

COLORADO
DRINKING WATER
REVOLVING FUND
BIENNIAL REPORT
VOLUME I

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FOR THE ENVIRONMENTAL PROTECTION AGENCY
REGION VIII

COLORADO DWRF BIENNIAL REPORT

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I. INTRODUCTION

To comply with the requirements of regulation 40 CFR 35.3570, the Water Quality Control Division (Division) of the Colorado Department of Public Health & Environment, the Colorado Water Resources and Power Development Authority (Authority), and the Division of Local Government (DLG), hereinafter collectively referred to as the State, prepare and submit this biennial report on Colorado's Drinking Water Revolving Fund (DWRF). The report describes the activity of the DWRF for calendar years 2005 and 2006 and includes the 2005, 2006 and 2007 DWRF Intended Use Plans (IUPs) and annual program audits completed for 2005 and 2006.

II. LEGAL AUTHORITY AND BACKGROUND

The 1996 Amendments to the Safe Drinking Water Act (SDWA), Title I, Section 130, authorized the establishment of the DWRF. The fund 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 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 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 rules on October 18, 1995. Beginning in 2006 the authority to approve the DWRF Rules and IUP was transferred from the Colorado Board of Health to the Water Quality Control Commission.

Colorado was one of the first states in the country to receive a EPA capitalization grant for its DWRF and was the first state to issue Drinking Water Revenue Bonds. The Loan Summary Report (**Exhibit A**) provides specific details for the loans funded through the DWRF from inception through December 31, 2006. The DWRF has funded three types of loans; leveraged, direct loans using federal and state funds and direct loans using only state funds. Leveraged loans are provided to projects requiring loans in excess of \$2 million and are funded from municipal bonds, issued specifically to fund the loan, and using capitalization grant funds to provide below-market interest rates. Leveraged loan rates are primarily determined by the bond market and subsidization level. Federal direct loans finance projects requiring loans of two million dollars or less and use SRF re-loan funds, or DWRF grant funds and state funds (State Match). In addition, beginning in 2005, the Federal direct loans finance projects for entities which qualify as Disadvantaged Communities with loans at 0% to 1.75% interest rates. (See **Section IV. C** for further information on Disadvantaged Communities loans.) State direct loans are funded solely from state funds. The Board of Directors determines and authorizes the interest rates for the direct loans on an annual basis. Due to the increased cost of project infrastructure the Authority Board authorized an increase of up to \$2,000,000, from \$1,000,000, for direct loans. This change was reflected in the 2006 IUP.

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The state direct 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. See Section V “Financial Status of the DWRF” below for further information about leveraged and direct loans.

III. 2005 AND 2006 SUMMARY

From the DWRF inception through 2006, the State has been awarded \$125,835,600 from the EPA and the State has committed State Match funds in the amount of \$25,167,120. Of the total grant funds awarded \$93,189,611 have been obligated to loans. As of December 31, 2006, \$20,420,416, or 22%, of obligated federal grant funds remain un-liquidated. \$27,978,082 of the total amount received from the federal grants has been obligated to non-project activities (herein referred to as “set-asides”) eligible for funding under the SDWA. Set-asides are considered obligated when awarded. Of the total amount awarded, \$10,681,534, or 38% remains un-liquidated. An additional \$1,449,730 in credits has been committed to be provided from the State for the dollar for dollar match required for each State Program Management set-aside funds used from the 2006 grant. Set asides are described in more detail in Section VII of this report.

Included with this report is **Exhibit B**, the Binding Commitments report, which shows how well the State is using federal funds, and Exhibit C, the EPA Capital Contributions Summary report which provides further detail on the federal grant funds awarded and the disbursements of those funds.

In 2005, the State was awarded \$13,708,600 from the EPA and committed \$2,741,720 state funds for the 20% required match. In 2006, the State was awarded \$14,497,300 and committed \$4,349,190 in State Match funds and other credits. \$3,526,980 and \$4,162,174 of the total 2005 and 2006 federal funds awarded, respectively, were allocated to set-asides. With the combined State Match committed to the loan program from these two years of over \$5.6 million and a combined total of over \$20.5 million dollars available from federal funds, an additional \$26 million is available to meet the needs of the loan program.

The IUP is developed by the Division with assistance from all DWRF partners. During formal public hearings held in November of 2005 and 2006 the Colorado State Board of Health adopted the annual IUPs. 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. As noted above the authority to approve the IUP was shifted to the Water Quality Control Commission beginning with the 2007 IUP.

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 the 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

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pay and local burden, consolidation, water conservation, source water protection, and health risk. The 2005 and 2006 IUP's are included in this report as **Attachment 1** and **Attachment 2**.

Twenty-six public entities received \$66,677,862 in loan funds over this two-year time period. In 2005, five direct loans were executed for a total of \$2,383,000. In 2006, six leveraged loans were executed for \$54,327,240 and fifteen direct loans were executed for \$9,997,722. Of the 20 projects funded in 2005 and 2006, 12 entities qualified as Disadvantaged Communities and were funded with loans at a 0% or 1.75% interest rate. One loan was reduced in 2006; the City of Florence received a direct loan in the amount of \$800,000 in 2005. In 2006, the loan principal amount was reduced by \$30,100.67, the amount that the City determined that it would be unable to use for the projects associated with this loan. As of December 31, 2006, all loans are current. Refer to Exhibit A for a complete list of projects funded through the DWRf loan program. More loan information and the status of the loans is provided in the Authority's Loan Status Report which can be made available or can be viewed, along with other reports, at the Authority's website at www.cwrpda.com.

IV. 2005 AND 2006 IUP GOALS AND ACCOMPLISHMENTS

The following goals were identified in the 2005 and 2006 IUPs and are listed in block style print and the accomplishments are listed in italics.

A. LONG TERM IUP GOALS AND ACCOMPLISHMENTS

- 1. Provide affordable financial assistance for eligible applicants while maintaining a perpetual, self-sustaining revolving fund.**

The program has been set up to be self-perpetuating and will be leveraged to the maximum extent possible to meet the projected water quality needs of the state and to maintain the economic viability of the fund. The incentives used for loans included direct loan interest rates at 3.75 percent for 2006 and 2007, and leveraged loans at 80 percent of the market rate of the Drinking Water Revenue Bonds issued by the Authority. Beginning in 2005 a Disadvantaged Communities Loan Program was established to provide reduced interest rate loans.

- 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.**

Pre-application meetings are arranged with communities to assist with planning, scheduling, and financing. Representatives from the Division, DLG and the Authority work with potential loan recipients to explore funding alternatives and explain the program requirements and timeframes. \$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

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funding the upfront costs associated with preparing a Preliminary Engineering Report, TMF Capability Worksheets, Planning and Design Documents and Environmental Assessments required by the DWRF requirements.

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.

3. Maintain compliance with State and Federal laws and the provisions of the EPA/State of Colorado Operating Agreement.

The DWRF program is administered in accordance with the EPA approved Operating Agreement and Handbook of Procedures and the DWRF Rules.

B. SHORT TERM IUP GOALS AND ACCOMPLISHMENTS

1. Submit an application for the 2005 and 2006 Capitalization Grant by January of the respective year.

The application for the FFY 2005 capitalization grant was submitted to EPA on February 22, 2005 and the application for the FFY 2006 capitalization grant was submitted on January 9, 2006.

2. The Division will continue to make revisions to the Handbook of Procedures to conform to regulations/guidance and submit it to EPA for approval.

On June 4, 2004, EPA approved an update to the Handbook of Procedures involving Chapter III Technical, Managerial and Financial review process for loan applicants. There are several draft chapters that are currently being submitted to EPA for review and approval. The chapters include: Chapter VI – Loan Disbursements, Chapter VII Plans, Specifications and Addenda Review, VIII Bid Solicitation and Contract Review, Chapter IX Project Close-out and Chapter X Maintenance, Storage and Retirement of DWRF Project Files. With the current high turn over in staff experienced by the Division in the last two years, we are consolidating efforts of new staff training with comparing the procedures for consistency with the Drinking Water Revolving Fund Handbook.

Staff continues to work on revisions to: Chapter I - IUP, Chapter II - Pre-application Meeting and DWRF Application Review, Chapter IV – Facility Plan Review, and Chapter XI – Project Tracking System (this section will include procedures for maintaining the shared database).

3. Initiate the process for identifying projects in the annual IUP in a timely manner.

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The process of identifying projects for inclusion in the annual IUP is accomplished by means of developing and mailing an informative/questionnaire type survey. The necessary information for developing this survey is obtained from various sources, including the "Shared Projects Database." Data is collected using queries designed to gather and merge entity contact information, descriptions and costs of all projects on the previous year's Project Eligibility List. This data is subsequently compiled along with information for entities that are under a compliance schedule or enforcement action. The distribution and reach of this survey also includes projects identified by the Funding Coordination Committee, projects identified by USDA Rural Development, DLG field staff, Division District Engineers and staff from Area Council of Governments.

News articles describing the survey process and listing the Authority's web site (for a copy of the survey form) are published in the Colorado Municipal Leagues bi-weekly newsletter, the Special District Association's newsletter, and the Rocky Mountain Water Environment Association Rumble's publication.

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

The Authority submitted an audit and summary report to EPA by April 30, 2005 reporting on the program's activities, outputs and outcomes. The 2005-2006 Biennial Report will be submitted to EPA by April 30, 2007.

5. The program partners will work with the Funding Coordination Committee and the SRF Policy Committee to implement program improvements including:

a. Continue coordination with all funding agencies to complete drinking water projects identified in the 2005 and 2006 IUP.

The agencies involved in the DWRF continue to work together and with other applicable state and federal funding agencies to identify funding needs and develop joint funding packages. 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.

Available funding sources include: the Water Quality Control Division's Drinking Water Grant Fund, DLG's Community Development Block Grant and Energy and Mineral Impact Program, the Colorado Water Conservation Board, the U.S. Department of Agriculture-Rural Development Program, and the Authority's Water Revenue Program.

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The Division provided the Towns of Bethune, Boone and Genoa with State Drinking Water Grants in addition to Disadvantaged Communities Loans. These grants assisted the communities with the overall costs required to implement public water system improvements while ensuring affordability to the citizens of these small communities.

The DLG also provided grants to the following loan recipients: Cities of Alamosa and Craig, the Towns of Haswell, Log Lane Village, Palisade, Sedgwick and Walden.

- b. Evaluate the impacts of implementing a pre-application form, through the Funding Coordination Committee, that could be available statewide for water and wastewater entities interested in receiving funding through the State Revolving Fund Program (SRF), Energy Impact Assistance Fund (EIAF), Community Development Block Grant (CDBG), and Rural Development Program.**

Discussions were held with the Funding Coordination Committee regarding implementation of a pre-application form. However, with significant staff turn over within the various funding agencies efforts in this area have been put on hold.

- c. Review the areas of current flexibility with DWRF loan covenants and identify areas that may provide additional flexibility.**

*The SRF Committee periodically meets to evaluate the programs and identify potential improvements. The Disadvantaged Communities Loan Program was created on January 1, 2005, and provides reduced to 0% interest rates for small communities. Additional information regarding the Disadvantaged Communities is included under **Section IV. C Other Program Accomplishments.***

To reduce the audit burdens on small borrowers the Authority Board adopted, at its June 3, 2005, Board Meeting, the existing State statutory requirement to accept a copy of the short form audit exemption in lieu of audited financial statements for entities with revenue of less than \$100,000 provided that the exemption be completed by a person skilled in governmental accounting practices. Borrowers with revenue of more than \$100,000 but less than \$500,000 may provide the long form exemption in lieu of audited financial statements; however, the exemption must be completed by an independent accountant with knowledge of governmental accounting requirements.

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The direct loan interest rates are established by the Authority Board each December. The direct loan rates for 2005 and 2006 were set at 3.5% and 3.75% respectively.

d. Evaluate the potential/impacts of increasing set-asides for Planning and Design grants.

In evaluating the drinking water administrative fee fund it was determined that the additional grant funding is not available at this time. However, the 2005 and 2006 IUP has a provision that if any of the \$100,000 set aside for planning and design grants were available on September 1 of each year, an additional grant of up to \$10,000 (maximum \$20,000 total per community) could be made to communities which have met the criteria in demonstrating progress toward receiving funding through the program.

6. Leverage funds in the DWRF to accommodate the estimated demand for eligible projects in 2005 and thereafter.

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 2005 and 2006 and subsequent years.

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 with populations under 10,000.

*A Planning and Design Grant fund 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 2005 and 2006, the Authority Board authorized an annual appropriation of \$100,000. To date, 53 planning and design grants have been awarded to communities which led to executed loans exceeding \$50 million. **Exhibit C** provides a list of the DWRF Planning and Design Grants executed to date.*

Twenty \$10,000 grants were provided during 2005 and 2006 resulting in 11 executed loans. There are several systems that received planning and design grants during this time 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 2007 or 2008.

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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.

8. The WQCD will review and revise as necessary the “Guidance For Preparing Preliminary Engineering Reports” and update the “State Environmental Review Policy” specific to the DWRF.

The Preliminary Engineering Report (PER) Checklist for the Water Pollution Control Revolving Fund (WPCRF) was revised in 2006 and is currently being piloted. It is anticipated that the WPCRF PER Checklist will be finalized in 2007 and many of the changes will be incorporated into a revised PER Checklist for the DWRF. The State Environmental Review Policy was reviewed and it was determined that no changes would be made at this time.

9. The DLG will conduct training workshops to help build financial and managerial capacity of small rural public water and wastewater systems.

In 2005, DLG conducted a series of eight training workshops to help build financial and managerial capacity of small rural public water systems around the state. Subjects included water and sewer utility asset management and GASB 34 compliance, water and sewer utility rates, fees and collections, and available funding programs for water and sewer infrastructure. The workshops featured speakers from DLG, and the EPA Region X Environmental Finance Center at Boise State University, and were held in conjunction with the Colorado Municipal League’s spring outreach meetings. The combined efforts resulted in very positive turnout for the events, including the participation by state legislators at several locations.

In 2006 and 2007, DLG and the Division helped contractors Malcolm Pirnie and Stratus Consulting plan and conduct a series of workshops to build technical, managerial and financial capacity of local utilities around the state. DLG and Division staff spoke on the funding programs it administers, the statutes and processes that private non-profit water systems can follow to reconstitute themselves as local governments, and presented a case study on project supported by coordinated funding consisting of funds from the various funding agencies.

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

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conferences of the Colorado Rural Water Association and the Colorado Municipal League.

10. The WQCD will develop a 5 year strategic plan for the Outreach and Project Assistance Unit.

Due to the reorganization of the Watershed Section efforts to develop a five year strategic plan for the Outreach and Project Assistance Unit, formally known as the Financial Assistance Program, have been put on hold.

11. The program partners will consider the appropriateness of introducing legislation in 2006 that would change the “planning” experience requirement for one of the Authority board positions to one that would have experience in “public health issues” and/or “water quality matters,”

This goal was accomplished in 2006.

12. The WQCD in partnership with the Authority will continue to utilize the shared access database for tracking project milestones. During 2006, Authority and WQCD staff will work together to implement database improvements.

*During 2006 Authority and WQCD staff worked together to implement database improvements and staff continue to utilize the system to track all SRF projects. Refer to **Attachment 5** for examples of database forms and reports.*

C. OTHER ACCOMPLISHMENTS/PROGRAM UPDATES

1. Disadvantaged Communities Loan Program

In accordance with federal statutes States are authorized to provide “loans at or below market interest rates, including interest free loans, and terms up to 30 years.” Effective January 1, 2005, the DWRF implemented a Disadvantaged Communities Loan Program. A disadvantaged community is defined as a governmental agency that has a population of 5,000 or less with a median household income that is 80 percent or less of the statewide median household income.

DWRF re-loan funds are the primary source of revenues used to fund Disadvantaged Communities Loans. These funds are paid back by borrowers in the form of debt service payments on outstanding debt obligations. The loan pool amount for all DWRF direct loans is established at an \$8 million minimum. Of this direct loan pool amount, up to \$6 million will be reserved for loans to qualified disadvantaged communities. EPA capitalization grant funds in an amount not to exceed 30 percent of the annual capitalization grant may also be considered to underwrite loans in the event re-loan funds are not sufficient to meet demand. To the maximum extent practical and based

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on available data, projects eligible to receive the reduced interest rate will be identified on the Project Priority/Fundable List (Appendix B of the 2006 IUP).

Median household income as a percentage of the statewide median household income will be used to distribute funding to governmental agencies that are disadvantaged in accordance with two categorical affordability tiers:

Category 1 - Disadvantaged communities with median household income levels that range from 61 to 80 percent of the statewide median household income qualifies for loans up to \$2 million per project. Loan terms up to 30 years, but not to exceed the project's design life, are permitted. The loan interest rate is established at 50 percent of the direct loan rate as set annually by the Authority Board for qualifying governmental agencies. In 2005 the Category 1 loan rate was 1.75% and this was increased in 2006 to 1.875% due to the Authority Board's decision to raise the direct loan rate.

Category 2 - Disadvantaged communities with median household income levels that are less than 61 percent of the statewide median household income qualify for loans up to \$2 million per project. Loan terms up to 30 years, but not to exceed the project's design life, are permitted. The loan interest rate is established at 0 percent for qualifying governmental agencies.

Note: All loan requests exceeding the \$2 million direct loan limit are not eligible for a Disadvantaged Communities Loan.

In 2006 the Authority Board adopted standardized income survey procedures for applicants to the DWRF Disadvantaged Communities Loan fund. The Authority, Division and DLG staff worked with the State Demographer's Office in DLG to develop a new income survey policy. With the assistance of the State Demographer's Office, potential loan applicants can conduct an income survey according to the adopted procedures to determine if they meet Disadvantaged Communities Loan criteria.

Division staff received the Colorado Department of Public Health and Environment's 2007 Diversity Award "For successfully increasing the quality and quantity of services to diverse populations and communities of color in a culturally competent manner to protect and preserve the health and environment of the people of Colorado." The team was nominated and recognized for their efforts with implementing and administering the Disadvantaged Communities Loan Programs.

2. Planning and Design Grants

As noted previously, 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

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\$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, development of TMF capacity reports, 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 fund the entity must be identified on the most current, or are intended to be listed on the following, year's eligibility list and meet applicable planning and/or design grant criteria.

3. Project Tracking Database

To further track projects for compliance with the Operating Agreement, the State developed a shared project Access database in 2005. 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 2005-06. 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 Engineering Section. **Attachment 5** provides examples of some reports generated using the system and examples of Access Shared Database forms.

4. State Grant Funding for Small Community Drinking Water Projects

The Division continued its efforts to solicit State general fund appropriations, for the small community grant program, to assist public and private not-for-profit drinking water systems in both 2005 and 2006. Unfortunately, due to budget constraints, the 2005 budget request was denied. In 2006, \$1,500,000 was provided and 9 grants were awarded to small community drinking water systems. As noted previously 3 of the grant recipients (Towns of Bethune, Boone and Genoa) also received Disadvantaged Community Loans from the DWRF.

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5. Financial Analysis

During 2005 and 2006, DLG performed financial analysis and completed credit reports on twenty three applicants to the DWRF. DWRF applicants included: Cucharas Sanitation and Water District, East Alamosa Water and Sanitation District, the City of Alamosa, the Town of Genoa, the Town of Palisade, Castle Pines Metropolitan District, Platte Canyon Water and Sanitation District, Ralston Valley Water and Sanitation District, the Town of Ordway, the Town of Silver Plume, the City of Craig, the Town of Boone, the Town of Bethune, Little Thompson Water District, the Town of Walden, the Town of Sedgwick, the Town of Hillrose, Bristol Water and Sanitation District, the Town of Pritchett, the Town of Log Lane Village, Cottonwood Water and Sanitation District, the Town of La Jara and the City of Victor.

6. SRF Funds Available for Transfer

Due to the large number of projected loans in 2004 from the WPCRF and a small number of loans from the DWRF, the Division, DLG and the Authority met with a stakeholders group on August 6, 2003, to evaluate the feasibility of transferring funds from the DWRF to the WPCRF. There were no objections to the transfer. Based on the 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 these funds were used for administrative purposes.

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	-----	-----	12.1	12.1
1999	Transfer	12.1	\$6.7**	-----	5.4	18.8
2000	CG Award	15.6	-----	-----	8.9	22.3
2001	CG Award	19.1	-----	-----	12.4	25.8
2002	CG Award	23.6	-----	-----	16.9	30.3
2003	CG Award	28.0	-----	-----	21.3	34.7
2003	Transfer	28.0	-----	\$6.7**	28.0	28.0
2004	CG Award	32.0	-----	-----	32.0	32.0
2005	CG Award	36.7	-----	-----	36.7	36.7
2006	CG Award	41.5	-----	-----	41.5	41.5

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

**\$6.7 million capitalization grant funds and \$1.3 million State Match

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The transfer was a combination of capitalization grant (\$6,666,667) and State Match (\$1,333,333) with the federal portion coming from the 2003 capitalization grant. The transfer diminished the loan capacity of the DWRF by approximately \$18 million (leverage ratio of approximately 2.25 multiplied by \$8.0 million) and increased the loan capacity of the WPCRf by an equal amount.

7. Program Policies

The following policies concerning the loan distribution procedures were adopted for the allocation of DWRF funds beginning in 2005: 1) A minimum of \$8 million will be held in reserve for small projects requesting (\$2 million or less). There is no application deadline for these loans. De-allocations from loan repayments received in September can be made available for additional small system loans if the \$8 million reserve is inadequate. 2) All leveraged loan projects are required to submit applications by February 1. Depending on the demand and available loan capacity, a second application date of July 1 may be set by the WQCD and the Authority for a fall bond issue.

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 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.

The Authority 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. Of the total appropriation of \$25,030,872, the remaining \$19,212,291 was made available for use as State Match. As of December 31, 2006, the remaining amount has been used for State Match.

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 added a paragraph to the 2006 IUP which allows 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 DWRF offers both direct loans and leveraged loans to finance projects. Direct loans (up to \$2,000,000) 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, 2006, \$17,587,194 of re-

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loan funds has been used to finance twenty-nine 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 3.5% for 2005, and was increased to 3.75% for 2006 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 \$2 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 total amount of administrative fees received from all DW SRF loans for 2005 and 2006 was \$3,366,787. Total operating expenses for administration of the DWRF for 2005 and 2006 was \$ 1,983,675.95, of which \$783,994 was offset by the drinking water administrative set-aside. Additionally, administrative fee income was used to fund a planning and/or design grant program which will continue into the future. Following is a summary of the administrative fee account activity recorded on an accrual basis from program inception through 2006:

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
12/31/2005	1,656,165	392,028	107,670	(3,259)	(1,015,887)	0	(95,250)	1,041,467
12/31/2006	1,796,592	439,779	209,958	0	(1,046,962)	0	(88,000)	1,311,367
Totals	10,596,257	2,964,962	441,930	266,449	(8,216,252)	(233,656)	(358,594)	5,461,096

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

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capacity. Each year the DWRF Eligibility List needs (currently over \$888 million – **Attachment 6**, 2007 IUP) are compared against the loan capacity of the DWRF. Even though demand for loans (DWRF Priority / Fundable List) during these years was 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. By continuing to leverage, the program will be able to assist more communities currently on the eligibility list. In addition, it will help those communities achieve compliance with the SDWA. . Given that the leveraged loan rate of 80% of market rate has produced an average loan rate of between 3.03% and 4%. 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.

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, 2005 and December 31, 2006.

VI. 2005 AND 2006 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 2005 and 2006. The project summaries are grouped by major river basins. A project status update is also provided for all loans executed prior to January 1, 2005, that have not been closed out as of December 31, 2006.

Platte River Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2005 & 2006:

Arapahoe County Water and Wastewater PID – The PID received a 16-year leveraged loan on November 2, 2006 in the amount of \$16,049,975 at an interest rate of 3.31%. The District has joined with the Cottonwood Water and Sanitation District to share water treatment facilities. The District plans to build a reverse osmosis water treatment plant to treat raw water from Cherry Creek alluvial wells in cooperation with Cottonwood. The project also includes components not eligible for funding through the DWRF, including a new water supply well. It is anticipated the project will begin construction in July of 2007.

Town of Bennett – The Town was issued a planning and design grant on May 1, 2006 to assist with the development of a PER. It is anticipated the Town will apply for a DWRF loan in the future.

Castle Pines Metropolitan District – The District received a 20-year direct loan on May 25, 2006 in the amount of \$2,000,000 at an interest rate of 3.75%. The District also received a 21-year direct loan on November 6, 2006 in the amount of \$250,000 at an interest rate of 3.75% to cover higher than expected construction bids. The project consists of constructing a new

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pipeline and transfer station to convey water between the district's two water treatment facilities. The project will allow flexibility in water treatment, as the Happy Canyon Road Plant is aging and approaching the end of its useful design life. Increased treatment reliability and redundancy are benefits of transferring water to the newer Country Club Drive Plant. Construction began in the fall of 2006 and is still underway.

Cottonwood Water and Sanitation District – The District received a 21-year leveraged loan on November 2, 2006 in the amount of \$9,996,005 at an interest rate of 3.42%. The District has joined with the Arapahoe County Water and Wastewater Authority (ACWWA) to share water treatment facilities. The District plans to build a reverse osmosis water treatment plant to treat raw water from Cherry Creek alluvial wells in cooperation with ACWWA. The project also includes components not eligible for funding through the DWRF, including new a water supply well. It is anticipated the project will begin construction in July of 2007.

Town of Genoa – The Town received a 30-year direct loan on December 20, 2006 in the amount of \$175,000 at an interest rate of 0.00%. This project consists of replacing the undersized and failing water transmission line, constructing a new well house, recoating the water storage tank to extend longevity, and additional minor improvements within the distribution system. A DWRF \$10,000 planning grant was issued to the Town on April 1, 2006. The grant assisted with the development of an Environmental Assessment (EA), and a Technical, Managerial, and Financial Capacity (TMF) review. The grant was fully paid as of August 15, 2006. The Town also received a \$390,000 grant from the Energy and Mineral Impact Assistance Fund for the project, and is slated to receive a \$75,000 Colorado State Drinking Water Construction Grant in the spring of 2007. Construction is scheduled to begin in spring 2007.

Town of Hillrose –The Town received approval for a 30-year direct loan on November 28, 2005 in the amount of \$995,097 at an interest rate of 0%. The loan execution date is scheduled for May 9, 2007. The project consists of connecting to the Morgan County Quality Water District for a new drinking water supply. The Town's current water supply contains levels of Uranium in excess of drinking water standards. The project includes the construction of new potable distribution system piping to connect the supply to new centralized disinfection equipment, new meters on the potable distribution lines, rehabilitation of an existing well, and a finished water storage tank. The Town's existing distribution system will be utilized for non-potable water. The Town is currently in the design phase of the project. A DWRF planning grant of \$10,000 was issued on August 1, 2004 to assist with the cost of developing a PER. The report has been approved and the grant was fully paid as of April 15, 2005. It is anticipated construction will begin in the summer of 2007.

Little Thompson Water District – The District received a 21-year leveraged loan on April 27, 2006 in the amount of \$6,383,774 at an interest rate of 3.65% for construction of a new 30 mgd water treatment facility, including new filters and flocculators. In addition, the project includes cleaning and painting of the District's existing 75,000 gallon backwash tank and installation of a security system. Construction began in May of 2006 and is targeted for completion in May of 2007.

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Town of Log Lane Village – The Town received a 30-year direct loan on October 15, 2005 in the amount of \$1,000,000 at an interest rate of 1.75%. The project included connection of the Town's water system into the Morgan County Quality Water District system, construction of a water storage tank, piping and backflow prevention equipment. The DWRF was utilized to connect the system to Morgan County Quality Water District and was completed in December of 2005. The Town also received a \$540,000 grant from the Energy and Mineral Impact Assistance Fund for the project.

Mountain Water and Sanitation District - The District was issued a \$10,000 DWRF grant on October 17, 2005. The planning grant was provided to assist with the cost of the development of the District's PER. The District determined they could fund the drinking water project on its own and did not pursue completing the PER. In spring of 2007 the planning grant issued to the District was cancelled.

Old Stage Water District – The District received a 20-year direct loan on June 1, 2005 in the amount of \$100,000 at an interest rate of 3.50%. The project will consist of repairing the rusted floor of the existing 40,000-gallon storage tank, while adding an additional 75,000-gallon storage tank beside the existing tank. Sixty feet of 8" diameter piping will be installed to connect the tanks to the distribution system. Due to permitting issues with Boulder County the construction has not yet begun. The District will receive the needed approvals and begin construction in summer 2007.

Pinewood Springs Water District – The District received a 20-year direct loan on April 3, 2006 for phase II of their overall Drinking Water project, in the amount of \$752,425 at an interest rate of 3.50%. The project assisted the District in maintaining an adequate water supply while meeting public health standards for water treatment. This was accomplished with the expansion of the existing water treatment facility, construction of a draw and fill pipeline and related pumping facilities, modifications to the existing infiltration gallery and construction of a 51 acre-foot raw water storage reservoir with the Little Thompson River as its supply source. The ineligible component of the project was the reservoir. A DWRF \$10,000 planning grant was issued on December 11, 2001. The planning grant assisted with the cost to develop an EA Report. The grant was fully paid as of June 30, 2003. The DWRF portion of the project was completed in December of 2006.

Platte Canyon Water and Sanitation District – The District received a 20-year direct loan on June 30, 2006 in the amount of \$400,000 at an interest rate of 3.75%. The project will replace portions of the district's failing distribution system within the Columbine Townhouses II area and add an additional connection point to loop the existing system. The project also includes the addition of fire hydrants to aid in system flushing and the installation of meters. Construction is scheduled to begin spring 2007.

Ralston Valley Water and Sanitation District – The District received a 20-year direct loan on August 9, 2006 in the amount of \$1,300,000 at an interest rate of 3.75%. The water project consists of connection points and pipelines in order to allow better pressure regulation in the

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distribution system looping to the existing system supply lines, the installation of control valves in order for isolation of segments of the distribution system, and other minor system improvements. A DWRF \$10,000 planning grant was issued to the District on February 1, 2006 to assist in the development of engineering design documents. Construction is scheduled to begin spring 2007.

Town of Sedgwick – The Town received a 30-year direct loan on May 15, 2006 in the amount of \$419,000 at an interest rate of 0.00%. The project includes upgrades to the Town's water treatment, supply and storage systems. Enhancements will include the purchase and construction of a new well, new meters, a new water tower, new disinfection equipment, and a new pumphouse. The project will also include reconditioning of an existing well and hydrants for fire protection and system flushing. A DWRF \$10,000 planning grant was issued on August 15, 2003. The planning grant assisted with the cost to develop an EA. The grant was fully paid as of July 31, 2004. The Town also received a \$300,000 grant from the Energy and Mineral Impact Assistance Fund for the project. Construction is scheduled to begin in summer 2007.

Town of Stratton – The Town was issued a planning and design grant on November 1, 2006 to assist with the development of an EA, TMF and engineering design documents. It is anticipated the Town will apply for a DWRF loan in the summer of 2007.

Town of Walden – The Town received a 25-year direct loan on September 6, 2006 in the amount of \$900,000 at an interest rate of 1.75%. This project will replace the existing sand filtration system with two Axia microfiltration membrane treatment systems, for a total system capacity of 1 mgd. A DWRF planning and design grant of \$10,000 was awarded to the Town on February 29, 2004 to develop a PER and a TMF Capability report. These activities were completed as of December 31, 2004 and the grant was fully paid. The Town has also received a \$500,000 grant from the Energy and Mineral Impact Assistance Fund and a 2006 \$650,000 STAG grant towards the project. Construction began in fall 2006.

Town of Wiggins – The Town was issued a planning and design grant on November 1, 2006 to assist with the development of a PER. It is anticipated the Town will apply for a DWRF loan in the future.

Project Status Update:

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. It is anticipated that a DWRF loan will be submitted by July 1, 2007.

City of Evans – A DWRF \$10,000 grant was issued on March 10, 2004. The planning grant is assisted with the costs of developing a Preliminary Engineering Report (PER). The PER was completed and the grant was fully paid. It is anticipated that the City will seek funding through the DWRF in the future.

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Town of Hudson – A DWRF \$10,000 grant was issued on February 11, 2005. The planning grant was issued to assist with the costs of developing a Preliminary Engineering Report (PER). The grant expired on August 31, 2006 and the PER was not completed. Therefore, the grant was cancelled based on the project not being ready to proceed.

Town of Larkspur – A DWRF planning grant of \$10,000 was issued to the Town on May 21, 2004. The planning grant assisted with the Town's development of a PER to address elevated levels of radionuclides in the water supply. The planning 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 included the construction of a new 30 MGD conventional water treatment plant and new pipelines. The project replaced 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 was completed in November of 2005.

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 consisted of connecting to the City of Longmont's drinking water treatment facility. Additionally the project included upgrades to its treated water storage system. The project began construction in February of 2005 and was completed in March of 2006.

Pinewood Springs Water District – The District received 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 consisted of expansion and upgrading to the existing water treatment facility and modifications to the infiltration gallery. The project started construction in February 2005 and was completed in March of 2006.

Town of Platteville – The Town was issued a \$10,000 DWRF grant on June 1, 2004. The planning grant assisted with the cost to develop a PER. The PER has been completed, and the grant fully paid. It is anticipated that the town will seek funding through the DWRF in the future.

Sedalia Water and Sanitation District – The District was issued a planning and design grant on July 1, 2004 to complete a PER. The PER has been completed and the grant fully paid. The District plans to prepare a ballot initiative to vote the anticipated debt in November 2007, and will likely seek a DWRF loan in the future.

Yampa/White Rivers Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2005 & 2006

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City of Craig – The City received a 21-year leveraged loan on April 27, 2006 in the amount of \$6,056,378 at an interest rate of 3.65%. The project involves system upgrades and expansion. Upgrades include replacements of the solids contact clarifiers with two dissolved air flotation basins, the addition of two multimedia filters and replacement of the existing gas chlorine system with a sodium hypochlorite onsite generation system. These improvements will also provide redundancy and increase capacity from 7.6 mgd to 12.0 mgd. The City also received a \$275,000 Energy and Mineral Impact Assistance Fund grant for the project. Construction began in December 2006 and is scheduled for completion in May 2008.

Town of Hayden - A \$10,000 DWRF planning and design grant was issued on February 1, 2006. The planning grant will assist with costs associated with developing a PER. The project consists of water distribution system replacement work to be done in concert with wastewater collection line replacement work.

Project Status Update:

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 consisted 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. The Town also received a \$300,000 grant from the Energy and Mineral Impact Assistance Fund grant for the project. Construction was completed in May 2005.

Colorado River Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2005 & 2006

Town of DeBeque - A \$10,000 DWRF planning and design grant was issued on June 1, 2005. The planning grant assisted with the cost of developing a PER and was amended in August 2006 to include assistance with conducting a TMF capacity assessment. The project will consist of water treatment system improvements to include a new presediment tank lid and replacement of the existing conventional filters with an ultrafiltration unit. The Town plans to apply for a DWRF direct loan in 2007 for approximately \$500,000. It is anticipated construction will begin fall 2007.

Town of Hotchkiss - A \$10,000 DWRF planning and design grant was issued on January 31, 2005. The planning grant assisted with the cost to develop a PER. The project consists of replacing the existing filtration system with a microfiltration system and control upgrades. The Town plans to apply for a DWRF direct loan in 2007 for approximately \$600,000. It is anticipated that construction will begin in fall 2007.

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Town of Palisade – The Town received a 30-year direct loan on May 26, 2006 in the amount of \$2,000,000 at an interest rate of 0.00%. The Town also received a 22-year leveraged loan on November 2, 2006 in the amount of \$3,976,045 at an interest rate of 3.47%. The project includes rehabilitation and replacement of the existing 5 mgd water treatment plant with a 2 mgd microfiltration membrane treatment facility, and construction of a 2.5 million gallon water storage facility. A DWRF \$10,000 planning grant was issued to the Town on August 15, 2005 to develop a PER. The PER has been submitted and reviewed, and the grant was fully paid as of January 13, 2006. The Town also received a \$529,000 grant from the Energy and Mineral Impact Assistance Fund for the project. Construction began in May 2006 and is scheduled for completion in June 2007.

City of Rifle - A \$10,000 DWRF planning and design grant was issued on July 15, 2005. The planning grant assisted with the cost of developing a PER. The project will consist of improvements to the existing water treatment plant. It is anticipated the City will apply for a DWRF loan in the future.

Project Status Update:

Dolores/San Juan/ San Miguel Rivers Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2005 & 2006:

No Loans were issued during 2005 – 2006 in the Dolores/San Juan/San Miguel Rivers Basin.

Project Status Update:

Mustang Water Authority (Towns of Naturita and Nucla) – The Towns served by this newly created Authority are located in western Montrose County and 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 was completed. The Authority has completed the installation of a transmission line connecting both towns to the new filter plant. The new plant replaced 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. The project was completed in March 2005.

City of Ouray – The City received a 20 year direct loan for \$1 million on December 19, 2003 in the amount of \$1,000,000 at an interest rate of 4.0%. The project included upgrades and replacement of the drinking water distribution system, treated water storage, treatment plant and source water collection systems. The project reduced 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. This project was completed in March 2007 however

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they have \$129,000 left in their loan. The City is looking at additional components to the project in order to utilize the remaining funds as a match requirement to the 2005 STAG Award they received in the amount of \$1,200,000.

Arkansas/Rio Grande River Basin

Pre-loan Planning and Design Grants & Executed Loans awarded in 2005 & 2006:

City of Alamosa – The City received a 21-year leveraged loan on November 2, 2006 in the amount of \$11,865,063 at an interest rate of 3.42%. The project consists primarily of the construction of a new, regional, 6.3 mgd water treatment facility to remove arsenic from the current drinking water supply. The arsenic treatment technology is coagulation followed by membrane filtration. New chlorination, pumping waste disposal, and storage facility are included in the project. Since this is a regional, centralized facility replacing a decentralized system, extensive raw water and treated water line work is included. A DWRF \$10,000 grant was issued to the City on February 15, 2005 to develop an environmental assessment. The Town also received an additional DWRF \$10,000 grant on December 15, 2006 to develop Engineering Design Documents. Project construction will begin in spring of 2007.

Town of Bethune – The Town received a 30-year direct loan on July 18, 2006 in the amount of \$418,000 at an interest rate of 0.00%. The project involves relocating the south well, purchasing a storage tank to increase storage and chlorine contact time, purchasing a series of booster pumps, pipes, controls, valves, meters, hydrants, and other distribution appurtenances. A DWRF \$10,000 planning grant was issued to the Town on August 1, 2005 to develop a PER. The PER has been submitted and reviewed, and the grant was fully paid as of March 15, 2006. It is anticipated that the Town will also receive a \$115,000 Colorado State Drinking Water Construction Grant in the spring of 2007. Construction is scheduled to begin in spring 2007.

Town of Boone – The Town received a 30-year direct loan on August 15, 2006 in the amount of \$514,297 at an interest rate of 0.00%. Construction includes an anion exchange nitrate removal water treatment plant, replacement of a water supply well, and recoating the interior and exterior of the Town's water storage tank. Other activities include various replacements and rerouting of distribution lines, installing a booster pump, valves, hydrants, meters, and other water distribution appurtenances. A DWRF \$10,000 planning grant was issued to the Town on August 15, 2005, to develop an environmental assessment and a TMF capacity assessment. The grant was fully paid as of March 15, 2006. The Town is also slated to receive a \$120,000 Colorado State Drinking Water Construction Grant in the spring of 2007. It is anticipated construction will begin spring 2007.

Bristol Water and Sanitation District – The District received a 30-year direct loan on February 8, 2006, in the amount of \$200,000 at an interest rate of 0.00%. The project consists of modifications of existing wells, increasing storage from 31,100 gallons to 55,600 gallons, rehabilitation of existing storage and piping, and replacement of old and undersized water distribution lines. The District also plans a treated water connection with Granada Water

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Association's rural water system providing either system with a backup water source in an emergency situation. A DWRF \$10,000 grant was issued on December 30, 2004, to develop an EA and TMF capability report. The grant was fully paid as of February 8, 2006. Construction began in fall 2006 and is anticipated to be complete in April 2007.

Cucharas Sanitation and Water District – The District received a 20-year direct loan on November 29, 2006 in the amount of \$269,000 at an interest rate of 3.75%. The water project involves improvements to the distribution system within the Pinehaven service area. Existing, shallow and small diameter water system piping will be replaced with larger, deeper piping. A DWRF \$10,000 planning grant was issued to the District on August 1, 2006 to develop an EA and TMF and/or Engineering Design documents. The grant was fully paid. It is anticipated construction will begin summer 2007.

City of Florence – The City received a 20-year direct loan on January 25, 2005 in the amount of \$800,000 at an interest rate of 3.50%. 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 consisted 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 was completed in December of 2005.

Town of Kit Carson– The Town was issued a planning and design grant on November 1, 2006 to assist with the development of a PER and the TMF assessment. It is anticipated the Town will apply for a DWRF loan in the future.

Town of La Jara – The Town received a 20-year direct loan on April 20, 2005 in the amount of \$200,000 at an interest rate of 0.00%. Installation of approximately 350 water meters, leak detection and line repair. The Town received a DWRF planning and design grant of \$10,000 on November 15, 2004, to develop a PER. This project was completed in 2006.

Town of Ordway – The Town received a 30-year leveraged loan on December 20, 2006 in the amount of \$200,000 at an interest rate of 0.00%. The project includes replacement of sections of the old and undersized water distribution system, recoating of the well field storage tank and installation of additional fire hydrants for adequate system flushing and additional fire protection. A DWRF \$10,000 planning grant was issued to the Town on February 1, 2006, to develop an EA and Engineering Design Documents. The grant was fully paid as of September 15, 2006. It is also anticipated that the Town will also receive a \$50,000 Colorado State Drinking Water Construction Grant in the spring of 2007. Construction is scheduled to begin in spring 2007.

Town of Pritchett – The Town received a 30-year direct loan on March 31, 2006 in the amount of \$200,000 at an interest rate of 0.00%. The project includes upgrades to the Town's water treatment, supply and storage systems. Enhancements will include the purchase of a steel 265,000 gallon storage standpipe, a flow meter, water pump and chlorination equipment. The

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secondary wells will be fitted with chlorinators and chlorine contact reservoirs. A DWRF \$10,000 planning grant was issued to the Town on January 7, 2005, to develop an EA and a TMF capacity report. The grant was fully paid in June 2005. Construction began in summer 2006. It is anticipated that construction will be complete in spring 2007.

Project Status Update:

Forest View Acres Water District – The District received a grant on December 15, 2003 to develop a PER. The PER was completed in June 2005 and the grant was fully paid. It is anticipated the District will seek funding through the DWRF in the future.

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 Fountain Valley Authority has obtained approval to carry out additional, minor treatment plant upgrades. These minor improvements continued in 2006.

Town of Swink – The Town received a 20-year direct loan in the amount of \$669,000 on April 20, 2004 at an interest rate of 3.5%. The project consisted of rehabilitation of both potable and non-potable distribution systems and the installation of water meters. The overall project also eliminated the potential health hazard from contamination of the potable water and promoted water conservation. The Town received a DWRF \$10,000 grant on December 12, 2003, for the completion of a TMF capability report and plans and specifications. Construction commenced on October 25, 2004 and was completed in October 2005.

VII. NON-PROJECT ACTIVITY STATUS

The Division set aside portions of the FFY 2005 and 2006 capitalization grant for non-project (set-aside) related activities. The purpose of the set-asides was 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.

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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 has consistently met its performance requirements for program administration. EPA concluded in a 2005 and 2006 annual review of the DWRF that “the State continues to manage the program in accordance with applicable sections of the CWA and SDWA, and other applicable regulations and guidance.”

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 2005 and 2006, a two percent set-aside was taken by the State from the capitalization grants for SSTTA assistance activities. Training activities are provided through contracts with local service providers, including the American Water Works Association (Leadville Operators School, Action Now Seminars, and other workshops), 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 406 in 2005 and 485 in 2006. The number of small system participants enrolled and served by training programs was 1,468 in 2005 and 1,684 in 2006.

The SSTTA set-aside was \$274,172 for 2005 and \$293,282 for 2006. Program expenses for the two-year period were \$237,762. All balances remaining will 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

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- 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 2005, \$961,104 was set aside and \$1,449,730 in 2006. 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 and data management unit and the compliance assurance and enforcement program.

Staff was assigned to these activities during calendar years 2005 and 2006 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 2005 and 2006, 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.

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DWRF - Status of Set Aside Grants		
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	\$465,035
2004	\$549,508	\$549,508
2005	\$548,344	\$548,344
2006	\$579,892	\$579,892
Capacity Development		
*1998	\$650,000	\$0
*1999	\$650,000	\$0
*2000	\$650,000	\$0
*2001	\$650,000	\$0
2002	\$650,000	\$0
2003	\$650,000	\$105,615
2004	\$1,373,770	\$1,141,174
2005	\$1,370,860	\$1,370,860
2006	\$1,445,106	\$1,445,106
Public Water System Supervision		
*2000	\$505,620	\$0
*2001	\$505,620	\$0
*2002	\$505,620	\$0
2003	\$768,617	\$0
2004	\$871,617	\$0
2005	\$961,104	\$278,284
2006	\$1,449,730	\$1,449,730
Small System Training and Technical Assistance		
*1997	\$335,682	\$0
*1998	\$191,636	\$0
*1999	\$200,852	\$0
*2000	\$208,744	\$0
2001	\$209,606	\$0

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2002	\$266,460	\$133,782
2003	\$264,860	\$264,850
2004	\$274,754	\$274,754
2005	\$274,172	\$274,172
2006	\$289,946	\$289,946
Source Water Assessment and Protection		
*1997	\$1,678,410	\$0
Wellhead Protection		
*1998	\$787,270	\$0
*1999	\$354,260	\$0
*2000	\$525,170	\$0
*2001	\$500,000	\$0
2002	\$500,000	\$0
2003	\$500,000	\$424,505
2004	\$315,967	\$315,967
2005	\$372,500	\$372,500
2006	\$397,500	\$397,500

Note: The 1997 Capacity Development set-aside of \$839,205 was transferred to the DWRF

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Source Water Assessment and Protection Program

The assessment phase of the program was completed and the public version of the assessment reports were posted to the SWAP website (www.cdphe.state.co.us/wq/sw/swaphom.html) in November 2005. A select number of public water systems have provided data feedback and the Division is processing and incorporating the feedback into revised reports. The Division has advanced the SWAP program and continued with protection phase planning efforts. The Division set aside a one-time allocation of \$1,678,410 from FFY 1997 funds to support this program.

As of December 31, 2006, 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, 2005. The balance was utilized under the 2005-07 Capacity Development work plan to support SWAP implementation efforts and spent by December 2005.

Wellhead Protection (WHP) 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 of the SWAP assessments.

The Division allocated set-aside funds of \$397,500 in 2005 and \$486,000 in 2006 to support this program.

The SWAP program has spent \$358,745 during the period of January 1, 2005 and December 31, 2006. Accomplishments made during the reporting period include:

- Development and Maintenance of a data spatial library.
- Updates and Maintenance of the SWAP website (www.cdphe.state.co.us/wq/sw/swaphom.html).
- Revisions to the source water assessment reports for the public water systems that provided feedback.
- Development of the Integrated Source Water Assessment & Protection (ISWAP) project plan.
- Protection plan development assistance
- Development of outreach information for public water systems.
- Development of a source water protection plan template and supporting grant funding opportunities.

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- Foundation of a citizen's advisory group to review the ISWAP and protection phase materials.

As of January 26, 2007, a balance of approximately \$1,509,000 was available in the set aside account.

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.

- 1. 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.

- 2. 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.

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

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.

- 4. 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.

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- 5. 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.)

- 6. 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.

- 7. 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.

- 8. 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.

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- 9. 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 into each loan agreement.

- 10. 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.)

- 11. 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 were amended to provide for the Disadvantaged Communities Loan fund and to ensure consistency with State statutory changes that were made in 2002. Specifically, establishing the procedure for adding projects to the eligibility list that were deemed to be emergencies and to provide notification procedures to the Colorado General Assembly for emergency projects added to the eligibility list.

- 12. 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 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 Water Quality Control Commission during an administrative hearing. 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.)

- 13. 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**

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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.

- 14. 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.

Exhibit E provides a summary of the 2005-2006 EPA Capital Contributions.

Exhibit F provides a Financial Status Report.

Division complies with the provisions of Executive Order 12432 and EPA's Minority and Women's Business Enterprise Program (MBE/WBE). Exhibit G is the tracking system used to ensure compliance. 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 of 6.1% MBE and 6.6% WBE for all four categories (i.e. construction, supplies, services and equipment) were established based on the analysis. The 2006 through 2008 MBE/WBE goals were renegotiated and based on the states current construction practices it was determined the goals would remain the same.

During 2005 and 2006, the State utilized MBE/WBE firms for overall construction services, and arbitrage rebate services.

Exhibit H is a table listing those systems that have certified compliance with civil rights requirements during 2005 and 2006.

- 15. 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.**

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An environmental review process was conducted for each of the projects funded during 2005 and 2006. 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><i>Borrower</i></u>	<u><i>Publication Date</i></u>
<i>Castle Pines Metropolitan District</i>	<i>May 4, 2006</i>
<i>Pinewood Springs Water District #2</i>	<i>April 14, 2006</i>
<i>Town of Sedgwick</i>	<i>December 15, 2005</i>
<i>Town of Hillrose</i>	<i>December 28, 2005</i>

Categorical Exclusion Determination:

<u><i>Borrower</i></u>	<u><i>Publication Date</i></u>
<i>City of Alamosa</i>	<i>May 2, 2006</i>
<i>Town of Bethune</i>	<i>February 2, 2006</i>
<i>Town of Boone</i>	<i>May 2, 2006</i>
<i>Bristol Water and Sanitation District</i>	<i>June 21, 2005</i>
<i>City of Craig</i>	<i>April 17, 2006</i>
<i>Town of La Jara</i>	<i>March 11, 2005</i>
<i>Little Thompson Water District</i>	<i>December 29, 2005</i>
<i>Town of Log Lane Village</i>	<i>October 21, 2005</i>
<i>Town of Ordway</i>	<i>December 19, 2006</i>
<i>Town of Palisade</i>	<i>January 19, 2006</i>
<i>Platte Canyon Water and Sanitation District</i>	<i>June 14, 2006</i>
<i>Town of Pritchett</i>	<i>June 29, 2005</i>
<i>Ralston Valley Water and Sanitation District</i>	<i>June 22, 2006</i>
<i>Town of Walden</i>	<i>July 6, 2006</i>

- 16. 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.

- 17. 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 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.**

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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 is deemed necessary.

- 18. 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 is deemed necessary.

- 19. 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 2005 and 2006 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.

- 20. 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 is deemed necessary.

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

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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. Due to staffing issues this effort was put on hold. However, 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.

- 22. 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.

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

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

- 24. 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 2005. 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 2005 transfer from the DWRF returned the \$8 million to the WPCRF.

- 25. In accordance with 40 CFR 31.40 and 40 CFR 35.3570, as applicable, the recipient agrees to provide in its Annual Report, as applicable, information regarding environmental results in the following areas: 1) achievement of the outputs established in the Intended Use Plan and set-aside work plans; 2) the reasons for delays if established outputs were not met; and 3) any additional pertinent information on environmental results.**

The following activities/outputs were identified in the 2006 IUP:

- a. It is the goal to fund nine projects through the Colorado DWRF of this amount, at least six projects will be funded through the state's Disadvantaged Communities Program.*

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Twenty-one loans through the DWRF were issued in 2006, of which 9 were for Disadvantaged Communities.

- b. Based on information obtained from the NIMS database, year 2004, the Colorado DWRF fund utilization rate was 89 percent. The 2004 national DWSRF average rate was 83 percent. It is the goal of the State to maintain the utilization rate at or above the national level.*

The DWRF fund utilization rate for 2005 and 2006 was 85% and 84%, respectively.

- c. Based on information obtained from the NIMS database, in year 2004, the rate at which the Colorado DWRF projects progressed as measured in fund disbursements as a percent of assistance provided was 86%. It is the goal of the State to maintain this construction pace.*

The DWRF disbursement rate for 2005 and 2006 was 95% and 92% respectively.

The following anticipated outcomes were identified in the 2006 IUP:

- a. Six projects are anticipated to initiate construction. (Three of the six projects will be Disadvantaged Communities Program loans).*
- b. Four projects, funded prior to January 1, 2006, are anticipated to initiate operations.*

Compliance information was compiled, using the project tracking database, for DWRF issued in 2005 and 2006 and is included as **Attachment 9**.

IX. EPA Annual Review

Recommendations made by EPA during the annual reviews of the DWRF fund are outlined below in bold and the State's responses are included in italic:

- 1. For the 2006 DWRF IUP, if the current priority/fundable list does not identify uses of all available SRF monies, there should be a description of how all funds will be used. This description should outline projects, costs and expected timeframes. This is a minor recommendation. EPA will provide the State with suggested formats for this activity.**

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*The State's 2006 DWRF IUP identified uses for all funds and addressed this issue. As outlined on page 11 of the 2006 IUP 26 projects, totaling \$75.2 million, were identified on the Priority/Fundable List (Appendix C of the 2006 IUP.) The Division identified eleven potential projects, totaling \$13,337,000, on page 11 of the 2006 IUP. These projects had not yet received an eligibility assessment and therefore were not included on the 2006 Priority/Fundable List. **Attachments 7 and 8** provide a status update on projects identified on the 2005 and 2006 Priority/fundable List.*

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

- 2. The WQCD should ensure that “time tracking 2” is implemented and DWRF set-aside funds used to compensate for personnel serves are draw in accordance with 40 CFR Part 31 and OMB Circular A-87.**

The Division implemented the “time tracking 2” system beginning on July 1, 2006.

- 3. The State must follow through with its DWRF funding plans to improve its fund use rate and commit all DWRF loan funds in a timely and expeditious manner. Based on our financial planning model and using DWRF program assumptions based on historical data, out estimated DWRF funding capacity is in the \$120 million range of new projects though June 30, 2008.**

Colorado will continue to work with communities to bring drinking water projects to fruition. In 2006, a record 21 loans were issued from the DWRF. The Division and DOLA made an effort to coordinate its grant funds with DWRF loans to assist with bringing these projects to fruition. Three out of the five DWRF loans in 2005 included DOLA grant funds in the borrower's project budget. In 2006, the Division provided 3 of the Disadvantaged Communities loan recipients with state grants.

- 4. As of December 31, 2005, there were \$18.6 million and \$10.4 million in unexpended DWSRF grant funds for loan fund and set-asides purposes, respectively. Colorado's**

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annual DWSRF allotment is now \$14.5 million per year. The State must increase its DWSRF loan fund and DWSRF set-aside use and draw down these anticipated, sizable undrawn grant balances.

The revised work plans for the Capacity Development and 10% Program Management Assistance Set-asides include expenditures for additional Drinking Water Program staff. These work plans and the Wellhead set-aside work plan also identify related project expenses, especially contracted projects that will increase spending considerably during the next three years. The program is committed to executing the activities identified in these work plans and will decrease the current balances of these accounts over the same time period. The program will carefully monitor the use of funds to ensure that long-term expenditures do not exceed the projected annual set-aside amounts in order to ensure long term funding viability. In addition, a small community grant program is in the process of being implemented. The grant program will provide up to \$15,000 grants to entities with a population of 10,000 or less from the Small Systems Training and Technical Assistance Set-aside (SSTTA). The grants will assist with costs associated with the development of one of the following:

- *Preliminary Engineering Report*
- *Environmental Assessment*
- *Technical, Managerial and Financial Capacity*
- *Rate Studies*
- *Public Education*
- *Legal Fees associated with the formation of a Special Improvement District, Local Improvement District, Public Improvement District, etc.*
- *Engineering Design Documents*

Up to \$100,000 a year will be made available for the SSTTA grants.

The State increased the use of the DWRF loan fund in 2006 with the execution of 21 loans totaling \$64 million. The State will continue to work with communities to bring more drinking water projects to fruition.

X. PROJECTIONS

The 2007 IUP (**Attachment 6**) includes a list of all projected loans on the Priority/Fundable List. Eighteen additional projects have been identified on page 9 of the 2007 IUP as potential loan applicants. However, these projects had not completed the Eligibility Assessment prior to the adoption of the 2007 IUP. The following DWRF applications have been approved by the Authority Board and are expected to receive a loan in 2007:

Town of Hillrose
East Alamosa Water District

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XI. FUTURE DWRF ACTIVITIES

- 1.** Consider adopting an additional Tier for the Disadvantaged Communities Loans that would allow a reduction in interest rates (e.g., 70% of Bond Market) for communities with population between 5,000 – 10,000.
- 2.** Conduct a review of Disadvantaged Communities Loans to determine overall financial impacts of the subsidies upon the continued financial viability of the DWRF.
- 3.** The Division will finalize a 5 year strategic plan for the DWRF activities.
- 4.** Program partners will consider adding language to the 2008 IUP that would allow the Water Quality Control Commission and the Authority to consider changes to the loan rates and/or provide additional incentives to borrowers if legislation is enacted that would put additional requirements on borrowers making them less desirable.
- 5.** Division staff will seek a Rulemaking Hearing in the Spring of 2008 to revise the State's Drinking Water Grant Rules to mirror the DWRF Rules and allow for a single IUP and Project Eligibility List for all drinking water projects.

