribution / Transmission Lines; Supply	\$700,000	Y
030065D	5	Swink, Town of	Swink	Otero	Water Storage Facilities; Distribution / Transmission Lines	\$285,000	Y
040030D	5	Teller County WSD #1	Woodland Park	Teller	Water Storage Facilities; Distribution / Transmission Lines	\$600,000	Y
010036D	5	Telluride, Town of	Telluride	San Miguel	Distribution / Transmission Lines	\$500,000	Y
020010D	5	Thunderbird WSD	Denver	Arapahoe	Distribution / Transmission Lines; Supply	\$550,000	Y
990046D	4	Trinidad, City of	Trinidad	Las Animas	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$17,800,000	N
040031D	2	Two Buttes, Town of	Two Buttes	Baca	Improvement to Drinking Water Treatment Plant	\$100,000	Y
010037D	4	Victor, City of	Victor	Teller	Improvement to Drinking Water Treatment Plant	\$750,000	Y
960115D	4	Walden, Town of	Walden	Jackson	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$1,900,000	Y
990047D	5	Walsh, Town of	Walsh	Baca	Water Storage Facilities; Distribution / Transmission Lines; Supply	\$425,000	Y
030068D	5	West Fort Collins WD	Laporte	Larimer	Distribution / Transmission Lines	\$500,000	Y
960231D	3	Westcreek Lakes WD	Sedalia	Douglas	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$450,000	Y

**APPENDIX A
FY 2004
DWRP PROJECT ELIGIBILITY LIST**

Project Number	Elig Cat	Entity	City	County	Project Description	Project Cost	Pop Under 5,000
990048D	3	Westwood Lakes WD	Woodland Park	Teller	Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines	\$1,350,000	Y
960233D	4	Wiley, Town of	Wiley	Prowers	Improvement to Drinking Water Treatment Plant; Water Storage Facilities	\$900,000	Y
020015D	5	Williamsburg, Town of	Williamsburg	Fremont	Distribution / Transmission Lines	\$650,000	Y
990049D	4	Wilson Mesa At Telluride MD	Telluride	San Miguel	Consolidation of Drinking Water Treatment Facilities; Water Storage Facilities; Distribution / Transmission Lines	\$200,000	Y
020030D	4	Winter Park WSD	Winter Park	Grand	Improvement to Drinking Water Treatment Plant	\$315,000	Y
020038D	4	Woodmoor WSD	Monument	El Paso	Distribution / Transmission Lines	\$4,500,000	N
960238D	5	Yampa, Town of	Yampa	Routt	Water Storage Facilities	\$1,000,000	Y
030069D	5	Yuma, City of	Yuma	Yuma	Water Storage Facilities; Distribution / Transmission Lines	\$2,375,000	Y
					Total	#####	

Appendix B

**APPENDIX B
FY2004
DWRP PROJECT PRIORITY/FUNDABLE LIST**

Priority Rank	Project #	Cat	Pts	Facility	County	PWS ID#	Pop	2004 Loan Amount	Expected Loan Date	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description
1	10016	1	60	*Haswell, Town Of	Kiowa	131600	84	\$180,000	1/31/2004	20	D	4	Exceeding MCL For Nitrate / Nitrite	Install Co-Current Regeneration Ion Exchange Treatment Unit
2	980253	1	45	Deer Trail, Town Of	Arapahoe	103030	250	\$200,000	12/31/2003	20	D	4	Exceeding MCL For Bacteria	Replace Distribution System
3	960061	2	80	Larkspur, Town Of	Douglas	118030	232	\$500,000	3/1/2003	20	D	4	Exceeding MCL For Radium	Construct WTP, Upgrade Distribution Lines
4	960093	3	65	*Pinewood Springs Water Dist	Larimer	135610	638	\$330,000	3/1/2003	20	D	4	Some Turbidity & Radioactivity, Lead & Copper	Additional Water Source
5	960033	3	60	*Florence, City Of	Fremont	122500	3,789	\$13,000,000	10/31/2003	20	L	4	MPA Violations; Aged Infrastructure	Upgrade WTP And Storage
6	960084	3	45	*Olde Stage Water Dist.	Boulder	107582	235	\$250,000	1/31/2004	20	D	4	Replace Aged Infrastructure To Prevent Contamination	New Storage Tank; Repair Existing Tank
7	20026	5	60	**Mustang Water Authority (Naturita, Nucla, Towns Of)	Montrose	143559, 143533	1,373	\$1,000,000	7/1/2003	20	D	4	2 Aging Systems Not Able To Meet Future Compliance	New 910 GPM Consolidated Water Treatment Plant
8	960082	5	52	**Oak Creek, Town Of	Routt	154566	849	\$981,198	9/1/2003	20	D	4	Need To Replace Aging Infrastructure	New 1 MGD Water Treatment Plant
9	990013	5	30	*Cottonwood WSD	Douglas	118020	6,500	\$4,000,000	6/30/2004	20	L	4	Iron, Manganese And Hydrogen Sulfide Contamination	Construct New Membrane Filtration Plant
10	30051	5	27	**Ouray, City Of	Ouray	146588	813	\$1,487,000	10/31/2003	20	D	4	Potential Health Risk - Old System Unable To Meet Requirements	Upgrades/Replacements To Distribution, Storage, Treatment And Water Collection Systems
				Total				\$21,928,198						
				* Intend To Fund In 2004										
				**Direct Loans To Be Executed By 12/31/03										

Attachment 1

ATTACHMENT 1
2004 DWRF IUP

ELIGIBLE AND INELIGIBLE PROJECTS AND PROJECT-RELATED COSTS UNDER THE
DRINKING WATER STATE REVOLVING LOAN FUND (DWRF) PROGRAM

EXAMPLES OF ELIGIBLE PROJECTS AND PROJECT RELATED COSTS

Projects that address present Safe Drinking Water Act (SDWA) exceedances

Projects that prevent future SDWA exceedances (applies only to regulations in effect)

Projects to replace aging infrastructure

- rehabilitate or develop drinking water sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated sources
- install or upgrade drinking water treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary SDWA standards
- install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the water system
- install or replace transmission and distribution piping to prevent contamination caused by leaks or breaks, or to improve water pressure to safe levels

Projects to restructure and consolidate water supplies to rectify a contamination problem, or to assist systems unable to maintain SDWA compliance for financial or managerial reasons (assistance must ensure compliance)

Projects that purchase a portion of another system's capacity, if such purchase will cost-effectively rectify a SDWA compliance problem

Land acquisition

- land must be integral to the project (i.e., needed to meet or maintain compliance and further public health protection such as land needed to locate eligible treatment or distribution facilities)
- acquisition must be from a willing seller

Note: The cost of complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (the Uniform Act) is an eligible cost.

Planning (including required environmental assessment reports), design, and construction costs associated with eligible projects.

ATTACHMENT 1 (cont.)

EXAMPLES OF INELIGIBLE PROJECTS AND PROJECT RELATED COSTS

Dams, or rehabilitation of dams

Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy

Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located

Drinking water monitoring costs

Operation and maintenance costs

Projects needed mainly for fire protection

Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance

Projects for systems in significant noncompliance under the SDWA unless funding will ensure compliance

Projects primarily intended to serve future growth

Attachment 2

ATTACHMENT 2

**DRINKING WATER REVOLVING FUND
REGULATIONS**

5 CCR 1003-3

ADOPTED BY THE BOARD OF HEALTH
October 15, 1997
Revised: April 15, 1998

April 15, 1998

STATE OF COLORADO DRINKING WATER REVOLVING FUND RULES

AUTHORITY

In Senate Bill 95-083, the Colorado General Assembly created the Drinking Water Revolving Fund to provide financial assistance to certain drinking water projects in the State of Colorado. The fund is held and administered by the Colorado Water Resources and Power Development Authority (hereinafter referred to as the "Authority"), which is authorized to issue bonds to finance the program. Moneys in the fund may be used to provide financial assistance to projects included on a Project Eligibility List. The statute at C.R.S. 37-95-103 and C.R.S. 37-95-107.8 directs the Colorado Board of Health ('Board of Health') to submit additions and modifications to the Project Eligibility List annually for adoption by the General Assembly by Joint Resolution signed by the Governor. This regulation provides for the Board of Health's approval of proposed additions and modifications to the Project Eligibility List, and for prioritization of projects for financial assistance from the limited dollars currently available in the fund.

The 1996 amendments to the federal Safe Drinking Water Act (SDWA) include authorization of a state revolving fund program similar to that included in the Clean Water Act for wastewater projects. The Drinking Water Revolving Fund established by Senate Bill 95-083 meets the requirements of the SDWA concerning revolving fund financing programs and allows for federal funding of Colorado's revolving fund financing program.

Section 25-1-107 C.R.S., also provides authority for this regulation.

DEFINITIONS

Section 1.2.2 of the Colorado Primary Drinking Water Regulations (CPDWR) has additional definitions that apply to this rule.

(1) "Beneficial Use" - The use of water treatment plant sludge in conjunction with wastewater treatment plant sludge to act as a soil conditioner or low grade fertilizer for the promotion of vegetative growth on land and that meet the requirements of the state Biosolids Regulations.

(2) "Consolidation" - A proposed new construction or expansion of a drinking water supply system that will eliminate one or more existing water supply or treatment works. A letter of intent or a resolution adopted by the project participants must be provided to the Water Quality Control Division (Division) to guarantee the facilities will consolidate.

(3) "Emergencies" - Situations or occurrences of a serious nature, developing suddenly and unexpectedly that cause a treatment facilities to be in noncompliance with drinking water standards and require immediate action.

(4) "Governmental Agencies" - means departments, divisions, or other units of state government, special districts, water conservation districts, metropolitan water districts, conservancy districts, irrigation districts, municipal corporations, counties, cities and other political subdivisions, the United States or any agency thereof, and any agency, commission, or authority established pursuant to an interstate compact or agreement.

(5) "Health Hazard" - The Division has identified a maximum contaminant level (MCL) violation or a treatment technique violation. Funding for these projects shall result in compliance with existing standards.

An acute health hazard includes violations of SWTR treatment processes, bacteriological standards, and nitrite/nitrate levels. Acute contaminant health effects can occur immediately or within a short period of time.

A chronic health hazard includes violations of all MCL's (other than those listed as acute) and treatment technique requirements. Chronic contaminant health effects occur after years of exposure.

(6) "Other Future Needs" - Facility is beyond the useful/design life and is in need of equipment replacement, rehabilitation or repair in order to maintain compliance or further the public health protection goals of the SDWA.

(7) "Operational Means" - Taking temporary managerial or technical steps to protect public health during the time period when the plant is out of compliance, e.g., boil order or bottled water.

(8) "Pollution" - The man-made, man-induced, or natural alteration of the physical, chemical, biological, and radiological integrity of water.

(9) "Potential Health Hazard" - The system has periodically exceeded an MCL, has levels greater than 50% of an MCL on a regular basis, or has short term problems meeting a treatment technique requirement.

(10) "Project Eligibility List" - The list of projects eligible for financial assistance from the Authority through the Drinking Water Revolving Fund (DWRF), as adopted and from time to time modified in accordance with C.R.S. 37-95-107.8(4). The list shall consist of projects which address public health and SDWA compliance issues in the State of Colorado, and shall include only those domestic drinking water supply projects eligible for financial assistance through a state revolving fund pursuant to the terms of the SDWA.

- (11) "Source Water Protection" - Structural or nonstructural source water protection activities done in addition to area delineation and contaminant assessment.
- (12) "Treatment Facilities" - Any devices or systems used in the collection, storage, treatment, transmission, diversion, or distribution of water intended for drinking water purposes.
- (13) "Wastewater Treatment Plant Sludge" - The accumulated solids resulting from treatment of domestic wastewater.
- (14) "Water Conservation" - Any structural or nonstructural water conservation measure that achieves a reduction in water consumption for a publicly-owned treatment works. Structural measures shall include installation of interior low-flow plumbing fixtures that are distributed and/or installed by a governmental agency or that are funded in whole or in part by the governmental agency and water meters which are funded and owned by the governmental agency. Nonstructural measures shall include but are not necessarily limited to: incentives for previously installed low-flow fixtures, leak detection or infiltration/inflow programs, public awareness, public education, and incentive water service charges.
- (15) "Water Treatment Plant Sludge" - The accumulated solids resulting from treatment of water for domestic use.

PURPOSE

The purpose of the DWRP is to provide financial assistance to governmental agencies for the construction of treatment facilities for health and compliance purposes as defined above.

The project eligibility list is intended to identify those drinking water projects of governmental agencies that are eligible for financial assistance from the DWRP. The project priority system is intended to establish priorities for financial assistance from the DWRP in order to protect and improve the health, safety, and reliability of drinking water supplies in Colorado. It is the policy of the Board of Health to maintain and improve the existing high quality standards for drinking water in the State by providing accessibility to the DWRP.

It is also the policy of the Board of Health to encourage consolidation of drinking water systems and to promote water conservation where practicable. The Board of Health and the Water Quality Control Commission shall promote sludge disposal methods for beneficial use.

Any applicant for financial assistance from the DWRP must comply with policies and procedures and other requirements of the Authority.

INTENDED USE PLAN PROCEDURES

The Division, in cooperation with the Division of Local Government and the Authority will develop an annual Intended Use Plan (IUP). The IUP is required by the SDWA to provide information about how the state will assist communities with their drinking water needs. The IUP will be recommended to the Board of Health for final agency action which will also provide for public comment and review to comply with the SDWA.

The IUP shall include:

- (1) Priority/Eligibility List of projects including description and size of community.
- (2) Descriptions of:
 - criteria and method used for distribution of funds
 - financial status of the DWRP program
 - short and long term goals of the DWRP program
 - amounts transferred between the DWRP and the Water Pollution Control Revolving Fund
 - set aside activities and percentage of the capitalization grant to be used
 - how a state disadvantaged community program will be defined and utilized if applicable.

PROJECT ELIGIBILITY LIST PROCEDURES

- (1) The initial project eligibility list was authorized by the general assembly through the enactment of Senate Joint Resolution 95-19.
- (2) Each year the Division shall (after consultation with the Division of Local Government, and the Authority) review, update, and compile additions and modifications to the project eligibility list and recommend such additions and modifications to the Board of Health for final agency action.

Each governmental agency whose project is eligible for inclusion on the proposed project eligibility list will be notified and a public hearing regarding the list shall be held. After considering all pertinent comments, the Board of Health shall adopt additions and modifications to the project eligibility list for submittal to the general assembly by January 15 of each year.

- (4) Projects on the eligibility list will be financed in priority order; however, exceptions for funding out of priority order shall be due to one of the following reasons:
 - (a) Governmental agencies are not ready to proceed with the project.
 - (b) Governmental agencies do not wish to participate in the DWRP or they have received funding from other sources.

(c) Governmental agencies (on the list) that have an emergency situation occur during the funding year.

(d) Governmental agencies not approved for funding because of technical, financial or managerial deficiencies. (The Division will attempt to work with the governmental entity to resolve the issue through the capacity development program.)

Determinations for such out of priority financing shall be made by the Authority with recommendations from the Division and Division of Local Government.

PRIORITY SYSTEM

All governmental agencies' treatment facilities with identified water quality problems related to health and compliance issues may be included in one of the categories listed below.

All treatment facility projects of governmental agencies that fall into one of the categories listed below and have a planning document that describes a project to correct the water quality problem, shall be prioritized as ready for funding on the project eligibility list.

Funding for the projects under each category shall result in the treatment facility's complying with existing standards.

Eligible Project Criteria

Categories were developed to emphasize the most immediate public health and compliance issues. Projects on the eligibility list will be classified by category 1, 2, 3, 4, or 5 below, with "1" being the highest priority. Once a planning document is received, projects within each category will be further prioritized by the assignment of points from the priority point listings under each category. No consideration will be given to governmental agencies that appear to have violations caused by poor operation and maintenance procedures or are under an administrative order for violating reporting requirements.

CATEGORIES BY PRIORITY RANKING

(1) Acute Health Hazard. The Division has identified continuous violation of an acute maximum contaminant level (MCL) or a surface water treatment rule (SWTR) treatment technique requirement.

(2) Chronic (long term) Health Hazard. The Division has identified a continuous violation of an MCL or a treatment technique requirement for a chronic contaminant.

(3) Potential Acute Health Hazard. The system has periodically exceeded an acute MCL, has levels greater than 50% of an acute MCL on a regular basis, or has short term problems meeting an SWTR treatment technique requirement that can be controlled temporarily by operational means.

(4) Potential Chronic Health Hazard. The system has periodically exceeded a chronic MCL, has levels greater than 50% of a chronic MCL on a regular basis, or has short term problems meeting other treatment technique requirements.

(5) Other Future Needs. Facility is beyond the useful/design life and is in need of equipment replacement, rehabilitation or repair, in order to maintain compliance or further the public health protection goals of the SDWA.

PRIORITY POINT ASSIGNMENTS WITHIN EACH CATEGORY

Once a planning document is received, projects within each category will be prioritized by the assignment of points from the following:

(1) Population. Points shall be assigned to water systems based on the following schedule of population served by the project with emphasis given to small communities:

25 to 1,000	20 points
1,001 to 3,300	15 points
3,301 to 10,000	10 points
Over 10,000	5 points

(2) Financial Need. Points shall be assigned to water systems in accordance with the following "financial need criteria" established by the state.

(a) ability to pay (annual water service fee as a percentage of median household income):

Over 3.0%	20 points
Over 2%; up to 3.0%	15 points
Over 1%; up to 2%	10 points

(b) local burden (total project cost per equivalent residential tap):

Over \$5,000	20 points
Over \$3,500	15 points
Over \$2,000	10 points

(3) Consolidation. Fifteen points shall be assigned to an entity if the project includes consolidating two or more public water systems.

- (4) Water Conservation. Five points shall be assigned to a project if the governmental agency implements a water conservation measure.
- (5) Source Water Protection. Two points shall be assigned to a project if the governmental agency implements source water protection measures.
- (6) Beneficial Use of Sludge. Two points shall be assigned to a project if the governmental agency intends to utilize water treatment plant sludge for a beneficial use as defined herein.
- (7) Health Risk. To further clarify the ranking of treatment facility projects, the Division shall assign up to twenty points for a project's health risks. Determination of the health risk will be made based upon the type and level of contaminant present within categories.

Emergency Procedures

- (1) If a system has an emergency situation causing immediate public health concerns and it is identified on the Eligibility List, it may receive a DWRF loan out of priority order if funds are available.
- (2) If an emergency arises and the system is not identified on the Eligibility List, funding shall be sought from other available sources. The project, which may include refinancing and/or additional construction costs, may be added to the Eligibility List for funding in the following year.

DRINKING WATER REVOLVING FUND RULES REGULATORY ANALYSIS

Prepared July 3, 1997

(I) This amended rule establishes new procedures for the Board of Health to adopt additions and modifications to the Project Eligibility List. It also establishes a system for prioritizing the projects that are on the Project Eligibility List. This procedure will allow the limited financial resources of the Drinking Water Revolving Fund (DWRF) to be used for projects that provide the greatest drinking water quality benefit. There is no cost associated with the rule, and since it is designed to target drinking water projects with the greatest water quality benefit, the benefits will apply to all residents of Colorado.

This rule also establishes procedures for developing an annual Intended Use Plan and provides information on what the DWRF program will do in case of an emergency funding situation caused by a public health risk.

(II) The impact of the Project Eligibility List and Priority System will be to target distribution of financial assistance to water projects based on public health benefits including financial need criteria and interest in receiving financial assistance. There is no affected class of persons associated with this rule.

(III) This rule is expected to generate resources at either the programmatic or state level; however, the federal grants provided for the DWRF as well as a small loan surcharge will cover the costs associated with program administration.

(IV) The alternative to having the Board of Health hold hearings to approve the annual Intended Use Plan which includes proposed additions and modifications to the prioritized Project Eligibility List would be for the General Assembly to perform the same function. Considerations of cost, timeliness, and intrusion into the legislative process make the Board of Health the preferred entity to perform this function. In addition, the General Assembly has clearly assigned responsibility for this function to the Board of Health by means of legislation passed in Senate Bill 95-083.

(V) The rules were amended by committee and with Guidelines from the Environmental Protection Agency. Alternatives were discussed and the committee reached consensus to the proposed amendments to this rule.

DRINKING WATER REVOLVING FUND RULES STATEMENT OF BASIS AND PURPOSE

October 15, 1997

The amendments to the Drinking Water Revolving Fund (DWRF) Rules establish procedures by the Board of Health for adopting an annual Intended Use Plan (IUP) which includes proposed additions and modifications to the Project Eligibility List for drinking water projects qualified to receive financial assistance from the DWRF.

All governmental agencies with identified water quality problems shall be included in one of the categories on the project eligibility list. The categories are ranked by order of importance to public health and drinking water compliance. The highest priority is "Acute Health Hazard," followed by "Chronic Health Hazard," "Potential Acute Health Hazard," "Potential Chronic Health Hazard," and finally, "Other Future Needs." Once a plan has been received from the governmental agency describing the project specifics, points will be assigned to projects within those categories for population, financial need, consolidation, water conservation, source water protection, beneficial use of water treatment plant sludge and a final clarification of the greater health risks.

The Intended Use Plan is proposed to the Board of Health once each year. A public hearing will be held by the Board to receive input on the proposed changes to the IUP and Project Eligibility List; any appropriate changes will then be made and the approved additions/modifications to the Project Eligibility List will be submitted to the General Assembly for adoption by means of a Joint Resolution signed by the Governor.

DRINKING WATER REVOLVING FUND RULES STATEMENT OF BASIS AND PURPOSE

April 15, 1998

The amendments to the Drinking Water Revolving Fund (DWRf) Rules establish procedures by the Board of Health for adopting an annual Intended Use Plan (IUP) which includes proposed additions and modifications to the Project Priority/Eligibility List for drinking water projects qualified to receive financial assistance from the DWRf.

The categories are ranked by order of importance to public health and drinking water compliance. The highest priority is "Acute Health Hazard," followed by "Chronic Health Hazard," "Potential Acute Health Hazard," "Potential Chronic Health Hazard," and finally, "Other Future Needs." Once a plan has been received from the governmental agency describing the project specifics, points will be assigned to projects within those categories.

This amendment to the DWRf Rules will change the "Final Clarification" point assignment to a "Health Risk" point assignment. The points shall be assigned to every project that has a plan and is identified on the priority list for funding.

Attachment 3

**ATTACHMENT 3
CAPITALIZATION GRANT FUNDS FOR LOANS AND NON-PROJECT ACTIVITIES
INCLUDING MATCH DOLLARS**

YEAR	CAP GRANT		
	AMOUNT	SET- ASIDE	DWRP
1997	\$16,784,100	\$2,685,456	\$14,098,644
1998	\$9,581,800	\$2,012,178	\$7,569,622
1999	\$8,034,080	\$0	\$8,034,080
99 amend	\$2,008,520	\$1,606,816	\$401,704
99 transfer	\$6,666,667	\$0	\$6,666,667
2000	\$10,437,200	\$2,307,022	\$8,130,178
2001	\$10,480,300	\$1,865,226	\$8,615,074
2002	\$13,323,000	\$1,922,080	\$11,400,920
2003	\$13,243,000	\$3,665,329	\$9,577,671
2003	\$6,666,667	\$0	\$6,666,667
2004 est	\$13,243,000	\$3,665,329	\$9,577,671
TOTAL	\$110,468,334	\$19,729,436	\$90,738,898

YEAR	SET-ASIDES						LOCAL ASSISTANCE SET-ASIDES (15%)*					
	ADMIN (4%)		PWSS MGMT (10%)		SSTTA (2%)		CAPACITY DEVELOP		WELLHEA D		SWAP (97 only)	
	AMOUNT	MATCH	AMOUNT	MATCH	AMOUNT	MATCH	AMOUNT	MATCH	AMOUNT	MATCH	AMOUNT	MATCH
1997	\$671,364	\$134,273	\$0	\$0	\$335,682	\$67,136	\$0	\$0	NA		\$1,678,410	\$335,682
1998	\$383,272	\$76,654	\$0	\$0	\$191,636	\$38,327	\$650,000	\$130,000	\$787,270	\$157,454	NA	NA
1999	\$401,704	\$80,341	\$0	\$0	\$200,852	\$40,170	\$650,000	\$130,000	\$354,260	\$70,852	NA	NA
2000	\$417,488	\$83,498	\$505,620	\$101,124	\$208,744	\$41,749	\$650,000	\$130,000	\$525,170	\$105,034	NA	NA
2001	\$0**	\$83,842	\$505,620	\$101,124	\$209,606	\$42,000	\$650,000	\$130,000	\$500,000	\$100,000	NA	NA
2002	\$0***	\$106,584	\$505,620	\$101,124	\$266,460	\$53,292	\$650,000	\$130,000	\$500,000	\$100,000	NA	NA
2003	\$1,481,852	\$105,944	\$768,617	\$153,723	\$264,860	\$52,972	\$650,000	\$130,000	\$500,000	\$100,000	NA	NA
2004 est	\$529,720	\$105,944	\$768,617	\$153,723	\$264,860	\$52,972	\$650,000	\$130,000	\$500,000	\$100,000	NA	NA
TOTAL	\$3,885,400	\$777,080	\$3,054,094	\$610,818	\$1,942,700	\$388,618	\$4,550,000	\$910,000	\$3,666,700	\$733,340	\$1,678,410	\$335,682

* Local Assistance = 15% total, with not more than 10% to any one area.

** Admin \$419,212 set-aside for FFY01 moved to project fund; reserved for future year.

*** Admin \$532,920 set-aside for FFY02 moved to project fund; reserved for future year.

Attachment 3a

ATTACHMENT 3a

DWSRF SET-ASIDE AND FEE ACTIVITY - 2004 IUP

<u>Set-Aside</u>	<u>Set Aside Through 08/31/03</u>	<u>Transferred To DWSRF Loan Fund</u>	<u>Expended Through 08/31/03</u>	<u>Balance available</u>	<u>Estimated FFY04 Set- Aside</u>	<u>Total Funds Available SFY04</u>	<u>Reserved Through 2003</u>	<u>Reserved From FFY03 Allotment</u>	<u>Total Set-Aside Reserved</u>
Administration	\$3,355,680	\$0	(\$1,640,523)	\$1,715,157	\$529,720	\$2,244,877	\$0	\$0	\$0
State Program:									
PWS Supervision	2,285,477		(1,219,486)	1,065,991	768,617	1,834,608	0	0	0
Source Water Protection									
Capacity Development									
Operator Certification									
Small System Tech. Asst.	1,677,840	(281,532)	(455,623)	940,685	264,860	1,205,545	0	0	0
Local Assistance:									
Loan Assistance for SWP									
Capacity Development	4,739,205	(839,205)	(1,225,767)	2,674,233	650,000	3,324,233	0	0	0
Source Water Assessment	1,678,410		(1,588,497)	89,913	0	89,913	0	0	0
Wellhead Protection	3,166,700		(1,723,894)	1,442,806	500,000	1,942,806	0	0	0
TOTALS	<u>\$16,903,312</u>	<u>(\$1,120,737)</u>	<u>(\$7,853,790)</u>	<u>\$7,928,785</u>	<u>\$2,713,197</u>	<u>\$10,641,982</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>Administrative Fees Collected & Expended</u>	<u>Collected through 08/31/03</u>	<u>Grant Funds Used as of 08/31/03</u>	<u>Investment Income plus Other Transfers In</u>	<u>Expended Through 08/31/03</u>	<u>Balance Available as of 08/31/03</u>	<u>Anticipated Collection for 09/01/03 - 08/31/04 *</u>	<u>Anticipated Collection in 09/01/04 - 08/31/05 *</u>	<u>Anticipated Fee Funds Available</u>
Admin Fee Account Activity	\$4,743,330	\$1,640,523	354,871	(\$4,831,769)	1,906,954	\$1,509,668	\$1,537,871	\$4,954,492

Attachment 3b

**Attachment 3b
Drinking Water Revolving Fund
2004 Intended Use Plan (IUP)
Funds Available to the DWRP Program**

<u>SOURCES</u>	Inception through August 31, 2003	Projected - For the Time Period (09/01/03 - 08/31/04)	Total
Federal Capitalization Grants	\$83,892,000	\$13,243,000	\$97,135,000
less: Set-asides	(15,782,575)	(2,713,197)	(18,495,772)
State Match:			
Appropriation/Agency Cash - Committed	15,739,021	2,648,600	18,387,621
Agency Cash for CWSRF transfer	0	0	0
State Match Bonds	0	0	0
Leveraging Bonds Proceeds	159,420,000	25,000,000	184,420,000
Leveraged Loans Repayments:			0
Principal (1)	19,625,000	6,295,000	25,920,000
Interest	11,602,548	4,028,791	15,631,339
Principal (2) (State Match)	1,740,138	561,654	2,301,792
Direct Loans Repayments:			0
Principal	636,474	458,964	1,095,438
Interest	372,789	219,780	592,570
Federal Funds Deallocation (from DSRF)	4,663,482	2,009,131	6,672,613
Fees Deposited to the DWRP	0	0	0
Interest Income on Investments	15,919,818	3,500,000	19,419,818
Transfer from 1998 Clean Water SRF Grants	6,666,667	(6,666,667)	0
TOTAL SOURCES	321,071,115	48,585,056	353,080,419

<u>USES</u>			
Loans Executed:			
Direct	9,653,916	4,000,000	13,653,916
Leveraged	173,858,870	25,000,000	198,858,870
Grant Funds Committed to Loans	65,064,005	10,000,000	75,064,005
Leveraging Bond Debt Service			
Principal	14,280,000	5,345,000	19,625,000
Interest	23,398,261	6,576,975	29,975,236
Loan Principal rcvd but due to debt service	5,345,000	5,852,500	11,197,500
Loan Interest rcvd but due to debt service	1,921,072	2,043,779	3,964,851
TOTAL USES	\$293,521,125	\$58,818,253	\$352,339,378

FUNDS AVAILABLE AFTER PROJECTED 2004 LOANS	\$741,041
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Attachment 4

Attachment 4
Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND (DWRP)
CAPITALIZED GRANT SUMMARY as of June 30, 2003

EPA CAPITALIZATION GRANTS AWARDED:

YEAR	TOTAL	DRINKING WATER SRF LOAN FUNDS	ADMINISTRATIVE SET-ASIDES	TECHNICAL SET-ASIDES	LOCAL SET-ASIDES	STATE PROGRAM (PWSS) SET-ASIDES
1997	\$16,784,100	\$14,380,176	\$671,364	\$54,150	\$1,678,410	\$0
1998	\$9,581,800	\$7,569,622	\$383,272	\$191,636	\$1,437,270	\$0
1999	\$16,709,267	\$15,102,451	\$401,704	\$200,852	\$1,004,260	\$0
2000	\$10,437,200	\$8,130,178	\$417,488	\$208,744	\$1,175,170	\$505,620
2001	\$10,480,300	\$8,615,074	\$0	\$209,606	\$1,150,000	\$505,620
2002	\$13,323,000	\$11,400,920	\$0	\$266,460	\$1,150,000	\$505,620
2003	\$13,243,000	\$9,577,671	\$1,481,852	\$264,860	\$1,150,000	\$768,617
TOTALS	\$90,558,667	\$74,776,092	\$3,355,680	\$1,396,308	\$8,745,110	\$2,285,477

Amendment to Grant Detail (change in fund amount only):

1997 GRANT: Originally, 5% of the 1997 Grant (\$839,205) was set-aside for Capacity Development. All of the Capacity Development set-aside funds were transferred to the 1997 Grant SRF Loan Account (April 1999). Originally, 2% of the 1997 Grant (\$335,682) was set-aside for Small System Technical Assistance. \$281,532 of the Small System Technical Assistance set-aside funds were transferred to the 1997 Grant SRF Loan Account (May 2001).

1999 GRANT: Includes a \$6,666,667.00 transfer of funds from the WPCRF SRF Program's 1998 Grant (December 1999).

April 30, 2005

**COLORADO DWRF BIENNIAL
REPORT**

**ATTACHMENT 3
AUDIT REPORT FOR 2003**



**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Basic Financial Statements, Supplemental Information, and
Reports Required by OMB Circular A-133

December 31, 2003 and 2002

(With Independent Auditors' Reports Thereon)



Printed on recycled paper



**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

December 31, 2003 and 2002

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**COLORADO WATER RESOURCES
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December 31, 2003 and 2002

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KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202

Independent Auditors' Report

The Board of Directors
Colorado Water Resources and Power Development Authority:

We have audited the accompanying financial statements of each major fund of the Colorado Water Resources and Power Development Authority (the Authority), a component unit of the State of Colorado, as of and for the years ended December 31, 2003 and 2002, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Colorado Water Resources and Power Development Authority as of December 31, 2003 and 2002, and the respective changes in financial position and the cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2004 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis on pages 3 through 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedules listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules listed in the table of contents as supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. In addition, the accompanying schedule of expenditures of federal awards, listed in the table of contents under Reports Required by OMB Circular A-133, is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Denver, Colorado
March 26, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis
Years Ended December 31, 2003 and 2002

As management of the Colorado Water Resources and Power Development Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2003 and 2002.

Financial Highlights

- * Total net assets of the Authority's three enterprise funds increased \$26.6 million (7.9%) bringing the total to \$363.1 million at December 31, 2003. Capitalization grant revenue received from the United States Environmental Protection Agency (EPA) totaling \$19.1 million was the largest source of funds contributing to this increase.
- * Operating income totaled \$7.5 million during 2003, a decrease of \$3.6 million (32.4%) from 2002. Operating revenue decreased to \$45.3 million, while expenses rose to \$37.8 million for the fiscal year. A \$28 million decrease in Restricted Assets, coupled with a continued decline in investment interest rates, resulted in an investment income decrease of \$3.2 million (16.4%).
- * Bonds payable, net of unamortized refunding costs, at December 31, 2003, totaled \$656.6 million. During 2003, revenue bonds totaling \$74.7 million were issued, resulting in an increase of \$45.2 million (7.4%) in bonds payable, net of unamortized refunding costs. Revenue bonds were issued in following enterprise funds, during 2003:
 - Small Water Resources Projects (SWRP) program (\$9.6 million), plus Water Revenue Bonds Program (WRBP) (\$17.8 million), totaling \$27.4 million in the Water Operations Enterprise Fund,
 - Water Pollution Control Revolving Fund (WPCRF), within the Water Pollution Control Enterprise Fund, - \$14.8 million,
 - Drinking Water Revolving Fund (DWRF), within the Drinking Water Enterprise Fund, - \$32.5 million.
- * Total loans receivable were \$720.1 million at December 31, 2003. During 2003, loans totaling \$88.1 million were executed, resulting in a net increase in loans receivable of \$49.2 million (7.3%). New loans were executed in the following enterprise funds:
 - Water Operations \$ 31.1 million
 - WPCRF 17.7 million
 - DWRF 39.3 million

Overview of the Basic Financial Statements

Management's discussion and analysis is intended to serve as an introduction of the Authority's basic financial statements. Prior years' activity is provided in a comparative presentation in this discussion. The basic financial statements consist of the fund financial statements and the notes to the basic financial statements.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are enterprise funds. These enterprise funds include three separately maintained funds: 1) The Water Operations Fund, 2) The Water Pollution Control Fund, and 3) The Drinking Water Fund. The basic financial statements for each fund are included in this report. Each fund is considered a major fund.

COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis
Years Ended December 31, 2003 and 2002

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of Enterprise Funds

Summary of Net Assets

Overview

The Authority's basic financial statements are comprised of three enterprise funds. To better assist the user of these statements, a separate schedule and analysis for each of the funds is presented below. These schedules summarize the financial position of each enterprise fund as of December 31, 2003 and 2002 in a comparative format. Furthermore, schedules of total enterprise fund data and analyses is provided in comparative year format for 2003 - 2002 and 2002 - 2001.

Unrestricted current and other assets primarily consist of cash and cash equivalents, investment and loan interest receivable, loan principal payments due in the subsequent year, investments, and other assets and receivables. Restricted assets are comprised of current and non-current: cash and cash equivalents, investments, and investment income receivable. Restricted assets include amounts relating to borrowers' project accounts, debt service reserve funds, debt service funds and other accounts legally restricted by the revenue bond resolutions.

Current and other liabilities contain amounts such as bond interest payable, bond principal payments due in the subsequent year, project costs payable (remaining borrower direct loan proceeds available), and various other miscellaneous liabilities. The Project costs payable – leveraged loans line item contains the total (current and non-current) remaining borrower loan proceeds available for loans financed with bond proceeds. Long-term debt is the total of bonds payable more than one year subsequent to the fiscal year end. Net assets are classified into invested in capital assets, restricted, and unrestricted categories.

Each of the enterprise funds contains one or more leveraged loan programs that are funded, all or in part, with bond proceeds. Bonds are issued only to provide capital for pre-approved loans. Each additional loan-bond financing package directly increases four major line items on the respective fund's summary statement of net assets: bonds payable, restricted assets, loans receivable, and project costs payable – leveraged loans.

As project construction costs are incurred, borrowers submit requisitions for reimbursement. Construction of these infrastructure projects often lasts up to three years. When approved requisitions are paid, reductions to Restricted Assets and Project Costs Payable-Leveraged Loans are recorded. Therefore, the net changes to these two accounts from year-to-year are dependent upon the increases resulting from new loans and decreases from project requisitions paid.

An explanation and graphical representation of the comparative balances for these four major line items is shown in total and separately for each enterprise fund.

COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis
Years Ended December 31, 2003 and 2002

Total Enterprise Funds

Schedules 1A and 1B show the summary net assets for the three enterprise funds of the Authority in total and on a comparative year basis. Total assets of these funds grew by \$29.2 million in 2003, as compared to an increase of \$147.6 million in 2002. Financing new projects each year contributed to the increases in assets. In 2003 new loans totaled \$88.1 million, while \$124.0 million in loans were made in 2002. However, project draws paid to borrowers totaling \$125.5 million and \$97.9 million in 2003 and 2002 respectively, limited the net increase in total assets.

Total Enterprise Funds (2003 - 2002)		Schedule 1A		
Summary of Net Assets as of December 31				
	<u>2003</u>	<u>2002</u>	<u>Change</u>	<u>Pct Chg</u>
Unrestricted current and other assets	\$ 145,373,310	132,181,092	13,192,218	10.0%
Restricted assets	348,926,160	376,905,821	(27,979,661)	(7.4%)
Capital assets, net	56,462	33,180	23,282	70.2%
Long-term loans receivable	679,526,210	635,525,819	44,000,391	6.9%
Total assets	<u>\$ 1,173,882,142</u>	<u>1,144,645,912</u>	<u>29,236,230</u>	<u>2.6%</u>
Current and other liabilities	\$ 65,439,838	66,415,475	(975,637)	(1.5%)
Project costs payable-leveraged loans	122,187,070	160,237,926	(38,050,856)	(23.7%)
Long-term debt outstanding, net	623,168,895	581,514,331	41,654,564	7.2%
Total liabilities	<u>810,795,803</u>	<u>808,167,732</u>	<u>2,628,071</u>	<u>0.3%</u>
Fund net assets:				
Invested in capital assets	56,462	33,180	23,282	70.2%
Restricted	289,208,103	256,479,816	32,728,287	12.8%
Unrestricted	73,821,774	79,965,184	(6,143,410)	(7.7%)
Total fund net assets	<u>363,086,339</u>	<u>336,478,180</u>	<u>26,608,159</u>	<u>7.9%</u>
Total liabilities and fund net assets	<u>\$ 1,173,882,142</u>	<u>1,144,645,912</u>	<u>29,236,230</u>	<u>2.6%</u>

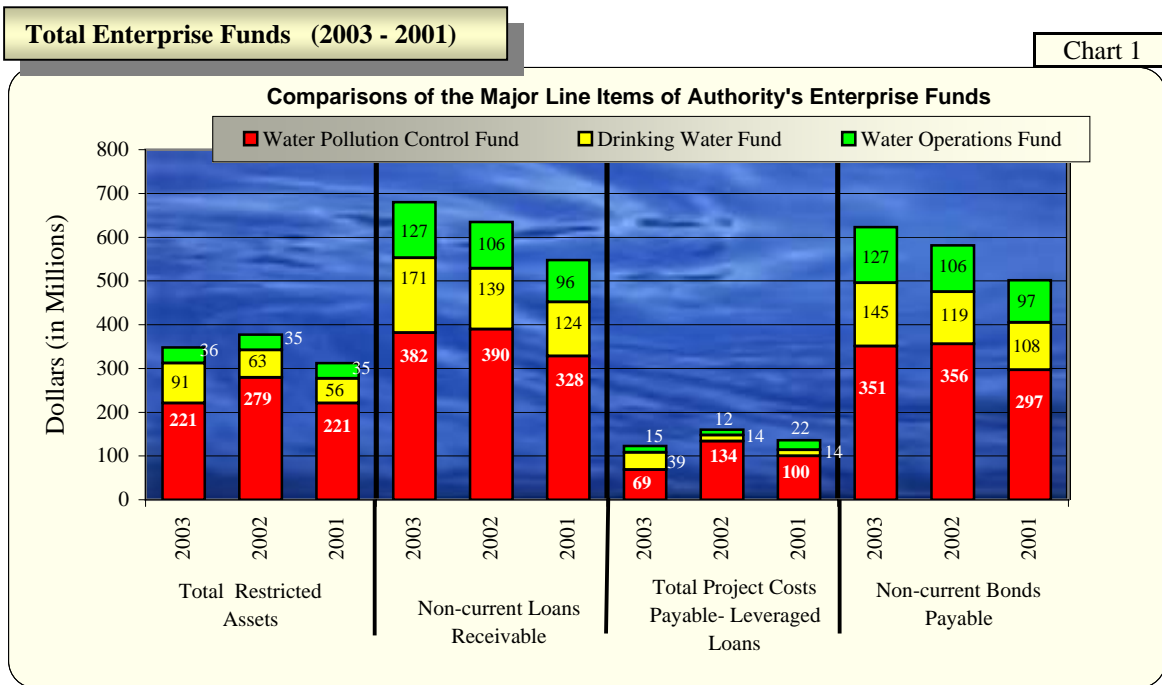
Total Enterprise Funds (2002 - 2001)		Schedule 1B		
Summary of Net Assets as of December 31				
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>Pct Chg</u>
Current and other assets	\$ 132,181,092	136,521,526	(4,340,434)	(3.2%)
Restricted assets	376,905,821	312,034,106	64,871,715	20.8%
Capital assets, net	33,180	34,849	(1,669)	(4.8%)
Long-term loans receivable	635,525,819	548,499,309	87,026,510	15.9%
Total assets	<u>\$ 1,144,645,912</u>	<u>997,089,790</u>	<u>147,556,122</u>	<u>14.8%</u>
Current and other liabilities	\$ 66,415,475	59,488,162	6,927,313	11.6%
Project costs payable-Leveraged Loans	160,237,926	135,560,848	24,677,078	18.2%
Long-term debt outstanding, net	581,514,331	501,209,995	80,304,336	16.0%
Total liabilities	<u>808,167,732</u>	<u>696,259,005</u>	<u>111,908,727</u>	<u>16.1%</u>
Fund net assets:				
Invested in capital assets	33,180	34,849	(1,669)	(4.8%)
Restricted	256,479,816	222,598,963	33,880,853	15.2%
Unrestricted	79,965,184	78,196,973	1,768,211	2.3%
Total fund net assets	<u>336,478,180</u>	<u>300,830,785</u>	<u>35,647,395</u>	<u>11.8%</u>
Total liabilities and fund net assets	<u>\$ 1,144,645,912</u>	<u>997,089,790</u>	<u>147,556,122</u>	<u>14.8%</u>

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Total liabilities increased by \$2.6 million in 2003, but increased by \$111.9 million in 2002. Bonds totaling \$74.7 million were issued in 2003, while \$109.6 million were issued in 2002. This new debt added to the net increases in total liabilities for those years. In 2003, the project draws of \$125.5 million resulted in a net reduction to Project costs payable-leveraged loans of \$38.1 million that limited the increase in total liabilities. Total fund net assets increased by \$26.6 million in 2003, down from a \$35.6 million increase in 2002. The 2003 increase in fund net assets was limited by a reduction in investment interest of \$3.3 million. Furthermore, in 2002, the one-time \$7.3 million contribution from Animas-La Plata increased fund net assets.

Chart 1 is a stacked bar graphical representation of the four major accounts affected by new projects financed, as discussed in the general narrative section on page 4 of this discussion. The totals of these four accounts are shown for the years 2003, 2002 and 2001. Each bar is subdivided by colors that represent the amounts that each of the three enterprise funds contributes to the total for that year. The chart shows that during 2003 the DWRP had the largest addition to loans, while the WPCRPF was the most active fund in 2002.



The discussion below describes the changes to each of the three-enterprise fund's summary schedule of net assets for the current year and associated charts provide visual information of the effects of new financing activities in 2003.

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Water Operations Fund

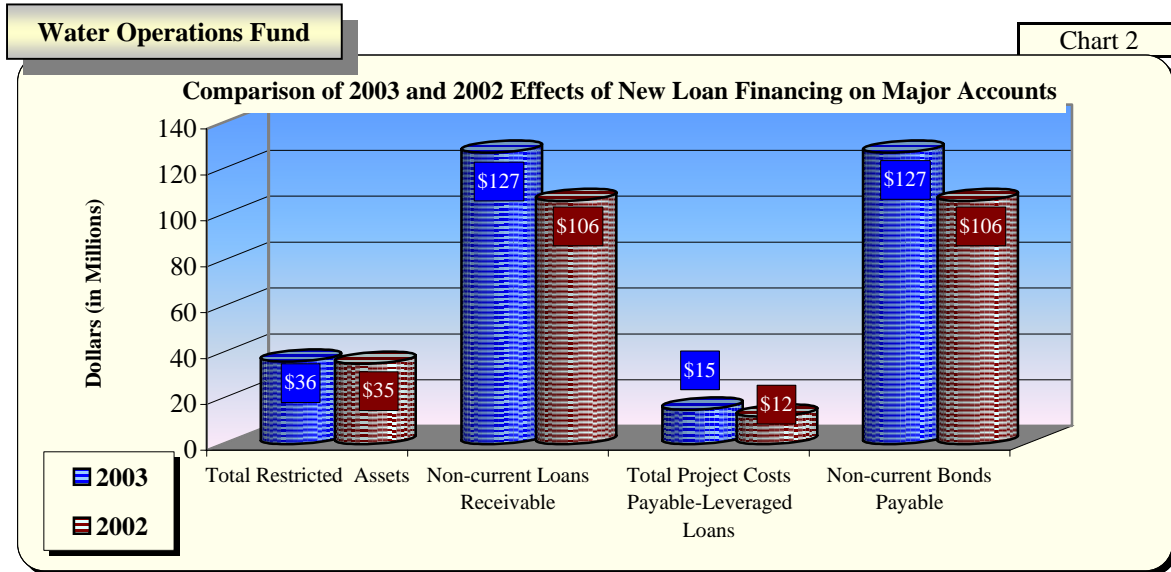
The Water Operations Fund is discussed in detail in note 1 of the basic financial statements. This fund is the combination of the business operations of the Authority (general and administrative), the SWRP and the WRBP. The SWRP and the WRBP are both leveraged loan programs, whereby revenue bonds are issued and the bond proceeds are used to fund related, approved loans. To reduce the cost of financing for these borrowers, the Authority began absorbing the total cost of issuing these bonds in 2003. Loans made from these programs are not subsidized by federal capitalization grants.

The leveraged loan programs are generally more cost effective when a pool of approved borrowers is formed prior to issuing the bonds. However, borrowers frequently have projects that require funding before bonds are ready to be issued. To assist these communities the Authority may approve interim (or bridge) loans, until permanent financing is available. During 2003, interim loan requisitions totaling \$3.7 million were paid, interim loans repaid by permanent financing totaled \$3.6 million, leaving a balance of \$3.4 million at year-end. The comparative balances of the four-major accounts affected by leveraged loans are shown in Chart 2. The increases in loans receivable and bonds payable are the result of issuing \$9.6 million of SWRP bonds and \$17.8 million of WRBP bonds, investing the bond proceeds and executing corresponding loans to the communities. Construction draws totaling \$20.4 million limited the increase in Restricted assets to \$1.6 million, and Project costs payable-leveraged loans to \$3.3 million.

Water Operations Fund		Schedule 2			
Summary of Net Assets as of December 31					
	2003	2002	Change	Pct Chg	
Unrestricted current and other assets	\$ 71,476,057	68,431,619	3,044,438	4.4%	
Restricted assets	36,452,268	34,886,556	1,565,712	4.5%	
Capital assets, net	25,924	2,872	23,052	802.6%	
Long-term loans receivable	127,000,000	106,055,833	20,944,167	19.7%	
Total assets	<u>\$ 234,954,249</u>	<u>209,376,880</u>	<u>25,577,369</u>	<u>12.2%</u>	
Current and other liabilities	\$ 9,957,242	10,582,141	(624,899)	(5.9%)	
Project costs payable-leveraged loans	15,005,994	11,704,856	3,301,138	28.2%	
Long-term debt outstanding, net	127,388,333	106,363,333	21,025,000	19.8%	
Total liabilities	<u>152,351,569</u>	<u>128,650,330</u>	<u>23,701,239</u>	<u>18.4%</u>	
Fund net assets:					
Invested in capital assets	25,924	2,872	23,052	802.6%	
Restricted	21,383,146	16,565,244	4,817,902	29.1%	
Unrestricted	61,193,610	64,158,434	(2,964,824)	(4.6%)	
Total fund net assets	<u>82,602,680</u>	<u>80,726,550</u>	<u>1,876,130</u>	<u>2.3%</u>	
Total liabilities and fund net assets	<u>\$ 234,954,249</u>	<u>209,376,880</u>	<u>25,577,369</u>	<u>12.2%</u>	

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Also included in Restricted Assets of the Water Operations fund is the \$5.7 million unexpended balance of the Animas-La Plata Escrow Account. During 2003, \$1.2 million was paid to the Bureau of Reclamation (Bureau) bringing the total payments to \$2.2 million. Payments made to the Bureau represent progress payments for the purchase of average annual depletion of 2,600 acre-feet of water from the project. These progress payments are recorded as Water depletion rights and are included in Current and other assets.

Water Pollution Control Fund

The financial model for the WPCRF program allows for a reduction in debt service reserve fund balances annually in September, after bond principal and interest payments have been made. This process is referred to as “deallocation” and consists of the liquidation of debt service reserve fund investments and depositing the cash proceeds in the reloan account (cash equivalent investment). In 2003, \$8.9 million was deposited into the reloan account contributing to the \$11 million increase (30.2%) in the fund’s Current and other assets. Reloan funds were not used to fund leveraged loans in 2003.

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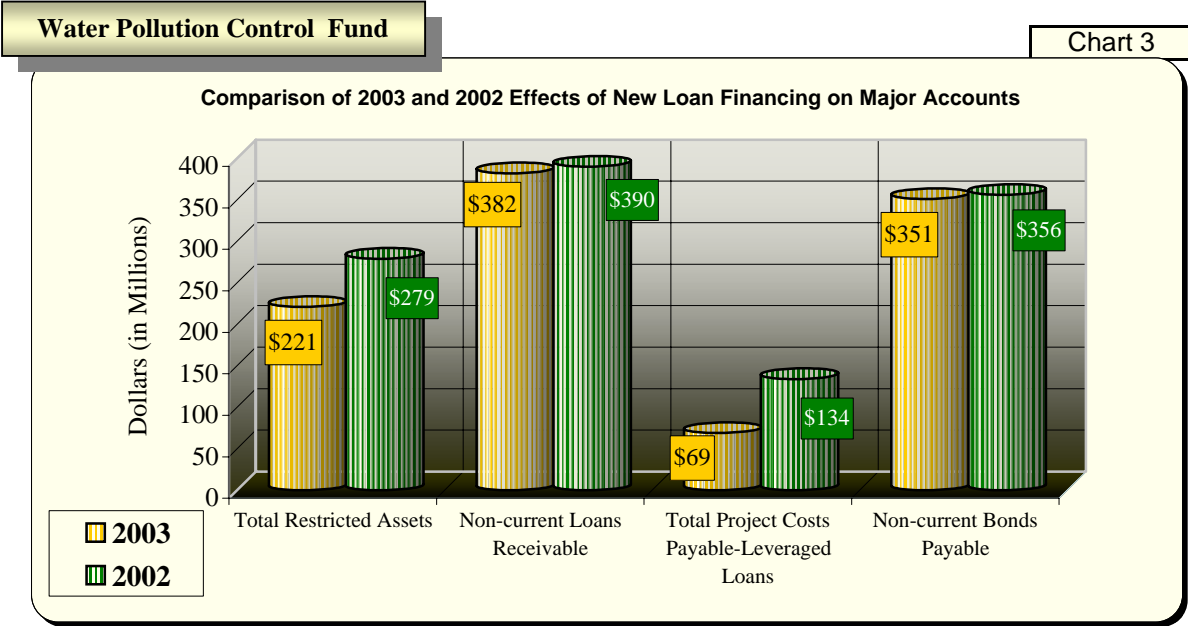
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Water Pollution Control Fund	Schedule 3			
Summary of Net Assets as of December 31				
	<u>2003</u>	<u>2002</u>	<u>Change</u>	<u>Pct Chg</u>
Unrestricted current and other assets	\$ 47,542,367	36,510,252	11,032,115	30.2%
Restricted assets	221,241,614	278,554,004	(57,312,390)	(20.6%)
Capital assets, net	15,269	15,154	115	0.8%
Long-term loans receivable	381,980,089	389,998,669	(8,018,580)	(2.1%)
Total assets	<u>\$ 650,779,339</u>	<u>705,078,079</u>	<u>(54,298,740)</u>	<u>(7.7%)</u>
Current and other liabilities	\$ 41,416,630	43,102,694	(1,686,064)	(3.9%)
Project costs payable-leveraged loans	68,501,609	134,234,465	(65,732,856)	(49.0%)
Long-term debt outstanding, net	350,590,562	356,190,998	(5,600,436)	(1.6%)
Total liabilities	<u>460,508,801</u>	<u>533,528,157</u>	<u>(73,019,356)</u>	<u>(13.7%)</u>
Fund net assets:				
Invested in capital assets	15,269	15,154	115	0.8%
Restricted	190,255,269	171,534,768	18,720,501	10.9%
Total fund net assets	<u>190,270,538</u>	<u>171,549,922</u>	<u>18,720,616</u>	<u>10.9%</u>
Total liabilities and fund net assets	<u>\$ 650,779,339</u>	<u>705,078,079</u>	<u>(54,298,740)</u>	<u>(7.7%)</u>

Chart 3 displays the comparative balances of the four-major accounts affected by loan activities. During 2003, the WPCRF issued revenue bonds totaling \$14.8 million. The bond proceeds plus \$1.4 million of state matching dollars, funded new leveraged loans totaling \$16.2 million. These loans and bonds added to the balances of each of the four accounts; however, net decreases in Restricted assets (\$57.3 million) and Project costs payable-leveraged loans (\$65.7 million) occurred due to construction draws totaling \$83.6 million. Net decreases in Long-term loans receivable (\$8 million), and Long-term debt (\$5.6 million) occurred because loan principal repayments (\$23.3 million) and bond principal payment (\$19.3 million) exceeded the effects of the 2003 new financing activity.

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The WPCRF had operating income of \$3.9 million, and federal grant revenue of \$14.9 million that resulted in the increase in restricted net assets of \$18.7 million.

Drinking Water Fund

Current and other assets decreased \$0.9 million in 2003. The net decrease was the result of transferring (decrease) unrestricted cash equivalents totaling \$3.6 million to satisfy state match requirement for the DWRF 2003 Series A and B bond issues and the deallocation (increase) of debt service reserve funds in September 2003 totaling \$2.5 million.

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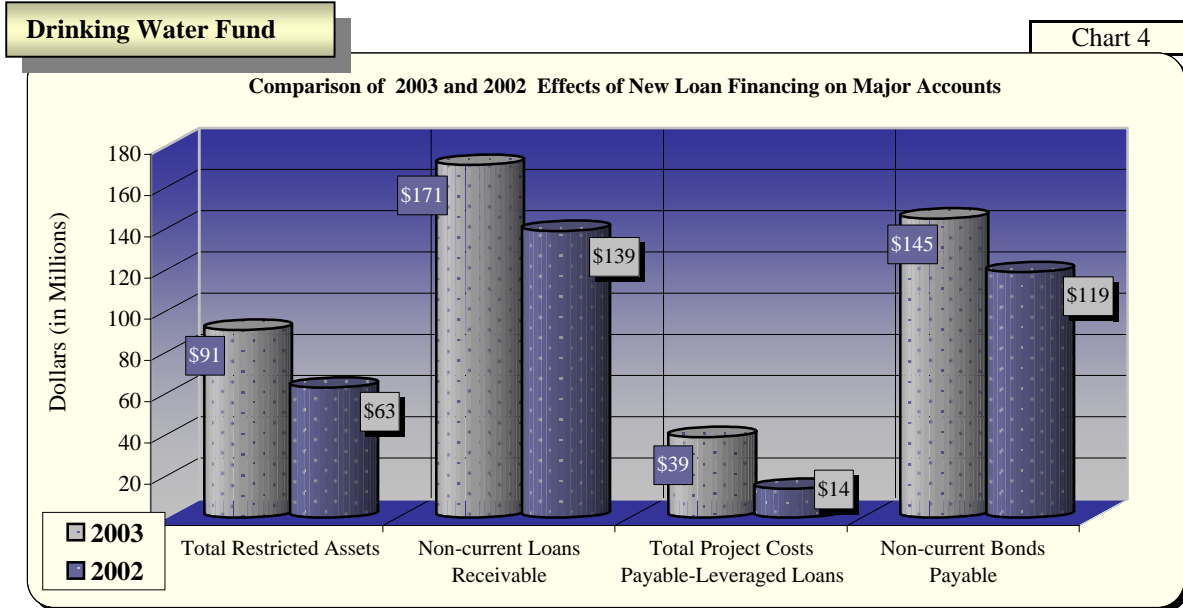
Drinking Water Fund		Schedule 4		
Summary of Net Assets as of December 31				
	2003	2002	Change	Pct Chg
Unrestricted current and other assets	\$ 26,354,886	27,239,221	(884,335)	(3.2%)
Restricted assets	91,232,278	63,465,261	27,767,017	43.8%
Capital assets, net	15,269	15,154	115	0.8%
Long-term loans receivable	170,546,121	139,471,317	31,074,804	22.3%
Total assets	\$ 288,148,554	230,190,953	57,957,601	25.2%
Current and other liabilities	\$ 14,065,966	12,730,640	1,335,326	10.5%
Project costs payable-leveraged loans	38,679,467	14,298,605	24,380,862	170.5%
Long-term debt outstanding, net	145,190,000	118,960,000	26,230,000	22.0%
Total liabilities	197,935,433	145,989,245	51,946,188	35.6%
Fund net assets:				
Invested in capital assets	15,269	15,154	115	0.8%
Restricted	77,569,688	68,379,804	9,189,884	13.4%
Unrestricted	12,628,164	15,806,750	(3,178,586)	(20.1%)
Total fund net assets	90,213,121	84,201,708	6,011,413	7.1%
Total liabilities and fund net assets	\$ 288,148,554	230,190,953	57,957,601	25.2%

During 2003, the DWRF issued Series A and Series B revenue bonds totaling \$32.5 million. The bond proceeds plus \$3.6 million state matching dollars, funded new leveraged loans totaling \$36.1 million. Chart 4 displays the comparative balances of the four-major accounts and the following net increases: Restricted assets (\$27.8 million), Long-term loans receivable (\$31.1 million), Project costs payable-leveraged loans (\$24.4 million), and Long-term debt (\$26.2 million). Construction draws totaling \$14.2 million limited the net increase in Restricted assets and Project costs payable-leveraged loans.

The DWRF had operating income of \$1.8 million, and federal grant revenue of \$4.2 million that resulted in the increase in net assets of \$6.0 million (7.1%).

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Summary of Changes in Fund Net Assets

Overview

As described in the notes to the basic financial statements, the Authority issues bonds to raise capital for funding program loans. The bonds are repaid from receipts of loan repayments (principal and interest) and in the WPCRF and DWRP, from investment income earned on restricted assets held in the borrowers' project accounts and in bond debt service reserve funds. This investment income used for paying bond debt service in the revolving funds represents the loan interest subsidy provided to the borrowers.