Exhibit A

DWRF Loan Summary (1997 – 2006)

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND (DWRP) LOAN PROGRAM
 2005 / 2006 BIENNIAL REPORT - EXHIBIT A - LOAN SUMMARY REPORT
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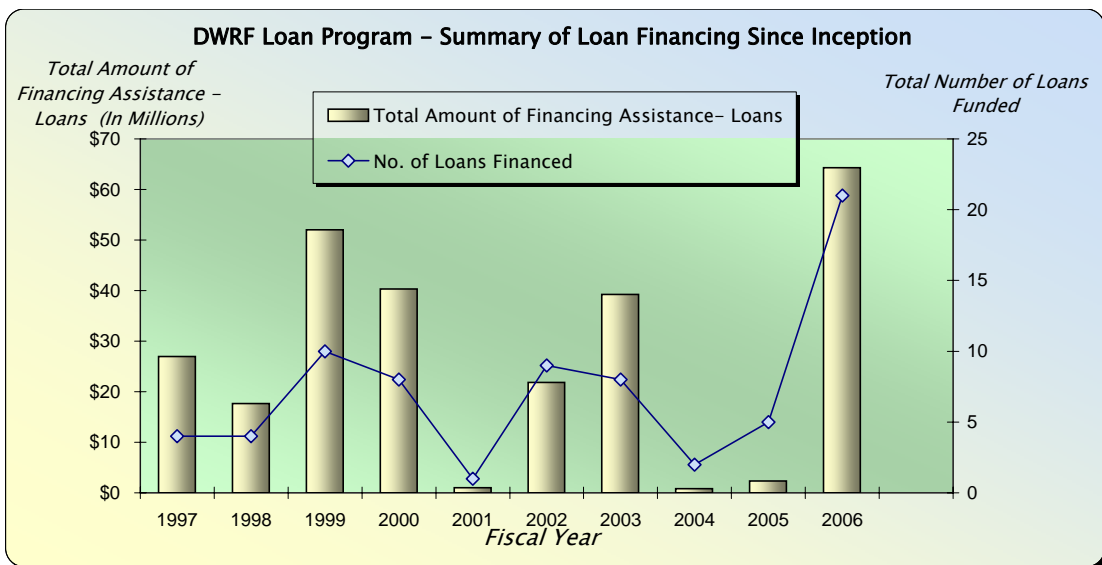
DETAIL OF LOANS FINANCED UNDER THE DWRP PROGRAM									
Borrower	Loan Date	Loan Amount	Loan Term (In Years)	Effective Loan Interest Rate	DW SRF Funds Obligated to Loan (a)	State Match Provided for Loan (b)	New Loans Funded or Subsidized with DW SRF Reloan Monies (c)	Percent of State Match Provided to DW SRF Funds	Loan Type
Grand 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	1,048,332.75	20	4.150%	388,359.00	98,332.75		0.253	LL
Englewood, City of	10/01/97	15,292,635.61	21	4.140%	5,361,910.00	1,357,635.61		0.253	LL
Fort Collins, City of	10/01/97	10,125,299.77	20	4.120%	3,614,928.00	915,299.77		0.253	LL
Chatfield South WD	07/13/98	728,500.00	20	4.500%	581,310.00	147,190.00		0.253	DL
Left Hand W&SD	09/11/98	188,700.00	20	4.500%	150,574.00	38,126.00		0.253	DL
Buena Vista, Town of	06/01/98	1,324,119.65	20	4.010%	490,204.00	124,119.65		0.253	LL
Fort Morgan, City of	06/01/98	15,433,355.38	21	4.020%	5,641,214.00	1,428,355.38		0.253	LL
Julesburg, Town of	05/01/99	693,000.00	1	4.500%	543,757.00	149,243.00		0.274	DL
La Junta, City of	10/15/99	490,000.00	20	4.500%	384,475.00	105,525.00		0.274	DL
Thunderbird W&SD	06/01/99	285,000.00	20	4.500%	223,623.00	61,377.00		0.274	DL
Aurora, City of	05/01/99	14,999,898.55	15	3.633%	4,751,500.00	1,024,898.55		0.216	LL
Fort Collins, City of	05/01/99	4,998,394.59	20	3.808%	1,870,165.00	403,394.59		0.216	LL
Glenwood Springs, City of	05/01/99	4,999,017.40	19	3.773%	1,710,790.00	369,017.40		0.216	LL
Grand County W&SD	05/01/99	2,998,566.15	19	3.783%	1,036,468.00	223,566.15		0.216	LL
Greeley, City of	05/01/99	14,999,038.36	20	3.802%	5,280,660.00	1,139,038.36		0.216	LL
Julesburg, Town of	05/01/99	994,599.70	20	3.809%	392,210.00	84,599.70		0.216	LL
Left Hand WD	05/01/99	6,571,538.04	20	3.802%	2,139,722.00	461,538.04		0.216	LL
Craig, City of	12/15/00	450,000.00	5	4.000%	353,089.00	96,911.00		0.274	DL
Sedalia W&SD	03/09/00	326,000.00	20	4.500%	255,794.00	70,206.00		0.274	DL
Springfield, Town of	07/28/00	349,470.76	20	4.500%	274,209.00	75,261.76		0.274	DL
Evergreen MD	04/15/00	5,577,981.71	21	4.390%	1,786,069.00	452,981.71		0.254	LL
Fountain Valley Auth	04/15/00	7,607,966.23	21	4.400%	2,633,735.00	667,966.23		0.254	LL
Limon, Town of	04/15/00	1,440,808.84	21	4.410%	436,910.00	110,808.84		0.254	LL
Pueblo Board of WW	04/15/00	9,558,794.83	23	4.600%	2,499,000.00	633,794.83		0.254	LL
Westminster, City of	04/15/00	14,998,357.36	21	4.400%	4,764,452.00	1,208,357.36		0.254	LL
Wellington, City of	11/01/01	1,000,000.00	20	4.000%	716,007.00	283,993.00		0.397	DL
Basalt, Town of	12/19/02	948,245.63	20	4.000%			1,000,000.00	n/a	DL
Dillon, Town of	10/18/02	1,000,000.00	10	4.000%			1,000,000.00	n/a	DL
Hayden, Town of	04/30/02	1,000,000.00	20	4.000%			1,000,000.00	n/a	DL
Thunderbird W&SD	08/27/02	343,684.15	20	4.000%			343,684.15	n/a	DL
Woodland Park, City of	03/13/02	800,000.00	20	4.000%	597,200.00	202,800.00		0.340	DL
Evergreen MD	04/01/02	2,036,129.62	21	4.000%	764,260.00	181,129.62		0.237	LL
Grand Junction, City of	04/01/02	3,566,521.69	21	4.020%	1,082,370.00	256,521.69		0.237	LL
Idaho Springs, City of	04/01/02	2,339,796.89	21	3.990%	906,316.00	214,796.89		0.237	LL
La Junta, City of	04/01/02	9,812,211.15	21	4.000%	3,300,469.00	782,211.15		0.237	LL
Mustang WA	12/08/03	700,000.00	20	4.000%			700,000.00	n/a	DL
Oak Creek, Town of	11/18/03	900,688.96	20	4.000%			900,688.96	n/a	DL
Ouray, City of	12/19/03	1,000,000.00	20	4.000%			1,000,000.00	n/a	DL
Westwood Lakes WD	05/15/03	500,000.00	20	4.000%			500,000.00	n/a	DL
Florence, City of	11/01/03	12,999,092.97	22	3.510%	5,502,502.00	1,304,092.97		0.237	LL
Fountain Valley Auth	06/01/03	3,221,861.82	22	3.030%	1,463,552.00	346,861.82		0.237	LL
Longmont, City of	06/01/03	14,998,044.44	21	3.110%	6,046,601.00	1,433,044.44		0.237	LL
Lyons, Town of	06/01/03	4,915,599.18	22	3.030%	2,196,621.00	520,599.18		0.237	LL
Pinewood Springs WD	07/26/04	123,200.00	20	3.500%			123,200.00	n/a	DL
Swink, Town of	04/20/04	669,000.00	20	3.500%			669,000.00	n/a	DL
Florence, City of	01/25/05	769,899.33	20	3.500%			769,899.33	n/a	DL
Olde Stage WD	06/01/05	100,000.00	20	3.500%			100,000.00	n/a	DL
La Jara, Town of	04/20/05	200,000.00	20	0.000%			200,000.00	n/a	DC
Victor, City of	06/17/05	283,000.00	10	0.000%			283,000.00	n/a	DC
Log Lane Village, Town of	10/14/05	1,000,000.00	30	1.750%			1,000,000.00	n/a	DC
Bristol W&SD	02/08/06	200,000.00	30	0.000%			200,000.00	n/a	DC
Pinewood Springs WD	04/03/06	752,425.00	20	3.500%			752,425.00	n/a	DL
Pritchett, Town of	03/31/06	200,000.00	30	0.000%			200,000.00	n/a	DC
Craig, City of	04/27/06	6,056,378.40	21	3.650%	2,263,200.00	536,378.40		0.237	LL
Little Thompson WD	04/27/06	6,383,774.04	21	3.650%	2,653,055.00	628,774.04		0.237	LL
Sedgwick, Town of	05/15/06	419,000.00	30	0.000%			419,000.00	n/a	DC
Castle Pines MD	05/25/06	2,000,000.00	20	3.750%			2,000,000.00	n/a	DL
Palisade, Town of	05/26/06	2,000,000.00	30	0.000%	1,526,000.00	474,000.00		0.311	DC
Platte Canyon W&SD	06/30/06	400,000.00	20	3.750%			400,000.00	n/a	DL
Bethune, Town of	07/18/06	418,000.00	30	0.000%			418,000.00	n/a	DC
Ralston Valley W&SD	08/09/06	1,300,000.00	20	3.750%			1,300,000.00	n/a	DL
Boone, Town of	08/15/06	514,297.00	30	0.000%			514,297.00	n/a	DC
Walden, Town of	09/06/06	900,000.00	25	1.750%			900,000.00	n/a	DC
Castle Pines MD	11/06/06	250,000.00	20	3.750%			250,000.00	n/a	DL

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DETAIL OF LOANS FINANCED UNDER THE DWRF PROGRAM (continued)									
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)	New Loans Funded or Subsidized with DW SRF Reloan Monies (c)	Percent of State Match Provided to DW SRF Funds	Loan Type
Alamosa, City of	11/02/06	11,865,062.50	20	3.420%	4,683,808.00	1,110,062.50		0.237	LL
Arapahoe County W&WW PI	11/02/06	16,049,975.43	15	3.310%	6,223,525.00	1,474,975.43		0.237	LL
Cottonwood W&SD	11/02/06	9,996,005.27	20	3.420%	3,801,710.00	901,005.27		0.237	LL
Palisade, Town of	11/02/06	3,976,045.10	21	3.470%	1,502,300.00	356,045.10		0.237	LL
Cucharas S&WD	11/29/06	269,000.00	20	3.750%			269,000.00	n/a	DL
Genoa, Town of	12/20/06	175,000.00	30	0.000%			175,000.00		DC
Ordway, Town of	12/20/06	200,000.00	30	0.000%			200,000.00		DC

SUMMARY OF DW SRF LOANS MADE BY TYPE OF LOAN									
Loan Type	No. of Loans Financed	Total Amount of Financing Assistance- Loans	Average Loan Life (In Years)	Weighted Average Loan Rate	Total DW SRF Funds Obligated (a)	Total State Match Funds Provided (b)	New Loans Funded or Subsidized with DW SRF Reloan Monies (c)	No. of Loans Financed with Reloan Monies (c)	Percent of Loans Funded With Reloan Monies (c)
DIRECT LOANS (DC)	12	\$ 6,509,297	27	0.51%	\$ 1,526,000	\$ 474,000	\$ 4,509,297	11	91.67%
DIRECT LOANS (DL)	29	\$ 18,831,814	18	3.97%	\$ 4,475,026	\$ 1,330,645	\$ 13,077,897	18	62.07%
LEVERAGED LOANS (LL)	31	\$ 241,185,203	20	3.80%	\$ 87,188,585	\$ 20,750,203	\$ -	0	0.00%
TOTAL FOR PROGRAM	72	\$ 266,526,314	22	3.73%	\$ 93,189,611	\$ 22,554,848	\$ 17,587,194	29	40.28%

SUMMARY OF DW SRF LOANS MADE EACH FISCAL YEAR									
Fiscal Year	No. of Loans Financed	Total Amount of Financing Assistance- Loans	Average Loan Life (In Years)	Weighted Average Loan Rate	Total DW SRF Funds Obligated (a)	Total State Match Funds Provided (b)	New Loans Funded or Subsidized with DW SRF Reloan Monies (c)	No. of Loans Financed with Reloan Monies (c)	Percent of Loans Funded With Reloan Monies (c)
1997	4	\$ 26,961,268	20.3	4.14%	\$ 9,760,185	\$ 2,471,280	\$ -	0	0.00%
1998	4	17,674,675	20.3	4.04%	6,863,302	1,737,791	-	0	0.00%
1999	10	52,029,053	17.4	3.77%	18,333,370	4,022,198	-	0	0.00%
2000	8	40,309,380	19.0	4.44%	13,003,258	3,316,288	-	0	0.00%
2001	1	1,000,000	20.0	4.00%	716,007	283,993	-	0	0.00%
2002	9	21,846,589	19.3	4.00%	6,650,615	1,637,459	3,343,684	4	44.44%
2003	8	39,235,287	20.9	3.30%	15,209,276	3,604,598	3,100,689	4	50.00%
2004	2	792,200	20.0	3.50%	-	-	792,200	2	100.00%
2005	5	2,352,899	20.0	2.04%	-	-	2,352,899	5	100.00%
2006	21	64,324,963	24.0	3.22%	22,653,598	5,481,241	7,997,722	14	66.67%
TOTAL	72	\$ 266,526,314	20.1	3.73%	\$ 93,189,611	\$ 22,554,848	\$ 17,587,194	29	40.28%



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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, 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, 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		

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

Type of Loan:

LL = Leveraged Loan - Funded from bond proceeds
 DL = Direct Loan - Funded from available sources: (1) Authority state funds, (2) Grant Funds or (3) Drinking Water SRF Reloan funds.
 DD = Disadvantage Community Loans
 In 2002, the DWRP program began funding all direct loans with DW SRF Reloan Monies>

Borrower Abbreviations Clarification:

W&SD = Water and Sanitation District
 MD= Metropolitan District
 WW = Water Works
 WD = Water District
 W&WW = Water & Wastewater
 PID = Public Improvement District
 S&WD = Sanitation & Water District

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

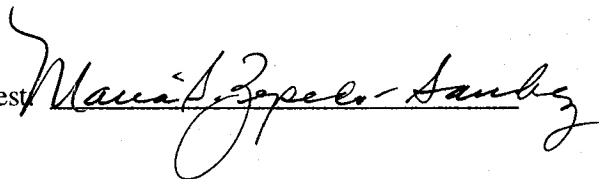
If to the DLG: Executive Director
Department of Local Affairs
1313 Sherman Street – Room 521
Denver, Colorado 80203

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.

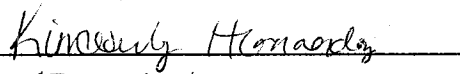
COLORADO DEPARTMENT OF PUBLIC
HEALTH AND ENVIRONMENT

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

Exhibit C

DWRF Planning and Design Grants

COLORADO DWRF BIENNIAL REPORT

EXHIBIT C

DWRF PLANNING/DESIGN GRANT FUNDS FOR 2001, 2002, 2003, 2004, 2005 AND 2006

(\$10,000 EACH)

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

* GRANTS CANCELLED (NOT READY TO PROCEED)

(Cont.)

COLORADO DWRF BIENNIAL REPORT

EXHIBIT C

DWRF PLANNING/DESIGN GRANT FUNDS FOR 2001, 2002, 2003, 2004, 2005 AND 2006

(\$10,000 EACH)

Recipients of 2004 Funds	Received Application	Criteria Met	Agreement Date	Project Number	Expiration / Completion Date
1) Walden, Town of	1/16/2004	Income	2/29/2004	960115D	12/31/2004
2) Evans, City of	3/3/2004	Income	3/10/2004	960199D	12/31/2005
3) Lookout Mt. WD	4/28/2004	Rate	4/20/2004	990030D	12/31/2005
4) Larkspur	4/13/2004	Income	12/28/2004	960061D	12/31/2005
5) Platteville	4/14/2004	Income/Rate	6/1/2004	960094D	5/30/2005
6) Sedalia WSD	6/17/2004	Income	7/1/2004	960105D	7/1/2005
7) Hillrose, Town of	8/4/2004	Income	8/1/2004	040033D	7/31/2005
8) La Jara, Town of	11/30/2004	Income	11/15/2004	040011D	12/31/2005
9) Eckley, Town of	12/7/2004	Income	12/30/2004	050021D	6/30/2006
10) Bristol, WSD	12/22/2004	Income	12/30/2004	05120006D	6/30/2006
Recipients of 2005 Funds					
1) Pritchett, Town of	12/23/2004	Rate/Income	1/7/2005	050041D	6/30/2006
2) Hotchkiss, Town of	1/6/2005	Income	1/31/2005	010017D	6/30/2006
3) *Hudson, Town of	2/1/2005	Income	2/11/2005	020023D	6/30/2006
4) Alamosa, City of	2/10/2005	Income	2/15/2005	000001D	8/31/2006
5) DeBeque, Town of	5/16/2005	Income	6/1/2005	040005D	11/30/2006
6) Rifle, City of	6/28/2005	Income	7/15/2005	020007D	1/15/2007
7) Bethune, Town of	7/18/2005	Income	8/1/2005	050004D	1/30/2007
8) Boone, Town of	8/4/2005	Rate/Income	8/15/2005	050005D	2/15/2007
9) Palisade, Town of	8/16/2005	Income	9/1/2005	040022D	2/28/2007
10) *Mountain WSD	10/13/2005	Rate	10/17/2005	040015D	4/17/2007
Recipients of 2006 Funds					
1) Cucharas W&San Dist.	11/9/2005	Rate/Income	8/1/2006	060002D	1/1/2008
2) Ordway, Town of	11/21/2005	Rate/Income	2/1/2006	030045D	7/31/2007
3) Hayden, Town of	12/8/2005	Income	2/1/2006	960137D	8/1/2007
4) Ralston Valley Water Dist.	1/27/2006	Rate	2/1/2006	060012D	8/1/2007
5) Kit Carson, Town of	10/18/2006	Income	11/1/2006	960056D	5/1/2008
6) Genoa, Town of	3/27/2006	Income	4/1/2006	960161D	10/1/2007
7) Bennett, Town of	4/13/2006	Income	5/1/2006	960007D	11/1/2007
8) Stratton, Town of	10/12/2006	Rate/Income	11/1/2006	050048D	5/1/2008
9) Wiggins, Town of	11/22/2005	Income	11/1/2006	050056D	5/1/2008
10) Alamosa, City of	2/10/2005	Income	12/15/2006	000001D	6/14/2008

Exhibit D

2005 – 2006 Binding Commitments

Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND (DWRF)
2005 / 2006 BIENNIAL REPORT EXHIBIT D -BINDING COMMITMENTS
As of December 31, 2006

Federal Quarter Ending	FED. YEAR	FED. QTR.	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 - 2004 GRANTS (b)	2005 GRANT	2006 GRANT	TOTAL						
Total for 1997 - 2004 Activity			\$78,461,509			\$ 78,461,509	\$19,525,940	\$ 97,987,449		\$199,848,452	\$199,848,452	247.76%
03/31/05	FY05	2						97,987,449		769,899	200,618,352	248.72%
06/30/05	FY05	3		5,090,810		5,090,810	1,370,860	104,449,119		583,000	201,201,352	237.02%
09/30/05	FY05	4		5,090,810		5,090,810	1,370,860	110,910,789			201,201,352	205.33%
12/31/05	FY06	1						110,910,789		1,000,000	202,201,352	206.35%
03/31/06	FY06	2						110,910,789		400,000	202,601,352	206.76%
06/30/06	FY06	3			5,167,563	5,167,563	2,899,460	118,977,812		18,011,577	220,612,929	211.22%
09/30/06	FY06	4			5,167,563	5,167,563		124,145,375		3,132,297	223,745,226	201.73%
12/31/06	FY07	1						124,145,375		42,781,088	266,526,314	240.31%
TOTALS			\$78,461,509	\$10,181,620	\$10,335,126	\$ 98,978,255	\$29,229,927			\$266,526,314		

(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 2004 details have been combined. Details of these grant years are available upon request

Exhibit E

2005 – 2006 EPA Capital Contributions Summaries

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 2005 / 2006 BIENNIAL REPORT - EXHIBIT E - EPA CAPITAL CONTRIBUTIONS SUMMARY
 As of December 31, 2006

DW SRF FEDERAL FUNDS AWARD SUMMARY								
EPA CAPITALIZATION GRANTS	CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL GRANTS AWARDED
GRANT ID NUMBER FS998832-	97/3 - 00/2	01-2	02-0	03-1	04-1	05-0	06-01	
TOTAL GRANT AWARD	\$ 53,512,367	\$ 10,480,300	\$ 13,323,000	\$ 6,576,333	\$ 13,737,700	\$ 13,708,600	\$ 14,497,300	\$ 125,835,600
DATE AWARDED		05/29/01	04/11/02	06/18/03	06/28/04	04/27/05	02/14/06	
ALLOCATED TO SET ASIDES	\$ 8,329,940	\$ 1,865,226	\$ 1,922,080	\$ 3,665,329	\$ 3,385,616	\$ 3,526,980	\$ 4,162,174	\$ 26,857,345
ALLOCATED TO DW SRF LOANS	\$ 45,182,427	\$ 8,615,074	\$ 11,400,920	\$ 2,911,004	\$ 10,352,084	\$ 10,181,620	\$ 10,335,126	\$ 98,978,255

Grant Award Amendments (monetary changes only):

(c) 2003 GRANT: 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.

DETAIL OF DWRF FEDERAL FUND AWARDS ACTIVITY - SET ASIDES										
SET ASIDE	CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL GRANTS	CUMULATIVE DRAWS	Percent Drawn to Total Funds Available
GRANT ADMINISTRATION										
Allocated (obligated)	\$1,873,828	\$0	\$0	\$1,481,852	\$549,508	\$548,344	\$579,892	\$5,033,424		
Total Draws: 1997 - 2004 Activity	(1,873,828)	0	0	(232,823)	0	0	0	(2,106,651)	(\$2,106,651)	41.85%
2005	0			(359,611)				(359,611)	(2,466,262)	55.38%
2006	0			(424,383)				(424,383)	(2,890,645)	57.43%
Remaining (unliquidated obligation)	0	0	0	465,035	549,508	548,344	579,892	2,142,779		
SMALL SYSTEM TECHNICAL ASSISTANCE										
Allocated (obligated)	655,382	209,606	266,460	264,860	274,754	274,172	289,946	2,235,180		
Total Draws: 1997 - 2004 Activity	(622,187)	(86,799)	0	0	0	0	0	(708,986)	(708,986)	42.43%
2005	(33,195)	(121,141)						(154,336)	(863,322)	44.38%
2006	0	(1,666)	(132,678)					(134,344)	(997,666)	44.63%
Remaining (unliquidated obligation)	0	0	133,782	264,860	274,754	274,172	289,946	1,237,514		
STATE PROGRAM MANAGEMENT: PWS SUPERVISION										
Allocated (obligated)	505,620	505,620	505,620	768,617	871,617	961,104	1,449,730	5,567,928		
Total Draws: 1997 - 2004 Activity	(505,620)	(505,620)	(504,457)	(293,865)	0	0	0	(1,809,562)	(1,809,562)	57.32%
2005	0		(1,163)	(474,752)	(673,008)			(1,148,923)	(2,958,485)	71.84%
2006	0	0	0	0	(198,609)	(682,820)	0	(881,429)	(3,839,914)	68.96%
Remaining (unliquidated obligation)	0	0	0	0	0	278,284	1,449,730	1,728,014		
LOCAL ASSISTANCE (1452(k) ACTIVITIES: CAPACITY DEVELOPMENT										
Allocated (obligated)	1,818,345	650,000	650,000	650,000	1,373,770	1,370,860	1,445,106	7,958,081		
Total Draws: 1997 - 2004 Activity	(1,714,397)	(131,868)	0	0	(9,542)	0	0	(1,855,807)	(1,855,807)	36.09%
2005	(103,948)	(386,377)	(211,429)	(190,390)	(223,054)			(1,115,198)	(2,971,005)	45.62%
2006	0	(131,755)	(438,571)	(353,995)	0	0	0	(924,321)	(3,895,326)	48.95%
Remaining (unliquidated obligation)	0	0	0	105,615	1,141,174	1,370,860	1,445,106	4,062,755		
12/30/05 - To close out the 1997 grant, the \$18,345 of SWAP grant set asides was used to fund a capacity development draw as allowed by the EPA Grant regulations. Shown here as a reduction in total allocated SWAP setasides and an increase in allocated capacity development set-aside.										

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DETAIL OF DWRF FEDERAL FUND AWARDS ACTIVITY - SET ASIDES (Continued)										
SET ASIDE	CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL GRANTS	CUMULATIVE DRAWS	Percent Drawn to Total Funds Available
WELLHEAD PROTECTION										
Allocated (obligated)	1,666,700	500,000	500,000	500,000	315,967	372,500	397,500	4,252,667		
Total Draws: 1997 - 2004 Activity	(1,636,164)	(499,412)	(99,505)	0	0	0	0	(2,235,081)	(2,235,081)	64.18%
2005	(30,536)	(588)	(206,713)					(237,837)	(2,472,918)	64.15%
2006	0		(193,782)	(75,495)				(269,277)	(2,742,195)	64.48%
Remaining (unliquidated obligation)	0	0	0	424,505	315,967	372,500	397,500	1,510,472		
LOCAL ASSISTANCE (1452(k) ACTIVITIES: SOURCE WATER PROTECTION										
Allocated (obligated)	1,660,065	0	0	0	0	0	0	1,660,065		
Total Draws: 1997 - 2004 Activity	(1,660,065)	0	0	0	0	0	0	(1,660,065)	(1,660,065)	100.00%
2005	0							0		
2006	0							0		
Remaining (unliquidated obligation)	0	0	0	0	0	0	0	0		
12/30/05 - To close out the 1997 grant, the \$18,345 of SWAP grant set asides was used to fund a capacity development draw as allowed by the EPA Grant regulations. Shown here as a reduction in total allocated SWAP setasides and an increase in allocated capacity development set-aside.										
IN-KIND SERVICES										
Allocated (obligated)	150,000	0	0	0	0	0	0	150,000	150,000	100%
Total Draws: 1997 - 2004 Activity	(150,000)	0	0	0	0	0	0	(150,000)		
2005	0							0		
2006	0							0		
Remaining (unliquidated obligation)	0	0	0	0	0	0	0	0		
TOTALS FOR ALL GRANT SET ASIDES										
Allocated (obligated)	\$8,329,940	\$1,865,226	\$1,922,080	\$3,665,329	\$3,385,616	\$3,526,980	\$4,162,174	\$26,857,345		
Total Draws (liquidated)	(\$8,329,940)	(\$1,865,226)	(\$1,788,298)	(\$2,405,313)	(\$1,104,213)	(\$682,820)	\$0	(\$16,175,811)		60.23%
Remaining (unliquidated obligation)	\$0	\$0	\$133,782	\$1,260,016	\$2,281,403	\$2,844,160	\$4,162,174	\$10,681,534		39.77%

DETAIL OF DWRF FEDERAL FUND AWARDS ACTIVITY - PROJECTS / LOANS											
PROJECT / LOANS (with unliquidated obligations and/or activity in 2005 / 2006)	YEAR OF DRAWS	CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL DRAWS (Liquidated)	FEDERAL FUNDS ALLOCATED (OBLIGATED)	REMAINING FEDERAL FUNDS (Unliquidated Obligations)
Alamosa (2006B)	2006	\$0							\$0		
	TOTAL	0	\$0	\$0	\$0	\$0	\$0	\$0	0	\$4,683,808	\$4,683,808
Arapahoe County (2006B)	2006	0							0		
	TOTAL	0	0	0	0	0	0	0	0	6,223,525	6,223,525
Cottonwood (2006B)	2006	0							0		
	TOTAL	0	0	0	0	0	0	0	0	3,801,710	3,801,710
Craig (2006A)	2006	0							0		
	TOTAL	0	0	0	0	0	0	0	0	2,263,200	2,263,200

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DETAIL OF DWRF FEDERAL FUND AWARDS ACTIVITY - PROJECTS / LOANS (Continued)											
PROJECT / LOANS (with unliquidated obligations and/or activity in 2005 / 2006)	YEAR OF DRAWS	CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL DRAWS (Liquidated)	FEDERAL FUNDS ALLOCATED (OBLIGATED)	REMAINING FEDERAL FUNDS (Unliquidated Obligations)
Florence (2003B)	2003	0		(2,678,493)					(2,678,493)		
	2004	0							0		
	2005	0			(2,015,635)	(808,374)			(2,824,009)		
	TOTAL	0	0	(2,678,493)	(2,015,635)	(808,374)	0	0	(5,502,502)	5,502,502	0
Fountain Valley Auth (2003A)	2003	0	(365,182)	(483,924)					(849,106)		
	2004	0		(396,064)					(396,064)		
	2005	0			(45,755)	(21,071)			(66,826)		
	2006	0				(72,838)			(72,838)		
TOTAL	0	(365,182)	(879,988)	(45,755)	(93,909)	0	0	(1,384,834)	1,463,552	78,718	
Grand Junction (2002A)	2003	0	(529,705)						(529,705)		
	2004	0		(272,752)					(272,752)		
	2005	0			(279,913)				(279,913)		
TOTAL	0	(529,705)	(272,752)	(279,913)	0	0	0	(1,082,370)	1,082,370	0	
La Junta (2002A)	2002	0	(550,096)						(550,096)		
	2003	0	(849,251)	(287,889)					(1,137,140)		
	2004	0		(1,529,773)					(1,529,773)		
	2005	0			(83,460)				(83,460)		
TOTAL	0	(1,399,347)	(1,817,662)	(83,460)	0	0	0	(3,300,469)	3,300,469	0	
Little Thompson (2006A)	2006	0				(2,421,698)			(2,421,698)		
	TOTAL	0	0	0	0	(2,421,698)	0	0	(2,421,698)	2,653,055	231,357
Lyons (2003A)	2003	0	(54,090)	(29,198)					(83,288)		
	2004	0		(225,001)	(25,833)				(250,834)		
	2005	0			(454,198)	(1,043,458)			(1,497,656)		
	2006	0				(255,045)			(255,045)		
TOTAL	0	(54,090)	(254,199)	(480,031)	(1,298,503)	0	0	(2,086,823)	2,196,621	109,798	
Palisade (06DL)	2006	0							0		
	TOTAL	0	0	0	0	0	0	0	0	1,526,000	1,526,000
Palisade (2006B)	2006	0							0		
	TOTAL	0	0	0	0	0	0	0	0	1,502,300	1,502,300
Woodland Park (02DL)	2002	0	(559,915)						(559,915)		
	2003	0							0		
	2004	0							0		
	2005	0				(37,285)			(37,285)		
TOTAL	0	(559,915)	0	0	(37,285)	0	0	(597,200)	597,200	0	

PROJECT / LOANS (fully liquidated obligations)		CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL DRAWS (Liquidated)	FEDERAL FUNDS ALLOCATED (OBLIGATED)	REMAINING FEDERAL FUNDS (Unliquidated Obligations)
Arapahoe Estates WD (1997A)		(388,359)							(388,359)	388,359	0
Aurora (1999A)		(4,751,500)							(4,751,500)	4,751,500	0
Buena Vista (1998A)		(466,796)	(14,599)	(2,599)	(6,210)				(490,204)	490,204	0
Chatfield So WD (98DL)		(581,310)							(581,310)	581,310	0
Craig (00DL)		(353,089)							(353,089)	353,089	0

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DETAIL OF DWRF FEDERAL FUND AWARDS ACTIVITY - PROJECTS / LOANS (Continued)											
PROJECT / LOANS (fully liquidated obligations)	CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL DRAWS (Liquidated)	FEDERAL FUNDS ALLOCATED (OBLIGATED)	REMAINING FEDERAL FUNDS (Unliquidated Obligations)	
Englewood (1997A)								(5,361,910)	5,361,910	0	
Evergreen MD (2000A)	(1,013,767)	(593,694)	(178,608)					(1,786,069)	1,786,069	0	
Evergreen MD (2002A)	(78,005)	(686,255)						(764,260)	764,260	0	
Fort Collins (1997A)	(3,614,928)							(3,614,928)	3,614,928	0	
Fort Collins (1999A)	(1,870,165)							(1,870,165)	1,870,165	0	
Fort Morgan (1998A)	(5,641,214)							(5,641,214)	5,641,214	0	
Fountain Valley Auth (2000A)	(2,633,735)							(2,633,735)	2,633,735	0	
Glenwood Springs (1999A)	(1,710,743)	(47)						(1,710,790)	1,710,790	0	
Grand County W&SD (1999A)	(862,826)	(158,887)	(14,755)					(1,036,468)	1,036,468	0	
Grand Lake (97DL)	(394,988)							(394,988)	394,988	0	
Greeley (1999A)	(4,956,637)	(218,297)	(105,726)					(5,280,660)	5,280,660	0	
Idaho Springs (2002A)	0	(906,316)						(906,316)	906,316	0	
Julesburg (1999A)	(392,210)							(392,210)	392,210	0	
Julesburg (99DL)	(543,757)							(543,757)	543,757	0	
La Junta (99DL)	(384,475)							(384,475)	384,475	0	
Left Hand W&SD (98DL)	(150,574)							(150,574)	150,574	0	
Left Hand WD (1999A)	(1,689,578)	(450,143)						(2,139,721)	2,139,722	0	
Limon (2000A)	(395,823)	(41,087)						(436,910)	436,910	0	
Longmont (2003A)	0	(895,953)	(5,150,648)					(6,046,601)	6,046,601	0	
Pueblo (2000A)	(2,461,514)	(37,486)						(2,499,000)	2,499,000	0	
Sedalia W&SD (00DL)	(255,794)							(255,794)	255,794	0	
Springfield (00DL)	(274,209)							(274,209)	274,209	0	
Thunderbird W&SD (99DL)	(223,623)							(223,623)	223,623	0	
Wellington (01DL)	(370,105)	(345,902)						(716,007)	716,007	0	
Westminster (2000A)	(3,360,793)	(1,358,169)	(45,490)					(4,764,452)	4,764,452	0	
TOTAL - LOANS	(45,182,427)	(8,615,074)	(11,400,920)	(2,911,004)	(4,659,769)	0	0	(72,769,194)	93,189,611	20,420,417	
Percentage of Total Grant Funds Allocated to the Loan Program Obligated to Loans									94.15%		
Total Remaining Grant Funds (unliquidated)	\$0	(\$0)	\$133,782	\$1,260,016	\$7,973,718	\$13,025,780	\$14,497,300	\$36,890,596			

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SUMMARY OF FEDERAL FUND OBLIGATIONS	CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL FOR ALL GRANTS	Percent of Total Funds Awarded Unliquidated
Unliquidated Obligations - SET ASIDES	\$0	\$0	\$133,782	\$1,260,016	\$2,281,403	\$2,844,160	\$4,162,174	\$10,681,534	39.77%
Unliquidated Obligations - LOANS	\$0	\$0	\$0	\$0	\$5,692,315	\$10,181,620	\$4,546,481	\$20,420,416	21.91%
<i>Unobligated Grant Funds</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$5,788,645	\$5,788,645	4.60%

SUMMARY OF FISCAL YEAR GRANT ACTIVITY		CONSOLIDATED 1997 - 2000 GRANTS	2001 GRANT	2002 GRANT	2003 GRANT	2004 GRANT	2005 GRANT	2006 GRANT	TOTAL FOR ALL GRANTS	Cumulative Draws	Percent of Total Funds Awarded Liquidated
Total Federal Funds Drawn by Year (Fiscal) - LOANS											
1997		\$1,482,959	\$0	\$0	\$0	\$0	\$0	\$0	\$1,482,959	\$1,482,959	10.31%
1998		7,654,312	0	0	0	0	0	0	7,654,312	9,137,271	41.63%
1999		8,528,524	0	0	0	0	0	0	8,528,524	17,665,795	47.68%
2000		14,193,754	0	0	0	0	0	0	14,193,754	31,859,549	70.51%
2001		11,860,467	0	0	0	0	0	0	11,860,467	43,720,016	81.27%
2002		1,462,411	5,359,110	0	0	0	0	0	6,821,521	50,541,537	77.52%
2003		0	3,255,964	3,664,375	0	0	0	0	6,920,339	57,461,876	84.37%
2004		0	0	7,736,545	32,043	0	0	0	7,768,588	65,230,464	83.14%
2005		0	0	0	2,878,961	1,910,188	0	0	4,789,149	70,019,613	78.99%
2006		0	0	0	0	2,749,581	0	0	2,749,581	72,769,194	73.52%
TOTALS		\$45,182,427	\$8,615,074	\$11,400,920	\$2,911,004	\$4,659,769	\$0	\$0	\$72,769,194		
Total Federal Funds Drawn by Year (Fiscal) - ALL SET ASIDES											
1997		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
1998		232,901	0	0	0	0	0	0	232,901	232,901	5.27%
1999		388,603	0	0	0	0	0	0	388,603	621,504	10.32%
2000		460,622	0	0	0	0	0	0	460,622	1,082,126	12.99%
2001		2,109,879	0	0	0	0	0	0	2,109,879	3,192,005	31.31%
2002		2,469,755	182,842	0	0	0	0	0	2,652,597	5,844,602	48.23%
2003		2,042,597	712,738	359,323	40,106	0	0	0	3,154,764	8,999,366	57.02%
2004		457,904	328,119	244,639	486,582	9,542	0	0	1,526,786	10,526,152	54.91%
2005		167,679	508,106	419,305	1,024,753	896,062	0	0	3,015,905	13,542,057	59.67%
2006		0	133,421	765,031	853,872	198,609	682,820	0	2,633,754	16,175,811	60.23%
TOTALS		\$8,329,940	\$1,865,226	\$1,788,298	\$2,405,313	\$1,104,213	\$682,820	\$0	\$16,175,811		
TOTAL FEDERAL FUNDS DRAWN BY YEAR (FISCAL) - TOTAL DWRF PROGRAM											
1997		\$1,482,959	\$0	\$0	\$0	\$0	\$0	\$0	\$1,482,959	\$1,482,959	8.84%
1998		7,887,213	0	0	0	0	0	0	7,887,213	9,370,172	35.54%
1999		8,917,127	0	0	0	0	0	0	8,917,127	18,287,299	42.45%
2000		14,654,376	0	0	0	0	0	0	14,654,376	32,941,675	61.56%
2001		13,970,346	0	0	0	0	0	0	13,970,346	46,912,021	73.31%
2002		3,932,166	5,541,952	0	0	0	0	0	9,474,118	56,386,139	72.93%
2003		2,042,597	3,968,702	4,023,698	40,106	0	0	0	10,075,103	66,461,242	79.22%
2004		457,904	328,119	7,981,184	518,625	9,542	0	0	9,295,374	75,756,616	77.60%
2005		167,679	508,106	419,305	3,903,714	2,806,250	0	0	7,805,054	83,561,670	75.05%
2006		0	133,421	765,031	853,872	2,948,190	682,820	0	5,383,334	88,945,004	70.69%
TOTALS		53,512,367	10,480,300	13,189,218	5,316,317	5,763,982	682,820	0	88,945,004		


Exhibit F

2005 – 2006 Financial Status Reports

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 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 checked="" type="checkbox"/> No <input 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) 01/01/06		To: 12/31/06	
10. Transactions:		I Previously Reported	II This Period	III Cumulative	
a. Total outlays		12,442,941	133,421	12,576,362	
b. Recipient share of outlays		2,096,062	0	2,096,062	
c. Federal share of outlays		10,346,879	133,421	10,480,300	
d. Total unliquidated obligations				0	
e. Recipient share of unliquidated obligations				0	
f. Federal share of unliquidated obligations				0	
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 NOT APPLICABLE	c. Base NOT APPLICABLE	d. Total Amount NOT APPLICABLE	e. Federal Share NOT APPLICABLE
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 6, 2007		

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, 2006 to December 31, 2006

EPA Drinking Water Capitalization (DWSRF) Grants:			
DWSRF Grant Funds Obligated To:	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/06	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,159,596	\$1,016,817	\$2,142,779
Small System Technical Assistance	1,579,798	342,284	1,237,514
State Program Management:			
PWS Supervision	5,062,308	3,334,294	1,728,014
Local Assistance (1452 (k) Activities) :			
Capacity Development	6,139,736	2,076,981	4,062,755
Wellhead Protection	2,585,967	1,075,495	1,510,472
Source Water Protection	0	0	0
Total Obligated for Set Asides:	18,527,405	7,845,871	10,681,534
CURRENT LOANS / PROJECTS:			
Alamosa, City of (2006B)	4,683,808	0	4,683,808
Arapahoe County (2006B)	6,223,525	0	6,223,525
Cottonwood (2006B)	3,801,710	0	3,801,710
Craig, City of (2006A)	2,263,200	0	2,263,200
Fountain Valley Authority (2003A)	1,463,552	1,384,834	78,718
Little Thompson (2006A)	2,653,055	2,421,698	231,357
Lyons, Town of (2003A)	2,196,621	2,086,823	109,798
Palisade, Town of (DL)	1,526,000	0	1,526,000
Palisade, Town of (2006B)	1,502,300	0	1,502,300
Total Obligated to Loans / Projects	26,313,771	5,893,355	20,420,416
Totals Obligations from DWSRF Grants as of 12/31/06	\$44,841,176	\$13,739,225	\$31,101,951
Less Federal Share Amounts Allocable to:			
2001 EPA DWSRF Grant (FS998832-01-2)	2,284,498	2,284,498	0
2002 EPA DWSRF Grant (FS998832-02-0)	3,056,267	2,922,485	133,782
2003 EPA DWSRF Grant (FS998832-03-1)	4,191,115	2,931,099	1,260,016
2004 EPA DWSRF Grant (FS998832-04-1)	12,892,041	4,918,323	7,973,718
2005 EPA DWSRF Grant (FS998832-05-0)	13,708,600	682,820	13,025,780
2006 EPA DWSRF Grant (FS998832-06-1)	8,708,655	0	8,708,655
	44,841,176	13,739,225	31,101,951
Plus: 2001 EPA DWSRF Grant - Recipient's Share	0	0	\$0
	0.00	0.00	0.00

To Calculate the recipients share -multiply the state match percentage times the federal share of loans only			
Detail on:	State match %	0.2433015	
2001 EPA DWSRF Grant - Federal Share			
2001 Set Asides	2,284,498	2,284,498	0
2001 Loans	0	0	0
total check	2,284,498	2,284,498	0

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, 2006 to December 31, 2006

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	\$ 1,666	(a)	\$ 1,666
Local Assistance (1452 (k) Activities) :			
Capacity Development	131,755	(a)	131,755
Total Draws for Set Asides	133,421	n/a	133,421
<u>Current Loans/Projects:</u>			
Total Draws for Current Loans / Projects	-	-	-
Total Outlays	\$ 133,421	\$ -	\$ 133,421

Calculated State Match Percentage	0.243302
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(a) State Match for set-aside draws are rolled over to 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) 01/01/06		To: 12/31/06
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		14,943,653	765,031	15,708,684
b. Recipient share of outlays		2,664,600	0	2,664,600
c. Federal share of outlays		12,424,187	765,031	13,189,218
d. Total unliquidated obligations				133,782
e. Recipient share of unliquidated obligations				0
f. Federal share of unliquidated obligations				133,782
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 <i>Daniel L. Law</i>		Date Report Submitted April 6, 2007		

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, 2006 to December 31, 2006

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/06	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,159,596	\$1,016,817	\$2,142,779
Small System Technical Assistance	1,579,798	342,284	1,237,514
State Program Management:			
PWS Supervision	5,062,308	3,334,294	1,728,014
Local Assistance (1452 (k) Activities) :			
Capacity Development	6,139,736	2,076,981	4,062,755
Wellhead Protection	2,585,967	1,075,495	1,510,472
Source Water Protection	0	0	0
Total Obligated for Set Asides:	18,527,405	7,845,871	10,681,534
CURRENT LOANS / PROJECTS:			
Alamosa, City of (2006B)	4,683,808	0	4,683,808
Arapahoe County (2006B)	6,223,525	0	6,223,525
Cottonwood (2006B)	3,801,710	0	3,801,710
Craig, City of (2006A)	2,263,200	0	2,263,200
Fountain Valley Authority (2003A)	1,463,552	1,384,834	78,718
Little Thompson (2006A)	2,653,055	2,421,698	231,357
Lyons, Town of (2003A)	2,196,621	2,086,823	109,798
Palisade, Town of (DL)	1,526,000	0	1,526,000
Palisade, Town of (2006B)	1,502,300	0	1,502,300
Total Obligated to Loans / Projects	26,313,771	5,893,355	20,420,416
Totals Obligations from DWSRF Grants as of 12/31/06	\$44,841,176	\$13,739,225	\$31,101,951
Less Federal Share Amounts Allocable to:			
2001 EPA DWSRF Grant (FS998832-01-2)	2,284,498	2,284,498	0
2002 EPA DWSRF Grant (FS998832-02-0)	3,056,267	2,922,485	133,782
2003 EPA DWSRF Grant (FS998832-03-1)	4,191,115	2,931,099	1,260,016
2004 EPA DWSRF Grant (FS998832-04-1)	12,892,041	4,918,323	7,973,718
2005 EPA DWSRF Grant (FS998832-05-0)	13,708,600	682,820	13,025,780
2006 EPA DWSRF Grant (FS998832-06-1)	8,708,655	0	8,708,655
	44,841,176	13,739,225	31,101,951
Plus: 2002 EPA DWSRF Grant - Recipient's Share	0	0	\$0

To Calculate the recipients share -multiply the state match percentage times the federal share of loans only			
Detail on:	State match %	0.2337180	
2002 EPA DWSRF Grant - Federal Share			
2002 Set Asides	3,056,267	2,922,485	133,782
2002 Loans	0	0	0
total check	3,056,267	2,922,485	133,782

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, 2006 to December 31, 2006


OUTLAYS (Draws) from the 2002 EPA Drinking Water
 Capitalization (DWSRF) Grant (#FS998832-02-00)

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	\$ 132,678	(a)	132,678
State Program Management:			
PWS Supervision	-	(a)	-
Local Assistance (1452 (k) Activities) :			
Capacity Development	438,571		438,571
Wellhead Protection	193,782	(a)	193,782
Total Draws for Set Asides	765,031	n/a	765,031
<u>Current Loans/Projects:</u>			
Total Draws for Current Loans / Projects	-	-	-
Total Outlays	\$ 765,031	\$ -	\$ 765,031

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 3 <small>pages</small>
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) 01/01/06		To: 12/31/06
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		5,777,711	853,872	6,631,583
b. Recipient share of outlays		1,315,266	0	1,315,266
c. Federal share of outlays		4,462,445	853,872	5,316,317
d. Total unliquidated obligations				1,260,016
e. Recipient share of unliquidated obligations				0
f. Federal share of unliquidated obligations				1,260,016
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 24.69%	c. Base 333,502	d. Total Amount 82,239
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 6, 2007	

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, 2006 to December 31, 2006

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/06	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,159,596	\$1,016,817	\$2,142,779
Small System Technical Assistance	1,579,798	342,284	1,237,514
State Program Management:			
PWS Supervision	5,062,308	3,334,294	1,728,014
Local Assistance (1452 (k) Activities) :			
Capacity Development	6,139,736	2,076,981	4,062,755
Wellhead Protection	2,585,967	1,075,495	1,510,472
Source Water Protection	0	0	0
Total Obligated for Set Asides:	18,527,405	7,845,871	10,681,534
CURRENT LOANS / PROJECTS:			
Alamosa, City of (2006B)	4,683,808	0	4,683,808
Arapahoe County (2006B)	6,223,525	0	6,223,525
Cottonwood (2006B)	3,801,710	0	3,801,710
Craig, City of (2006A)	2,263,200	0	2,263,200
Fountain Valley Authority (2003A)	1,463,552	1,384,834	78,718
Little Thompson (2006A)	2,653,055	2,421,698	231,357
Lyons, Town of (2003A)	2,196,621	2,086,823	109,798
Palisade, Town of (DL)	1,526,000	0	1,526,000
Palisade, Town of (2006B)	1,502,300	0	1,502,300
Total Obligated to Loans / Projects	26,313,771	5,893,355	20,420,416
Totals Obligations from DWSRF Grants as of 12/31/06	\$44,841,176	\$13,739,225	\$31,101,951
Less Federal Share Amounts Allocable to:			
2001 EPA DWSRF Grant (FS998832-01-2)	2,284,498	2,284,498	0
2002 EPA DWSRF Grant (FS998832-02-0)	3,056,267	2,922,485	133,782
2003 EPA DWSRF Grant (FS998832-03-1)	4,191,115	2,931,099	1,260,016
2004 EPA DWSRF Grant (FS998832-04-1)	12,892,041	4,918,323	7,973,718
2005 EPA DWSRF Grant (FS998832-05-0)	13,708,600	682,820	13,025,780
2006 EPA DWSRF Grant (FS998832-06-1)	8,708,655	0	8,708,655
	44,841,176	13,739,225	31,101,951
Plus: 2003 EPA DWSRF Grant - Recipient's Share	0	0	\$0

To Calculate the recipients share -multiply the state match percentage times the federal share of loans only			
Detail on:	State match %	0.4518260	
2003 EPA DWSRF Grant - Federal Share			
2003 Set Asides	4,191,115	2,931,099	1,260,016
2003 Loans	\$0	0	0
total check	4,191,115	2,931,099	1,260,016

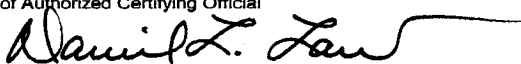
Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2006 to December 31, 2006

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	\$ 424,383	(a)	\$ 424,383
Small System Technical Assistance			-
State Program Management:			-
PWS Supervision	-	(a)	-
Local Assistance (1452 (k) Activities) :			
Capacity Development	353,995	(a)	353,995
Wellhead Protection	75,495		75,495
Total Draws for Set Asides	853,872	(a)	853,872
Current Loans/Projects:			
Total Draws for Current Loans / Projects	-	-	-
Total Outlays	\$ 853,872	\$ -	\$ 853,872

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.

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 FS998832-04-01	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) 07/01/04	To: (Month, Day, Year) 09/30/2024	9. Period Covered by this report From (Month, Day, Year) 01/01/06		To: 12/31/06
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		3,322,774	3,677,955	7,000,729
b. Recipient share of outlays		506,982	729,765	1,236,747
c. Federal share of outlays		2,815,792	2,948,190	5,763,982
d. Total unliquidated obligations				9,484,512
e. Recipient share of unliquidated obligations				1,510,794
f. Federal share of unliquidated obligations				7,973,718
g. Total Federal share (sum of c. and f.)				13,737,700
h. Total Federal funds authorized to this grant period				13,737,700
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 6, 2007		

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, 2005 to December 31, 2005

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/05	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,159,596	\$1,016,817	\$2,142,779
Small System Technical Assistance	1,579,798	342,284	1,237,514
State Program Management:			
PWS Supervision	5,062,308	3,334,294	1,728,014
Local Assistance (1452 (k) Activities) :			
Capacity Development	6,139,736	2,076,981	4,062,755
Wellhead Protection	2,585,967	1,075,495	1,510,472
Source Water Protection	0	0	0
Total Obligated for Set Asides:	18,527,405	7,845,871	10,681,534
CURRENT LOANS / PROJECTS:			
Alamosa, City of (2006B)	4,683,808	0	4,683,808
Arapahoe County (2006B)	6,223,525	0	6,223,525
Cottonwood (2006B)	3,801,710	0	3,801,710
Craig, City of (2006A)	2,263,200	0	2,263,200
Fountain Valley Authority (2003A)	1,463,552	1,384,834	78,718
Little Thompson (2006A)	2,653,055	2,421,698	231,357
Lyons, Town of (2003A)	2,196,621	2,086,823	109,798
Palisade, Town of (DL)	1,526,000	0	1,526,000
Palisade, Town of (2006B)	1,502,300	0	1,502,300
Total Obligated to Loans / Projects	26,313,771	5,893,355	20,420,416
Totals Obligations from DWSRF Grants as of 12/31/06	\$44,841,176	\$13,739,225	\$31,101,951
Less Federal Share Amounts Allocable to:			
2001 EPA DWSRF Grant (FS998832-01-2)	2,284,498	2,284,498	0
2002 EPA DWSRF Grant (FS998832-02-0)	3,056,267	2,922,485	133,782
2003 EPA DWSRF Grant (FS998832-03-1)	4,191,115	2,931,099	1,260,016
2004 EPA DWSRF Grant (FS998832-04-1)	12,892,041	4,918,323	7,973,718
2005 EPA DWSRF Grant (FS998832-05-0)	13,708,600	682,820	13,025,780
2006 EPA DWSRF Grant (FS998832-06-1)	8,708,655	0	8,708,655
	44,841,176	13,739,225	31,101,951
Plus: 2004 EPA DWSRF Grant - Recipient's Share	\$2,523,095	\$1,012,301	\$1,510,794

To Calculate the recipients share -multiply the state match percentage times the federal share of loans only			
Detail on:	State match %	0.2654094	
2004 EPA DWSRF Grant - Federal Share			
2004 Set Asides	3,385,616	1,104,213	2,281,403
2004 Loans	\$9,506,425	(3,814,110)	5,692,315
total check	12,892,041	(2,709,897)	7,973,718

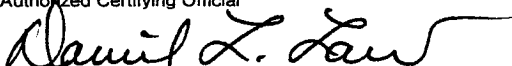
Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2006 to December 31, 2006

OUTLAYS (Draws) from the 2004 EPA Drinking Water Capitalization (DWSRF) Grant (#FS998832-04-1)			
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	198,609	(a)	198,609
Local Assistance (1452 (k) Activities) :			
Capacity Development		(a)	-
Wellhead Protection	-	(a)	-
Total Draws for Set Asides	198,609	(a)	198,609
Current Loans/Projects:			
Fountain Valley Authority (2003A)	72,838	19,332	92,169
Little Thompson (2006A)	2,421,698	642,741	3,064,439
Lyons, Town of (2003A)	255,045	67,691	322,737
Total Draws for Current Loans / Projects	2,749,581	729,765	3,479,345
Total Outlays	\$2,948,190	\$729,765	\$3,677,954

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.