Below are schedules showing the summary of changes in net assets by individual enterprise funds and in total. Like the complete statements located in the basic financial statements, these summary schedules show operating revenues, operating expenses, operating income, other sources of revenue, and the changes in net assets in a comparative year format. These schedules quantify the operating results of the Authority as a financing entity. For 2003, investment income and loan interest income made up more than 79% of operating revenues, bond interest expense was more than 85% of operating expense, and 72% of total changes in net assets came from federal capitalization grant revenue.

The WPCRF and DWRP programs are allowed to collect a loan administrative fee surcharge to supplement administrative grant funds used to pay administrative expenses. The annual administrative fee surcharge rate is 0.8% and is applied to the original loan receivable balance, and is a component of loan repayments. Generally, these fees remain constant over the term of the loan.

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Pursuant to the implementation of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, for the WPCRF and the DWRF, federal capitalization grant receipts have been recorded as non-operating revenue. Grant revenue from the DWRF set asides and grant reimbursements for program administrative costs for both revolving funds are recorded as operating revenue. For loans funded with grant dollars, each project requisition generates a draw from the respective program's grant(s). Capitalization grant revenue is shown below operating income on the Summary of Changes in Fund Net Assets. Two major factors contribute to the amount of grant revenue recognized; 1) the number and size of loans made in the revolving funds for the year; and 2) the demand for project cost reimbursements, including projects funded in prior years.

Total Enterprise Funds

Schedules 5A and 5B combine the results of operations of the three enterprise funds, shown in a comparative year format. Although restrictions exist on transfers of monies among the enterprise funds, these schedules provide information about the overall financial operating results. Operating income was \$7.5 million, \$11.1 million and \$8.2 million for 2003, 2002 and 2001, respectively. Lower investment principal amounts, coupled with declining investment interest rate during 2003, led to a \$3.2 million decrease in investment income.

In 2002 investment balances increased significantly (net of project draws) due to the investment of bond proceeds for projects and the significant deposit of reloan funds in the bond debt service reserve funds in the WPCRF. These 2002 investments increased the restricted asset balance to \$376.9 million. This larger investment balance and higher investment interest rates resulted in the increase in investment income, and that contributed to the rise in operating income in 2002. Loan interest income rose in each of the years and totaled \$19.3 million, \$17.7 million and \$16.3 million for 2003, 2002 and 2001, respectively. The increases in loan interest income were the direct result of the additional loans made each year. For these years, loans receivable totaled \$720.1 million, \$670.9 million and \$576.5 million.

Total outstanding bonds payable were \$658.2 million, \$613.4 million and \$530.0 million at December 31, 2003, 2002 and 2001, respectively. This increase in outstanding debt resulted in the corresponding rise in bond interest expense of \$32.2 million, \$29.9 million and \$27.2 million for those years.

EPA capitalization grants totaled \$19.1 million, \$17.2 million and \$21.9 million for 2003, 2002 and 2001, respectively. As explained earlier in this section, grant funds are drawn as requisitions are paid to borrowers for projects that are financed with capitalization grant monies. These grant amounts are consistent with the project draws made in WPCRF and the DWRF for those years. The Water Operations Fund loans are not financed with federal grants.

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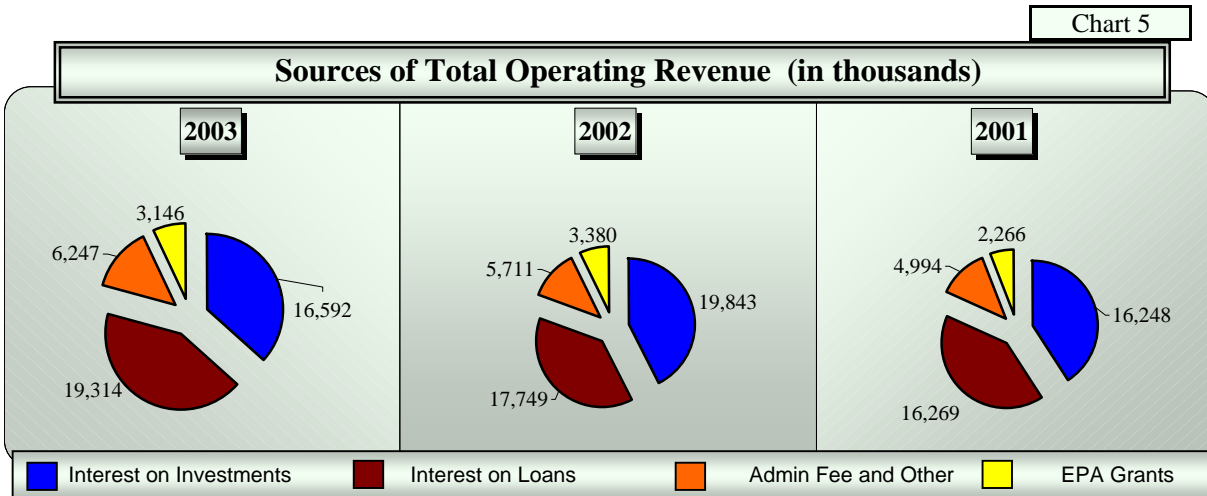
Total Enterprise Funds (2003 - 2002)		Schedule 5A		
Summary of Changes in Fund Net Assets as of December 31				
	<u>2003</u>	<u>2002</u>	<u>Change</u>	<u>Pct Chg</u>
Operating revenues:				
Interest on investments	\$ 16,592,162	19,843,062	(3,250,900)	(16.4%)
Interest on loans	19,313,722	17,748,957	1,564,765	8.8%
Administrative fee and other income	6,246,854	5,711,298	535,556	9.4%
EPA grants	3,145,799	3,379,566	(233,767)	(6.9%)
Total operating revenues	<u>45,298,537</u>	<u>46,682,883</u>	<u>(1,384,346)</u>	<u>(3.0%)</u>
Operating expenses:				
Interest on bonds	32,200,865	29,889,321	2,311,544	7.7%
Grant administration	2,251,592	2,114,324	137,268	6.5%
General, administrative, and other expenses	901,404	851,077	50,327	5.9%
EPA set asides	2,429,366	2,716,207	(286,841)	(10.6%)
Total operating expenses	<u>37,783,227</u>	<u>35,570,929</u>	<u>2,212,298</u>	<u>6.2%</u>
Operating income	7,515,310	11,111,954	(3,596,644)	(32.4%)
EPA capitalization grants	19,092,849	17,223,930	1,868,919	10.9%
Contributions from Animas-La Plata	-	7,311,511	(7,311,511)	(100.0%)
Change in net assets	<u>26,608,159</u>	<u>35,647,395</u>	<u>(9,039,236)</u>	<u>(25.4%)</u>
Net assets – beginning of year	336,478,180	300,830,785	35,647,395	11.8%
Net assets – end of year	<u>\$ 363,086,339</u>	<u>336,478,180</u>	<u>26,608,159</u>	<u>7.9%</u>

Total Enterprise Funds (2002 - 2001)		Schedule 5B		
Summary of Changes in Fund Net Assets as of December 31				
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>Pct Chg</u>
Operating revenues:				
Interest on investments	\$ 19,843,062	16,248,309	3,594,753	22.1%
Interest on loans	17,748,957	16,269,369	1,479,588	9.1%
Administrative fee and other income	5,711,298	4,993,953	717,345	14.4%
EPA grants	3,379,566	2,266,178	1,113,388	49.1%
Total operating revenues	<u>46,682,883</u>	<u>39,777,809</u>	<u>6,905,074</u>	<u>17.4%</u>
Operating expenses:				
Interest on bonds	29,889,321	27,164,122	2,725,199	10.0%
Grant administration	2,114,324	2,083,171	31,153	1.5%
General, administrative, and other expenses	851,077	701,214	149,863	21.4%
EPA set asides	2,716,207	1,672,309	1,043,898	62.4%
Total operating expenses	<u>35,570,929</u>	<u>31,620,816</u>	<u>3,950,113</u>	<u>12.5%</u>
Operating income	11,111,954	8,156,993	2,954,961	36.2%
EPA capitalization grants	17,223,930	21,859,798	(4,635,868)	(21.2%)
Contributions from Animas-La Plata	7,311,511	37,881,052	(30,569,541)	(80.7%)
Change in net assets	<u>35,647,395</u>	<u>67,897,843</u>	<u>(32,250,448)</u>	<u>(47.5%)</u>
Net assets – beginning of year	300,830,785	232,932,942	67,897,843	29.1%
Net assets – end of year	<u>\$ 336,478,180</u>	<u>300,830,785</u>	<u>35,647,395</u>	<u>11.8%</u>

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Chart 5 shows the major components of total operating revenue. These charts show the effects of investment and loan interest earnings discussed above, including the rise and fall in investment income in 2002 and 2003. Leveraged loans in the WPCRf and the DWRF are subsidized by investment income earned in the debt service reserve funds (reserve fund financing model). The reserve fund earnings make up a significant portion of total investment income. The investment income plus loan interest income provides the funds to pay the bond interest expense in each corresponding year. As expected, administrative fee income, collected on loans, increased in direct proportion to the balances in the WPCRf and DWRF loans receivable. The EPA grant revenue shown in operating income is comprised of grant funds drawn for program administration, and for funding the DWRF set aside activities as discussed in the notes to basic financial statements. EPA capitalization grants used for the loan programs are not part of operating income.



The discussion below describes the changes to each of the three-enterprise fund's summary schedule of changes in net assets and associated charts to provide visual information of the components of income and expense that impact the change in fund net assets for 2003 and 2002.

Water Operations Fund

The Summary of Net Assets (Schedule 2) for the Water Operations Fund shows that non-current loans receivable and bonds payable each increased over \$20 million (approximately 20%). Loan interest income and bond interest expense increased 9.8% and 7.3%, respectively (see Schedule 6). These increases are proportional to the increases to the loans and bonds, since the loans and bonds were issued about mid-year in both 2003 and 2002. Interest on investments decreased nearly \$1 million (28.9%) in 2003. This decrease was the result of declining interest rates throughout the year. The fund had over \$53 million invested in the pool managed by the Colorado state treasurer and the average interest rate declined from 4.8% at the beginning of the year to 3% by the end of 2003. COLOTRUST investment pool rates declined from 1.3% to 0.9%.

As shown in Chart 6, investment and loan interest income are the principal sources of operating revenue in the Water Operations Fund. As discussed above, investment income decreased 28.9%, while loan interest income increased by 9.8%. General, administrative and other expenses remained fairly constant, while bond interest expense rose 7.3% due to the additional bonds issued in 2003. The 30.1% decrease in operating income is primarily the result of lower investment income in 2003.

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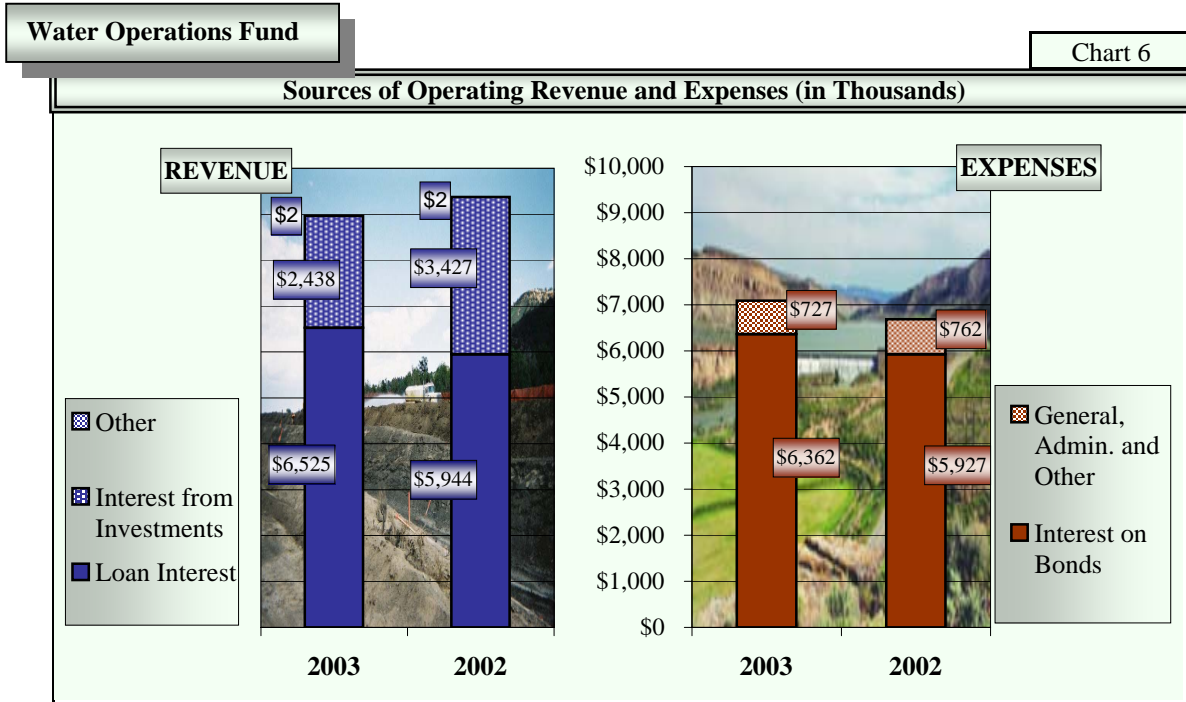
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The \$7.3 million balance of the Animas-La Plata escrow account that was contributed to the Water Operations Fund in 2002 is contractually committed for payment to the Bureau of Reclamation. In exchange for the payments the Authority will receive rights to average annual depletion of 2,600 acre-feet of water from the reservoir project. During 2003, only investment income earned on the escrow account affected the changes in fund net assets. The \$1.2 million payment to the Bureau was recorded as an addition to the Water depletion rights on the Statement of Net Assets in the basic financial statements.

Water Operations Fund	Schedule 6			
Summary of Changes in Fund Net Assets as of December 31				
	<u>2003</u>	<u>2002</u>	<u>Change</u>	<u>Pct Chg</u>
Operating revenues:				
Interest on investments	\$ 2,438,377	3,427,154	(988,777)	(28.9%)
Interest on loans	6,525,096	5,944,449	580,647	9.8%
Other income	1,631	2,464	(833)	(33.8%)
Total operating revenues	<u>8,965,104</u>	<u>9,374,067</u>	<u>(408,963)</u>	<u>(4.4%)</u>
Operating expenses:				
Interest on bonds	6,362,280	5,927,012	435,268	7.3%
General, administrative, and other expenses	726,694	761,914	(35,220)	(4.6%)
Total operating expenses	<u>7,088,974</u>	<u>6,688,926</u>	<u>400,048</u>	<u>6.0%</u>
Operating income	1,876,130	2,685,141	(809,011)	(30.1%)
Contributions from agency fund	-	7,311,511	(7,311,511)	(100.0%)
Change in net assets	<u>1,876,130</u>	<u>9,996,652</u>	<u>(8,120,522)</u>	<u>(81.2%)</u>
Net assets – beginning of year	80,726,550	70,729,898	9,996,652	14.1%
Net assets – end of year	<u>\$ 82,602,680</u>	<u>80,726,550</u>	<u>1,876,130</u>	<u>2.3%</u>

COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis
Years Ended December 31, 2003 and 2002



Water Pollution Control Fund

In May 2003, bonds were issued in the WPCRF program totaling \$14.8 million, funding three loans. The Summary of Net Assets (Schedule 3) for the WPCRF shows that long-term loans receivable and bonds payable decreased by about 2%. Normally a direct correlation exists between changes in loan interest income and bond interest expense and the changes in asset and liability balances. However, in 2002, \$78.7 million in bonds were issued (\$55.3 million in May and \$23.4 million in November) and associated loans were funded. These loan and bond balances were outstanding for a few months in 2002 but were outstanding throughout 2003. Loan interest income increased 4.0% and bond interest expense increased 8.1% despite lower principal balances at the end of 2003.

Interest on investments decreased \$1.9 million (14.7%) in 2003. Although lower investment rates played a part in this decrease, the major cause of the decrease was Restricted asset balances decreased \$57.3 million (20.6%). This decrease in Restricted assets was caused by project requisitions paid to borrowers totaling \$83.6 million. Reductions to the principal balances in those project accounts directly reduced the amounts of interest earned.

Chart 7 shows the components of operating income and expenses in a comparative format. As discussed above, loan interest income and bond interest expense rose moderately, while investment income decreased \$1.9 million (14.7%). Loan administrative fee income, which is computed based upon the original loan balances, rose \$0.2 million.

COLORADO WATER RESOURCES
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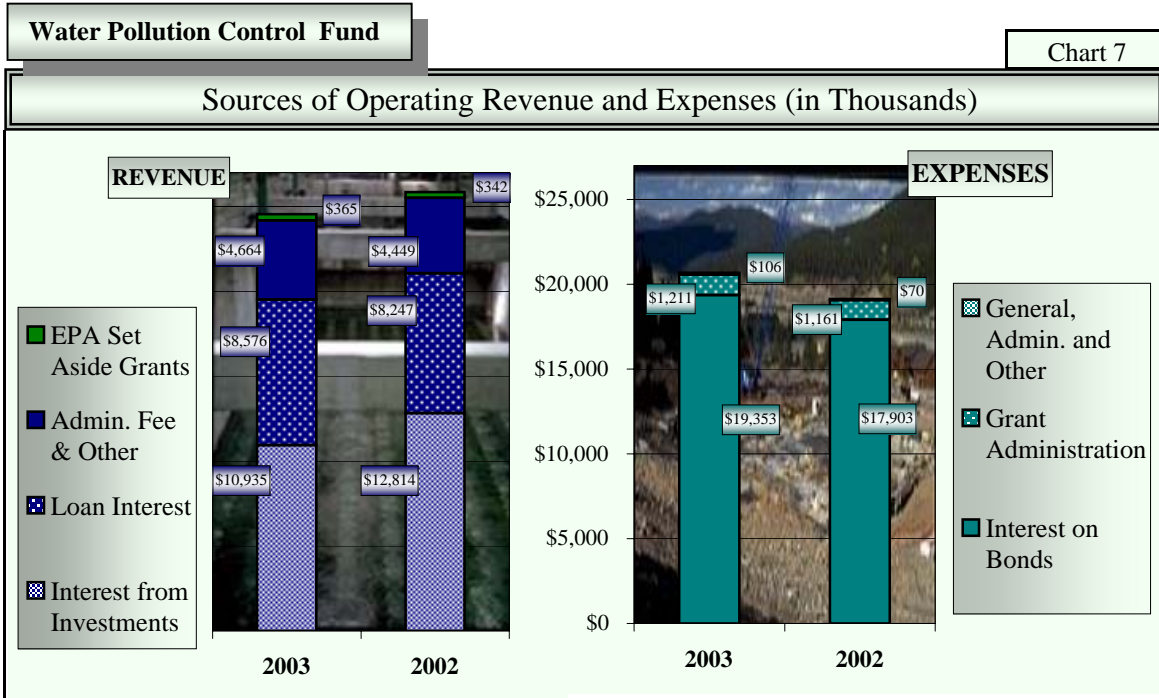
Management's Discussion and Analysis
Years Ended December 31, 2003 and 2002

Water Pollution Control Fund	Schedule 7			
Summary of Changes in Fund Net Assets as of December 31				
	<u>2003</u>	<u>2002</u>	<u>Change</u>	<u>Pct Chg</u>
Operating revenues:				
Interest on investments	\$ 10,935,359	12,813,566	(1,878,207)	(14.7%)
Interest on loans	8,575,742	8,247,247	328,495	4.0%
Administrative fee and other income	4,664,308	4,448,989	215,319	4.8%
EPA grants-administrative	365,188	341,565	23,623	6.9%
Total operating revenues	<u>24,540,597</u>	<u>25,851,367</u>	<u>(1,310,770)</u>	<u>(5.1%)</u>
Operating expenses:				
Interest on bonds	19,353,391	17,902,940	1,450,451	8.1%
Grant administration	1,211,440	1,161,206	50,234	4.3%
General, administrative, and other expenses	106,153	69,657	36,496	52.4%
Total operating expenses	<u>20,670,984</u>	<u>19,133,803</u>	<u>1,537,181</u>	<u>8.0%</u>
Operating income	3,869,613	6,717,564	(2,847,951)	(42.4%)
EPA capitalization grants	14,851,003	10,402,409	4,448,594	42.8%
Change in net assets	<u>18,720,616</u>	<u>17,119,973</u>	<u>1,600,643</u>	<u>9.3%</u>
Net assets – beginning of year	171,549,922	154,429,949	17,119,973	11.1%
Net assets – end of year	<u>\$ 190,270,538</u>	<u>171,549,922</u>	<u>18,720,616</u>	<u>10.9%</u>

The cost to administer the WPCRF for 2003 was \$1.2 million. Included in this amount are reimbursed costs paid to the Water Quality Control Division of the Colorado Department of Public Health and Environment (\$0.6 million), and the Division of Local Government of the Colorado Department of Local Affairs (\$0.1 million). These agencies of the State provide environmental, technical, outreach and financial analysis services in operating the WPCRF Program.

COLORADO WATER RESOURCES
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As discussed at the beginning of this section, a proportionate amount of federal capitalization grant revenue is recognized for each borrower project requisition. Capitalization grants revenue totaled \$14.9 million, and is consistent with project draws totaling over \$83 million.

Drinking Water Fund

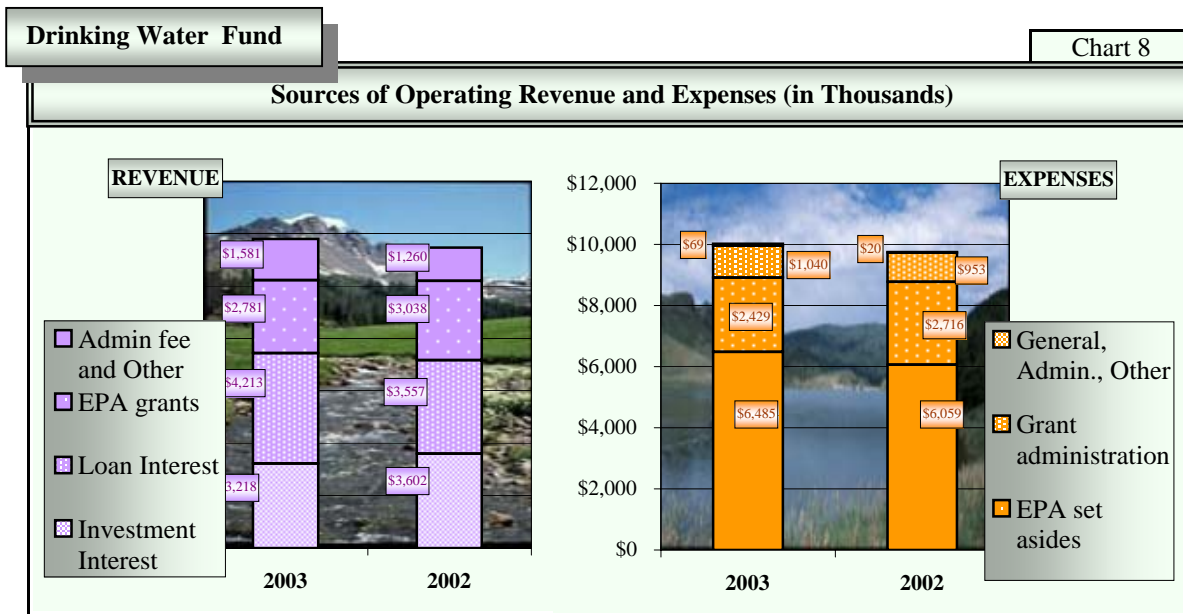
In 2003, bonds were issued in the DWRF totaling \$32.5 million. In June, \$20.8 million of bonds were issued to fund three loans, and in November, \$11.7 million of bonds were issued to fund one loan. The Summary of Net Assets (Schedule 4) for the DWRF shows that long-term loans receivable and bonds payable increased by 22.3% and 22.0% respectively. Included in the increase in loans receivable were four direct loans totaling \$3.2 million funded from reloan funds. Taking into consideration the timing and types of these financing activities, loan interest income and bond interest expense increased 18.4% and 7.0%.

As shown in Schedule 4, Restricted assets increased \$27.8 million (43.8%). This increase in investment principal would normally have produced an increase in Interest on investments; however, that income decreased \$0.4 million (10.7%). Several interrelated factors had an impact on this decrease: 1) In 2002 investment interest rates on Restricted assets generally exceeded the arbitrage rate on the associated bonds, 2) In 2003 market conditions dictated a much lower interest rate (approximately 1.8%) on the short-term investment of bond proceeds in the borrowers' project accounts, and 3) as discussed in the Water Operations Fund section on page 6 of this discussion, the interest rate on investments held in the pool managed by the Colorado state treasurer decreased 1.8% during 2003, which reduced the income earned on the \$8.5 million held in that account.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

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Drinking Water Fund	Schedule 8			
Summary of Changes in Fund Net Assets as of December 31				
	2003	2002	Change	Pct Chg
Operating revenues:				
Interest on investments	\$ 3,218,426	3,602,342	(383,916)	(10.7%)
Interest on loans	4,212,884	3,557,261	655,623	18.4%
Administrative fee and other income	1,580,915	1,259,845	321,070	25.5%
EPA grants	2,780,611	3,038,001	(257,390)	(8.5%)
Total operating revenues	11,792,836	11,457,449	335,387	2.9%
Operating expenses:				
Interest on bonds	6,485,194	6,059,369	425,825	7.0%
Grant administration	1,040,152	953,118	87,034	9.1%
General, administrative, and other expenses	68,557	19,506	49,051	251.5%
EPA set asides	2,429,366	2,716,207	(286,841)	(10.6%)
Total operating expenses	10,023,269	9,748,200	275,069	2.8%
Operating income	1,769,567	1,709,249	60,318	3.5%
EPA capitalization grants	4,241,846	6,821,521	(2,579,675)	(37.8%)
Change in net assets	6,011,413	8,530,770	(2,519,357)	(29.5%)
Net assets – beginning of year	84,201,708	75,670,938	8,530,770	11.3%
Net assets – end of year	\$ 90,213,121	84,201,708	6,011,413	7.1%



COLORADO WATER RESOURCES
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Please refer to the notes to the basic financial statements for an explanation of the set aside programs funded by the DWRP. These grant dollars reimburse the costs incurred to implement these special programs designed to enhance safe drinking water supplies. As program costs are incurred, EPA grant funds are drawn for those specific purposes. The amount of set aside program income and expense is dependent upon the actions of the Water Quality Control Division. In 2003, these expenditures were about 10% lower than in 2002.

The cost to administer the DWRP for 2003 was about \$1 million. Included in this amount are reimbursed costs paid to the Water Quality Control Division of the Colorado Department of Public Health and Environment (\$0.6 million), and the Division of Local Government of the Colorado Department of Local Affairs (\$0.1 million). These State agencies provide environmental, technical, outreach and financial analysis services in operating the DWRP.

EPA capitalization grants revenues decreased \$2.6 million (37.8%) in 2003. As discussed at the beginning of this section, a proportionate amount of federal capitalization grant revenue is recognized for each borrower project requisition. However, because certain loans are funded partially or entirely by reloan dollars (recycled grant funds), not all project requisitions result in the recognition of grant revenue. Furthermore, project requisitions paid decreased from \$18.9 million in 2002 to \$14.2 million in 2003. That decrease in the amount of requisitions paid resulted in the decrease in EPA capitalization grant draws.

Economic Factors

The demand for financing water and wastewater infrastructure projects is not significantly affected by general economic conditions. This demand has remained strong even though Colorado's economy remains relatively weak. Some of the factors that bolster this demand are:

- * Loans are repaid primarily from service revenues rather than tax revenues, and these revenues are less susceptible to fluctuations than are tax revenues.
- * More stringent, federal water quality standards often mandate the replacement of or upgrades to infrastructure.
- * Colorado's population continues to increase, requiring plant expansions.
- * The continued drought affecting Colorado for the past few years has created interest in building additional reservoir storage and transmission projects.
- * Low interest rates on municipal bonds issued by the Authority result in lower loan interest rates, especially those loans subsidized by the WPCRF and DWRP, thereby making project financing more affordable for local communities.

The Authority includes all potential loans in its enterprise fund budgets as shown in Schedule 9. A high demand for financing from the Water Operations Fund is expected in 2004. In January 2004 the Board of Directors approved loans totaling more than \$100 million for a jointly owned wastewater treatment facility. Approximately 40% of this project will be funded by the WRBP in the Water Operation Fund, and the balance will be funded by the WPCRF. In February 2004, a water and sanitation district submitted an application for a \$105 million WRBP loan for the construction of a dam, treatment plant and pump station.

COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis
Years Ended December 31, 2003 and 2002

Total Enterprise Funds		Schedule 9
<u>2004 Authority Budget for Water Project Loans</u>		
Fund	Loan budget (millions)	
Water Operations Fund	\$	316.5
Water Pollution Control Revolving Fund		85.2
Drinking Water Revolving Fund		31.3
Total loans	\$	433.0

The demand for loans in the Water Pollution Control Enterprise Fund is expected to remain very strong in 2004. To accommodate this demand, all of the estimated WPCRF loan capacity has been included in the 2004 budget. To help meet this demand in 2004, the EPA and the Governor approved the return transfer of \$6.7 million in capitalization grant funds from the DWRF to the WPCRF in 2003. As discussed above, the \$100 million wastewater project will be funded about 60% from the WPCRF, and 40% from the Water Operations Fund, thereby reserving WPCRF loan capacity for other potential borrowers.

The Drinking Water Enterprise Fund is expecting a moderate loan demand in 2004. That demand, coupled with the transfer of grant funds back to the WPCRF, resulted in all of the DWRF loan capacity being included in the 2004 budget.

To fund the loans discussed above, the Authority has included in the respective enterprise fund budgets sufficient resources from additional bond issues and capitalization grants as needed and available. Furthermore, budget provisions for loan repayment revenue and bond debt service were made, including the new financing activities for 2004.