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 FS99883205-0	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) 5/1/2005	To: (Month, Day, Year) 9/30/2025	9. Period Covered by this report From (Month, Day, Year) 01/01/06		To: 12/31/06
10. Transactions:	I Previously Reported	II This Period	III Cumulative	
a. Total outlays	0	682,820	682,820	
b. Recipient share of outlays	0	0	0	
c. Federal share of outlays	0	682,820	682,820	
d. Total unliquidated obligations			15,767,500	
e. Recipient share of unliquidated obligations			2,741,720	
f. Federal share of unliquidated obligations			13,025,780	
g. Total Federal share (sum of c. and f.)			13,708,600	
h. Total Federal funds authorized to this grant period			13,708,600	
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
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 March 19, 2007		

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, 2006 to December 31, 2006

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/05	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,159,596	\$1,016,817	\$2,142,779
Small System Technical Assistance	1,579,798	342,284	1,237,514
State Program Management:			
PWS Supervision	5,062,308	3,334,294	1,728,014
Local Assistance (1452 (k) Activities) :			
Capacity Development	6,139,736	2,076,981	4,062,755
Wellhead Protection	2,585,967	1,075,495	1,510,472
Source Water Protection	0	0	0
Total Obligated for Set Asides:	18,527,405	7,845,871	10,681,534
CURRENT LOANS / PROJECTS:			
Alamosa, City of (2006B)	4,683,808	0	4,683,808
Arapahoe County (2006B)	6,223,525	0	6,223,525
Cottonwood (2006B)	3,801,710	0	3,801,710
Craig, City of (2006A)	2,263,200	0	2,263,200
Fountain Valley Authority (2003A)	1,463,552	1,384,834	78,718
Little Thompson (2006A)	2,653,055	2,421,698	231,357
Lyons, Town of (2003A)	2,196,621	2,086,823	109,798
Palisade, Town of (DL)	1,526,000	0	1,526,000
Palisade, Town of (2006B)	1,502,300	0	1,502,300
Total Obligated to Loans / Projects	26,313,771	5,893,355	20,420,416
Totals Obligations from DWSRF Grants as of 12/31/06	\$44,841,176	\$13,739,225	\$31,101,951
Less Federal Share Amounts Allocable to:			
2001 EPA DWSRF Grant (FS998832-01-2)	2,284,498	2,284,498	0
2002 EPA DWSRF Grant (FS998832-02-0)	3,056,267	2,922,485	133,782
2003 EPA DWSRF Grant (FS998832-03-1)	4,191,115	2,931,099	1,260,016
2004 EPA DWSRF Grant (FS998832-04-1)	12,892,041	4,918,323	7,973,718
2005 EPA DWSRF Grant (FS998832-05-0)	13,708,600	682,820	13,025,780
2006 EPA DWSRF Grant (FS998832-06-1)	8,708,655	0	8,708,655
	44,841,176	13,739,225	31,101,951
Plus: 2005 EPA DWSRF Grant - Recipient's Share	2,741,720	(0)	\$2,741,720

To Calculate the recipients share -multiply the state match percentage times the federal share of loans only			
Detail on:	State match %	0.2692813	
2005 EPA DWSRF Grant - Federal Share			
2005 Set Asides	3,526,980	682,820	2,844,160
2005 Loans	\$10,181,620	(0)	10,181,620
total check	13,708,600	682,820	13,025,780

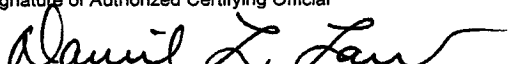
Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND PROGRAM
 FINANCIAL STATUS REPORT for FEDERAL FUNDS AWARDS
 Form 269A, Lines 10(a - c) - **OUTLAYS**
 For the Period: January 1, 2005 to December 31, 2005

OUTLAYS (Draws) from the 2005 EPA Drinking Water Capitalization (DWSRF) Grant (#FS998832-05-0)			
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	682,820	(a)	682,820
Local Assistance (1452 (k) Activities) :			
Capacity Development	-	(a)	-
Wellhead Protection	-	(a)	-
Total Draws for Set Asides	682,820	(a)	682,820
Current Loans/Projects:			
Florence, City of (2003B)	-	-	-
Fountain Valley Authority (2003A)	-	-	-
Grand Junction, City of (2002A)	-	-	-
La Junta, City of (2002A)	-	-	-
Lyons, Town of (2003A)	-	-	-
Woodland Park, City of (DL)	-	-	-
Total Draws for Current Loans / Projects	-	-	-
Total Outlays	\$682,820	\$0	\$682,820

Calculated State Match Percentage	26.928%
--	----------------

(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 FS99883206-01	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) 3/1/2006	To: (Month, Day, Year) 4/1/2026	9. Period Covered by this report From (Month, Day, Year) 01/01/06 To: 12/31/06		
10. Transactions:		I Previously Reported	II This Period	III Cumulative
a. Total outlays		0	0	0
b. Recipient share of outlays		0	0	0
c. Federal share of outlays		0	0	0
d. Total unliquidated obligations				11,433,874
e. Recipient share of unliquidated obligations				2,725,219
f. Federal share of unliquidated obligations				8,708,655
g. Total Federal share (sum of c. and f.)				8,708,655
h. Total Federal funds authorized to this grant period				14,497,300
i. Unobligated balance of Federal funds (line h. minus line g.)				5,788,645
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	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 6, 2007		

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, 2006 to December 31, 2006

DWSRF Grant Funds Obligated To:	EPA Drinking Water Capitalization (DWSRF) Grants:		
	Amounts Obligated to Set- Aside / Loan	Liquidated (Drawn) as of 12/31/06	Total Unliquidated Obligations
SET ASIDES:			
Grant Administration	\$3,159,596	\$1,016,817	\$2,142,779
Small System Technical Assistance	1,579,798	342,284	1,237,514
State Program Management:			
PWS Supervision	5,062,308	3,334,294	1,728,014
Local Assistance (1452 (k) Activities) :			
Capacity Development	6,139,736	2,076,981	4,062,755
Wellhead Protection	2,585,967	1,075,495	1,510,472
Source Water Protection	0	0	0
Total Obligated for Set Asides:	18,527,405	7,845,871	10,681,534
CURRENT LOANS / PROJECTS:			
			0
Alamosa, City of (2006B)	4,683,808	0	4,683,808
Arapahoe County (2006B)	6,223,525	0	6,223,525
Cottonwood (2006B) 0.00	3,801,710	0	3,801,710
Craig, City of (2006A)	2,263,200	0	2,263,200
Fountain Valley Authority (2003A) 0.00	1,463,552	1,384,834	78,718
Little Thompson (2006A)	2,653,055	2,421,698	231,357
Lyons, Town of (2003A)	2,196,621	2,086,823	109,798
Palisade, Town of (DL)	1,526,000	0	1,526,000
Palisade, Town of (2006B)	1,502,300	0	1,502,300
Total Obligated to Loans / Projects	26,313,771	5,893,355	20,420,416
Totals Obligations from DWSRF Grants as of 12/31/05	\$44,841,176	\$13,739,226	\$31,101,950
Less Federal Share Amounts Allocable to:			
2001 EPA DWSRF Grant (FS998832-01-2)	2,284,498	2,284,498	0
2002 EPA DWSRF Grant (FS998832-02-0)	3,056,267	2,922,485	133,782
2003 EPA DWSRF Grant (FS998832-03-1)	4,191,115	2,931,099	1,260,016
2004 EPA DWSRF Grant (FS998832-04-1)	12,892,041	4,918,323	7,973,718
2005 EPA DWSRF Grant (FS998832-05-0)	13,708,600	682,820	13,025,780
2006 EPA DWSRF Grant (FS998832-06-1)	8,708,655	0	8,708,655
	44,841,176	(13,739,225)	31,101,951
Plus: 2006 EPA DWSRF Grant - Recipient's Share			
> 20% match on grant award	1,275,489	0	\$1,275,489
> PWSS match	1,449,730	0	1,449,730
Total 2006 EPA DWSRF Grant - Recipient's Share	2,725,219	0	2,725,219

To Calculate the recipients share -multiply the state match percentage times the federal share of loans only			
Detail on:	State match %	0.2805442	
2006 EPA DWSRF Grant - Federal Share			
2006 Set Asides	4,162,174	0	4,162,174
2006 Loans	\$4,546,481	0	4,546,481
total check	8,708,655	0	8,708,655

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, 2006 to December 31, 2006

OUTLAYS (Draws) from the 2006 EPA Drinking Water
 Capitalization (DWSRF) Grant (#FS998832-06-01)

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	-		-
Local Assistance (1452 (k) Activities) :			
Capacity Development	-	(a)	-
Wellhead Protection	-	(a)	-
Total Draws for Set Asides	-	(a)	-
Current Loans/Projects:			
Florence, City of (2003B)	-	-	-
Fountain Valley Authority (2003A)	-	-	-
Grand Junction, City of (2002A)	-	-	-
La Junta, City of (2002A)	-	-	-
Lyons, Town of (2003A)	-	-	-
Woodland Park, City of (DL)	-	-	-
Total Draws for Current Loans / Projects	-	-	-
Total Outlays	\$0	\$0	\$0

Calculated State Match Percentage 28.054%

(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
2006 GRANT FINANCIAL STATUS REPORT

CALCULATION OF PERCENTAGE OF STATE MATCH TO EPA LOC

CALCULATION FOR ORIGINAL GRANT:

TOTAL DRINKING WATER 2006 GRANT	\$14,497,300.00
LESS: SET ASIDES	(4,162,174.00)
SUBTOTAL (funds available for loans)	<u>\$10,335,126.00</u>
20% REQUIRED STATE MATCH	\$2,899,460.00
DIVIDED BY AMOUNT FOR SRF LOANS	10,335,126.00
STATE MATCH / EPA LOC PERCENTAGE	<u><u>28.05442%</u></u>

Exhibit G

2005 – 2006 MBE/WBE Tracking

**COLORADO DWRP BI-ANNUAL REPORT
EXHIBIT G
MBE/WBE PARTICIPATAION**

Calendar Years 05-06
April 30, 2007

<u>Project Name</u>	<u>Project No.</u>	<u>Construction Start</u>	<u>Construction End</u>	<u>Federal Share</u>	<u>Calendar Quarters</u>	<u>MBE Dollars</u>	<u>WBE Dollars</u>		
Florence, City of	960033D	8/10/2004	3/20/2006	\$5,502,502.00	2005	1st	\$16,176.00	\$6,380.00	
						2nd	\$0.00	\$0.00	
						3rd	\$0.00	\$9,675.00	
						4th	\$0.00	\$46,377.00	
					2006	1st	\$0.00	\$34,773.30	
						2nd	\$0.00	\$10,091.70	
						3rd	N/A	N/A	
						4th	N/A	N/A	
Grand Junction, City of	960136D	3/1/2004	12/31/2004	\$1,082,370.00	2005	1st	\$0.00	\$9,159.00	
						2nd	N/A	N/A	
						3rd	N/A	N/A	
						4th	N/A	N/A	
					2006	1st	N/A	N/A	
						2nd	N/A	N/A	
						3rd	N/A	N/A	
						4th	N/A	N/A	
Little Thompson WD	060009D	3/1/2006	7/1/2007	\$2,653,055.00	2005	1st	N/A	N/A	
						2nd	N/A	N/A	
						3rd	N/A	N/A	
						4th	\$0.00	\$30,798.00	
					2006	1st	\$0.00	\$25,146.00	
						2nd	\$0.00	\$19,350.00	
						3rd	\$0.00	\$260,531.54	
						4th	\$0.00	\$59,608.75	
Lyons, Town of	960067D	5/1/2005	3/4/2006	\$2,196,621.00	2005	1st	N/A	N/A	
						2nd	\$10,000.00	\$0.00	
						3rd	\$7,312.00	\$0.00	
						4th	\$0.00	\$0.00	
					2006	1st	\$0.00	\$0.00	
						2nd	N/A	N/A	
						3rd	N/A	N/A	
						4th	N/A	N/A	
Palisade, Town of	040022D	7/1/2006	9/1/2007	\$1,526,000.00	2005	1st	N/A	N/A	
						2nd	N/A	N/A	
	040022D-2	7/1/2006	9/1/2007	\$1,502,300.00		2006	3rd	N/A	N/A
							4th	N/A	N/A
	1st	N/A	N/A						
	2nd	N/A	N/A						
						3rd	*	*	
						4th	*	*	
Totals:						\$33,488.00	\$511,890.29		

**COLORADO DWRF BI-ANNUAL REPORT
EXHIBIT G
MBE/WBE PARTICIPATAION**

Calendar Years 05-06
April 30, 2007

Colorado Water Resources & Power Development Authority	998832-03-1	2005	1st	\$0.00	\$4,400.00
			2nd	\$0.00	\$6,895.00
			3rd	\$0.00	\$3,900.00
			4th	\$0.00	\$0.00
		2006	1st	\$0.00	\$5,800.00
			2nd	\$0.00	\$6,350.00
			3rd	\$0.00	\$3,900.00
			4th	\$0.00	\$1,250.00
Totals CWRPDA Participation:				\$0.00	\$32,495.00
Totals including CWRPDA Participation:				\$33,488.00	\$544,385.29

N/A=Project not in construction during reporting quarter
* = Quarterly form was not submitted during the reporting period

Exhibit H

2005 – 2006 Civil Rights Compliance

COLORADO DWRF BIENNIAL REPORT

EXHIBIT H

CIVIL RIGHTS COMPLIANCE

Project	Project Number	Administrator	Date Received
Alamosa, City of	00001D	E. Worker	7/2/06
Arapahoe County WW PID	960126D	C. Schachterle	12/21/05
Bethune, Town of	040033D	E. Scott	11/21/05
Boone, Town of	050005D	E. Scott	11/21/05
Bristol Water and Sanitation District	050006D	C. Schachterle	2/29/05
Castle Pines Metropolitan District	050007D	E. Scott	1/27/06
Cottonwood Water and Sanitation District	990013D	C. Schachterle	1/7/05
Craig, City of	010009D	E. Worker	11/30/05
Cucharas Sanitation and Water District	060002D	C. Schachterle	8/28/06
Genoa, Town of	960161D	E. Scott	4/26/06
Little Thompson Water District	060009D	C. Schachterle	10/13/05
Ordway, Town of	030045D	E. Scott	1/26/06

COLORADO DWRF BIENNIAL REPORT

EXHIBIT H

CIVIL RIGHTS COMPLIANCE

Palisade, Town of	040022D	E. Worker	8/30/05
Platte Canyon Water and Sanitation District	060011D	E. Scott	3/16/06
Pritchett, Town of	050041D	E. Worker	2/26/05
Ralston Valley Water and Sanitation District	060012D	E. Scott	2/7/06
Sedgwick, Town of	040027D	E. Scott	5/27/05
Walden, Town of	960115D	E. Worker	8/31/05
Log Lane Village, Town of	030040D	C. Schachterle	4/29/05
Hillrose, Town of?	040033D	E. Scott	6/29/05
Silver Plume, Town of?	960107D	E. Scott	11/30/05

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

Exhibit I

Certification Letter

STATE OF COLORADO

Bill Ritter, Jr., Governor
James B. Martin, Executive Director

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

4300 Cherry Creek Dr. S.
Denver, Colorado 80246-1530
Phone (303) 692-2000
TDD Line (303) 691-7700
Located in Glendale, Colorado

Laboratory Services Division
8100 Lowry Blvd.
Denver, Colorado 80230-6928
(303) 692-3090

<http://www.cdph.state.co.us>



Colorado Department
of Public Health
and Environment

April 30, 2007

Brian Friel, SRF Program Officer
Municipal Support Unit
U. S. EPA Region VIII
1595 Wynkoop St
Denver, CO 80202-1129

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 2005 and 2006 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,

Steven H. Gunderson, Director
Water Quality Control Division

COLORADO
DRINKING WATER
REVOLVING FUND
BIENNIAL REPORT
VOLUME II

JANUARY 1, 2005 – DECEMBER 31, 2006



PREPARED BY
THE STATE OF COLORADO
APRIL 30, 2007

FOR THE ENVIRONMENTAL PROTECTION AGENCY
REGION VIII

Attachment 1

2005 Intended Use Plan

STATE OF COLORADO

YEAR 2005

DRINKING WATER REVOLVING FUND

INTENDED USE PLAN

Date Approved: November 17, 2004

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STATE OF COLORADO
DWRF INTENDED USE PLAN
JANUARY 1 - DECEMBER 31, 2005

I. INTRODUCTION

As required by Section 1452(b) of the Safe Drinking Water Act (SDWA) and by Interim Final Regulations 40 CFR 35.3555 published August 7, 2000, an Intended Use Plan (IUP) is to be filed annually with the U.S. Environmental Protection Agency (EPA). The IUP describes how the State intends to use the Capitalization Grant and Drinking Water Revolving Fund (DWRf) program funds to meet the objectives of the SDWA and further the goals of protecting public health. The IUP is 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 to provide financial assistance to governmental agencies for the construction of water projects for public health and compliance purposes as described in the DWRf Rules (Attachment 1), and 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.

This IUP serves as the planning document to describe how the funds allotted for Federal Fiscal Year (FFY) 2005 and the funds remaining from all prior federal fiscal years' capitalization grant appropriations will be used for the DWRf and non-project program set-asides. The DWRf program fiscal year is January 1, 2005 to December 31, 2005. 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 (Authority), the Water Quality Control Division (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 helps

to evaluate the 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 2005;
- ◆ A description of the criteria and method established for the distribution of funds;
- ◆ 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 (WPCRF); 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 capitalization grant application for FFY 2005 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 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 that are primarily intended to serve future growth are not eligible. Examples of eligible and ineligible projects and project related costs are found in Attachment 2.

Appendix A to this IUP is the 2005 DWRF Project Eligibility List illustrating the various projects and their associated estimated costs as required by Colorado's authorizing statute. The DWRF Project Eligibility List includes, for each individual entry: the name of the public water system, a description of the project, population, the estimated cost of the project and a categorical ranking by priority as described in the DWRF Rules (included in Attachment 1). Appendix B (DWRF Project Priority / Fundable List) is a list of the 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.

The projects prioritized and ready for funding are described in Appendix B (DWRF Project Priority / Fundable List). 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.

Projects from the DWRF Project Eligibility List (Appendix A) can be moved to the DWRF 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 DWRF 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

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. Section VII (Non-Project Activities) outlines the WQCD's proposed use of funds from the FFY05 grant to meet various SDWA requirements.

A. Project Priority System

Colorado's project priority system is set forth in the DWRF Rules (Attachment 1). The Rules include the following categories by priority ranking:

Priority 1 Acute Health Hazard:

The WQCD has identified continuous violation of an acute maximum contaminant level (mcl) or a surface water treatment rule (SWTR) treatment technique requirement.

Priority 2 Chronic (Long Term) Health Hazard:

The WQCD has identified a continuous violation of an mcl or an SWTR treatment technique requirement for a chronic contaminant.

Priority 3 Potential Acute Health Hazard:

The public water system (PWS) has periodically exceeded an acute mcl, has levels greater than 50 percent 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.

Priority 4 Potential Chronic Health Hazard:

The PWS has periodically exceeded a chronic mcl, has levels greater than 50 percent of a chronic mcl on a regular basis, or has short term problems meeting other treatment technique requirements.

Priority 5 Other Future Needs:

The PWS 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.

B. Priority Point Assignments Within Each Category

As provided in the DWRP Rules once a pre-planning, planning, or pre-design document is received, projects within each category will be prioritized by the assignment of points based upon the review of the following factors:

- (1) Population
- (2) Financial Need
- (3) Consolidation
- (4) Water Conservation
- (5) Source Water Protection
- (6) Beneficial Use of Sludge
- (7) Health Risk.

Projects on the DWRP 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 DWRP or they have received funding from other sources.
- C) Governmental agencies (on the DWRP Project Eligibility or DWRP Priority / Fundable List) that experience an emergency situation 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).

C. Allocation of Loan Proceeds

In addition to the DWRP Rules, the following policy will be applied to the allocation of loan proceeds:

- (1) A \$6 million minimum set-aside will be reserved for small projects (\$1 million or less); there will not be an application deadline for these loans. Of the \$6 million set-aside, up to \$4 million will be reserved for loans to qualified disadvantaged communities. Eligibility criteria and benefits allowed under the new program are described below and included in

the DWRF Rules (Attachment 1.) In September of each year, loan repayments are deposited into the fund. These deposits can be made available for additional small system loans if the \$6 million set-aside is not adequate.

- (2) All leveraged loan projects must submit applications by February 1st. 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.

D. Disadvantaged Communities Program

In accordance with federal statutes C.F.R 35.3525 (b) and EPA's final "Drinking Water State Revolving Fund Program Guidelines" dated February 1997, Colorado's Disadvantaged Communities Program description is as follows:

- 1. The definition of a disadvantaged community**

A governmental agency that has a population of 5,000 or less with a median household income that is 80 percent or less of the statewide median household average.

- 2. The total amount of the capitalization grant that may be used for providing additional subsidies**

DWRF re-loan funds that are paid back by borrowers in the form of debt service payments on outstanding debt obligations will be the primary source of revenues used to provide reduced interest rate loans under the program. The loan pool amount for all DWRF direct loans is established at a \$6 million minimum. Of this direct loan pool amount, up to \$4 million will be reserved for loans to qualified disadvantaged communities. EPA capitalization grant funds in an amount not to exceed 30 percent of the annual capitalization grant may also be considered to underwrite loans in the event re-loan funds are not sufficient to meet demand.

- 3. To the maximum extent practical, an identification of systems that will receive additional subsidies and the amount**

Governmental agencies operating PWS that have populations of 5,000 or less with a median household income that is 80 percent or less of the statewide median household average may qualify as a disadvantaged community. Drinking water projects will be prioritized pursuant to DWRF rules. Reduced interest rate loans in an amount not to exceed \$1 million per project will be authorized on a tiered basis as described in Provision 4 below.

- 4. A description of the affordability criteria that the state will use to determine the level of disadvantaged assistance**

Median household income as a percentage of the statewide median household income average will be used to distribute funding to governmental agencies that are disadvantaged in accordance with two categorical affordability tiers:

Category 1 - Disadvantaged communities with median household income levels that range from 80 percent to 61 percent of the statewide median household average qualifies for loans up to \$1 million per project. Loan terms up to 30 years, but not to

exceed the project's design life, are permitted. The loan interest rate is established at 50 percent of the direct loan rate (as set annually by the Authority Board) for qualifying governmental agencies.

Category 2 - Disadvantaged communities with median household income levels that are 60 percent or less of the statewide median household average qualifies for loans up to \$1 million per project. Loan terms up to 30 years, but not to exceed the project's design life, are permitted. The loan interest rate is established at 0 percent for qualifying governmental agencies.

The Disadvantaged Communities Program is established on a three-year pilot basis. Annual reviews will be conducted per DWRP Rules.

E. Emergency Procedures

The Board of Health may amend the DWRP Project Eligibility and DWRP Priority / Fundable Lists at any time throughout the year to include PWS projects that it determines and declares to be emergency projects needed to prevent or address threats to public health.

In cases where the Board of Health determines the amendments will result in substantial changes to the DWRP Project Eligibility or DWRP Priority / Fundable Lists, public notice and opportunity for comment on the proposed inclusions shall be provided.

F. 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 DWRP account on an annual basis to provide loan assistance to systems serving 10,000 persons or fewer. In 2005, it is anticipated that the majority of projects to be funded will be small systems.

To further this goal in 2005, 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 DWRP. In addition, the DLG is planning to conduct a series of training workshops in 2005 to help build financial and managerial capacity of small rural public water and wastewater systems. For 2005, the focus of the workshops is expected to be targeted at financial management issues, with special attention devoted to rate setting techniques and asset management. DWRP set-aside funds may be used to partially support this effort. All funding agencies meet periodically to coordinate the financial needs of communities that are planning water quality improvement projects. The funding coordination committee includes staff from the WQCD, Authority, DLG, Colorado Water Conservation Board, USDA Rural Development and the Rural Community Assistance Corporation. The committee uses a web page on the DLG website to keep the public aware of the projects it is helping to arrange funding and to raise awareness of funding opportunities. Surveys are conducted to identify and update the needs of all public water systems including 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 seventeen (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, \$17,043,114 has been used for state match through June 30, 2004. As of June 30, 2004, \$8,779,798 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 for smaller projects. 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. Direct loans (up to \$1,000,000) are 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.

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 percent 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 percent 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 2005 are estimated to be \$1,664,000. 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 \$1,700,000 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 2005.

Following is a table showing the administrative fee account activity since inception:

For Year Ending	Loan Admin Fee Revenue	Cap. Grant Draw For Admin Expenses	Investment Income	Other Income / (Expenses)	(Admin Expenses)	(PWSS Set Aside Payouts)	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	178,807.84	(559,680)		77,285
12/31/1999	609,066	287,502	5,852	90,900.17	(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		(987,779)		523,194
12/31/2003	1,494,366	351,245	14,794		(1,107,011)	(120,912.80)	632,481
6/30/2004	353,077	83,065	8,743		(335,017)	(112,743.00)	(2,875)
TOTALS	5,864,396	1,895,918	100,611	269,708	(5,607,006)	(233,656)	2,289,971

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 DWRF Eligibility List needs (currently over \$805 million) are compared against the loan capacity of the DWRF. Even though demand for loans (DWRF Priority / Fundable List) in the year 2005 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. By continuing to leverage, the program will be able to assist more communities currently on the DWRF Project Eligibility List and help those communities achieve compliance with the SDWA. 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 DWRF from the leveraged loans, the long-term or perpetual nature of the DWRF remains in place.

Through August 31, 2004, the State has received a total of \$97,629,700 in federal capitalization grants (includes the \$6,666,667 transfer back to the WPCRF in 2003). Of this amount, \$19,168,191 has been set aside for non-project activities. The State anticipates receiving a FFY05 capitalization grant of \$13,737,700 with \$3,327,036 set aside for non-project activities. This amount may change based on final federal appropriations. (See Attachments 3a and 3b.)

Under the federal portion of the DWRF, twenty-one (21) direct loans for \$13,127,314 and twenty-five (25) leveraged loans for \$186,857,963 have been made to-date from the DWRF utilizing the federal capitalization grants (See Attachment 4). The following table illustrates the amount of funds available for loans:

**Drinking Water Revolving Fund
Calculation of Loan Capacity for 2005
As of July 31, 2004**

Capitalization grants for loans through 2004*		\$ 78,461,509
Obligated for loans through 7/31/04		\$ 70,566,507
	Remainder	\$ 7,895,002
Expected 2005 Capitalization Grant		
1.65% of \$850 million		\$ 13,737,700
Less Set-Asides		\$ 3,240,000
	Total 2005 Grant	\$10,497,700
Total Grant Funds Available		\$ 18,392,702
Re-loan funds as of 8/15/04		\$ 3,304,538
Plus: Deallocation on 9/2/04		\$ 2,404,934
Plus: Deallocation on 9/2/05		\$ 3,268,809
Total Re-Loan Funds Available		\$ 6,573,347
Loan Capacity for 2005		
Leveraged Loans from Grants X 2.5		\$ 45,981,755
Direct Loans from Re-Loan Funds		\$ 6,000,000
Leveraged Loans from Re-Loan Funds		
	(Total less direct loans) X 2.1	\$ 1,204,029
2005 DWRF Loan Capacity		\$ 53,185,784

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

A. Transfer Activities

As authorized by Congress, up to 33 percent of the drinking water capitalization grants for FY 1997 through FY 2004 (total drinking water grants estimated at \$97.6 million) may be reserved from the DWRF and transferred to the WPCRF. The following table itemizes (in \$ millions) 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 Grants Available for Transfer	DWRF Grants 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	-----	-----	12.1	12.1
1999	Transfer	12.1	\$6.7**	-----	5.4	18.8

Year	Transaction	Banked Transfer Ceiling	Transferred from WPCRF - DWRF	Transferred from DWRF - WPCRF	WPCRF Grants Available for Transfer	DWRF Grants Available for Transfer
2000	CG Award	15.6	-----	-----	8.9	22.3
2001	CG Award	19.1	-----	-----	12.4	25.8
2002	CG Award	23.6	-----	-----	16.9	30.3
2003	CG Award	28.0	-----	-----	21.3	34.7
2003	Transfer	28.0	-----	\$6.7**	28.0	28.0
2004	CG Award	32.2	-----	-----	32.2	32.2

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

*** \$6.7 million capitalization grant funds and \$1.3 million state match funds*

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. Each year within the appropriations bill, Congress has extended the provision for a year. Currently, the provision is set to expire September 30, 2004; however, Congress is expected to extend it for another year.

Based on anticipated project needs for 2005, 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 revised 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 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.

The program will continue to ensure compliance with all applicable federal regulations and policies.

VI. SHORT TERM GOALS

In an effort to continually improve the DWRF program, the State will pursue the following short-term goals throughout the 2005 calendar year:

1. Submit an application for the 2005 Capitalization Grant by January 2005.
2. Continue to update the Handbook of Procedures and seek approval by EPA.
3. Initiate the process for identifying projects in the FY2006 Intended Use Plan by August 2005.
4. Submit the Annual Audit to EPA by April 30, 2005.
5. Coordinate with other funding agencies to complete drinking water projects identified in the 2005 IUP.
6. Leverage funds in the DWRF to accommodate the estimated demand for eligible projects in 2005 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 grant amounts being \$10,000 per community. However, if 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, which have met criteria in demonstrating progress towards receiving funding through the program. These are non-reimbursable grants, unless the entity does not borrow funds from the DWRF in which case the Authority Board retains the ability to review, and if appropriate, 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 a legal entity capable of receiving DWRf assistance) and engineering design and project construction specifications. These funds are provided from the administrative fee account from income received from DWRf loans. To be eligible to receive a planning and/or design grant the entity must be identified on the most current or (are intended to be listed on the following years eligibility list) and meet applicable planning and/or design grant criteria.

8. The WQCD will review and revise as necessary the “Guidance For Preparing Preliminary Engineering Reports” and update the “State Environmental Review Policy” specific to the DWRf.
9. The DLG is planning to conduct a series of training workshops in 2005 to help build financial and managerial capacity of small rural public water systems around the state. (See additional detail in Section III. “Criteria And Methods For Distributing Funds (Small Systems Funding Goals)” within this document.
10. The WQCD will implement and market the Disadvantaged Communities Program.

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

A. Introduction

The state may set aside portions of each capitalization grant for non-project (set-aside) activities. As described in the introduction, these set-asides are to be used to fund those activities necessary to accomplish the requirements of the SDWA. 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 lesser amounts than those proposed herein are actually used.

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 capitalization grant, from which the set-asides are drawn. 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 FFY05 capitalization grant for each activity are described below. Based on prior year history, the FFY05 capitalization grant is estimated to be funded at \$13,737,700. It is the responsibility of the WQCD to determine the amount of funds necessary to administer the DWRP and to meet the obligations of the SDWA. The financial status of the set-asides is summarized in Attachment 3a. The state must develop, and EPA approve, work plans that describe the activities to be accomplished to be able to use those funds.

B. Administration Set-Aside

Set-Aside	Amount	Purpose
Administration	\$549,500 (4%) For FFY05	To cover the cost of (1) administering the DWRP, and (2) providing technical assistance to public water systems (PWSS). Admin is an on-going activity.

FFY05 Request: Colorado is entitled to set aside up to 4 percent (\$549,500) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$549,500.

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

Use of Funds in 2005 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	\$274,750 (2%) For FFY05	To provide (1) training, (2) technical assistance, and (3) provide planning and design grants to small systems. SSTTA is an on-going activity.

FFY05 Request: Colorado is entitled to set aside up to 2 percent (\$274,750) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$274,750.

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.

Use of Funds in 2005 and Expected Accomplishments: Currently, training programs are being designed for 2005 and the Division may use funds from the 2001, 2002, and 2003 SSTA set asides for technical assistance and planning and design grants for water system serving 10,000 or less in population.

The WQCD chairs the SSTA work group and is interested in expanding the role and accomplishments of this group. Colorado has also 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 is being used to reimburse operator certification expenses, develop training materials, and improve the opportunities for operator training. The state decided to integrate the SSTA set-aside activities with the expense reimbursement grant activities and to develop a strategy that includes both funding sources under the direction of the drinking water program and this work group.

D. State Drinking Water Program Management

Set-Aside	Amount	Purpose
State Program Management	\$1,025,273 (7.5%) For FFY05	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.

FFY05 Request: Colorado is entitled to set aside up to 10 percent (\$1,373,770) from the capitalization grant for this set-aside. Based on the availability of additional one-for-one match requirements (beyond that match required to secure the capitalization grant), the WQCD intends to set aside \$1,373,770, but currently has identified available match only in the amount of \$1,025,273.

In addition to the up-front 20 percent match, 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. Current year state funds in excess of the minimum required for the PWSS program grant 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 \$1,025,273.

The federal grant that supports the PWSS program has been level funded in most 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 significant additional program staff, and 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. Currently, a portion of this set-aside is being used to fund 8.6 full time equivalents (FTE) for implementation of the many new program requirements associated with the 1996 reauthorization of the SDWA. The staffing for the drinking water program is spread among the program core staff, the technical services unit, and the compliance assurance and data management unit. In the event that additional program match funds can be identified, the WQCD may amend its EPA approved work plan to reflect available match up to the full \$1,373,770 allowed by the SDWA.

Use of Funds in 2005 and Expected Accomplishments: For 2005, the efforts initiated and accomplished in 2004 will be continued. New efforts will include increased focus on compliance assurance through the systems of concern process, improved data management and enhanced communication with drinking water systems.

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 SDWA 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.*

FFY05 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 FFY05	To provide loans to PWSS to acquire land or conservation easements to protect source water areas

FFY05 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY05 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 FFY05	To provide loans to PWSS to implement source water protection measures.

FFY05 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY05 capitalization grant.

3. Capacity development

Set-Aside	Amount	Purpose
Capacity Development	\$1,373,770 (10%) For FFY05	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.

FFY05 Request: Colorado is entitled to set aside up to 10 percent (\$1,373,770) from the capitalization grant for this set-aside. Based on the Authority match, described below, the WQCD intends to set aside the entire \$1,373,770. 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.

Use of Funds in 2005 and Expected Accomplishments: For 2005, the efforts initiated and accomplished in 2004 will be continued. Additional activities included in the EPA approved work plan to be expanded or initiated include:

- ◆ Preparation of an informational pamphlet for public water 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” program to identify and provide technical assistance to water systems either on the Significant Non-Compliance (SNC) list or soon to be on the SNC list. This effort will utilize WQCD staff and contractors with the goal of both resolving the violation and ensuring the water system has technical, managerial, and financial capacity.
- ◆ Continued implementation of the Colorado Strategy For Arsenic Reduction (CO-STAR) project to assist public water systems to comply 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 may require deobligation of \$50,000 from the 2005 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 FFY05	To delineate and assess source water areas for surface and ground water systems. SWAP assessment reports will be completed by October 2004.

FFY05 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 this date is not eligible to access these funds. As of August 17, 2004, an approximate balance of \$18,000 remained in the SWAP account. These funds will be rolled over into the capacity development set-aside account after release of the source water assessment reports.

Use of Funds in 2005 and Expected Accomplishments: The three technical tasks associated with the SWAP program assessment phase have been completed. The SWAP program will shift focus 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 assessment reports. 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	\$372,500 (2.8%) For FFY05	To delineate and assess source water areas for ground water systems. Release WHP assessment reports by October 2004. Support development and implementation of local ground water protection plans.

FFY05 Request: The WQCD intends to use \$872,500 based on identified project needs. \$500,000 of these funds is from the FFY03-04 grant period, and \$372,500 is set aside from the FFY04-05 grant period.

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: After the SWAP ground water assessments are completed, 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 has been identifying \$500,000 to implement the SWAP program for all public water systems for FFY01, 02, 03, and 04 capitalization grants. 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 \$127,500 from the FFY05 wellhead set-aside to revert to the project loan account based on the estimated funding need.

Use of Funds in 2005 and Expected Accomplishments: The three technical tasks associated with the SWAP program assessment phase have been completed. The Wellhead Program will work towards implementation of the following priorities: 1) continuation of ground water susceptibility

assessments; 2) integration of the source water assessment and protection program plan and the wellhead protection program plan; 3) public water system data improvement; 4) public water system and community information and education; and 6) compilation and reporting of the national source water protection measures. These activities will be funded from the FFY04-05 set aside. The program will also focus more on assisting with local protection plan development and implementation. These activities will be funded from the FFY03-04 set aside.

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 and EPA.

The proposed payment schedule using FFY 2005 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.

IX. PUBLIC REVIEW AND COMMENT

The Colorado State Board of Health published this information and held a public meeting on November 17, 2004 at which time the State's 2005 IUP including the 2005 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 annual approval.

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Drinking Water Revolving Fund Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
030001D	5	Academy WSD	Pleasant View Estates	Colorado Springs	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$75,000	750
960001D	4	Aguilar, Town of		Aguilar	Las Animas	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,282,100	547
050001D	2	Akron, Town Of		Akron	Washington	Improvement / Expansion Of Water Treatment Facility	\$1,000,000	1,850
000001D	2	Alamosa, City of		Alamosa	Alamosa	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$16,500,000	8,300
040001D	5	Alma, Town of		Alma	Park	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	235
960126D	4	Arapahoe County WWA		Englewood	Arapahoe	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$25,000,000	24,536
030002D	5	Arriba, Town of		Arriba	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$250,000	245
010003D	5	Aspen Springs MD		Pagosa Springs	Archuleta	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$15,000,000	1,800
010002D	5	Aspen, City Of		Aspen	Pitkin	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,658,000	6,600
960004D	5	Ault, Town of		Ault	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,500,000	1,450
960005D	3	Baca Grande WSD		Crestone	Saguache	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$500,000	563
050002D	5	Basalt, Town Of		Basalt	Eagle	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$900,000	3,011
050003D	5	Baseline WD		Boulder	Boulder	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	1,000
990002D	3	Bayfield, Town of		Bayfield	La Plata	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,580,000	1,375
960127D	5	Bear Creek WSD		Lakewood	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation	\$407,561	167
960182D	5	Bellyache Ridge MD		Wolcott	Eagle	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$1,500,000	160
960007D	5	Bennett, Town of		Bennett	Adams	Water Supply Facilities	\$30,000	2,085
030004D	5	Berkeley WSD		Denver	Adams	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	2,000
990003D	3	Berthoud, Town of		Berthoud	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,500,000	4,839
050004D	5	Bethune, Town Of		Bethune	Kit Carson	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$619,952	225
960184D	5	Beulah WD		Beulah	Pueblo	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$210,000	960
030005D	4	Black Hawk, City of		Black Hawk	Gilpin	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$5,750,000	108
960009D	5	Blanca, Town of		Blanca	Costilla	Water Supply Facilities	\$100,000	402
050005D	1	Boone, Town Of		Boone	Pueblo	Improvement / Expansion Of Water Treatment Facility	\$300,000	350
960011D	5	Branson, Town of		Branson	Las Animas	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$275,000	58
990004D	5	Breckenridge, Town of		Breckenridge	Summit	Water Storage Facilities	\$3,000,000	4,800
040003D	4	Brighton, City Of		Brighton	Adams	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,900,000	22,312
050006D	5	Bristol WSD		Bristol	Prowers	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$322,000	200
990008D	4	Buffalo Creek WD		Buffalo Creek	Jefferson	Improvement / Expansion Of Water Treatment Facility	\$20,000	260

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Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
960189D	4	Burlington, City of		Burlington	Kit Carson	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$6,963,175	3,625
000003D	4	Byers WSD		Byers	Adams	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$354,000	1,200
960012D	4	Canon City, City of		Canon City	Fremont	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$9,868,500	35,010
010006D	4	Carbondale, Town of		Carbondale	Garfield	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$1,500,000	5,196
960130D	3	Carter Lake Filter Plant WD		Berthoud	Larimer	Improvement / Expansion Of Water Treatment Facility	\$12,492,568	50,000
050074D	5	Cascade #1 MD		Cascade	El Paso	Distribution / Transmission Lines Construction / Rehabilitation; New Drinking Water Treatment Plant	\$1,000,000	750
050007D	5	Castle Pines MD		Castle Rock	Douglas	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$10,015,000	3,200
000004D	4	Cedaredge, Town of		Cedaredge	Delta	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$3,615,326	2,001
050008D	5	Center, Town Of		Center	Saguache	Water Storage Facilities	\$55,000	840
050009D	5	Central City, City Of		Central City	Gilpin	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	600
050010D	5	Clearwater MD		Denver	Elbert	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$2,500,000	1,000
050011D	2	Clifton WD		Clifton	Mesa	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$12,500,000	35,000
050012D	3	Coal Creek, Town Of		Coal Creek	Fremont	Improvement / Expansion Of Water Treatment Facility	\$250,000	343
030009D	4	Colorado Centre MD		Colorado Springs	El Paso	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$350,000	2,474
050013D	3	Colorado City MD		Colorado City	Pueblo	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$7,500,000	2,318
050014D	4	Columbine Lake WD		Grand Lake	Grand	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$1,600,000	1,100
050015D	5	Copper Mountain Consolidated MD		Copper Mountain	Summit	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,400,000	5,000
050016D	5	Cortez, City Of		Cortez	Montezuma	Improvement / Expansion Of Water Treatment Facility	\$2,858,925	8,081
960017D	5	Costilla County WSD		San Luis	Costilla	Distribution / Transmission Lines Construction / Rehabilitation	\$204,000	3,384
990013D	5	Cottonwood WSD		Englewood	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; New Drinking Water Treatment Plant	\$8,540,000	2,375
010009D	4	Craig, City of		Craig	Moffat	Improvement / Expansion Of Water Treatment Facility	\$6,000,000	9,200
960194D	5	Crawford, Town of		Crawford	Delta	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$150,000	377
050017D	3	Creede, City Of		Creede	Mineral	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$245,000	377
960163D	4	Crested Butte South MD		Crested Butte South	Gunnison	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,850,000	800
990014D	3	Cripple Creek, City of		Cripple Creek	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$435,000	1,300
050018D	3	Dacono, City Of		Dacono	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$3,640,940	3,400
040005D	3	DeBeque, Town of		DeBeque	Mesa	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$850,000	462
980253D	1	Deer Trail, Town of		Deer Trail	Arapahoe	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$866,000	592
960021D	5	Dillon, Town of		Dillon	Summit	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,861,000	4,000
030016D	5	Dinosaur, Town of		Dinosaur	Moffat	Distribution / Transmission Lines Construction / Rehabilitation	\$800,000	317
050019D	3	Divide MPC MD		Divide	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$116,500	10
960024D	4	Dolores, Town of		Dolores	Montezuma	Improvement / Expansion Of Water Treatment Facility	\$410,000	1,000

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040006D	4	Dove Creek, Town of		Dove Creek	Dolores	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$128,000	695
960026D	5	Durango West #1 MD		Durango	La Plata	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,640,000	1,000
040007D	4	Durango West #2 MD		Durango	La Plata	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,020,000	900
020019D	4	Eagle River WSD		Vail	Eagle	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$17,700,000	20,500
000007D	2	East Alamosa WSD		Alamosa	Alamosa	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,000,000	1,432
030017D	5	East Boulder County WD		Boulder	Boulder	Water Storage Facilities	\$170,000	250
010011D	4	East Cherry Creek Valley WSD		Aurora	Arapahoe	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$15,000,000	50,000
020021D	5	East Larimer County WD		Fort Collins	Larimer	Distribution / Transmission Lines Construction / Rehabilitation	\$2,112,000	15,000
960027D	5	East Valley Metro WSD		Centennial	Arapahoe	Water Storage Facilities	\$300,000	300
040008D	3	Eastlake WSD		Eastlake	Adams	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$708,000	130
050020D	5	Eaton, Town Of		Eaton	Weld	New Drinking Water Treatment Plant	\$2,500,000	4,000
050021D	1	Eckley, Town Of		Eckley	Yuma	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$275,000	278
020022D	5	Empire, Town of		Empire	Clear Creek	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$750,000	500
030019D	5	Erie, Town of		Erie	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$15,800,000	10,000
990019D	4	Estes Park, Town of		Estes Park	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,750,000	5,578
960199D	5	Evans, City of		Evans	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	14,700
050022D	5	Fairplay, Town Of		Fairplay	Park	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$600,000	600
960032D	4	Firestone, Town of		Firestone	Weld	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$10,023,500	6,200
960033D	3	Florence, City of		Florence	Fremont	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$13,800,000	5,000
030021D	4	Florissant WSD		Florissant	Teller	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$250,000	43
960201D	5	Forest Lakes MD (La Plata)		Forest Lakes	La Plata	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$750,000	1,555
030022D	4	Forest View Acres WD		Monument	El Paso	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$465,000	640
050023D	5	Fort Collins, City Of		Fort Collins	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$4,527,000	115,000
000009D	5	Fort Garland WSD		Fort Garland	Costilla	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Meters	\$300,000	350
050024D	5	Fort Lupton, City Of		Fort Lupton	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,500,000	7,300
030023D	3	Fountain Valley Authority		Colorado Springs	El Paso	Improvement / Expansion Of Water Treatment Facility	\$1,500,000	400,000
040032D	5	Fountain, City of		Fountain	El Paso	Water Supply Facilities; New Drinking Water Treatment Plant	\$30,000,000	15,675
010013D	5	Fowler, Town of	Westcamp	Fowler	Otero	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$100,000	1,700

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960038D	4	Fowler, Town of		Fowler	Otero	Improvement / Expansion Of Water Treatment Facility; Meters	\$500,000	1,700
980250D	5	Franktown Business Area MD	Douglas County	Franktown	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$6,500,000	200
050025D	5	Fraser, Town Of		Fraser	Grand	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$750,000	21,500
030025D	4	Genesee WSD		Golden	Jefferson	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,810,000	4,044
960161D	5	Genoa, Town Of		Genoa	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation	\$585,000	211
030026D	5	Georgetown, Town of		Georgetown	Clear Creek	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; New Drinking Water Treatment Plant	\$100,000	1,439
040009D	4	Glenwood Springs, City Of		Glenwood Springs	Garfield	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$9,445,000	8,000
990021D	5	Granada, Town of		Granada	Prowers	Water Storage Facilities	\$146,000	640
960136D	5	Grand Junction, City of		Grand Junction	Mesa	Distribution / Transmission Lines Construction / Rehabilitation	\$3,500,000	52,000
960174D	4	Grand Lake, Town of		Grand Lake	Grand	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$3,000,000	476
050026D	3	Green Mountain WSD		Lakewood	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation	\$1,500,000	11,000
050027D	5	Gunnison County	Dos Rios Water	Gunnison	Gunnison	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$3,900,000	750
010015D	2	Gunnison County	Somerset Domestic WD	Somerset	Gunnison	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$465,000	520
990009D	4	Gunnison, City Of		Marble	Gunnison	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$515,100	104
990045D	4	Hamilton Creek MD		Silverthorne	Summit	Improvement / Expansion Of Water Treatment Facility	\$2,000,000	200
030028D	4	Hartman, Town of		Hartman	Prowers	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$50,000	110
010016D	1	Haswell, Town of		Haswell	Kiowa	Improvement / Expansion Of Water Treatment Facility	\$180,000	84
050028D	3	Haxtun, Town Of		Haxtun	Phillips	Distribution / Transmission Lines Construction / Rehabilitation	\$50,000	999
960137D	4	Hayden, Town of		Hayden	Routt	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,425,000	1,700
960171D	4	Highland Lakes WD		Divide	Teller	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$6,014,000	1,078
020020D	5	Hi-Land Acres WSD		Brighton	Adams	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$700,000	350
040033D	1	Hillrose, Town of		Hillrose	Morgan	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$637,000	275
960045D	5	Holly, Town of		Holly	Prowers	Distribution / Transmission Lines Construction / Rehabilitation	\$820,000	1,034
990023D	4	Holyoke, City of		Holyoke	Phillips	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,575,000	2,273
020032D	5	Hoover Hill WSD		Boulder	Boulder	Meters	\$100,000	265
960047D	4	Hot Sulphur Springs, Town of		Hot Sulphur Springs	Grand	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$700,000	534
010017D	4	Hotchkiss, Town of		Hotchkiss	Delta	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$900,000	2,000
020023D	4	Hudson, Town of		Hudson	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$522,000	1,565
010018D	5	Idaho Springs, City of		Idaho Springs	Clear Creek	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$82,000	2,200
020018D	5	Idledale WSD		Lakewood	Jefferson	Water Storage Facilities	\$50,000	500
960050D	5	Ignacio, Town of		Ignacio	La Plata	Distribution / Transmission Lines Construction / Rehabilitation	\$950,000	1,500
030029D	4	Indian Hills WD		Indian Hills	Jefferson	Water Storage Facilities	\$65,000	1,216
960051D	3	Jamestown, Town of		Jamestown	Boulder	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$250,000	287

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050029D	2	Julesburg, Town Of		Julesburg	Sedgwick	Improvement / Expansion Of Water Treatment Facility; Well Rehabilitation	\$150,000	1,467
030031D	4	Keenesburg, Town of		Keenesburg	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,550,000	1,200
030032D	2	Ken Caryl West Ranch WD		Morrison	Jefferson	New Regional Water Treatment Facilities; Water Storage Facilities	\$300,000	100
960208D	5	Kersey, Town of		Kersey	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$2,200,000	1,420
030033D	5	Kim, Town of		Kim	Las Animas	Distribution / Transmission Lines Construction / Rehabilitation	\$150,000	66
960055D	5	Kiowa, Town of		Kiowa	Elbert	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,300,000	660
960056D	1	Kit Carson, Town of		Kit Carson	Cheyenne	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Water Supply Facilities	\$450,000	250
960057D	4	Kremmling, Town of		Kremmling	Grand	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$3,650,000	1,578
040011D	5	La Jara, Town of		La Jara	Conejos	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$1,000,000	875
990026-2D	2	La Junta, City of		La Junta	Otero	Water Rights	\$10,000,000	7,456
020024D	4	La Veta, Town of		La Veta	Huerfano	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$400,000	924
050030D	5	Lake City, Town Of		Lake City	Hinsdale	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$130,000	377
980252D	5	Lake Creek MD		Edwards	Eagle	Water Storage Facilities	\$150,000	230
050031D	5	Lamar, City Of		Lamar	Prowers	Distribution / Transmission Lines Construction / Rehabilitation	\$961,000	9,500
960061D	2	Larkspur, Town of		Larkspur	Douglas	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,500,000	250
050032D	5	Las Animas, City Of		Las Animas	Bent	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	2,758
050033D	5	Limon, Town Of		Limon	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,269,130	3,000
020004D	2	Lochbuie, Town of		Lochbuie	Weld	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$5,500,000	3,200
030040D	1	Log Lane Village, Town of		Log Lane Village	Morgan	Connect To Existing Facility; Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities; New Drinking Water Treatment Plant	\$3,700,000	1,006
030070D	4	Longmont, City of		Longmont	Boulder	New Drinking Water Treatment Plant	\$60,000,000	70,000
990030D	5	Lookout Mountain WD		Golden	Jefferson	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$450,000	1,500
020025D	4	Loveland, City of		Loveland	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$27,000,000	60,000
960067D	3	Lyons, Town of		Lyons	Boulder	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$8,000,000	1,617
000011D	4	Mancos, Town of		Mancos	Montezuma	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$850,000	1,140
050034D	3	Manitou Springs, City Of		Manitou Springs	El Paso	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,440,000	4,980
960213D	2	Manzanola, Town of		Manzanola	Otero	Improvement / Expansion Of Water Treatment Facility	\$601,510	518
020005D	5	Meeker, Town of		Meeker	Rio Blanco	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$550,000	2,234
960214D	4	Mesa Cortina WSD		Silverthorne	Summit	Distribution / Transmission Lines Construction / Rehabilitation	\$250,000	800
960151D	3	Mesa County	Artesian Water Services	Grand Junction	Mesa	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,000,000	300
010024D	5	Mesa WSD		Mesa	Mesa	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$175,000	400
050035D	5	Milliken, Town Of		Milliken	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,900,000	3,900
050036D	3	Monte Vista, City Of		Monte Vista	Rio Blanco	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,500,000	5,000
040014D	5	Montezuma County #1 WD		Cortez	Montezuma	Distribution / Transmission Lines Construction / Rehabilitation	\$275,000	1,000

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960071D	5	Montezuma, Town of		Montezuma	Summit	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,015,000	42
030042D	4	Monument, Town of		Monument	El Paso	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,325,000	2,481
960073D	5	Morgan County Quality WD		Fort Morgan	Morgan	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,759,000	6,000
050037D	3	Morrison Creek Metro WSD		Stagecoach	Routt	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$1,400,000	700
960074D	3	Morrison, Town of		Morrison	Jefferson	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,400,000	427
960075D	4	Mount Crested Butte WSD		Mount Crested Butte	Gunnison	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$6,000,000	6,000
040015D	2	Mountain WSD		Conifer	Jefferson	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$450,000	900
010025D	5	Munns Addition WSD		Brush	Morgan	Consolidation Of Water Treatment Facilities; Water Supply Facilities	\$500,000	80
020026D	3	Naturita, Town of	Mustang WA	Naturita	Montrose	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,400,000	635
960119D	4	New Castle, Town Of		New Castle	Garfield	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,000,000	2,268
960078D	5	North Shore WSD		Granby	Grand	Distribution / Transmission Lines Construction / Rehabilitation	\$1,800,000	275
040016D	4	Northern Douglas County WSD	Chatfield East Estates Inclusion	Littleton	Douglas	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$3,100,000	400
030043D	4	Northern Douglas County WSD	McArthur Ranch inclusion	Littleton	Douglas	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,100,000	230
020027D	3	Nucla, Town of	Mustang WA	Nucla	Montrose	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,400,000	635
960082D	1	Oak Creek, Town of		Oak Creek	Routt	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$3,221,750	875
960084D	3	Olde Stage WD		Boulder	Boulder	Water Storage Facilities	\$300,000	213
020014D	3	Olney Springs, Town of		Olney Springs	Crowley	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,395,000	376
030044D	3	Ophir, Town of		Ophir	San Miguel	New Regional Water Treatment Facilities; Water Storage Facilities; Water Supply Facilities	\$170,000	125
960085D	3	Orchard City, Town Of		Orchard City	Delta	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$650,000	3,000
030045D	5	Ordway, Town of		Ordway	Crowley	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,100,000	1,207
030051D	5	Ouray, City of		Ouray	Ouray	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,000,000	813
050038D	2	Ovid, Town Of		Ovid	Sedgwick	Water Storage Facilities	\$80,000	330
960087D	4	Pagosa Area WSD		Pagosa Springs	Archuleta	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,080,000	15,000
030052D	4	Paint Brush Hills MD		Falcon	El Paso	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,145,000	1,200
040022D	3	Palisade, Town Of		Palisade	Mesa	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$750,000	3,000
010028D	5	Palmer Lake, Town of		Palmer Lake	El Paso	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,000,000	2,200
000015D	5	Paonia, Town of		Paonia	Delta	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,500,000	2,400
030053D	4	Parachute, Town of		Parachute	Garfield	Improvement / Expansion Of Water Treatment Facility	\$800,000	1,301

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010033D	3	Parkville WD		Leadville	Lake	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$750,000	6,000
030055D	3	Peetz, Town of		Peetz	Logan	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$49,341	233
960092D	4	Penrose WD		Penrose	Fremont	Improvement / Expansion Of Water Treatment Facility	\$35,000	3,280
960219D	5	Perry Park WSD		Larkspur	Douglas	Water Storage Facilities; Water Supply Facilities	\$1,500,000	2,912
990035D	5	Pine Drive WD		Beulah	Pueblo	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$180,000	420
960093D	3	Pinewood Springs WD		Pinewood Springs	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$330,000	800
010031D	5	Pioneer Lookout WD		Monument	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$10,500	85
960094D	5	Platteville, Town of		Platteville	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$2,200,000	2,500
050039D	3	Poncha Springs, Town Of		Poncha Springs	Chaffee	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,350,000	500
050040D	5	Powderhorn MD		Mesa	Mesa	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,000,000	499
050041D	3	Pritchett, Town Of		Pritchett	Baca	Water Storage Facilities	\$500,000	150
990036D	4	Project 7 WA		Montrose	Montrose	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$2,225,000	40,000
010050D	4	Pueblo West MD		Pueblo West	Pueblo	Distribution / Transmission Lines Construction / Rehabilitation	\$3,500,000	4,500
050042D	4	PV Water And Sanitation MD		Adams / Weld		New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$32,000,000	10,000
960225D	5	Rainbow Valley WD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation	\$62,000	135
020006D	4	Rangely, Town of		Rangely	Rio Blanco	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$500,000	2,000
050043D	2	Raymer, Town Of		Raymer	Weld	Improvement / Expansion Of Water Treatment Facility	\$300,000	73
040023D	4	Red Cliff, Town Of		Red Cliff	Eagle	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$100,000	350
040024D	4	Red Rock Valley Estates WD		Colorado Springs	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$10,000	220
050044D	4	Resource Colorado Water And Sanitation MD		Adams / Weld		New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$16,000,000	10,000
960098D	1	Rico, Town of		Rico	Dolores	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$200,000	250
960099D	4	Ridgewood WD		Woodland Park	Teller	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,000,000	95
040025D	4	Ridgway, Town Of		Ridgway	Ouray	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$750,000	500
020007D	3	Rifle, City Of		Rifle	Garfield	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Eliminate Raw Water Taps	\$5,500,000	7,800
960227D	4	Rocky Ford, City of		Rocky Ford	Otero	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$2,050,000	4,213
050045D	3	Romeo, Town Of		Romeo	Conejos	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$75,000	345
020028D	5	Round Mountain WSD		Silver Cliff / Westcliffe	Custer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$260,000	950

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960160D	4	Routt County	Hahn's Peak	Steamboat Springs	Routt	Eliminate Individual Private Wells; Water Supply Facilities	\$1,800,000	150
960164D	4	Roxborough Park MD		Littleton	Douglas	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$9,800,000	7,830
960102D	5	Rye, Town of		Rye	Pueblo	Improvement / Expansion Of Water Treatment Facility	\$100,000	230
960142D	4	Saguache, Town of		Saguache	Saguache	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$12,000	578
990039D	4	Salida, City of		Salida	Chaffee	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,150,000	5,504
040026D	3	San Juan River Village MD		Pagosa Springs	Archuleta	Improvement / Expansion Of Water Treatment Facility	\$550,000	500
030059D	4	San Luis WSD		San Luis	Costilla	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities; Meters	\$630,000	739
960104D	5	Sanford, Town of		Sanford	Conejos	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$250,000	783
030060D	5	Sawpit, Town of		Sawpit	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$130,000	26
960105D	5	Sedalia WSD		Sedalia	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,020,000	220
040027D	3	Sedgwick, Town of		Sedgwick	Sedgwick	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$280,000	183
000017D	5	Seibert, Town of		Seibert	Kit Carson	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$300,393	194
030061D	5	Severance, Town Of		Severance	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$929,000	1,050
020008D	4	Silt, Town Of		Silt	Garfield	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$3,250,000	2,200
050075D	5	Silver Heights WSD		Castle Rock	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,000,000	350
960107D	1	Silver Plume, Town of		Silver Plume	Clear Creek	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters; New Drinking Water Treatment Plant	\$2,262,388	205
990041D	4	Silverton, Town of		Silverton	San Juan	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$3,000,000	533
040028D	1	Simla, Town of		Simla	Elbert	Improvement / Expansion Of Water Treatment Facility	\$100,000	550
030062D	5	South Adams County WSD		Commerce City	Adams	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$6,730,000	29,120
030063D	4	South Fork WSD		South Fork	Rio Grande	New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,000,000	1,500
040029D	4	Southeast La Plata Rural WD		Durango	La Plata	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$10,000,000	4,900
050046D	1	Springfield, Town Of		Springfield	Baca	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$1,000,000	1,500
960145D	4	St Charles Mesa WD	Blende, Vineland, Avondale, Pueblo	Pueblo	Pueblo	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,000,000	12,100
960109D	3	St Marys Glacier WSD		Idaho Springs	Clear Creek	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$330,000	400
030064D	5	Steamboat Lake WSD		Clark	Routt	Water Storage Facilities; Water Supply Facilities; Meters	\$330,000	350
960156D	1	Sterling, City of		Sterling	Logan	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$700,000	13,916
050047D	3	Stonegate Village MD		Parker	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,000,000	8,000

APPENDIX A
FY 2005
Drinking Water Revolving Fund Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
980244D	5 1	Stratmoor Hills WD		Colorado Springs	El Paso	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Meters	\$797,374	6,300
050048D	5	Stratton, Town Of		Stratton	Kit Carson	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$1,000,000	669
010035D	4	Sugar City, Town of		Sugar City	Crowley	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$20,000	220
960230D	5	Summit Ridge WD		Mancos	Montezuma	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$700,000	1,400
030065D	5	Swink, Town of		Swink	Otero	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$285,000	688
050049D	3	Tabernash Meadows WSD	Pole Creek Subdivision	Tabernash	Grand	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$300,000	100
040030D	5	Teller County #1 WSD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$600,000	625
010036D	5	Telluride, Town of		Telluride	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	2,318
020010D	5	Thunderbird WSD		Sedalia	Douglas	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$720,000	425
990046D	4	Trinidad, City Of		Trinidad	Las Animas	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$17,800,000	9,254
050050D	5	Turkey Canyon Ranch WD		Colorado Springs	El Paso	Improvement / Expansion Of Water Treatment Facility	\$300,000	4,999
040031D	2	Two Buttes, Town of		Two Buttes	Baca	Improvement / Expansion Of Water Treatment Facility	\$100,000	100
050051D	5	Upper Eagle Regional WA		Avon, Edwards	Eagle	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$9,180,000	32,500
010037D	4	Victor, City Of		Victor	Teller	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities	\$1,000,000	600
050052D	1	Vilas, Town Of		Vilas	Baca	Improvement / Expansion Of Water Treatment Facility	\$300,000	147
960115D	4	Walden, Town Of		Walden	Jackson	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$1,900,000	734
050053D	5	Walsenburg, City Of		Walsenburg	Huerfano	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	4,119
990047D	5	Walsh, Town of		Walsh	Baca	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$425,000	731
050054D	5	Watkins, Town Of	Prairie View Subdivision	Watkins	Arapahoe	Water Supply Facilities	\$125,000	5,530
030068D	5	West Fort Collins WD		Fort Collins	Larimer	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$500,000	1,000
960231D	3	Westcreek Lakes WD		Sedalia	Douglas	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$450,000	100
050055D	3	Westminster, City Of		Westminster	Adams	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$26,500,000	110,000
990048D	3	Westwood Lakes WD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation	\$650,000	378
050056D	5	Wiggins, Town Of		Wiggins	Morgan	Water Storage Facilities; Water Supply Facilities; Pipeline	\$500,000	900
960233D	4	Wiley, Town of		Wiley	Prowers	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$900,000	500
020015D	5	Williamsburg, Town of		Williamsburg	Fremont	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$650,000	336
050057D	5	Will-O-Wisp MD		Bailey	Park	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$70,000	287
990049D	5	Wilson Mesa MD	Wilson Mesa Ranch	Telluride	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$155,000	150
020030D	4	Winter Park WSD		Winter Park	Grand	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,499,000	36,000
020038D	4	Woodmoor #1 WSD		Monument	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$4,500,000	7,500
050058D	2	Wray, City Of		Wray	Yuma	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,300,000	2,187
960238D	5	Yampa, Town of		Yampa	Routt	Water Storage Facilities	\$1,000,000	457

APPENDIX A
FY 2005
Drinking Water Revolving Fund Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
030069D	5	Yuma, City of		Yuma	Yuma	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,600,000	3,300

Total

\$805,534,533

**APPENDIX B
FY 2005
Drinking Water Revolving Fund Project Priority / Fundable List**

Priority Rank	Project No	Cat	Pts	Facility	County	PWS ID#	Pop	2005 Loan Amount	^DC	Expected Loan Date	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description
1	010016	1	60	Haswell, Town Of	Kiowa	131600	84	\$180,000	Y	9/2005	20	D	3.5	Exceeding MCL for nitrate / nitrite	Install co-current regeneration ion exchange treatment unit
2	980253	1	45	Deer Trail, Town Of	Arapahoe	103030	592	\$200,000	Y	9/2005	20	D	3.5	Exceeding MCL for bacteria	Replace distribution system
3	960061	2	80	Larkspur, Town Of	Douglas	118030	250	\$500,000	N	9/2005	20	D	3.5	Exceeding MCL for radium	Construct WTP, upgrade distribution lines
4	960093	3	65	Pinewood Springs WD	Larimer	135610	800	\$330,000	N	7/26/04 (Actual)	20	D	3.5	Some turbidity & radioactivity, lead & copper	Treatment and line work
5	960033	3	60	Florence, City Of	Fremont	122500	5,000	\$13,800,000	Y	11/1/2003 (Actual)	20	L	4	MPA violations; aged infrastructure	Upgrade WTP and storage
6	960115	3	47	Walden, Town Of	Jackson	129834	734	\$2,300,000	Y	6/2005	20	D	3.5	The 24 year old plant must be replaced to reduce chemical usage and enhance filtration	Improvement to drinking water treatment plant; water storage facilities
7	960084	3	45	Olde Stage WD	Boulder	107582	213	\$250,000	N	*12/2004	20	D	3.5	Replace aged infrastructure to prevent contamination	New storage tank; repair existing tank
8	990030	5	48	Lookout Mountain WD	Jefferson	110026	1,500	\$450,000	N	*12/2004	20	D	3.5	Leaking lines have potential for contamination and below standard water pressure.	Replacement of aging, leaking lateral distribution line with larger loop line for sub district A.
9	030065	5	47	Swink, Town Of	Otero	145720	688	\$669,000	Y	4/20/2004 (Actual)	20	D	3.5	Leaking lines have potential for contamination and below standard water pressure.	Replace distribution lines, metering, valves and fire hydrants.
10	960055	5	42	Kiowa, Town Of	Eibert	122015	660	\$1,900,000	N	6/2005	20	L	4	Inadequate pressure in water lines	Construct new storage tank, transmission mains and booster pump stations
11	990013	5	30	Cottonwood WSD	Douglas	118020	2,375	\$4,000,000	N	6/2005	20	L	4	Iron, manganese and hydrogen sulfide contamination	Construct new membrane filtration plant
12	030051	5	27	Ouray, City Of	Ouray	146588	813	\$1,487,000	Y	12/19/03 (Actual)	20	D	3.5	Potential health risk - old system unable to meet requirements	Upgrades/replacements to distribution, storage, treatment and water collection systems

Total **\$26,066,000**

<p>^DC - Disadvantaged Communities Y-Yes, N-No</p>
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**ATTACHMENT 1
FY 2005
Drinking Water Revolving Fund Rules**



**Colorado Department
of Public Health
and Environment**

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

**STATE BOARD OF HEALTH
DRINKING WATER REVOLVING FUND RULES**

(Last Amended September 15, 2004, effective November 30, 2004)

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

**STATE BOARD OF HEALTH
DRINKING WATER REVOLVING FUND RULES**

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DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

STATE BOARD OF HEALTH DRINKING WATER REVOLVING FUND RULES

A. 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 (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, which is part of the annual Intended Use Plan. Codified at sections 37-95-103 and 37-95-107.8, C.R.S., the statutes direct the State 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 complies with 40 CFR part 35, subpart I, and provides for the Board of Health's approval of the Intended Use Plan including additions and modifications to the Project Eligibility List and the Priority / Fundable List.