The Authority plans to continue subsidizing loan interest rates for both the WPCRF and DWRF in 2004. Unobligated grant funds available for loans at December 31, 2003 for the WPCRF totaled \$12.8 million. All of the DWRF grant funds have been obligated. Furthermore, the Authority is applying to the EPA for Colorado's share of the revolving fund grants for 2004. The grant amounts (available for loans) being applied for are \$10.2 million for the WPCRF and \$10.4 million for the DWRF. The 2004 WPCRF and DWRF budgets utilize remaining unobligated grant funds and the anticipated 2004 grants. Funds for the 2004 grants have been appropriated by Congress, and the Authority submitted applications for the State's allotment in March 2004. Estimated reloan funds of \$25.1 million and \$8.4 million for WPCRF and DWRF, respectively, will be available to augment the EPA grant funds for making loans in 2004.

Requests for Information

This financial report was designed to provide a general overview for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Duane Dohrer, Controller
Colorado Water Resources & Power Development Authority
1580 Logan Street, Suite 620
Denver, CO 80203

BASIC FINANCIAL STATEMENTS

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statements of Net Assets

December 31, 2003

Assets	Water Operations	Water Pollution Control	Drinking Water	Totals
Current assets:				
Cash and cash equivalents	\$ 48,210,320	19,687,494	16,845,455	84,743,269
Federal grants receivable	—	39,942	103,903	143,845
Investment income receivable	310,118	355,390	162,114	827,622
Loans receivable	9,685,965	23,240,877	7,667,978	40,594,820
Due from other funds	428,459	—	—	428,459
Accounts receivable – borrowers	444,223	4,218,664	1,575,436	6,238,323
Accounts receivable – other	59,707	—	—	59,707
Restricted assets:				
Cash and cash equivalents	19,361,476	17,166,516	8,956,772	45,484,764
Investments	1,500,000	60,787,273	36,013,371	98,300,644
Investment income receivable	17,506	1,354,453	491,709	1,863,668
Total current assets	<u>80,017,774</u>	<u>126,850,609</u>	<u>71,816,738</u>	<u>278,685,121</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	9,199,195	—	—	9,199,195
Investments	6,361,034	139,509,386	45,275,380	191,145,800
Investment income receivable	13,057	2,423,986	495,046	2,932,089
Advance receivable	9,535,781	—	—	9,535,781
Loans receivable	127,000,000	381,980,089	170,546,121	679,526,210
Water depletion rights – Animas-La Plata	2,243,278	—	—	2,243,278
Capital assets – equipment, net of accumulated depreciation of \$126,472	25,924	15,269	15,269	56,462
Other assets	558,206	—	—	558,206
Total noncurrent assets	<u>154,936,475</u>	<u>523,928,730</u>	<u>216,331,816</u>	<u>895,197,021</u>
Total assets	<u>\$ 234,954,249</u>	<u>650,779,339</u>	<u>288,148,554</u>	<u>1,173,882,142</u>
Liabilities and Fund Net Assets				
Current liabilities:				
Bonds payable	\$ 6,690,000	20,450,000	6,300,000	33,440,000
Accrued interest payable	1,039,722	6,294,900	2,281,674	9,616,296
Accounts payable – borrowers	821,296	—	—	821,296
Due to other funds	—	184,078	244,381	428,459
Accounts payable – other	395,410	—	78,926	474,336
Project costs payable – direct loans	—	528,387	3,014,214	3,542,601
Project costs payable – leveraged loans	15,005,994	68,101,609	36,541,467	119,649,070
Total current liabilities	<u>23,952,422</u>	<u>95,558,974</u>	<u>48,460,662</u>	<u>167,972,058</u>
Noncurrent liabilities:				
Project costs payable – direct loans	—	—	—	—
Project costs payable – leveraged loans	—	400,000	2,138,000	2,538,000
Advance payable	—	9,535,781	—	9,535,781
Bonds payable, net	127,388,333	350,590,562	145,190,000	623,168,895
Deferred revenue	27,079	270,635	—	297,714
Debt service reserve deposit	600,000	—	—	600,000
Other liabilities	383,735	4,152,849	2,146,771	6,683,355
Total noncurrent liabilities	<u>128,399,147</u>	<u>364,949,827</u>	<u>149,474,771</u>	<u>642,823,745</u>
Total liabilities	<u>152,351,569</u>	<u>460,508,801</u>	<u>197,935,433</u>	<u>810,795,803</u>
Fund net assets:				
Invested in capital assets	25,924	15,269	15,269	56,462
Restricted	21,383,146	190,255,269	77,569,688	289,208,103
Unrestricted	61,193,610	—	12,628,164	73,821,774
Total fund net assets	<u>82,602,680</u>	<u>190,270,538</u>	<u>90,213,121</u>	<u>363,086,339</u>
Total liabilities and fund net assets	<u>\$ 234,954,249</u>	<u>650,779,339</u>	<u>288,148,554</u>	<u>1,173,882,142</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statements of Net Assets

December 31, 2002

Assets	Water Operations	Water Pollution Control	Drinking Water	Totals
Current assets:				
Cash and cash equivalents	\$ 46,548,452	11,041,586	18,866,819	76,456,857
Federal grants receivable	—	81,020	388,120	469,140
Investment income receivable	289,845	459,780	194,669	944,294
Loans receivable	8,054,334	20,792,144	6,510,537	35,357,015
Due from other funds	889,392	—	—	889,392
Accounts receivable – borrowers	246,991	4,135,722	1,279,076	5,661,789
Accounts receivable – other	4,459	—	—	4,459
Restricted assets:				
Cash and cash equivalents	14,719,496	23,485,129	8,839,588	47,044,213
Investments	—	68,256,395	6,224,520	74,480,915
Investment income receivable	25,792	1,550,399	232,516	1,808,707
Total current assets	<u>70,778,761</u>	<u>129,802,175</u>	<u>42,535,845</u>	<u>243,116,781</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	4,283,402	—	—	4,283,402
Investments	15,822,636	182,183,248	47,436,451	245,442,335
Investment income receivable	35,230	3,078,833	732,186	3,846,249
Advance receivable	11,307,347	—	—	11,307,347
Loans receivable	106,055,833	389,998,669	139,471,317	635,525,819
Water depletion rights – Animas-La Plata	1,081,405	—	—	1,081,405
Capital assets – equipment, net of accumulated depreciation of \$136,717	2,872	15,154	15,154	33,180
Other assets	9,394	—	—	9,394
Total noncurrent assets	<u>138,598,119</u>	<u>575,275,904</u>	<u>187,655,108</u>	<u>901,529,131</u>
Total assets	<u>\$ 209,376,880</u>	<u>705,078,079</u>	<u>230,190,953</u>	<u>1,144,645,912</u>
Liabilities and Fund Net Assets				
Current liabilities:				
Bonds payable	\$ 5,245,000	19,265,000	5,345,000	29,855,000
Accrued interest payable	917,660	6,299,091	2,044,309	9,261,060
Accounts payable – borrowers	2,428,339	—	—	2,428,339
Due to other funds	—	319,966	569,426	889,392
Accounts payable – other	802,160	81,582	—	883,742
Project costs payable – direct loans	—	924,659	2,523,871	3,448,530
Project costs payable – leveraged loans	9,660,938	80,476,909	6,739,260	96,877,107
Total current liabilities	<u>19,054,097</u>	<u>107,367,207</u>	<u>17,221,866</u>	<u>143,643,170</u>
Noncurrent liabilities:				
Project costs payable – direct loans	—	130,701	213,621	344,322
Project costs payable – leveraged loans	2,043,918	53,757,556	7,559,345	63,360,819
Advance payable	—	11,307,347	—	11,307,347
Bonds payable, net	106,363,333	356,190,998	118,960,000	581,514,331
Deferred revenue	41,207	293,188	—	334,395
Debt service reserve deposit	600,000	—	—	600,000
Other liabilities	547,775	4,481,160	2,034,413	7,063,348
Total noncurrent liabilities	<u>109,596,233</u>	<u>426,160,950</u>	<u>128,767,379</u>	<u>664,524,562</u>
Total liabilities	<u>128,650,330</u>	<u>533,528,157</u>	<u>145,989,245</u>	<u>808,167,732</u>
Fund net assets:				
Invested in capital assets	2,872	15,154	15,154	33,180
Restricted	16,565,244	171,534,768	68,379,804	256,479,816
Unrestricted	64,158,434	—	15,806,750	79,965,184
Total fund net assets	<u>80,726,550</u>	<u>171,549,922</u>	<u>84,201,708</u>	<u>336,478,180</u>
Total liabilities and fund net assets	<u>\$ 209,376,880</u>	<u>705,078,079</u>	<u>230,190,953</u>	<u>1,144,645,912</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statements of Revenues, Expenses, and Changes in Fund Net Assets

Year ended December 31, 2003

	Water Operations	Water Pollution Control	Drinking Water	Totals
Operating revenues:				
Interest on loans	\$ 6,525,096	8,575,742	4,212,884	19,313,722
Interest on investments	2,438,377	10,935,359	3,218,426	16,592,162
Surcharge from borrowers	—	592,497	—	592,497
Administrative fee	—	4,006,729	1,553,216	5,559,945
EPA grants	—	365,188	2,780,611	3,145,799
Other	1,631	65,082	27,699	94,412
Total operating revenues	<u>8,965,104</u>	<u>24,540,597</u>	<u>11,792,836</u>	<u>45,298,537</u>
Operating expenses:				
Interest on bonds	6,362,280	19,353,391	6,485,194	32,200,865
Grant administration	—	1,211,440	1,040,152	2,251,592
Project expenses	209,995	—	—	209,995
General and administrative	516,699	1,697	1,697	520,093
EPA set asides	—	—	2,429,366	2,429,366
Other	—	104,456	66,860	171,316
Total operating expenses	<u>7,088,974</u>	<u>20,670,984</u>	<u>10,023,269</u>	<u>37,783,227</u>
Operating income	1,876,130	3,869,613	1,769,567	7,515,310
EPA capitalization grants	—	14,851,003	4,241,846	19,092,849
Change in net assets	1,876,130	18,720,616	6,011,413	26,608,159
Fund net assets – beginning of year	<u>80,726,550</u>	<u>171,549,922</u>	<u>84,201,708</u>	<u>336,478,180</u>
Fund net assets – end of year	<u>\$ 82,602,680</u>	<u>190,270,538</u>	<u>90,213,121</u>	<u>363,086,339</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statements of Revenues, Expenses, and Changes in Fund Net Assets

Year ended December 31, 2002

	Water Operations	Water Pollution Control	Drinking Water	Totals
Operating revenues:				
Interest on loans	\$ 5,944,449	8,247,247	3,557,261	17,748,957
Interest on investments	3,427,154	12,813,566	3,602,342	19,843,062
Surcharge from borrowers	—	624,820	—	624,820
Administrative fee	—	3,662,878	1,239,576	4,902,454
EPA grants	—	341,565	3,038,001	3,379,566
Other	2,464	161,291	20,269	184,024
Total operating revenues	<u>9,374,067</u>	<u>25,851,367</u>	<u>11,457,449</u>	<u>46,682,883</u>
Operating expenses:				
Interest on bonds	5,927,012	17,902,940	6,059,369	29,889,321
Grant administration	—	1,161,206	953,118	2,114,324
Project expenses	258,148	—	—	258,148
General and administrative	503,766	—	—	503,766
EPA set asides	—	—	2,716,207	2,716,207
Other	—	69,657	19,506	89,163
Total operating expenses	<u>6,688,926</u>	<u>19,133,803</u>	<u>9,748,200</u>	<u>35,570,929</u>
Operating income	2,685,141	6,717,564	1,709,249	11,111,954
EPA capitalization grants	—	10,402,409	6,821,521	17,223,930
Contributions from Animas-La Plata	7,311,511	—	—	7,311,511
Change in net assets	9,996,652	17,119,973	8,530,770	35,647,395
Fund net assets – beginning of year	<u>70,729,898</u>	<u>154,429,949</u>	<u>75,670,938</u>	<u>300,830,785</u>
Fund net assets – end of year	<u>\$ 80,726,550</u>	<u>171,549,922</u>	<u>84,201,708</u>	<u>336,478,180</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statements of Cash Flows
Year ended December 31, 2003

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Cash flows from operating activities:				
Loan administrative fees received	\$ —	4,466,260	1,472,091	5,938,351
Federal funds received	—	406,266	3,064,828	3,471,094
Cash payments for salaries and related benefits	(372,862)	(325,640)	(231,554)	(930,056)
Cash payments to other state agencies for services	—	(758,218)	(697,110)	(1,455,328)
Cash payments to vendors	(357,844)	(317,941)	(2,932,758)	(3,608,543)
Net cash provided (used) by operating activities	<u>(730,706)</u>	<u>3,470,727</u>	<u>675,497</u>	<u>3,415,518</u>
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	27,313,253	14,737,557	32,610,661	74,661,471
Federal funds received	—	14,851,003	4,241,846	19,092,849
Principal paid on bonds	(5,245,000)	(19,265,000)	(5,345,000)	(29,855,000)
Interest paid on bonds	(5,921,359)	(19,298,531)	(6,320,985)	(31,540,875)
Cash payment for bond issuance costs	(577,775)	(254,321)	(206,066)	(1,038,162)
Net cash provided (used) by noncapital financing activities	<u>15,569,119</u>	<u>(9,229,292)</u>	<u>24,980,456</u>	<u>31,320,283</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(26,889)	(1,812)	(1,812)	(30,513)
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	7,961,602	83,438,188	8,763,885	100,163,675
Interest received on investments	2,769,020	13,124,751	3,618,403	19,512,174
Interest received on loans	6,228,461	8,547,518	3,997,650	18,773,629
Principal repayments from localities on loans	8,496,846	23,298,281	6,948,053	38,743,180
Cash received from (paid to) other accounts	1,771,566	(1,771,566)	—	—
Purchase of investments	—	(33,658,451)	(36,391,665)	(70,050,116)
Investment in water rights	(1,161,873)	—	—	(1,161,873)
Cash disbursed to localities for loans	(27,659,686)	(83,642,441)	(14,217,616)	(125,519,743)
Cash payment for arbitrage rebate	(168,824)	(1,248,608)	(277,031)	(1,694,463)
Cash payments of interest to borrowers	(1,828,995)	—	—	(1,828,995)
Net cash provided (used) by investing activities	<u>(3,591,883)</u>	<u>8,087,672</u>	<u>(27,558,321)</u>	<u>(23,062,532)</u>
Net increase (decrease) in cash and cash equivalents	11,219,641	2,327,295	(1,904,180)	11,642,756
Cash and cash equivalents, beginning of year	65,551,350	34,526,715	27,706,407	127,784,472
Cash and cash equivalents, end of year	<u>\$ 76,770,991</u>	<u>36,854,010</u>	<u>25,802,227</u>	<u>139,427,228</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 1,876,130	3,869,613	1,769,567	7,515,310
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	3,838	1,697	1,697	7,232
Accrued sick leave expense	5,600	—	—	5,600
Interest on bonds	6,362,280	19,353,392	6,497,742	32,213,414
Cost of issuance proceeds	—	(65,082)	(27,699)	(92,781)
Interest on loans	(6,525,096)	(8,575,742)	(4,212,884)	(19,313,722)
Interest on investments	(2,438,377)	(10,935,359)	(3,218,426)	(16,592,162)
Put fees on Treasury bonds	—	49,985	—	49,985
Amortization of deferred revenue	(14,128)	(22,553)	—	(36,681)
Change in assets and liabilities:				
Decrease in due from other funds	464,825	—	—	464,825
(Increase) in accounts receivable – borrowers	—	(106,521)	(93,673)	(200,194)
Decrease in other receivables	—	41,078	284,217	325,295
(Decrease) in accounts payable – other	(465,778)	—	—	(465,778)
(Decrease) in due to other funds	—	(139,781)	(325,044)	(464,825)
Net cash provided (used) by operating activities	<u>\$ (730,706)</u>	<u>3,470,727</u>	<u>675,497</u>	<u>3,415,518</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
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Statements of Cash Flows

Year ended December 31, 2002

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Cash flows from operating activities:				
Loan administrative fees received	\$ —	4,023,053	1,149,566	5,172,619
Federal funds received	—	339,810	2,914,789	3,254,599
Cash received – set aside state match reimbursement	—	—	4,022	4,022
Cash received for tenant finish allowance	42,384	—	—	42,384
Cash payments for salaries and related benefits	(333,088)	(262,327)	(195,168)	(790,583)
Cash payments to other state agencies for services	—	(693,040)	(605,624)	(1,298,664)
Cash payments to vendors	(313,002)	(295,322)	(2,756,306)	(3,364,630)
Net cash provided (used) by operating activities	<u>(603,706)</u>	<u>3,112,174</u>	<u>511,279</u>	<u>3,019,747</u>
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	14,659,365	81,675,025	16,193,464	112,527,854
Federal funds received	—	10,402,409	6,821,521	17,223,930
Contributions from Animas-La Plata	7,278,497	—	—	7,278,497
Principal paid on bonds	(4,930,000)	(16,505,000)	(4,840,000)	(26,275,000)
Interest paid on bonds	(5,524,049)	(16,824,657)	(5,912,996)	(28,261,702)
Cash payment for bond issuance costs	(109,632)	(632,672)	(141,040)	(883,344)
Net cash provided by noncapital financing activities	<u>11,374,181</u>	<u>58,115,105</u>	<u>12,120,949</u>	<u>81,610,235</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	—	(4,346)	(4,346)	(8,692)
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	46,899,656	48,956,353	18,030,920	113,886,929
Interest received on investments	4,275,444	12,493,677	3,877,288	20,646,409
Interest received on loans	5,911,633	8,240,173	3,367,464	17,519,270
Principal repayments from localities on loans	5,695,341	17,607,427	5,784,044	29,086,812
Cash received from (paid to) other accounts	922,301	(922,301)	—	—
Purchase of investments	(11,500,000)	(111,179,770)	(20,896,878)	(143,576,648)
Investment in water rights	(1,081,405)	—	—	(1,081,405)
Cash disbursed to localities for loans	(29,103,128)	(49,841,077)	(18,952,829)	(97,897,034)
Cash payment for arbitrage rebate	(29,295)	(1,082,186)	(722,343)	(1,833,824)
Cash payments of interest to borrowers	(749,642)	—	—	(749,642)
Net cash provided (used) by investing activities	<u>21,240,905</u>	<u>(75,727,704)</u>	<u>(9,512,334)</u>	<u>(63,999,133)</u>
Net increase (decrease) in cash and cash equivalents	32,011,380	(14,504,771)	3,115,548	20,622,157
Cash and cash equivalents, beginning of year	33,539,970	49,031,486	24,590,859	107,162,315
Cash and cash equivalents, end of year	<u>\$ 65,551,350</u>	<u>34,526,715</u>	<u>27,706,407</u>	<u>127,784,472</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 2,685,141	6,717,564	1,709,249	11,111,954
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	10,361	—	—	10,361
Accrued sick leave expense	6,199	—	—	6,199
Interest on bonds	5,927,012	17,902,940	6,059,369	29,889,321
Cost of issuance proceeds	—	(161,291)	(16,247)	(177,538)
Interest on loans	(5,944,449)	(8,247,247)	(3,557,261)	(17,748,957)
Interest on investments	(3,427,154)	(12,813,566)	(3,602,342)	(19,843,062)
Amortization of deferred revenue	(1,177)	(22,553)	—	(23,730)
Change in assets and liabilities:				
(Increase) in due from other funds	(111,898)	—	—	(111,898)
(Increase) in accounts receivable – borrowers	—	(238,093)	(90,010)	(328,103)
(Increase) decrease in other receivables	45,021	(5,745)	(123,212)	(83,936)
Increase in accounts payable – other	166,031	—	—	166,031
Increase in deferred revenue	41,207	—	—	41,207
Increase (decrease) in due to other funds	—	(19,835)	131,733	111,898
Net cash provided (used) by operating activities	<u>\$ (603,706)</u>	<u>3,112,174</u>	<u>511,279</u>	<u>3,019,747</u>

See accompanying notes to basic financial statements.

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(1) Organization

The Colorado Water Resources and Power Development Authority (the Authority) is a political subdivision of the State of Colorado (the State) established pursuant to the Colorado Water Resources and Power Development Act, Title 37, article 95 of the Colorado Revised Statutes, as amended. The Authority is governed by a nine member board of directors who are appointed by the Governor of the State of Colorado with consent of the Colorado State Senate.

Reporting Entity

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible governmental component unit in a primary government's financial reporting entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Authority is not financially accountable for any other organization. Under current GASB pronouncements, the Authority has been determined to be a component unit of the State of Colorado (the primary government). As such, the Authority's financial statements are included in the basic financial statements issued by the State of Colorado (State).

The Authority was created to initiate, acquire, construct, maintain, repair, and operate or cause to be operated projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the State. The Authority is authorized to issue bonds, notes or other obligations which constitute its debt and not debt of the State.

Water Operations Enterprise Fund

One of the activities of the Water Operations Enterprise Fund is to administer the Small Water Resources Projects Program (SWRP). Although the Authority is statutorily authorized to finance individual water resources project loans up to \$500 million, the program is currently limited by contract to \$150 million of total outstanding debt (excluding refunding bonds). All costs of project development may be financed through the SWRP.

Pursuant to the SWRP, proceeds of the bonds issued by the Authority are to be used to fund loans to local governmental agencies. Each local government evidences its obligations under its loan agreement by the issuance to the Authority of a governmental agency bond which is to be secured by a pledge of a specific revenue source or by a general obligation pledge. The repayments pursuant to the loan agreements by the local governmental agencies participating in the SWRP are structured, in the aggregate, to provide amounts sufficient to pay the principal and interest on the bonds issued by the Authority. The SWRP Debt Service Reserve for the bonds issued by the Authority is funded by the Authority from available monies of the Authority. The principal and interest on the bonds issued by the Authority have been insured as to repayment to the bondholders.

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In addition to the Small Water Resources Projects Program, in 1998 the Authority established the Water Revenue Bonds Program (WRBP) as part of the Water Operations Fund. The WRBP was created to fund those projects that cannot be approved under the Small Water Resources Projects Program and are not eligible for funding or there is insufficient loan capacity under the Drinking Water Revolving Fund or the Water Pollution Control Revolving Fund. The Authority is authorized to finance individual water resources project loans of \$500 million or less. All costs of project development may be financed through the WRBP.

Animas-La Plata Project

In 2001, the Authority entered into an agreement with the Animas-La Plata Water Conservancy District (the District) to have the Authority fund the payment of the non-tribal water capital obligation of the reconfigured Animas-La Plata project attributable to the District's depletion allocation. As a result of this agreement, the Authority entered into a Funding Agreement and Repayment Contract with the United States Bureau of Reclamation (the Bureau), to fund this upfront capital obligation. During 2002, construction was initiated on the project. As a result of the congressional approved legislation and these agreements, \$7.3 million was transferred from the Animas-La Plata account to the Water Operations Fund in 2002. The Authority is making progress payments to the Bureau for the purchase of 2,600 acre-feet of average annual depletion from the project. Payments to the Bureau totaled \$1,161,873 and \$1,081,405 in 2003 and 2002, respectively. During 2002, the Authority entered into a marketing agreement with the District to promote the sale of these water depletion rights.

Water Pollution Control Enterprise Fund

The Water Pollution Control Enterprise Fund includes the operations of the Water Pollution Control Revolving Fund (WPCRF), also known as the State Revolving Fund, and the Nonrevolving Fund. The Nonrevolving Fund accounts for administrative grant proceeds and loan administrative fees.

The WPCRF was created by State statute (CRS 37-98-107.6) in response to the mandate from the Federal Clean Water Act of 1987 (Act). The Authority was authorized statutorily to implement the revolving loan portion of the Act. The WPCRF was established for the purpose of financing loans to local governmental agencies for the construction of publicly owned wastewater treatment projects that meet specified eligibility requirements and that are placed on a project eligibility list established in accordance with State statute.

Pursuant to statutes, with the written consent of the Colorado Department of Public Health and Environment, the Authority is authorized, on behalf of the State, to execute all operating agreements and capitalization grant agreements with the United States Environmental Protection Agency (EPA). The Authority, the Water Quality Control Division of the Colorado Department of Public Health and Environment, and the Division of Local Government of the Colorado Department of Local Affairs have entered into a Memorandum of Understanding under which each has agreed to assume specified responsibilities in connection with the operation of the WPCRF. The statutes also authorize the Authority to issue bonds for such purposes and to designate assets in the WPCRF that may be pledged and assigned as security for payment of such bonds.

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The WPCRF is capitalized by grants awarded by the EPA. Matching funds are provided by the Authority or its borrowers. In order to receive capitalization grants, matching funds must be provided in a ratio of \$1 of state match for every \$5 of capitalization grants. Administrative expense reimbursements funded by EPA capitalization grants are limited to a percentage (5/6th of 4%) of the capitalization grants.

The Authority issues bonds to provide loans to local governmental entities, either individually or in pools. Loans to borrowers may be provided from federal grants and/or from bond proceeds. The matching requirement for the federal grants is provided by the Authority in the form of cash.

When a loan to a local governmental agency is funded from the proceeds of bonds, the Authority allocates a specified amount from its federal capitalization grant for deposit to the project account(s). An amount of bond proceeds equal to the allocated capitalization grant is transferred to a reserve account as project draws are made. Earnings on such reserve are used to reduce the loan interest payable by the borrower.

Each local governmental agency evidences its obligation to the Authority under its loan agreement by the issuance to the Authority of a governmental agency bond, which is secured by a pledge of a specific revenue source or by a general obligation pledge. The loan repayments made by the local governmental agencies pursuant to direct loan agreements are structured, in the aggregate, to provide amounts sufficient to repay the Authority principal and stated interest (which includes an administrative surcharge). The loan repayments made by the local governmental agencies pursuant to leveraged loan agreements are structured, in the aggregate, to provide amounts sufficient to repay principal, premium (if any) and interest (less certain expected investment earnings) on the bonds issued by the Authority for the leveraged loans, as well as cash advances or bonds issued to provide the state matching requirements (if needed), and an administrative surcharge.

Loans are made at or below market interest rates (at terms generally not exceeding 20 years plus the construction period) with principal and interest payments commencing not later than one year after completion of the borrowers' projects.

Drinking Water Enterprise Fund

Drinking Water Revolving Fund

The Drinking Water Enterprise Fund includes the operations of the Drinking Water Revolving Fund (DWRF), also known as the State Revolving Fund, and the Nonrevolving Fund. The Nonrevolving Fund accounts for Safe Drinking Water set asides, including administrative grant proceeds, state direct loan program and loan administrative fees.

The DWRF was created by State statute (CRS 37-95-107.8) in 1995, in anticipation of the reauthorization of the Federal Safe Drinking Water Act (SDWA). The SDWA was reauthorized in 1996 with a state revolving fund loan program. The DWRF was established to provide assistance to governmental agencies for projects that appear on the *Drinking Water Project Eligibility List* (the List). The List, established in accordance with State statute, consists of new or existing water management facilities that extend, protect, improve, or replace domestic drinking water supplies in the State of Colorado and for any other means specified in the SDWA.

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Pursuant to statutes, with the written consent of the Colorado Department of Public Health and Environment, the Authority is authorized, on behalf of the State, to execute all operating agreements and capitalization grant agreements with the EPA. The Authority, the Water Quality Control Division of the Colorado Department of Public Health and Environment and the Division of Local Government of the Colorado Department of Local Affairs have entered into a Memorandum of Understanding under which each has agreed to assume specified responsibilities in connection with the operation of the DWRF. The statutes also authorize the Authority to issue bonds for such purposes and to designate assets in the DWRF that may be pledged and assigned as security for payment of such bonds.

The DWRF is capitalized by grants awarded by the EPA. Matching funds are provided by the Authority. In order to receive capitalization grants, matching funds must be provided in a ratio of \$1 of state match for every \$5 of total capitalization grants. Administrative expense reimbursements funded by EPA capitalization grants are limited to a percentage (4%) of the capitalization grants.

The Authority issues bonds to provide loans to local governmental agencies, either individually or in pools. Loans/grants to borrowers may be provided from federal grants and/or from bond proceeds. The matching requirement for the federal grants is provided by the Authority in the form of cash.

When a loan to a local governmental agency is funded from the proceeds of bonds, the Authority allocates a specific amount from its federal capitalization grant for deposit to the project account(s). An amount of bond proceeds equal to the allocated capitalization grant is transferred to a reserve fund as project draws are made. Earnings on such reserve are used to reduce the loan interest payable by the borrower.

Each local governmental agency evidences its obligation to the Authority under its loan agreement by the issuance to the Authority of a governmental agency bond, which is secured by a pledge of a specific revenue source or by a general obligation pledge. The loan repayments made by the local governmental agencies pursuant to direct loan agreements are structured, in the aggregate, to provide amounts sufficient to repay the Authority principal and stated interest (which includes an administrative surcharge). The loan repayments made by the local governmental agencies pursuant to leveraged loan agreements are structured, in the aggregate, to provide amounts sufficient to repay principal, premium (if any) and interest (less certain expected investment earnings) on the bonds issued by the Authority for the leveraged loans, as well as cash advances or bonds issued to provide the state matching requirements (if needed), and an administrative surcharge.

Loans are made at or below market interest rates (at terms generally not exceeding 20 years plus the construction period) with principal and interest payments commencing not later than one year after completion of the borrowers' projects.

Set Asides

The SDWA allows the State to "set aside" up to 31% of the annual capitalization grant for water quality programs and administration. With these set asides, the Authority, through the Water Quality Control Division of the Colorado Department of Public Health and Environment, provides assistance in the form of grants, with no repayment obligations, to eligible entities. Up to 10% of the Authority's capitalization grants may be used for source water protection, capacity development, public water system supervision, and wellhead protection. In 1997, the entire 10% was used for source water protection, but since then no

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further funds have been set aside for this activity. Up to 15% (no more than 10% for any one purpose) of each grant may be used for the following items: loans for public water systems to acquire land or conversion easements, loans for community systems to implement source water protection measures or to implement recommendations in source water petitions, technical, and financial assistance to public water systems for capacity development, expenditures to delineate or assess source water protection areas, and expenditures to establish and implement wellhead protection programs. Four percent of the Authority's capitalization grants may be used for administration, and up to two percent of the capitalization grants each year may be used for an operator training and technical assistance set aside to aid small community systems.

The Authority deposits the matching requirement (20%) for set aside grants in the State Revolving Fund at closing for the Drinking Water Revenue Bond issues.

State Loans

Prior to receiving the award of the federal capitalization grant, the DWRP loaned State-funded monies directly to local governmental agencies.