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 25-1.5-203, C.R.S., also provides authority for this regulation.

B. Definitions

Section 1.2.2 of the Colorado Primary Drinking Water Regulations 5 CCR 1003-1, contains 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" - 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" - A situation where the Division has identified a maximum contaminant level (MCL) violation or a treatment technique violation. Funding for these projects must 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 MCLs (other than those listed as acute) and treatment technique requirements. Chronic contaminant health effects occur after years of exposure.

- (6) "Other Future Needs" - Those needs in situations where a 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" - Temporary managerial or technical steps to protect public health during the time period when the public water system 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" – A situation where a public water system has periodically exceeded an MCL, has levels greater than 50 percent 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 Section 37-95-107.8(4), C.R.S. The list shall consist of projects that 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) "Public water system" - (PWS) A system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least fifteen service connections or regularly serves an average of at least twenty-five individuals daily at least 60 days out of the year. Such term includes:
- (a) Any collection, treatment, storage, and distribution facilities under control of the operator of such system and used primarily in connection with such system.
 - (b) Any collection or pretreatment storage facilities not under such control, which are used primarily in connection with such system.
- (12) "Source Water Protection" - Structural or nonstructural source water protection activities done in addition to area delineation and contaminant assessment.
- (13) "Treatment Facilities" - Any devices or systems used in the collection, storage, treatment, transmission, diversion, or distribution of water intended for drinking water purposes.
- (14) "Wastewater Treatment Plant Sludge" - The accumulated solids resulting from treatment of domestic wastewater.
- (15) "Water Conservation" - Any structural or nonstructural water conservation measure that achieves a reduction in water consumption for a PWS or 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 that 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.
- (16) "Water Treatment Plant Sludge" - The accumulated solids resulting from treatment of water for domestic use.

C. Purpose

- (1) The purpose of the DWRF is to provide financial assistance to governmental agencies for the construction of treatment facilities for health and compliance purposes as defined above.
- (2) An annual Intended Use Plan (IUP) is required by the SDWA to provide information about how the state will assist communities with their drinking water needs. Included in the IUP is the Project Eligibility List, which is a comprehensive list identifying governmental agencies with drinking water project needs, and the Priority / Fundable List, identifying prioritized PWS projects that are eligible for financial assistance from the DWRF. The project priority system is intended to establish priorities for the DWRF 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 DWRF.
- (3) It is also the policy of the Board of Health to encourage consolidation of drinking water systems and to promote water conservation where practicable.
- (4) It is the policy of the Board of Health and the Water Quality Control Commission to promote beneficial use of sludge created by treatment processes of a PWS.
- (5) Any applicant for financial assistance from the DWRF must comply with policies and procedures and other requirements of the Authority.

D. Intended Use Plan Procedures

The Division, in cooperation with the Division of Local Government and the Authority, shall develop an annual IUP. The Division shall recommend the IUP to the Board of Health each year for final agency action at a public hearing, and shall also provide for public notice and an opportunity to comment to comply with the SDWA.

The IUP shall include:

- (1) The Project Eligibility List and Priority / Fundable List of projects.
- (2) Descriptions of:
 - (a) Criteria and method used for distribution of funds
 - (b) Financial status of the DWRF program
 - (c) Short and long term goals of the DWRF program
 - (d) Amounts transferred between the DWRF and the Water Pollution Control Revolving Fund

- (e) Set-aside activities and the percentage of the capitalization grant to be used
 - (f) How a state disadvantaged community program will be defined and utilized, if applicable; and
- (3) Any other material that may be required by the SDWA.

E. Project Eligibility List and Priority / Fundable List Procedures

- (1) The Project Eligibility List is the comprehensive list of projects showing current and future needs of PWS improvements. 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 at a public hearing. The list shall be forwarded to the General Assembly each year on or before January 15; once approved by the General Assembly, the Authority is able to provide assistance to the governmental agencies with projects on the Project Eligibility List.
- (2) As required by federal regulations, all projects, except projects funded on an emergency basis, shall be prioritized before receiving assistance from the DWRP. The Priority / Fundable List includes projects from the Project Eligibility List that are ready for funding and have been prioritized by the Division based on information provided by the PWS. The Priority / Fundable List shall include:
- (a) The name of the public water system;
 - (b) Priority points and rank assigned to the project;
 - (c) A description of the project;
 - (d) The expected terms of the financial assistance; and
 - (e) Population of the PWSs service area
- (3) Projects on the Priority / Fundable List will be financed in priority order; however, exceptions for funding out of priority order shall be allowed due to one or more of the following reasons:
- (a) Certain governmental agencies are not ready to proceed with the project;
 - (b) Certain governmental agencies do not wish to participate in the DWRP, or they have received funding from other sources;
 - (c) Certain governmental agencies (on the list) had an emergency situation occur during the funding year; or
 - (d) Certain governmental agencies are 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.)

F. Priority System

- (1) All PWSs with identified water quality problems related to health and compliance issues may be included in one of the categories listed below.
- (2) All PWS projects that fall into one of the categories listed below and have a pre-planning, planning, or pre-design document that describes a project to correct the water quality problem, shall be prioritized as ready for funding on the Priority / Fundable List.
- (3) Funding for the projects under each category shall result in the PWSs complying with existing regulatory requirements.
- (4) Eligible Project Criteria

Categories were developed to emphasize the most immediate public health and compliance issues. Projects on the Project 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 have violations caused by poor operation and maintenance procedures or are under an administrative order for violating reporting requirements.

- (5) Categories By Priority Ranking
 - (a) 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.
 - (b) 2 - Chronic (long term) Health Hazard. The Division has identified a continuous violation of an MCL or an SWTR treatment technique requirement for a chronic contaminant.
 - (c) 3 - Potential Acute Health Hazard. The PWS has periodically exceeded an acute MCL, has levels greater than 50 percent 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.
 - (d) 4 - Potential Chronic Health Hazard. The PWS has periodically exceeded a chronic MCL, has levels greater than 50 percent of a chronic MCL on a regular basis, or has short term problems meeting other treatment technique requirements.
 - (e) 5 - Other Future Needs. The PWS 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.

(6) Priority Point Assignments Within Each Category

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

- (a) Population. Points shall be assigned to PWSs 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

- (b) Financial Need. Points shall be assigned to PWSs in accordance with the following “financial need criteria:”

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

over 3 percent	20 points
over 2 percent; up to 3 percent	15 points
over 1 percent; up to 2 percent	10 points

- (ii) Local burden (total project cost per equivalent residential tap):

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

- (c) Consolidation. Fifteen points shall be assigned to a PWS if the project includes consolidating two or more PWSs.

- (d) Water Conservation. Five points shall be assigned to a PWS if the PWS implements a water conservation measure.

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

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

- (g) Health Risk. To further clarify the ranking of PWS projects, the Division shall assign up to twenty points for a PWSs health risks. Determination of the health risk will be made based upon the type and level of contaminant present within categories.

G. Disadvantaged Communities Procedures

Under the SDWA, states are authorized to establish Disadvantaged Communities Programs. The following procedures describe the approval and amendment process for Colorado's annual IUP as it relates to the administration of its Disadvantaged Communities Program. The Division, Authority and the Division of Local Government may recommend Program changes based on actual program implementation and the results of periodic reviews conducted hereunder. Approval of any and all changes in the IUP is subject to final agency action by the Board of Health.

- (1) The DWRf may provide additional loan subsidies for governmental entities that are determined to be "disadvantaged." The definition/criteria of a disadvantaged community and the nature of the loan subsidies to be made available thereto shall be recommended for inclusion in the IUP by the Division and the Authority in consultation with the Division of Local Government. Subsidies, such as extended loan repayment terms and reduced interest rates at or above zero percent, are not subject to the thirty percent cap of the federal capitalization grant.
- (2) While compiling projects on the Priority / Fundable List (utilizing the procedures listed in Section E above), the Division will identify the community projects that qualify for assistance under the Disadvantaged Communities Program in accordance with program definition/criteria.
- (3) The Division, the Authority and the Division of Local Government will conduct periodic reviews, as appropriate, of the Disadvantaged Communities Program. The reviews may result in recommended program changes relative to the nature of available subsidies to be incorporated into the IUP. In conducting such reviews and preparing recommendations, the following factors may be examined:
 - (a) The overall financial condition of the communities participating in the program, including but not limited to:
 - o The total drinking water utility system fee and tax burden upon rate payers;
 - o Post project drinking water utility charges;
 - o Drinking water utility indebtedness;
 - o Median household income.
 - (b) The impact of the subsidy upon the continued financial viability of the DWRf.

- (c) The merit of utilizing all financial assistance options allowed under the SDWA to ensure a safe drinking water supply for all citizens.
- (4) Upon receipt of comment from the Division, Authority and/or Division of Local Government, the Board of Health shall render final agency action upon the Disadvantaged Communities Program provisions of the IUP.

H. Emergency Procedures

- (1) The Board of Health may amend the project eligibility and Priority / Fundable Lists at any time throughout the year to include PWS projects that it determines and declares to be emergency projects needed to prevent or address threats to public health.
- (2) In cases where the board determines the amendments will result in substantial changes to the project eligibility or Priority / Fundable Lists, public notice and opportunity for comment on the proposed inclusions shall be provided.

ATTACHMENT 2
FY 2005
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
 - Install meters
- ◆ 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 2
FY 2005
Eligible and Ineligible Projects and Project-Related Costs
Under the Drinking Water State Revolving Loan Fund (DWRf) Program
(continued)

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 3a
FY 2005
DWSRF Set-Aside and Fee Activity**

Set-Aside	Set Aside Allocation from Grants Through 06/30/04	Set Aside Funds Transferred To DWSRF Loan Fund	Set Aside Funds Expended Through 06/30/04	Balance available	Estimated FFY05 Set- Aside	Total Funds Available SFY05	Set Aside Reserved Through 2004	Set Aside Reserved From FFY04 Allotment	Total Set-Aside Reserved
Administration	\$3,905,188	\$0	(\$1,895,918)	\$2,009,270	\$549,500	\$2,558,770	\$0	\$0	\$0
State Program:									
PWS Supervision	3,157,094		(1,787,656)	1,369,438	1,025,273	2,394,711	0	0	0
Source Water Protection									
Capacity Development									
Operator Certification									
Small System Tech. Asst.	1,952,594	(281,532)	(682,589)	988,473	274,750	1,263,223	0	0	0
Local Assistance:									
Loan Assistance for SWP									
Capacity Development	6,112,975	(839,205)	(1,936,786)	3,336,984	1,373,770	4,710,754	0	0	0
Source Water Assessment	1,678,410		(1,660,065)	18,345	0	18,345	0	0	0
Wellhead Protection	3,482,667		(2,168,083)	1,314,584	372,000	1,686,584	0	0	0
TOTALS	\$20,288,928	(\$1,120,737)	(\$10,131,097)	\$9,037,094	\$3,595,293	\$12,632,387	\$0	\$0	\$0

Administrative Fees Collected & Expended	Loan Fees Collected through 06/30/04	Grant Funds Drawn as of 06/30/04	Investment Income plus Other Transfers In	Expended Through 06/30/04	Balance Available as of 06/30/04	Anticipated Collection for 07/01/04 - 06/30/05 *	Anticipated Fee Funds Available
Admin Fee Account Activity	\$5,811,681	\$1,895,918	423,042	(\$5,840,671)	2,289,971		\$2,864,611,340

* Based on loans issued as of 06/30/04
** Cash basis

ATTACHMENT 3b
FY 2005
Funds Available to the DWRF Program

<u>SOURCES</u>	Inception through June 30, 2004	Projected - For the Time Period (07/01/04 - 06/30/05)	Total
Federal Capitalization Grants	\$97,629,700	\$13,737,700	\$111,367,400
less: Set-asides	(19,168,191)	(3,595,293)	(22,763,484)
State Match:			
Appropriation/Agency Cash - Committed	17,043,114	4,000,000	21,043,114
Agency Cash for CWSRF transfer	0	0	0
State Match Bonds	0	0	0
Leveraging Bonds Proceeds	171,115,000	40,000,000	211,115,000
Leveraged Loans Repayments:			0
Principal (1)	24,058,750	6,353,750	30,412,500
Interest	14,245,193	3,539,428	17,784,621
Principal (2) (State Match)	2,139,790	566,962	2,706,752
Direct Loans Repayments:			
Principal	1,453,242	558,041	2,011,283
Interest	589,997	277,378	867,375
Federal Funds Deallocation (from DSRF)	6,672,613	2,404,934	9,077,547
Fees Deposited to the DWRF	0	0	0
Interest Income on Investments	18,702,077	3,500,000	22,202,077
Transfer to/from Clean Water SRF Grant program	0	0	0
TOTAL SOURCES	334,481,285	71,342,900	405,824,185

<u>USES</u>			
Loans Executed:			
Direct	13,127,314	4,750,000	17,877,314
Leveraged	186,857,963	40,000,000	226,857,963
Grant Funds Committed to Loans	70,566,507	16,000,000	86,566,507
Leveraging Bond Debt Service			
Principal	19,625,000	6,300,000	25,925,000
Interest	30,108,646	6,981,287	37,089,933
Loan Principal rcvd but due to debt service	4,433,750	4,487,500	8,921,250
Loan Interest rcvd but due to debt service	624,226	899,951	1,524,177
Funds Available for New Loans (2005)	9,137,879	(8,075,838)	1,062,041
TOTAL USES	\$334,481,285	\$71,342,900	\$405,824,185

* Amounts for this schedule are cash basis.

Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND (DWRP)
LOAN SUMMARY REPORT as of 07/31/04

BOND ISSUE	BORROWER	LOAN EXECUTED	ORIGINAL LOAN AMOUNT	LOAN TERM	EFFECTIVE INTEREST RATE	FEDERAL GRANT AMOUNT	STATE MATCH PROVIDED	DWSRF RELOAN FUNDS USED
LEVERAGED LOAN PROGRAM								
NUMBER OF SRF LEVERAGED LOANS FUNDED:		25						
1997A	Arapahoe Estates Water District	10/01/97	\$1,048,332.75	20 YEARS	4.150%	\$388,360.00	\$98,332.75	C
1997A	Englewood, City of	10/01/97	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	10,125,299.77	20 YEARS	4.120%	3,614,928.00	915,299.77	C
1998A	Buena Vista, Town of	06/01/98	1,324,119.65	20 YEARS	4.010%	490,204.00	124,119.65	C
1998A	Fort Morgan, City of	06/01/98	15,433,355.38	21 YEARS	4.020%	5,641,214.00	1,428,355.38	C
1999A	Aurora, City of	05/01/99	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	4,998,394.59	20 YEARS	3.808%	1,870,165.00	403,394.59	C
1999A	Glenwood Springs, City of	05/01/99	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	2,998,566.15	19 YEARS	3.783%	1,036,468.00	223,566.15	C
1999A	Greeley, City of	05/01/99	14,999,038.36	20 YEARS	3.802%	5,280,660.00	1,139,038.36	C
1999A	Julesburg, Town of	05/01/99	994,599.70	20 YEARS	3.809%	392,210.00	84,599.70	C
1999A	Left Hand Water District	05/01/99	6,571,538.04	20 YEARS	3.802%	2,139,722.00	461,538.04	C
2000A	Evergreen Metropolitan District	04/15/00	5,577,981.71	21 YEARS	4.390%	1,786,069.00	452,981.71	C
2000A	Fountain Valley Authority	04/15/00	7,607,966.23	21 YEARS	4.400%	2,633,735.00	667,966.23	C
2000A	Limon, Town of	04/15/00	1,440,808.84	21 YEARS	4.410%	436,910.00	110,808.84	C
2000A	Pueblo Board of Waterworks	04/15/00	9,558,794.83	23 YEARS	4.600%	2,499,000.00	633,794.83	C
2000A	Westminster, City of	04/15/00	14,998,357.36	21 YEARS	4.400%	4,764,452.00	1,208,357.36	C
2002A	Evergreen Metropolitan District	04/01/02	2,036,129.62	21 YEARS	4.000%	764,260.00	181,129.62	C
2002A	Grand Junction, City of	04/01/02	3,566,521.69	21 YEARS	4.020%	1,082,370.00	256,521.69	C
2002A	Idaho Springs, City of	04/01/02	2,339,796.89	21 YEARS	3.990%	906,316.00	214,796.89	C
2002A	La Junta, City of	04/01/02	9,812,211.15	21 YEARS	4.000%	3,300,469.00	782,211.15	C
2003A	Fountain Valley Authority	06/01/03	3,221,861.82	22 YEARS	3.030%	1,463,552.00	346,861.82	C
2003A	Longmont, City of	06/01/03	14,998,044.44	21 YEARS	3.110%	6,046,601.00	1,433,044.44	C
2003A	Lyons, Town of	06/01/03	4,915,599.18	22 YEARS	3.030%	2,196,621.00	520,599.18	C
2003B	Florence, City of	11/01/03	12,999,092.97	22 YEARS	3.510%	5,502,502.00	1,304,092.97	C
TOTAL LEVERAGED LOANS			\$186,857,962.68			\$66,060,988.00	\$15,742,962.68	\$0.00

Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND (DWRF)
LOAN SUMMARY REPORT as of 07/31/04

BOND ISSUE	BORROWER	LOAN EXECUTED	ORIGINAL LOAN AMOUNT	LOAN TERM	EFFECTIVE INTEREST RATE	FEDERAL GRANT AMOUNT	STATE MATCH PROVIDED	DWSRF RELOAN FUNDS USED			
SRF DIRECT LOAN PROGRAM											
NUMBER OF SRF DIRECT LOANS FUNDED:		21									
1997	Gand Lake, Town of	10/29/97	495,000.00	20 YEARS	4.500%	394,988.00	100,012.00	0.00	C		
1998	Chatfield South Water District	07/13/98	728,500.00	20 YEARS	4.500%	581,310.00	147,190.00	0.00	C		
1998	Left Hand W&S District	09/11/98	188,700.00	20 YEARS	4.500%	150,574.00	38,126.00	0.00	C		
1999	Julesburg, Town of	05/01/99	693,000.00	Paid in Full	N/A	543,757.00	149,243.00	0.00	C		
1999	Thunderbird W&S District (#1)	06/01/99	285,000.00	20 YEARS	4.500%	223,623.00	61,377.00	0.00	C		
1999	La Junta, City of	10/15/99	490,000.00	20 YEARS	4.500%	384,475.00	105,525.00	0.00	C		
2000	Sedalia W&S Distirct	03/09/00	326,000.00	20 YEARS	4.500%	255,794.00	70,206.00	0.00	C		
2000	Springfield, Town of	07/28/00	349,470.76	20 YEARS	4.500%	274,209.00	75,261.76	0.00	C		
2000	Craig, City of	12/15/00	450,000.00	5 YEARS	4.000%	353,089.00	96,911.00	0.00	C		
2001	Wellington, City of	11/01/01	1,000,000.00	20 YEARS	4.000%	746,500.00	253,500.00	0.00	C		
2002	Woodland Park, City of	03/13/02	800,000.00	20 YEARS	4.000%	597,200.00	202,800.00	0.00	C		
2002	Hayden, Town of	04/30/02	1,000,000.00	20 YEARS	4.000%	0.00	0.00	1,000,000.00	F		
2002	Thunderbird W&S District (#2)	08/27/02	400,000.00	20 YEARS	4.000%	0.00	0.00	400,000.00	F		
2002	Dillon, Town of	10/18/02	1,000,000.00	10 YEARS	4.000%	0.00	0.00	1,000,000.00	F		
2002	Basalt, Town of	12/19/02	948,245.63	20 YEARS	4.000%	0.00	0.00	1,000,000.00	F		
2003	Westwood Lakes Water District	05/15/03	500,000.00	20 YEARS	4.000%	0.00	0.00	500,000.00	F		
2003	Oak Creek, Town of	11/18/03	981,198.00	20 YEARS	4.000%	0.00	0.00	981,198.00	F		
2003	Mustang Water Authority	12/08/03	700,000.00	20 YEARS	4.000%	0.00	0.00	700,000.00	F		
2003	Ouray, City of	12/19/03	1,000,000.00	20 YEARS	4.000%	0.00	0.00	1,000,000.00	F		
2004	Swink, Town of	04/20/04	669,000.00	20 YEARS	3.500%	0.00	0.00	669,000.00	F		
2004	Pinewood Spings Water District	07/26/04	123,200.00	20 YEARS	3.500%	0.00	0.00	123,200.00	F		
TOTAL FEDERAL PROGRAM DIRECT LOANS			\$13,127,314.39			\$4,505,519.00	\$1,300,151.76	\$7,373,398.00			

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND (DWRF)
 LOAN SUMMARY REPORT as of 07/31/04

BOND ISSUE	BORROWER	LOAN EXECUTED	ORIGINAL LOAN AMOUNT	LOAN TERM	EFFECTIVE INTEREST RATE	FEDERAL GRANT AMOUNT	STATE MATCH PROVIDED	DWSRF RELOAN FUNDS USED
STATE DIRECT LOAN PROGRAM								
NUMBER OF NON-SRF DIRECT LOANS FUNDED:		17						
1995	Idledale W&S District	07/10/95	250,000.00	20 YEARS	4.500%			
1995	Fairplay #1, Town of	08/01/95	250,000.00	20 YEARS	4.500%			
1995	Minturn, Town of	08/11/95	300,000.00	20 YEARS	4.500%			
1995	Empire, Town of	08/24/95	331,432.00	20 YEARS	4.500%			
1995	Elizabeth, Town of	10/01/95	500,000.00	20 YEARS	4.500%			
1996	Lake Creek Metropolitan District	01/12/96	500,000.00	20 YEARS	4.500%			
1996	Fraser, Town of	04/15/96	200,000.00	5 YEARS	4.500%			
1996	Baca Grande, W&S District	02/01/96	500,000.00	10 YEARS	4.500%			
1996	Firestone, Town of	06/13/96	95,000.00	10 YEARS	4.500%			
1996	Nunn, Town of	08/12/96	330,260.00	20 YEARS	4.500%			
1996	Lochbuie, Town of	08/28/96	351,888.50	20 YEARS	4.500%			
1996	Lyons, Town of	08/19/96	500,000.00	21 YEARS	4.500%			
1996	Bayfield, Town of	11/15/96	350,000.00	20 YEARS	4.500%			
1997	Fairplay #2, Town of	07/30/97	200,000.00	20 YEARS	4.500%			
1997	Idaho Springs, Town of	10/15/97	500,000.00	20 YEARS	4.500%			
1997	Westlake W&S District	08/19/97	250,000.00	20 YEARS	4.500%			
1998	Redstone W&S District	12/01/97	410,000.00	20 YEARS	4.500%			
TOTAL STATE PROGRAM DIRECT LOANS			\$5,818,580.50					

TOTAL NUMBER OF DWRF LOANS FUNDED:		63						
TOTAL AMOUNT OF DIRECT LOANS			\$18,945,894.89			\$4,505,519.00	\$1,300,151.76	
TOTAL AMOUNT OF LEVERAGED LOANS			\$186,857,962.68			\$66,060,988.00	\$15,742,962.68	
TOTAL DWF PROGRAM LOANS			<u>\$205,803,857.57</u>			<u>\$70,566,507.00</u>	<u>\$17,043,114.44</u>	
TOTAL DW SRF LEVERAGED and DIRECT LOANS			<u>\$199,985,277.07</u>			<u>\$70,566,507.00</u>	<u>\$17,043,114.44</u>	

Legend

A - State Match Cash Provided by Authority	E - State Match Cash provided from Direct Loan
B - State Match Cash Provided by DWRF Admin	Pre-Construction Account Interest Income (Cash)
C - State Match Cash Provided by DWRF Fundir F	F - Loan Funding Provided from DWSRF Reloan Funds
D - State Match Cash Provided by Borrower	Total Used to date: \$7,373,398

Attachment 2

2006 Intended Use Plan

STATE OF COLORADO

YEAR 2006

DRINKING WATER REVOLVING FUND

INTENDED USE PLAN

Date Approved: November 16, 2005

**DWRF IUP
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APPENDIX

- A. 2006 DWRF Project Eligibility List
- B. 2006 DWRF Project Priority / Fundable List

ATTACHMENTS

- 1. DWRF Rules
- 2. Eligible and Ineligible Projects and Project Related Costs
- 3A. Summary of Set-Aside and Fee Activity
- 3B. Funds Available to the DWRF
- 4. Loan Summary Report

**STATE OF COLORADO
DWRF INTENDED USE PLAN
JANUARY 1 - DECEMBER 31, 2006**

I. INTRODUCTION

As required by Section 1452(b) of the Safe Drinking Water Act (SDWA) and by Interim Final Regulations 40 CFR 35.3555 published August 7, 2000, an Intended Use Plan (IUP) is to be filed annually with the U.S. Environmental Protection Agency (EPA). The IUP describes how the State intends to use the Capitalization Grant and Drinking Water Revolving Fund (DWRF) program funds to meet the objectives of the SDWA and further the goals of protecting public health. The IUP is made available to the public for review and comment prior to submitting it to the EPA as required by the capitalization grant agreement.

The purpose of the DWRF program is to provide financial assistance to governmental agencies for the construction of water projects for public health and compliance purposes as described in the DWRF Rules (Attachment 1), and 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.

This IUP serves as the planning document to describe how the funds allotted for Federal Fiscal Year (FFY) 2006 and the funds remaining from all prior federal fiscal years' capitalization grant appropriations will be used for the DWRF and non-project program set-asides. The DWRF program fiscal year is January 1, 2006 to December 31, 2006. 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 (Authority), the Water Quality Control Division (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 helps

to evaluate the 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 2006;
- ◆ 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 (WPCRF); and
- ◆ A description of the non-project activities to be funded from the DWRF Capitalization Grant including the percentage of such funds allocated to these activities.

The State will prepare and submit a capitalization grant application for FFY 2006 based on this IUP.

II. DRINKING WATER REVOLVING FUND PROJECT LISTS

States are required to develop a comprehensive priority list of eligible projects for funding and to identify projects that will receive funding. 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 that are primarily intended to serve future growth are not eligible. Examples of eligible and ineligible projects and project related costs are found in Attachment 2.

Appendix A to this IUP is the 2006 DWRF Project Eligibility List illustrating the various projects and their associated estimated costs as required by Colorado's authorizing statute. The DWRF Project Eligibility List includes, for each individual entry: the name of the public water system, a description of the project, population, the estimated cost of the project and a categorical ranking by priority as described in the DWRF Rules (included in Attachment 1).

Appendix B (DWRP Project Priority / Fundable List) is a list of the 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.

Projects are added and deleted from the DWRP Project Priority / Fundable List during the annual IUP approval process. Deletions to the list are made for those entities that received a DWRP loan and completed the project. In other cases, projects are deleted from the list when the entity is able to secure project funding from sources other than the DWRP.

The DWRP Priority / Fundable List is amended as projects proceed throughout the year by notification to the Board of Health. The Board of Health may amend the DWRP Project Eligibility and DWRP Priority / Fundable lists at any time throughout the year to include public water system projects that it determines and declares to be emergency projects needed to prevent or address threats to public health.

III. CRITERIA, METHODS AND EVALUATION FOR DWRP DISTRIBUTION

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 the DWRP projects that are forwarded to the Authority Board for funding.

Regarding the non-project activities, the WQCD prepares the capitalization grant application including the amount of funds to be set aside for activities documented in the IUP. The application is forwarded to the Authority for signature and submission to EPA. Section VII (Non-Project Activities) outlines the WQCD's proposed use of funds from the FFY06 grant to meet various SDWA requirements.

A. Project Priority System

Colorado's project priority system is set forth in the DWRP Rules (Attachment 1). The Rules include the following categories by priority ranking:

Priority 1 Acute Health Hazard:

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

Priority 2 Chronic (Long Term) Health Hazard:

The WQCD has identified a continuous violation of an MCL or an SWTR treatment technique requirement for a chronic contaminant.

Priority 3 Potential Acute Health Hazard:

The public water system (PWS) has periodically exceeded an acute MCL, has levels greater than 50 percent 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.

Priority 4 Potential Chronic Health Hazard:

The PWS has periodically exceeded a chronic MCL, has levels greater than 50 percent of a chronic MCL on a regular basis, or has short-term problems meeting other treatment technique requirements.

Priority 5 Other Future Needs:

The PWS 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.

B. Priority Point Assignments Within Each Category

As provided in the DWRP Rules once a pre-planning, planning, or pre-design document is received, projects within each category will be prioritized by the assignment of points based upon the review of the following factors:

- (1) Population
- (2) Financial Need
- (3) Consolidation
- (4) Water Conservation
- (5) Source Water Protection
- (6) Beneficial Use of Sludge
- (7) Health Risk.

Projects on the DWRP 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 DWRP or they have received funding from other sources.
- C) Governmental agencies (on the DWRP Project Eligibility or DWRP Priority / Fundable List) had an emergency situation during the funding year.
- D) Certain governmental agencies are not approved for funding because of technical, financial or managerial deficiencies. (The WQCD will attempt to work with the governmental entity to resolve any deficiencies through the capacity development program).

C. Allocation of Loan Proceeds

In addition to the DWRP Rules, the following policy will be applied to the allocation of loan proceeds:

1. Direct Loan Program

An \$8 million minimum set-aside will be reserved for small projects (\$2 million or less); there will not be an application deadline for these loans. Of the \$8 million set-aside, up to

\$6 million will be reserved for loans to qualified disadvantaged communities as defined below. In September of each year, loan repayments are deposited into the fund. These deposits can be made available for additional small system loans if the \$8 million set-aside is not adequate. Loan applications are currently accepted on a continuous basis. However, a discussion of the merits of instituting an application deadline for direct loans will occur during 2006. If this policy change is made, it will potentially become effective in 2007 and will be incorporated in the 2007 IUP.

2. Leveraged Loan Program

All leveraged loan projects must submit applications by February 1st. 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.

3. Planning and Design Grant Program

The intent of the Planning and Design Grant Program is to assist DWRF applicants with costs associated with complying with program requirements. To be eligible for a Planning and/or Design grant, a governmental agency must meet the following criteria:

- Project is on the current year DWRF Eligibility List,
- Population is under 10,000,
- Median household income (MHI) is less than the state average (the 2000 MHI for the state is \$47,203) or post project water/sewer monthly rates are equal to or greater than the state average as calculated by DLG.

Up to \$100,000, upon approval by the Authority Board, will be made available in 2006 for Planning and/or Design grants. One grant in the amount of \$10,000 will be awarded per community. However, if 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.

Grants will be awarded on a first come, first served basis. If the entity does not borrow project funds through the DWRF, the grant is reimbursable. The entity may seek a waiver of the requirement from the Authority Board.

Grant funds may be used to support a variety of project development activities including, but not limited to: preliminary engineering reports; technical, managerial and financial reviews; 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 the administrative fee account from income received from DWRF loans.

4. **Disadvantaged Communities Program**

In accordance with federal statutes C.F.R 35.3525 (b) and EPA's final "Drinking Water State Revolving Fund Program Guidelines" dated February 1997, Colorado's Disadvantaged Communities Program description is as follows:

a. The definition of a disadvantaged community

A governmental agency that has a population of 5,000 or less with a median household income that is 80 percent or less of the statewide median household income average.

b. The total amount of the capitalization grant that may be used for providing additional subsidies

DWRF re-loan funds are funds that are paid back by borrowers in the form of debt service payments on outstanding debt obligations will be the primary source of revenues used to provide reduced interest rate loans under the program. The loan pool amount for all DWRF direct loans is established at a \$8 million minimum. Of this direct loan pool amount, up to \$6 million will be reserved for loans to qualified disadvantaged communities. EPA capitalization grant funds in an amount not to exceed 30 percent of the annual capitalization grant may also be considered to underwrite loans in the event re-loan funds are not sufficient to meet demand.

c. To the maximum extent practical, an identification of systems that will receive additional subsidies and the amount

Governmental agencies operating PWS that have populations of 5,000 or less with a median household income that is 80 percent or less of the statewide median household average may qualify as a disadvantaged community. Drinking water projects will be prioritized pursuant to DWRF rules. Reduced interest rate loans in an amount not to exceed \$2 million per project will be authorized on a tiered basis as described in Provision 4 below.

d. A description of the affordability criteria that the state will use to determine the level of disadvantaged assistance

Median household income as a percentage of the statewide median household income average will be used to distribute funding to governmental agencies that are disadvantaged in accordance with two categorical affordability tiers:

Category 1 - Disadvantaged communities with median household income levels that range from 80 percent to 61 percent of the statewide median household income average qualifies for loans up to \$2 million per project. Loan terms up to 30 years, but not to exceed the project's design life, are permitted. The loan interest rate is established at 50 percent of the direct loan rate (as set annually by the Authority Board) for qualifying governmental agencies.

Category 2 - Disadvantaged communities with median household income levels that are 60 percent or less of the statewide median household income average qualifies for loans up to \$2 million per project. Loan terms up to 30 years, but not to exceed the project's

design life, are permitted. The loan interest rate is established at 0 percent for qualifying governmental agencies.

In 2006 the DWRF Disadvantaged Community Program's criteria will be re-evaluated, and if necessary, amended in the 2007 DWRF IUP.

D. Emergency Procedures

The Board of Health may amend the DWRF Project Eligibility and DWRF Priority / Fundable Lists at any time throughout the year to include PWS projects that it determines and declares to be emergency projects needed to prevent or address threats to public health.

In cases where the Board of Health determines the amendments will result in substantial changes to the DWRF Project Eligibility or DWRF Priority / Fundable Lists, public notice and opportunity for comment on the proposed inclusions shall be provided.

E. 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. It is anticipated that 15 small systems will be funded in 2006.

To further the small system funding goal in 2006, Planning and/or Design grants will be made available (See VI. Short Term Goals; No. 7) to assist small systems meet some of the requirements of the DWRF. In addition, the DLG is planning to conduct a series of training workshops in 2005 to help build financial and managerial capacity of small rural public water and wastewater systems. For 2006, the focus of the workshops is targeted at financial management issues, with special attention devoted to rate setting techniques and asset management. DWRF set-aside funds may be used to partially support this effort. All funding agencies meet periodically to coordinate the financial needs of communities that are planning water quality improvement projects. The funding coordination committee includes staff from the WQCD, Authority, DLG, Colorado Water Conservation Board, USDA Rural Development and the Rural Community Assistance Corporation. The committee uses a web page on the DLG website to keep the public aware of the projects it is helping to arrange funding and to raise awareness of funding opportunities. Surveys are conducted to identify and update the needs of all public water systems including small systems.

F. DWRF ENVIRONMENTAL RESULTS

The following activities will occur in 2006 to ensure Colorado achieves the national goals:

1. It is the goal to fund nine projects through the Colorado DWRF of this amount, at least six projects will be funded through the state's Disadvantaged Communities Program.
2. In calendar year 2004, the Colorado DWRF fund utilization rate was 89 percent. The 2004 national DWSRF average rate was 83 percent. It is the goal of the State to maintain the utilization rate at or above the national level.

3. In calendar year 2004, the rate at which the Colorado DWRF projects progressed as measured in fund disbursements as a percent of assistance provided was 92 percent. It is the goal of the State to maintain this construction pace.

ANTICIPATED 2006 OUTCOMES:

1. Six projects are anticipated to initiate construction. (Three of the six projects will be Disadvantaged Communities Program loans).
2. Four projects, funded prior to January 1, 2006 are anticipated to initiate operations.

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. The State has made seventeen (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.

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. As of June 30, 2005, \$9,542,987 is available for State match.

The DWRF provides both direct loans and leveraged loans to finance projects. Direct loans are generally made for smaller projects. 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. Direct loans (up to \$2 million) are 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.

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 percent 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. The administrative fee supplements the 4 percent administrative set-aside from the capitalization grant. The administrative fee income 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 fee income will continue to be used to fund a planning and/or design grant program in 2006

(\$100,000). Additionally, administrative fee income, as available, will be used beginning with the FFY2006 DWRF capitalization grant to reimburse the authority for state match funds (state match loan) deposited to the DWRF.

Administrative fees received from DWRF loans for 2006 are estimated to be \$1,728,000. 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 \$1,900,000 a portion of which will be paid from DWRF set aside grant monies available.

Following is a table showing the administrative fee account activity since inception:

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	178,807.84	(559,680)			77,285
12/31/1999	609,066	287,502	5,852	90,900.17	(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)	(120,912.80)	(66,860)	630,669
12/31/2004	1,632,181	320,302	32,436		(953,920)	(112,743.00)	(101,027)	817,229
TOTALS	7,143,5006	2,133,155	124,304	269,708	(5,607,006)	(233,656)	(175,344)	3,108,263

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 DWRF Eligibility List needs (currently over \$850 million) are compared against the loan capacity of the DWRF. Even though demand for loans (DWRF Priority / Fundable List) in the year 2006 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. By continuing to leverage, the program will be able to assist more communities currently on the DWRF Project Eligibility List and help those communities achieve compliance with the SDWA. To date, the leveraged loan rates have been in the range of 3.03 and 4.60 percent. 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.

Through August 31, 20045, the State has received a total of \$111,338,300 in federal capitalization grants (includes the \$6,666,667 transfer back to the WPCRF in 2003). Of this amount, \$22,695,171 has been set aside for non-project activities. The State anticipates receiving a FFY06 capitalization grant of \$14,960,000 with \$3,849,208 set aside for non-project activities. This amount may change based on final federal appropriations. (See Attachments 3a and 3b.)

Under the federal portion of the DWRF, twenty- five (25) direct loans (which includes two Disadvantaged Community loans totaling \$483,000) for \$14,453,999 and twenty-five (25) leveraged loans for \$186,857,963 have been made to-date from the DWRF utilizing the federal capitalization grants (See Attachment 4).

The attached Appendix B (Priority / Fundable list) identifies 26 projects totaling \$75,263,940. In addition to these 26 projects, it is anticipated that Forest View Acres Water District (\$465,000), Mountain Water and Sanitation District (\$1,250,000), Cuchara Water and Sanitation District (\$350,000), the Cities of Rifle (\$5.5 million) and Evans (\$1 million) and the Towns of Georgetown (\$100,000), Platteville (\$2.2 million), Hotchkiss (\$900,000), Hudson (\$522,000), Ordway (\$1.1 million) and DeBeque (\$850,000) will be added to the Priority / Fundable list upon completion of an eligibility assessment and will receive a DWRF leveraged or direct loan during 2006. In addition, a transfer of an amount up to \$10 million (as discussed below) would reduce the 2006 DWRF loan capacity to \$58.9 million.

A. Transfer Activities

As authorized by Congress, up to 33 percent of the drinking water capitalization grants for FFY 1997 through FFY 20045 (total drinking water grants at \$111.3 million) may be reserved from the DWRF and transferred to the WPCRF. The following table itemizes (in \$ millions) 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 Grants Available for Transfer	DWRF Grants 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	-----	-----	12.1	12.1
1999	Transfer	12.1	\$6.7**	-----	5.4	18.8
2000	CG Award	15.6	-----	-----	8.9	22.3
2001	CG Award	19.1	-----	-----	12.4	25.8
2002	CG Award	23.6	-----	-----	16.9	30.3
2003	CG Award	28.0	-----	-----	21.3	34.7
2003	Transfer	28.0	-----	\$6.7**	28.0	28.0
2004	CG Award	32.2	-----	-----	32.2	32.2
2005	CG AWARD	36.7	-----	-----	36.7	36.7

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

*** \$6.7 million capitalization grant funds and \$1.3 million state match funds*

The authorization to transfer funds for FY 2006 and thereafter has been approved in the 2006 EPA appropriations bill. Since several water pollution projects are expected to request funds in 2006, the WPCRF loan demand is expected to exceed available loan capacity. A stakeholders group will be convened to evaluate the feasibility of transferring funds from the DWRF to the WPCRF. Based on approvals from the WQCC, the Board of Health, and the Governor, a transfer of no more than \$ 10 million dollars (including the State match) will be made from the DWRF into the WPPCRF in 2006. The exact amount of the transfer will be determined after the February 1 application deadline when DWRF loan demand is determined. The following two

tables provide a comparison of loan capacity impacts if a transfer of \$10, \$7 or \$5 million is made from the DWRF. None of these funds will be used for administrative purposes.

The DWRF set-asides would not be affected by the transfer amount. The remainder of the allocation would be deposited into the revolving fund. All identified and eligible drinking water projects that are ready for construction in 2006 will be funded out of the expected 2006 loan capacity. The transfer of funds from the DWRF to the WPCRF is not expected to cause any eligible drinking water projects to be delayed over the next few years.

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

**Drinking Water Revolving Fund
Calculation of Loan Capacity for 2006
As of June 30, 2005**

	\$0 Transfer	\$10 Million Transfer	\$7 Million Transfer	\$5 Million Transfer
Capitalization grants for loans through 2005	\$ 88,643,129	\$ 88,643,129	\$ 88,643,129	\$ 88,643,129
Obligated for loans through 6/30/05	\$ 70,536,014	\$ 70,536,014	\$ 70,536,014	\$ 70,536,014
Remainder	\$ 18,107,115	\$ 18,107,115	\$ 18,107,115	\$ 18,107,115
Expected 2006 Capitalization Grant				
1.76% of \$850 million	\$ 14,960,000	\$ 14,960,000	\$ 14,960,000	\$ 14,960,000
Less Set-Asides	\$ 3,848,943	\$ 3,848,943	\$ 3,848,943	\$ 3,848,943
Total 2006 Grant	\$ 11,111,057	\$ 11,111,057	\$ 11,111,057	\$ 11,111,057
Total Grant Funds Available	\$ 29,218,172	\$ 29,218,172	\$ 29,218,172	\$ 29,218,172
Less Transfer to WPCRF in 2006	\$ -	\$ 10,000,000	\$ 7,000,000	\$ 5,000,000
Grant \$ Available	\$ 29,218,172	\$ 19,218,172	\$ 22,218,172	\$ 24,218,172
Re-loan funds as of 07/15/05	\$ 6,322,655	\$ 6,322,655	\$ 6,322,655	\$ 6,322,655
plus: Deallocation on 9/2/05	\$ 3,002,518	\$ 3,002,518	\$ 3,002,518	\$ 3,002,518
plus: Deallocation on 9/2/06	\$ 3,109,583	\$ 3,109,583	\$ 3,109,583	\$ 3,109,583
less: Re-loan funds used for Direct Loans Fall 2005	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Total Re-Loan Funds Available	\$ 10,434,756	\$ 10,434,756	\$ 10,434,756	\$ 10,434,756
Loan Capacity for 2006				
Leveraged Loans from Grants X 2.4	\$ 70,123,613	\$ 46,123,613	\$ 53,323,613	\$ 58,123,613
Direct Loans from Re-Loan Funds	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Leveraged Loans from Re-Loan Funds (total less direct loans) X 2.0	\$ 4,869,512	\$ 4,869,512	\$ 4,869,512	\$ 4,869,512
2006 DWRF Loan Capacity	\$ 82,993,125	\$ 58,993,125	\$ 66,193,125	\$ 70,993,125

Water Pollution Control Revolving Fund
Calculation of Loan Capacity for 2006
As of June 30, 2005

	\$0 Transfer	\$10 Million Transfer	\$7 Million Transfer	\$5 Million Transfer
Capitalization grants through 2005	\$ 196,271,123	\$ 196,271,123	\$ 196,271,123	\$ 196,271,123
Obligated for loans and admin through 06/30/05	\$ 186,439,604	\$ 186,439,604	\$ 186,439,604	\$ 186,439,604
Less grant funds used in fall 2005 bond issue	\$ 9,417,919	\$ 9,417,919	\$ 9,417,919	\$ 9,417,919
Remainder	\$ 413,600	\$ 413,600	\$ 413,600	\$ 413,600
2006 Capitalization Grant				
*0.8% of \$900 million	\$ 7,200,000	\$ 7,200,000	\$ 7,200,000	\$ 7,200,000
Less 5/6 4% Administrative Fee	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
Total 2006 Grant	\$ 6,960,000	\$ 6,960,000	\$ 6,960,000	\$ 6,960,000
Total Grant Funds Available	\$ 7,373,600	\$ 7,373,600	\$ 7,373,600	\$ 7,373,600
Plus Transfer from DWRF in 2006	\$ -	\$ 10,000,000	\$ 7,000,000	\$ 5,000,000
Grant \$ Available	\$ 7,373,600	\$ 17,373,600	\$ 14,373,600	\$ 12,373,600
Re-loan funds as of 06/15/05	\$ 6,692,069	\$ 6,692,069	\$ 6,692,069	\$ 6,692,069
plus: Deallocation on 9/02/05	\$ 11,083,516	\$ 11,083,516	\$ 11,083,516	\$ 11,083,516
plus: Deallocation on 9/02/06	\$ 12,310,653	\$ 12,310,653	\$ 12,310,653	\$ 12,310,653
less: Re-loan funds used for direct loans remainder 2005	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
less: Re-loan funds used in fall 2005 bond issue	\$ 11,061,000	\$ 11,061,000	\$ 11,061,000	\$ 11,061,000
Total Re-Loan Funds Available	\$ 16,025,238	\$ 16,025,238	\$ 16,025,238	\$ 16,025,238
Loan Capacity for 2006 (includes 9/2/06 deallocation)				
Leveraged Loans from Grants X 2.4	\$ 17,696,640	\$ 41,696,640	\$ 34,496,640	\$ 29,696,640
Direct Loans from Re-Loan Funds	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Leveraged Loans from Re-Loan Funds (total less direct loans) X 2.0	\$ 16,050,476	\$ 16,050,476	\$ 16,050,476	\$ 16,050,476
2006 WPCRF Loan Capacity	\$ 41,747,116	\$ 65,747,116	\$ 58,547,116	\$ 53,747,116

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 revised 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 federal requirements, in accordance with the revised state statute. EPA has approved the program.

V. LONG TERM GOALS

The State continues to develop long-term goals that will protect public health and ensure the integrity of the DWRF. To achieve these goals the following objectives were developed for 2006:

1. Provide affordable financial assistance for eligible applicants while maintaining a perpetual, self- sustaining revolving fund program.
2. Provide technical assistance to governmental agencies for facilitating effective planning, design, financing, and construction of facilities to comply with the provisions of the Colorado Primary Drinking Water regulations.
3. Maintain compliance with 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 2006 calendar year:

1. WQCD will prepare and the Authority will submit a Capitalization Grant application based on the FFY 2006 allotment for the DWRF by April 2006.
2. The WQCD will continue to make revisions to the Handbook of Procedures to conform to regulations/guidance and submit it to EPA for approval.
3. The WQCD will initiate the process for identifying projects in the FY 2007 Intended Use Plan by April 2006.
4. Submit the Annual Audit to EPA by April 30, 2006.
5. The program partners will work with the funding coordination committee and the SRF policy committee to implement program improvements including:
 - a) Continue coordination with all funding agencies to complete drinking water projects identified in the 2006 IUP.
 - b) Evaluate the impacts of implementing a pre-application form, through the funding coordination committee, that could be available statewide for water and wastewater entities interested in receiving funding through the State Revolving Fund Program (SRF), Energy Impact Assistance Fund (EIAF), Community Development Block Grant (CDBG), and Rural Development Program.
 - c) Review the areas of current flexibility with DWRF loan covenants and identify areas that may provide additional flexibility.
 - d) Evaluate the potential/impacts of increasing set-a-sides for Planning and Design grants.

6. Leverage funds in the DWRF to accommodate the estimated demand for eligible projects in 2006 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 with populations under 10,000. The WQCD will review and revise as necessary the “Guidance For Preparing Preliminary Engineering Reports” and update the “State Environmental Review Policy” specific to the DWRF.
8. The DLG is will conduct a series of 4 to 8 training workshops in 2006 to help build financial and managerial capacity of small rural public water and wastewater systems.
9. The Authority will submit a summary report to EPA by April 30, 2005 reporting on the program’s activities, outputs and outcomes.
10. The WQCD will develop a 5 year strategic plan for the Financial Assistance Program.
11. The program partners will consider the appropriateness of introducing legislation in 2006 that would change the “planning” experience requirement for one of the Authority board positions to one that would have experience in “public health issues” and/or “water quality matters,”
12. The WQCD in partnership with the Authority will continue to utilize the shared access database for tracking project milestones. During 2006, Authority and WQCD staff will work together to implement database improvements.

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

A. Introduction

The State may set aside portions of each capitalization grant for non-project (set-aside) activities. As described in the introduction, these set-asides are to be used to fund those activities necessary to accomplish the requirements of the SDWA. The WQCD has identified in this plan, the maximum amounts of set-aside funds the WQCD 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 WQCD if lesser amounts than those proposed herein are actually used.

The purpose of the set-asides are to provide the funds needed for the administration of the DWRF (4% administration), as well as to meet overall drinking water program requirements of the 1996 Amendments to the SDWA and to conduct targeted activities specified in the SDWA. The authority will provide the required 20 percent up-front state match to receive the federal capitalization grant, from which the set-asides are drawn. 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 and the percentage of allocation is as follows:

- ◆ Administration (4 %)
- ◆ Small System Training and Technical Assistance (2%)
- ◆ State Drinking Water Program Management (10%)
- ◆ Local Assistance and Other State Programs (15%):
 - 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 FFY06 capitalization grant for each activity are described below. The FFY06 capitalization grant amount is estimated to be \$14,960,000. It is the responsibility of the WQCD to determine the amount of funds necessary under each set-aside and to meet the obligations of the SDWA. The financial status of the set-asides is summarized in Attachment 3a. The State must develop, and EPA approve, work plans that describe the activities to be accomplished to be able to use those funds.

B. Administration Set-Aside

Set-Aside	Amount	Purpose
Administration	\$598,400 (4%) for FFY06	To cover the cost of (1) administering the DWRf, and (2) providing technical assistance to public water systems (PWSS). Administration is an on-going activity.

FFY06 Request: Colorado is entitled to set aside up to 4 percent (\$598,400) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$598,400.

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.

Use of Funds in 2006 and Expected Accomplishments: These funds will be used to cover administrative expenses related to projects and activities authorized under the SDWA, including the provision of technical assistance to public water systems.

The outputs/activities and the anticipated outcomes (short-term/long-term) for the DWRf administration are described above in Part F. “DWRf Environmental Results” under Section III. “Criteria, Methods and Evaluation for DWRf Distribution.”

C. Small System Training and Technical Assistance (SSTTA)

Set-Aside	Amount	Purpose
SSTTA	\$299,200 (2%) for FFY06	To provide (1) training, (2) technical assistance, and (3) provide Planning and Design Grants to small systems. SSTTA is an on-going activity.

FFY06 Request: Colorado is entitled to set aside up to 2 percent (\$299,200) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$299,200.

Use of Funds in 2006 and Expected Accomplishments: Currently, training programs are being designed for 2006 and the WQCD will 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.

Outputs/Activities

- Number of systems receiving technical assistance.
- Number of systems receiving planning and design grants.

Anticipated Outcomes (short-term/long-term)

- Improved operational and/or financial efficiency for participating systems.
- Improved compliance for systems receiving SSTTA.

D. State Drinking Water Program Management

Set-Aside	Amount	Purpose
State Program Management	\$1,496,000 (10%) for FFY06	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.

FFY06 Request: Colorado is entitled to set aside up to 10 percent (\$1,496,000) from the capitalization grant for this set-aside. The act requires that this set-aside be matched one-for-one with available State expenditures as described below. Based on the qualifying expenditures, the WQCD intends to set aside the full \$1,496,000.

In addition to the up-front 20 percent match required for the State to qualify for the full capitalization grant, 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 general funds, 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. According to the Act, State program match funds that were expended in 1993 can be used to provide up to 50 percent of the set-aside match. Current year State funds in excess of the minimum required for the PWSS Program grant included in the Department’s Performance Partnership grant may also be used. The program funding sources that qualify as match (program general funds in excess of PWSS grant match requirements, operator certification program fees, drinking water related laboratory expenditures, and 1993 Drinking Water Program State expenditures) allows the WQCD to take \$1,496,000.

Based on the above information the State intends to submit an amendment to the 2005 grant award requesting the full 10% of the State Program Management set aside (\$1,370,860). The amendment will request an additional \$409,756.

Currently, a portion of this set-aside is being used to fund 8.6 full time equivalents (FTE) for implementation of the many new program requirements associated with the 1996 reauthorization of the SDWA. The staffing for the Drinking Water Program is spread among the program core staff, the Technical Services Unit, and the Compliance Assurance and Data Management Unit.

Use of Funds in 2006 and Expected Accomplishments: For 2006, the efforts initiated and accomplished in prior years will be continued. New efforts will include increased focus on compliance assurance through the Systems of Concern process, improved data management and enhanced communication with drinking water systems.

Outputs/Activities

- Number of systems identified for compliance assurance and enhanced communication.
- Data management system upgrades/maintenance.

Anticipated Outcomes (short-term/long-term)

- Improved system communication resulting in drinking water compliance progress and attainment.
- Improved data quality demonstrated through data verification.

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 SDWA 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.*

FFY06 Request: Colorado is entitled to set aside up to 15 percent (\$2,244,000) from the capitalization grant for these five combined activities. However, no more than 10 percent (\$1,496,000) 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 \$1,914,880. The five set-asides are described as follows:

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 FFY06	To provide loans to PWSS to acquire land or conservation easements to protect source water areas

FFY06 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY06 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 FFY06	To provide loans to PWSS to implement source water protection measures.

FFY06 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY06 capitalization grant.

3. Capacity Development

Set-Aside	Amount	Purpose
Capacity Development	\$1,496,000 (10%) for FFY06	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.

FFY06 Request: Colorado is entitled to set aside up to 10 percent (\$1,496,000) from the capitalization grant for this activity. Based on the Authority match described below, the WQCD intends to set aside the entire \$1,496,000. A portion of this (\$170,380) will be used to support the SWAP activities described below.

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 this date, an approximate balance of \$17,000 remained in the SWAP account. These funds will be rolled over into the Capacity Development set-aside account.

Use of Funds in 2006 and Expected Accomplishments: For 2006, the efforts initiated and accomplished previously will be continued. Additional output activities included in the EPA approved work plan to be expanded or initiated are as follows:

- ◆ Development of a performance enhancement program for surface water systems of Colorado to ensure plants are operating at peak capabilities to ensure continuously safe drinking water.
- ◆ Preparation of a series of informational booklets for public water 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.
- ◆ Continued implementation of a “Systems of Concern” program to identify and provide technical assistance to selected water systems in violation of regulations, including those either on the significant non-compliance (SNC) list or soon to be on the SNC list. This effort will utilize WQCD staff and contractors with the goal of both resolving the violation and ensuring the water system has technical, managerial, and financial capacity.
- ◆ Continued implementation of the Colorado Strategy for Arsenic Reduction (CO-STAR) project to assist public water systems to comply with the revised arsenic standards.
- ◆ Continuation of operator training to conduct analyses required for compliance 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.
- ◆ Implementation of an electronic sanitary survey for the WQCD’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.

Anticipated Outcomes (short-term/long-term):

- Improved performance based on implementation of enhancement program for surface water systems.
- Improved compliance associated with the drinking water regulations and guidelines booklets provided to public water systems.
- Improved CDPHE drinking water web site to access new information and operator training schedules.
- Enhanced system compliance for “Systems of Concern” by identifying and providing technical assistance to water systems either on the significant non-compliance (SNC) list or soon to be on the SNC list.
- Enhanced system compliance with revised arsenic standards for public water systems participating in the Colorado Strategy for Arsenic Reduction (CO-STAR) project.
- Enhanced system compliance through operator training with the disinfectants/disinfection by-products (DDBP) and interim enhanced surface water treatment rules.
- Improved DDBP (i.e., surface water treatment rule) compliance at various locations throughout Colorado based on operator training.
- Improved management efficiency and effectiveness through the use of electronic sanitary surveys in the field by WQCD’s Technical Services Unit by using handheld devices and software developed by EPA.

4. Source Water Assessment and Protection Program (SWAP)

Set-Aside	Amount	Purpose
SWAP	\$0 for FFY06	To delineate and assess source water areas for surface and ground water systems. SWAP assessment reports were completed in December 2004.

FFY06 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.

Outputs/Activities

- Conduct follow-up activities on surface water systems assessment reports.
- Integrate new SWAP data and revise reports as necessary.
- Make improvements to the analytical toolset as necessary.
- Data management system upgrades/maintenance.

Anticipated Outcomes (short-term/long-term)

- Improved follow-up activities on surface water system assessment reports through follow-up activities to improve compliance.
- Improved integration of new SWAP data and report revisions.
- Enhanced analytical toolset.
- Enhanced SWAP data management system.

5. Wellhead Protection Program (WHP)

Set-Aside	Amount	Purpose
Wellhead Protection	\$397,500 (2.6 %) for FFY06	To delineate and assess source water areas for ground water systems. Produce new WHP assessment reports as necessary. Support development and implementation of local ground water protection plans.

FFY06 Request: The WQCD intends to use \$397,500.

Use of Funds in 2006 and Expected Accomplishments: The Wellhead Program will work towards implementation of the following output activities:

- Completion of revised or new ground water susceptibility assessments.
- Development and implementation of ground water protection plans.
- Public water system data improvement.
- Public water system community information and education.
- Compilation and reporting of the national source water protection measures to EPA.

Anticipated Outcomes (short-term/long-term)

- Enhanced ground water susceptibility assessments to improve compliance.
- Improved ground water protection plans.
- Enhanced WHP data management.
- Enhance community information and education.
- Improved data compilation and reporting.

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 and EPA.

The proposed payment schedule using FFY 2006 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.

IX. PUBLIC REVIEW AND COMMENT

The Colorado State Board of Health published this information and held a public meeting on November 16, 2005 at which time the State's 2006 IUP including the 2006 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 annual approval.