(2) Summary of Significant Accounting Policies

The significant accounting policies of the Authority are described as follows:

(a) Fund Accounting

The Authority is engaged only in business-type activities. To account for these activities, the accounts of the Authority are organized on the basis of three separate enterprise funds, each of which is considered a separate accounting entity. The accounting policies of the Enterprise Funds (Water Operations Fund, Water Pollution Control Fund and Drinking Water Fund) conform to accounting principles generally accepted in the United States of America as applicable to governmental units accounted for as enterprise funds. Enterprise funds are used since the Authority's powers are related to those operated in a manner similar to a financing institution where net income and capital maintenance are appropriate determinations of accountability. Each Enterprise Fund is considered a major fund in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

(b) Basis of Accounting

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting where revenues are recognized when earned and expenses when incurred. The Authority has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. The Authority elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989, as allowed by GASB Statement No. 20.

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(c) Cash Equivalents

The Authority considers cash deposits held by State Treasurer, money market mutual funds, investment pools, and other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(d) Loans Receivable

Loans receivable represent outstanding principal amounts lent to borrowers for the construction of water and wastewater projects. An allowance for uncollectible loans receivable has not been established since historical collection experience has shown amounts to be fully collected when due.

(e) Restricted Assets

Restricted assets represent cash and cash equivalents, investments, and investment income receivable contained in project accounts, debt service accounts, debt service reserve accounts, and the Animas-La Plata escrow account.

(f) Capital Assets – Equipment

Equipment is recorded at cost. Depreciation expense is computed using the straight-line method over the estimated economic useful life of five years.

(g) Amortization

The deferred costs on bond refundings are amortized using the interest method over the life of the outstanding bonds. The amortization amount is a component of interest on bonds, and the unamortized deferred costs are reflected as a reduction of bonds payable. An advance payment of administrative fees from refunding bond proceeds is recorded as deferred revenue, and is being amortized over the life of the respective bonds.

(h) Compensated Absences

The Authority has a policy which allows employees to accumulate unused vacation and sick leave benefits up to a certain maximum number of days. Compensated absences are recognized as current salary costs are incurred.

(i) Project Costs Payable

Project costs payable represents the principal amounts loaned to borrowers that have not been requisitioned by the borrowers for their projects as of year end.

(j) Advance Receivable and Payable

The Water Operations Fund makes advances to the WPCRF for the purpose of financing the WPCRF's capitalization grant matching requirements. The advance is non-interest bearing. The advance is repaid from surplus WPCRF loan administrative fees.

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(k) *Restricted Net Assets*

Net assets of the Authority are classified as restricted when external constraints imposed by debt agreements, grantors, or laws are placed on net asset use.

(l) *Operating Revenues and Expenses*

Substantially all revenues and expenses, including interest received on investments and loans and interest paid on bonds, are considered operating items since the Authority issues bonds to finance loans for specific projects. In accordance with GASB Statement No. 34, federal capital contributions and contributions from the Animas-La Plata account are shown below operating income on the statements of revenues, expenses, and changes in fund net assets.

(m) *Use of Estimates*

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management of the Authority to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ significantly from those estimates.

(n) *Reclassifications*

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

(3) *Deposits and Investments*

(a) *Deposits*

The Colorado Public Deposit Protection Act (PDPA) requires that all units of Colorado government deposit cash in eligible public depositories. Eligibility is determined by State regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another financial institution or held in trust. The fair value of the collateral must be at least equal to the aggregate uninsured deposits.

The State regulatory commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2003 and 2002, the Authority's deposits had a bank balance of \$568,339 and \$42,013 and a carrying amount of \$358,914 and \$37,907, respectively. The differences between the bank balances and carrying amounts are due to outstanding reconciling items (primarily outstanding checks) at year end. The Authority's bank balances were entirely insured by federal depository insurance at December 31, 2003 and 2002.

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(b) Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which Colorado governmental units may invest, which include:

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

The Authority's investments are recorded at fair value and are categorized below to give an indication of the level of custodial credit risk assumed by the Authority at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Authority's name.

Category 3 investments include investments held by trustees pursuant to bond indentures. These investments were acquired by the trustees at the direction of the Authority. Investments are held in the trustee's bank account at the Federal Reserve in book entry form. Consequently, the trustees are considered to be the purchaser as well as the custodian of the investments.

Investments in local government investment pools or in money market mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

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Cash, cash equivalents, and investments at December 31, 2003 are categorized as follows:

	Category 1	2	3	Total
Repurchase agreements – collateralized with U.S. Treasury obligations	\$ —	—	257,223,187	257,223,187
U.S. Treasury Bonds	—	—	10,111,223	10,111,223
U.S. Treasury Notes	22,112,034	—	—	22,112,034
	\$ 22,112,034	—	267,334,410	289,446,444

Investment Pools or Money Market Mutual Funds:

Cash held by State Treasurer			\$ 62,038,104
Local government investment pool – COLOTRUST PLUS+			77,030,210
			139,068,314
Total cash equivalents not categorized			139,068,314
Total investments and cash equivalents			428,514,758
Total deposits			358,914
Total cash, cash equivalents, and investments			\$ 428,873,672

Cash, cash equivalents, and investments at December 31, 2002 are categorized as follows:

	Category 1	2	3	Total
Repurchase agreements – collateralized with U.S. Treasury obligations	\$ —	—	287,029,579	287,029,579
U.S. Treasury Bonds	—	—	10,569,071	10,569,071
U.S. Treasury Notes	22,324,600	—	—	22,324,600
	\$ 22,324,600	—	297,598,650	319,923,250

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Investment Pools or Money Market Mutual Funds:	
Cash held by State Treasurer	\$ 63,781,342
Local government investment pool – COLOTRUST PLUS+	47,385,564
Money market mutual funds	<u>16,579,659</u>
Total cash equivalents not categorized	127,746,565
Total investments and cash equivalents	447,669,815
Total deposits	<u>37,907</u>
Total cash, cash equivalents, and investments	<u><u>\$ 447,707,722</u></u>

Cash held by State Treasurer has been invested in the State Treasurer’s cash pool. A detailed composition of the cash and investments in this pool is available in the annual State Treasurer’s Report.

Colorado Local Government Liquid Asset Trust (the COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. As of December 31, 2003 and 2002, the Authority had \$77,030,210 and \$47,385,564 invested in COLOTRUST PLUS+, respectively.

As of December 31, 2002, the Authority had invested \$16,579,659 in the Milestone Treasury Obligation Portfolio. This account is a money market mutual fund which may invest only in U.S. Treasury obligations and repurchase agreements fully collateralized by U.S. Treasury obligations. As of December 31, 2003, the Authority did not have any amounts invested in money market mutual funds.

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(4) Loans Receivable

The following is an analysis of changes in loans receivable for the years ended December 31, 2003 and 2002:

	<u>Balance January 1, 2003</u>	<u>New loans</u>	<u>Repayments/ loans canceled</u>	<u>Balance December 31, 2003</u>
Water Operations Fund:				
Small Water Resources Program	\$ 108,257,083	9,610,000	4,762,500	113,104,583
Water Revenue Bond Program	2,535,000	17,760,000	160,000	20,135,000
Interim loans	3,318,084	3,702,643	3,574,345	3,446,382
Water Pollution Control Fund:				
Direct loans	13,570,606	1,550,000	765,470	14,355,136
Leveraged loans	397,220,207	16,178,433	22,532,810	390,865,830
Drinking Water Fund:				
Direct loans	12,172,575	3,181,198	1,230,202	14,123,571
Leveraged loans	133,809,279	36,134,600	5,853,351	164,090,528
	<u>670,882,834</u>	<u>\$ 88,116,874</u>	<u>38,878,678</u>	<u>720,121,030</u>
Less current portion	<u>35,357,015</u>			<u>40,594,820</u>
Noncurrent portion	<u>\$ 635,525,819</u>			<u>679,526,210</u>

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	Balance January 1, 2002	New loans	Repayments/ loans canceled	Balance December 31, 2002
Water Operations Fund:				
Small Water Resources				
Program	\$ 98,055,417	14,615,000	4,413,334	108,257,083
Water Revenue Bond				
Program	2,685,000	—	150,000	2,535,000
Interim loans	—	4,450,091	1,132,007	3,318,084
Water Pollution Control Fund:				
Direct loans	13,445,720	1,000,000	875,114	13,570,606
Leveraged loans	332,446,746	81,972,699	17,199,238	397,220,207
Drinking Water Fund:				
Direct loans	8,531,008	4,200,000	558,433	12,172,575
Leveraged loans	121,355,759	17,754,659	5,301,139	133,809,279
	576,519,650	\$ 123,992,449	29,629,265	670,882,834
Less current portion	28,020,341			35,357,015
Noncurrent portion	\$ 548,499,309			635,525,819

Scheduled maturities of the loans receivable are as follows:

	Water operations		WPCRF		DWRP		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2004	\$ 9,685,965	6,377,634	23,240,877	9,372,823	7,667,978	3,983,852	60,329,129
2005	6,791,667	6,288,234	22,806,250	10,617,485	7,864,596	4,439,609	58,807,841
2006	7,275,000	5,943,975	24,100,535	10,067,020	8,260,598	4,347,075	59,994,203
2007	7,627,500	5,588,145	25,105,613	9,693,419	8,732,001	4,159,181	60,905,859
2008	7,982,500	5,189,652	25,855,027	9,012,268	8,942,151	3,961,249	60,942,847
2009-2013	36,040,834	20,045,562	132,622,133	34,568,790	52,267,890	16,157,064	291,702,273
2014-2018	30,559,167	12,129,728	95,244,711	17,191,945	53,550,948	8,742,170	217,418,669
2019-2023	29,823,332	4,150,860	48,698,821	4,505,459	29,087,600	2,431,318	118,697,390
2024-2025	900,000	37,125	7,546,999	292,215	1,840,337	52,908	10,669,584
Total	\$ 136,685,965	65,750,915	405,220,966	105,321,424	178,214,099	48,274,426	939,467,795

The schedule above does not include administrative fees due from the borrowers, which are recorded as revenue when due.

The Water Operations Fund – Small Water Resources Program loans receivable, which had original amounts of \$144,535,000, have interest rates of 3.87% to 7.19% and have scheduled final maturity dates of 2004 to 2023. The Water Revenue Bond Program loans receivable, which had an original amount of \$20,900,000, has an interest rates of 1.92% to 7.08% and have scheduled maturity dates of 2004-2024.

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The WPCRF direct loans receivable, which had original amounts of \$19,252,588, have interest rates of 1.43% to 5.17% and have maturity dates of 2010 to 2022. The WPCRF leveraged loans receivable which had original amounts of \$489,037,863, have interest rates of 3.21% to 5.20% and have scheduled final maturity dates of 2007 to 2025.

The Drinking Water Fund direct loans receivable, which had original amounts of \$16,770,695, have interest rates of 4.0% to 4.5% and have scheduled final maturity dates of 2005 to 2024. The Drinking Water Fund leveraged loans receivable, which had original amounts of \$186,857,963, have interest rates of 3.03% to 4.6% and have scheduled final maturity dates of 2014 to 2024.

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(5) Noncurrent Liabilities

Bonds Payable

The following is an analysis of changes in bonds payable for the year ended December 31, 2003:

	<u>Balance January 1, 2003</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2003</u>
Water Operations				
Small Water Resources Program				
1992 Series B	\$ 1,155,000	—	150,000	1,005,000
1993 Series A	5,845,000	—	625,000	5,220,000
1994 Series A	4,015,000	—	280,000	3,735,000
1994 Series B	605,000	—	295,000	310,000
1996 Series A/B	5,345,000	—	375,000	4,970,000
1997 Series A	8,040,000	—	385,000	7,655,000
1997 Series B	11,460,000	—	975,000	10,485,000
1998 Series A	7,175,000	—	450,000	6,725,000
1998 Series B	13,410,000	—	810,000	12,600,000
2000 Series A	23,595,000	—	305,000	23,290,000
2001 Series A	15,245,000	—	275,000	14,970,000
2002 Series A	14,615,000	—	160,000	14,455,000
2003 Series A	—	9,610,000	—	9,610,000
	<u>110,505,000</u>	<u>9,610,000</u>	<u>5,085,000</u>	<u>115,030,000</u>
Water Revenue Bonds Program:				
1998 Taxable Series	2,535,000	—	160,000	2,375,000
2003 Series A	—	13,800,000	—	13,800,000
2003 Series B	—	3,960,000	—	3,960,000
	<u>2,535,000</u>	<u>17,760,000</u>	<u>160,000</u>	<u>20,135,000</u>
Total Water Operations	113,040,000	\$ <u>27,370,000</u>	<u>5,245,000</u>	135,165,000
Less deferred costs	(1,431,667)			(1,086,667)
Less current portion	<u>(5,245,000)</u>			<u>(6,690,000)</u>
Noncurrent bonds payable – Water Operations	\$ <u>106,363,333</u>			<u>127,388,333</u>
Water Pollution Control Revolving Fund – Clean Water Revenue Bonds:				
1989 Series A	\$ 630,000	—	110,000	520,000
1990 Series A	285,000	—	60,000	225,000
1991 Series A	2,530,000	—	400,000	2,130,000
1991 Series B	1,930,000	—	350,000	1,580,000
1992 Series A	915,000	—	130,000	785,000
1992 Series B	2,505,000	—	335,000	2,170,000
1994 Series A	2,600,000	—	1,330,000	1,270,000
1995 Series A	3,750,000	—	1,130,000	2,620,000
1996 Series A	5,255,000	—	315,000	4,940,000
1997 Series A	25,240,000	—	1,480,000	23,760,000
1998 Series A	26,105,000	—	1,475,000	24,630,000
1998 Series B	18,835,000	—	575,000	18,260,000
1999 Series A	31,135,000	—	1,915,000	29,220,000
2000 Series A	31,025,000	—	1,290,000	29,735,000
2001 Series A	67,305,000	—	2,470,000	64,835,000
2002 Series A	55,310,000	—	1,755,000	53,555,000
2002 Series B	23,435,000	—	445,000	22,990,000
2003 Series A	—	14,750,000	—	14,750,000
	<u>298,790,000</u>	<u>14,750,000</u>	<u>15,565,000</u>	<u>297,975,000</u>

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	Balance January 1, 2003	New issues	Retirements	Balance December 31, 2003
Water Pollution Control Revolving Fund – Wastewater Revolving Fund Refunding Revenue Bonds:				
1996 Series A	\$ 25,860,000	—	1,945,000	23,915,000
2001 Series A	51,415,000	—	1,755,000	49,660,000
	77,275,000	—	3,700,000	73,575,000
Total Water Pollution Control Revolving Fund	376,065,000	\$ 14,750,000	19,265,000	371,550,000
Less deferred costs	(609,002)			(509,438)
Less current portion	(19,265,000)			(20,450,000)
Noncurrent bonds payable – Water Pollution Control Revolving Fund	\$ 356,190,998			350,590,562
Drinking Water Revolving Fund:				
Revenue Bonds:				
1997 Series A	\$ 20,055,000	—	1,055,000	19,000,000
1998 Series A	13,295,000	—	640,000	12,655,000
1999 Series A	40,590,000	—	2,200,000	38,390,000
2000 Series A	34,045,000	—	1,265,000	32,780,000
2002 Series A	16,320,000	—	185,000	16,135,000
2003 Series A	—	20,835,000	—	20,835,000
2003 Series B	—	11,695,000	—	11,695,000
Total Drinking Water Revolving Fund	124,305,000	\$ 32,530,000	5,345,000	151,490,000
Less current portion	(5,345,000)			(6,300,000)
Noncurrent bonds payable – Drinking Water Revolving Fund	\$ 118,960,000			145,190,000

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The following is an analysis of changes in bonds payable for the year ended December 31, 2002:

	Balance January 1, 2002	New issues	Retirements	Balance December 31, 2002
Water Operations – Small Water Resources Program:				
1990 Series A	\$ 590,000	—	590,000	—
1992 Series A	595,000	—	595,000	—
1992 Series B	1,940,000	—	785,000	1,155,000
1993 Series A	5,945,000	—	100,000	5,845,000
1994 Series A	4,280,000	—	265,000	4,015,000
1994 Series B	890,000	—	285,000	605,000
1996 Series A/B	5,705,000	—	360,000	5,345,000
1997 Series A	8,405,000	—	365,000	8,040,000
1997 Series B	11,810,000	—	350,000	11,460,000
1998 Series A	7,605,000	—	430,000	7,175,000
1998 Series B	13,535,000	—	125,000	13,410,000
2000 Series A	23,860,000	—	265,000	23,595,000
2001 Series A	15,510,000	—	265,000	15,245,000
2002 Series A	—	14,615,000	—	14,615,000
	100,670,000	14,615,000	4,780,000	110,505,000
Water Revenue Bonds Program:				
1998 Taxable Series	2,685,000	—	150,000	2,535,000
Total Water Operations	103,355,000	\$ 14,615,000	4,930,000	113,040,000
Less deferred costs	(1,806,667)			(1,431,667)
Less current portion	(4,930,000)			(5,245,000)
Noncurrent bonds payable – Water Operations	\$ 96,618,333			106,363,333
Water Pollution Control Revolving Fund – Clean Water Revenue Bonds:				
1989 Series A	\$ 745,000	—	115,000	630,000
1990 Series A	350,000	—	65,000	285,000
1991 Series A	2,945,000	—	415,000	2,530,000
1991 Series B	2,300,000	—	370,000	1,930,000
1992 Series A	1,620,000	—	705,000	915,000
1992 Series B	3,705,000	—	1,200,000	2,505,000
1994 Series A	3,885,000	—	1,285,000	2,600,000
1995 Series A	4,850,000	—	1,100,000	3,750,000
1996 Series A	5,560,000	—	305,000	5,255,000
1997 Series A	26,680,000	—	1,440,000	25,240,000
1998 Series A	27,550,000	—	1,445,000	26,105,000
1998 Series B	19,365,000	—	530,000	18,835,000
1999 Series A	33,000,000	—	1,865,000	31,135,000
2000 Series A	32,270,000	—	1,245,000	31,025,000
2001 Series A	69,710,000	—	2,405,000	67,305,000
2002 Series A	—	55,310,000	—	55,310,000
2002 Series B	—	23,435,000	—	23,435,000
	234,535,000	78,745,000	14,490,000	298,790,000

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	Balance January 1, 2002	New issues	Retirements	Balance December 31, 2002
Water Pollution Control				
Revolving Fund – Wastewater				
Revolving Fund Refunding				
Revenue Bonds:				
1996 Series A	\$ 27,670,000	—	1,810,000	25,860,000
2001 Series A	51,620,000	—	205,000	51,415,000
	79,290,000	—	2,015,000	77,275,000
Total Water Pollution Control Revolving Fund	313,825,000	\$ 78,745,000	16,505,000	376,065,000
Less deferred costs	(713,338)			(609,002)
Less current portion	(16,505,000)			(19,265,000)
Noncurrent bonds payable – Water Pollution Control Revolving Fund	\$ 296,606,662			356,190,998
Drinking Water Revolving Fund:				
Revenue Bonds:				
1997 Series A	\$ 21,085,000	—	1,030,000	20,055,000
1998 Series A	13,925,000	—	630,000	13,295,000
1999 Series A	42,725,000	—	2,135,000	40,590,000
2000 Series A	35,090,000	—	1,045,000	34,045,000
2002 Series A	—	16,320,000	—	16,320,000
Total Drinking Water Revolving Fund	112,825,000	\$ 16,320,000	4,840,000	124,305,000
Less current portion	(4,840,000)			(5,345,000)
Noncurrent bonds payable – Drinking Water Revolving Fund	\$ 107,985,000			118,960,000

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All of the Authority Small Water Resources Program bonds and the Series 1989A and Series 1990A Clean Water Revenue Bonds are insured as to payment of principal and interest by the Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Financial Security Assurance, Inc. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation.

The outstanding bonds of the Authority had original principal amounts of \$140,635,000 for the Small Water Resources Program, \$20,900,000 for the Water Revenue Bonds Program, \$464,735,000 for the Clean Water Revenue Bonds, \$80,570,000 for the Wastewater Revolving Fund Refunding Revenue Bonds and \$171,115,000 for the Drinking Water Revolving Fund Bonds, for a total of \$877,955,000. The bonds are payable semiannually with interest rates ranging from 1.7% to 7.4% and serial and term principal maturities, including mandatory sinking fund call provisions, through the year 2025. All bonds, except the Small Water Resources Series 1996B and the Wastewater Revolving Fund Refunding Revenue Bonds Series 1996A and 2001A, have optional initial call provisions through 2015, generally eight to ten years from the issue date with maximum call premiums of 2% and decreasing to no premium.

The Authority's debt service requirements to maturity, excluding unamortized original issue discount and premium and deferred costs on refundings, are as follows:

	Water operations fund		WPCRF		DWRF		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2004	\$ 6,690,000	6,329,903	20,450,000	18,884,700	6,300,000	7,016,078	65,670,681
2005	7,010,000	6,044,118	21,070,000	17,934,343	6,380,000	6,842,146	65,280,607
2006	7,445,000	5,752,924	22,105,000	16,954,299	6,625,000	6,559,396	65,441,619
2007	7,760,000	5,442,028	22,775,000	15,869,328	7,290,000	6,279,629	65,415,985
2008	8,165,000	5,107,285	23,505,000	14,770,814	7,455,000	5,972,676	64,975,775
2009-2013	36,060,000	20,235,803	120,115,000	55,128,025	43,710,000	24,437,266	299,686,094
2014-2018	30,370,000	12,351,842	88,325,000	26,374,491	45,895,000	13,538,539	216,854,872
2019-2023	30,765,000	4,366,068	46,215,000	7,206,830	25,870,000	3,777,770	118,200,668
2024-2025	900,000	37,125	6,990,000	462,288	1,965,000	127,844	10,482,257
Total	\$ 135,165,000	65,667,096	371,550,000	173,585,118	151,490,000	74,551,344	972,008,558

Total interest expense for 2003 and 2002 amounted to \$6,362,280, \$19,353,391, and \$6,485,194 and \$5,927,012, \$17,902,940, and \$6,059,369 for the Water Operations, Water Pollution Control, and Drinking Water Funds, respectively.

The bond resolutions authorizing the various bond issues contain general provisions and provisions related to accounting and financial operations of the Authority. Management of the Authority believes they are in substantial compliance with these provisions.

The Authority has provided a Debt Service Bond Reserve Account at least equal to the debt service reserve requirement under the Small Water Resources Bond Resolution. At December 31, 2003 and 2002, the Small Water Resources Debt Service Reserve Account amounted to \$8,500,000 and was fully funded. This

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amount is reflected in restricted net assets of the Water Operations Enterprise Fund. The Authority can issue up to \$150,000,000 (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds at the current funding level for the Small Water Debt Service Reserve Account. At December 31, 2003 and 2002, the Authority had \$115,030,000 and \$110,505,000 of outstanding Small Water Resources Revenue Bonds, respectively.

Refunded Debt

Various bonds previously issued by the Authority have been defeased, and thus, are not reflected in bonds payable in the accompanying statements of net assets. The detail of the Authority's total defeased bonds outstanding at December 31, 2003 and year of final maturity of the defeased bonds (if called) are as follows:

	<u>Amount</u>	<u>Year of maturity</u>
1994B Small Water Resources Revenue Bonds	\$ 4,885,000	2004
1999A Clean Water Revenue Bonds	2,365,000	2009
	<u>\$ 7,250,000</u>	

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Noncurrent Liabilities, Other than Bonds

Noncurrent liability activity, other than bonds, for the year ended December 31, 2003 was as follows:

	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2003</u>	<u>Current Portion</u>
Water Operations:					
Project costs payable – leveraged loans	\$ 11,704,856	27,258,150	23,957,012	15,005,994	15,005,994
Deferred revenue	41,207	—	14,128	27,079	—
Debt service reserve deposit	600,000	—	—	600,000	—
Other liabilities	547,775	4,784	168,824	383,735	—
Total Water Operations	<u>\$ 12,893,838</u>	<u>27,262,934</u>	<u>24,139,964</u>	<u>16,016,808</u>	<u>15,005,994</u>
Water Pollution Control:					
Project costs payable – direct loans	\$ 1,055,360	1,550,000	2,076,973	528,387	528,387
Project costs payable – leveraged loans	134,234,465	15,888,307	81,621,163	68,501,609	68,101,609
Advance payable	11,307,347	1,428,434	3,200,000	9,535,781	—
Deferred revenue	293,188	—	22,553	270,635	—
Other liabilities	4,481,160	920,297	1,248,608	4,152,849	—
Total Water Pollution Control	<u>\$ 151,371,520</u>	<u>19,787,038</u>	<u>88,169,297</u>	<u>82,989,261</u>	<u>68,629,996</u>
Drinking Water:					
Project costs payable – direct loans	\$ 2,737,492	3,181,198	2,904,476	3,014,214	3,014,214
Project costs payable – leveraged loans	14,298,605	35,829,500	11,448,638	38,679,467	36,541,467
Other liabilities	2,034,413	389,388	277,030	2,146,771	—
Total Drinking Water	<u>\$ 19,070,510</u>	<u>39,400,086</u>	<u>14,630,144</u>	<u>43,840,452</u>	<u>39,555,681</u>

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Noncurrent liability activity, other than bonds, for the year ended December 31, 2002 was as follows:

	<u>Balance January 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2002</u>	<u>Current Portion</u>
Water Operations:					
Project costs payable – leveraged loans	\$ 21,857,893	14,500,000	24,653,037	11,704,856	9,660,938
Deferred revenue	—	41,207	—	41,207	—
Debt service reserve deposit	600,000	—	—	600,000	—
Other liabilities	532,278	44,792	29,295	547,775	—
Total Water Operations	<u>\$ 22,990,171</u>	<u>14,585,999</u>	<u>24,682,332</u>	<u>12,893,838</u>	<u>9,660,938</u>
Water Pollution Control:					
Project costs payable – direct loans	\$ 898,887	1,000,000	843,527	1,055,360	924,659
Project costs payable – leveraged loans	99,266,209	84,019,775	49,051,519	134,234,465	80,476,909
Advance payable	12,229,648	3,227,699	4,150,000	11,307,347	—
Deferred revenue	315,741	—	22,553	293,188	—
Other liabilities	4,313,061	1,250,284	1,082,186	4,481,160	—
Total Water Pollution Control	<u>\$ 117,023,546</u>	<u>89,497,758</u>	<u>55,149,785</u>	<u>151,371,520</u>	<u>81,401,568</u>
Drinking Water:					
Project costs payable – direct loans	\$ 876,003	4,200,000	2,338,511	2,737,492	2,523,871
Project costs payable – leveraged loans	13,548,452	17,440,000	16,689,847	14,298,605	6,739,260
Other liabilities	2,454,945	301,812	722,343	2,034,413	—
Total Drinking Water	<u>\$ 16,879,400</u>	<u>21,941,812</u>	<u>19,750,701</u>	<u>19,070,510</u>	<u>9,263,131</u>

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

December 31, 2003 and 2002

(6) Board Designated Accounts

Included in the balance of unrestricted net assets of the Water Operations Enterprise Fund are monies designated by the Authority's board of directors (the Board) for specific purposes. These amounts are not included in restricted net assets, because the designations do not meet the definition of restricted net assets as defined by accounting principles generally accepted in the United States of America. Board designations were as follows in the Water Operations Enterprise Fund as of December 31:

	<u>2003</u>	<u>2002</u>
Self insurance account	\$ 800,000	800,000
La Plata river escrow account	<u>15,902,406</u>	<u>15,455,643</u>
Total Board designated accounts	<u>\$ 16,702,406</u>	<u>16,255,643</u>

(7) EPA Capitalization Grants

The WPCRF and DWRP are capitalized through capitalization grants awarded by the EPA. Matching funds are provided by the Authority or its borrowers in a ratio of \$1 of state match for every \$5 of capitalization grants.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

December 31, 2003 and 2002

The following table details the EPA capitalization grants and matching requirements recognized by project during 2003:

	Federal grants recognized in 2003	Matching requirement for 2003
Water Pollution Control Revolving Fund Projects:		
1995A – Winter Park Water and Sanitation District	\$ 14,840	2,968
1997A – Town of Carbondale	22,442	4,488
1999A – City of Aurora	1,865,173	373,035
1999A – Grand County Water and Sanitation District	487,126	97,425
2000A – Parker Water and Sanitation District	769,244	153,849
2000A – Three Lakes Water and Sanitation District	8,734	1,747
2001A – City of Lafayette	554,858	110,972
2001A – Mt. Crested Butte Water and Sanitation District	828,242	165,648
2001A – Parker Water and Sanitation District	1,667,120	333,424
2001A – City of Steamboat Springs	66,718	13,344
2002A – Black Hawk-Central City Sanitation District	1,789,588	357,918
2002A – Town of Wellington	1,438,961	287,792
2002A – Winter Park West Water and Sanitation District	382,640	76,528
2002B – Parker Water and Sanitation District	4,440,896	888,179
2003A – Colorado City	9,136	1,827
2003A – Town of Milliken	183,556	36,711
2003A – City of Pueblo	321,729	64,346
	<u>14,851,003</u>	<u>2,970,201</u>
Drinking Water Revolving Fund Projects:		
1998A – Town of Buena Vista	13,145	2,629
1999A – Grand County Water and Sanitation District No. 1	158,887	31,777
1999A – Left Hand Water District	389,751	77,950
2002A – City of Grand Junction	529,705	105,941
2002A – City of La Junta	1,137,140	227,428
2003A – Fountain Valley Authority	849,106	169,821
2003A – City of Longmont	1,080,824	216,165
2003A – Town of Lyons	83,288	16,658
	<u>4,241,846</u>	<u>848,369</u>
Total	<u>\$ 19,092,849</u>	<u>3,818,570</u>

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

December 31, 2003 and 2002

The following table details the EPA capitalization grants and matching requirements recognized by project during 2002:

	Federal grants recognized in 2002	Matching requirement for 2002
	<u> </u>	<u> </u>
Water Pollution Control Revolving Fund Projects:		
1995A – City of Steamboat Springs	\$ 17,186	3,437
1996A – City of Idaho Springs	19,761	3,952
1999A – Fremont Sanitation District	52,274	10,455
1999A – City of Aurora	2,083,621	416,724
1999A – Grand County Water and Sanitation District	444,831	88,966
1999A – Left Hand Water and Sanitation District	8,828	1,766
2000A – Summit County	707,484	141,497
2000A – Parker Water and Sanitation District	2,196,753	439,351
2000A – Three Lakes Water and Sanitation District	888,181	177,636
2001A – City of Steamboat Springs	66,876	13,375
2001A – City of Lafayette	1,704,503	340,901
2001A – Mt. Crested Butte Water and Sanitation District	1,054,661	210,932
2002A – Black Hawk-Central City Sanitation District	390,592	78,118
2002A – Town of Wellington	417,442	83,488
2002A – Winter Park West Water and Sanitation District	349,416	69,883
	<u>10,402,409</u>	<u>2,080,481</u>
Drinking Water Revolving Fund Projects:		
1998A – Town of Buena Vista	1,454	291
1999A – City of Glenwood Springs	47	9
1999A – Grand County Water and Sanitation District No. 1	63,964	12,793
1999A – City of Greeley	218,297	43,659
1999A – Left Hand Water District	95,085	19,017
2000DL – Sedalia Water and Sanitation District	24,542	4,908
2000A – Evergreen Metro District	673,678	134,736
2000A – Board of Waterworks Pueblo	80,524	16,105
2000A – Town of Limon	127,552	25,510
2000A – City of Westminster	2,220,881	444,176
2000DL – Town of Wellington	534,910	106,982
2002A – Evergreen Metropolitan District	764,260	152,852
2002A – City of Idaho Springs	906,316	181,263
2002A – City of La Junta	550,096	110,019
2002DL – City of Woodland Park	559,915	111,983
	<u>6,821,521</u>	<u>1,364,303</u>
Total	<u>\$ 17,223,930</u>	<u>3,444,784</u>

**COLORADO WATER RESOURCES
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Notes to Basic Financial Statements

December 31, 2003 and 2002

(8) Defined Benefit Pension Plan

The Authority contributes to the Combined State and School Division Trust Fund (CSSDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The CSSDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees and board members of the Authority are members of the CSSDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the CSSDTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

The financial statements of the CSSDTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the employer pays compensation to the member. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The CSSDTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

Plan members and the Authority are required to contribute to the CSSDTF at a rate set by statute. The contribution requirements of plan members and the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% of covered salary (see below table for the Authority's contribution rates). Beginning with payroll periods ending after January 1, 2001, the employer contributions paid to the CSSDTF were reduced by an employer match on members' voluntary contributions to a defined contribution plan. The match, set by the board of trustees of PERA, is 100% of a member's eligible tax-deferred retirement program contributions limited by a per payroll whole percentage of PERA-includable salary limit (see below table for matchmaker rates). Any unused defined contribution match money is forwarded to the CSSDTF. Also, a portion of the Authority's contribution (1.64% of covered salary) is allocated for the Health Care Trust Fund (see note 9). The Authority's contributions to CSSDTF for the years ended December 31, 2003, 2002, and 2001 were \$75,727, \$64,688, and \$61,342, respectively, equal to their required contributions for each year.

Contribution rates from July 1, 2001 to June 30, 2004 are the following:

PERA employer rates	Matchmaker rates		
7/1/01-6/30/02	9.90%	2001	3%
7/1/02-6/30/03	10.04%	2002	3%
7/1/03-6/30/04	10.15%	2003	2%

(9) Postemployment Healthcare Benefits

The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

December 31, 2003 and 2002

required supplementary information for the HCTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

The financial statements of the HCTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the employer pays compensation to the member. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The HCTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

The Authority is required to contribute at a rate of 1.64% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The Authority's contributions to HCTF for the years ended December 31, 2003, 2002, and 2001 were \$12,307, \$10,639, and \$9,841, respectively, equal to their required contributions for each year.

(10) Defined Contribution Pension Plan

The (CSSDTF) members (see note 8) of the Authority may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$12,000 in 2003 and up to an additional \$2,000 for participants over age 50). Beginning January 1, 2001, an employer match was legislated which would match 100% of a member's eligible tax-deferred retirement program contributions limited by 2% in 2003 per payroll of the PERA-includable salary. The contribution requirements for the Authority are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The 401(k) Plan member contributions from the Authority for the years ended December 31, 2003 and 2002 were \$53,771 and \$44,262, respectively. The employer contributions to the 401(k) Plan from the Authority for the years ended December 31, 2003 and 2002 were \$13,520 and \$18,084, respectively.

(11) Lease Commitment

The Authority leases office facilities under an operating lease that expires in 2005. Rent expense totaled \$108,661 and \$121,398 for 2003 and 2002, respectively. The future minimum annual rental commitment under this lease is \$109,492 and \$100,368 for 2004 and 2005, respectively. Pursuant to the lease agreement executed in 2002, the landlord made a \$42,384 payment to the Authority in lieu of providing tenant finish improvements. The payment is being amortized over the 36-month lease term and accordingly, reduces rent expense.

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Notes to Basic Financial Statements

December 31, 2003 and 2002

(12) Tax, Spending, and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, referred to as the Taxpayer's Bill of Rights (TABOR), which added a new section 20 to article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governmental agencies.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governmental agencies combined, are excluded from the provisions of TABOR. The Authority's management believes that its operations qualify for this exclusion. However, TABOR is complex and subject to interpretation. Many of the provisions, including the qualification as an Enterprise, may require judicial interpretation.

(13) Risk Management and Contingencies

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Authority maintains commercial insurance for most risks of loss, excluding directors' and officers' legal liability for which the Authority is self-insured. No claims have been made against commercial insurance coverage or the Authority in any of the past three fiscal years.

The Authority receives federal grant funds from the EPA. These amounts are subject to audit and adjustment by the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount, if any, of expenses which may be disallowed by the federal government cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial to its financial operations.

SUPPLEMENTAL INFORMATION

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Regulatory Basis

Combining Schedule of Net Assets

Water Pollution Control Fund

December 31, 2003

Assets	State Revolving Fund	Non-Revolving Fund	Water Pollution Control Fund
Current assets:			
Cash and cash equivalents	\$ 15,052,204	4,635,290	19,687,494
Federal grants receivable	—	39,942	39,942
Investment income receivable	12,490	342,900	355,390
Loans receivable	23,240,877	—	23,240,877
Accounts receivable – borrowers	2,838,370	1,380,294	4,218,664
Restricted assets:			
Cash and cash equivalents	17,166,516	—	17,166,516
Investments	60,787,273	—	60,787,273
Investment income receivable	1,354,453	—	1,354,453
Total current assets	<u>120,452,183</u>	<u>6,398,426</u>	<u>126,850,609</u>
Noncurrent assets:			
Restricted assets:			
Investments	139,509,386	—	139,509,386
Investment income receivable	2,423,986	—	2,423,986
Loans receivable	381,980,089	—	381,980,089
Capital assets – equipment, net	—	15,269	15,269
Total noncurrent assets	<u>523,913,461</u>	<u>15,269</u>	<u>523,928,730</u>
Total assets	<u>\$ 644,365,644</u>	<u>6,413,695</u>	<u>650,779,339</u>
Liabilities and Fund Net Assets			
Current liabilities:			
Bonds payable	\$ 20,450,000	—	20,450,000
Accrued interest payable	6,294,900	—	6,294,900
Due to other funds	—	184,078	184,078
Project costs payable-direct loans	528,387	—	528,387
Project costs payable-leveraged loans	68,101,609	—	68,101,609
Total current liabilities	<u>95,374,896</u>	<u>184,078</u>	<u>95,558,974</u>
Noncurrent liabilities:			
Project costs payable-leveraged loans	400,000	—	400,000
Advance payable	—	9,535,781	9,535,781
Bonds payable, net	350,590,562	—	350,590,562
Deferred revenue	—	270,635	270,635
Other liabilities	—	4,152,849	4,152,849
Total noncurrent liabilities	<u>350,990,562</u>	<u>13,959,265</u>	<u>364,949,827</u>
Total liabilities	<u>446,365,458</u>	<u>14,143,343</u>	<u>460,508,801</u>
Fund net assets:			
Invested in capital assets	—	15,269	15,269
Restricted	198,000,186	(7,744,917)	190,255,269
Total fund net assets	<u>198,000,186</u>	<u>(7,729,648)</u>	<u>190,270,538</u>
Total liabilities and fund net assets	<u>\$ 644,365,644</u>	<u>6,413,695</u>	<u>650,779,339</u>

See accompanying notes to regulatory basis schedules.
See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Regulatory Basis

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets

Water Pollution Control Fund

Year ended December 31, 2003

	<u>State Revolving Fund</u>	<u>Non-Revolving Fund</u>	<u>Water Pollution Control Fund</u>
Operating revenues:			
Interest on loans	\$ 8,575,742	—	8,575,742
Interest on investments	10,785,689	149,670	10,935,359
Surcharge from borrowers	592,497	—	592,497
Administrative fee	—	4,006,729	4,006,729
EPA grants	—	365,188	365,188
Other	65,082	—	65,082
Total operating revenues	<u>20,019,010</u>	<u>4,521,587</u>	<u>24,540,597</u>
Operating expenses:			
Interest on bonds	19,353,391	—	19,353,391
Grant administration	—	1,211,440	1,211,440
General and administrative	—	1,697	1,697
Other	49,985	54,471	104,456
Total operating expenses	<u>19,403,376</u>	<u>1,267,608</u>	<u>20,670,984</u>
Operating income	615,634	3,253,979	3,869,613
EPA capitalization grants	14,851,003	—	14,851,003
Transfers in (out)	971,033	(971,033)	—
Change in net assets	16,437,670	2,282,946	18,720,616
Fund net assets – beginning of year	<u>181,562,516</u>	<u>(10,012,594)</u>	<u>171,549,922</u>
Fund net assets – end of year	<u>\$ 198,000,186</u>	<u>(7,729,648)</u>	<u>190,270,538</u>

See accompanying notes to regulatory basis schedules.

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Regulatory Basis of the Combining Schedule of
Net Assets and the Combining Schedule of Revenues,
Expenses, and Changes in Fund Net Assets

Water Pollution Control Fund

December 31, 2003

(1) Purpose

The regulatory basis combining schedule of net assets and the combining schedule of revenues, expenses, and changes in fund net assets have been prepared as required by the Environmental Protection Agency for purposes of segregating the activities of the Water Pollution Control Fund between the State Revolving Fund and Non-Revolving Fund. The State Revolving Fund and Non-Revolving Fund are activities within the Water Pollution Control enterprise fund, a major fund for accounting purposes. The State Revolving Fund and Non-Revolving Fund, individually, do not constitute a fund for reporting purposes under generally accepted accounting principles. The schedules are prepared on a regulatory basis as required by the Environmental Protection Agency for the Water Pollution Control Fund. The regulatory basis in the aggregate is consistent with generally accepted accounting principles.

(2) Grant Administration

All administration fee revenue and expenses related to the operation of the Water Pollution Control Revolving Fund capitalization program are accounted for in the Non-Revolving Fund.

(3) Advance Payable

The Non-Revolving Fund accounts for the advance from the Water Operations Fund. A cash advance is made, as needed, to the Non-Revolving Fund to meet the state match requirement of the EPA capitalization State Revolving Fund. The cash transferred to the State Revolving Fund is included in the net transfers line item. The advance is periodically repaid to the Water Operations Fund with revenue generated from loan administrative fees paid by borrowers.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Regulatory Basis

Combining Schedule of Net Assets

Drinking Water Fund

December 31, 2003

Assets	State Revolving Fund	Non-Revolving Fund	Drinking Water Fund
Current assets:			
Cash and cash equivalents	\$ 4,054,681	12,790,774	16,845,455
Federal grants receivable	—	103,903	103,903
Investment income receivable	5,610	156,504	162,114
Loans receivable	7,376,629	291,349	7,667,978
Accounts receivable – borrowers	1,122,019	453,417	1,575,436
Restricted assets:			
Cash and cash equivalents	8,956,772	—	8,956,772
Investments	36,013,371	—	36,013,371
Investment income receivable	491,709	—	491,709
Total current assets	<u>58,020,791</u>	<u>13,795,947</u>	<u>71,816,738</u>
Noncurrent assets:			
Restricted assets:			
Investments	45,275,380	—	45,275,380
Investment income receivable	495,046	—	495,046
Loans receivable	166,981,166	3,564,955	170,546,121
Capital assets – equipment, net	—	15,269	15,269
Total noncurrent assets	<u>212,751,592</u>	<u>3,580,224</u>	<u>216,331,816</u>
Total assets	<u>\$ 270,772,383</u>	<u>17,376,171</u>	<u>288,148,554</u>
Liabilities and Fund Net Assets			
Current liabilities:			
Bonds payable	\$ 6,300,000	—	6,300,000
Accrued interest payable	2,281,674	—	2,281,674
Due to other funds	—	244,381	244,381
Accounts Payable-Other	—	78,926	78,926
Project costs payable-direct loans	3,014,214	—	3,014,214
Project costs payable-leveraged loans	36,541,467	—	36,541,467
Total current liabilities	<u>48,137,355</u>	<u>323,307</u>	<u>48,460,662</u>
Noncurrent liabilities:			
Project costs payable-leveraged loans	2,138,000	—	2,138,000
Bonds payable	145,190,000	—	145,190,000
Other liabilities	—	2,146,771	2,146,771
Total noncurrent liabilities	<u>147,328,000</u>	<u>2,146,771</u>	<u>149,474,771</u>
Total liabilities	<u>195,465,355</u>	<u>2,470,078</u>	<u>197,935,433</u>
Fund net assets:			
Invested in capital assets	—	15,269	15,269
Restricted	75,307,028	2,262,660	77,569,688
Unrestricted	—	12,628,164	12,628,164
Total fund net assets	<u>75,307,028</u>	<u>14,906,093</u>	<u>90,213,121</u>
Total liabilities and fund net assets	<u>\$ 270,772,383</u>	<u>17,376,171</u>	<u>288,148,554</u>

See accompanying notes to regulatory basis schedules.
See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Regulatory Basis

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets

Drinking Water Fund

Year ended December 31, 2003

	State Revolving Fund	Non-Revolving Fund	Drinking Water Fund
Operating revenues:			
Interest on loans	\$ 4,092,008	120,876	4,212,884
Interest on investments	2,790,038	428,388	3,218,426
Administrative fee	—	1,553,216	1,553,216
EPA set aside grants:			
Administrative	—	351,245	351,245
Small Systems Training and Technical Assistance Program	—	235,389	235,389
Source Water Assessment and Protection Program	—	395,851	395,851
Capacity Development	—	638,091	638,091
Wellhead Protection	—	562,658	562,658
Public Water System Supervision	—	597,377	597,377
Other	27,699	—	27,699
Total operating revenues	<u>6,909,745</u>	<u>4,883,091</u>	<u>11,792,836</u>
Operating expenses:			
Interest on bonds	6,485,194	—	6,485,194
Grant administration – State funded	—	688,907	688,907
General and Administrative	—	1,697	1,697
EPA set asides:			
Administrative	—	351,245	351,245
Small Systems Training and Technical Assistance Program	—	235,389	235,389
Source Water Assessment and Protection Program	—	395,851	395,851
Capacity Development	—	638,091	638,091
Wellhead Protection	—	562,658	562,658
Public Water System Supervision	—	597,377	597,377
Other	—	66,860	66,860
Total operating expenses	<u>6,485,194</u>	<u>3,538,075</u>	<u>10,023,269</u>
Operating income	424,551	1,345,016	1,769,567
EPA capitalization grants	4,241,846	—	4,241,846
Transfers in (out)	3,602,347	(3,602,347)	—
Change in net assets	8,268,744	(2,257,331)	6,011,413
Fund net assets – beginning of year	<u>67,038,284</u>	<u>17,163,424</u>	<u>84,201,708</u>
Fund net assets – end of year	<u>\$ 75,307,028</u>	<u>14,906,093</u>	<u>90,213,121</u>

See accompanying notes to regulatory basis schedules.
See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Regulatory Basis of the Combining Schedule of
Net Assets and the Combining Schedule of Revenues,
Expenses, and Changes in Fund Net Assets

Drinking Water Fund

December 31, 2003

(1) Purpose

The regulatory basis combining schedule of net assets and the combining schedule of revenues, expenses, and changes in fund net assets have been prepared as required by the Environmental Protection Agency for purposes of segregating the activities of the State Revolving Fund and Non-Revolving Fund. The State Revolving Fund and Non- Revolving Fund are activities within the Drinking Water enterprise fund, a major fund for accounting purposes. The State Revolving Fund and Non-Revolving Fund, individually, do not constitute a fund for reporting purposes under generally accepted accounting principles. The schedules are prepared on a regulatory basis as required by the Environmental Protection Agency for the Drinking Water Fund. The regulatory basis in the aggregate is consistent with generally accepted accounting principles.

(2) Non-Revolving Fund

The Authority issues direct loans to eligible municipalities which are funded with money from sources other than the Drinking Water Capitalization Grant. These loans are accounted for in the Non-Revolving Fund. The Drinking Water Fund nonfederal direct loans receivable amounted to \$3,856,304 at December 31, 2003. There are currently 16 loans outstanding at year end which mature in years 2005 to 2017.

(3) Grant Administration

All administration expenses, both federally and State (loan surcharge fees) funded, related to the operation of the Drinking Water Revolving Fund and set aside programs, are accounted for in the Non-Revolving Fund.

(4) Set Aside Revenue and Expenses

The set aside activities of the Drinking Water Fund are recorded in the Non-Revolving Fund. Set asides for each capitalization grant, other than for administration, are provided to public and private entities to improve the performance or quality of drinking water systems. The 20% state match for these set asides is deposited to the Drinking Water Revolving Fund by the Authority.

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Revenues, Expenditures, and Changes in Funds Available –
Actual (Non-GAAP Budgetary Basis) and Budget

Water Operations Fund

Year ended December 31, 2003

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 2,438,377	2,570,000	—	2,570,000	(131,623)
WPCRF state match loan repayment	3,200,000	4,000,000	—	4,000,000	(800,000)
Loan principal payments – SWRP	4,762,500	7,990,000	—	7,990,000	(3,227,500)
Loan principal payments – WRBP	160,000	11,160,000	—	11,160,000	(11,000,000)
Loan principal payments – interim	3,574,345	41,000,000	—	41,000,000	(37,425,655)
Bond proceeds – SWRP	9,610,000	40,000,000	—	40,000,000	(30,390,000)
Bond proceeds – WRBP	17,760,000	250,000,000	—	250,000,000	(232,240,000)
Refunding bond proceeds - SWRP	—	20,000,000	—	20,000,000	(20,000,000)
Loan interest income – SWRP	5,793,590	9,410,000	—	9,410,000	(3,616,410)
Loan interest income – WRBP	587,034	13,916,000	—	13,916,000	(13,328,966)
Loan interest income – interim loans	144,472	—	—	—	144,472
Other	1,631	2,000	—	2,000	(369)
Total revenues	48,031,949	400,048,000	—	400,048,000	(352,016,051)
Expenditures:					
WPCRF state match loans	1,428,434	4,433,000	—	4,433,000	3,004,566
General/administrative	539,750	1,737,400	—	1,737,400	1,197,650
Interim loans made	3,702,643	41,000,000	—	41,000,000	37,297,357
Bond principal payments – SWRP	5,085,000	7,950,000	—	7,950,000	2,865,000
Bond principal payments – WRBP	160,000	11,160,000	—	11,160,000	11,000,000
Bond interest expense – SWRP	5,883,740	8,859,000	—	8,859,000	2,975,260
Bond interest expense – WRBP	478,540	13,927,000	—	13,927,000	13,448,460
Loans made – SWRP	9,610,000	40,000,000	—	40,000,000	30,390,000
Loans made – WRBP	17,760,000	250,000,000	—	250,000,000	232,240,000
Refunding Bonds Escrow Deposit	—	20,000,000	—	20,000,000	20,000,000
Arbitrage rebate payments	168,824	30,000	139,000	169,000	176
Project expenditures	787,770	6,484,000	(139,000)	6,345,000	5,557,230
Total expenditures	45,604,701	405,580,400	—	405,580,400	359,975,699
Excess of revenues over (under) expenditures	\$ 2,427,248	(5,532,400)	—	(5,532,400)	7,959,648

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Reconciliation of Non-GAAP Budgetary Basis (Actual) to
Statement of Revenues, Expenses, and Changes in Fund Net Assets

Water Operations Fund

Year ended December 31, 2003

Revenues (budgetary basis):	\$	48,031,949
WPCRF state match loan repayment		(3,200,000)
Loan principal payments – SWRP		(4,762,500)
Loan principal payments – WRBP		(160,000)
Loan principal payments – interim		(3,574,345)
Bond proceeds – SWRP		(9,610,000)
Bond proceeds – WRBP		(17,760,000)
		8,965,104
Revenues (GAAP basis)		
Expenditures (budgetary basis):		45,604,701
Depreciation		3,838
Acquisition of fixed assets		(26,889)
Capitalized bond issuance costs		(577,775)
WPCRF state match loan		(1,428,434)
Bond principal payments – SWRP		(5,085,000)
Bond principal payments – WRBP		(160,000)
Loans made – SWRP		(9,610,000)
Loans made – WRBP		(17,760,000)
Arbitrage rebate payments		(168,824)
Interim loans made		(3,702,643)
		7,088,974
Expenses (GAAP basis)		
Change in net assets per statement of revenues, expenses, and changes in fund net assets	\$	1,876,130

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Revenues, Expenditures, and Changes in Funds Available
Actual (Non-GAAP Budgetary Basis) and Budget

Water Pollution Control Fund

Year ended December 31, 2003

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 10,935,359	12,555,000	—	12,555,000	(1,619,641)
Administrative fee	4,006,729	4,364,900	—	4,364,900	(358,171)
Loan interest income	8,575,742	14,154,500	—	14,154,500	(5,578,758)
State surcharge income	592,497	592,500	—	592,500	(3)
EPA grants	15,216,191	31,655,000	—	31,655,000	(16,438,809)
Colorado state match	1,428,434	4,433,000	—	4,433,000	(3,004,566)
Loan principal repayments	23,298,281	23,561,000	—	23,561,000	(262,719)
Bond proceeds	14,750,000	81,500,000	—	81,500,000	(66,750,000)
Other	65,082	—	—	—	65,082
Total revenues	<u>78,868,315</u>	<u>172,815,900</u>	<u>—</u>	<u>172,815,900</u>	<u>(93,947,585)</u>
Expenditures:					
Grant administration	1,211,440	1,482,000	—	1,482,000	270,560
Bond principal payments	19,265,000	21,618,000	—	21,618,000	2,353,000
Advance repayments – state match	3,200,000	4,000,000	—	4,000,000	800,000
Project costs paid – direct loans	2,076,973	8,100,000	—	8,100,000	6,023,027
Loans made – leveraged loans	16,178,434	81,500,000	(79,000)	81,421,000	65,242,566
Planning and design grants to small local governments	54,470	200,000	—	200,000	145,530
Other	1,298,594	1,220,000	79,000	1,299,000	406
Bond interest expense	19,353,391	20,338,000	—	20,338,000	984,609
Capital asset acquisitions	1,812	10,000	—	10,000	8,188
Total expenditures	<u>62,640,114</u>	<u>138,468,000</u>	<u>—</u>	<u>138,468,000</u>	<u>75,827,886</u>
Excess of revenues over expenditures	<u>\$ 16,228,201</u>	<u>34,347,900</u>	<u>—</u>	<u>34,347,900</u>	<u>(18,119,699)</u>

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Reconciliation of Non-GAAP Budgetary Basis (Actual) to
Statement of Revenues, Expenses, and Changes in Fund Net Assets

Water Pollution Control Fund

Year ended December 31, 2003

Revenues (budgetary basis):	\$	78,868,315
Bond proceeds		(14,750,000)
Loan principal repayments		(23,298,281)
Colorado state match		(1,428,434)
		39,391,600
Expenditures (budgetary basis):		62,640,114
Project costs paid – direct loans		(2,076,973)
Bond principal payments		(19,265,000)
Amortization – bond refunding costs		
Arbitrage rebate payments		(1,248,608)
Depreciation expense		1,697
Advance repayment – state match		(3,200,000)
Loans made – leveraged loans		(16,178,434)
Capital asset acquisitions		(1,812)
		20,670,984
Change in net assets per statement of revenues, expenses, and changes in fund net assets	\$	18,720,616

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Revenues, Expenditures, and Changes in Funds Available –
Actual (Non-GAAP Budgetary Basis) and Budget

Drinking Water Fund

Year ended December 31, 2003

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 3,218,426	4,000,000	—	4,000,000	(781,574)
Loan interest income	4,212,884	5,531,000	—	5,531,000	(1,318,116)
Loan principal repayments	6,948,053	7,513,000	—	7,513,000	(564,947)
Bond proceeds	32,530,000	40,000,000	—	40,000,000	(7,470,000)
Capital contributions – EPA	4,241,846	10,300,000	—	10,300,000	(6,058,154)
EPA capitalization grant set asides revenue	2,780,611	3,094,000	—	3,094,000	(313,389)
Administrative fee income	1,553,216	1,612,000	—	1,612,000	(58,784)
Other	27,699	—	—	—	27,699
Total revenues	<u>55,512,735</u>	<u>72,050,000</u>	<u>—</u>	<u>72,050,000</u>	<u>(16,537,265)</u>
Expenditures:					
Grant administration – State funded	1,040,152	1,252,000	—	1,252,000	211,848
Project costs paid – direct loans	2,768,976	7,560,000	—	7,560,000	4,791,024
Loans made – leveraged	36,134,600	40,000,000	(78,000)	39,922,000	3,787,400
Bond principal payments made	5,345,000	5,900,000	—	5,900,000	555,000
Bond interest expense	6,485,194	6,548,000	—	6,548,000	62,806
EPA capitalization grant set asides	2,429,366	2,686,000	—	2,686,000	256,634
Planning and design grants to small local governments	66,860	200,000	—	200,000	133,140
Arbitrage rebate payments	277,030	200,000	78,000	278,000	970
Capital asset acquisitions	1,812	10,000	—	10,000	8,188
Total expenditures	<u>54,548,990</u>	<u>64,356,000</u>	<u>—</u>	<u>64,356,000</u>	<u>9,807,010</u>
Excess of revenues over expenditures	<u>\$ 963,745</u>	<u>7,694,000</u>	<u>—</u>	<u>7,694,000</u>	<u>(6,730,255)</u>

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Reconciliation of Non-GAAP Budgetary Basis (Actual) to
Statement of Revenues, Expenses, and Changes in Fund Net Assets

Drinking Water Fund

Year ended December 31, 2003

Revenues (budgetary basis):	\$ 55,512,735
Bond proceeds	(32,530,000)
Loan principal repayments	(6,948,053)
	<hr/>
Revenues (GAAP basis)	16,034,682
Expenditures (budgetary basis):	54,548,990
Project costs paid – direct loans	(2,768,976)
Bond principal payments made	(5,345,000)
Loans made – leveraged loans	(36,134,600)
Arbitrage rebate payments	(277,030)
Depreciation Expense	1,697
Capital asset acquisitions	(1,812)
	<hr/>
Expenses (GAAP basis)	10,023,269
	<hr/>
Change in net assets per statement of revenues, expenses, and changes in fund net assets	\$ <u>6,011,413</u>

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Project Costs Payable – By Borrower

December 31, 2003

	Project costs payable
Water Operations Fund:	
1996A – Town of Johnstown - SWRP	\$ 236,781
1997A – Town of Monument - SWRP	307,138
2002A – Eagle River Water and Sanitation District - SWRP	1,500,000
2003A – City of Rifle - SWRP	54,267
2003A – Clifton Water District - SWRP	5,500,000
2003A – Town of Eaton - SWRP	1,457,129
2003A – City of Louisville - WRBP	5,950,679
	15,005,994
Water Pollution Control Revolving Fund:	
1999A – City of Aurora	2,062,368
1999A – Fremont Sanitation District	136,564
1999A – Grand County Water and Sanitation District	1,001,957
2000DL – Left Hand Water and Sanitation District	62,633
2001A – City of Ft. Collins	2,786,752
2001A – City of Lafayette	1,120,079
2001A – Plum Creek Wastewater Authority	7,683,698
2001DL – Baca Grande Water and Sanitation District	68,069
2002A – Berthoud, Town of	669,002
2002A – Blackhawk-Central City Sanitation District	18,022,839
2002A – Mesa County	6,858,798
2002A – South Adams County Water and Sanitation District	678,145
2002A – Winter Park West Water and Sanitation District	480,526
2002B – Denver Southeast Suburban Water and Sanitation District	6,065,901
2002B – Parker Water and Sanitation District	2,825,925
2002B – Plum Creek Wastewater Authority	3,365,000
2003A – City of Pueblo	7,557,302
2003A – Colorado City Metropolitan District	1,824,578
2003A – Town of Milliken	5,362,175
2003DL – City of Salida	121,775
2003DL – Pike's Peak-Americas Mountain	275,910
	69,029,996

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Project Costs Payable – By Borrower

December 31, 2003

	<u>Project costs payable</u>
Drinking Water Revolving Fund:	
1998A – Town of Buena Vista	\$ 23,359
1999A – Grand County Water and Sanitation District No. 1	43,033
1999A – City of Greeley	302,696
2000A – Evergreen Metro District	550,000
2000A – City of Westminster	141,209
2002A – Grand Junction, City of	1,787,120
2002A – La Junta, City of	4,711,927
2002 DLF – Dillon, Town of	100,000
2002 DLF – Thunderbird Water and Sanitation District	63,676
2002 DLF – Woodland Park, City of	49,945
2003A – City of Longmont	12,256,349
2003A – Town of Lyons	4,698,815
2003A – Fountain Valley Authority	1,343,459
2003B – City of Florence	12,821,500
2003 DLF – Mustang Water Authority	700,000
2003 DLF – Town of Oak Creek	844,270
2003 DLF – City of Ouray	1,000,000
2003 DLF – Westwood Lakes Water District	256,323
	41,693,681
Total project costs payable	\$ 125,729,671