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Drinking Water Revolving Fund Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
030001D	5	Academy WSD	Pleasant View Estates	Colorado Springs	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$75,000	750
960001D	4	Aguilar, Town of		Aguilar	Las Animas	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,282,100	547
050001D	2	Akron, Town of		Akron	Washington	Improvement / Expansion Of Water Treatment Facility	\$1,000,000	1,785
000001D	2	Alamosa, City of		Alamosa	Alamosa	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$16,500,000	8,300
040001D	5	Alma, Town of		Alma	Park	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	235
960126D	5	Arapahoe County WWA		Englewood	Arapahoe	Construction of a New Water Treatment Facility; Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$26,300,000	20,000
030002D	5	Arriba, Town of		Arriba	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$250,000	245
010003D	5	Aspen Springs MD		Pagosa Springs	Archuleta	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$15,000,000	1,800
010002D	5	Aspen, City of		Aspen	Pitkin	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,658,000	6,600
960004D	5	Ault, Town of		Ault	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,500,000	1,450
960005D	3	Baca Grande WSD		Crestone	Saguache	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$500,000	563
050002D	5	Basalt, Town of		Basalt	Eagle	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$800,000	2,000
050003D	5	Baseline WD		Boulder	Boulder	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	1,000
990002D	3	Bayfield, Town of		Bayfield	La Plata	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,580,000	1,375
960127D	5	Bear Creek WSD		Lakewood	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation	\$407,561	167

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960182D	5	Bellyache Ridge MD		Wolcott	Eagle	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$1,500,000	160
960007D	3	Bennett, Town of		Bennett	Adams	Consolidation Of Water Treatment Facilities; Construction / Rehabilitation of Distribution / Transmission Lines; Water Supply Facilities	\$2,030,000	2,085
030004D	5	Berkeley WSD		Denver	Adams	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	2,000
990003D	3	Berthoud, Town of		Berthoud	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,500,000	4,839
050004D	5	Bethune, Town of		Bethune	Kit Carson	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$619,952	225
960184D	5	Beulah WD		Beulah	Pueblo	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$210,000	960
030005D	4	Black Hawk, City of		Black Hawk	Gilpin	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$5,750,000	108
960009D	5	Blanca, Town of		Blanca	Costilla	Water Supply Facilities	\$100,000	402
050005D	1	Boone, Town of		Boone	Pueblo	Improvement / Expansion Of Water Treatment Facility; Construction of a new water treatment facility; Construction/Rehabilitation of distribution lines; Water Supply Facilities;	\$1,082,900	326
960011D	5	Branson, Town of		Branson	Las Animas	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$275,000	58
040003D	4	Brighton, City of		Brighton	Adams	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,900,000	22,312
050006D	5	Bristol WSD		Bristol	Prowers	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$566,000	200
990008D	4	Buffalo Creek WD		Buffalo Creek	Jefferson	Improvement / Expansion Of Water Treatment Facility	\$20,000	260
960189D	4	Burlington, City of		Burlington	Kit Carson	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$6,963,175	3,625
000003D	4	Byers WSD		Byers	Adams	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$354,000	1,200

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960012D	5	Canon City, City of		Canon City	Fremont	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$9,868,500	35,010
010006D	4	Carbondale, Town of		Carbondale	Garfield	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$1,500,000	5,196
960130D	3	Carter Lake Filter Plant WD		Berthoud	Larimer	Improvement / Expansion Of Water Treatment Facility	\$12,492,568	50,000
050074D	5	Cascade #1 MD		Cascade	El Paso	Distribution / Transmission Lines Construction / Rehabilitation; New Drinking Water Treatment Plant	\$1,000,000	750
050007D	5	Castle Pines MD		Castle Rock	Douglas	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$10,015,000	3,200
000004D	4	Cedaredge, Town of		Cedaredge	Delta	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$3,615,326	2,001
050008D	5	Center, Town of		Center	Saguache	Water Storage Facilities	\$55,000	840
050009D	5	Central City, City of		Central City	Gilpin	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	600
060015D	4	Cherokee MD		Colorado Springs	El Paso	Improvement / Expansion Of Water Treatment Facility	\$100,000	16,500
050010D	5	Clearwater MD		Denver	Elbert	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$2,500,000	1,000
050011D	2	Clifton WD		Clifton	Mesa	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$12,500,000	35,000
050012D	3	Coal Creek, Town of		Coal Creek	Fremont	Improvement / Expansion Of Water Treatment Facility	\$250,000	343
030009D	4	Colorado Centre MD		Colorado Springs	El Paso	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$350,000	2,498
050013D	3	Colorado City MD		Colorado City	Pueblo	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$7,500,000	2,318
050014D	3	Columbine Lake WD		Grand Lake	Grand	Distribution / Transmission Lines Construction / Rehabilitation	\$1,600,000	1,100
050015D	5	Copper Mountain Consolidated MD		Copper Mountain	Summit	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,400,000	5,000
050016D	5	Cortez, City of		Cortez	Montezuma	Improvement / Expansion Of Water Treatment Facility	\$2,858,925	8,081
960017D	5	Costilla County WSD		San Luis	Costilla	Distribution / Transmission Lines Construction / Rehabilitation	\$204,000	3,384

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990013D	5	Cottonwood WSD		Englewood	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; New Drinking Water Treatment Plant	\$8,540,000	2,375
010009D	3	Craig, City of		Craig	Moffat	Improvement / Expansion Of Water Treatment Facility	\$6,000,000	9,300
050017D	3	Creede, City of		Creede	Mineral	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$245,000	377
960163D	5	Crested Butte South MD		Crested Butte South	Gunnison	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,600,000	800
990014D	3	Cripple Creek, City of		Cripple Creek	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$435,000	1,300
060002D	3	Cuchara WSD		La Veta	Huerfano	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$350,000	145
050018D	3	Dacono, City of		Dacono	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$2,754,869	3,800
040005D	3	DeBeque, Town of		DeBeque	Mesa	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$850,000	462
980253D	1	Deer Trail, Town of		Deer Trail	Arapahoe	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$866,000	592
960021D	5	Dillon, Town of		Dillon	Summit	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,861,000	4,000
030016D	3	Dinosaur, Town of		Dinosaur	Moffat	Distribution / Transmission Lines Construction / Rehabilitation;	\$500,000	400
050019D	3	Divide MPC MD		Divide	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$116,500	10
960024D	4	Dolores, Town of		Dolores	Montezuma	Improvement / Expansion Of Water Treatment Facility	\$410,000	1,000
040006D	4	Dove Creek, Town of		Dove Creek	Dolores	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$128,000	695
960026D	5	Durango West #1 MD		Durango	La Plata	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,640,000	1,000
040007D	4	Durango West #2 MD		Durango	La Plata	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,020,000	900

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020019D	4	Eagle River WSD		Vail	Eagle	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$17,700,000	20,500
000007D	2	East Alamosa WSD		Alamosa	Alamosa	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,000,000	1,432
030017D	5	East Boulder County WD		Boulder	Boulder	Water Storage Facilities	\$170,000	250
010011D	4	East Cherry Creek Valley WSD		Aurora	Arapahoe	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$15,000,000	50,000
020021D	5	East Larimer County WD		Fort Collins	Larimer	Distribution / Transmission Lines Construction / Rehabilitation	\$2,112,000	15,000
960027D	5	East Valley Metro WSD		Centennial	Arapahoe	Water Storage Facilities	\$300,000	300
050020D	5	Eaton, Town of		Eaton	Weld	New Drinking Water Treatment Plant	\$2,500,000	4,000
050021D	1	Eckley, Town of		Eckley	Yuma	Construction of a new water treatment facility; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$775,000	278
060016D	4	Edgewater, City of		Edgewater	Jefferson	Improvement / Expansion Of Water Treatment Facility	\$100,000	5,445
060004D	2	Elizabeth, Town of		Elizabeth	Elbert	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$500,000	1,520
020022D	5	Empire, Town of		Empire	Clear Creek	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$750,000	450
030019D	5	Erie, Town of		Erie	Weld	Construction of a new water treatment facility; Distribution / Transmission Lines Construction / Rehabilitation	\$26,600,000	10,000
990019D	3	Estes Park, Town of		Estes Park	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,750,000	5,578
960199D	5	Evans, City of		Evans	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	14,700
050022D	5	Fairplay, Town of		Fairplay	Park	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$600,000	600
960032D	5	Firestone, Town of		Firestone	Weld	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$10,133,250	7,000
060019D	3	Flagler, Town of		Flagler	Kit Carson	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$100,000	631

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960033D	3	Florence, City of		Florence	Fremont	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$13,800,000	5,000
030021D	4	Florissant WSD		Florissant	Teller	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$250,000	43
960201D	5	Forest Lakes MD (La Plata)		Forest Lakes	La Plata	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$750,000	1,555
030022D	4	Forest View Acres WD		Monument	El Paso	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$465,000	640
050023D	5	Fort Collins, City of		Fort Collins	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$4,527,000	115,000
000009D	5	Fort Garland WSD		Fort Garland	Costilla	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Meters	\$300,000	350
050024D	5	Fort Lupton, City of		Fort Lupton	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,500,000	8,000
030023D	3	Fountain Valley Authority		Colorado Springs	El Paso	Improvement / Expansion Of Water Treatment Facility	\$1,500,000	400,000
040032D	5	Fountain, City of		Fountain	El Paso	Water Supply Facilities; New Drinking Water Treatment Plant	\$30,000,000	15,675
010013D	5	Fowler, Town of	Westcamp	Fowler	Otero	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$100,000	1,700
960038D	4	Fowler, Town of		Fowler	Otero	Improvement / Expansion Of Water Treatment Facility; Meters	\$500,000	1,700
980250D	5	Franktown Business Area MD	Douglas County	Franktown	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$6,500,000	200
050025D	3	Fraser, Town of		Fraser	Grand	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Meters Water Supply Facilities	\$1,395,000	21,500
030025D	4	Genesee WSD		Golden	Jefferson	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,810,000	4,044
960161D	5	Genoa, Town of		Genoa	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation	\$585,000	211

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030026D	5	Georgetown, Town of		Georgetown	Clear Creek	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; New Drinking Water Treatment Plant	\$100,000	1,100
040009D	4	Glenwood Springs, City of		Glenwood Springs	Garfield	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$9,445,000	8,000
990021D	5	Granada, Town of		Granada	Prowers	Water Storage Facilities	\$146,000	640
960136D	5	Grand Junction, City of		Grand Junction	Mesa	Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	40,000
960174D	4	Grand Lake, Town of		Grand Lake	Grand	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$3,000,000	476
010015D	2	Gunnison County	Somerset Domestic WD	Somerset	Gunnison	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$465,000	520
050027D	5	Gunnison County	Dos Rios Water	Gunnison	Gunnison	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$3,900,000	750
990009D	4	Gunnison County		Marble	Gunnison	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$515,100	104
990045D	4	Hamilton Creek MD		Silverthorne	Summit	Improvement / Expansion Of Water Treatment Facility	\$2,000,000	200
030028D	4	Hartman, Town of		Hartman	Prowers	Construction of a new water treatment facility; Water Storage Facilities	\$145,000	110
010016D	1	Haswell, Town of		Haswell	Kiowa	Improvement / Expansion Of Water Treatment Facility	\$180,000	84
050028D	3	Haxtun, Town of		Haxtun	Phillips	Distribution / Transmission Lines Construction / Rehabilitation	\$50,000	999
960137D	4	Hayden, Town of		Hayden	Routt	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,425,000	1,700
960171D	4	Highland Lakes WD		Divide	Teller	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$6,014,000	1,078
020020D	5	Hi-Land Acres WSD		Brighton	Adams	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$700,000	350
040033D	2	Hillrose, Town of		Hillrose	Morgan	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$1,637,549	275

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960045D	5	Holly, Town of		Holly	Prowers	Distribution / Transmission Lines Construction / Rehabilitation	\$820,000	1,034
990023D	4	Holyoke, City of		Holyoke	Phillips	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,575,000	2,273
020032D	5	Hoover Hill WSD		Boulder	Boulder	Meters	\$100,000	265
960047D	1	Hot Sulphur Springs, Town of		Hot Sulphur Springs	Grand	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,300,000	564
010017D	4	Hotchkiss, Town of		Hotchkiss	Delta	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,500,000	2,000
020023D	4	Hudson, Town of		Hudson	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$522,000	1,565
010018D	5	Idaho Springs, City of		Idaho Springs	Clear Creek	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$82,000	2,200
020018D	5	Idledale WSD		Lakewood	Jefferson	Water Storage Facilities	\$50,000	500
960050D	3	Ignacio, Town of		Ignacio	La Plata	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$950,000	740
030029D	1	Indian Hills WD		Indian Hills	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$340,344	1,100
960051D	3	Jamestown, Town of		Jamestown	Boulder	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$250,000	287
050029D	2	Julesburg, Town of		Julesburg	Sedgwick	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Well Rehabilitation	\$350,000	1,467
030031D	4	Keenesburg, Town of		Keenesburg	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,550,000	1,200
030032D	2	Ken Caryl West Ranch WD		Morrison	Jefferson	New Regional Water Treatment Facilities; Water Storage Facilities	\$300,000	100
960208D	5	Kersey, Town of		Kersey	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$2,200,000	1,420
030033D	5	Kim, Town of		Kim	Las Animas	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$200,000	66
960055D	5	Kiowa, Town of		Kiowa	Elbert	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,300,000	660
960056D	1	Kit Carson, Town of		Kit Carson	Cheyenne	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Water Supply Facilities	\$450,000	250

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960057D	3	Kremmling, Town of		Kremmling	Grand	Distribution / Transmission Lines Construction / Rehabilitation	\$1,295,500	1,650
040011D	5	La Jara, Town of		La Jara	Conejos	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$1,000,000	850
990026-2D	2	La Junta, City of		La Junta	Otero	Water Rights	\$10,000,000	7,456
020024D	4	La Veta, Town of		La Veta	Huerfano	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$400,000	924
050030D	5	Lake City, Town of		Lake City	Hinsdale	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$130,000	377
980252D	5	Lake Creek MD		Edwards	Eagle	Water Storage Facilities	\$150,000	230
060013D	5	Lakewood, City of		Lakewood	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	2,500
050031D	5	Lamar, City of		Lamar	Prowers	Distribution / Transmission Lines Construction / Rehabilitation	\$961,000	9,500
960061D	2	Larkspur, Town of		Larkspur	Douglas	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,500,000	250
050032D	5	Las Animas, City of		Las Animas	Bent	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	2,758
050033D	5	Limon, Town of		Limon	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,269,130	3,000
060009D	3	Little Thompson WD		Berthoud	Larimer	Improvement / Expansion Of Water Treatment Facility	\$6,071,000	7,000
020004D	2	Lochbuie, Town of		Lochbuie	Weld	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$5,500,000	3,200
030040D	1	Log Lane Village, Town of		Log Lane Village	Morgan	Connect To Existing Facility; Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities; New Drinking Water Treatment Plant	\$3,700,000	1,006
030070D	4	Longmont, City of		Longmont	Boulder	New Drinking Water Treatment Plant	\$60,000,000	70,000
060010D	5	Lookout Mountain WD		Golden	Jefferson	Improvement / Expansion Of Existing Water Treatment Plant; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$140,000	1,500
060014D	3	Loveland, City of		Loveland	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$21,400,000	62,000
960067D	3	Lyons, Town of		Lyons	Boulder	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$8,000,000	1,617

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000011D	4	Mancos, Town of		Mancos	Montezuma	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$850,000	1,140
050034D	3	Manitou Springs, City of		Manitou Springs	El Paso	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities;	\$4,440,000	5,000
020005D	5	Meeker, Town of		Meeker	Rio Blanco	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$550,000	2,234
960214D	4	Mesa Cortina WSD		Silverthorne	Summit	Distribution / Transmission Lines Construction / Rehabilitation	\$250,000	800
960151D	3	Mesa County	Artesian Water Services	Grand Junction	Mesa	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,000,000	300
010024D	5	Mesa WSD		Mesa	Mesa	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$175,000	400
050035D	5	Milliken, Town of		Milliken	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,900,000	3,900
050036D	5	Monte Vista, City of		Monte Vista	Rio Grande	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,500,000	5,000
960071D	5	Montezuma, Town of		Montezuma	Summit	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,015,000	42
030042D	5	Monument, Town of		Monument	El Paso	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,325,000	1,900
960073D	5	Morgan County Quality WD		Fort Morgan	Morgan	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,759,000	6,000
050037D	3	Morrison Creek Metro WSD		Stagecoach	Routt	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$1,400,000	700
960074D	3	Morrison, Town of		Morrison	Jefferson	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,400,000	427
960075D	4	Mount Crested Butte WSD		Mount Crested Butte	Gunnison	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$6,000,000	6,000

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040015D	2	Mountain WSD		Conifer	Jefferson	Construction of a new Water Treatment Facility; Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$1,250,000	950
010025D	5	Munns Addition WSD		Brush	Morgan	Consolidation Of Water Treatment Facilities; Water Supply Facilities	\$500,000	80
020026D	3	Naturita, Town of	Mustang WA	Naturita	Montrose	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,400,000	635
060027D	3	Nederland, Town of		Nederland	Boulder	Improvement/Expansion of water treatment plant	\$2,000,000	1,400
960078D	3	North Shore WSD		Granby	Grand	Distribution / Transmission Lines Construction / Rehabilitation	\$1,800,000	275
030043D	4	Northern Douglas County WSD	McArthur Ranch inclusion	Littleton	Douglas	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,100,000	230
040016D	4	Northern Douglas County WSD	Chatfield East Estates Inclusion	Littleton	Douglas	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$3,100,000	400
960080D	3	Norwood, Town of		Norwood	San Miguel	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,700,000	3,000
020027D	3	Nucla, Town of	Mustang WA	Nucla	Montrose	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,400,000	635
960082D	5	Oak Creek, Town of		Oak Creek	Routt	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$1,277,804	875
960084D	3	Olde Stage WD		Boulder	Boulder	Water Storage Facilities	\$300,000	213
030044D	3	Ophir, Town of		Ophir	San Miguel	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$400,000	125
960085D	5	Orchard City, Town of		Orchard City	Delta	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$950,000	4,500
030045D	5	Ordway, Town of		Ordway	Crowley	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,100,000	1,322
060021D	3	Otis, Town of		Otis	Washington	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$100,000	532
030051D	5	Ouray, City of		Ouray	Ouray	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,000,000	813

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050038D	3	Ovid, Town of		Ovid	Sedgwick	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Water Storage Facilities	\$1,000,000	333
960087D	4	Pagosa Area WSD		Pagosa Springs	Archuleta	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,080,000	15,000
030052D	4	Paint Brush Hills MD		Falcon	El Paso	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,145,000	1,200
040022D	3	Palisade, Town of		Palisade	Mesa	Construction Of New Water Treatment Facility; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$6,000,000	2,645
010028D	5	Palmer Lake, Town of		Palmer Lake	El Paso	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,000,000	2,200
000015D	5	Paonia, Town of		Paonia	Delta	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,500,000	2,400
030053D	4	Parachute, Town of		Parachute	Garfield	Improvement / Expansion Of Water Treatment Facility	\$800,000	1,301
010033D	3	Parkville WD		Leadville	Lake	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$750,000	6,000
960092D	4	Penrose WD		Penrose	Fremont	Improvement / Expansion Of Water Treatment Facility	\$35,000	3,280
960219D	5	Perry Park WSD		Larkspur	Douglas	Water Storage Facilities; Water Supply Facilities	\$1,500,000	2,912
990035D	5	Pine Drive WD		Beulah	Pueblo	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$180,000	420
960093D	2	Pinewood Springs WD		Pinewood Springs	Larimer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$330,000	800
010031D	5	Pioneer Lookout WD		Monument	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$10,500	85
060011D	3	Platte Canyon WSD		Littleton	Jefferson	Distribution/Transmission Lines Construction/Rehabilitation	\$400,000	196
960094D	5	Platteville, Town of		Platteville	Weld	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$2,200,000	2,500

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050039D	3	Poncha Springs, Town of		Poncha Springs	Chaffee	Improvement / Expansion Of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,350,000	500
050040D	5	Powderhorn MD		Mesa	Mesa	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,000,000	499
050041D	3	Pritchett, Town of		Pritchett	Baca	Water Storage Facilities	\$533,000	150
990036D	5	Project 7 WA		Montrose	Montrose	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$10,000,000	40,000
010050D	4	Pueblo West MD		Pueblo West	Pueblo	Distribution / Transmission Lines Construction / Rehabilitation	\$3,500,000	4,500
050042D	5	PV Water And Sanitation MD		Adams / Weld	Weld	New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,000,000	0
960225D	5	Rainbow Valley WD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation	\$62,000	135
060012D	5	Ralston Valley WSD		Arvada	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation	\$1,200,000	1,300
020006D	3	Rangely, Town of		Rangely	Rio Blanco	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$600,000	2,000
050043D	2	Raymer, Town of		Raymer	Weld	Improvement / Expansion Of Water Treatment Facility	\$300,000	73
040023D	4	Red Cliff, Town of		Red Cliff	Eagle	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$100,000	350
040024D	4	Red Rock Valley Estates WD		Colorado Springs	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$10,000	220
060022D	4	Redstone WSD		Redstone	Pitkin	Improvement / Expansion Of Water Treatment Facility	\$100,000	180
050044D	5	Resource Colorado Water And Sanitation MD		Adams / Weld	Weld	New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$40,000,000	10,000
960098D	1	Rico, Town of		Rico	Dolores	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$200,000	250
960099D	4	Ridgewood WD		Woodland Park	Teller	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,000,000	95

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040025D	4	Ridgway, Town of		Ridgway	Ouray	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$750,000	500
020007D	1	Rifle, City of		Rifle	Garfield	Construction of a new water treatment facility; Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Eliminate Raw Water Taps	\$14,000,000	8,000
960227D	4	Rocky Ford, City of		Rocky Ford	Otero	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$2,050,000	4,213
050045D	3	Romeo, Town of		Romeo	Conejos	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$234,000	345
020028D	3	Round Mountain WSD		Silver Cliff / Westcliffe	Custer	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,280,000	900
960160D	4	Routt County	Hahn's Peak	Steamboat Springs	Routt	Eliminate Individual Private Wells; Water Supply Facilities	\$1,800,000	150
960164D	5	Roxborough Park MD		Littleton	Douglas	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$12,300,000	7,843
960102D	5	Rye, Town of		Rye	Pueblo	Improvement / Expansion Of Water Treatment Facility	\$100,000	230
960142D	3	Saguache, Town of		Saguache	Saguache	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$150,000	573
990039D	4	Salida, City of		Salida	Chaffee	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,150,000	5,504
040026D	3	San Juan River Village MD		Pagosa Springs	Archuleta	Improvement / Expansion Of Water Treatment Facility	\$550,000	500
030059D	4	San Luis WSD		San Luis	Costilla	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities; Meters	\$630,000	739
960104D	5	Sanford, Town of		Sanford	Conejos	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$250,000	783
030060D	5	Sawpit, Town of		Sawpit	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$130,000	45
960105D	5	Sedalia WSD		Sedalia	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,525,000	220

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040027D	3	Sedgwick, Town of		Sedgwick	Sedgwick	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$769,000	183
000017D	5	Seibert, Town of		Seibert	Kit Carson	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$300,393	176
030061D	5	Severance, Town of		Severance	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$929,000	1,050
020008D	5	Silt, Town of		Silt	Garfield	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,600,000	2,200
050075D	5	Silver Heights WSD		Castle Rock	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,600,000	350
960107D	1	Silver Plume, Town of		Silver Plume	Clear Creek	New Regional Water Treatment Facilities; Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$2,562,388	1,220
990041D	4	Silverton, Town of		Silverton	San Juan	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$3,000,000	533
040028D	1	Simla, Town of		Simla	Elbert	Improvement / Expansion Of Water Treatment Facility	\$100,000	550
030062D	5	South Adams County WSD		Commerce City	Adams	Water Storage Facilities	\$2,000,000	35,000
030063D	4	South Fork WSD		South Fork	Rio Grande	New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,000,000	1,500
040029D	4	Southeast La Plata Rural WD		Durango	La Plata	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$10,000,000	4,900
050046D	1	Springfield, Town of		Springfield	Baca	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$1,000,000	1,500
960145D	4	St Charles Mesa WD	Blende, Vineland, Avondale, Pueblo	Pueblo	Pueblo	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,000,000	12,100
030064D	5	Steamboat Lake WSD		Clark	Routt	Water Storage Facilities; Water Supply Facilities; Meters	\$330,000	350
960156D	2	Sterling, City of		Sterling	Logan	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$12,500,000	13,916

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050047D	3	Stonegate Village MD		Parker	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,000,000	8,000
980244D	5 1	Stratmoor Hills WD		Colorado Springs	El Paso	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Meters	\$797,374	6,300
050048D	5	Stratton, Town of		Stratton	Kit Carson	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$1,000,000	669
010035D	4	Sugar City, Town of		Sugar City	Crowley	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$20,000	220
960230D	5	Summit Ridge WD		Mancos	Montezuma	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$700,000	1,400
050049D	3	Tabernash Meadows WSD	Pole Creek Subdivision	Tabernash	Grand	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$300,000	100
040030D	5	Teller County #1 WSD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$600,000	625
010036D	5	Telluride, Town of		Telluride	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	2,318
020010D	5	Thunderbird WSD		Sedalia	Douglas	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$720,000	425
990046D	4	Trinidad, City of		Trinidad	Las Animas	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$17,800,000	9,254
050050D	5	Turkey Canyon Ranch WD		Colorado Springs	El Paso	Improvement / Expansion Of Water Treatment Facility	\$300,000	4,999
040031D	2	Two Buttes, Town of		Two Buttes	Baca	Improvement / Expansion Of Water Treatment Facility	\$100,000	100
050051D	5	Upper Eagle Regional WA		Avon, Edwards	Eagle	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$9,180,000	32,500
010037D	4	Victor, City of		Victor	Teller	Improvement / Expansion Of Water Treatment Facility; Consolidation Of Water Treatment Facilities	\$1,000,000	600
050052D	1	Vilas, Town of		Vilas	Baca	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$300,000	147
060023D	3	Vona, Town of		Vona	Kit Carson	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$100,000	95
960115D	4	Walden, Town of		Walden	Jackson	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$1,900,000	734
050053D	5	Walsenburg, City of		Walsenburg	Huerfano	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	4,119

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FY 2006
Drinking Water Revolving Fund Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
990047D	5	Walsh, Town of		Walsh	Baca	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$425,000	731
050054D	5	Watkins, Town of	Prairie View Subdivision	Watkins	Arapahoe	Water Supply Facilities	\$125,000	5,530
060017D	4	Wellington, Town of		Wellington	Larimer	Construction of a New Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,100,000	4,600
030068D	5	West Fort Collins WD		Fort Collins	Larimer	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$500,000	1,000
960231D	3	Westcreek Lakes WD		Sedalia	Douglas	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$450,000	100
050055D	3	Westminster, City of		Westminster	Adams	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$26,500,000	110,000
990048D	3	Westwood Lakes WD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation	\$650,000	378
060025D	3	Widfield WSD		Colorado Springs	El Paso	Improvement / Expansion Of Water Treatment Facility	\$100,000	25,000
050056D	5	Wiggins, Town of		Wiggins	Morgan	Water Storage Facilities; Water Supply Facilities; Pipeline	\$500,000	900
960233D	4	Wiley, Town of		Wiley	Prowers	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$900,000	500
020015D	5	Williamsburg, Town of		Williamsburg	Fremont	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$650,000	336
050057D	5	Will-O-Wisp MD		Bailey	Park	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$48,000	320
990049D	5	Wilson Mesa MD	Wilson Mesa Ranch	Telluride	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$155,000	150
020030D	4	Winter Park WSD		Winter Park	Grand	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,499,000	36,000
060026D	4	Woodlin School District 104		Woodrow	Washington	Improvement / Expansion Of Water Treatment Facility	\$100,000	200
020038D	5	Woodmoor #1 WSD		Monument	El Paso	Improvement/Expansion of Existing water treatment plant; Water Supply Facilities; Meters	\$2,100,000	7,500
050058D	2	Wray, City of		Wray	Yuma	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,300,000	2,187
960238D	5	Yampa, Town of		Yampa	Routt	Water Storage Facilities	\$1,000,000	459

APPENDIX A
FY 2006
Drinking Water Revolving Fund Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
030069D	3	Yuma, City of		Yuma	Yuma	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,620,000	3,300

Total: \$852,956,708

APPENDIX B

APPENDIX B
FY 2006
Drinking Water Revolving Fund Project Priority / Fundable List

Priority Rank	Project No	Cat	Pts	Facility	County	PWS ID#	Pop	2006 Loan Amount	^DC	Expected Loan Date	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description
1	03004D	1	105	Log Lane Village, Town of	Morgan	144015	1,006	\$1,000,000	Y	9/2005	30	D	1.75	Existing water supply is in violation of State Engineer's Office requirements. New water supply is necessary.	Construction of new water storage tank; purchase of taps from Morgain County Quality Water District; piping, backflow prevention devices and necessary appurtenances.
2	050005	1	87	Boone, Town of	Pueblo	151150	350	\$514,297	Y	3/2006	30	D	0	Exceeding MCL for nitrate / nitrite.	Improvements to water supply; installation of new treatment plant; rehabilitate existing storage tanks; and distribution system upgrades.
3	960107	1	80	Silver Plume, Town of	Clear Creek	110035	205	\$450,000	Y	3/2006	30	D	1.75	Replace aged infrastructure to eliminate natural disaster potential and maintain SDWA compliance.	Construct new treatment plant outside natural disaster area; upgrade water tank; and distribution system replacement and improvements.
4	010016	1	60	Haswell, Town of	Kiowa	131600	84	\$180,000	Y	9/2006	30	D	1.75	Exceeding MCL for nitrate / nitrite.	Install co-current regeneration ion exchange treatment unit.
5	040033	2	97	Hillrose, Town of	Morgan	144010	275	\$1,095,158	Y	2/2006	30	D	0	Replace aged infrastructure to comply with primary and secondary drinking water standards; improve storage facilities to prevent contamination.	Connection to Morgan Co. Quality WD including well rehabilitation; piping; new treatment facility; storage tank; distribution system with meters and hydrants.
6	000001	2	95	Alamosa, City of	Alamosa	102100	8,300	\$14,200,000	N	5/2006	20	L	3.5	Exceeding MCL for arsenic	Construct new 5.04 MGD treatment plant; install transmission lines between 6 wells and new plant and install irrigation lines to large users to reduce treated water demand.
7	000007	2	90	East Alamosa WSD	Alamosa	102200	1,432	\$2,000,000	Y	9/2006	30	D	0	Exceeding MCL for arsenic	Connection to the City of Alamosa proposed treatment plant including cost sharing of capital costs; a new water supply pipeline for district system; new water tank; pumps; control system and meters.
8	960061	2	80	Larkspur, Town of	Douglas	118030	250	\$500,000	N	9/2006	20	D	3.5	Exceeding MCL for radium.	Construct WTP, upgrade distribution lines.
9	040027	3	80	Sedgwick, Town of	Sedgwick	158010	183	\$769,000	Y	2/2006	30	D	0	Failing pump and well; no back-up supply. Out of compliance for chlorine contact time requirements.	Construct new well and rehabilitate existing well; construct new treatment plan; construct storage tank; improve existing water tower; install water meters and fire hydrants.
10	050004	3	60	Bethune, Town of	Kit Carson	132001	225	\$418,000	Y	3/2006	30	D	0	Replace aged infrastructure for compliance with Total Coliform Rule, Lead and Copper Rule and upcoming Groundwater Rule.	New supply well; new storage tank; replace distribution system; install meters and hydrants and miscellaneous valves and piping.

*The \$6M loan for Palisade will be comprised of a \$4M leveraged loan and a \$2M DC loan.

APPENDIX B
FY 2006
Drinking Water Revolving Fund Project Priority / Fundable List

Priority Rank	Project No	Cat	Pts	Facility	County	PWS ID#	Pop	2006 Loan Amount	^DC	Expected Loan Date	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description
11	060011	3	55	Platte Canyon WSD	Jefferson	103614	196	\$331,490	N	5/2006	20	D	3.5	Distribution system deficiencies and Total Coliform Rule compliance challenges.	Replace distribution system serving Columbine Townhouses III, loop lines, add water meters, service lines, taps and fire hydrants.
12	040022	3	50	Palisade, Town of	Mesa	139600	2,645	\$6,000,000	Y	1/2006 and 5/2006*	20/30*	D/L*	0/3.5*	Aged water treatment plant and inadequate treated water storage.	Construct new 2 MGD treatment plant and 2.5 MG storage tank.
12	010009	3	50	Craig, City of	Moffat	141188	9,189	\$6,000,000	N	5/2006	20	L	3.5	Aged water treatment plant and inadequate chlorine contact time.	Water treatment plant conversion to dissolved air flotation; addition of multi-media filters; ultraviolet disinfection and mechanical system upgrades.
14	960115	3	47	Walden, Town of	Jackson	129834	734	\$1,000,000	Y	5/2006	30	D	1.75	The 24 year old plant must be replaced to reduce chemical usage and enhance filtration.	Improvement to drinking water treatment plant; water storage facilities.
15	960084	3	45	Olde Stage WD	Boulder	107582	213	\$150,000	N	6/2006	20	D	3.5	Replace aged infrastructure to prevent contamination.	New storage tank; repair existing tank.
16	060009	3	35	Little Thompson WD	Larimer	135477	7,000	\$6,625,795	N	5/2006	20	L	3.5	Replace aged infrastructure to maintain SDWA compliance.	Construct 30 MGD water treatment plant; install new filter, flocculators and security system and clean and paint backwash tank.
17	050021	4	36	Eckley, Town of	Yuma	163001	278	\$775,000	Y	9/2006	30	D	0	Exceeding MCL for arsenic	Treatment plant improvements to remove arsenic.
18	50041	5	60	Pritchett, Town of	Baca	105300	150	\$200,000	Y	3/2006	30	D	0	Supply wells fail to meet chlorine contact time.	Install new storage tank, flow meter, chlorination equipment; contact piping; construct well house; upgrade electrical equipment; pump; drop pipe and check valve replacement.
19	50006	5	60	Bristol WSD	Prowers	150200	200	\$200,000	Y	3/2006	30	D	0 to 1.75	Supply wells fail to meet chlorine contact time.	Add disinfection equipment; chlorine contact piping; pressure tank; generator and electrical modifications to wells; storage tank improvements; distribution system upgrades with connection to the Town of Granada.
20	960105	5	55	Sedalia WSD	Douglas	118060	220	\$1,100,000	Y	7/2006	30	D	1.75	Replace aged infrastructure for compliance with Total Coliform Rule and upcoming Groundwater Rule.	New chemical feed system, well redevelopment; pump upgrades; new storage tanks; transmission line installation and distribution system improvements including hydrants.
21	990013	5	50	Cottonwood WSD	Douglas	118020	2,375	\$10,000,000	N	5/2006	20	L	3.5	Iron, maganese and hydrogen sulfide contamination.	Construct water treatment plant; new water supply wells; pipelines serving plant and property acquisition.
22	960055	5	42	Kiowa, Town of	Elbert	122015	660	\$1,900,000	N	6/2006	20	L	3.5	Inadequate pressure in water lines.	Construct new storage tank, transmission mains and booster pump stations.

*The \$6M loan for Palisade will be comprised of a \$4M leveraged loan and a \$2M DC loan.

APPENDIX B
FY 2006
Drinking Water Revolving Fund Project Priority / Fundable List

Priority Rank	Project No	Cat	Pts	Facility	County	PWS ID#	Pop	2006 Loan Amount	^DC	Expected Loan Date	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description
23	060012	5	35	Ralston Valley WSD	Jefferson	130667	1,300	\$1,671,000	N	6/2006	20	D	3.5	Aged transmission and distribution system that may cause contamination if not replaced. Compliance with Total Coliform Rule.	Install pressure reducing stations, new distribution lines; control valves and fire hydrants.
24	050025	5	25	Fraser, Town of	Grand	125288	1,000	\$384,200	N	6/2006	20	D	3.5	The system is not metered. This creates problems in effectively managing water usage and promoting water conservation.	Installation of approximately 350 water meters, installation and replacement of transmitting units and installation of back-flow prevention devices.
25	050007	5	25	Castle Pines MD	Douglas	110035	3,200	\$2,000,000	N	5/2006	20	D	3.5	Replace aged infrastructure to maintain SDWA compliance.	Construct raw water pumping station at treatment facility and install water supply pipeline.
26	960126	5	20	Arapahoe County Water and Wastewater Authority	Arapahoe	203002	24,536	\$15,800,000	N	5/2006	20	L	3.5	Replace aged infrastructure to ensure compliance with Enhanced Surface Water Treatment Rules.	Construct water treatment plant; new water supply wells; install pipelines serving new plant; and property acquisition for new plant.
				Total				\$75,263,940							
										^DC - Disadvantaged Communities					
										Y-Yes, N-No					

*The \$6M loan for Palisade will be comprised of a \$4M leveraged loan and a \$2M DC loan.

ATTACHMENT 1

**ATTACHMENT 1
FY 2006
Drinking Water Revolving Fund Rules**



**Colorado Department
of Public Health
and Environment**

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

**STATE BOARD OF HEALTH
DRINKING WATER REVOLVING FUND RULES**

(Last Amended September 15, 2004, effective November 30, 2004)

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

**STATE BOARD OF HEALTH
DRINKING WATER REVOLVING FUND RULES**

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DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

STATE BOARD OF HEALTH DRINKING WATER REVOLVING FUND RULES

A. 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 (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, which is part of the annual Intended Use Plan. Codified at sections 37-95-103 and 37-95-107.8, C.R.S., the statutes direct the State 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 complies with 40 CFR part 35, subpart I, and provides for the Board of Health's approval of the Intended Use Plan including additions and modifications to the Project Eligibility List and the Priority / Fundable List.

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 25-1.5-203, C.R.S., also provides authority for this regulation.

B. Definitions

Section 1.2.2 of the Colorado Primary Drinking Water Regulations 5 CCR 1003-1, contains 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" - 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" - A situation where the Division has identified a maximum contaminant level (MCL) violation or a treatment technique violation. Funding for these projects must 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 MCLs (other than those listed as acute) and treatment technique requirements. Chronic contaminant health effects occur after years of exposure.

- (6) "Other Future Needs" - Those needs in situations where a 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" - Temporary managerial or technical steps to protect public health during the time period when the public water system 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" – A situation where a public water system has periodically exceeded an MCL, has levels greater than 50 percent 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 (DWRP), as

adopted and from time to time modified in accordance with Section 37-95-107.8(4), C.R.S. The list shall consist of projects that 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) "Public water system" - (PWS) A system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least fifteen service connections or regularly serves an average of at least twenty-five individuals daily at least 60 days out of the year. Such term includes:
 - (a) Any collection, treatment, storage, and distribution facilities under control of the operator of such system and used primarily in connection with such system.
 - (b) Any collection or pretreatment storage facilities not under such control, which are used primarily in connection with such system.
- (12) "Source Water Protection" - Structural or nonstructural source water protection activities done in addition to area delineation and contaminant assessment.
- (13) "Treatment Facilities" - Any devices or systems used in the collection, storage, treatment, transmission, diversion, or distribution of water intended for drinking water purposes.
- (14) "Wastewater Treatment Plant Sludge" - The accumulated solids resulting from treatment of domestic wastewater.
- (15) "Water Conservation" - Any structural or nonstructural water conservation measure that achieves a reduction in water consumption for a PWS or 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 that 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.
- (16) "Water Treatment Plant Sludge" - The accumulated solids resulting from treatment of water for domestic use.

C. Purpose

- (1) The purpose of the DWRF is to provide financial assistance to governmental agencies for the construction of treatment facilities for health and compliance purposes as defined above.
- (2) An annual Intended Use Plan (IUP) is required by the SDWA to provide information about how the state will assist communities with their drinking water needs. Included in the IUP is the Project Eligibility List, which is a comprehensive list identifying governmental agencies with drinking water project needs, and the Priority / Fundable List, identifying prioritized PWS projects that are eligible for financial assistance from the DWRF. The project priority system is intended to establish priorities for the DWRF 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 DWRF.
- (3) It is also the policy of the Board of Health to encourage consolidation of drinking water systems and to promote water conservation where practicable.
- (4) It is the policy of the Board of Health and the Water Quality Control Commission to promote beneficial use of sludge created by treatment processes of a PWS.
- (5) Any applicant for financial assistance from the DWRF must comply with policies and procedures and other requirements of the Authority.

D. Intended Use Plan Procedures

The Division, in cooperation with the Division of Local Government and the Authority, shall develop an annual IUP. The Division shall recommend the IUP to the Board of Health each year for final agency action at a public hearing, and shall also provide for public notice and an opportunity to comment to comply with the SDWA.

The IUP shall include:

- (1) The Project Eligibility List and Priority / Fundable List of projects.
- (2) Descriptions of:
 - (a) Criteria and method used for distribution of funds
 - (b) Financial status of the DWRF program
 - (c) Short and long term goals of the DWRF program
 - (d) Amounts transferred between the DWRF and the Water Pollution Control Revolving Fund

- (e) Set-aside activities and the percentage of the capitalization grant to be used
 - (f) How a state disadvantaged community program will be defined and utilized, if applicable; and
- (3) Any other material that may be required by the SDWA.

E. Project Eligibility List and Priority / Fundable List Procedures

- (1) The Project Eligibility List is the comprehensive list of projects showing current and future needs of PWS improvements. 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 at a public hearing. The list shall be forwarded to the General Assembly each year on or before January 15; once approved by the General Assembly, the Authority is able to provide assistance to the governmental agencies with projects on the Project Eligibility List.
- (2) As required by federal regulations, all projects, except projects funded on an emergency basis, shall be prioritized before receiving assistance from the DWRP. The Priority / Fundable List includes projects from the Project Eligibility List that are ready for funding and have been prioritized by the Division based on information provided by the PWS. The Priority / Fundable List shall include:
- (a) The name of the public water system;
 - (b) Priority points and rank assigned to the project;
 - (c) A description of the project;
 - (d) The expected terms of the financial assistance; and
 - (e) Population of the PWSs service area
- (3) Projects on the Priority / Fundable List will be financed in priority order; however, exceptions for funding out of priority order shall be allowed due to one or more of the following reasons:
- (a) Certain governmental agencies are not ready to proceed with the project;
 - (b) Certain governmental agencies do not wish to participate in the DWRP, or they have received funding from other sources;
 - (c) Certain governmental agencies (on the list) had an emergency situation occur during the funding year; or
 - (d) Certain governmental agencies are 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.)

F. Priority System

- (1) All PWSs with identified water quality problems related to health and compliance issues may be included in one of the categories listed below.
- (2) All PWS projects that fall into one of the categories listed below and have a pre-planning, planning, or pre-design document that describes a project to correct the water quality problem, shall be prioritized as ready for funding on the Priority / Fundable List.
- (3) Funding for the projects under each category shall result in the PWSs complying with existing regulatory requirements.
- (4) Eligible Project Criteria

Categories were developed to emphasize the most immediate public health and compliance issues. Projects on the Project 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 have violations caused by poor operation and maintenance procedures or are under an administrative order for violating reporting requirements.

- (5) Categories By Priority Ranking
 - (a) 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.
 - (b) 2 - Chronic (long term) Health Hazard. The Division has identified a continuous violation of an MCL or an SWTR treatment technique requirement for a chronic contaminant.
 - (c) 3 - Potential Acute Health Hazard. The PWS has periodically exceeded an acute MCL, has levels greater than 50 percent 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.
 - (d) 4 - Potential Chronic Health Hazard. The PWS has periodically exceeded a chronic MCL, has levels greater than 50 percent of a chronic MCL on a regular basis, or has short term problems meeting other treatment technique requirements.
 - (e) 5 - Other Future Needs. The PWS 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.

(6) Priority Point Assignments Within Each Category

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

- (a) Population. Points shall be assigned to PWSs 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

- (b) Financial Need. Points shall be assigned to PWSs in accordance with the following “financial need criteria:”

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

over 3 percent	20 points
over 2 percent; up to 3 percent	15 points
over 1 percent; up to 2 percent	10 points

- (ii) Local burden (total project cost per equivalent residential tap):

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

- (c) Consolidation. Fifteen points shall be assigned to a PWS if the project includes consolidating two or more PWSs.

- (d) Water Conservation. Five points shall be assigned to a PWS if the PWS implements a water conservation measure.

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

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

- (g) Health Risk. To further clarify the ranking of PWS projects, the Division shall assign up to twenty points for a PWSs health risks. Determination of the health risk will be made based upon the type and level of contaminant present within categories.

G. Disadvantaged Communities Procedures

Under the SDWA, states are authorized to establish Disadvantaged Communities Programs. The following procedures describe the approval and amendment process for Colorado's annual IUP as it relates to the administration of its Disadvantaged Communities Program. The Division, Authority and the Division of Local Government may recommend Program changes based on actual program implementation and the results of periodic reviews conducted hereunder. Approval of any and all changes in the IUP is subject to final agency action by the Board of Health.

- (1) The DWRF may provide additional loan subsidies for governmental entities that are determined to be "disadvantaged." The definition/criteria of a disadvantaged community and the nature of the loan subsidies to be made available thereto shall be recommended for inclusion in the IUP by the Division and the Authority in consultation with the Division of Local Government. Subsidies, such as extended loan repayment terms and reduced interest rates at or above zero percent, are not subject to the thirty percent cap of the federal capitalization grant.
- (2) While compiling projects on the Priority / Fundable List (utilizing the procedures listed in Section E above), the Division will identify the community projects that qualify for assistance under the Disadvantaged Communities Program in accordance with program definition/criteria.
- (3) The Division, the Authority and the Division of Local Government will conduct periodic reviews, as appropriate, of the Disadvantaged Communities Program. The reviews may result in recommended program changes relative to the nature of available subsidies to be incorporated into the IUP. In conducting such reviews and preparing recommendations, the following factors may be examined:
 - (a) The overall financial condition of the communities participating in the program, including but not limited to:
 - o The total drinking water utility system fee and tax burden upon rate payers;
 - o Post project drinking water utility charges;
 - o Drinking water utility indebtedness;
 - o Median household income.
 - (b) The impact of the subsidy upon the continued financial viability of the DWRF.

- (c) The merit of utilizing all financial assistance options allowed under the SDWA to ensure a safe drinking water supply for all citizens.
- (4) Upon receipt of comment from the Division, Authority and/or Division of Local Government, the Board of Health shall render final agency action upon the Disadvantaged Communities Program provisions of the IUP.

H. Emergency Procedures

- (1) The Board of Health may amend the project eligibility and Priority/Fundable Lists at any time throughout the year to include PWS projects that it determines and declares to be emergency projects needed to prevent or address threats to public health.
- (2) In cases where the board determines the amendments will result in substantial changes to the project eligibility or Priority / Fundable Lists, public notice and opportunity for comment on the proposed inclusions shall be provided.

ATTACHMENT 2

ATTACHMENT 2
FY 2006
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
 - Install meters
- ◆ 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 2
FY 2005
Eligible and Ineligible Projects and Project-Related Costs
Under the Drinking Water State Revolving Loan Fund (DWRFL) Program
(continued)

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 3a

2006 INTENDED USE PLAN
ATTACHMENT 3a
DWSRF SET-ASIDE AND FEE ACTIVITY - 2006 IUP **

SET -ASIDE ACTIVITY

Set-Aside	Set Aside Allocation from Grants Through June 30, 2005	Set Aside Funds Transferred To DWSRF Loan Fund	Set Aside Funds		Estimated Set- Aside for Federal Fiscal Year 2006	Total Funds Available for State Fiscal Year 2006	Set Aside Reserved Through 2005	Set Aside Reserved FFY05 Allotment	Total Set-Aside Reserved
			Expended Through 06/30/05 June 30, 2005	Balance available					
Grant Administration	\$4,453,532		(\$2,255,889)	\$2,197,643	\$598,400	\$2,796,043	\$0	\$0	\$0
State Program:									
> PWS Supervision	4,118,198		(2,462,843)	1,655,355	1,048,839	2,704,194	0	0	0
> Source Water Protection	1,678,410		(1,660,065)	18,345		18,345	0	0	0
> Capacity Development									
> Operator Certification									
Small System Tech. Asst.	2,226,766	(281,532)	(729,550)	1,215,684	299,200	1,514,884	0	0	0
Local Assistance:									
> Loan Assistance for SWP									
> Capacity Development	7,483,835	(839,205)	(2,381,007)	4,263,623	1,496,000	5,759,623	0	0	0
> Source Water Assessment									
> Wellhead Protection	3,855,167		(2,329,692)	1,525,475	406,504	1,931,979	0	0	0
TOTALS	\$23,815,908	(\$1,120,737)	(\$11,819,046)	\$10,876,125	\$3,848,943	\$14,725,068	\$0	\$0	\$0

* Based on loans issued as of 06/30/05

** Cash basis

ADMINISTRATIVE FEES COLLECTED AND EXPENDED

DWRF Administrative Fee Account Activity through June 30, 2005

Loan Fees Collected	Grant Funds Drawn	Investment Income plus Other Transfers In	Admin Fees Expended	Balance Available	Anticipated Collection for 07/01/05 - 06/30/06 *	Anticipated Administrative Fee Funds Available
7,473,045	2,255,889	479,159	(4,806,668)	5,401,424	1,650,814	7,052,238

2006 INTENDED USE PLAN
ATTACHMENT 3a
DWSRF SET-ASIDE AND FEE ACTIVITY - 2006 IUP **

BACKUP SECTION

	Loan Fees Collected	Grant Funds Drawn	Investment Income plus Other Transfers In	Admin Fees Expended	Balance Available	Anticipated Administrative Fee Funds Available
through 6/30/2004	5,811,681.29	1,895,918.00	423,042.23	(5,840,670.88)	2,289,970.64	2,289,970.64
07/01/04 - 12/31/04	828,181.80	210,733.00	18,638.17	595,881.55	1,653,434.52	1,653,434.52
01/01/05 - 06/30/05	833,181.80	149,238.00	37,478.50	438,120.90	1,458,019.20	1,458,019.20
07/01/05 - 12/31/05					0.00	0.00
CUMULATIVE TOTAL	7,473,045	2,255,889	479,159	(4,806,668)	5,401,424	5,401,424

ANTICIPATED COLLECTIONS				
PERIOD		Federal Direct		TOTAL
FROM	TO	Loans	Leveraged Loans	
07/01/05	12/31/05	68,400.00	763,681.80	832,081.80
01/01/06	06/30/05	71,300.00	747,431.85	818,731.85

ATTACHMENT 3b

Attachment 3b
Drinking Water Revolving Fund
2006 Intended Use Plan (IUP)
Funds Available to the DWRF Program

SOURCES	Cumulative Total from Inception Through June 30, 2005	Projected For Time Period Jul 1, 2005 - Dec 31, 2005	Projected For Time Period Jan 1, 2006 - Dec 31, 2006	Cumulative Total Through Dec 31, 2006
Federal Capitalization Grants	\$ 111,338,300.00	\$ -	\$ 14,960,000.00	\$ 126,298,300.00
less: Set-asides	(22,695,171.00)	-	(3,740,000.00)	(26,435,171.00)
State Match:				
Appropriation/Agency Cash - Committed	22,267,660.44	-	992,000.00	23,259,660.44
Agency Cash for CWSRF transfer	-	-	-	-
State Match Bonds	-	-	-	-
Leveraging Bonds Proceeds	171,115,000.00	-	47,500,000.00	218,615,000.00
Plus /(Less) Additional Principal from DWRF Refundings	(230,000.00)	-	-	(230,000.00)
Leveraged Loans Repayments:				
Principal (1)	25,925,000.00	6,380,000.00	6,625,000.00	38,930,000.00
Interest	16,476,643.79	1,819,636.25	3,691,915.29	21,988,195.33
Principal (2) (State Match)	2,706,752.76	288,989.40	622,070.59	3,617,812.75
Direct Loans Repayments:				
Principal	2,218,657.35	300,781.50	567,704.49	3,087,143.34
Interest	876,401.36	139,368.45	284,050.26	1,299,820.07
Federal Funds Deallocation (from DSRF)	9,077,547.00	2,433,390.00	2,519,675.00	14,030,612.00
Fees Deposited to the DWRF	-	-	-	-
Interest Income on Investments	21,434,245.26	1,433,645.77	3,067,759.51	25,935,650.54
Transfer to/from Clean Water SRF Grant program	-	-	(10,000,000.00)	(10,000,000.00)
TOTAL SOURCES	360,511,036.96	12,795,811.37	67,090,175.14	440,397,023.47
<hr/>				
USES				
<hr/>				
Loans Executed:				
Direct	14,453,998.54	3,000,000.00	6,000,000.00	23,453,998.54
Leveraged	186,857,962.68	-	54,000,000.00	240,857,962.68
Grant Funds Committed to Loans	70,536,014.00	-	19,327,115.00	89,863,129.00
Leveraging Bond Debt Service				
Principal	25,925,000.00	6,555,000.00	6,630,000.00	39,110,000.00
Interest	37,089,933.98	3,212,880.14	6,642,386.32	46,945,200.44
Funds Available for New Loans	25,648,127.76	27,931.23	(25,509,326.18)	166,732.81
TOTAL USES	\$ 360,511,036.96	\$ 12,795,811.37	\$ 67,090,175.14	\$ 440,397,023.47

* Amounts for this schedule are cash basis.

ATTACHMENT 4

Attachment 4
Colorado Water Resources & Power Development Authority
DRINKING WATER REVOLVING FUND (DWRP) LOAN PROGRAM
LOAN SUMMARY REPORT as of June 30, 2005

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)	Funded or Subsidized with DW SRF Reloan Monies (c)	State Match Provided to DW SRF Funds	Loan Type
Arapahoe Estates WD	10/01/97	1,048,332.75	20	4.150%	388,360.00	98,332.75		0.253	LL
Englewood, City of	10/01/97	15,292,635.61	21	4.140%	5,361,910.00	1,357,635.61		0.253	LL
Fort Collins, City of	10/01/97	10,125,299.77	20	4.120%	3,614,928.00	915,299.77		0.253	LL
Gand Lake, Town of	10/29/97	\$ 495,000.00	20	4.500%	\$ 394,988.00	\$ 100,012.00		0.253	DL
Buena Vista, Town of	06/01/98	1,324,119.65	20	4.010%	490,204.00	124,119.65		0.253	LL
Fort Morgan, City of	06/01/98	15,433,355.38	21	4.020%	5,641,214.00	1,428,355.38		0.253	LL
Chatfield South WD	07/13/98	728,500.00	20	4.500%	581,310.00	147,190.00		0.253	DL
Left Hand W&SD	09/11/98	188,700.00	20	4.500%	150,574.00	38,126.00		0.253	DL
Aurora, City of	05/01/99	14,999,898.55	15	3.633%	4,751,500.00	1,024,898.55		0.216	LL
Fort Collins, City of	05/01/99	4,998,394.59	20	3.808%	1,870,165.00	403,394.59		0.216	LL
Glenwood Springs, City of	05/01/99	4,999,017.40	19	3.773%	1,710,790.00	369,017.40		0.216	LL
Grand County W&SD	05/01/99	2,998,566.15	19	3.783%	1,036,468.00	223,566.15		0.216	LL
Greeley, City of	05/01/99	14,999,038.36	20	3.802%	5,280,660.00	1,139,038.36		0.216	LL
Julesburg, Town of	05/01/99	693,000.00	1	4.500%	543,757.00	149,243.00		0.274	DL
Julesburg, Town of	05/01/99	994,599.70	20	3.809%	392,210.00	84,599.70		0.216	LL
Left Hand WD	05/01/99	6,571,538.04	20	3.802%	2,139,722.00	461,538.04		0.216	LL
Thunderbird W&SD (#1)	06/01/99	285,000.00	20	4.500%	223,623.00	61,377.00		0.274	DL
La Junta, City of	10/15/99	490,000.00	20	4.500%	384,475.00	105,525.00		0.274	DL
Sedalia W&SD	03/09/00	326,000.00	20	4.500%	255,794.00	70,206.00		0.274	DL
Evergreen MD	04/15/00	5,577,981.71	21	4.390%	1,786,069.00	452,981.71		0.254	LL
Fountain Valley Auth	04/15/00	7,607,966.23	21	4.400%	2,633,735.00	667,966.23		0.254	LL
Limon, Town of	04/15/00	1,440,808.84	21	4.410%	436,910.00	110,808.84		0.254	LL
Pueblo Board of WW	04/15/00	9,558,794.83	23	4.600%	2,499,000.00	633,794.83		0.254	LL
Westminster, City of	04/15/00	14,998,357.36	21	4.400%	4,764,452.00	1,208,357.36		0.254	LL
Springfield, Town of	07/28/00	349,470.76	20	4.500%	274,209.00	75,261.76		0.274	DL
Craig, City of	12/15/00	450,000.00	5	4.000%	353,089.00	96,911.00		0.274	DL
Wellington, City of	11/01/01	1,000,000.00	20	4.000%	716,007.00	283,993.00		0.397	DL
Woodland Park, City of	03/13/02	800,000.00	20	4.000%	597,200.00	202,800.00		0.340	DL
Evergreen MD	04/01/02	2,036,129.62	21	4.000%	764,260.00	181,129.62		0.237	LL
Grand Junction, City of	04/01/02	3,566,521.69	21	4.020%	1,082,370.00	256,521.69		0.237	LL
Idaho Springs, City of	04/01/02	2,339,796.89	21	3.990%	906,316.00	214,796.89		0.237	LL
La Junta, City of	04/01/02	9,812,211.15	21	4.000%	3,300,469.00	782,211.15		0.237	LL
Hayden, Town of	04/30/02	1,000,000.00	20	4.000%			1,000,000.00	n/a	DL
Thunderbird W&SD (#2)	08/27/02	343,684.15	20	4.000%			343,684.15	n/a	DL
Dillon, Town of	10/18/02	1,000,000.00	10	4.000%			1,000,000.00	n/a	DL
Basalt, Town of	12/19/02	948,245.63	20	4.000%			1,000,000.00	n/a	DL
Westwood Lakes WD	05/15/03	500,000.00	20	4.000%			500,000.00	n/a	DL
Fountain Valley Auth	06/01/03	3,221,861.82	22	3.030%	1,463,552.00	346,861.82		0.237	LL
Longmont, City of	06/01/03	14,998,044.44	21	3.110%	6,046,601.00	1,433,044.44		0.237	LL
Lyons, Town of	06/01/03	4,915,599.18	22	3.030%	2,196,621.00	520,599.18		0.237	LL
Florence, City of	11/01/03	12,999,092.97	22	3.510%	5,502,502.00	1,304,092.97		0.237	LL
Oak Creek, Town of	11/18/03	981,198.00	20	4.000%			981,198.00	n/a	DL
Mustang WA	12/08/03	700,000.00	20	4.000%			700,000.00	n/a	DL
Ouray, City of	12/19/03	1,000,000.00	20	4.000%			1,000,000.00	n/a	DL
Swink, Town of	04/20/04	669,000.00	20	3.500%			669,000.00	n/a	DL
Pinewood Springs WD	07/26/04	123,200.00	20	3.500%			123,200.00	n/a	DL
Florence, City of	01/25/05	800,000.00	20	3.500%			800,000.00	n/a	DL
La Jara, Town of	04/20/05	200,000.00	20	0.000%			200,000.00	n/a	DC
Olde Stage Water District	06/01/05	100,000.00	20	3.500%			100,000.00	n/a	DL
Victor, City of	06/17/05	283,000.00	10	0.000%			283,000.00	n/a	DC

Borrower Abbreviations Clarification:

W&SD = Water and Sanitation District 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 Financing Assistance- Loans	Average Loan Life (In Years)	Weighted Average Loan Rate	Total DW SRF Funds Obligated (a)	Total State Match Funds Provided (b)	New Loans Funded or Subsidized with CW SRF Reloan Monies (c)	No. of Loans Financed with Reloan Monies (c)	Percent of Loans Funded With Reloan Monies (c)
DIRECT LOANS (DL)	23	\$13,970,999	18.1	4.07%	\$4,475,026	\$1,330,645	\$8,217,082	12	52.17%
LEVERAGED LOANS (LL)	25	\$186,857,963	20.5	3.90%	\$66,060,988	\$15,742,963	\$0	0	0.00%
DISADVANTAGE COMMUNITY LOANS (DC)	2	\$483,000	15.0	0	\$0	\$0	\$483,000	2	100.00%
TOTAL FOR PROGRAM	50	\$201,311,961	19.2	3.90%	\$70,536,014	\$17,073,607	\$8,700,082	14	28.00%

Type of Loan:

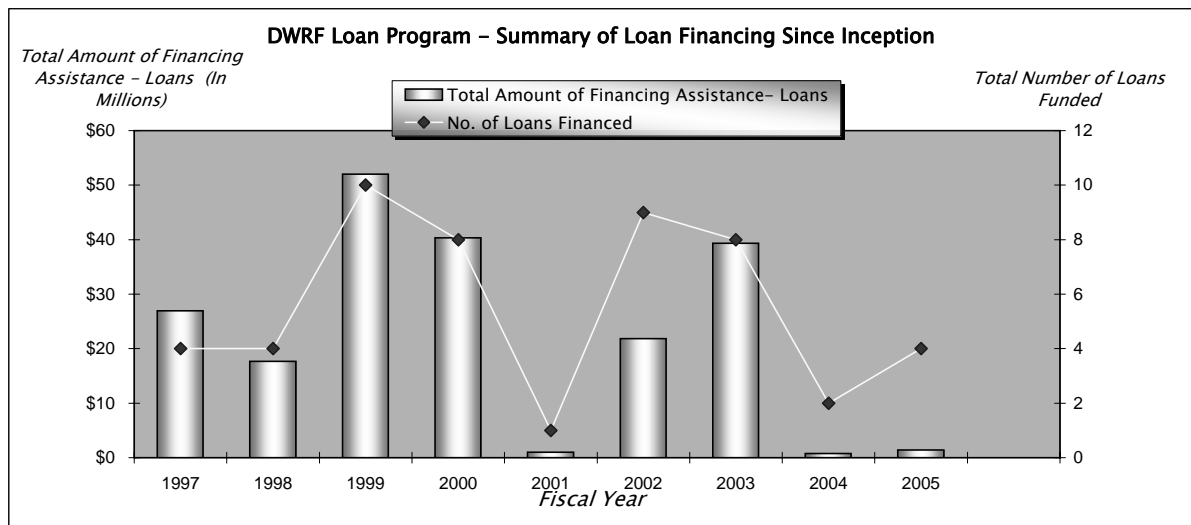
LL = Leveraged Loan - Funded from bond proceeds
DL = Direct Loan - Funded from available sources: (1) Authority state funds, (2) Grant Funds or (3) Drinking Water SRF Reloan funds.
DC = Disadvantaged Communities Direct Loans - In 2005, the DWRP program began funding low or 0% interest direct loans to qualifying entities.
In 2002, the DWRP program began funding all direct loans with DW SRF Reloan Monies->

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

Colorado Water Resources & Power Development Authority
 DRINKING WATER REVOLVING FUND (DWRWF) LOAN PROGRAM
 LOAN SUMMARY REPORT as of June 30, 2005

SUMMARY OF ALL LOANS MADE EACH FISCAL YEAR									
Fiscal Year	No. of Loans Financed	Total Amount of Financing Assistance- Loans	Average Loan Life (In Years)	Weighted Average Loan Rate	Total DW SRF Funds Obligated (a)	Total State Match Funds Provided (b)	New Loans Funded or Subsidized with CW SRF Reloan Monies (c)	No. of Loans Financed with Reloan Monies (c)	Percent 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	21,846,589	19	4.00%	6,650,615	1,637,459	3,343,684	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%	0	0	792,200	2	100.0%
2005	4	1,383,000	18	2.28%	0	0	1,383,000	4	100.0%
TOTAL FOR DW SRF PROGRAM	50	201,311,961	19	3.90%	\$70,536,014	\$17,073,607	\$8,700,082	14	28.0%



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		

Attachment 3

Audit Report for 2005



**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Basic Financial Statements, Supplementary Information, and
Reports Required by OMB Circular A-133

December 31, 2005 and 2004

(With Independent Auditors' Reports Thereon)



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**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

December 31, 2005 and 2004

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**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

December 31, 2005 and 2004

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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, 2005 and 2004, 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the basic financial statements, during 2005 the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2006 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 23 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming opinions on the basic financial statements that collectively comprise the Authority's basic financial statements. The schedules listed in the table of contents as supplementary 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 supplementary information on pages 73 through 94 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. The schedules listed in the table of contents as supplementary information on page 61 through 72 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. 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 29, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

**COLORADO WATER RESOURCES
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Management's Discussion and Analysis

Years ended December 31, 2005 and 2004

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, 2005 and 2004.