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2003

Water Operations Fund – Small Water Resources Projects:	
1990A – Town of Estes Park	\$ 1,095,000
1990A – Fort Collins – Loveland Water District	1,285,000
1990A – North Weld County Water District	1,520,000
1990A – Eagle River Water and Sanitation District	991,250
1991A – Edwards Metropolitan District	625,000
1991A – Town of Estes Park	665,000
1991A – Town of Minturn	225,000
1991A – City of Steamboat Springs	655,000
1992A – City of Brush	595,000
1992A – City of Fort Lupton	1,790,000
1992A – Town of LaSalle	1,095,000
1992A – City of Louisville	4,380,000
1992B – Central Weld County Water District	886,667
1992B – City of Glenwood Springs	1,580,000
1992B – Little Thompson Water District	2,232,500
1992B – Town of Minturn	45,000
1992B – Mt. Werner Water and Sanitation District	2,665,833
1992B – North Weld County Water District	601,250
1994A – Town of Berthoud	487,500
1994A – City of Fort Morgan	1,660,833
1994A – Town of Gypsum	476,250
1994A – Parker Water and Sanitation District	393,750
1994A – Town of Platteville	662,500
1994B – Town of Carbondale	1,360,000
1994B – Project 7 Water Authority	2,940,833
1994B – City of Rifle	835,833
1996A – City of Canon City	3,245,834
1996A – Town of Johnstown	1,327,500
1996B – Morgan County Quality Water District	350,000
1997A – Town of Monument	1,425,000
1997A – Parker Water and Sanitation District	3,855,000
1997A – Roxborough Park Metropolitan District	2,325,000
1998A – Town of Dillon	125,000
1998A – Morgan County Quality Water District	2,440,000
1998A – North Weld County Water District	4,085,000
2000A – Parker Water and Sanitation District	12,526,250
2000A – Upper Eagle Regional Water Authority	10,682,500
2001A – North Weld County Water District	14,902,500
2002A – Eagle River Water and Sanitation District	4,400,000
2002A – Parker Water and Sanitation District	10,055,000
2003A – Clifton Water District	5,555,000
2003A – Town of Eaton	2,530,000
2003A – City of Rifle	1,525,000
	<hr/>
Total Water Operations Fund loans receivable – SWRP	113,104,583
Water Operations Fund – Water Revenue Bond Program:	
1998A – Rio Blanco Water Conservancy District	2,375,000
2003A – City of Louisville	13,800,000
2003B – City of Longmont	3,960,000
	<hr/>
Total Water Operations Fund loans receivable – WRBP	20,135,000
Water Operations Fund – Authority interim loans	
2002 – City of Fountain	2,630,420
2003 – Town of Berthod	815,962
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Total Water Operations Fund interim loans	3,446,382
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Total Water Operations Fund loans receivable	136,685,965
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**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2003

Water Pollution Control Revolving Fund:

Direct loans (loans were provided by EPA Capitalization Grants and Authority resources):

1989DL – Larimer County Commissioners (Mountain Range Shadows Project)	\$ 695,760
1990DL – Mountain Water and Sanitation District	73,259
1991DL – Durango West Metropolitan District No. 2	225,879
1992DL – Nucla Sanitation District	83,839
1992DL – City of Ouray	432,016
1992DL – Montrose County	88,556
1994DL – City of Fort Lupton	124,534
1994DL – St. Mary’s Glacier Water and Sanitation District	96,132
1995DL – City of Fruita	74,545
1995DL – Town of Log Lane Village	179,300
1996DL – Town of Ordway	263,616
1996DL – City of Broomfield	1,899,121
1996DL – Town of Lyons	384,139
1997DL – Town of Vona	65,428
1997DL – Town of Manzanola	62,559
1997DL – Pagosa Springs GID	492,639
1997DL – Town of Erie	401,847
1997DL – City of Holyoke	391,409
1998DL – Byers Water and Sanitation District	358,505
1998DL – City of Las Animas	886,554
1998DL – City of Evans	336,611
1998DL – East Alamosa Water and Sanitation District	108,881
1999DL – Town of Kersey	144,240
1999DL – City of La Junta	317,152
1999DL – City of Monte Vista	829,322
1999DL – Town of New Castle	400,861
1999DL – Left Hand Water and Sanitation District	106,617
2000DL – Columbine Water and Sanitation District	367,700
2000DL – Left Hand Water and Sanitation District	75,732
2000DL – Town of Springfield	181,123
2001DL – Baca Grande Water and Sanitation District	759,550
2001DL – Niwot Sanitation District	924,099
2002DL – Pagosa Springs GID	196,023
2002DL – Town of Julesburg	777,588
2003DL – Pike’s Peak-Americas Mountain	1,000,000
2003DL – City of Salida	550,000
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Total WPCRF direct loans	14,355,136

Leveraged loans (loans were provided by bond proceeds, EPA Capitalization Grants and Authority resources):

1989A – Denver Southeast Suburban Water and Sanitation District (Denver SE)	3,809,008
1990A – Town of Castle Rock	2,021,224
1991A – City of Englewood	7,714,157
1991A – City of Littleton	7,714,578
1991B – Metro Wastewater Reclamation District	11,095,189
1992A – City of Fort Lupton	2,495,857
1992A – Eagle River Water and Sanitation District	4,459,624
1992B – City of Fort Collins	14,040,268
1992B – City of Longmont	1,727,814
1994A – City of Alamosa	1,511,312
1994A – Genesee Water and Sanitation District	943,675
1994A – City of Greeley	10,623,592

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2003

1994A – Parker Water and Sanitation District	\$ 1,118,360
1994A – Town of Windsor	1,959,808
1995A – City of Brighton	3,737,973
1995A – City of Craig	732,996
1995A – City of Fort Morgan	6,409,589
1995A – City of Steamboat Springs	1,045,924
1995A – Eagle River Water and Sanitation District	4,082,130
1995A – Winter Park Water and Sanitation District	2,147,664
1996A – Town of Crested Butte	1,858,320
1996A – Mt. Crested Butte Water and Sanitation District	1,014,600
1996A – Fountain Sanitation District	1,248,555
1996A – City of Idaho Springs	1,146,596
1997A – Breckenridge Sanitation District	6,169,111
1997A – Town of Carbondale	1,017,946
1997A – Town of Eagle	1,776,345
1997A – Town of Erie	1,388,972
1997A – Parker Water and Sanitation District	2,492,425
1997A – City of Sterling	1,857,248
1997A – City of Westminster	10,560,278
1998A – Buena Vista Sanitation District	3,051,996
1998A – Eagle River Water and Sanitation District	13,847,288
1998A – City of Evans	903,555
1998A – City of Trinidad	5,447,820
1998A – City of Westminster	3,092,534
1998B – City of Colorado Springs	19,483,420
1999A – City of Aurora	18,553,478
1999A – Fremont Sanitation District	7,090,798
1999A – Grand County Water and Sanitation District	3,310,883
1999A – City of Steamboat Springs	2,469,577
2000A – Parker Water and Sanitation District	10,707,258
2000A – Summit County	15,149,258
2000A – Three Lakes Water and Sanitation District	5,715,360
2001A – Cortez Sanitation District	9,015,000
2001A – City of Fort Collins	8,902,500
2001A – Fraser Sanitation District	2,250,000
2001A – City of Lafayette	7,656,954
2001A – Mt. Crested Butte Water and Sanitation District	4,767,855
2001A – Parker Water and Sanitation District	4,543,308
2001A – Plum Creek Wastewater Authority	23,670,000
2001A – City of Steamboat Springs	5,445,894
2002A – Town of Berthoud	6,325,000
2002A – Blackhawk-Central City Sanitation District	23,225,197
2002A – Mesa County	12,825,000
2002A – South Adams County Water and Sanitation District	6,262,500
2002A – Town of Wellington	4,642,113
2002A – Winter Park West Water and Sanitation District	2,308,916
2002B – Denver Southeast Suburban Water and Sanitation District	6,750,000
2002B – Parker Water and Sanitation District	14,112,800
2002B – Plum Creek Wastewater Authority	3,240,000
2003A – Colorado City Metropolitan District	1,878,538
2003A – Town of Milliken	5,897,272
2003A – City of Pueblo	8,402,620
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Total WPCRF leveraged loans	390,865,830
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Total Water Pollution Control Revolving Fund loans receivable	405,220,966
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**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2003

Drinking Water Fund:

Direct loans (loans were provided by EPA Capitalization Grants and/or Authority resources)

(DLS = state, DLF = federal):

1995DLS – Idledale Water and Sanitation District	\$ 172,622
1995DLS – Town of Fairplay #1	171,269
1995DLS – Town of Minturn	210,591
1995DLS – Town of Empire	232,656
1995DLS – Town of Elizabeth	360,118
1996DLS – Lake Creek Metropolitan District	342,994
1996DLS – Baca Grande Water and Sanitation District	122,391
1996DLS – Town of Firestone	28,329
1996DLS – Town of Nunn	245,610
1996DLS – Town of Lochbuie	259,343
1996DLS – Town of Lyons	383,372
1996DLS – Town of Bayfield	263,535
1997DLS – Town of Fairplay #2	157,438
1997DLS – City of Idaho Springs	395,685
1997DLS – Westlake Water and Sanitation District	182,645
1997DLF – Town of Grand Lake	392,544
1998DLS – Redstone Water and Sanitation District	327,706
1998DLF – Chatfield South Water District	602,041
1998DLF – Left Hand Water and Sanitation District	154,664
1999DLF – Thunderbird Water and Sanitation District	269,203
1999DLF – City of La Junta	—
2000DLF – Sedalia Water and Sanitation District	289,391
2000DLF – Springfield Water and Sanitation District	308,786
2000DLF – City of Craig	203,537
2001DLF – Town of Wellington	954,660
2002DLF – Town of Basalt	929,392
2002DLF – Town of Dillon	949,659
2002DLF – Town of Hayden	882,641
2002DLF – Thunderbird Water and Sanitation District	387,708
2002DLF – City of Woodland Park	770,121
2003 DLF – Mustang Water Authority	700,000
2003 DLF – Town of Oak Creek	981,198
2003 DLF – City of Ouray	1,000,000
2003 DLF – Westwood Lakes Water District	491,722

Total Drinking Water Fund direct loans

14,123,571

Leveraged loans (loans were provided by bond proceeds, EPA Capitalization Grants and Authority resources):

1997A – Arapahoe Estates Water District	783,490
1997A – City of Englewood	12,004,472
1997A – City of Fort Collins	7,679,177
1998A – Town of Buena Vista	1,048,261
1998A – City of Fort Morgan	12,565,429
1999A – City of Aurora	11,597,417
1999A – City of Fort Collins	4,092,809
1999A – City of Glenwood Springs	4,032,685
1999A – Grand County Water and Sanitation District No. 1	2,490,701
1999A – City of Greeley	12,618,239
1999A – Town of Julesburg	836,120
1999A – Left Hand Water District	5,407,268
2000A – Evergreen Metropolitan District	4,935,834
2000A – Fountain Valley Authority	6,714,524
2000A – Town of Limon	1,272,895
2000A – Pueblo Board of Waterworks	9,366,012
2000A – City of Westminster	12,961,778
2002A – Evergreen Metropolitan District	1,953,806
2002A – City of Grand Junction	3,555,747
2002A – City of Idaho Springs	2,240,700
2002A – City of La Junta	9,801,345
2003A – City of Longmont	14,998,044
2003A – Town of Lyons	4,915,599
2003A – Fountain Valley Authority	3,221,862
2003B – City of Florence	12,996,314

Total DWRF leveraged loans

164,090,528

Total Drinking Water Fund loans receivable

178,214,099

Total loans receivable

\$ 720,121,030

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2003

<u>Water Operations Fund</u>	<u>Original issue amount</u>	<u>Current amount outstanding</u>	<u>Interest rate</u>
Small Water Resources Program Revenue Bonds:			
1992 Series B	\$ 14,825,000	1,005,000	2.9% – 6.2%
1993 Series A	6,585,000	5,220,000	2.7% – 5.0%
1994 Series A	5,835,000	3,735,000	3.4% – 5.875%
1994 Series B	9,305,000	310,000	4.0% – 6.375%
1996 Series A	6,385,000	4,620,000	3.7% – 5.45%
1996 Series B	1,040,000	350,000	5.84% – 6.37%
1997 Series A	9,725,000	7,655,000	4.1% – 5.6%
1997 Series B	12,500,000	10,485,000	3.8% – 4.9%
1998 Series A	8,765,000	6,725,000	3.35% – 4.88%
1998 Series B	13,850,000	12,600,000	3.35% – 4.75%
2000 Series A	24,110,000	23,290,000	4.3% – 5.8%
2001 Series A	15,510,000	14,970,000	3.9% – 4.875%
2002 Series A	14,615,000	14,455,000	1.3% – 5.375%
2003 Series A	9,610,000	9,610,000	2.0% – 4.50%
Total Small Water Resources Revenue Bonds	<u>152,660,000</u>	<u>115,030,000</u>	

Due dates	Early redemption
Serial Bonds through 2006, term bonds subject to mandatory redemption 2007 – 2012. Avon Metropolitan District’s outstanding bonds in the amount of \$840,000 were defeased in 1996. Various bonds from 2003 to 2008 were defeased and all bonds after 2008 were defeased with the 1998B issue	2003 – 2004 at 100.75% of par, 2004 – 2005 at 100.5% of par, 2005 – 2006 at 100.25% of par, after 2006 at par
Serial Bonds through 2006, term bonds subject to mandatory redemption 2007 – 2010	After 2003 at par
Serial Bonds through 2003, term bonds subject to mandatory redemption 2004 – 2014	2003 – 2004 at 100.5% of par, after 2004 at par
Serial Bonds through 2009, term bonds subject to redemption 2010 – 2015. Upper Eagle Regional Water Authority’s outstanding bonds in the amount of \$2,000,000 were defeased in 1995. Bonds maturing after 2004 were defeased with the 1998B issue	After 2004 at par
Serial Bonds through 2010, term bonds subject to redemption 2011 – 2016	After 2006 at par
Taxable Serial bonds 2001 through 2006, term bonds subject to mandatory redemption 1996 – 2000	The bonds are not subject to early redemption
Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2017	2007 – 2008 at 101% of par, 2008 – 2009 at 100.5% of par, after 2009 at par
Serial Bonds through 2010, term bonds subject to mandatory redemption in 2011 and 2012	2008 – 2009 at 101%, after 2009 at par
Serial Bonds through 2013, term bonds subject to mandatory redemption in 2014 through 2018	2008 – 2009 at 101%, 2009 – 2010 at 100.5%, after 2010 at par
Serial Bonds through 2013, term bonds subject to mandatory redemption in 2014 and 2015	2008 – 2009 at 101%, 2009 – 2010 at 100.5%, after 2010 at par
Serial Bonds through 2017, term bonds subject to mandatory redemption in 2018 through 2020	2011 – 2020 at par
Serial Bonds through 2016, term bonds subject to mandatory redemption in 2017 through 2023	2012 – 2023 at par
Serial Bonds through 2023, term bonds subject to mandatory redemption in 2019 through 2020	2013 – 2022 at par
Serial Bonds through 2023	2014 – 2023 at par

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2003

Water Operations Fund	Original issue amount	Current amount outstanding	Interest rate
Water Revenue Bonds Program:			
1998 Taxable Rio Blanco Water Conservancy District	\$ 3,140,000	2,375,000	6.0% – 7.125%
2003 Series A	13,800,000	13,800,000	2.0% – 4.125%
2003 Series B	3,960,000	3,960,000	2.0% – 2.125%
	<hr/>	<hr/>	
Total Water Revenue Bonds Program	20,900,000	20,135,000	
Total Water Operations Fund	\$ <u>173,560,000</u>	<u>135,165,000</u>	
Water Pollution Control Revolving Fund			
Clean Water Revenue Bonds:			
Clean Water 1989 Series A (Denver Southeast Suburban Water and Sanitation District)	\$ 6,905,000	520,000	5.95% – 7.0%
Clean Water 1990 Series A (Town of Castle Rock)	3,890,000	225,000	6.25% – 7.4%
Clean Water 1991 Series A (City of Englewood – City of Littleton)	22,915,000	2,130,000	5.75% – 7.0%
Clean Water 1991 Series B (Metro Wastewater Reclamation District)	19,685,000	1,580,000	4.8% – 6.9%
Clean Water 1992 Series A (City of Fort Lupton, Frisco Sanitation District and Eagle River Water and Sanitation District)	15,200,000	785,000	4.15% – 6.25%
Clean Water 1992 Series B (City of Fort Collins and City of Longmont)	25,785,000	2,170,000	3.75% – 6.0%

Due dates	Early redemption
Serial Bonds through 2013	2009 – 2010 at 101%, after 2010 at par
Serial Bonds through 2024	2014 – 2024 at par
Serial Bonds through 2009	The bonds are not subject to early redemption
Serial Bonds through 2005, term bonds subject to mandatory redemption 2006 – 2011. \$4,130,000 of bonds maturing in 2000 and thereafter were refunded with the issuance of the 1996 Series A Wastewater Revolving Fund Refunding Revenue Bonds	After 2003 at par
Serial Bonds through 2006, term bonds subject to mandatory redemption 2007 – 2010. \$2,060,000 of bonds maturing in 2001 and thereafter were refunded with the issuance of the 1996 Series A Wastewater Revolving Fund Refunding Revenue Bonds	After 2003 at par
Serial Bonds through 2007, term bonds subject to mandatory redemption 2008 – 2012. \$11,985,000 of bonds maturing in 2002 and thereafter were refunded with the issuance of the 1996 Series A Wastewater Revolving Fund Refunding Revenue Bonds	After 2003 at par
Serial Bonds through 2006, term bonds subject to mandatory redemption 2007 – 2011. \$65,000 of bonds maturing in 1997 and \$9,660,000 of bonds maturing in 2002 and thereafter were refunded with the issuance of the 1996 Series A Wastewater Revolving Fund Refunding Revenue Bonds	After 2003 at par
Serial Bonds through 2004, term bonds subject to mandatory redemptions 2005 – 2007 and 2008 – 2013	2003 – 2004 at 100.5% of par, After 2004 at par
Serial Bonds through 2006, term bonds subject to mandatory redemptions 2007 – 2009 and 2010 – 2014	2003 – 2004 at 100.5% of par, After 2004 at par

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2003

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate
Clean Water 1994 Series A (City of Alamosa, City of Greeley, Town of Windsor, Parker Water and Sanitation District and Genesee Water and Sanitation District)	\$ 22,510,000	1,270,000	3.8% – 6.3%
Clean Water 1995 Series A (City of Fort Morgan, Eagle River Water and Sanitation District, City of Brighton, Winter Park Water and Sanitation District, City of Steamboat Springs and City of Craig)	24,525,000	2,620,000	4.1% – 5.85%
Clean Water 1996 Series A (Town of Crested Butte, Mt. Crested Butte Water and Sanitation District, Fountain Sanitation District and City of Idaho Springs)	6,710,000	4,940,000	4.25% – 5.9%
Clean Water 1997 Series A (City of Westminster, Breckenridge Sanitation District, Parker Water and Sanitation District, City of Sterling, Town of Carbondale, Town of Erie and Town of Eagle)	31,605,000	23,760,000	4.05% – 5.8%
Clean Water 1998 Series A (Eagle River Water and Sanitation District, City of Trinidad, City of Westminster, Buena Vista Sanitation District, City of Evans)	31,190,000	24,630,000	3.7% – 5.125%
Clean Water 1998 Series B (City of Colorado Springs)	20,810,000	18,260,000	3.7% – 5.375%
Clean Water 1999 Series A (City of Aurora, Fremont Sanitation District, Grand County Water and Sanitation District, Mt. Werner Water and Sanitation District City of Steamboat Springs)	39,220,000	29,220,000	4.25% – 5.25%
Clean Water 2000 Series A (Parker Water and Sanitation District, Summit County, Three Lakes Water and Sanitation District)	33,575,000	29,735,000	5.0% – 6.25%

Due dates	Early redemption
Serial Bonds through 2008, term bonds subject to mandatory redemptions 2009 – 2011 and 2012 – 2014	2003 – 2004 at 101% of par, after 2004 at par
Serial Bonds through 2009, term bonds subject to mandatory redemptions 2010 – 2012 and 2013 – 2015	2003 – 2004 at 102% of par, 2004 – 2005 at 101% of par, after 2005 at par
Serial Bonds 1998 through 2008, term bonds subject to mandatory redemptions 2009 – 2011 and 2012 – 2016	2006 – 2007 at 101% of par, 2007 – 2008 at 100.5% of par, after 2008 at par
Serial Bonds through 2011, term bonds subject to mandatory redemption 2012 – 2015 and 2016 – 2017	2007 – 2008 at 102% of par, 2008 – 2009 at 101% of par, after 2009 at par
Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2018	2009 at par
Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2016 and 2017 – 2019	2009 at par
Serial Bonds through 2014, term bonds subject to mandatory redemption 2015 – 2019. Mt. Werner Water and Sanitation District's outstanding bonds in the amount of \$2,700,000 were defeased in 2001.	2009 at par
Serial Bonds through 2013, term bonds subject to mandatory redemption in 2014 through 2020	2011 – 2020 at par

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2003

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate
Clean Water 2001 Series A (Cortez Sanitation District, City of Fort Collins, Fraser Sanitation District, City of Lafayette, Mt. Crested Butte Water and Sanitation District, Parker Water and Sanitation District, Plum Creek Wastewater Authority, City of Steamboat Springs)	\$ 69,710,000	64,835,000	4.0% – 5.625%
Clean Water 2002 Series A (Town of Berthoud, Blackhawk-Central City Water and Sanitation District, Mesa County, South Adams County Water and Sanitation District, Town of Wellington, Winter Park West Water and Sanitation District)	55,310,000	53,555,000	3.0% – 5.25%
Clean Water 2002 Series B (Denver SE Water and Sanitation District, Parker Water and Sanitation District, Plum Creek Wastewater Authority)	23,435,000	22,990,000	2.0% – 4.75%
Clean Water 2003 Series A (City of Pueblo, Colorado City Metropolitan District, Town of Milliken)	<u>14,750,000</u>	<u>14,750,000</u>	2.0% – 4.5%
Total WPCRF Clean Water Revenue Bonds payable	<u>467,730,000</u>	<u>297,975,000</u>	
Wastewater Revolving Fund Refunding Revenue Bonds 1996 Series A (Partial Refunding of the following Clean Water Bonds: 1989A, 1990A, 1991A and 1991B)	28,950,000	23,915,000	3.5% – 6.0%
Revenue Bonds 2001 Series A (Partial refunding of the following Clean Water Bonds: 1992A, 1992B, 1994A, 1995A)	<u>51,620,000</u>	<u>49,660,000</u>	3.0% – 5.25%
Total Water Pollution Control Revolving Fund	<u>\$ 548,300,000</u>	<u>371,550,000</u>	

Due dates	Early redemption
Serial Bonds through 2019, term bonds subject to mandatory redemption in 2020 through 2021	2012 – 2021 at par
Serial Bonds through 2021, term bonds subject to mandatory redemption in 2022 through 2024	2013 – 2021 at par
Serial Bonds through 2023, term bonds subject to mandatory redemption in 2024 through 2025	2013 – 2023 at par
Serial Bonds through 2024	2014 – 2024 at par
Serial Bonds 1997 through 2012	The Bonds are not subject to early redemption
Serial Bonds through 2015	The Bonds are not subject to early redemption

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2003

<u>Drinking Water Revolving Fund</u>	<u>Original issue amount</u>	<u>Current amount outstanding</u>	<u>Interest rate</u>
Drinking Water Revenue Bonds Series 1997A (Arapahoe Estates Water District, City of Englewood, City of Fort Collins)	\$ 24,095,000	19,000,000	3.8% – 5.3%
Drinking Water Revenue Bonds Series 1998A (Town of Buena Vista, City of Fort Morgan)	15,205,000	12,655,000	3.85% – 5.0%
Drinking Water Revenue Bonds Series 1999A (City of Aurora, City of Fort Collins, City of Glenwood Springs, Grand County Water and Sanitation District No. 1, City of Greeley, Town of Julesburg, Left Hand Water District)	46,855,000	38,390,000	3.28% – 5.0%
Drinking Water Revenue Bonds Series 2000A (Evergreen Metropolitan District, Fountain Valley Authority, Town of Limon, Pueblo Board of Waterworks, City of Westminster)	36,110,000	32,780,000	4.8% – 5.75%
Drinking Water Revenue Bonds Series 2002A (Evergreen Metro. District, City of Grand Junction, City of Idaho Springs, City of La Junta)	16,320,000	16,135,000	3.0% – 5.125%
Drinking Water Revenue Bonds Series 2003A (City of Longmont, Town of Lyons, Fountain Valley Authority)	20,835,000	20,835,000	2.0% – 4.25%
Drinking Water Revenue Bonds Series 2003B (City of Florence)	11,695,000	11,695,000	3.25% – 4.75%
Total Drinking Water Revolving Fund	<u>\$ 171,115,000</u>	<u>151,490,000</u>	

See accompanying independent auditors' report.

Due dates

Early redemption

Serial Bonds through 2011, term bonds subject to mandatory redemption 2012 – 2015 and 2016 – 2018

2008 – 2009 at 101% of par, after 2009 at par

Serial Bonds through 2004 and 2008 – 2010. Term bonds subject to mandatory redemption 2005 – 2007, 2011 – 2015 and 2016 – 2019

2008 – 2009 at 101% of par, after 2009 at par

Serial Bonds through 2017, term bonds subject to mandatory redemption 2018 – 2019

9/1/2009 – 8/31/2010 at 101% of par, 9/1/2010 – 8/31/2011 at 100.5% of par, 9/1/2011 and thereafter at par

Serial Bonds through 2017, term bonds subject to mandatory redemption in 2018 through 2022

2011 – 2022 at par

Serial Bonds through 2020, term bonds subject to mandatory redemption in 2021 through 2022

2013 – 2020 at par

Serial Bonds through 2024

2014 – 2024 at par

Serial Bonds through 2025

2014 – 2025 at par

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Cash, Cash Equivalents, and Investments Held by Trustees – By Investment Type

December 31, 2003

	<u>Cash</u>	<u>Cash held by State Treasurer</u>	<u>Treasury Money Market Funds</u>	<u>COLOTRUST Local Government Investment Pool</u>	<u>US Treasury Notes – SLGS</u>	<u>US Treasury Bills, Notes, and Bonds (fair value)</u>	<u>Repurchase agreements</u>	<u>Total cash and investments by bond issue</u>
Water Operations Fund:								
Small Water Resources Projects Program Debt Service Reserve Fund	\$ —	—	—	2,138,966	—	—	6,361,034	8,500,000
Small Water Resources Projects Bonded Funds	123,224	—	—	10,320,499	—	—	1,500,000	11,943,723
Water Revenue Bonds Program	—	—	—	6,591,191	—	—	—	6,591,191
Animas-La Plata Account	—	5,655,368	—	—	—	—	—	5,655,368
Authority Operating	84,992	47,873,257	—	3,983,494	—	—	—	51,941,743
Subtotal – Water Operations Fund	208,216	53,528,625	—	23,034,150	—	—	7,861,034	84,632,025
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1989 Series A	—	—	—	1,020,391	2,095,400	—	—	3,115,791
Clean Water Revenue Bonds, 1990 Series A	—	—	—	501,127	648,500	237,800	—	1,387,427
Clean Water Revenue Bonds, 1991 Series A	—	—	—	609,718	6,112,600	2,771,246	447,728	9,541,292
Clean Water Revenue Bonds, 1991 Series B	—	—	—	1,010,647	4,858,600	2,428,733	—	8,297,980
Clean Water Revenue Bonds, 1992 Series A	—	—	—	287,829	1,229,600	1,673,646	—	3,191,075
Clean Water Revenue Bonds, 1992 Series B	—	—	—	2,329,408	4,902,200	2,999,798	—	10,231,406
Clean Water Revenue Bonds, 1994 Series A	—	—	—	318,061	—	—	4,708,730	5,026,791
Clean Water Revenue Bonds, 1995 Series A	—	—	—	1,443,481	—	—	5,522,963	6,966,444
Clean Water Revenue Bonds, 1996 Series A	—	—	—	308,150	—	—	1,640,349	1,948,499
Refunding Revenue Bonds, 1996 Series A	—	—	—	2,937	—	—	—	2,937
Clean Water Revenue Bonds, 1997 Series A	—	—	—	615,882	—	—	7,511,621	8,127,503
Clean Water Revenue Bonds, 1998 Series A	—	—	—	365,191	—	—	9,036,968	9,402,159
Clean Water Revenue Bonds, 1998 Series B	—	—	—	446,483	—	—	6,117,100	6,563,583
Clean Water Revenue Bonds, 1999 Series A	—	—	—	5,718,998	—	—	9,879,106	15,598,104
Clean Water Revenue Bonds, 2000 Series A	—	—	—	1,348,122	—	—	9,184,380	10,532,502
Clean Water Revenue Bonds, 2001 Series A	116,392	—	—	3,336,298	—	—	35,316,952	38,769,642
Refunding Revenue Bonds, 2001 Series A	—	—	—	318	—	—	—	318
Clean Water Revenue Bonds, 2002 Series A	33,686	—	—	888,496	—	—	41,948,564	42,870,746
Clean Water Revenue Bonds, 2002 Series B	—	—	—	9,014	—	—	21,500,465	21,509,479
Clean Water Revenue Bonds, 2003 Series A	—	—	—	113	—	—	15,258,476	15,258,589
WPCRF Loan Fund Escrow Accounts	620	—	—	—	2,265,134	—	—	2,265,754
Direct Loan Project Accounts	—	—	—	558,784	—	—	—	558,784
Direct Loan Surplus Matching Account	—	—	—	332,666	—	—	—	332,666
CWSRF Reloan Account	—	—	—	14,426,535	—	—	—	14,426,535
WPCRF Administrative Fee Account	—	—	—	824,663	—	—	—	824,663
Subtotal – Water Pollution Control Revolving Fund	150,698	—	—	36,703,312	22,112,034	10,111,223	168,073,402	237,150,669

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Cash, Cash Equivalents, and Investments Held by Trustees – By Investment Type

December 31, 2003

	<u>Cash</u>	<u>Cash held by State Treasurer</u>	<u>Treasury Money Market Funds</u>	<u>COLOTRUST Local Government Investment Pool</u>	<u>US Treasury Notes – SLGS</u>	<u>US Treasury Bills, Notes, and Bonds (fair value)</u>	<u>Repurchase agreements</u>	<u>Total cash and investments by bond issue</u>
Drinking Water Revolving Fund:								
Drinking Water Revenue Bonds, 1997 Series A	\$	—	—	903,144	—	—	7,383,460	8,286,604
Drinking Water Revenue Bonds, 1998 Series A		—	—	643,964	—	—	5,746,332	6,390,296
Drinking Water Revenue Bonds, 1999 Series A		—	—	2,708,852	—	—	13,981,500	16,690,352
Drinking Water Revenue Bonds, 2000 Series A		—	—	2,643,941	—	—	10,730,495	13,374,436
Drinking Water Revenue Bonds, 2002 Series A		—	—	190,371	—	—	10,313,623	10,503,994
Drinking Water Revenue Bonds, 2003 Series A		—	—	133	—	—	20,311,841	20,311,974
Drinking Water Revenue Bonds, 2003 Series B		—	—	176,204	—	—	12,821,500	12,997,704
State Direct Loan Project, Accounts		—	—	—	—	—	—	—
Federal Direct Loan Projects Pre-Construction Accounts		—	—	12,974	—	—	—	12,974
Federal Direct Loan Project, Accounts		—	—	2,973,846	—	—	—	2,973,846
Drinking Water Funding Account		8,509,479	—	—	—	—	—	8,509,479
State Direct Loan Surplus Matching Account		—	—	144,136	—	—	—	144,136
State Direct Loan Reloan Account		—	—	10	—	—	—	10
State Direct Loan Administrative Fee Account		—	—	20,910	—	—	—	20,910
Federal Direct Loan Surplus Matching Account		—	—	818,792	—	—	—	818,792
Leveraged Loan Surplus Matching		—	—	33	—	—	—	33
DWRF Reloan Account		—	—	4,045,104	—	—	—	4,045,104
DWRF Administrative Fee Account		—	—	2,010,334	—	—	—	2,010,334
Subtotal – Drinking Water Revolving Fund		8,509,479	—	17,292,748	—	—	81,288,751	107,090,978
Colorado Water Resources and Power Development Authority – total cash and investments	\$	358,914	—	77,030,210	22,112,034	10,111,223	257,223,187	428,873,672

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Cash, Cash Equivalents, and Investments Held by Trustees – By Account Type

December 31, 2003

	Rebate accounts	SWRP revenue or Debt service funds	Debt service reserve funds	Project accounts	DWRF and WPCRF matching accounts	Cost of issuance accounts	Other accounts	Total cash and investments by bond issue
Water Operations Fund:								
Small Water Resources Projects Program Debt Service Reserve Fund	\$ —	—	8,500,000	—	—	—	—	8,500,000
Small Water Resources Projects Bonded Funds	246,491	1,875,567	—	9,821,338	—	—	326	11,943,722
Water Revenue Bonds Program	—	1,674	600,000	5,989,517	—	—	—	6,591,191
Animas-La Plata Account	—	—	—	—	—	—	5,655,368	5,655,368
Authority Operating	—	—	—	—	—	—	51,941,744	51,941,744
Subtotal – Water Operations Fund	<u>246,491</u>	<u>1,877,241</u>	<u>9,100,000</u>	<u>15,810,855</u>	<u>—</u>	<u>—</u>	<u>57,597,438</u>	<u>84,632,025</u>
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1989 Series A	—	53	—	—	3,010,852	—	104,886	3,115,791
Clean Water Revenue Bonds, 1990 Series A	—	30	—	—	1,329,575	—	57,822	1,387,427
Clean Water Revenue Bonds, 1991 Series A	—	194	—	—	9,629,022	—	312,076	9,941,292
Clean Water Revenue Bonds, 1991 Series B	7,299	203	—	—	8,172,772	—	117,706	8,297,980
Clean Water Revenue Bonds, 1992 Series A	—	42	—	—	3,166,123	—	24,910	3,191,075
Clean Water Revenue Bonds, 1992 Series B	—	155	—	—	9,015,779	—	1,215,472	10,231,406
Clean Water Revenue Bonds, 1994 Series A	295,240	905	—	—	4,730,341	—	305	5,026,791
Clean Water Revenue Bonds, 1995 Series A	215,331	608	—	—	6,750,182	—	323	6,966,444
Clean Water Revenue Bonds, 1996 Series A	48,317	251	—	—	1,899,931	—	—	1,948,499
Refunding Revenue Bonds, 1996 Series A	1,244	—	—	—	—	—	1,693	2,937
Clean Water Revenue Bonds, 1997 Series A	151,376	201,419	—	—	7,774,708	—	—	8,127,503
Clean Water Revenue Bonds, 1998 Series A	88,898	131,522	—	—	9,181,739	—	—	9,402,159
Clean Water Revenue Bonds, 1998 Series B	69,476	304,942	—	—	6,189,165	—	—	6,563,583
Clean Water Revenue Bonds, 1999 Series A	964,959	10,926	—	3,200,890	11,421,329	—	—	15,598,104
Clean Water Revenue Bonds, 2000 Series A	898,546	—	—	—	9,633,193	—	763	10,532,502
Clean Water Revenue Bonds, 2001 Series A	815,434	192,500	—	11,590,529	26,171,179	—	—	38,769,642
Refunding Revenue Bonds, 2001 Series A	—	—	—	—	—	—	318	318
Clean Water Revenue Bonds, 2002 Series A	253,533	98,520	—	26,709,309	15,809,384	—	—	42,870,746
Clean Water Revenue Bonds, 2002 Series B	974	—	—	12,256,826	9,251,679	—	—	21,509,479
Clean Water Revenue Bonds, 2003 Series A	—	—	—	14,744,055	514,534	—	—	15,258,589
WPCRF Loan Fund Escrows	—	—	—	—	—	—	2,265,754	2,265,754
Direct Loan Project Accounts	—	—	—	558,784	—	—	—	558,784
Direct Loan Surplus Matching Account	—	—	—	—	—	—	332,666	332,666
CWSRF Reloan Account	—	—	—	—	—	—	14,426,535	14,426,535
WPCRF Administrative Fee Account	—	—	—	—	—	—	824,663	824,663
Subtotal – Water Pollution Control Revolving Fund	<u>3,810,627</u>	<u>942,270</u>	<u>—</u>	<u>69,060,393</u>	<u>143,651,487</u>	<u>—</u>	<u>19,685,892</u>	<u>237,150,669</u>

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Cash, Cash Equivalents, and Investments Held by Trustees – By Account Type

December 31, 2003

	Rebate accounts	SWRP revenue or Debt service funds	Debt service reserve funds	Project accounts	DWRF and WPCRF matching accounts	Cost of issuance accounts	Other accounts	Total cash and investments by bond issue
Drinking Water Revolving Fund:								
Drinking Water Revenue Bonds, 1997 Series A	\$ 80,945	614,463	—	—	7,591,196	—	—	8,286,604
Drinking Water Revenue Bonds, 1998 Series A	23,112	452,801	—	23,360	5,891,023	—	—	6,390,296
Drinking Water Revenue Bonds, 1999 Series A	1,128,136	533,002	—	345,729	14,683,485	—	—	16,690,352
Drinking Water Revenue Bonds, 2000 Series A	741,311	490,522	—	691,209	11,451,394	—	—	13,374,436
Drinking Water Revenue Bonds, 2002 Series A	40,453	2,957	—	6,499,046	3,961,538	—	—	10,503,994
Drinking Water Revenue Bonds, 2003 Series A	13	—	—	18,298,623	2,013,337	—	1	20,311,974
Drinking Water Revenue Bonds, 2003 Series B	—	96,958	—	12,821,500	285	78,961	—	12,997,704
Federal Direct Loan Project Accounts	—	—	—	2,973,846	—	—	—	2,973,846
Federal Direct Loan Pre-Construction Accounts	—	—	—	12,974	—	—	—	12,974
Drinking Water Funding Account	—	—	—	—	—	—	8,509,479	8,509,479
State Direct Loan Surplus Matching Account	—	—	—	—	—	—	144,136	144,136
State Direct Loan Reloan Account	—	—	—	—	—	—	10	10
State Direct Loan Administrative Fee Account	—	—	—	—	—	—	20,910	20,910
Federal Direct Loan Surplus Matching Account	—	—	—	—	—	—	818,792	818,792
Leveraged Loan Surplus Matching	—	—	—	—	—	—	33	33
DWRF Reloan Account	—	—	—	—	—	—	4,045,104	4,045,104
DWRF Administrative Fee Account	—	—	—	—	—	—	2,010,334	2,010,334
Subtotal – Drinking Water Revolving Fund	<u>2,013,970</u>	<u>2,190,703</u>	<u>—</u>	<u>41,666,287</u>	<u>45,592,258</u>	<u>78,961</u>	<u>15,548,799</u>	<u>107,090,978</u>
Colorado Water Resources and Power Development Authority – total cash and investments	<u>\$ 6,071,088</u>	<u>5,010,214</u>	<u>9,100,000</u>	<u>126,537,535</u>	<u>189,243,745</u>	<u>78,961</u>	<u>92,832,129</u>	<u>428,873,672</u>

See accompanying independent auditors' report.

**REPORTS REQUIRED BY
OMB CIRCULAR A-133**



KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202

**Independent Auditors' Report on Compliance and on Internal
Control over Financial Reporting Based on an Audit of
Basic Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Board of Directors
Colorado Water Resources and Power Development Authority:

We have audited the basic financial statements of the Colorado Water Resources and Power Development Authority (the Authority) as of and for the year ended December 31, 2003, and have issued our report thereon dated March 26, 2004. We conducted our audit in accordance with auditing standards generally accepted in 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 of America.

Compliance

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended solely for the information and use of the board of directors, management of the Authority, and the U.S. Environmental Protection Agency, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Denver, Colorado
March 26, 2004



KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202

Independent Auditors' Report on Compliance with Requirements Applicable to the Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Board of Directors
Colorado Water Resources and Power Development Authority:

Compliance

We have audited the compliance of the Colorado Water Resources and Power Development Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Authority's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance 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 of America; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management of the Authority, and the U.S. Environmental Protection Agency, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Denver, Colorado
March 26, 2004

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Expenditures of Federal Awards

Year ended December 31, 2003

<u>Grantor program title</u>	<u>Federal CFDA number</u>	<u>Grant award</u>	<u>Accrued January 1, 2003</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued December 31, 2003</u>
U.S. Environmental Protection Agency						
Title VI Water Pollution Control						
Revolving Fund:						
2000 Grant	66.458	\$ 10,735,659	\$ 81,020	5,041,705	4,960,685	—
2001 Grant	66.458	10,717,158	—	10,215,564	10,255,506	39,942
2002 Grant	66.458	10,663,884	—	—	—	—
2003 Grant	66.458	17,261,251	—	—	—	—
Total federal awards – WPCRF			81,020	15,257,269	15,216,191	39,942
Drinking Water Revolving Fund:						
1997 Grant	66.468	16,784,100	48,603	430,655	395,851	13,799
1998 Grant	66.468	9,581,800	11,915	12,494	579	—
1999 Grant	66.468	16,709,267	133,837	476,693	356,925	14,069
2000 Grant	66.468	10,437,200	68,935	1,032,819	1,009,594	45,710
2001 Grant	66.468	10,480,300	124,830	3,968,702	3,874,197	30,325
2002 Grant	66.468	13,323,000	—	1,345,205	1,345,205	—
2003 Grant	66.468	6,576,333	—	40,106	40,106	—
Total federal awards – DWRF			388,120	7,306,674	7,022,457	103,903
Total federal awards			\$ 469,140	22,563,943	22,238,648	143,845

See accompanying notes to schedule of expenditures of federal awards.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2003

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

(2) Subrecipients

86% of the Title VI Water Pollution Control Revolving Fund (WPCRF) and Drinking Water Revolving Fund (DWRF) grant expenditures were provided to subrecipients.

(3) Set Asides

For the year ended December 31, 2003, the following DWRF grant amounts were used for the set aside programs.

	<u>Set aside amount</u>
DWRF program year:	
1997	\$ 395,851
1998	579
1999	356,925
2000	1,009,594
2001	618,233
2002	359,323
2003	<u>40,106</u>
Total	<u>\$ 2,780,611</u>

(4) Transfers

During 2003, \$6,666,667 was transferred from the DWRF grant award to the WPCRF grant award to meet the loan demand in the WPCRF. This transfer reversed the equivalent transfer from the WPCRF grant award to the DWRF grant award in 1999.

(5) Noncash Activity

During 2003, the EPA provided in-kind services, valued at \$150,000 to the DWRF. The in-kind services pertained to capacity development set aside activity, and the value of the services was applied against the 2000 DWRF grant award.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Findings and Questioned Costs

Year ended December 31, 2003

Part I – Summary of Auditors’ Results

Basic Financial Statements

Type of auditors’ report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes √ no

Reportable condition(s) identified not considered to be material weaknesses?

_____ yes √ none reported

Noncompliance material to basic financial statements noted?

_____ yes √ no

Federal Awards

Internal control over major program:

Material weakness(es) identified?

_____ yes √ no

Reportable condition(s) identified not considered to be material weaknesses?

_____ yes √ none reported

Type of auditors’ report issued on compliance for major program:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?

_____ yes √ no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Drinking Water Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$671,659

Auditee qualified as low-risk auditee?

 √ yes _____ no

Part II – Findings Related to Basic Financial Statements

None reported

Part III – Findings Related to Federal Awards

None reported

April 30, 2005

**COLORADO DWRF BIENNIAL
REPORT**

**ATTACHMENT 4
AUDIT REPORT FOR 2004**

April 30, 2005

**COLORADO DWRF BIENNIAL
REPORT**

**ATTACHMENT 5
ACCESS DATA BASE PROJECT REPORT SAMPLES**

ATTACHMENT 5.1: SAMPLE DWRF FAP PROJECT REPORT

Project Number: 960033D
Project Name:

Borrower / Entity: Florence, City of

Program Type: DWRF
Project City: Florence

PWSID or NPDES: 122500
Project County: Fremont

Project Manager: Pate

TSU Engineer: Talbott, Vrudny

Project Status: Construction

Project Remarks: Const storage, booster station, upgrade/expand treatment

(2004: Improvement to Drinking Water Treatment Plant; Water Storage Facilities; Distribution / Transmission Lines; \$13,000,000)

Body of Water ID:

Watershed HUC:

State House Dist: 60

State Senate Dist: 2

Congressional Dist: 5

Population: 5,000

Taps: 3,437

Eligibility List

Project Desc: Improve / Expand DWTP; Distribution / Transmission Lines; Water Storage

Project Cost: \$13,800,000

Category: 3

Date Added to List: 01/01/04

Date Removed from List:

Funding Information

Loan Type: Leveraged

Bond Series: 2003B

Loan Amount: \$12,999,093

Interest Rate: 3.51%

Loan Term: 22

Closing Date: 11/01/03

Maturity Date: 06/01/25

Federal Funding: \$5,502,502.00 Grant

State Match: \$1,304,092.97

Planning and Design Grant

Amount: \$10,000

Date Awarded: 05/01/03

Expiration Date: 12/31/03

Criteria: Inc/Rate

Paid Out: Paid out

State Grant

Amount:

Date Awarded:

Expiration Date:

Other Funding:

Project Milestones

Loan Application Received: 06/23/03

Water Conservation Plan:

Priority Points: 60

Application Review: 06/25/04

Civil Rights Form: YES

Debarred, Suspended Form: YES

Milestone

Elig Assess Sent to TSU

Date
05/07/03

Actual

Elig Assess Rec from TSU

05/23/03

Actual

Credit Report Rec

Public Meeting

12/05/03

Actual

TMF Application Sent

04/11/02

TMF Application Rec

06/23/03

TMF Sent to TSU

06/27/03

Actual

TMF Rec from TSU

08/01/03

Actual

TMF Sent to DLG

08/01/03

Actual

TMF Rec from DLG

08/08/03

Actual

ATTACHMENT 5.1: SAMPLE DWRF FAP PROJECT REPORT

Milestone	Date	
TMF approval letter	08/11/03	Actual
PER draft Sent to TSU		
PER draft Rec from TSU		
PER final Sent to TSU	06/10/04	Actual
PER final Rec from TSU	11/05/03	Actual
CatEx/FoNSI published	02/05/04	Actual
PER approval	03/12/04	Actual
Plans and Specs Sent to TSU	06/10/04	Actual
Plans and Specs Rec from TSU	07/15/04	Actual
Plans and Specs approval	07/15/04	Actual
Construction Start Date	08/10/04	Actual
Construction Completion Date	10/01/05	Target
Inspection Date		

Remarks for TSU: Construction is in full swing. Are currently in a pinch to find money to replace 1-2 clearwells.

MBE / WBE Participation

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
MBE Personnel Services				
MBE Equipment				
MBE Supplies				
MBE Construction				
WBE Personnel Services				
WBE Equipment				
WBE Supplies				
WBE Construction				

SAMPLE

ATTACHMENT 5.2: SAMPLE FAP PROJECT REPORT

Project Number: 08115401W
Project Name:

Borrower / Entity: Black Hawk-Central City SD

Program Type: WPCRF
Project City: Black Hawk

PWSID or NPDES:
Project County: Gilpin

Project Manager: Hermann

TSU Engineer: Armitage

Project Status: Construction

Project Remarks: Construction of new 2.0 mgd wastewater reclamation facility

Body of Water ID:

Watershed HUC:

State House Dist: 13

State Senate Dist: 16

Congressional Dist: 2

Population: 633

Taps:

Eligibility List

Project Desc:

Project Cost:

Date Added to List:

Category: 2

Date Removed from List:

Funding Information

Loan Type: Leveraged

Bond Series: 2002A

Loan Amount: \$24,107,369

Interest Rate: 3.71%

Loan Term: 20

Closing Date: 05/01/02

Maturity Date: 08/01/22

Federal Funding: \$7,811,847.00 Grant

State Match: \$1,562,369.40

Planning and Design Grant

Amount:

Date Awarded:

Expiration Date:

Criteria:

Paid Out:

State Grant

Amount:

Date Awarded:

Expiration Date:

Other Funding: District Reserves 14,758,896

Project Milestones

Loan Application Received: 12/21/01

Water Conservation Plan:

Application Review:

Civil Rights Form: NO

Debarred, Suspended Form: NO

User Charge System: 02/19/02

Sewer Use Ordinance: 02/19/02

Milestone

Date

Credit Report Rec

Public Meeting

04/15/96

Actual

PER draft Sent to TSU

PER draft Rec from TSU

PER final Sent to TSU

PER final Rec from TSU

CatEx/FoNSI published

04/12/02

Actual

PER approval

04/09/02

Actual

Site Application

05/23/02

Actual

Plans and Specs Sent to TSU

Plans and Specs Rec from TSU

Plans and Specs approval

03/14/03

Actual

Construction Start Date

04/14/03

Actual

ATTACHMENT 5.2: SAMPLE FAP PROJECT REPORT

<u>Milestone</u>	<u>Date</u>	
Plan of Operation Sent to TSU		
Plan of Operation Rec from TSU		
Plan of Operation approval	03/30/05	Target
O&M Sent to TSU	10/01/04	Actual
O&M Rec from TSU		
O&M approval	05/31/05	Target
Construction Completion Date	06/30/05	Target
Inspection Date	06/17/03	Target
One Year Certification	06/30/06	Target

Remarks for TSU: Site application extension approved

MBE / WBE Participation


	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
MBE Personnel Services				
MBE Equipment				
MBE Supplies				
MBE Construction				
WBE Personnel Services				
WBE Personnel Services				
WBE Equipment				
WBE Supplies				
WBE Construction		\$70,961.60	\$79,920.00	\$9,661.25

SAMPLE

ATTACHMENT 5.3: EXAMPLE OF SHARED DATABASE FORMS

Complete Project Information [X]

General Data | Project Amounts | Milestone Dates | Compliance | Borrower | Project Remarks

Click to Find Record: 

Project Number: Project Name: Program Type:

General Data

Borrower / Entity:
Authorized Representative:
Borrower Category:
Date Application Received:
Active Date: Inactive

Project Description:
Problem Description:
DesChgDate:
Authority Administrator:
Consulting Engineer:
WQCD Project Administrator:
WQCD Project Engineer:
NPDES Number: PWSID Number:
UWA Rank:
Eligibility List Category: Drinking Water Priority Points:
Add to Eligibility List:
Remove from Eligibility List:
Water Conservation Plan Approved:

Project City:
Project County:
Project Body of Water ID:
Watershed Basin:
Sub Basin:
Segment:


State House District: State Senate District: Congressional District:

Population: Number of SFEs:

ATTACHMENT 5.3: EXAMPLE OF SHARED DATABASE FORMS

Complete Project Information [X]

General Data | **Project Amounts** | Milestone Dates | Compliance | Borrower | Project Remarks

Click to Find Record: 

Project Number: Project Name: Program Type:

Project Amounts

Project Cost:	<input type="text" value="\$13,800,000"/>
Loan Type:	<input type="text" value="Leveraged"/>
Loan Amount:	<input type="text" value="\$12,999,093"/>
Interest Rate:	<input type="text" value="3.5100%"/>
Loan Term:	<input type="text" value="22"/>
Bond Series:	<input type="text" value="2003B"/>
Loan Closing Date:	<input type="text" value="11/01/2003"/>
Loan Maturity Date:	<input type="text" value="06/01/2025"/>
Cost Categories:	<input type="text"/>

Authority P and D Grant

Amount:	<input type="text" value="\$10,000"/>
Award Date:	<input type="text" value="05/01/2003"/>
Expire Date:	<input type="text" value="12/31/2003"/>
Contract #:	<input type="text" value="Inc/Rate"/>

WQCD Grant

Amount:	<input type="text"/>
Award Date:	<input type="text"/>
Expire Date:	<input type="text"/>
Contract #:	<input type="text" value="Paid out"/>

Federal Funding Amount:

Fed Grant or Loan:

State Match Amount:

Other Funding:

ATTACHMENT 5.3: EXAMPLE OF SHARED DATABASE FORMS

Complete Project Information			
General Data	Project Amounts	Milestone Dates	Compliance
Project Number: <input type="text" value="08115401W"/>		Project Name: <input type="text"/>	Program Type: <input type="text" value="WPCRF"/>
Click to Find Record:			
Milestone Dates			
DW Priority Request Sent to TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
DW Priority Points Received from TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Loan Application Review Date:	<input type="text"/>	<input type="text"/>	<input type="text"/>
DW TMF Sent to DLG:	<input type="text"/>	<input type="text"/>	<input type="text"/>
DW TMF Rec'd from DLG:	<input type="text"/>	<input type="text"/>	<input type="text"/>
DW TMF Sent to TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
DW TMF Rec'd from TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
DW Final TMF Approval:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Credit Report Rec'd from DLG:	<input type="text"/>	<input type="text"/>	<input type="text"/>
WW User Charge System Rec'd Date:	<input type="text" value="02/19/2002"/>	Actual	<input type="text"/>
WW Sewer Use Ordinance Rec'd Date:	<input type="text" value="02/19/2002"/>	Actual	<input type="text"/>
Draft Facility Plan Sent to TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Draft Facility Plan Rec'd from TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Public Meeting Date:	<input type="text" value="04/15/1996"/>	Actual	<input type="text"/>
Final Facility Plan/EA Sent to TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Final Facility Plan/EA Rec'd from TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
CE/FNSI Publication:	<input type="text" value="04/12/2002"/>	Actual	<input type="text"/>
Facility Planning Document Approval:	<input type="text" value="04/09/2002"/>	Actual	<input type="text"/>
Authority Board Approval:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Plans and Specs Sent to TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Plans and Specs Rec'd from TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
WW Site Approval:	<input type="text" value="05/23/2002"/>	Actual	<input type="text"/>
Plans ,Specs Approval:	<input type="text" value="03/14/2003"/>	Actual	<input type="text"/>
WW Plan of Operation Sent to TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
WW Plan of Operation Rec'd from TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
WW Plan of Operation Approval:	<input type="text" value="03/30/2005"/>	Targeted	<input type="text"/>
WW O and M Sent to TSU:	<input type="text" value="10/01/2004"/>	Actual	<input type="text"/>
WW O and M Rec'd from TSU:	<input type="text"/>	<input type="text"/>	<input type="text"/>
WW O and M Approval:	<input type="text" value="05/31/2005"/>	Targeted	<input type="text"/>
Construction Start:	<input type="text" value="04/14/2003"/>	Actual	<input type="text"/>
Construction Completion:	<input type="text" value="06/30/2005"/>	Targeted	<input type="text"/>
One-Year Certification:	<input type="text" value="06/30/2006"/>	Targeted	<input type="text"/>
Latest Inspection:	<input type="text" value="06/17/2003"/>	Interim	<input type="text"/>
Milestone Remarks:			
<input type="text" value="Site application extension approved"/>			

April 30, 2005

**COLORADO DWRF BIENNIAL
REPORT**

**ATTACHMENT 6
AUTHORITY BOARD RESOLUTION NO 04-34**

**COLORADO WATER RESOURCES
and
POWER DEVELOPMENT AUTHORITY**

RESOLUTION NO. 04-34

**PROVIDING FOR THE COMMITMENT AND DEPOSIT OF FUNDS TO COMPRISE
THE STATE MATCH REQUIRED FOR THE DRINKING WATER REVOLVING FUND
CAPITALIZATION GRANT AWARD FOR FISCAL YEAR 2004 AND FUTURE YEARS**

WHEREAS, the Safe Drinking Water Act Amendments of 1996 (the "Act") set up a new system to provide funding assistance for improvements to drinking water systems, in the form of state revolving funds that are capitalized by federal grants and by state matching funds, and used to provide loans and other financial assistance for eligible projects; and

WHEREAS, C.R.S. §37-95-107.8 established the Drinking Water Revolving Fund administered by the Authority in accordance with and for the purposes set forth in Title I of the Act; and

WHEREAS, C.R.S. §37-95-107.8 authorizes the Authority on behalf of the State with the written approval of the State Board of Health to enter into such agreements with the United States as may be necessary to comply with the provisions of the Act and as otherwise may be required to provide for the capitalization of the Drinking Water Revolving Fund from federal grant money; and

WHEREAS, the United States Environmental Protection Agency ("EPA") and the Authority have entered into an Operating Agreement for operation of the Drinking Water Revolving Fund, and the EPA, pursuant to said Operating Agreement, and in accordance with all conditions set forth therein, has awarded a capitalization grant to the Authority in the amount of \$13,737,700 for capitalization of the Drinking Water Revolving Fund for Fiscal Year 2004, which grant requires the Authority to provide state matching funds ("State Match") in the amount of \$2,747,540; and

WHEREAS, pursuant to 40 CFR 3550(g)(2), the required State Match must be deposited into the Drinking Water Revolving Fund on or before the date on which the State receives payment from each year's capitalization grant, and payments from the grant are deemed made upon the date when grant funds are made available based upon the grant schedule established when the grant is approved; and

WHEREAS, in order to assure that the Authority is in compliance with the requirement that the State Match be deposited on or before the date the State receives federal funds under each year's grant, the Authority wishes to establish an appropriate procedure for the deposit of State Match funds into the Drinking Water Revolving Fund;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Colorado Water Resources and Power Development Authority, on behalf of the State of Colorado:

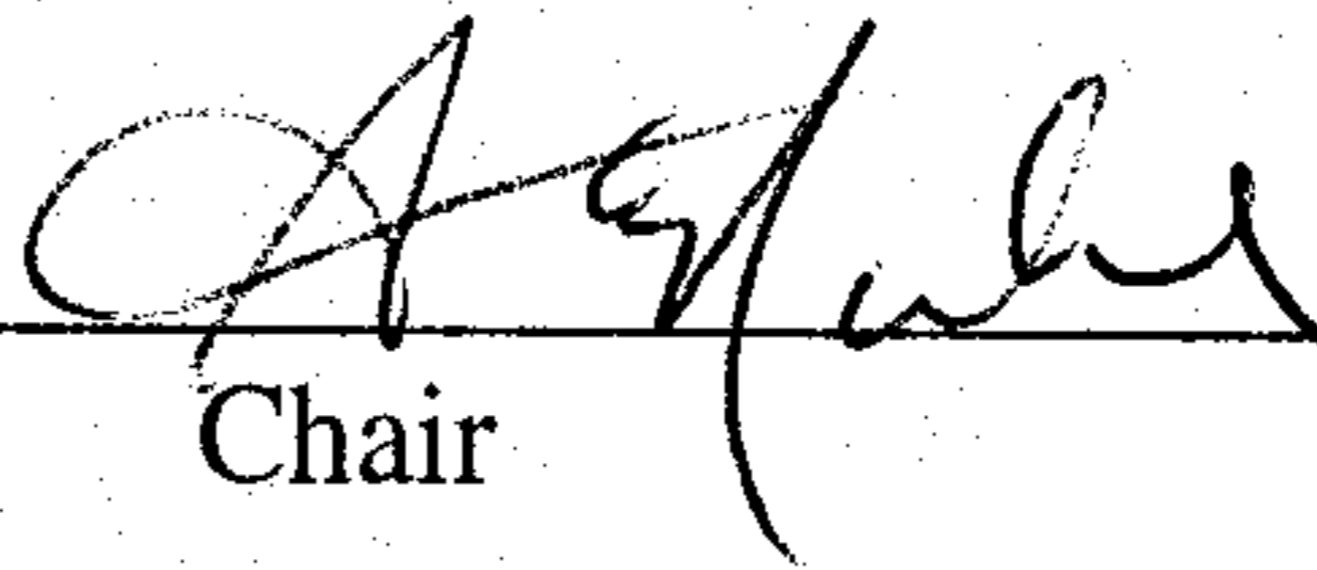
1. That the "Drinking Water Revolving Fund State Match Account" be established in the books and accounts of the Authority, from which account funds shall be used solely and exclusively for the purpose of providing the required State Match for the Drinking Water Revolving Fund;


2. That the sum of \$2,747,540, representing the 20% State Match requirement for the 2004 Fiscal Year Capitalization Grant, be transferred and committed to the "Drinking Water Revolving Fund State Match Account", immediately upon adoption of this Resolution and establishment of the account;

3. That the sum required to provide the State Match for future federal capitalization grants for the Drinking Water Revolving Fund (e.g. for the 2005 fiscal year and succeeding fiscal years) be transferred and committed to the "Drinking Water Revolving Fund State Match Account" on or before the date when the Authority executes the annual federal capitalization grant award.

CERTIFICATE

The undersigned officers of the Board of Directors of the Colorado Water Resources and Power Development Authority do hereby certify that the above Resolution No. 04-34 was adopted by the Colorado Water Resources and Power Development Authority at a regular meeting of the Board of Directors with a quorum present in Denver, Colorado on December 3, 2004.


Chair


Secretary

ATTEST