Financial Highlights

- ▶ Combined net assets of the Authority's enterprise funds increased \$26.5 million (6.7%) bringing the total to \$420.0 million at December 31, 2005. Capitalization grant revenue received from the United States Environmental Protection Agency (EPA) totaling \$17.9 million was the largest source of funds contributing to this increase.
- ▶ Operating income totaled \$8.6 million during 2005, an increase of \$1.8 million (26.6%) from 2004. Operating revenue increased to \$58.9 million, while expenses rose to \$50.3 million for the fiscal year. Although total restricted assets increased by \$91.0 million, the majority of the increase resulted from the investment of 2005 Water Revenue Bonds Program (WRBP) bond proceeds. The structure of the WRBP program allows borrowers to requisition accumulated investment income to pay for project costs, or to reduce their loan interest payable. The earnings on these investments are recorded as a liability (accounts payable – borrower) rather than as income. Accounts payable – borrowers rose \$2.3 million in 2005, due to the WRBP investment earnings. Investment income increased by \$1.6 million (10.5%) to \$17.1 million.
- ▶ Bonds payable, net of unamortized refunding costs, at December 31, 2005, totaled \$1.06 billion. During 2005, revenue bonds, excluding refunding bonds, totaling \$251.8 million were issued, contributing to the increase of \$213.9 million (25.3%) in bonds payable, net of unamortized refunding costs. Revenue bonds were issued in the following enterprise funds, during 2005:
 - ✦ Water Revenue Bonds Program (WRBP) in the Water Operations Enterprise Fund – \$194.4 million
 - ✦ Water Pollution Control Revolving Fund (WPCRF), within the Water Pollution Control Enterprise Fund, – \$57.4 million.
- ▶ During 2005, market conditions provided opportunities for the Authority to issue advance refunding revenue bonds in both the Water Pollution Control Fund and the Drinking Water Fund. The reduction in bond debt service (refunding savings) realized from these activities is passed through to associated borrowers by reductions to loan repayments. The results of the refundings are summarized below:

Program	Refunding Revenue Bonds Issued			Revenue Bonds Refunded		
	Par Value of Bonds Issued	No. of Issues	Present Value of Refunding Savings	Par Value of Bonds Refunded	No. of Issues	No. of Associated Borrowers
WPCRF	\$115.6 million	3	\$5.9 million	\$117.0 million	7	29
DWRF	\$20.3 million	1	\$1.0 million	\$20.5 million	1	5

- ▶ Total loans receivable were \$1.12 billion at December 31, 2005. During 2005, loans totaling \$259.0 million were executed, resulting in a net increase in loans receivable of \$217.0 million (24.0%). New loans were executed in the following enterprise funds:
 - ✦ Water Operations \$ 197.0 million
 - ✦ Water Pollution Control 59.6 million
 - ✦ Drinking Water 2.4 million

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

Years ended December 31, 2005 and 2004

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.

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, 2005 and 2004 in a comparative format. Furthermore, schedules of total enterprise fund data and analyses is provided in comparative year format for 2005-2004 and 2004-2003.

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, and other assets and receivables. Restricted assets are comprised of current and noncurrent 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. Noncurrent loans receivable includes loan principal payments due more than one year subsequent to the fiscal year-end. Loans receivable provide security for associated bonds; and loan payments received, net of state match principal and administrative feeds, are restricted for payment of bond debt service.

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 noncurrent) remaining borrower loan proceeds available for loans financed with bond proceeds. Noncurrent debt is the total of bonds payable more than one year subsequent to the fiscal year-end. Net assets are classified into three categories: invested in capital assets, restricted, and unrestricted.

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Management's Discussion and Analysis

Years ended December 31, 2005 and 2004

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 for total enterprise funds and for each enterprise fund.

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 \$304.5 million in 2005, as compared to an increase of \$352.8 million in 2004. Financing new projects each year contributed to the increases in assets. In 2005, new loans totaled \$259.0 million, while \$226.8 million in loans were made in 2004. However, project draws paid to borrowers totaling \$202.8 million and \$101.5 million in 2005 and 2004 respectively, limited the net increase in total assets.

Total Enterprise Funds (2005 - 2004)		Schedule 1A		
Summary of Net Assets as of December 31				
	2005	2004	Change	Pct Chg
Unrestricted current and other assets	\$ 172,524,131	167,549,261	4,974,870	3.0%
Restricted assets	585,102,753	494,084,452	91,018,301	18.4%
Capital assets, net	30,410	43,149	(12,739)	(29.5%)
Noncurrent loans receivable	1,073,562,535	865,039,393	208,523,142	24.1%
Total assets	<u>\$ 1,831,219,829</u>	<u>1,526,716,255</u>	<u>304,503,574</u>	<u>19.9%</u>
Current and other liabilities	\$ 83,368,407	73,564,621	9,803,786	13.3%
Project costs payable-leveraged loans	312,952,958	251,826,999	61,125,959	24.3%
Noncurrent debt outstanding, net	1,014,948,438	807,851,405	207,097,033	25.6%
Total liabilities	<u>1,411,269,803</u>	<u>1,133,243,025</u>	<u>278,026,778</u>	<u>24.5%</u>
Fund net assets:				
Invested in capital assets	30,410	43,149	(12,739)	(29.5%)
Restricted	350,672,449	323,562,710	27,109,739	8.4%
Unrestricted	69,247,167	69,867,371	(620,204)	(0.9%)
Total fund net assets	<u>419,950,026</u>	<u>393,473,230</u>	<u>26,476,796</u>	<u>6.7%</u>
Total liabilities and fund net assets	<u>\$ 1,831,219,829</u>	<u>1,526,716,255</u>	<u>304,503,574</u>	<u>19.9%</u>

**COLORADO WATER RESOURCES
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Years ended December 31, 2005 and 2004

Total Enterprise Funds (2004 - 2003)		Schedule 1B			
Summary of Net Assets as of December 31					
	2004	2003	Change	Pct Chg	
Unrestricted current and other assets	\$ 167,549,261	145,373,310	22,175,951	15.3%	
Restricted assets	494,084,452	348,926,160	145,158,292	41.6%	
Capital assets, net	43,149	56,462	(13,313)	(23.6%)	
Noncurrent loans receivable	865,039,393	679,526,210	185,513,183	27.3%	
Total assets	<u>\$ 1,526,716,255</u>	<u>1,173,882,142</u>	<u>352,834,113</u>	<u>30.1%</u>	
Current and other liabilities	\$ 73,564,621	65,439,838	8,124,783	12.4%	
Project costs payable-leveraged loans	251,826,999	122,187,070	129,639,929	106.1%	
Noncurrent debt outstanding, net	807,851,405	623,168,895	184,682,510	29.6%	
Total liabilities	<u>1,133,243,025</u>	<u>810,795,803</u>	<u>322,447,222</u>	<u>39.8%</u>	
Fund net assets:					
Invested in capital assets	43,149	56,462	(13,313)	(23.6%)	
Restricted	323,562,710	289,208,103	34,354,607	11.9%	
Unrestricted	69,867,371	73,821,774	(3,954,403)	(5.4%)	
Total fund net assets	<u>393,473,230</u>	<u>363,086,339</u>	<u>30,386,891</u>	<u>8.4%</u>	
Total liabilities and fund net assets	<u>\$ 1,526,716,255</u>	<u>1,173,882,142</u>	<u>352,834,113</u>	<u>30.1%</u>	

Similarly, total liabilities increased by \$278.0 million in 2005, and increased by \$322.4 million in 2004. Bonds, excluding refunding bonds, totaling \$251.8 million were issued in 2005, while \$220.6 million were issued in 2004. This new debt added to the net increases in total liabilities for both years. In 2005, project draws of \$202.8 million limited the net increase in Project costs payable-leveraged loans to \$61.1 million, whereas, 2004 project draws of \$101.5 million limited the net increase in Project costs payable-leveraged loans to \$129.6 million. Total fund net assets increased by \$26.5 million in 2005, down from the \$30.4 million increase in 2004. Although total operating income increased by \$1.8 million in 2005, the \$3.9 million decrease in the change in net assets was the direct result of the \$5.7 million decrease in EPA capitalization grant revenue received in 2005. Although total operating income decreased by \$0.8 million in 2004, the \$3.8 million increase in the change in net assets was the direct result of the \$4.5 million increase in EPA capitalization grant revenue received in 2004.

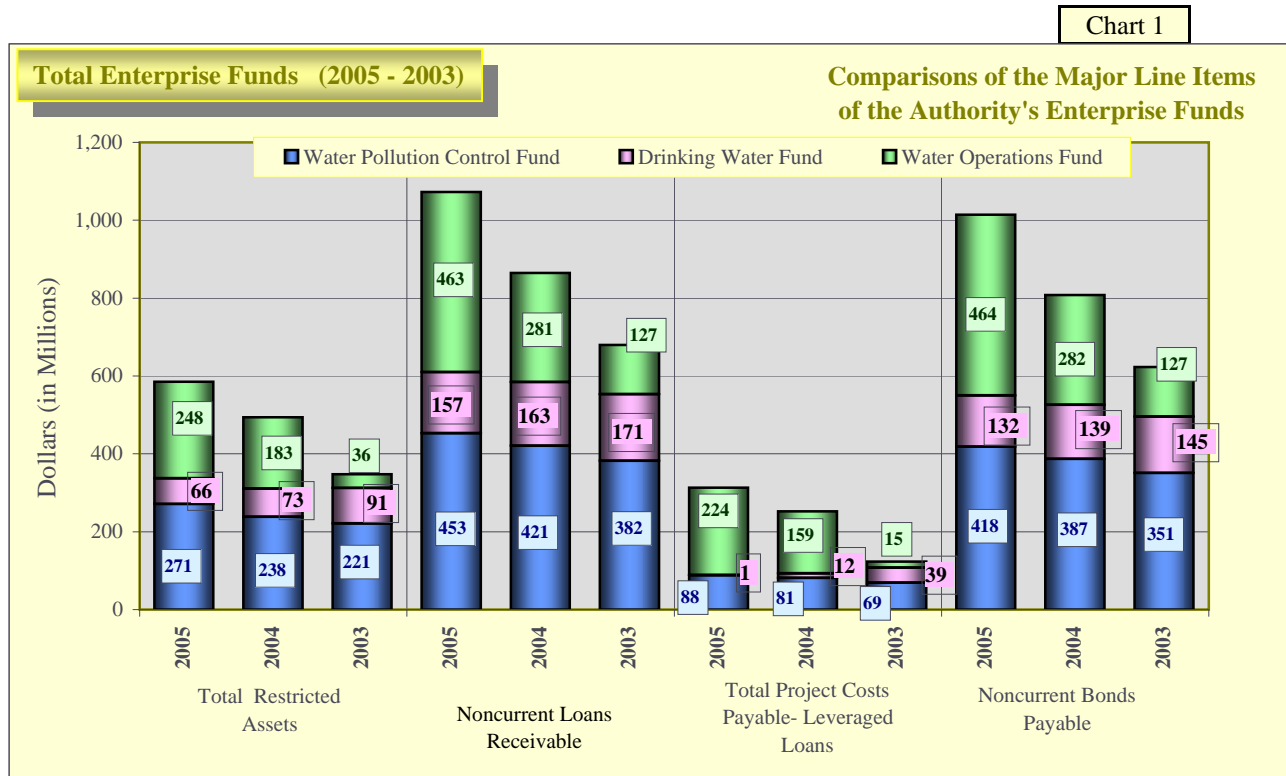
Chart 1 is a graphical representation of the four major accounts affected by new project financing, as discussed in the overview section of this discussion. The totals of these four accounts are compared for the years 2005, 2004, and 2003. Each bar is subdivided by colors that represent the amounts that each of the three enterprise funds contributes to the total for that year. The chart shows that, the WRBP, in the Water Operations Enterprise Fund (blue), had the largest impact on total enterprise fund assets and liabilities during 2005. This chart also illustrates the increase of loans receivable and bonds payable, over the three-year period, resulting from additional new project financing. The balances of restricted assets and project costs payable, however, are subject to fluctuations caused by the demands of borrower project draws.

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

Years ended December 31, 2005 and 2004

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 2005.



Water Operations Fund

The Water Operations Fund is described in note 1 of the basic financial statements. This fund is the combination of the business operations of the Authority (general and administrative), the Small Water Resources Program (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. In 2005, issuance costs totaled \$3.0 million for six WRBP bond issues totaling \$194.4 million. Loans made from these programs are not subsidized by EPA capitalization grants.

SWRP leveraged loans are generally more cost effective when a pool of approved borrowers is formed prior to issuing the bonds. Unlike SWRP, WRBP bonds are issued to fund each loan. In addition, 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. Two interim loans were funded in 2005 totaling \$2.6 million, of which \$1.5 million was repaid, leaving a balance of \$1.1 million outstanding at year-end. During 2004, the Authority loaned \$1.3 million, and by year-end, all interim loans had been repaid.

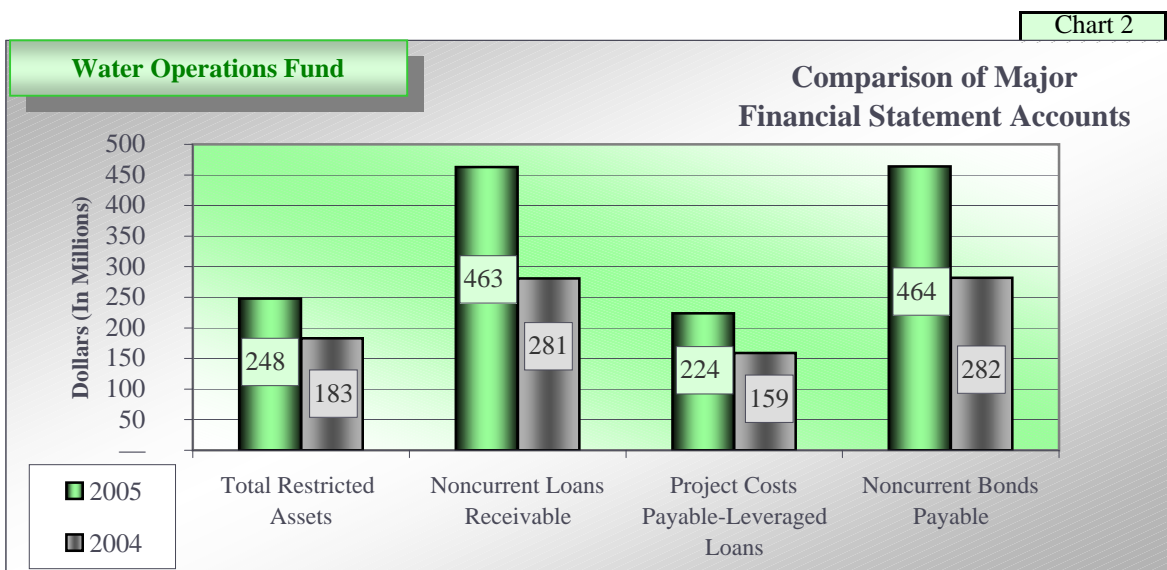
**COLORADO WATER RESOURCES
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Management's Discussion and Analysis

Years ended December 31, 2005 and 2004

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 \$194.4 million of WRBP bonds, investing the bond proceeds and executing corresponding loans to the communities. No SWRP bonds were issued or loans executed in 2005. SWRP and WRBP construction draws totaling \$132.5 million limited the increase in Restricted assets to \$64.9 million and Project costs payable-leveraged loans to \$65.4 million.

Water Operations Fund		Summary of Net Assets as of December 31				Schedule 2
		2005	2004	Change	Pct Chg	
Unrestricted current and other assets	\$	89,096,528	78,693,380	10,403,148	13.2%	
Restricted assets		248,180,605	183,291,317	64,889,288	35.4%	
Capital assets, net		13,444	19,397	(5,953)	(30.7%)	
Noncurrent loans receivable		463,378,333	280,833,333	182,545,000	65.0%	
Total assets	\$	<u>800,668,910</u>	<u>542,837,427</u>	<u>257,831,483</u>	<u>47.5%</u>	
Current and other liabilities	\$	26,657,628	18,008,239	8,649,389	48.0%	
Project costs payable-leveraged loans		223,918,878	158,561,517	65,357,361	41.2%	
Noncurrent debt outstanding, net		464,488,333	281,826,667	182,661,666	64.8%	
Total liabilities		<u>715,064,839</u>	<u>458,396,423</u>	<u>256,668,416</u>	<u>56.0%</u>	
Fund net assets:						
Invested in capital assets		13,444	19,397	(5,953)	(30.7%)	
Restricted		24,991,340	25,209,524	(218,184)	(0.9%)	
Unrestricted		60,599,287	59,212,083	1,387,204	2.3%	
Total fund net assets		<u>85,604,071</u>	<u>84,441,004</u>	<u>1,163,067</u>	<u>1.4%</u>	
Total liabilities and fund net assets	\$	<u>800,668,910</u>	<u>542,837,427</u>	<u>257,831,483</u>	<u>47.5%</u>	



**COLORADO WATER RESOURCES
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Also included in Restricted Assets of the Water Operations fund is the \$4.6 million unexpended balance of the Animas-La Plata escrow account. During 2005, \$0.2 million was paid to the Bureau of Reclamation (Bureau) bringing the total payments to \$3.6 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 most significant changes in Unrestricted current and other assets are caused by transfers to or from Restricted assets and the unrestricted reloan account. The financial model for the WPCRf program allows for reductions 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 restricted investments and depositing the cash proceeds, along with the state match portion of loan principal repayments, in the unrestricted reloan account (cash equivalent investment). In 2005, \$11.1 million was deallocated and transferred to the reloan account and \$22.1 million of reloan funds were used to fund loans, causing a \$10.0 million reduction to Unrestricted current and other assets. The current portion of loans receivable increased \$3.4 million in 2005, offsetting a portion of the reduction in reloan funds, resulting in a net \$6.0 million decrease in Unrestricted current and other assets.

Water Pollution Control Fund			Schedule 3	
Summary of Net Assets as of December 31				
	2005	2004	Change	Pct Chg
Unrestricted current and other assets	\$ 53,638,852	59,617,676	(5,978,824)	(10.0%)
Restricted assets	271,388,323	237,848,583	33,539,740	14.1%
Capital assets, net	8,483	11,876	(3,393)	(28.6%)
Noncurrent loans receivable	452,891,856	420,767,059	32,124,797	7.6%
Total assets	<u>\$ 777,927,514</u>	<u>718,245,194</u>	<u>59,682,320</u>	<u>8.3%</u>
Current and other liabilities	\$ 45,730,367	43,391,876	2,338,491	5.4%
Project costs payable-leveraged loans	87,891,524	80,917,704	6,973,820	8.6%
Noncurrent debt outstanding, net	418,467,372	387,214,738	31,252,634	8.1%
Total liabilities	<u>552,089,263</u>	<u>511,524,318</u>	<u>40,564,945</u>	<u>7.9%</u>
Fund net assets:				
Invested in capital assets	8,483	11,876	(3,393)	(28.6%)
Restricted	225,829,768	206,709,000	19,120,768	9.3%
Total fund net assets	<u>225,838,251</u>	<u>206,720,876</u>	<u>19,117,375</u>	<u>9.2%</u>
Total liabilities and fund net assets	<u>\$ 777,927,514</u>	<u>718,245,194</u>	<u>59,682,320</u>	<u>8.3%</u>

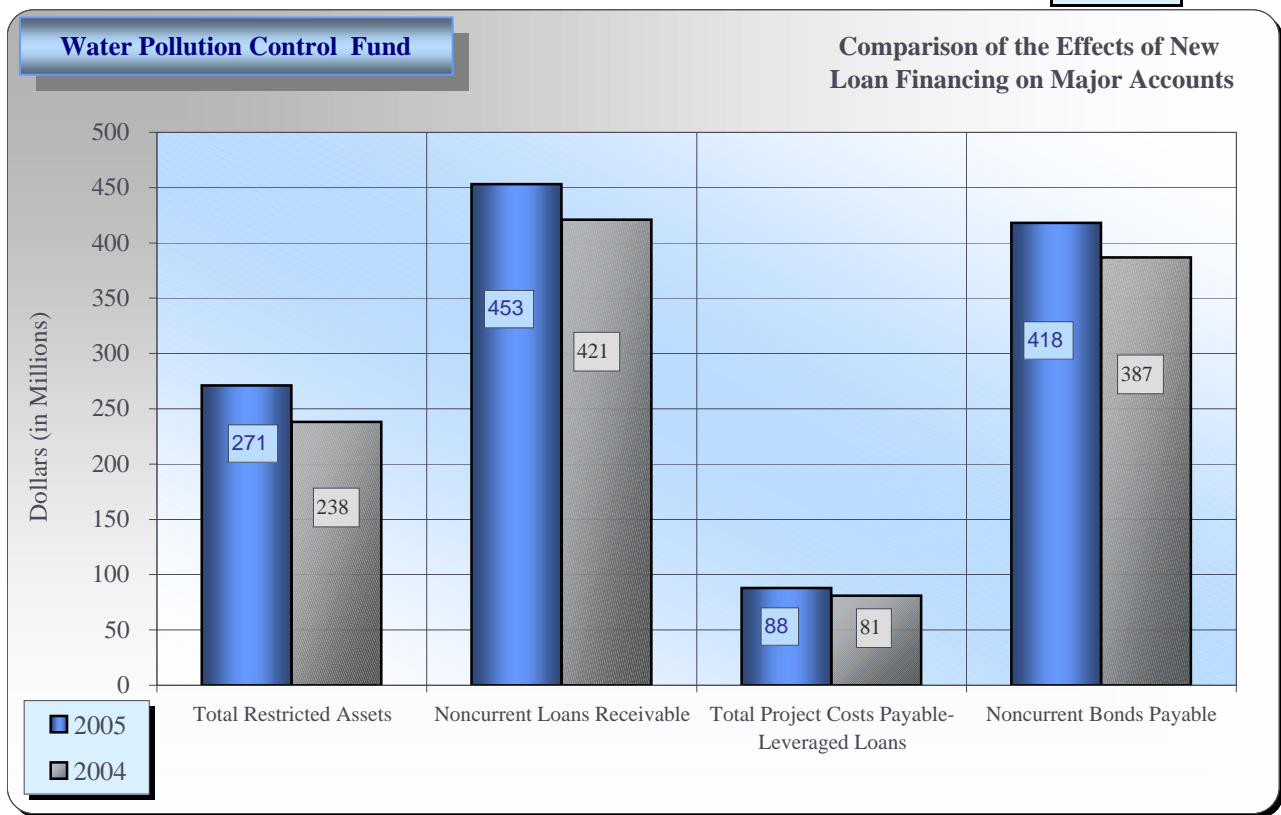
**COLORADO WATER RESOURCES
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Management's Discussion and Analysis

Years ended December 31, 2005 and 2004

Chart 3 displays the comparative balances of the four major accounts affected by loan activities. During 2005, the WPCRF issued revenue bonds totaling \$57.4 million. The bond proceeds, plus \$1.2 million of state match dollars, funded new leveraged loans totaling \$58.7 million. These loans and bonds added to the balances of each of the four major accounts; however, net increases in restricted assets (\$33.5 million) and project costs payable-leveraged loans (\$7.0 million) were limited by construction draws totaling \$53.1 million. Net increases in noncurrent loans receivable (\$32.1 million), and noncurrent debt (\$31.3 million) were the result of the new loans, net of loan principal repayments (\$24.0 million) and bond principal payments (\$22.8 million). Operating income of \$5.4 million and EPA capitalization grant revenue of \$13.7 million resulted in the increase in restricted net assets of \$19.1 million.

Chart 3



**COLORADO WATER RESOURCES
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Management's Discussion and Analysis

Years ended December 31, 2005 and 2004

Drinking Water Fund

Unrestricted current and other assets increased \$0.6 million in 2005. The net increase was the result of several factors, such as, increases from the deallocation of investments from debt service reserve funds totaling \$3.9 million, receipts of administrative loan fees totaling \$1.7 million, and decreases resulting from funding direct loans totaling \$2.3 million and transferring state grant matching dollars totaling \$2.7 million. During 2005, no leveraged loans were executed; therefore, no Drinking Water Revolving Fund (DWRF) bonds were issued. Chart 4 displays the comparative balances of the four major accounts and the following decreases: restricted assets (\$7.4 million), noncurrent loans receivable (\$6.1 million), project costs payable-leveraged loans (\$11.2 million), and noncurrent debt (\$6.8 million). Construction draws totaling \$11.2 million reduced restricted assets and project costs payable-leveraged loans. Annual principal receipts and payments reduced loans receivable and bonds payable. The DWRF operating income of \$2.0 million and EPA capitalization grant revenue of \$4.2 million resulted in the \$6.2 million (6.1%) increase in total fund net assets.

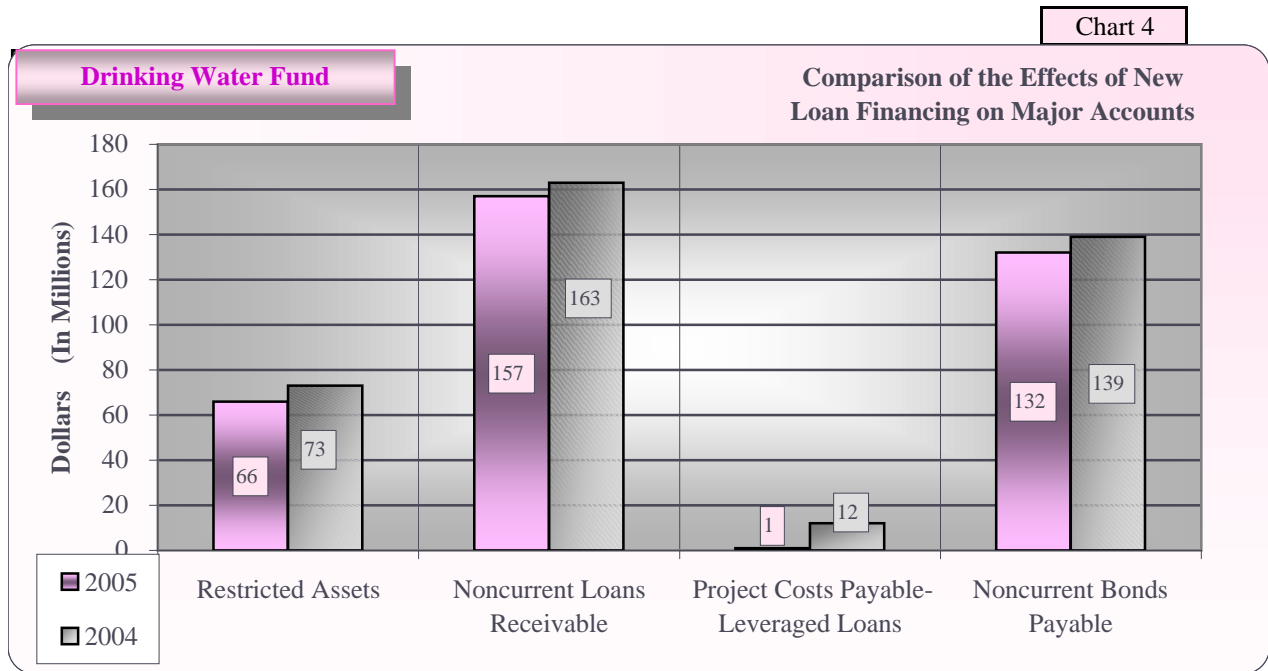
Schedule 4

Drinking Water Fund		Summary of Net Assets as of December 31			
	2005	2004	Change	Pct Chg	
Unrestricted current and other assets	\$ 29,788,751	29,238,205	550,546	1.9%	
Restricted assets	65,533,825	72,944,552	(7,410,727)	(10.2%)	
Capital assets, net	8,483	11,876	(3,393)	(28.6%)	
Noncurrent loans receivable	157,292,346	163,439,001	(6,146,655)	(3.8%)	
Total assets	\$ 252,623,405	265,633,634	(13,010,229)	(4.9%)	
Current and other liabilities	\$ 10,980,412	12,164,506	(1,184,094)	(9.7%)	
Project costs payable-leveraged loans	1,142,556	12,347,778	(11,205,222)	(90.7%)	
Noncurrent debt outstanding, net	131,992,733	138,810,000	(6,817,267)	(4.9%)	
Total liabilities	144,115,701	163,322,284	(19,206,583)	(11.8%)	
Fund net assets:					
Invested in capital assets	8,483	11,876	(3,393)	(28.6%)	
Restricted	99,851,341	91,644,186	8,207,155	9.0%	
Unrestricted	8,647,880	10,655,288	(2,007,408)	(18.8%)	
Total fund net assets	108,507,704	102,311,350	6,196,354	6.1%	
Total liabilities and fund net assets	\$ 252,623,405	265,633,634	(13,010,229)	(4.9%)	

**COLORADO WATER RESOURCES
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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 fund program loans. All bonds are repaid from loan repayments (principal and interest); however, in the WPCRF and DWRF, a portion of bond interest is paid by investment income earned on restricted assets held in the borrowers' project accounts and in bond debt service reserve funds. This investment income, used to pay 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 fund 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 2005, investment income and loan interest income made up more than 83.1% of operating revenues, bond interest expense was 87.9% of operating expense, and 67.7% of total changes in net assets came from EPA capitalization grant revenue.

The WPCRF and DWRF programs are allowed to collect a loan administrative fee surcharge to supplement the EPA grant funds available for the reimbursement of administrative expenses. The annual administrative fee surcharge rate of 0.8% is computed on 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 EPA capitalization 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.

Interest on investments totaled \$17.1 million, \$15.4 million, and \$16.6 million for 2005, 2004, and 2003, respectively. Both the investment balances and changing interest rates impacted the amounts of interest earned. As described in the following Water Pollution Control Fund section, the WPCRF interest on investments increased \$1.3 million, and was the major factor in the \$1.6 million total increase for 2005. Similarly, in 2004, the \$1.2 million decrease was largely the result of the \$0.9 million decrease in investment income in the WPCRF. Although the Water Operations Fund restricted assets increased by \$64.9 million in 2005, the earnings on these investments are recorded as accounts payable-borrowers, as explained in the following Water Operations Fund section.

Interest on loans totaled \$31.9 million, \$25.7 million, and \$19.3 million for 2005, 2004, and 2003, respectively. As expected, the combined loan interest income increased 24.1% and 33.1% in 2005 and 2004, respectively, as a result of the new financing activities in the WRBP in the Water Operations Fund. The 2004 WPCRF interest on loans increased \$1.8 million, adding to the \$5.1 million increase by the Water Operations Fund. Because no leveraged loans were made in 2004 and 2005, the DWRF did not significantly impact the combined interest on loans for either year.

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Total Enterprise Funds (2005 - 2004)		Schedule 5A		
Summary of Changes in Fund Net Assets as of December 31				
	2005	2004	Change	Pct Chg
Operating revenues:				
Interest on investments	\$ 17,060,365	15,441,590	1,618,775	10.5%
Interest on loans	31,914,844	25,712,359	6,202,485	24.1%
Administrative fee and other income	6,713,776	6,625,327	88,449	1.3%
EPA grants	3,242,616	2,327,343	915,273	39.3%
Total operating revenues	<u>58,931,601</u>	<u>50,106,619</u>	<u>8,824,982</u>	<u>17.6%</u>
Operating expenses:				
Interest on bonds	44,260,282	38,388,285	5,871,997	15.3%
Grant administration	2,429,438	2,270,249	159,189	7.0%
General, administrative, and other expenses	1,320,597	1,095,438	225,159	20.6%
EPA set asides	2,370,844	1,596,738	774,106	48.5%
Total operating expenses	<u>50,381,161</u>	<u>43,350,710</u>	<u>7,030,451</u>	<u>16.2%</u>
Operating income	8,550,440	6,755,909	1,794,531	26.6%
EPA capitalization grants	17,926,356	23,630,982	(5,704,626)	(24.1%)
Change in net assets	26,476,796	30,386,891	(3,910,095)	(12.9%)
Net assets – beginning of year	393,473,230	363,086,339	30,386,891	8.4%
Net assets – end of year	<u>\$ 419,950,026</u>	<u>393,473,230</u>	<u>26,476,796</u>	<u>6.7%</u>

Total Enterprise Funds (2004 - 2003)		Schedule 5B		
Summary of Changes in Fund Net Assets as of December 31				
	2004	2003	Change	Pct Chg
Operating revenues:				
Interest on investments	\$ 15,441,590	16,592,162	(1,150,572)	(6.9%)
Interest on loans	25,712,359	19,313,722	6,398,637	33.1%
Administrative fee and other income	6,625,327	6,246,854	378,473	6.1%
EPA grants	2,327,343	3,145,799	(818,456)	(26.0%)
Total operating revenues	<u>50,106,619</u>	<u>45,298,537</u>	<u>4,808,082</u>	<u>10.6%</u>
Operating expenses:				
Interest on bonds	38,388,285	32,200,865	6,187,420	19.2%
Grant administration	2,270,249	2,251,592	18,657	0.8%
General, administrative, and other expenses	1,095,438	901,404	194,034	21.5%
EPA set asides	1,596,738	2,429,366	(832,628)	(34.3%)
Total operating expenses	<u>43,350,710</u>	<u>37,783,227</u>	<u>5,567,483</u>	<u>14.7%</u>
Operating income	6,755,909	7,515,310	(759,401)	(10.1%)
EPA capitalization grants	23,630,982	19,092,849	4,538,133	23.8%
Change in net assets	30,386,891	26,608,159	3,778,732	14.2%
Net assets – beginning of year	363,086,339	336,478,180	26,608,159	7.9%
Net assets – end of year	<u>\$ 393,473,230</u>	<u>363,086,339</u>	<u>30,386,891</u>	<u>8.4%</u>

**COLORADO WATER RESOURCES
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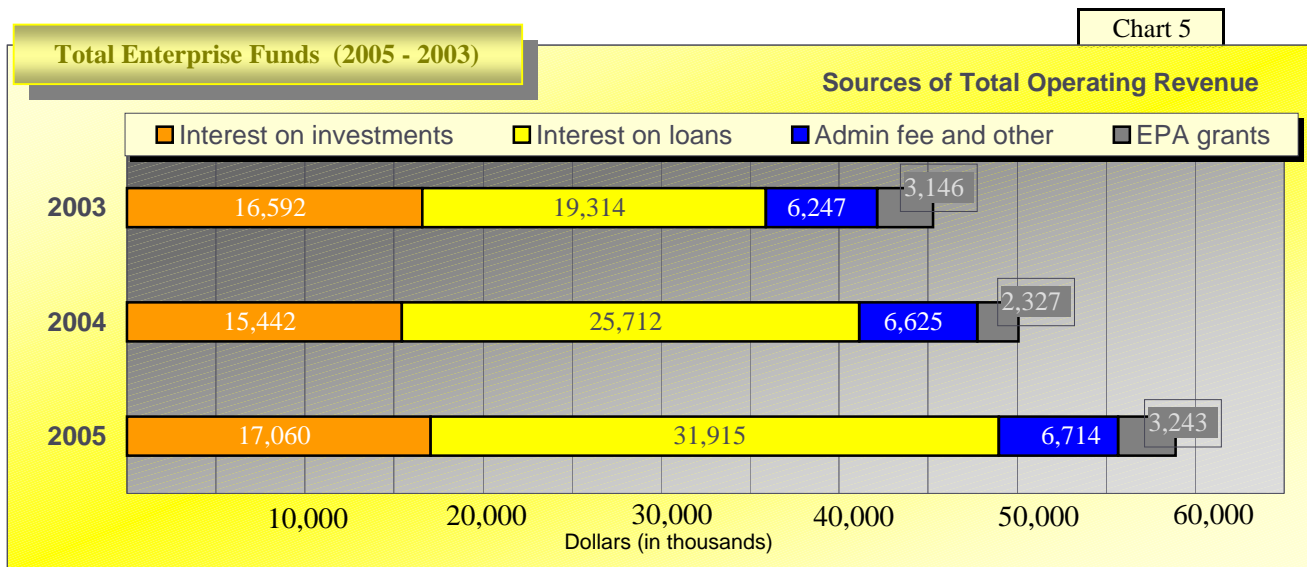
Management's Discussion and Analysis

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Total outstanding bonds payable (at par) were \$1.06 billion, \$845.3 million, and \$658.2 million, at December 31, 2005, 2004, and 2003, respectively. The increases in outstanding debt resulted in the corresponding rise in bond interest expense to \$44.3 million, \$38.4 million, and \$32.2 million, for those years, respectively. The \$5.9 million increase in interest on bonds in 2005 was limited by the three WPCRF and one DWRF advance refunding bond issues that reduced 2005 interest expense.

Chart 5 compares the major sources of total operating revenue among the years and illustrates the effects of investment and loan interest earnings discussed above. Note the decrease in interest on investments and the increase in interest on loans in 2005 and 2004. 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 interest on investments. 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 proportion to the additional WPCRF and DWRF loans executed. 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.

EPA capitalization grants totaled \$17.9 million, \$23.6 million, and \$19.1 million, for 2005, 2004, and 2003, respectively. As explained earlier in this section, grant funds are drawn as requisitions are paid to borrowers with projects 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 subsidized by EPA capitalization grants. Capitalization grant revenue contributed 67.7%, 77.8%, and 71.7% of the total change in net assets for 2005, 2004, and 2003, respectively.



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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 2005 and 2004.

Water Operations Fund

The Summary of Net Assets (Schedule 2) for the Water Operations Fund reflects the noncurrent loans receivable and bonds payable increase of \$182.5 million (65.0%) and \$182.7 (64.8%), respectively. Loan interest income and bond interest expense shown below increased 54.0% and 64.7%, respectively. These increases are proportional to the increases in loans receivable and bonds payable. The largest source of investment income in the Water Operations Fund is generated by the \$56.0 million investment in the pool managed by the Colorado State Treasurer. During 2005, the average interest rate on this pool increased by 0.7% contributing to the net \$0.3 million increase in interest on investments.

Water Operations Fund		Summary of Changes in Fund Net Assets as of December 31			Schedule 6
	2005	2004	Change	Pct Chg	
Operating revenues:					
Interest on investments	\$ 2,315,711	2,054,558	261,153	12.7%	
Interest on loans	17,866,572	11,604,418	6,262,154	54.0%	
Other income	371	1,266	(895)	(70.7%)	
Total operating revenues	<u>20,182,654</u>	<u>13,660,242</u>	<u>6,522,412</u>	<u>47.7%</u>	
Operating expenses:					
Interest on bonds	18,053,914	10,959,948	7,093,966	64.7%	
General, administrative, and other expenses	965,673	861,970	103,703	12.0%	
Total operating expenses	<u>19,019,587</u>	<u>11,821,918</u>	<u>7,197,669</u>	<u>60.9%</u>	
Operating income	<u>1,163,067</u>	<u>1,838,324</u>	<u>(675,257)</u>	<u>(36.7%)</u>	
Change in net assets	<u>1,163,067</u>	<u>1,838,324</u>	<u>(675,257)</u>	<u>(36.7%)</u>	
Net assets – beginning of year	<u>84,441,004</u>	<u>82,602,680</u>	<u>1,838,324</u>	<u>2.2%</u>	
Net assets – end of year	<u>\$ 85,604,071</u>	<u>84,441,004</u>	<u>1,163,067</u>	<u>1.4%</u>	

As explained in the financial highlights of this discussion, investment earnings in WRBP are recorded as a liability (accounts payable – borrower), since those earnings are accumulated for use by the borrower for project costs or reductions to their loan interest payable. If a borrower elects to reduce scheduled loan interest payments by applying investment earnings from its project account, those earnings are recorded as loan interest income. However, if a borrower elects to use these earnings for payment of project costs, the reimbursement to the borrower reduces the liability accordingly.

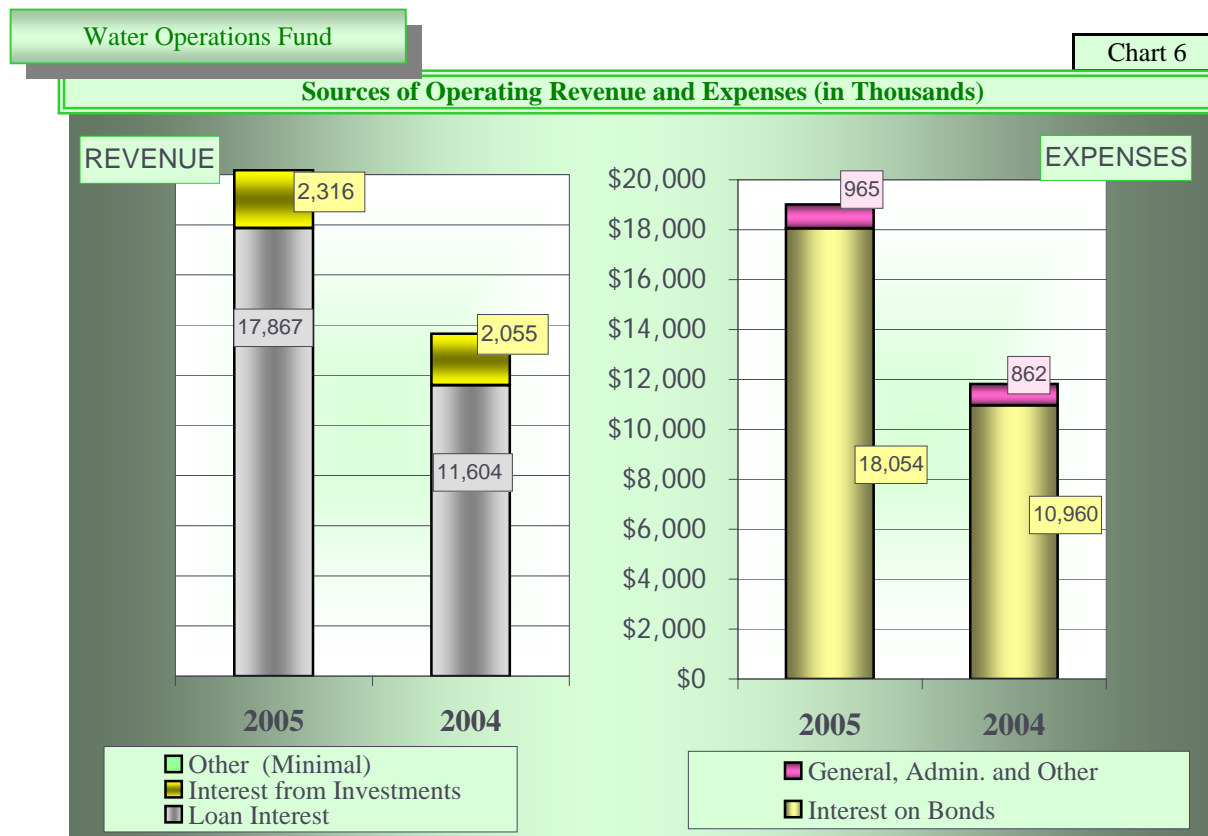
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As shown in Chart 6, investment and loan interest income are the principal sources of operating revenue in the Water Operations Fund. As discussed above, investment income increased 12.7% and loan interest income increased by 54.0% in 2005. General, administrative and other expenses increased 12.0% due to additional staff time and overhead costs attributable to the increased activity of the WRBP program. During 2005, six additional WRBP bond issues, funding six corresponding loans, were closed. Bond interest expense rose 64.7% due to the issuance of WRBP bonds totaling \$194.4 million. Operating income for 2005 decreased \$0.7 million. In addition to the increase in general and administrative expenses, the amortization of increased WRBP bond issuance costs, included in bond interest expense, contributed to the decrease in operating income.

The \$7.3 million balance of the Animas-La Plata account contributed to the Water Operations Fund in 2002 is contractually committed for payment to the Bureau. In exchange for the payments, the Authority will receive rights to an average annual depletion of 2,600 acre-feet of water from the reservoir project. During 2005, only investment income earned on the escrow account affected the changes in fund net assets. Payments of \$0.2 million to the Bureau were recorded as additions to water depletion rights on the Statement of Net Assets in the basic financial statements.



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Water Pollution Control Fund

Interest on loans decreased \$0.4 million (3.4%) in 2005. The net decrease was the result of the application of additional credits, generated in borrower project accounts and the pass-through of bond debt service savings resulting from closing three advance refunding bond issues in 2005, against loan interest. The decrease was limited by increased loan interest from loans made in 2004, plus interest on the new loans in 2005. Bond interest expense decreased by \$0.7 million in 2005 for reasons similar to the loan interest decrease. Bond interest expense decreased due to lower bond interest rates on three refunding bond issues. However, this decrease was limited by increases in bond interest expense from the 2004 bonds as well as the new bonds issued in 2005.

Water Pollution Control Fund		Schedule 7			
Summary of Changes in Fund Net Assets					
as of December 31					
	<u>2005</u>	<u>2004</u>	<u>Change</u>	<u>Pct Chg</u>	
Operating revenues:					
Interest on investments	\$ 11,257,578	9,985,821	1,271,757	12.7%	
Interest on loans	10,039,246	10,394,944	(355,698)	(3.4%)	
Administrative fee and other income	5,009,281	4,920,097	89,184	1.8%	
EPA grants-administrative	479,744	410,303	69,441	16.9%	
Total operating revenues	<u>26,785,849</u>	<u>25,711,165</u>	<u>1,074,684</u>	<u>4.2%</u>	
Operating expenses:					
Interest on bonds	19,709,705	20,388,121	(678,416)	(3.3%)	
Grant administration	1,413,551	1,316,329	97,222	7.4%	
General, administrative, and other expenses	256,281	129,048	127,233	98.6%	
Total operating expenses	<u>21,379,537</u>	<u>21,833,498</u>	<u>(453,961)</u>	<u>(2.1%)</u>	
Operating income	5,406,312	3,877,667	1,528,645	39.4%	
EPA capitalization grants	13,711,063	12,572,671	1,138,392	9.1%	
Change in net assets	<u>19,117,375</u>	<u>16,450,338</u>	<u>2,667,037</u>	<u>16.2%</u>	
Net assets – beginning of year	<u>206,720,876</u>	<u>190,270,538</u>	<u>16,450,338</u>	<u>8.6%</u>	
Net assets – end of year	<u>\$ 225,838,251</u>	<u>206,720,876</u>	<u>19,117,375</u>	<u>9.2%</u>	

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Interest on investments increased \$1.3 million (12.7%) in 2005. Although the balance invested in the COLOTRUST decreased by \$8.4 million to \$35.4 million in 2005, the average annual interest rate on this fund rose from 1.3% to 3.1%, resulting in \$0.6 million additional interest income for 2005. Other investments increased by \$31.2 million, and resulted in increased investment earnings of \$0.7 million.

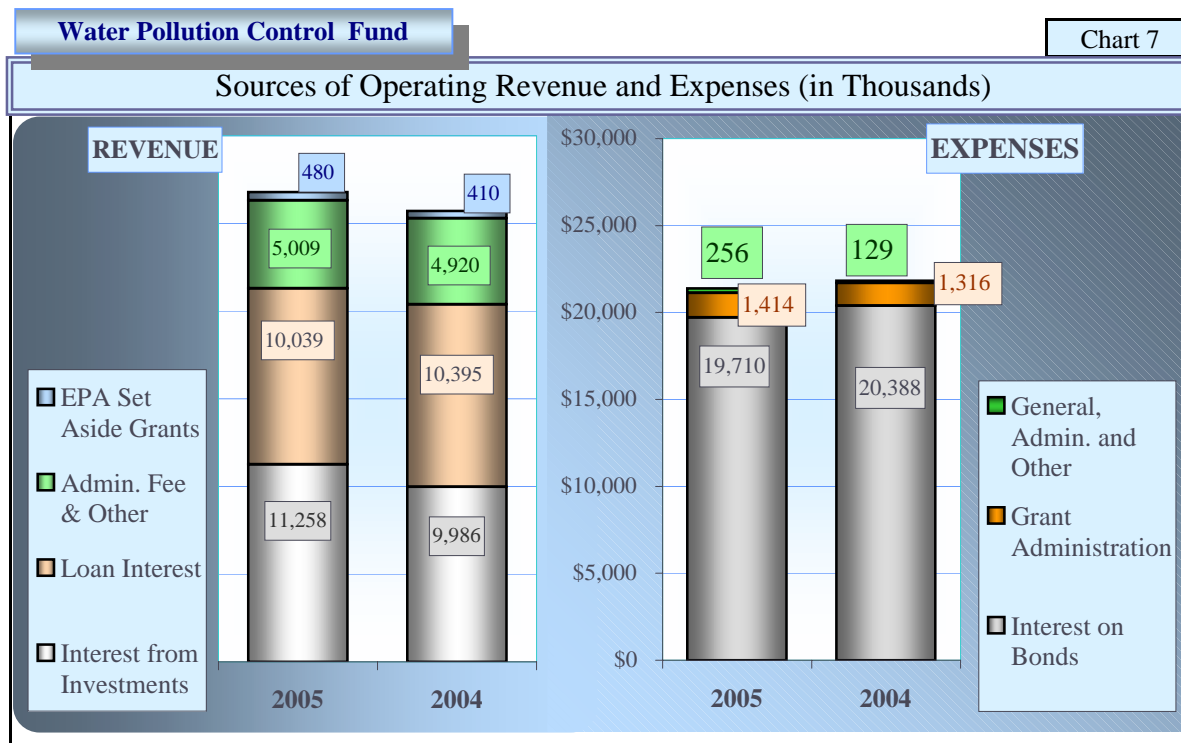


Chart 7 shows the components of operating income and expenses in a comparative format. As discussed above, loan interest income decreased \$0.4 million and bond interest expense decreased \$0.7 million, while investment income increased \$1.3 million. Loan administrative fee income, which is computed based upon the original loan balances, rose 1.8%, due to the addition of the 2005 loans.

The cost to administer the WPCRF for 2005 was \$1.4 million. Included in this amount are reimbursed costs paid to the Water Quality Control Division of the Colorado Department of Public Health and Environment (\$0.7 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.

As previously discussed, a proportionate amount of EPA capitalization grant revenue is recognized for each borrower project requisition. EPA capitalization grant revenue totaled \$13.7 million, including \$3.3 million accrued at year-end, and is consistent with project draws totaling over \$36.1 million from grant funded loans. The \$1.1 million increase is directly related to the \$7.9 million increase in project requisitions of grant-funded loans.

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Drinking Water Fund

In 2005, interest on investments increased 2.5%. Investments in COLOTRUST and cash invested by the State Treasurer increased by \$3.5 million, coupled with rising interest rates, resulted in an increase in interest income of \$0.5 million; however, repurchase agreement balances decreased by \$10.0 million and resulted in a decrease in associated interest income of \$0.4 million.

Interest on loans increased \$0.3 million (8.0%) in 2005. No leveraged loans were executed in 2005 or 2004. The increase can be attributed to the additional credits applied against the 2004 interest portion of certain borrower's loan repayments, that were larger than similar credits applied in 2005. These borrowers had completed their projects and withdrew all remaining project funds. The additional credits occur when borrowers draw their project funds slower than the spend-down rate projected in the financing model, and the actual investment earnings in those accounts exceed the projected loan interest subsidy. Following project completion, these accumulated additional earnings are released to provide additional loan interest credits.

No DWRF bonds were issued in 2005 and 2004. Bond interest expense decreased \$0.5 million (7.7%) as a result of the 2005 refunding bond issue coupled with the usual decline of interest expense as the serial bonds mature according to the debt service schedules.

Please refer to the notes to the basic financial statements for an explanation of the set aside programs funded by the DWRF. 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 2005, these expenditures increased \$0.8 million (48.5%).

The cost to administer the DWRF for 2005 was \$1.0 million. Included in this amount are reimbursed costs paid to the Water Quality Control Division of the Colorado Department of Public Health and Environment (\$0.5 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 DWRF.

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Management's Discussion and Analysis

Years ended December 31, 2005 and 2004

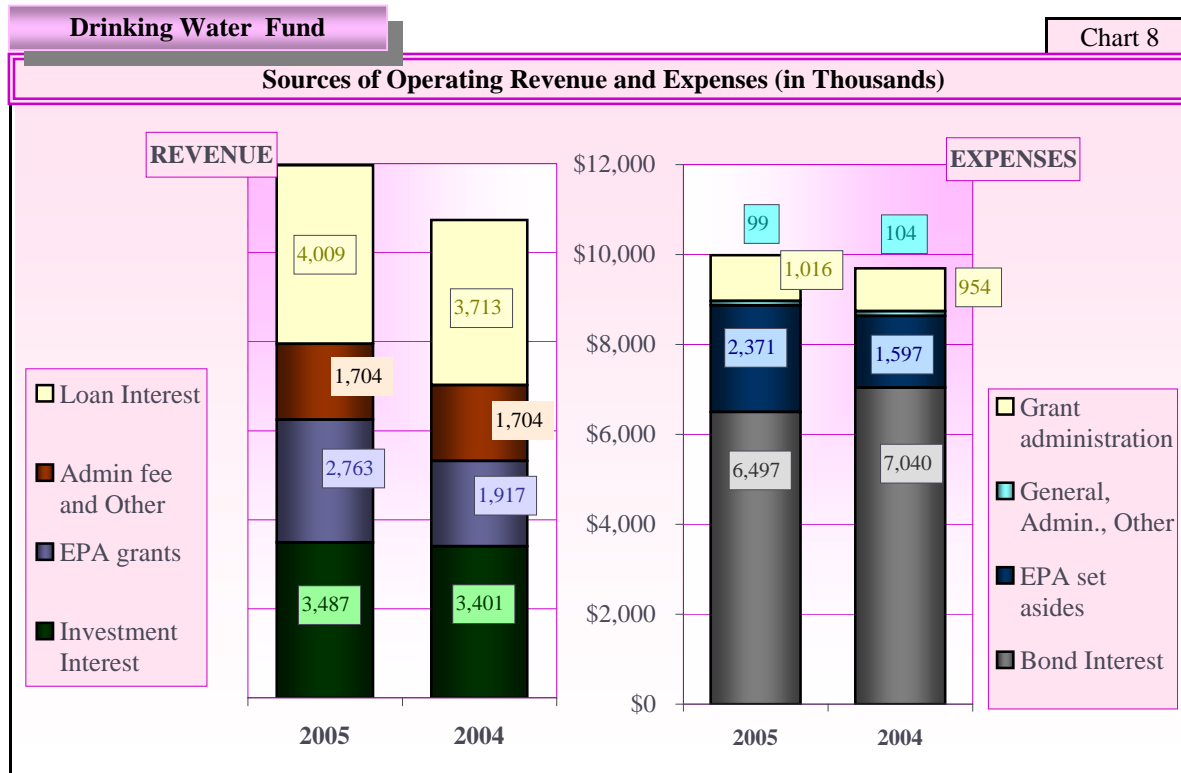
Drinking Water Fund					Schedule 8
Summary of Changes in Fund Net Assets					
as of December 31					
	<u>2005</u>	<u>2004</u>	<u>Change</u>	<u>Pct Chg</u>	
Operating revenues:					
Interest on investments	\$ 3,487,076	3,401,211	85,865	2.5%	
Interest on loans	4,009,026	3,712,997	296,029	8.0%	
Administrative fee and other income	1,704,124	1,703,964	160	0.0%	
EPA grants	2,762,872	1,917,040	845,832	44.1%	
Total operating revenues	<u>11,963,098</u>	<u>10,735,212</u>	<u>1,227,886</u>	<u>11.4%</u>	
Operating expenses:					
Interest on bonds	6,496,663	7,040,216	(543,553)	(7.7%)	
Grant administration	1,015,887	953,920	61,967	6.5%	
General, administrative, and other expenses	98,643	104,420	(5,777)	(5.5%)	
EPA set asides	2,370,844	1,596,738	774,106	48.5%	
Total operating expenses	<u>9,982,037</u>	<u>9,695,294</u>	<u>286,743</u>	<u>3.0%</u>	
Operating income	1,981,061	1,039,918	941,143	90.5%	
EPA capitalization grants	4,215,293	11,058,311	(6,843,018)	(61.9%)	
Change in net assets	6,196,354	12,098,229	(5,901,875)	(48.8%)	
Net assets – beginning of year	102,311,350	90,213,121	12,098,229	13.4%	
Net assets – end of year	<u>\$ 108,507,704</u>	<u>102,311,350</u>	<u>6,196,354</u>	<u>6.1%</u>	

EPA capitalization grant revenues decreased \$6.8 million (61.9%) in 2005. As discussed at the beginning of this section, a proportionate amount of EPA capitalization grant revenue is recognized for each borrower project requisition funded with grant dollars. Project requisitions for leveraged loans funded with grants decreased from \$26.3 million in 2004 to \$11.2 million in 2005. The decrease in EPA capitalization grant revenue was the direct result of the \$15.1 million decrease in project requisitions for grant funded loans.

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Years ended December 31, 2005 and 2004



Economic Factors

The demand for financing water and wastewater infrastructure projects is not significantly affected by general economic conditions. The primary factors that bolster this demand are:

- More stringent, federal water quality standards often mandate the replacement of or upgrades to infrastructure.
- Colorado's population continues to increase, requiring plant expansions.
- Periods of drought affecting Colorado for the past few years has created interest in building additional reservoir storage, transmission projects and acquisition of water rights.
- Low interest rates on municipal bonds issued by the Authority result in lower loan interest rates, especially those loans subsidized by the WPCRF and DWRF, thereby making project financing more affordable for local communities.

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The Authority plans to continue subsidizing loan interest rates for borrowers in both the WPCRF and DWRF in 2006. As of December 31, 2005, out of the total amount of EPA capitalization grant funds awarded to the DWRF through 2005, \$18.1 million remains unobligated and available for loans. As of December 31, 2005, out of the total amount of EPA capitalization grant funds awarded to the WPCRF through 2005, \$5.6 million remains unobligated and available for loans. Congress has appropriated funds for the 2006 EPA capitalization grants and the Authority submitted applications for the State's allotment in February 2006; \$6.7 million for WPCRF loans and \$10.5 million for DWRF loans. Estimated reloan funds of \$23.3 million and \$12.4 million for WPCRF and DWRF, respectively, will be available to augment the EPA grant funds for subsidizing loans in 2006.

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
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Statement of Net Assets

December 31, 2005

Assets	Water Operations	Water Pollution Control	Drinking Water	Totals
Current assets:				
Cash and cash equivalents	\$ 52,137,619	18,479,003	19,432,997	90,049,619
Federal grants receivable	—	3,368,737	278,498	3,647,235
Investment income receivable	205,227	381,112	231,787	818,126
Loans receivable	12,744,428	26,295,615	8,378,988	47,419,031
Due from other funds	658,361	—	—	658,361
Accounts receivable – borrowers	5,124,383	5,114,385	1,466,481	11,705,249
Accounts receivable – other	5,557	—	—	5,557
Restricted assets:				
Cash and cash equivalents	153,298,968	11,098,556	10,585,618	174,983,142
Investments	63,539,039	78,692,650	2,519,675	144,751,364
Investment income receivable	1,541,938	1,423,324	185,479	3,150,741
Total current assets	289,255,520	144,853,382	43,079,523	477,188,425
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	21,655,722	7,035,258	—	28,690,980
Investments	8,129,675	170,327,079	51,513,975	229,970,729
Investment income receivable	15,263	2,811,456	729,078	3,555,797
Advance receivable	7,974,023	—	—	7,974,023
Loans receivable	463,378,333	452,891,856	157,292,346	1,073,562,535
Water depletion rights – Animas-La Plata	3,633,591	—	—	3,633,591
Capital assets – equipment, net of accumulated depreciation of \$133,103	13,444	8,483	8,483	30,410
Other assets	6,613,339	—	—	6,613,339
Total noncurrent assets	511,413,390	633,074,132	209,543,882	1,354,031,404
Total assets	\$ 800,668,910	777,927,514	252,623,405	1,831,219,829
Liabilities and Fund Net Assets				
Current liabilities:				
Project costs payable – direct loans	\$ —	691,700	603,674	1,295,374
Project costs payable – leveraged loans	207,789,203	70,541,524	1,142,556	279,473,283
Bonds payable	12,010,000	24,425,000	6,630,000	43,065,000
Accrued interest payable	5,313,529	7,157,808	2,155,691	14,627,028
Accounts payable – borrowers	5,026,832	—	—	5,026,832
Accounts payable – other	625,105	73,016	—	698,121
Due to other funds	—	257,543	400,818	658,361
Other liabilities	384,480	766,000	—	1,150,480
Total current liabilities	231,149,149	103,912,591	10,932,739	345,994,479
Noncurrent liabilities:				
Project costs payable – leveraged loans	16,129,675	17,350,000	—	33,479,675
Bonds payable, net	464,488,333	418,467,372	131,992,733	1,014,948,438
Advance payable	—	7,974,023	—	7,974,023
Debt service reserve deposit	1,861,513	—	—	1,861,513
Deferred revenue	—	760,542	109,663	870,205
Other liabilities	1,436,169	3,624,735	1,080,566	6,141,470
Total noncurrent liabilities	483,915,690	448,176,672	133,182,962	1,065,275,324
Total liabilities	715,064,839	552,089,263	144,115,701	1,411,269,803
Fund net assets:				
Invested in capital assets	13,444	8,483	8,483	30,410
Restricted	24,991,340	225,829,768	99,851,341	350,672,449
Unrestricted	60,599,287	—	8,647,880	69,247,167
Total fund net assets	85,604,071	225,838,251	108,507,704	419,950,026
Total liabilities and fund net assets	\$ 800,668,910	777,927,514	252,623,405	1,831,219,829

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
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Statement of Net Assets

December 31, 2004

Assets	Water Operations	Water Pollution Control	Drinking Water	Totals
Current assets:				
Cash and cash equivalents	\$ 49,022,641	28,945,518	18,543,494	96,511,653
Federal grants receivable	—	2,385,189	1,105,387	3,490,576
Investment income receivable	149,529	320,481	187,661	657,671
Loans receivable	8,154,583	22,909,698	7,893,133	38,957,414
Due from other funds	790,207	—	—	790,207
Accounts receivable – borrowers	3,389,136	5,056,790	1,504,678	9,950,604
Accounts receivable – other	32,628	—	3,852	36,480
Restricted assets:				
Cash and cash equivalents	27,389,713	6,405,383	6,362,489	40,157,585
Investments	64,619,987	56,839,104	14,781,168	136,240,259
Investment income receivable	848,164	974,043	278,522	2,100,729
Total current assets	154,396,588	123,836,206	50,660,384	328,893,178
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	14,784,768	10,032,100	1,570,714	26,387,582
Investments	74,840,566	160,964,397	49,281,786	285,086,749
Investment income receivable	808,119	2,633,556	669,873	4,111,548
Advance receivable	10,252,683	—	—	10,252,683
Loans receivable	280,833,333	420,767,059	163,439,001	865,039,393
Water depletion rights – Animas-La Plata	3,467,706	—	—	3,467,706
Capital assets – equipment, net of accumulated depreciation of \$139,785	19,397	11,876	11,876	43,149
Other assets	3,434,267	—	—	3,434,267
Total noncurrent assets	388,440,839	594,408,988	214,973,250	1,197,823,077
Total assets	\$ 542,837,427	718,245,194	265,633,634	1,526,716,255
Liabilities and Fund Net Assets				
Current liabilities:				
Project costs payable – direct loans	\$ —	53,050	1,564,705	1,617,755
Project costs payable – leveraged loans	83,720,951	50,517,704	12,347,778	146,586,433
Bonds payable	8,745,000	21,180,000	6,380,000	36,305,000
Accrued interest payable	3,838,930	6,915,244	2,280,715	13,034,889
Accounts payable – borrowers	2,693,984	—	—	2,693,984
Accounts payable – other	671,361	—	—	671,361
Due to other funds	—	194,654	595,553	790,207
Other liabilities	179,307	918,647	707,654	1,805,608
Total current liabilities	99,849,533	79,779,299	23,876,405	203,505,237
Noncurrent liabilities:				
Project costs payable – leveraged loans	74,840,566	30,400,000	—	105,240,566
Bonds payable, net	281,826,667	387,214,738	138,810,000	807,851,405
Advance payable	—	10,252,683	—	10,252,683
Debt service reserve deposit	1,685,331	—	—	1,685,331
Deferred revenue	12,951	306,717	—	319,668
Other liabilities	181,375	3,570,881	635,879	4,388,135
Total noncurrent liabilities	358,546,890	431,745,019	139,445,879	929,737,788
Total liabilities	458,396,423	511,524,318	163,322,284	1,133,243,025
Fund net assets:				
Invested in capital assets	19,397	11,876	11,876	43,149
Restricted	25,209,524	206,709,000	91,644,186	323,562,710
Unrestricted	59,212,083	—	10,655,288	69,867,371
Total fund net assets	84,441,004	206,720,876	102,311,350	393,473,230
Total liabilities and fund net assets	\$ 542,837,427	718,245,194	265,633,634	1,526,716,255

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended December 31, 2005

	Water Operations	Water Pollution Control	Drinking Water	Totals
Operating revenues:				
Interest on loans	\$ 17,866,572	10,039,246	4,009,026	31,914,844
Interest on investments	2,315,711	11,257,578	3,487,076	17,060,365
Surcharge from borrowers	—	240,352	—	240,352
Administrative fee	—	4,737,700	1,704,124	6,441,824
EPA grants	—	479,744	2,762,872	3,242,616
Other	371	31,229	—	31,600
	<u>20,182,654</u>	<u>26,785,849</u>	<u>11,963,098</u>	<u>58,931,601</u>
Total operating revenues				
Operating expenses:				
Interest on bonds	18,053,914	19,709,705	6,496,663	44,260,282
Grant administration	—	1,413,551	1,015,887	2,429,438
Project expenses	323,040	—	—	323,040
General and administrative	642,633	3,393	3,393	649,419
EPA set asides	—	—	2,370,844	2,370,844
Other	—	252,888	95,250	348,138
	<u>19,019,587</u>	<u>21,379,537</u>	<u>9,982,037</u>	<u>50,381,161</u>
Total operating expenses				
Operating income	1,163,067	5,406,312	1,981,061	8,550,440
EPA capitalization grants	—	13,711,063	4,215,293	17,926,356
	<u>1,163,067</u>	<u>19,117,375</u>	<u>6,196,354</u>	<u>26,476,796</u>
Change in fund net assets				
Fund net assets – beginning of year	84,441,004	206,720,876	102,311,350	393,473,230
Fund net assets – end of year	<u>\$ 85,604,071</u>	<u>225,838,251</u>	<u>108,507,704</u>	<u>419,950,026</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended December 31, 2004

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Operating revenues:				
Interest on loans	\$ 11,604,418	10,394,944	3,712,997	25,712,359
Interest on investments	2,054,558	9,985,821	3,401,211	15,441,590
Surcharge from borrowers	—	541,775	—	541,775
Administrative fee	—	4,352,601	1,684,614	6,037,215
EPA grants	—	410,303	1,917,040	2,327,343
Other	1,266	25,721	19,350	46,337
	<u>13,660,242</u>	<u>25,711,165</u>	<u>10,735,212</u>	<u>50,106,619</u>
Total operating revenues				
Operating expenses:				
Interest on bonds	10,959,948	20,388,121	7,040,216	38,388,285
Grant administration	—	1,316,329	953,920	2,270,249
Project expenses	289,312	—	—	289,312
General and administrative	572,658	3,393	3,393	579,444
EPA set asides	—	—	1,596,738	1,596,738
Other	—	125,655	101,027	226,682
	<u>11,821,918</u>	<u>21,833,498</u>	<u>9,695,294</u>	<u>43,350,710</u>
Total operating expenses				
Operating income	1,838,324	3,877,667	1,039,918	6,755,909
EPA capitalization grants	—	12,572,671	11,058,311	23,630,982
	<u>1,838,324</u>	<u>16,450,338</u>	<u>12,098,229</u>	<u>30,386,891</u>
Change in fund net assets				
Fund net assets – beginning of year	82,602,680	190,270,538	90,213,121	363,086,339
Fund net assets – end of year	<u>\$ 84,441,004</u>	<u>206,720,876</u>	<u>102,311,350</u>	<u>393,473,230</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statement of Cash Flows
Year ended December 31, 2005

	Water Operations	Water Pollution Control	Drinking Water	Totals
Cash flows from operating activities:				
Loan administrative fees received	\$ —	5,308,665	1,825,769	7,134,434
Federal funds received	—	472,068	3,015,905	3,487,973
Cash payments for salaries and related benefits	(481,268)	(377,451)	(208,652)	(1,067,371)
Cash payments to other state agencies for services:	—	(740,583)	(614,563)	(1,355,146)
Cash payments to vendors	(368,267)	(354,143)	(2,849,649)	(3,572,059)
Net cash provided (used) by operating activities	<u>(849,535)</u>	<u>4,308,556</u>	<u>1,168,810</u>	<u>4,627,831</u>
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	198,041,668	187,859,975	22,328,814	408,230,457
Deposits to refunding bond escrow accounts	—	(127,026,111)	(21,991,903)	(149,018,014)
Deposits for option to purchase water depletion rights	1,143,284	—	—	1,143,284
Federal funds received	—	12,735,191	4,789,149	17,524,340
Principal paid on bonds	(8,745,000)	(22,785,000)	(6,555,000)	(38,085,000)
Interest paid on bonds	(16,059,510)	(19,389,782)	(6,633,953)	(42,083,245)
Cash payment for bond issuance costs	(3,042,730)	(2,163,947)	(337,365)	(5,544,042)
Net cash provided (used) by noncapital financing activities	<u>171,337,712</u>	<u>29,230,326</u>	<u>(8,400,258)</u>	<u>192,167,780</u>
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	77,367,069	77,679,339	14,781,168	169,827,576
Interest received on investments	5,035,791	11,779,276	3,981,207	20,796,274
Interest received on loans	16,131,316	10,086,778	4,035,241	30,253,335
Principal repayments from localities on loans	9,850,728	24,020,000	7,906,975	41,777,703
Cash received from (paid to) other accounts	2,278,660	(2,278,660)	—	—
Purchase of investments	(9,575,229)	(109,242,826)	(4,751,864)	(123,569,919)
Investment in water rights	(165,885)	—	—	(165,885)
Cash disbursed to localities for loans	(135,135,605)	(53,343,158)	(14,412,428)	(202,891,191)
Cash payment for arbitrage rebate	(82,113)	(1,009,815)	(766,933)	(1,858,861)
Cash payments of interest to borrowers	(297,722)	—	—	(297,722)
Net cash provided (used) by investing activities	<u>(34,592,990)</u>	<u>(42,309,066)</u>	<u>10,773,366</u>	<u>(66,128,690)</u>
Net increase (decrease) in cash and cash equivalents	135,895,187	(8,770,184)	3,541,918	130,666,921
Cash and cash equivalents, beginning of year	91,197,122	45,383,001	26,476,697	163,056,820
Cash and cash equivalents, end of year	<u>\$ 227,092,309</u>	<u>36,612,817</u>	<u>30,018,615</u>	<u>293,723,741</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 1,163,067	5,406,312	1,981,061	8,550,440
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	5,952	3,393	3,393	12,738
Accrued sick leave expense	7,900	—	—	7,900
Interest on bonds	18,053,914	19,709,705	6,496,663	44,260,282
Cost of issuance proceeds	—	(31,229)	—	(31,229)
Interest on loans	(17,866,572)	(10,039,246)	(4,009,026)	(31,914,844)
Interest on investments	(2,315,711)	(11,257,578)	(3,487,076)	(17,060,365)
Put fees on Treasury bonds	—	49,985	—	49,985
Loan principal forgiven	—	81,178	—	81,178
Amortization of deferred revenue	12,951	491,317	109,663	613,931
Change in assets and liabilities:				
(Increase) in due from other funds	131,636	—	—	131,636
(Increase) in accounts receivable – borrowers	—	(160,704)	11,982	(148,722)
(Increase) in other receivables	(1,115)	(7,676)	256,885	248,094
Increase in accounts payable – other	(41,557)	—	—	(41,557)
Increase in due to other funds	—	63,099	(194,735)	(131,636)
Net cash provided (used) by operating activities	<u>\$ (849,535)</u>	<u>4,308,556</u>	<u>1,168,810</u>	<u>4,627,831</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Statement of Cash Flows
Year ended December 31, 2004

	Water Operations	Water Pollution Control	Drinking Water	Totals
Cash flows from operating activities:				
Loan administrative fees received	\$ —	4,763,059	1,650,012	6,413,071
Federal funds received	—	404,668	1,526,786	1,931,454
Cash payments for salaries and related benefits	(490,102)	(289,412)	(190,006)	(969,520)
Cash payments to other state agencies for services	—	(780,050)	(635,987)	(1,416,037)
Cash payments to vendors	(413,307)	(312,171)	(1,478,372)	(2,203,850)
Net cash provided (used) by operating activities	<u>(903,409)</u>	<u>3,786,094</u>	<u>872,433</u>	<u>3,755,118</u>
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	165,886,725	58,896,430	—	224,783,155
Federal funds received	—	10,233,059	10,447,081	20,680,140
Principal paid on bonds	(6,690,000)	(20,450,000)	(6,300,000)	(33,440,000)
Interest paid on bonds	(8,095,851)	(19,822,008)	(7,041,175)	(34,959,034)
Cash payment for bond issuance costs	(2,973,867)	(239,605)	(59,707)	(3,273,179)
Net cash provided (used) by noncapital financing activities	<u>148,127,007</u>	<u>28,617,876</u>	<u>(2,953,801)</u>	<u>173,791,082</u>
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	11,970,947	55,722,777	27,676,325	95,370,049
Interest received on investments	3,052,477	10,941,889	3,621,183	17,615,549
Interest received on loans	8,761,270	9,733,518	3,818,357	22,313,145
Principal repayments from localities on loans	11,838,932	23,471,264	7,674,165	42,984,361
Cash received from (paid to) other accounts	(716,902)	716,902	—	—
Purchase of investments	(143,570,466)	(73,355,542)	(10,450,528)	(227,376,536)
Investment in water rights	(1,224,428)	—	—	(1,224,428)
Cash disbursed to localities for loans	(22,247,581)	(50,759,242)	(28,573,398)	(101,580,221)
Cash payment for arbitrage rebate	—	(346,545)	(1,010,266)	(1,356,811)
Cash payments of interest to borrowers	(661,716)	—	—	(661,716)
Net cash provided (used) by investing activities	<u>(132,797,467)</u>	<u>(23,874,979)</u>	<u>2,755,838</u>	<u>(153,916,608)</u>
Net increase in cash and cash equivalents	14,426,131	8,528,991	674,470	23,629,592
Cash and cash equivalents, beginning of year	76,770,991	36,854,010	25,802,227	139,427,228
Cash and cash equivalents, end of year	<u>\$ 91,197,122</u>	<u>45,383,001</u>	<u>26,476,697</u>	<u>163,056,820</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 1,838,324	3,877,667	1,039,918	6,755,909
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	6,527	3,393	3,393	13,313
Accrued sick leave expense	21,700	—	—	21,700
Interest on bonds	10,959,948	20,388,121	7,040,216	38,388,285
Cost of issuance proceeds	—	(25,721)	(19,350)	(45,071)
Interest on loans	(11,604,418)	(10,394,944)	(3,712,997)	(25,712,359)
Interest on investments	(2,054,558)	(9,985,821)	(3,401,211)	(15,441,590)
Put fees on Treasury bonds	—	49,985	—	49,985
Amortization of deferred revenue	(14,128)	(57,406)	—	(71,534)
Change in assets and liabilities:				
(Increase) in due from other funds	(361,748)	—	—	(361,748)
(Increase) in accounts receivable – borrowers	—	(74,121)	(34,602)	(108,723)
(Increase) in other receivables	—	(5,635)	(394,106)	(399,741)
Increase in accounts payable – other	304,944	—	—	304,944
Increase in due to other funds	—	10,576	351,172	361,748
Net cash provided (used) by operating activities	<u>\$ (903,409)</u>	<u>3,786,094</u>	<u>872,433</u>	<u>3,755,118</u>

See accompanying notes to basic financial statements.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

December 31, 2005 and 2004

(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 (the Board) 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, or 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.

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 that 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 SWRP 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.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

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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 Enterprise 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 DWRF or the WPCRF. The Authority is authorized to finance individual water resources project loans of \$500 million or less without approval from the State legislature. All costs of project development may be financed through the WRBP. Each local government evidences its obligations 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 repayments, pursuant to the loan agreements by the local governmental agencies, are sufficient to pay the principal and interest on the bonds issued by the Authority. During the construction period, investment interest earned in the borrowers' project accounts may be requisitioned for project costs or to decrease loan interest payable to the Authority. Therefore, the Authority records investment interest as a liability in the accounts payable – borrowers account in the Statement of Net Assets.

Animas-La Plata Project

In a 2001 contract with the Animas-La Plata Water Conservancy District (the District), the Authority agreed to fund the District's payment of the non-tribal water capital obligation of the reconfigured Animas-La Plata Project in exchange for the District's 2,600 ac-ft of average annual 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. Approximately \$7.3 million was transferred to the Water Operations Fund in 2002 to capitalize this obligation. During 2002, construction was initiated on the project. The Authority makes construction progress payments to the Bureau for the construction of Animas-La Plata Project facilities. Payments to the Bureau totaled \$165,885 and \$1,124,428 in 2005 and 2004, respectively. These payments are capitalized as Water depletion rights on the Statement of Net Assets.

In 2002, the Authority entered into a marketing agreement with the District to promote the sale of these water depletion rights. In early 2005, the 2,600 ac-ft of average annual depletion was committed to two entities. The District contracted to purchase 700 ac-ft of average annual depletion and provided an earnest money deposit of \$90,453. In addition, the City of Durango executed an agreement giving it the option to purchase 1,900 ac-ft of average annual depletion and provided an option payment of \$1,051,175. Both parties will be required to pay the remaining amounts due at project completion.

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

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

December 31, 2005 and 2004

agencies for the construction of publicly owned wastewater treatment projects and nonpoint source 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 Agreement 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.

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. In lieu of federal grant funds, the Authority may deposit a predetermined amount "reloan" (recycled grant funds) to the reserve account upon bond closing. 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. During 2005, the Board approved a Disadvantaged Community Loan Program, whereby local governmental entities, with populations of 5,000 or less, may receive loans

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

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up to \$2 million for a term of 20 years. This program will become effective January 1, 2006. These loans carry a 0% interest rate, if the community's median household income is less than or equal to 60% of the State's median household income, and an interest rate of 50% of the approved direct loan rate, if the community's median household income is 61% to 80% of the State's median household income.

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.

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 Agreement 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. In lieu of federal grant funds, the Authority may deposit a predetermined amount "reloan" (recycled grant funds) to the reserve account upon bond closing. Earnings on such reserve are used to reduce the loan interest payable by the borrower.

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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. During 2005, a Disadvantaged Community Loan Program was implemented, whereby local governmental entities, with populations of 5,000 or less, may receive loans up to \$2 million for a term of 30 years. These loans carry a 0% interest rate, if the community's median household income is less than or equal to 60% of the State's median household income, and an interest rate of 50% of the approved direct loan rate, if the community's median household income is 61% to 80% of the State's median household income.

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 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. Up to 4% of the Authority's capitalization grants may be used for administration, and up to 2% 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.

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(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. As permitted by 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.

(c) Cash Equivalents

The Authority considers cash deposits held by the 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.

During the year ended December 31, 2005, the Authority implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. This statement addresses common deposit and investment risks and requires governmental entities to provide disclosures related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This information is designed to inform financial statement users about deposit and investment risks that could affect the Authority's ability to provide services and meet its obligations as they become due.

(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.

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(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, state match holding accounts and the Animas-La Plata earnest money deposits and escrow accounts. Leveraged loans receivable provide security for the associated bonds and loan payments received, net of state match principal and administrative fees, are restricted for payment of bond debt service.

(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. The cost of issuing bonds in the Water Operations Fund is recorded as other assets and is being amortized over the life of the bonds, and amortization is a component of bond interest expense. 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. Prepaid loan interest, resulting from a negotiated early loan pay off, is being amortized over the number of years for which interest was prepaid.

Depending on the bond pricing structure, original issue discounts or premiums subtract from, or add to, net bond proceeds. The net proceeds are deposited in borrowers' project accounts and are made available for requisitions. Therefore, the monetary effects of the discounts and premiums are flowed to the borrowers, and the Authority makes no provision for amortization of these amounts.

(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 liability of amounts loaned to borrowers that have not been requisitioned by the borrowers for their projects as of year-end. Project costs payable – leveraged loans is the liability for loans funded from bond proceeds, while project costs payable – direct loans is the liability for loans funded with available cash (reloan) within the respected fund.

(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 EPA capitalization grants 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) *Advance Refunding of Bonds*

When favorable market conditions develop, the Authority considers advance refunding earlier bond issues having higher interest rates. The Authority's refunding policy includes a targeted 5% present value savings rate, before the refunding process is considered cost beneficial. Proceeds from the refunding bonds are used to pay bond issuance costs, including estimated future administrative costs of the Authority, and the balance of the proceeds is deposited into the refunded bonds escrow account. Transferring the bonds to an escrow account constitutes a legal defeasance; therefore, the refunded bonds are removed from the general ledger. The Authority's current policy is to pass the refunding benefits through to respective leveraged loan borrowers. The reduction in bond debt service is credited to the loan repayments of the borrowers.

(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. State regulators determine the eligibility of depositories. 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.

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At December 31, 2005 and 2004, the Authority's deposits had a bank balance of \$424,201 and \$3,478,014 and a carrying amount of \$124,563 and \$3,075,831, respectively. The differences between the bank balances and carrying amounts are due to outstanding reconciling items (primarily outstanding checks) at year-end. Of the bank balances \$100,000 was insured by federal depository insurance at December 31, 2005 and 2004.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy (the policy) does not limit the amount of deposit custodial credit risk. Of the bank balances, the following amounts were exposed to custodial credit risk:

	2005	2004
Collateralized by bank's single collateral pool for all public entities, but not held in the Authority's name	\$ 216,077	409,588
Collateralized with securities held by bank's trust department or agent, but not in the Authority's name.	108,124	2,968,426
Total	\$ 324,201	3,378,014

(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 at no less than 102% by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

The Authority's investment policy authorizes similar investments, although certain investments such as guaranteed investment contracts are not authorized by the policy. The policy also differentiates the allowable investments for operating funds and the investment of bond proceeds and contributions to debt service reserve funds.

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Colorado Local Government Liquid Asset Trust (the COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds and is considered a 2a7-like investment pool. 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.

Various schedules shown below contain information relating to investment risk disclosure, as of December 31, 2005; however, similar information for 2004 was not readily available.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is evidenced by a rating issued by a nationally recognized statistical rating organization (NRSRO), which regularly rates such obligations. The table below shows minimum rating required by State statutes, the policy, debt agreements or investment agreements, and the actual rating at year-end. The investment in pooled funds managed by the State Treasurer is not rated and direct obligations of the U.S. government and debt guaranteed by the U.S. government are exempt from credit risk disclosure.

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Although the policy requires repurchase agreements to be collateralized by authorized securities with a market value no less than 102% of the carrying value of the investment, all existing repurchase agreements specify a collateralization rate of 103% if the securities are direct obligations of the U.S. government and most agreements specify a 105% collateralization rate for authorized agency securities, if allowed. Repurchase agreements provide the flexibility needed by the Authority's loan programs for on-demand principal redemption from borrower project accounts as well as scheduled annual redemptions, over a twenty-year period, from bond debt service reserve funds. The ratings of the repurchase agreements below, as of December 31, 2005, reflect the rating of the underlying securities held as collateral.

<u>Investment type</u>	<u>Fair value</u>	<u>Minimum legal rating</u>	<u>Exempt from disclosure</u>	<u>Not rated</u>	<u>NRSRO rating</u>
Deposits	\$ 124,029		X		
Cash held by State Treasurer	67,124,830	N/A		X	See detail below
COLOTRUST PLUS	134,424,255	N/A			AAA
COLOTRUST PRIME	92,050,627	N/A			AAA
Total cash and cash equivalents	<u>293,723,741</u>				
U.S. Treasury Notes – SLGS	18,236,943	N/A	X		
U.S. Treasury Bonds	9,493,041	N/A	X		
Repurchase Agreements – collateralized	346,992,109			X	See detail below
Total investments	<u>374,722,093</u>				
Total cash and invested funds	<u>\$ 668,445,834</u>				

Below is a schedule that summarizes the credit quality of the securities held as collateral for the repurchase agreements, as of December 31, 2005:

	<u>Collateral securities</u>		
	<u>Exempt from disclosure</u>	<u>Custodian portfolio percent</u>	<u>NRSRO rating</u>
U.S. Treasuries and other direct obligations	X	12.2%	
Government agencies		74.5	AAA
Sequoia Mortgage Trust		6.1	AAA
Tennessee Valley Authority Bonds		0.3	AAA
Structured Asset Investment Loans		4.3	AAA
Impact Trust		2.5	AAA
Financial Corporation (FDIC)		0.1	AAA
Total		<u>100.0%</u>	

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The cash held by the State Treasurer is invested in the types of securities shown below as disclosed in the State Treasurer's report, as of December 31, 2005:

	Credit rating of pool securities					Portfolio percent
	AAA	AA	A	BBB	Other	
Asset backed	100.0%					16.4%
Corporates	8.4%	25.6%	66.0%			12.0%
Commercial paper	9.7%	34.2%	48.0%	8.1%		14.6%
Treasuries	100.0%					16.4%
Federal agencies	100.0%					38.9%
Certificates of deposit						0.6%
Money market funds	100.0%				100.0%	1.1%
Total portfolio	75.2%	8.1%	14.9%	1.2%	0.6%	100.0%

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The schedule below shows repurchase agreements totaling \$346,992,109 were acquired by the Authority's trustee, and the investments are held in the trustee's bank account at the Federal Reserve in book entry form. Consequently, the trustee is considered to be the purchaser as well as the custodian of the investments. Because the investments are not held in the Authority's name, the entire balance of repurchase agreements is subject to custodial credit risk. The policy does not limit custodial credit risk; however, the Board approves each repurchase agreement in conjunction with an associated bond resolution.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Pooled investments and direct obligations of the U.S. government are exempt from concentration of credit risk disclosure. Investments that represent 5% or more of total investments are shown in the table below.

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The schedule below shows that four repurchase agreement providers (eligible providers) exceed 5% of total funds invested, as of December 31, 2005. Only a limited number of eligible providers offer this type of investment agreement, which results in a higher level of investment concentration. To ensure a price that equals fair market value the Authority makes a good faith effort to meet the safe harbor provision of Treasury Regulation Sec. 1.148-5(d)(6)(iii), which requires a minimum of three bids be obtained from eligible providers. The fair market value is then used to determine the yield for arbitrage purposes. The policy does not limit the concentration of repurchase agreements with any one eligible provider.

<u>Investment type</u>	<u>Fair value</u>	<u>Exempt from disclosure</u>	<u>Pct of total invested</u>
Cash held by State Treasurer	\$ 67,124,830		10.0%
COLOTRUST PLUS	134,424,255	X	N/A
COLOTRUST PRIME	92,050,627	X	N/A
U.S. Treasury Notes – SLGS	18,236,943	X	N/A
U.S. Treasury Bonds	9,493,041	X	N/A
Repurchase Agreements – collateralized:			
Trinity Plus Funding Company LLC	84,679,843		12.7%
MBIA Asset Management LLC	43,243,809		6.5%
HSBC Bank USA N.A.	608,516	X	N/A
Westdeutsche Landesbank	1,424,614	X	N/A
Salomon Reinvestment Co./Citigroup Global	74,976,612		11.2%
American International Group	142,058,715		21.3%
Total funds invested	<u>\$ 668,321,805</u>		

Interest Rate Risk. Interest rate risk is the risk that the fair value of investments may be adversely affected by changes in interest rates. The Authority's investment policy, in accordance with Colorado law, limits the purchase of investments to securities with maturity dates of five years or less, unless the Board authorizes maturities in excess of five years. Pursuant to the terms of bond resolutions, the Board approves investments, held in debt service reserve funds, with maturities coinciding with bond maturities, normally of twenty years or more. These investments are exposed to interest rate risk; however, that risk is considered acceptable because the fixed earnings from these investments, included in the cash flow model, is required for future bond debt service.

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As of December 31, 2005, the Authority had the following investments and maturities.

<u>Maturity</u>	<u>U.S. Treasury notes – SLGS</u>	<u>U.S. Treasury bonds</u>	<u>Repurchase agreements</u>	<u>Total investments</u>
2006	\$ 4,154,449	65,391	140,531,523	144,751,363
2007	3,235,642	—	34,386,883	37,622,525
2008	3,350,963	53,201	11,242,567	14,646,731
2009	3,322,155	420,569	10,613,770	14,356,494
2010	2,489,256	1,698,262	11,074,927	15,262,445
2011-2015	1,684,478	7,255,618	58,782,915	67,723,011
2016-2020	—	—	49,944,547	49,944,547
2021-2025	—	—	27,667,986	27,667,986
2026-2027	—	—	2,746,991	2,746,991
Total	<u>\$ 18,236,943</u>	<u>9,493,041</u>	<u>346,992,109</u>	<u>374,722,093</u>

The U.S. treasury bonds, with maturity dates after 2006, are held in debt service reserve funds, that secure certain revenue bonds in the WPCRF, and are subject to put agreements. These agreements allow the Authority to sell or “put” treasury bonds to the counterparty in the event of a loan receivable default, and the proceeds would be used to pay bond debt service. The agreements include schedules containing put prices that correspond to the WPCRF bond debt service dates. Each agreement also contains mandatory put dates and prices that allow for the sale of the treasury bonds, thereby allowing the Authority to use the proceeds to fund future loans. The current put prices are greater than par value, but are less than the current fair value included in this table as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

In addition to the investments shown above, the Authority had \$67,124,830 invested in the pool maintained by the State Treasurer, and that pool has an average maturity of 15.4 months. The Authority’s investment represents approximately 1.6% of the total pool.

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(4) Loans Receivable

The following is an analysis of changes in loans receivable for the years ended December 31, 2005 and 2004:

	Balance January 1, 2005	New loans	Repayments/ loans canceled	Balance December 31, 2005
Water Operations Fund:				
Small Water Resources Program	\$ 107,927,916	—	5,430,000	102,497,916
Water Revenue Bond Program	181,060,000	194,400,000	2,935,000	372,525,000
Interim loans	—	2,585,573	1,485,728	1,099,845
Water Pollution Control Fund:				
Direct loans	13,591,649	950,000	914,593	13,627,056
Leveraged loans	430,085,108	58,688,993	23,213,686	465,560,415
Drinking Water Fund:				
Direct loans	14,118,860	2,383,000	1,041,497	15,460,363
Leveraged loans	157,213,274	—	7,002,303	150,210,971
	903,996,807	\$ 259,007,566	42,022,807	1,120,981,566
Less current portion	38,957,414			47,419,031
Noncurrent portion	\$ 865,039,393			1,073,562,535
	Balance January 1, 2004	New loans	Repayments/ loans canceled	Balance December 31, 2004
Water Operations Fund:				
Small Water Resources Program	\$ 113,104,583	—	5,176,667	107,927,916
Water Revenue Bond Program	20,135,000	162,870,000	1,945,000	181,060,000
Interim loans	3,446,382	1,270,883	4,717,265	—
Water Pollution Control Fund:				
Direct loans	14,355,136	300,000	1,063,487	13,591,649
Leveraged loans	390,865,830	61,627,055	22,407,777	430,085,108
Drinking Water Fund:				
Direct loans	14,123,571	792,200	796,911	14,118,860
Leveraged loans	164,090,528	—	6,877,254	157,213,274
	720,121,030	\$ 226,860,138	42,984,361	903,996,807
Less current portion	40,594,820			38,957,414
Noncurrent portion	\$ 679,526,210			865,039,393

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Scheduled maturities of the loans receivable are as follows:

	Water operations		WPCRF		DWRP		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 12,744,428	21,547,189	26,295,615	11,280,198	8,378,988	4,114,350	47,419,031	36,941,737
2007	12,382,500	22,004,707	27,287,118	12,756,494	8,853,535	4,097,756	48,523,153	38,858,957
2008	12,877,500	21,423,289	28,110,183	12,019,816	9,066,128	3,899,720	50,053,811	37,342,825
2009	12,959,167	20,818,361	29,374,359	11,328,987	9,299,309	3,688,157	51,632,835	35,835,505
2010	14,915,834	20,208,896	29,624,426	10,551,513	10,490,135	3,459,383	55,030,395	34,219,792
2011-2015	86,835,834	89,841,565	134,418,770	41,059,687	55,474,287	12,936,644	276,728,891	143,837,896
2016-2020	74,984,167	70,221,688	121,072,969	22,115,863	46,097,895	5,504,379	242,155,031	97,841,930
2021-2025	66,083,331	52,512,074	79,315,790	6,902,665	17,618,868	955,897	163,017,989	60,370,636
2026-2030	51,580,000	39,441,175	3,688,241	114,265	187,558	9,049	55,455,799	39,564,489
2031-2035	90,480,000	25,105,769	—	—	204,631	4,977	90,684,631	25,110,746
2036-2040	23,215,000	8,260,612	—	—	—	—	23,215,000	8,260,612
2041-2043	17,065,000	1,822,275	—	—	—	—	17,065,000	1,822,275
Total	\$ 476,122,761	393,207,600	479,187,471	128,129,488	165,671,334	38,670,312	1,120,981,566	560,007,400

The schedule above does not include administrative fees due from the borrowers, which are recorded as revenue when earned.

The Water Operations Fund – Small Water Resources Program loans receivable have interest rates of 3.96% to 7.19% and have scheduled final maturity dates of 2006 to 2023. The Water Revenue Bond Program loans receivable have interest rates of 1.92% to 7.08% and have scheduled maturity dates of 2009-2043.

The WPCRF direct loans receivable, have interest rates of 1.43% to 5.17% and have maturity dates of 2010 to 2025. The WPCRF leveraged loans receivable have interest rates of 3.21% to 5.20% and have scheduled final maturity dates of 2007 to 2027.

The Drinking Water Fund direct loans receivable have interest rates of 0.0% to 4.5% and have scheduled final maturity dates of 2006 to 2035. The Drinking Water Fund leveraged loans receivable have interest rates of 3.03% to 4.6% and have scheduled final maturity dates of 2014 to 2025.

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Noncurrent Liabilities, Other Than Bonds

Noncurrent liability activity, other than bonds, for the year ended December 31, 2005 was as follows:

	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Current portion
Water operations:					
Project costs payable – leveraged loans	\$ 158,561,517	197,865,487	132,508,126	223,918,878	207,789,203
Debt service reserve deposit	1,685,331	176,182	—	1,861,513	—
Deferred revenue	12,951	—	12,951	—	—
Other liabilities	360,682	1,157,600	82,113	1,436,169	—
Total water operations	<u>\$ 160,620,481</u>	<u>199,199,269</u>	<u>132,603,190</u>	<u>227,216,560</u>	<u>207,789,203</u>
Water pollution control:					
Project costs payable – direct loans	\$ 53,050	950,000	311,350	691,700	691,700
Project costs payable – leveraged loans	80,917,704	60,032,728	53,058,908	87,891,524	70,541,524
Advance payable	10,252,683	1,721,340	4,000,000	7,974,023	—
Deferred revenue	306,717	543,305	89,480	760,542	—
Other liabilities	4,489,528	952,136	1,050,929	4,390,735	766,000
Total water pollution control	<u>\$ 96,019,682</u>	<u>64,199,509</u>	<u>58,510,667</u>	<u>101,708,524</u>	<u>71,999,224</u>
Drinking water:					
Project costs payable – direct loans	\$ 1,564,705	2,383,000	3,344,031	603,674	603,674
Project costs payable – leveraged loans	12,347,778	—	11,205,222	1,142,556	1,142,556
Deferred revenue	—	111,856	2,193	109,663	—
Other liabilities	1,343,533	503,965	766,932	1,080,566	—
Total drinking water	<u>\$ 15,256,016</u>	<u>2,998,821</u>	<u>15,318,378</u>	<u>2,936,459</u>	<u>1,746,230</u>
Total enterprise funds:					
Project costs payable – direct loans	\$ 1,617,755	3,333,000	3,655,381	1,295,374	1,295,374
Project costs payable – leveraged loans	251,826,999	257,898,215	196,772,256	312,952,958	279,473,283
Debt service reserve deposit	1,685,331	176,182	—	1,861,513	—
Advance payable	10,252,683	1,721,340	4,000,000	7,974,023	—
Deferred revenue	319,668	655,161	104,624	870,205	—
Other liabilities	6,193,743	2,613,701	1,899,974	6,907,470	766,000
Total enterprise funds	<u>\$ 271,896,179</u>	<u>266,397,599</u>	<u>206,432,235</u>	<u>331,861,543</u>	<u>281,534,657</u>

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Noncurrent liability activity, other than bonds, for the year ended December 31, 2004 was as follows:

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2004</u>	<u>Current portion</u>
Water operations:					
Project costs payable – leveraged loans	\$ 15,005,994	164,455,142	20,899,619	158,561,517	83,720,951
Debt service reserve deposit	600,000	1,085,331	—	1,685,331	—
Deferred revenue	27,079	—	14,128	12,951	—
Other liabilities	383,735	28,261	51,314	360,682	179,307
Total water operations	<u>\$ 16,016,808</u>	<u>165,568,734</u>	<u>20,965,061</u>	<u>160,620,481</u>	<u>83,900,258</u>
Water pollution control:					
Project costs payable – direct loans	\$ 528,387	300,000	775,337	53,050	53,050
Project costs payable – leveraged loans	68,501,609	62,400,000	49,983,905	80,917,704	50,517,704
Advance payable	9,535,781	4,716,902	4,000,000	10,252,683	—
Deferred revenue	270,635	93,488	57,406	306,717	—
Other liabilities	4,152,849	843,969	507,290	4,489,528	918,647
Total water pollution control	<u>\$ 82,989,261</u>	<u>68,354,359</u>	<u>55,323,938</u>	<u>96,019,682</u>	<u>51,489,401</u>
Drinking water:					
Project costs payable – direct loans	\$ 3,014,214	792,200	2,241,709	1,564,705	1,564,705
Project costs payable – leveraged loans	38,679,467	—	26,331,689	12,347,778	12,347,778
Other liabilities	2,146,771	425,825	1,229,063	1,343,533	707,654
Total drinking water	<u>\$ 43,840,452</u>	<u>1,218,025</u>	<u>29,802,461</u>	<u>15,256,016</u>	<u>14,620,137</u>
Total enterprise funds:					
Project costs payable – direct loans	\$ 3,542,601	1,092,200	3,017,046	1,617,755	1,617,755
Project costs payable – leveraged loans	122,187,070	226,855,142	97,215,213	251,826,999	146,586,433
Debt service reserve deposit	600,000	1,085,331	—	1,685,331	—
Advance payable	9,535,781	4,716,902	4,000,000	10,252,683	—
Deferred revenue	297,714	93,488	71,534	319,668	—
Other liabilities	6,683,355	1,298,055	1,787,667	6,193,743	1,805,608
Total enterprise funds	<u>\$ 142,846,521</u>	<u>235,141,118</u>	<u>106,091,460</u>	<u>271,896,179</u>	<u>150,009,796</u>

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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, 2005:

	Balance January 1, 2005	New issues	Retirements	Balance December 31, 2005
Water Operations:				
Small Water Resources Program:				
1992 Series B	\$ 845,000	—	170,000	675,000
1993 Series A	4,570,000	—	675,000	3,895,000
1994 Series A	3,440,000	—	310,000	3,130,000
1996 Series A/B	4,580,000	—	415,000	4,165,000
1997 Series A	7,255,000	—	415,000	6,840,000
1997 Series B	9,475,000	—	1,060,000	8,415,000
1998 Series A	6,255,000	—	335,000	5,920,000
1998 Series B	11,755,000	—	1,200,000	10,555,000
2000 Series A	22,965,000	—	540,000	22,425,000
2001 Series A	14,700,000	—	275,000	14,425,000
2002 Series A	14,290,000	—	170,000	14,120,000
2003 Series A	9,510,000	—	110,000	9,400,000
	109,640,000	—	5,675,000	103,965,000
Water Revenue Bonds Program:				
1998 Taxable Series	2,200,000	—	185,000	2,015,000
2003 Series A	13,300,000	—	510,000	12,790,000
2003 Series B	3,335,000	—	640,000	2,695,000
2004 Series A	14,500,000	—	645,000	13,855,000
2004 Series B	19,715,000	—	5,000	19,710,000
2004 Series C	19,695,000	—	—	19,695,000
2004 Series D	105,420,000	—	955,000	104,465,000
2004 Series E	3,540,000	—	130,000	3,410,000
2005 Series A	—	53,970,000	—	53,970,000
2005 Series B	—	2,300,000	—	2,300,000
2005 Series C	—	8,170,000	—	8,170,000
2005 Series D	—	100,000,000	—	100,000,000
2005 Series E	—	26,270,000	—	26,270,000
2005 Series F	—	3,690,000	—	3,690,000
	181,705,000	194,400,000	3,070,000	373,035,000
Total Water Operations	291,345,000	\$ 194,400,000	8,745,000	477,000,000
Less deferred costs	(773,333)			(501,667)
Less current portion	(8,745,000)			(12,010,000)
Noncurrent bonds payable – Water Operations	\$ 281,826,667			464,488,333
Water Pollution Control Revolving Fund – Clean Water Revenue Bonds:				
1989 Series A	\$ 420,000	—	95,000	325,000
1990 Series A	170,000	—	50,000	120,000
1991 Series A	1,745,000	—	360,000	1,385,000
1991 Series B	1,255,000	—	295,000	960,000
1992 Series A	660,000	—	115,000	545,000
1992 Series B	1,850,000	—	300,000	1,550,000
1994 Series A	1,065,000	—	190,000	875,000
1995 Series A	1,455,000	—	205,000	1,250,000
1996 Series A	4,620,000	—	3,040,000	1,580,000
1997 Series A	22,235,000	—	16,250,000	5,985,000
1998 Series A	23,125,000	—	16,920,000	6,205,000
1998 Series B	17,665,000	—	14,250,000	3,415,000
1999 Series A	27,260,000	—	17,445,000	9,815,000
2000 Series A	28,410,000	—	19,270,000	9,140,000

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	Balance January 1, 2005	New issues	Retirements	Balance December 31, 2005
2001 Series A	\$ 62,305,000	—	39,860,000	22,445,000
2002 Series A	51,685,000	—	1,995,000	49,690,000
2002 Series B	22,325,000	—	665,000	21,660,000
2003 Series A	14,340,000	—	410,000	13,930,000
2004 Series A	57,710,000	—	110,000	57,600,000
2005 Series A	—	40,090,000	—	40,090,000
2005 Series B	—	17,350,000	—	17,350,000
	<u>340,300,000</u>	<u>57,440,000</u>	<u>131,825,000</u>	<u>265,915,000</u>
Wastewater Revolving Fund Refunding Revenue Bonds:				
1996 Series A	21,820,000	—	2,265,000	19,555,000
2001 Series A	46,690,000	—	4,065,000	42,625,000
2004 Series A and A2	—	36,705,000	780,000	35,925,000
2005 Series A	—	78,865,000	825,000	78,040,000
	<u>68,510,000</u>	<u>115,570,000</u>	<u>7,935,000</u>	<u>176,145,000</u>
Total Water Pollution Control Revolving Fund	408,810,000	173,010,000	139,760,000	442,060,000
Deferred (costs) / benefits	(415,262)			832,372
Less current portion	<u>(21,180,000)</u>			<u>(24,425,000)</u>
Noncurrent bonds payable – Water Pollution Control Revolving Fund	<u>\$ 387,214,738</u>			<u>418,467,372</u>
Drinking Water Revolving Fund:				
Revenue Bonds:				
1997 Series A	\$ 17,925,000	—	1,105,000	16,820,000
1998 Series A	11,995,000	—	670,000	11,325,000
1999 Series A	36,135,000	—	2,320,000	33,815,000
2000 Series A	31,475,000	—	21,800,000	9,675,000
2002 Series A	15,455,000	—	695,000	14,760,000
2003 Series A	20,515,000	—	320,000	20,195,000
2003 Series B	11,690,000	—	5,000	11,685,000
	<u>145,190,000</u>	<u>—</u>	<u>26,915,000</u>	<u>118,275,000</u>
Drinking Water Revolving Fund Refunding Revenue Bonds				
2005 Series A	—	20,305,000	175,000	20,130,000
Total Drinking Water Revolving Fund	145,190,000	<u>\$ 20,305,000</u>	<u>27,090,000</u>	<u>138,405,000</u>
Deferred (costs) / benefits	—			217,733
Less current portion	<u>(6,380,000)</u>			<u>(6,630,000)</u>
Noncurrent bonds payable – Drinking Water Revolving Fund	<u>\$ 138,810,000</u>			<u>\$ 131,992,733</u>
Total enterprise funds:				
Revenue bonds at par	\$ 845,345,000	387,715,000	175,595,000	\$ 1,057,465,000
Deferred (costs) / benefits	(1,188,595)			548,438
Less:				
Current portion	<u>(36,305,000)</u>			<u>(43,065,000)</u>
Noncurrent bonds payable, net	<u>\$ 807,851,405</u>			<u>\$ 1,014,948,438</u>

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The following is an analysis of changes in bonds payable for the year ended December 31, 2004:

	Balance January 1, 2004	New issues	Retirements	Balance December 31, 2004
Water Operations:				
Small Water Resources Program:				
1992 Series B	\$ 1,005,000	—	160,000	845,000
1993 Series A	5,220,000	—	650,000	4,570,000
1994 Series A	3,735,000	—	295,000	3,440,000
1994 Series B	310,000	—	310,000	—
1996 Series A/B	4,970,000	—	390,000	4,580,000
1997 Series A	7,655,000	—	400,000	7,255,000
1997 Series B	10,485,000	—	1,010,000	9,475,000
1998 Series A	6,725,000	—	470,000	6,255,000
1998 Series B	12,600,000	—	845,000	11,755,000
2000 Series A	23,290,000	—	325,000	22,965,000
2001 Series A	14,970,000	—	270,000	14,700,000
2002 Series A	14,455,000	—	165,000	14,290,000
2003 Series A	9,610,000	—	100,000	9,510,000
	<u>115,030,000</u>	<u>—</u>	<u>5,390,000</u>	<u>109,640,000</u>
Water Revenue Bonds Program:				
1998 Taxable Series	2,375,000	—	175,000	2,200,000
2003 Series A	13,800,000	—	500,000	13,300,000
2003 Series B	3,960,000	—	625,000	3,335,000
2004 Series A	—	14,500,000	—	14,500,000
2004 Series B	—	19,715,000	—	19,715,000
2004 Series C	—	19,695,000	—	19,695,000
2004 Series D	—	105,420,000	—	105,420,000
2004 Series E	—	3,540,000	—	3,540,000
	<u>20,135,000</u>	<u>162,870,000</u>	<u>1,300,000</u>	<u>181,705,000</u>
Total Water Operations	135,165,000	\$ 162,870,000	6,690,000	291,345,000
Less deferred costs	(1,086,667)			(773,333)
Less current portion	(6,690,000)			(8,745,000)
Noncurrent bonds payable – Water Operations	\$ 127,388,333			281,826,667
Water Pollution Control Revolving Fund – Clean Water Revenue Bonds:				
1989 Series A	\$ 520,000	—	100,000	420,000
1990 Series A	225,000	—	55,000	170,000
1991 Series A	2,130,000	—	385,000	1,745,000
1991 Series B	1,580,000	—	325,000	1,255,000
1992 Series A	785,000	—	125,000	660,000
1992 Series B	2,170,000	—	320,000	1,850,000
1994 Series A	1,270,000	—	205,000	1,065,000
1995 Series A	2,620,000	—	1,165,000	1,455,000
1996 Series A	4,940,000	—	320,000	4,620,000
1997 Series A	23,760,000	—	1,525,000	22,235,000
1998 Series A	24,630,000	—	1,505,000	23,125,000
1998 Series B	18,260,000	—	595,000	17,665,000
1999 Series A	29,220,000	—	1,960,000	27,260,000
2000 Series A	29,735,000	—	1,325,000	28,410,000
2001 Series A	64,835,000	—	2,530,000	62,305,000
2002 Series A	53,555,000	—	1,870,000	51,685,000
2002 Series B	22,990,000	—	665,000	22,325,000
2003 Series A	14,750,000	—	410,000	14,340,000
2004 Series A	—	57,710,000	—	57,710,000
	<u>297,975,000</u>	<u>57,710,000</u>	<u>15,385,000</u>	<u>340,300,000</u>

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	Balance January 1, 2004	New issues	Retirements	Balance December 31, 2004
Water Pollution Control Revolving Fund – Wastewater Revolving Fund Refunding Revenue Bonds:				
1996 Series A	\$ 23,915,000	—	2,095,000	21,820,000
2001 Series A	49,660,000	—	2,970,000	46,690,000
	73,575,000	—	5,065,000	68,510,000
Total Water Pollution Control Revolving Fund	371,550,000	57,710,000	20,450,000	408,810,000
Less deferred costs	(509,438)			(415,262)
Less current portion	(20,450,000)			(21,180,000)
Noncurrent bonds payable – Water Pollution Control Revolving Fund	\$ 350,590,562			387,214,738
Drinking Water Revolving Fund:				
Revenue Bonds:				
1997 Series A	\$ 19,000,000	—	1,075,000	17,925,000
1998 Series A	12,655,000	—	660,000	11,995,000
1999 Series A	38,390,000	—	2,255,000	36,135,000
2000 Series A	32,780,000	—	1,305,000	31,475,000
2002 Series A	16,135,000	—	680,000	15,455,000
2003 Series A	20,835,000	—	320,000	20,515,000
2003 Series B	11,695,000	—	5,000	11,690,000
Total Drinking Water Revolving Fund	151,490,000	\$ —	6,300,000	145,190,000
Less current portion	(6,380,000)			(6,380,000)
Noncurrent bonds payable – Drinking Water Revolving Fund	\$ 145,110,000			138,810,000
Total enterprise funds:				
Revenue bonds at par	\$ 658,205,000	220,580,000	33,440,000	845,345,000
Less:				
Deferred cost	(1,596,105)			(1,188,595)
Current portion	(33,440,000)			(36,305,000)
Noncurrent bonds payable, net	\$ 623,168,895			807,851,405

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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 Water Resources Revenue Bonds Series 2003A, Series 2003B, Series 2004A, Series 2004B, Series 2004C, Series 2004D, Series 2004E, Series 2005A, Series 2005E and Series 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B and Series 2005C are insured as to payment of principal and interest by Assured Guaranty Corp. The Water Resources Revenue Bonds Series 2005D are insured as to payment of principal and interest by Financial Security Assurance Inc.

The outstanding bonds of the Authority had original principal amounts of \$143,355,000 for the Small Water Resources Program, \$378,170,000 for the Water Revenue Bonds Program, \$582,880,000 for the Clean Water Revenue Bonds, \$196,140,000 for the Wastewater Revolving Fund Refunding Revenue Bonds, \$171,115,000 for the Drinking Water Revolving Fund Bonds and \$20,305,000 for Drinking Water Revolving Fund Refunding Revenue Bonds, for a total of \$1,600,925,000. The bonds are payable semiannually with interest rates ranging from 1.3% to 7.4% and serial and term principal maturities, including mandatory sinking fund call provisions, through the year 2043. All bonds, except the Small Water Resources Series 1996B, the Water Revenue Bonds Series 2003B, the Wastewater Revolving Fund Refunding Revenue Bonds Series 1996A, 2001A, 2005 A and A-2 and the Drinking Water Revolving Fund Refunding Revenue Bonds Series 2005A, have optional initial call provisions, 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		WPCRF		DWRF		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 12,010,000	21,654,892	24,425,000	21,692,069	6,630,000	6,467,074	43,065,000	49,814,035
2007	12,500,000	21,866,465	25,090,000	20,619,345	7,295,000	6,187,156	44,885,000	48,672,966
2008	13,045,000	21,349,697	25,885,000	19,442,563	7,460,000	5,880,041	46,390,000	46,672,301
2009	12,980,000	20,799,857	26,780,000	18,203,483	7,625,000	5,557,649	47,385,000	44,560,989
2010	14,910,000	20,264,548	26,845,000	16,858,449	8,675,000	5,222,249	50,430,000	42,345,246
2011-2015	86,650,000	90,181,904	123,380,000	64,228,653	45,760,000	19,882,645	255,790,000	174,293,202
2016-2020	74,635,000	70,528,388	110,605,000	35,338,185	40,290,000	8,969,802	225,530,000	114,836,375
2021-2025	67,930,000	52,718,409	75,515,000	11,121,507	14,670,000	1,544,404	158,115,000	65,384,320
2026-2030	51,580,000	39,441,175	3,535,000	197,775	—	—	55,115,000	39,638,950
2031-2035	90,480,000	25,105,769	—	—	—	—	90,480,000	25,105,769
2036-2040	23,215,000	8,260,613	—	—	—	—	23,215,000	8,260,613
2041-2043	17,065,000	1,822,275	—	—	—	—	17,065,000	1,822,275
Total	\$ 477,000,000	393,993,992	442,060,000	207,702,029	138,405,000	59,711,020	1,057,465,000	661,407,041

Total interest expense for 2005 and 2004 amounted to \$18,053,914, \$19,709,705, and \$6,496,663 and \$10,959,948, \$20,388,121, and \$7,040,216 for the Water Operations, Water Pollution Control, and Drinking Water Funds, respectively.

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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, 2005 and 2004, the Small Water Resources Debt Service Reserve Account amounted to \$8,500,000 and was fully funded. This 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 Resources Debt Service Reserve Account. At December 31, 2005 and 2004, the Authority had \$103,965,000 and \$109,640,000 of outstanding Small Water Resources Revenue Bonds, respectively.

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December 31, 2005 and 2004

Defeased Debt

During 2005, the Authority closed four advance refunding bond issues, one in the DWRF and three in the WPCRF. Note that the Wastewater Revolving Fund Refunding Revenue Bonds 2005 Series A and A2 were separate issues, but were combined into one official statement. The schedule below shows the closing dates, the refunding bonds issued, the refunded bonds by series, difference between the new debt and the carrying value of the old debt, and the economic gain resulting from the refunding issues. Market conditions for these issues required higher than normal coupon rates on the bonds, which resulted in the bonds sold at premiums. The premiums reduced the number of bonds (par value) sold, yet provided sufficient proceeds to fund the refunded bonds escrow accounts. In the case of the Drinking Water Revolving Fund Refunding Revenue Bonds 2005 Series A and the Wastewater Revolving Fund Refunding Revenue Bonds 2005 Series A and A2, refunding bond principal was less than the bond principal refunded – a net refunding benefit. The refunding (cost) / benefit is being netted against the new debt and amortized over the remaining life of the old debt. The economic gain from each refunding is passed through to the borrowers, that were funded by the issues that were refunded, in the form of credits reducing loan interest.

	DWRF	WPCRF	
		2004AR	2005 A & A2
Bond closing date	April 28, 2005	January 6, 2005	May 17, 2005
Refunding bonds:			
Wastewater Revolving Fund Refunding Revenue Bonds	\$		
2004 Series A		36,705,000	
2005 Series A and A2			78,865,000
Drinking Water Revolving Fund Refunding Revenue Bonds			
2005 Series A	20,305,000		
Total refunding bonds	<u>20,305,000</u>	<u>36,705,000</u>	<u>78,865,000</u>
Refunded bonds:			
Clean Water Revenue Bonds 1996 Series A		2,710,000	
Clean Water Revenue Bonds 1997 Series B		14,675,000	
Clean Water Revenue Bonds 2000 Series A		17,900,000	
Clean Water Revenue Bonds 1998 Series A			15,375,000
Clean Water Revenue Bonds 1998 Series B			13,630,000
Clean Water Revenue Bonds 1999 Series A			15,435,000
Clean Water Revenue Bonds 2001 Series A			37,250,000
Drinking Water Revolving Fund Revenue Bonds 2000 Series A	20,535,000		
Total Refunded Bonds	<u>20,535,000</u>	<u>35,285,000</u>	<u>81,690,000</u>
Refunding (cost) / benefit	\$ <u>(230,000)</u>	<u>1,420,000</u>	<u>(2,825,000)</u>
Economic gain from refunding (PV savings)	\$ 1,038,856	2,102,000	3,810,781

**COLORADO WATER RESOURCES
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Notes to Basic Financial Statements

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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, 2005 and year of final maturity of the defeased bonds (if called) are as follows:

	Amount	Year of redemption
1996 Series A Clean Water Revenue Bonds	\$ 2,710,000	2006
1997 Series A Clean Water Revenue Bonds	14,675,000	2007
1998 Series A Clean Water Revenue Bonds	15,375,000	2008
1998 Series B Clean Water Revenue Bonds	13,630,000	2008
1999 Series A Clean Water Revenue Bonds	17,560,000	2009
2000 Series A Clean Water Revenue Bonds	17,900,000	2010
2000 Series A Drinking Water Revenue Bonds	20,535,000	2010
2001 Series A Clean Water Revenue Bonds	37,250,000	2011
Total Refunded Debt	\$ 139,635,000	

(6) Board-Designated Accounts

Included in the balance of unrestricted net assets of the Water Operations Enterprise Fund are monies designated by 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:

	2005	2004
Self-insurance account	\$ 800,000	800,000
La Plata River escrow account	16,867,078	16,392,613
Total Board-designated accounts	\$ 17,667,078	17,192,613

**COLORADO WATER RESOURCES
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Notes to Basic Financial Statements

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(7) EPA Capitalization Grants

The following table details the EPA capitalization grants and matching requirements of \$1 of state match for every \$5 of capitalization grants recognized by the project during 2005:

	Federal grants recognized in 2005	Matching requirement for 2005
Water Pollution Control Revolving Fund Projects:		
1999A – City of Aurora	\$ 271,477	54,295
2001A – City of Lafayette	94,272	18,854
2002A – Black Hawk-Central City Sanitation District	867,802	173,560
2002A – Winter Park West Water and Sanitation District	22,044	4,409
2002B – Parker Water and Sanitation District	152,999	30,600
2003A – Colorado City Metropolitan District	707,953	141,591
2003A – Town of Milliken	640,488	128,098
2003A – City of Pueblo	934,749	186,950
2004A – City of Englewood	3,107,757	621,551
2004A – City of Littleton	3,321,760	664,352
2005A – Town of Eaton	1,128,304	225,661
2005B – City of Glendale	2,461,458	492,292
	<u>13,711,063</u>	<u>2,742,213</u>
Drinking Water Revolving Fund Projects:		
FDL – City of Woodland Park	37,285	7,457
2002A – City of Grand Junction	54,119	10,824
2002A – City of La Junta	83,460	16,692
2003A – Fountain Valley Authority	66,826	13,365
2003A – Town of Lyons	1,486,850	297,370
2003B – City of Florence	2,486,753	497,351
	<u>4,215,293</u>	<u>843,059</u>
Total	<u>\$ 17,926,356</u>	<u>3,585,272</u>

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The following table details the EPA capitalization grants and matching requirements of \$1 of state match for every \$5 of capitalization grants recognized by the project during 2004:

	Federal grants recognized in 2004	Matching requirement for 2004
Water Pollution Control Revolving Fund Projects:		
1999A – City of Aurora	\$ 419,934	83,987
1999A – Fremont Sanitation District	47,334	9,467
1999A – Grand County Water and Sanitation District	360,648	72,130
2001A – City of Lafayette	192,509	38,502
2002A – Black Hawk-Central City Sanitation District	3,805,768	761,154
2002A – Winter Park West Water and Sanitation District	152,146	30,429
2002B – Parker Water and Sanitation District	970,105	194,021
2003A – Colorado City Metropolitan District	125,599	25,120
2003A – Town of Milliken	1,534,050	306,810
2003A – City of Pueblo	2,314,371	462,874
2004A – City of Englewood	1,306,011	261,202
2004A – City of Littleton	1,344,196	268,839
	<u>12,572,671</u>	<u>2,514,535</u>
Drinking Water Revolving Fund Projects:		
1998A – Town of Buena Vista	8,809	1,762
1999A – Grand County Water and Sanitation District No. 1	14,755	2,951
1999A – City of Greeley	105,726	21,145
2000A – Evergreen Metropolitan District	178,608	35,722
2000A – City of Westminster	45,490	9,098
2002A – City of Grand Junction	498,546	99,709
2002A – City of La Junta	1,529,773	305,955
2003A – Fountain Valley Authority	396,064	79,213
2003A – City of Longmont	4,965,777	993,155
2003A – Town of Lyons	299,014	59,803
2003B – City of Florence	3,015,749	603,150
	<u>11,058,311</u>	<u>2,211,663</u>
Total	<u>\$ 23,630,982</u>	<u>4,726,198</u>

**COLORADO WATER RESOURCES
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Notes to Basic Financial Statements

December 31, 2005 and 2004

(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 and the employer is statutorily committed to pay these contributions to CSSDTF. 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, and before June 1, 2004, 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. With the passage and signing of Senate Bill 04-132, the employer match was suspended on June 1, 2004. Also, a portion of the Authority's contribution (1.10% of covered salary January 1, 2004 through June 30, 2004 and 1.02% of covered salary July 1, 2004 through December 31, 2004) is allocated for the Health Care Trust Fund (see note 9). The Authority's contributions to CSSDTF for the years ended December 31, 2005, 2004, and 2003 were \$86,352, \$79,268, and \$75,727, respectively, equal to their required contributions for each year.

Contribution rates from July 1, 2003 to December 31, 2005 are as follows:

PERA employer rates		Matchmaker rates	
7/1/03-6/30/04	10.15%	1/1/03-12/31/03	2%
7/1/04-12/31/05	10.15%	1/1/04-5/31/04	1%

(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 healthcare 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

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Notes to Basic Financial Statements

December 31, 2005 and 2004

Legislature. PERA issues a publicly available annual financial report that includes financial statements and 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 and the employer is statutorily committed to pay these contributions to the HCTF. 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 1.1% of covered salary from January 1, 2004 through June 30, 2004, and 1.02% from July 1, 2004 through December 30, 2004 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, 2005, 2004 and 2003 were \$8,678, \$8,283, and \$12,307, 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 (\$14,000 in 2005 and up to an additional \$4,000 for participants over age 50). Beginning January 1, 2001, an employer match was legislated that would match 100% of a member's eligible tax-deferred retirement program contributions limited by 1% through May 31, 2004 per payroll of the PERA-includable salary. With the passage and signing of Senate Bill 04-132, the employer match was suspended on June 1, 2004. The contribution requirements for the Authority are established under Title 24, Article 51, and Section 1402 of the CRS, as amended. The 401(k) Plan member contributions from the Authority for the years ended December 31, 2005 and 2004 were \$62,888 and \$58,818, respectively. The employer contributions to the 401(k) Plan from the Authority for the years ended December 31, 2005 and 2004 were \$0 and \$2,910, respectively.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

December 31, 2005 and 2004

(11) Commitments

Leases

The Authority leases office facilities under an operating lease that expires in 2006. Rent expense totaled \$122,338 and \$119,488 for 2005 and 2004, respectively. The future minimum annual rental commitment under this lease is \$37,591 for 2006. 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 was amortized over the 36-month lease term that ended November 30, 2005, and, accordingly, reduced rent expense.

Real Estate Purchase

On December 13, 2005, the Authority entered into a contract to purchase condominium office space in the property under construction at 450 Seventeenth Avenue in Denver, Colorado. The purchase price of the property was \$225 per square foot, for approximately 8,544 salable square feet, resulting in a cost of \$1,922,400. Included in the purchase price is an interior finish allowance of \$44.50 per square foot that will be available for interior construction or other purposes at the sole discretion of the Authority. To secure the purchase contract, the Authority executed an earnest money promissory note payable to the seller in the amount of \$384,480. The closing of this real estate purchase is anticipated to be mid May 2006.

(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 that 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. The Authority is fully insured for employee healthcare through PERA.

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.

SUPPLEMENTARY INFORMATION

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Regulatory Basis

Combining Schedule of Net Assets

Water Pollution Control Fund

December 31, 2005

Assets	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Water Pollution Control Fund</u>
Current assets:			
Cash and cash equivalents	\$ 13,408,822	5,070,181	18,479,003
Federal grants receivable	3,315,484	53,253	3,368,737
Investment income receivable	49,761	331,351	381,112
Loans receivable	26,295,615	—	26,295,615
Accounts receivable – borrowers	3,487,759	1,626,626	5,114,385
Restricted assets:			
Cash and cash equivalents	9,920,776	1,177,780	11,098,556
Investments	78,692,650	—	78,692,650
Investment income receivable	1,423,324	—	1,423,324
Total current assets	<u>136,594,191</u>	<u>8,259,191</u>	<u>144,853,382</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	7,035,258	—	7,035,258
Investments	170,327,079	—	170,327,079
Investment income receivable	2,811,456	—	2,811,456
Loans receivable	452,891,856	—	452,891,856
Capital assets – equipment, net	—	8,483	8,483
Total noncurrent assets	<u>633,065,649</u>	<u>8,483</u>	<u>633,074,132</u>
Total assets	<u>\$ 769,659,840</u>	<u>8,267,674</u>	<u>777,927,514</u>
Liabilities and Fund Net Assets			
Current liabilities:			
Project costs payable – direct loans	\$ 691,700	—	691,700
Project costs payable – leveraged loans	70,541,524	—	70,541,524
Bonds payable	24,425,000	—	24,425,000
Accrued interest payable	7,157,808	—	7,157,808
Due to other funds	—	257,543	257,543
Other liabilities	—	839,016	839,016
Total current liabilities	<u>102,816,032</u>	<u>1,096,559</u>	<u>103,912,591</u>
Noncurrent liabilities:			
Project costs payable – leveraged loans	17,350,000	—	17,350,000
Bonds payable, net	418,467,372	—	418,467,372
Advance payable	—	7,974,023	7,974,023
Deferred revenue	21,142	739,400	760,542
Other liabilities	9,300	3,615,435	3,624,735
Total noncurrent liabilities	<u>435,847,814</u>	<u>12,328,858</u>	<u>448,176,672</u>
Total liabilities	<u>538,663,846</u>	<u>13,425,417</u>	<u>552,089,263</u>
Fund net assets:			
Invested in capital assets	—	8,483	8,483
Restricted	230,995,994	(5,166,226)	225,829,768
Total fund net assets	<u>230,995,994</u>	<u>(5,157,743)</u>	<u>225,838,251</u>
Total liabilities and fund net assets	<u>\$ 769,659,840</u>	<u>8,267,674</u>	<u>777,927,514</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, 2005

	State Revolving Fund	Nonrevolving Fund	Water Pollution Control Fund
Operating revenues:			
Interest on loans	\$ 10,039,246	—	10,039,246
Interest on investments	11,128,711	128,867	11,257,578
Surcharge from borrowers	240,352	—	240,352
Administrative fee:			
Program revenue	—	1,204,214	1,204,214
Non-program revenue	—	3,533,486	3,533,486
EPA grants	—	479,744	479,744
Other	31,229	—	31,229
	21,439,538	5,346,311	26,785,849
Operating expenses:			
Interest on bonds	19,709,705	—	19,709,705
Grant administration	—	1,413,551	1,413,551
General and administrative	—	3,393	3,393
Other	131,163	121,725	252,888
	19,840,868	1,538,669	21,379,537
Operating income	1,598,670	3,807,642	5,406,312
EPA capitalization grants	13,711,063	—	13,711,063
Transfers in (out)	1,250,114	(1,250,114)	—
Change in fund net assets	16,559,847	2,557,528	19,117,375
Fund net assets – beginning of year	214,436,147	(7,715,271)	206,720,876
Fund net assets – end of year	\$ 230,995,994	(5,157,743)	225,838,251

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, 2005

(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 Nonrevolving Fund. The State Revolving Fund and Nonrevolving Fund are activities within the Water Pollution Control enterprise fund, a major fund for accounting purposes. The State Revolving Fund and Nonrevolving Fund, individually, do not constitute a fund for reporting purposes under generally accepted accounting principles. The regulatory basis in the aggregate is consistent with generally accepted accounting principles.

(2) Grant Administration

All administrative fee revenue and expenses related to the operation of the Water Pollution Control Fund, including the administration of EPA capitalization grants, are accounted for in the Nonrevolving Fund.

(3) Advance Payable

The Nonrevolving Fund accounts for the advance from the Water Operations Fund. A cash advance is made, as needed, to the Nonrevolving Fund to meet the state match requirement of EPA capitalization grants. 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, 2005

Assets	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Drinking Water Fund</u>
Current assets:			
Cash and cash equivalents	\$ 9,425,968	10,007,029	19,432,997
Federal grants receivable	37,374	241,124	278,498
Investment income receivable	35,335	196,452	231,787
Loans receivable	8,132,499	246,489	8,378,988
Accounts receivable – borrowers	993,749	472,732	1,466,481
Restricted assets:			
Cash and cash equivalents	5,391,565	5,194,053	10,585,618
Investments	2,519,675	—	2,519,675
Investment income receivable	185,479	—	185,479
Total current assets	<u>26,721,644</u>	<u>16,357,879</u>	<u>43,079,523</u>
Noncurrent assets:			
Restricted assets:			
Investments	51,513,975	—	51,513,975
Investment income receivable	729,078	—	729,078
Loans receivable	154,287,623	3,004,723	157,292,346
Capital assets – equipment, net	—	8,483	8,483
Total noncurrent assets	<u>206,530,676</u>	<u>3,013,206</u>	<u>209,543,882</u>
Total assets	<u>\$ 233,252,320</u>	<u>19,371,085</u>	<u>252,623,405</u>
Liabilities and Fund Net Assets			
Current liabilities:			
Project costs payable – direct loans	\$ 603,674	—	603,674
Project costs payable – leveraged loans	1,142,556	—	1,142,556
Bonds payable	6,630,000	—	6,630,000
Accrued interest payable	2,155,691	—	2,155,691
Due to other funds	—	400,818	400,818
Total current liabilities	<u>10,531,921</u>	<u>400,818</u>	<u>10,932,739</u>
Noncurrent liabilities:			
Bonds payable	131,992,733	—	131,992,733
Deferred revenue	—	109,663	109,663
Other liabilities	—	1,080,566	1,080,566
Total noncurrent liabilities	<u>131,992,733</u>	<u>1,190,229</u>	<u>133,182,962</u>
Total liabilities	<u>142,524,654</u>	<u>1,591,047</u>	<u>144,115,701</u>
Fund net assets:			
Invested in capital assets	—	8,483	8,483
Restricted	90,727,666	9,123,675	99,851,341
Unrestricted	—	8,647,880	8,647,880
Total fund net assets	<u>90,727,666</u>	<u>17,780,038</u>	<u>108,507,704</u>
Total liabilities and fund net assets	<u>\$ 233,252,320</u>	<u>19,371,085</u>	<u>252,623,405</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, 2005

	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Drinking Water Fund</u>
Operating revenues:			
Interest on loans	\$ 3,903,556	105,470	4,009,026
Interest on investments	3,078,872	408,204	3,487,076
Administrative fee	—	1,704,124	1,704,124
EPA set aside grants:			
Administrative	—	392,028	392,028
Small Systems Training and Technical Assistance Program	—	167,702	167,702
Capacity Development	—	1,045,428	1,045,428
Wellhead Protection	—	256,815	256,815
Public Water System Supervision	—	900,899	900,899
Total operating revenues	<u>6,982,428</u>	<u>4,980,670</u>	<u>11,963,098</u>
Operating expenses:			
Interest on bonds	6,496,663	—	6,496,663
Grant administration – state funded	—	623,859	623,859
General and administrative	—	3,393	3,393
EPA set asides:			
Administrative	—	392,028	392,028
Small Systems Training and Technical Assistance Program	—	167,702	167,702
Capacity Development	—	1,045,428	1,045,428
Wellhead Protection	—	256,815	256,815
Public Water System Supervision	—	900,899	900,899
Other	—	95,250	95,250
Total operating expenses	<u>6,496,663</u>	<u>3,485,374</u>	<u>9,982,037</u>
Operating income (loss)	485,765	1,495,296	1,981,061
EPA capitalization grants	4,215,293	—	4,215,293
Transfers in (out)	(42,026)	42,026	—
Change in fund net assets	4,659,032	1,537,322	6,196,354
Fund net assets – beginning of year	<u>86,068,634</u>	<u>16,242,716</u>	<u>102,311,350</u>
Fund net assets – end of year	<u>\$ 90,727,666</u>	<u>17,780,038</u>	<u>108,507,704</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, 2005

(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 Nonrevolving Fund. The State Revolving Fund and Nonrevolving Fund are activities within the Drinking Water enterprise fund, a major fund for accounting purposes. The State Revolving Fund and Nonrevolving Fund, individually, do not constitute a fund for reporting purposes under generally accepted accounting principles. The regulatory basis in the aggregate is consistent with generally accepted accounting principles.

(2) Nonrevolving Fund

The Authority issues direct loans to eligible municipalities, which are funded with money from sources other than the State Revolving Funds. These loans are accounted for in the Nonrevolving Fund. The Drinking Water Fund nonfederal direct loans receivable amounted to \$3,260,314 at December 31, 2005. There are currently 15 loans outstanding at year-end that mature in years 2006 to 2017.

(3) Grant Administration

All administrative expenses, both federally and State (loan surcharge fees) funded, related to the operation of the Drinking Water Fund, including the administration of EPA capitalization grants and set aside programs, are accounted for in the Nonrevolving Fund.

(4) Set Aside Revenue and Expenses

The set aside activities of the Drinking Water Fund are recorded in the Nonrevolving 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 State Revolving Fund by the Authority.

**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, 2005

	Actual	Original budget	Changes	Final budget	Variance – favorable (unfavorable)
Revenues:					
Interest on investments	\$ 2,315,711	3,816,000	(1,750,000)	2,066,000	249,711
WPCRF state match loan repayment	4,000,000	4,000,000	—	4,000,000	—
Loan principal payments – SWRP	5,430,000	5,656,000	—	5,656,000	(226,000)
Loan principal payments – WRBP	2,935,000	2,935,000	—	2,935,000	—
Loan principal payments – interim	1,485,728	21,000,000	(18,000,000)	3,000,000	(1,514,272)
Bond proceeds – SWRP	—	10,000,000	(10,000,000)	—	—
Bond proceeds – WRBP	198,041,668	150,000,000	50,000,000	200,000,000	(1,958,332)
Refunding bond proceeds – SWRP	—	20,000,000	(20,000,000)	—	—
Loan interest income – SWRP	5,586,983	5,971,000	—	5,971,000	(384,017)
Loan interest income – WRBP	12,252,415	8,364,000	5,500,000	13,864,000	(1,611,585)
Loan interest income – interim loans	27,174	150,000	—	150,000	(122,826)
Other	371	1,500	—	1,500	(1,129)
Total revenues	<u>232,075,050</u>	<u>231,893,500</u>	<u>5,750,000</u>	<u>237,643,500</u>	<u>(5,568,450)</u>
Expenditures:					
WPCRF state match loans	1,721,340	3,000,000	(400,000)	2,600,000	878,660
General/administrative	636,681	1,090,800	—	1,090,800	454,119
Interim loans made	2,585,573	18,200,000	(15,000,000)	3,200,000	614,427
Bond principal payments – SWRP	5,675,000	5,675,000	—	5,675,000	—
Bond principal payments – WRBP	3,070,000	3,070,000	—	3,070,000	—
Bond interest expense – SWRP	5,638,906	5,614,000	25,000	5,639,000	94
Bond interest expense – WRBP	12,415,008	12,527,000	—	12,527,000	111,992
Loans made – SWRP	—	10,000,000	(10,000,000)	—	—
Loans made – WRBP	194,400,000	150,000,000	50,000,000	200,000,000	5,600,000
Refunding Bonds Escrow Deposit	—	20,000,000	(20,000,000)	—	—
Project expenditures	3,531,655	8,191,000	(4,200,000)	3,991,000	459,345
Arbitrage rebate – SWRP	82,113	150,000	(25,000)	125,000	42,887
Total expenditures	<u>229,756,276</u>	<u>237,517,800</u>	<u>400,000</u>	<u>237,917,800</u>	<u>8,161,524</u>
Excess of revenues over (under) expenditures	<u>\$ 2,318,774</u>	<u>(5,624,300)</u>	<u>5,350,000</u>	<u>(274,300)</u>	<u>2,593,074</u>

See accompanying notes to the budgetary basis reconciliation.
See accompanying independent auditors' report

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Reconciliation and Note of Non-GAAP Budgetary Basis (Actual) to
Statement of Revenues, Expenses, and Changes in Fund Net Assets

Water Operations Fund

Year ended December 31, 2005

Revenues (budgetary basis):	\$ 232,075,050
WPCRF advance repayment – state match	(4,000,000)
Loan principal payments – SWRP	(5,430,000)
Loan principal payments – WRBP	(2,935,000)
Loan principal payments – interim	(1,485,728)
Bond proceeds – WRBP	<u>(198,041,668)</u>
Revenues (GAAP basis)	<u>20,182,654</u>
Expenditures (budgetary basis):	229,756,276
Depreciation	5,952
Capitalized bond issuance costs	(3,042,730)
Acquisition of water depletion rights – Animas-La Plata Project	(165,885)
WPCRF advance – state match provided	(1,721,340)
Bond principal payments – SWRP	(5,675,000)
Bond principal payments – WRBP	(3,070,000)
Arbitrage rebate payments	(82,113)
Loans made – WRBP	(194,400,000)
Interim loans made	<u>(2,585,573)</u>
Expenses (GAAP basis)	<u>19,019,587</u>
Change in net assets per statement of revenues, expenses, and changes in fund net assets	<u>\$ 1,163,067</u>

- (1) The budget for the Water Operations Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:
- a. Bond proceeds are treated as revenue when issued.
 - b. Bond principal payments are treated as expenditures when paid.
 - c. Leveraged loan principal payments are recorded as revenue when received from the borrower.
 - d. Leveraged loans are treated as expenditures when loans are executed.
 - e. Interim loan principal payments are recorded as revenue when received.
 - f. Interim loans are treated as expenditures when draws are made from project accounts.
 - g. Acquisitions of water depletion rights – Animas-La Plata Project are treated as expenditures when paid to the Bureau.
 - h. WPCRF advance repayment – state match is treated as revenue when loan administrative fees are transferred from WPCRF.
 - i. WPCRF advance – state match provided is treated as an expenditure when transferred to WPCRF.
 - j. Arbitrage rebate payments are treated as expenditures when paid to the United States Treasury.

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, 2005

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 11,257,578	9,960,000	—	9,960,000	1,297,578
Administrative fee	4,737,700	4,854,000	—	4,854,000	(116,300)
Loan interest income	10,039,246	14,528,000	—	14,528,000	(4,488,754)
State surcharge income	240,352	240,000	—	240,000	352
EPA grants	14,190,807	29,305,000	—	29,305,000	(15,114,193)
Colorado state match	1,721,340	3,000,000	—	3,000,000	(1,278,660)
Loan principal repayments	24,020,000	23,119,000	—	23,119,000	901,000
Bond proceeds	187,859,975	144,200,000	55,000,000	199,200,000	(11,340,025)
Other	31,229	—	—	—	31,229
Total revenues	254,098,227	229,206,000	55,000,000	284,206,000	(30,107,773)
Expenditures:					
Grant administration	1,413,551	1,501,826	80,000	1,581,826	168,275
Bond principal payments	22,785,000	21,480,000	2,200,000	23,680,000	895,000
Payment to refunded bond escrow	127,026,111	49,250,000	78,000,000	127,250,000	223,889
Refunding bonds issuance cost	1,620,642	750,000	900,000	1,650,000	29,358
Advance repayments – state match	4,000,000	4,000,000	—	4,000,000	—
Project costs paid – direct loans	284,250	2,490,000	—	2,490,000	2,205,750
Loans made – leveraged loans	58,688,993	97,200,000	(24,000,000)	73,200,000	14,511,007
Planning and design grants to small local governments	121,725	180,000	—	180,000	58,275
Other	1,140,978	1,150,000	—	1,150,000	9,022
Bond interest expense	19,709,705	23,790,000	(1,000,000)	22,790,000	3,080,295
Capital asset acquisitions	—	5,000	—	5,000	5,000
Total expenditures	236,790,955	201,796,826	56,180,000	257,976,826	21,185,871
Excess of revenues over expenditures	\$ <u>17,307,272</u>	<u>27,409,174</u>	<u>(1,180,000)</u>	<u>26,229,174</u>	<u>(8,921,902)</u>

See accompanying notes to the budgetary basis reconciliation.
See accompanying independent auditors' report

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Reconciliation and Note 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, 2005

Revenues (budgetary basis):	\$	254,098,227
Bond proceeds		(187,859,975)
Loan principal repayments		(24,020,000)
Advance – state match provided		(1,721,340)
		40,496,912
Revenues (GAAP basis)		40,496,912
Expenditures (budgetary basis):		236,790,955
Project costs paid – direct loans		(284,250)
Bond principal payments		(22,785,000)
Payment to refunded bond escrow		(127,026,111)
Refunding bonds issuance cost		(1,620,642)
Arbitrage rebate payments		(1,009,815)
Depreciation expense		3,393
Advance repayment – state match		(4,000,000)
Loans made – leveraged loans		(58,688,993)
		21,379,537
Expenses (GAAP basis)		21,379,537
Change in net assets per statement of revenues, expenses, and changes in fund net assets	\$	19,117,375

- (1) The budget for the Water Pollution Control Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:
- a. Bond proceeds are treated as revenue when issued.
 - b. Bond principal payments are treated as expenditures when paid.
 - c. Leveraged loan principal payments are recorded as revenue when received from the borrower.
 - d. Leveraged loans are treated as expenditures when loans are executed.
 - e. Direct loan principal payments are recorded as revenue when received.
 - f. Direct loans are treated as expenditures when draws are made from project accounts.
 - g. Arbitrage rebate payments are treated as expenditures when paid to the United States Treasury.
 - h. Advance – state match is treated as revenue when transferred from Water Operations.
 - i. Advance repayment – state match is treated as expenditure when paid from loan administrative fees to Water Operations.
 - j. Payments to refunded bond escrow account is treated as an expenditure when transferred.
 - k. Costs of issuing refunding bonds are treated as an expenditure when paid from bond proceeds.

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, 2005

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 3,487,076	3,050,000	—	3,050,000	437,076
Loan interest income	4,009,026	5,445,000	—	5,445,000	(1,435,974)
Loan principal repayments	7,906,975	7,943,000	—	7,943,000	(36,025)
Bond proceeds	22,328,814	75,000,000	—	75,000,000	(52,671,186)
Capital contributions – EPA	4,215,293	10,370,000	—	10,370,000	(6,154,707)
EPA capitalization grant set asides revenue	2,762,872	4,072,537	—	4,072,537	(1,309,665)
Administrative fee income	1,704,124	1,839,000	—	1,839,000	(134,876)
Other	—	—	—	—	—
Total revenues	<u>46,414,180</u>	<u>107,719,537</u>	<u>—</u>	<u>107,719,537</u>	<u>(61,305,357)</u>
Expenditures:					
Grant administration – State funded	1,015,887	1,137,738	30,000	1,167,738	151,851
Project costs paid – direct loans	3,207,206	4,280,000	—	4,280,000	1,072,794
Loans made – leveraged	—	45,000,000	—	45,000,000	45,000,000
Bond principal payments made	6,555,000	6,380,000	300,000	6,680,000	125,000
Payment to refunded bond escrow	21,991,903	29,550,000	—	29,550,000	7,558,097
Refunding bonds issuance cost	225,509	450,000	—	450,000	224,491
Bond interest expense	6,496,663	8,130,000	(330,000)	7,800,000	1,303,337
EPA capitalization grant set asides	2,370,844	3,751,000	—	3,751,000	1,380,156
Planning and design grants to small local governments	95,250	180,000	—	180,000	84,750
Arbitrage rebate payments	766,933	800,000	—	800,000	33,067
Capital asset acquisitions	—	5,000	—	5,000	5,000
Total expenditures	<u>42,725,195</u>	<u>99,663,738</u>	<u>—</u>	<u>99,663,738</u>	<u>56,938,543</u>
Excess of revenues over expenditures	<u>\$ 3,688,985</u>	<u>8,055,799</u>	<u>—</u>	<u>8,055,799</u>	<u>(4,366,814)</u>

See accompanying notes to the budgetary basis reconciliation.
See accompanying independent auditors' report

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Reconciliation and Note of Non-GAAP Budgetary Basis (Actual) to
Statement of Revenues, Expenses, and Changes in Fund Net Assets

Drinking Water Fund

Year ended December 31, 2005

Revenues (budgetary basis):	\$	46,414,180
Loan principal repayments		(7,906,975)
Bond proceeds		(22,328,814)
		16,178,391
Revenues (GAAP basis)		16,178,391
Expenditures (budgetary basis):		42,725,195
Project costs paid – direct loans		(3,207,206)
Bond principal payments made		(6,555,000)
Payment to refunded bond escrow		(21,991,903)
Refunding bonds issuance cost		(225,509)
Arbitrage rebate payments		(766,933)
Depreciation expense		3,393
		9,982,037
Expenses (GAAP basis)		9,982,037
Change in net assets per statement of revenues, expenses, and changes in fund net assets	\$	6,196,354

- (1) The budget for the Drinking Water Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:
- a. Bond proceeds are treated as revenue when issued.
 - b. Bond principal payments are treated as expenditures when paid.
 - c. Leveraged loan principal payments are recorded as revenue when received from the borrower.
 - d. Leveraged loans are treated as expenditures when loans are executed.
 - e. Direct loan principal payments are recorded as revenue when received.
 - f. Direct loans are treated as expenditures when draws are made from project accounts.
 - g. Arbitrage rebate payments are treated as expenditures when paid to the United States Treasury.
 - h. Payments to refunded bond escrow account is treated as an expenditure when transferred.
 - i. Costs of issuing refunding bonds are treated as an expenditure when paid from bond proceeds.

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Project Costs Payable – By Borrower

December 31, 2005

	<u>Project costs payable</u>
Water Operations Fund:	
2003A – Clifton Water District – SWRP	\$ 1,578,933
2003A – Town of Eaton – SWRP	286,272
2004A – Town of Erie – WRBP	780,810
2004B – City of Englewood – WRBP	11,786,848
2004C – City of Littleton – WRBP	11,440,796
2004D – Parker Water and Sanitation District – WRBP	46,558,266
2005A – East Cherry Creek Valley Water and Sanitation District – WRBP	28,124,430
2005C – City of Fountain – WRBP	5,079,770
2005D – City of Aurora – WRBP	90,308,022
2005E – Arapahoe County Water and Wastewater Public Improvement District – WRBP	27,165,071
2005F – Copper Mountain Consolidated Metropolitan District – WRBP	809,660
	<u>223,918,878</u>
Water Pollution Control Revolving Fund:	
1999A – City of Aurora	126,503
2001A – City of Lafayette	279,903
2001DL – Baca Grande Water and Sanitation District	15,000
2002A – Blackhawk-Central City Sanitation District	3,066,901
2003A – City of Pueblo	515,424
2003A – Colorado City Metropolitan District	91,769
2003A – Town of Milliken	353,090
2004A – Town of Berthoud	98,359
2004A – City of Englewood	17,306,379
2004A – City of Littleton	16,807,176
2005DL – Kremmling Sanitation District	676,700
2005A – Town of Breckenridge	128,000
2005A – Denver Southeast Suburban Water and Sanitation District	4,843,568
2005A – Town of Eaton	2,638,596
2005A – Plum Creek Wastewater Authority	57,112
2005A – Roxborough Park Metropolitan District	8,982,653
2005A – City of Westminster	14,766,670
2005B – Breckenridge Sanitation District	8,000,000
2005B – City of Glendale	9,829,421
	<u>88,583,224</u>
Drinking Water Revolving Fund:	
2003A – Town of Lyons	811,186
2003A – Fountain Valley Authority	331,370
2003DLF – Mustang Water Authority	85,581
2003DLF – City of Ouray	144,739
2004DFL – Pinewood Springs Water District	38,624
2005 DFL – City of Florence	193,416
2005DFL – Town of La Jara	20,000
2005DFL – Olde State Water District	100,000
2005DFL – City of Victor	21,314
	<u>1,746,230</u>
Total project costs payable	\$ 314,248,332

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2005

Water Operations Fund – Interim Loans:	
Cortez Sanitation District	\$ 1,099,845
Total Water Operations Fund Loans Receivable – Interim Loans	1,099,845
Water Operations Fund – Small Water Resources Projects:	
1990A – Town of Estes Park	\$ 835,000
1990A – Fort Collins – Loveland Water District	971,667
1990A – North Weld County Water District	1,143,750
1990A – Eagle River Water and Sanitation District	746,250
1991A – Edwards Metropolitan District	480,000
1991A – Town of Estes Park	530,000
1991A – Town of Minturn	180,000
1991A – City of Steamboat Springs	520,000
1992A – City of Brush	490,000
1992A – City of Fort Lupton	1,480,000
1992A – Town of LaSalle	900,000
1992A – City of Louisville	3,618,334
1992B – Central Weld County Water District	725,833
1992B – City of Glenwood Springs	1,300,000
1992B – Little Thompson Water District	1,455,000
1992B – Town of Minturn	35,000
1992B – Mt. Werner Water and Sanitation District	2,179,999
1992B – North Weld County Water District	490,000
1994A – Town of Berthoud	336,667
1994A – City of Fort Morgan	1,424,167
1994A – Town of Gypsum	406,250
1994A – Parker Water and Sanitation District	337,500
1994A – Town of Platteville	562,500
1994B – Town of Carbondale	1,192,500
1994B – Project 7 Water Authority	2,577,499
1994B – City of Rifle	715,000
1996A – City of Canon City	2,822,499
1996A – Town of Johnstown	1,170,834
1996B – Morgan County Quality Water District	120,000
1997A – Town of Monument	1,280,000
1997A – Parker Water and Sanitation District	3,446,250
1997A – Roxborough Park Metropolitan District	2,060,000
1998A – Morgan County Quality Water District	2,195,000
1998A – North Weld County Water District	3,671,250
2000A – Parker Water and Sanitation District	11,950,000
2000A – Upper Eagle Regional Water Authority	10,320,000
2001A – North Weld County Water District	14,355,000
2002A – Eagle River Water and Sanitation District	4,065,000
2002A – Parker Water and Sanitation District	10,055,000
2003A – Clifton Water District	5,457,500
2003A – Town of Eaton	2,501,667
2003A – City of Rifle	1,395,000
Total Water Operations Fund loans receivable – SWRP	102,497,916

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2005

Water Operations Fund –

Water Revenue Bond Program:

1998A – Rio Blanco Water Conservancy District	\$	2,015,000
2003A – City of Louisville		12,790,000
2003B – City of Longmont		2,695,000
2004A – Town of Erie		13,345,000
2004B – City of Englewood		19,710,000
2004C – City of Littleton		19,695,000
2004D – Parker Water and Sanitation District		104,465,000
2004E – Copper Mountain Consolidated Metropolitan District		3,410,000
2005A – East Cherry Creek Valley Water and Sanitation District		53,970,000
2005B – City of Fort Lupton		2,300,000
2005C – City of Fountain		8,170,000
2005D – City of Aurora		100,000,000
2005E – Arapahoe County Water and Wastewater Public Improvement District		26,270,000
2005F – Copper Mountain Consolidated Metropolitan District		3,690,000
		372,525,000
Total Water Operations Fund loans receivable – WRBP		372,525,000
		476,122,761

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)		501,368
1990DL – Mountain Water and Sanitation District		51,951
1991DL – Durango West Metropolitan District No. 2		168,569
1992DL – Nucla Sanitation District		65,061
1992DL – City of Ouray		344,623
1992DL – Montrose County		62,164
1994DL – City of Fort Lupton		103,726
1994DL – St. Mary’s Glacier Water and Sanitation District		81,126
1995DL – City of Fruita		59,467
1995DL – Town of Log Lane Village		156,904
1996DL – Town of Ordway		232,293
1996DL – City of Broomfield		1,592,681
1996DL – Town of Lyons		340,788
1997DL – Town of Vona		57,653
1997DL – Town of Manzanola		55,488
1997DL – Pagosa Springs GID		434,103
1997DL – Town of Erie		358,581
1997DL – City of Holyoke		307,883
1998DL – Byers Water and Sanitation District		321,692
1998DL – City of Las Animas		799,632
1998DL – City of Evans		305,065
1999DL – Town of Kersey		131,854
1999DL – City of La Junta		289,918
1999DL – City of Monte Vista		751,601
1999DL – Town of New Castle		363,294
1999DL – Left Hand Water and Sanitation District		96,164
2000DL – Columbine Water and Sanitation District		319,205
2000DL – Left Hand Water and Sanitation District		42,771
2000DL – Town of Springfield		165,581

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2005

2001DL – Baca Grande Water and Sanitation District	\$ 701,719
2001DL – Niwot Sanitation District	847,915
2002DL – Pagosa Springs GID	181,626
2002DL – Town of Julesburg	720,472
2003DL – Pike’s Peak-Americas Mountain	914,193
2003DL – City of Salida	456,703
2004DL – Garden Valley Water and Sanitation District	293,222
2005DL – Kremmling Sanitation District	950,000
	<hr/>
Total WPCRF direct loans	13,627,056
	<hr/>
Leveraged loans (loans were provided by bond proceeds, EPA Capitalization Grants, and Authority resources):	
1989A – Denver Southeast Suburban Water and Sanitation District	3,009,713
1990A – Town of Castle Rock	1,480,948
1991A – City of Englewood	6,335,650
1991A – City of Littleton	6,335,996
1991B – Metro Wastewater Reclamation District	8,674,108
1992A – City of Fort Lupton	2,077,113
1992A – Eagle River Water and Sanitation District	3,718,428
1992B – City of Fort Collins	11,575,223
1992B – City of Longmont	1,355,058
1994A – City of Alamosa	1,036,640
1994A – Genesee Water and Sanitation District	799,725
1994A – City of Greeley	9,026,616
1994A – Parker Water and Sanitation District	947,128
1994A – Town of Windsor	1,357,603
1995A – City of Brighton	3,232,557
1995A – City of Craig	625,990
1995A – City of Fort Morgan	5,522,025
1995A – City of Steamboat Springs	896,506
1995A – Eagle River Water and Sanitation District	3,511,166
1995A – Winter Park Water and Sanitation District	1,857,439
1996A – Town of Crested Butte	1,623,360
1996A – City of Idaho Springs	1,002,605
1997A – Breckenridge Sanitation District	5,452,767
1997A – Town of Carbondale	530,180
1997A – Town of Eagle	1,567,048
1997A – Town of Erie	1,228,706
1997A – Parker Water and Sanitation District	2,198,884
1997A – City of Sterling	1,621,746
1997A – City of Westminster	9,367,564
1998A – Buena Vista Sanitation District	2,683,191
1998A – Eagle River Water and Sanitation District	12,019,618
1998A – City of Evans	806,165
1998A – City of Trinidad	4,849,628
1998A – City of Westminster	2,704,959
1998B – City of Colorado Springs	18,187,015
1999A – City of Aurora	15,598,485
1999A – Fremont Sanitation District	6,382,255

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2005

1999A – Grand County Water and Sanitation District	\$ 2,950,185
1999A – City of Steamboat Springs	2,223,155
2000A – Parker Water and Sanitation District	9,758,916
2000A – Summit County	13,786,570
2000A – Three Lakes Water and Sanitation District	5,164,992
2001A – Cortez Sanitation District	8,210,000
2001A – City of Fort Collins	8,105,000
2001A – Fraser Sanitation District	2,045,000
2001A – City of Lafayette	7,442,022
2001A – Mt. Crested Butte Water and Sanitation District	4,352,555
2001A – Parker Water and Sanitation District	4,151,736
2001A – Plum Creek Wastewater Authority	21,710,000
2001A – City of Steamboat Springs	4,974,459
2002A – Town of Berthoud	6,050,000
2002A – Blackhawk-Central City Sanitation District	21,412,733
2002A – Mesa County	11,470,000
2002A – South Adams County Water and Sanitation District	6,252,500
2002A – Town of Wellington	4,268,360
2002A – Winter Park West Water and Sanitation District	2,108,847
2002B – Denver Southeast Suburban Water and Sanitation District	6,160,000
2002B – Parker Water and Sanitation District	13,613,424
2002B – Plum Creek Wastewater Authority	2,960,000
2003A – Colorado City Metropolitan District	1,713,754
2003A – Town of Milliken	5,886,345
2003A – City of Pueblo	7,677,214
2004A – Town of Berthoud	2,285,000
2004A – City of Englewood	29,558,924
2004A – City of Littleton	29,672,423
2005A – Town of Breckenridge	4,320,000
2005A – Denver Southeast Suburban Water and Sanitation District	4,800,000
2005A – Town of Eaton	4,824,431
2005A – Plum Creek Wastewater Authority	1,510,000
2005A – Roxborough Park Metropolitan District	9,600,000
2005A – City of Westminster	15,147,500
2005B – Breckenridge Sanitation District	8,160,000
2005B – City of Glendale	10,034,562
	<u>465,560,415</u>
Total WPCRF leveraged loans	<u>465,560,415</u>
Total Water Pollution Control Revolving Fund loans receivable	<u>479,187,471</u>

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	148,576
1995DLS – Town of Fairplay #1	147,441
1995DLS – Town of Minturn	183,585
1995DLS – Town of Empire	202,821
1995DLS – Town of Elizabeth	312,496
1996DLS – Lake Creek Metropolitan District	297,757
1996DLS – Town of Firestone	5,922

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2005

1996DLS – Town of Nunn	\$ 216,470
1996DLS – Town of Lochbuie	227,778
1996DLS – Town of Lyons	340,108
1996DLS – Town of Bayfield	231,460
1997DLS – Town of Fairplay #2	140,515
1997DLS – City of Idaho Springs	350,960
1997DLS – Westlake Water and Sanitation District	152,900
1997DLF – Town of Grand Lake	350,280
1998DLS – Redstone Water and Sanitation District	292,423
1998DLF – Chatfield South Water District	540,221
1998DLF – Left Hand Water and Sanitation District	138,784
1999DLF – Thunderbird Water and Sanitation District	243,974
2000DLF – Sedalia Water and Sanitation District	263,442
2000DLF – Springfield Water and Sanitation District	282,270
2001DLF – Town of Wellington	881,515
2002DLF – Town of Basalt	861,129
2002DLF – Town of Dillon	766,861
2002DLF – Town of Hayden	817,811
2002DLF – Thunderbird Water and Sanitation District	304,041
2002DLF – City of Woodland Park	711,378
2003DLF – Mustang Water Authority	664,533
2003DLF – Town of Oak Creek	833,735
2003DLF – City of Ouray	957,323
2003DLF – Westwood Lakes Water District	456,921
2004DFL – Pinewood Springs Water District	118,857
2004DFL – Town of Swink	638,944
2005DFL – City of Florence	800,000
2005DFL – Town of La Jara	195,000
2005DFL – Town of Log Lane Village	1,000,000
2005DFL – Olde State Water District	99,132
2005DFL – City of Victor	283,000
	<hr/>
Total Drinking Water Fund direct loans	15,460,363
Leveraged loans (loans were provided by bond proceeds, EPA Capitalization Grants, and Authority resources):	
1997A – Arapahoe Estates Water District	689,694
1997A – City of Englewood	10,651,894
1997A – City of Fort Collins	6,711,721
1998A – Town of Buena Vista	926,883
1998A – City of Fort Morgan	11,207,228
1999A – City of Aurora	9,756,642
1999A – City of Fort Collins	3,657,693
1999A – City of Glenwood Springs	3,568,413
1999A – Grand County Water and Sanitation District No. 1	2,215,157
1999A – City of Greeley	11,335,854
1999A – Town of Julesburg	748,682
1999A – Left Hand Water District	4,839,922
2000A – Evergreen Metropolitan District	4,484,154
2000A – Fountain Valley Authority	6,095,143

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Loans Receivable – By Borrower

December 31, 2005

2000A – Town of Limon	\$ 1,159,147
2000A – Pueblo Board of Waterworks	8,964,382
2000A – City of Westminster	11,738,199
2002A – Evergreen Metropolitan District	1,783,671
2002A – City of Grand Junction	3,259,435
2002A – City of Idaho Springs	2,042,506
2002A – City of La Junta	8,970,078
2003A – City of Longmont	14,986,988
2003A – Town of Lyons	4,490,587
2003A – Fountain Valley Authority	2,941,700
2003B – City of Florence	<u>12,985,198</u>
Total DWRP leveraged loans	<u>150,210,971</u>
Total Drinking Water Fund loans receivable	<u>165,671,334</u>
Total loans receivable	<u>\$ 1,120,981,566</u>

See accompanying independent auditors' report.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2005

<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	675,000	2.9% – 6.2%
1993 Series A	6,585,000	3,895,000	2.7% – 5.0%
1994 Series A	5,835,000	3,130,000	3.4% – 5.875%
1996 Series A	6,385,000	4,045,000	3.7% – 5.45%
1996 Series B	1,040,000	120,000	5.84% – 6.37%
1997 Series A	9,725,000	6,840,000	4.1% – 5.6%
1997 Series B	12,500,000	8,415,000	3.8% – 4.9%
1998 Series A	8,765,000	5,920,000	3.35% – 4.88%
1998 Series B	13,850,000	10,555,000	3.35% – 4.75%
2000 Series A	24,110,000	22,425,000	4.3% – 5.8%
2001 Series A	15,510,000	14,425,000	3.9% – 4.875%
2002 Series A	14,615,000	14,120,000	1.3% – 5.375%
2003 Series A	9,610,000	9,400,000	2.0% – 4.50%
Total Small Water Resources Program Revenue Bonds	<u>143,355,000</u>	<u>103,965,000</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	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	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 2022, 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, 2005

<u>Water Operations Fund</u>	<u>Original issue amount</u>	<u>Current amount outstanding</u>	<u>Interest rate</u>
Water Revenue Bonds Program:			
1998 Taxable Rio Blanco Water Conservancy District	\$ 3,140,000	2,015,000	6.0% – 7.125%
2003 Series A	13,800,000	12,790,000	2.0% – 4.125%
2003 Series B	3,960,000	2,695,000	2.0% – 2.125%
2004 Series A	14,500,000	13,855,000	2.0% – 5.0%
2004 Series B	19,715,000	19,710,000	3.0% – 5.0%
2004 Series C	19,695,000	19,695,000	3.0% – 5.5%
2004 Series D	105,420,000	104,465,000	1.6% – 5.25%
2004 Series E	3,540,000	3,410,000	2.0% – 4.54%
2005 Series A	53,970,000	53,970,000	3.0% – 5.5%
2005 Series B	2,300,000	2,300,000	3.0% – 4.625%
2005 Series C	8,170,000	8,170,000	2.85% – 5.0%
2005 Series D	100,000,000	100,000,000	3.2% – 5.0%
2005 Series E	26,270,000	26,270,000	4.375% – 5.0%
2005 Series F	3,690,000	3,690,000	4.0% – 4.5%
Total Water Revenue Bonds Program	<u>378,170,000</u>	<u>373,035,000</u>	
Total Water Operations Fund	\$ <u><u>521,525,000</u></u>	<u><u>477,000,000</u></u>	
<u>Water Pollution Control Revolving Fund</u>			
Clean Water Revenue Bonds:			
Clean Water 1989 Series A (Denver Southeast Suburban Water and Sanitation District)	\$ 6,905,000	325,000	5.95% – 7.0%
Clean Water 1990 Series A (Town of Castle Rock)	3,890,000	120,000	6.25% – 7.4%

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 2024	2014 – 2024 at par
Serial Bonds through 2017	2014 – 2017 at par
Serial Bonds through 2015	2014 – 2015 at par
Serial Bonds through 2026, term bonds subject to mandatory redemption 2027 – 2043	2014 – 2015 at par
Serial Bonds through 2024	2014 – 2024 at par
Serial Bonds through 2032, term bonds subject to mandatory redemption 2033 – 2035	2016 – 2035 at par
Serial Bonds through 2017, term bonds subject to mandatory redemption 2020 – 2025	2015 – 2025 at par
Serial Bonds through 2017, term bonds subject to mandatory redemption 2020 – 2035	2016 – 2035 at par
Serial Bonds 2011 – 2025, term bonds subject to mandatory redemption 2027 – 2035	2016 – 2035 at par
Serial Bonds 2023 – 2024, term bonds subject to mandatory redemption 2035	2016 – 2035 at par
Serial Bonds through 2024	2016 – 2024 at par
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

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2005

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate
Clean Water 1991 Series A (City of Englewood – City of Littleton)	\$ 22,915,000	1,385,000	5.75% – 7.0%
Clean Water 1991 Series B (Metro Wastewater Reclamation District)	19,685,000	960,000	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	545,000	4.15% – 6.25%
Clean Water 1992 Series B (City of Fort Collins and City of Longmont)	25,785,000	1,550,000	3.75% – 6.0%
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	875,000	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	1,250,000	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	1,580,000	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	5,985,000	4.05% – 5.8%

Due dates	Early redemption
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 \$8,725,000 of bonds maturing in 2003 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2004 at par
Serial Bonds through 2006, term bonds subject to mandatory redemption 2007 – 2009 and 2010 – 2014. \$14,355,000 of bonds maturing in 2003 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2004 at par
Serial Bonds through 2008, term bonds subject to mandatory redemption 2009 – 2011 and 2012 – 2014 \$13,945,000 of bonds maturing in 2004 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2004 at par
Serial Bonds through 2009, term bonds subject to mandatory redemption 2010 – 2012 and 2013 – 2015 \$14,485,000 of bonds maturing in 2005 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2005 at par
Serial Bonds 1998 through 2008, term bonds subject to mandatory redemption 2009 – 2011 and 2012 – 2016 \$2,710,000 of bonds maturing in 2007 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	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 \$14,675,000 of bonds maturing in 2008 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2007 – 2008 at 102% of par, 2008 – 2009 at 101% of par, after 2009 at par

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2005

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate
Clean Water 1998 Series A (Eagle River Water and Sanitation District, City of Trinidad, City of Westminster, Buena Vista Sanitation District, and City of Evans)	\$ 31,190,000	6,205,000	3.7% – 5.125%
Clean Water 1998 Series B (City of Colorado Springs)	20,810,000	3,415,000	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, and City of Steamboat Springs)	39,220,000	9,815,000	4.25% – 5.25%
Clean Water 2000 Series A (Parker Water and Sanitation District, Summit County, and Three Lakes Water and Sanitation District)	33,575,000	9,140,000	5.0% – 6.25%
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, and City of Steamboat Springs)	69,710,000	22,445,000	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, and Winter Park West Water and Sanitation District)	55,310,000	49,690,000	3.0% – 5.25%
Clean Water 2002 Series B (Denver SE Water and Sanitation District, Parker Water and Sanitation District, and Plum Creek Wastewater Authority)	23,435,000	21,660,000	2.0% – 4.75%
Clean Water 2003 Series A (City of Pueblo, Colorado City Metropolitan District, and Town of Milliken)	14,750,000	13,930,000	2.0% – 4.5%

Due dates	Early redemption
Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2018. \$15,375,000 of bonds maturing in 2009 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2009 at par
Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2016 and 2017 – 2019 \$13,630,000 of bonds maturing in 2009 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	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. \$15,435,000 of bonds maturing in 2010 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2009 at par
Serial Bonds through 2013, term bonds subject to mandatory redemption in 2014 through 2020 \$17,900,000 of bonds maturing in 2011 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2011 – 2020 at par
Serial Bonds through 2019, term bonds subject to mandatory redemption in 2020 through 2021 \$37,250,000 of bonds maturing in 2012 and thereafter were refunded with the issuance of the 2005 Series A-2 Wastewater Revolving Fund Refunding Revenue Bonds.	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

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2005

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate
Clean Water 2004 Series A (Town of Berthoud, City of Englewood, and City of Littleton)	\$ 57,710,000	57,600,000	2.0% – 5.0%
Clean Water 2005 Series A (Town of Breckenridge, Denver Southeast Suburban Water and Sanitation District, Town of Eaton, Plum Creek Wastewater Authority, Roxborough Park Metropolitan District, and City of Westminster)	40,090,000	40,090,000	4.0% – 5.0%
Clean Water 2005 Series B (Breckenridge Sanitation District and City of Glendale)	<u>17,350,000</u>	<u>17,350,000</u>	2.8% – 4.5%
Total WPCRF Clean Water Revenue Bonds payable	<u>582,880,000</u>	<u>265,915,000</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	19,555,000	3.5% – 6.0%
Revenue Bonds 2001 Series A (Partial refunding of the following Clean Water Bonds: 1992A, 1992B, 1994A, and 1995A)	51,620,000	42,625,000	3.0% – 5.25%
Revenue Bonds 2004 Series A (Partial refunding of the following Clean Water Bonds: 1996A, 1997A, and 2000A)	36,705,000	35,925,000	3.0% – 5.0%
Revenue Bonds 2005 Series A and A-2 (Partial refunding of the following Clean Water Bonds: 1998A, 1998B, 1999A, and 2001A)	<u>78,865,000</u>	<u>78,040,000</u>	3.0% – 5.25%
Total Water Pollution Control Revolving Fund	<u>\$ 779,020,000</u>	<u>442,060,000</u>	

Due dates	Early redemption
Serial Bonds through 2025	2014 – 2025 at par
Serial Bonds through 2027	2016 – 2027 at par
Serial Bonds through 2027	2016 – 2027 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
Serial Bonds through 2020	2015 – 2020 at par
Serial Bonds through 2021	The bonds are not subject to early redemption

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Bonds Payable – By Issue

December 31, 2005

<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, and City of Fort Collins)	\$ 24,095,000	16,820,000	3.8% – 5.3%
Drinking Water Revenue Bonds Series 1998A (Town of Buena Vista and City of Fort Morgan)	15,205,000	11,325,000	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, and Left Hand Water District)	46,855,000	33,815,000	3.28% – 5.0%
Drinking Water Revenue Bonds Series 2000A (Evergreen Metropolitan District, Fountain Valley Authority, Town of Limon, Pueblo Board of Waterworks, and City of Westminster)	36,110,000	9,675,000	4.8% – 5.75%
Drinking Water Revenue Bonds Series 2002A (Evergreen Metro. District, City of Grand Junction, City of Idaho Springs, and City of La Junta)	16,320,000	14,760,000	3.0% – 5.125%
Drinking Water Revenue Bonds Series 2003A (City of Longmont, Town of Lyons, and Fountain Valley Authority)	20,835,000	20,195,000	2.0% – 4.25%
Drinking Water Revenue Bonds Series 2003B (City of Florence)	11,695,000	11,685,000	3.25% – 4.75%
Total DWRF Clean Water Revenue Bonds payable	<u>171,115,000</u>	<u>118,275,000</u>	
Drinking Water Revolving Fund Refunding Revenue Bonds 2005 Series A (Partial Refunding of the Drinking Water Revolving Fund Revenue Bonds Series 2000A)	<u>20,305,000</u>	<u>20,130,000</u>	3.0% – 5.5%
Total Drinking Water Revolving Fund	<u>\$ 191,420,000</u>	<u>138,405,000</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 2018 – 2022. \$20,535,000 of bonds maturing in 2011 and thereafter were refunded with the issuance of the 2005 Series A Drinking Water Revolving Fund Refunding Revenue Bonds.	2011 – 2022 at par
Serial Bonds through 2020, term bonds subject to mandatory redemption 2021 – 2022	2013 – 2020 at par
Serial Bonds through 2024	2014 – 2024 at par
Serial Bonds through 2025	2014 – 2025 at par
Serial Bonds through 2022	The bonds are not subject to early redemption

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Cash, Cash Equivalents, and Investments Held by Trustees – By Investment Type

December 31, 2005

	<u>Cash</u>	<u>Cash held by State Treasurer</u>	<u>Treasury Money Market Funds</u>	<u>COLOTRUST Local Government Investment Pool</u>	<u>U.S. Treasury Notes – SLGS</u>	<u>U.S. 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	\$ —	—	—	8,528,259	—	—	—	8,528,259
Small Water Resources Projects Bonded Funds	106,730	—	—	4,098,425	—	—	—	4,205,155
Water Revenue Bonds Program	—	—	—	156,336,065	—	—	71,668,714	228,004,779
Animas-La Plata Account	—	4,592,838	—	—	—	—	—	4,592,838
Authority Operating	16,439	51,436,325	—	1,977,228	—	—	—	53,429,992
Subtotal – Water Operations Fund	123,169	56,029,163	—	170,939,977	—	—	71,668,714	298,761,023
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1989 Series A	—	—	—	836,010	1,673,500	—	—	2,509,510
Clean Water Revenue Bonds, 1990 Series A	—	—	—	427,931	468,900	65,391	—	962,222
Clean Water Revenue Bonds, 1991 Series A	—	—	—	121,664	4,666,700	2,633,225	608,516	8,030,105
Clean Water Revenue Bonds, 1991 Series B	—	—	—	833,051	3,368,900	2,307,770	—	6,509,721
Clean Water Revenue Bonds, 1992 Series A	—	—	—	347,659	750,400	1,590,291	—	2,688,350
Clean Water Revenue Bonds, 1992 Series B	—	—	—	426,768	3,679,900	2,896,364	—	7,003,032
Clean Water Revenue Bonds, 1994 Series A	—	—	—	103,211	—	—	3,813,553	3,916,764
Clean Water Revenue Bonds, 1995 Series A	—	—	—	249,384	—	—	4,759,250	5,008,634
Clean Water Revenue Bonds, 1996 Series A	—	—	—	160,726	1,060,428	—	1,424,614	2,645,768
Refunding Revenue Bonds, 1996 Series A	—	—	—	720,710	—	—	—	720,710
Clean Water Revenue Bonds, 1997 Series A	—	—	—	338,792	—	—	6,534,472	6,873,264
Clean Water Revenue Bonds, 1998 Series A	—	—	—	527,355	—	—	7,915,722	8,443,077
Clean Water Revenue Bonds, 1998 Series B	—	—	—	262,732	—	—	5,710,075	5,972,807
Clean Water Revenue Bonds, 1999 Series A	—	—	—	2,385,963	—	—	9,474,693	11,860,656
Clean Water Revenue Bonds, 2000 Series A	—	—	—	213,512	—	—	8,352,390	8,565,902
Clean Water Revenue Bonds, 2001 Series A	—	—	—	2,747,044	—	—	22,100,469	24,847,513
Refunding Revenue Bonds, 2001 Series A	—	—	—	2,486,052	1,803,733	—	—	4,289,785
Clean Water Revenue Bonds, 2002 Series A	—	—	—	4,583,341	—	—	18,580,356	23,163,697
Clean Water Revenue Bonds, 2002 Series B	—	—	—	192,535	—	—	9,751,561	9,944,096
Clean Water Revenue Bonds, 2003 Series A	—	—	—	17,427	—	—	7,265,218	7,282,645
Clean Water Revenue Bonds, 2004 Series A	—	—	—	398,785	—	—	43,644,585	44,043,370
Refunding Revenue Bonds, 2004 Series A	—	—	—	664,269	764,482	—	—	1,428,751
Clean Water Revenue Bonds, 2005 Series A	—	—	—	331,653	—	—	49,861,784	50,193,437
Clean Water Revenue Bonds, 2005 Series B	—	—	—	104,328	—	—	21,492,487	21,596,815
Refunding Revenue Bonds, 2005 Series A and A2	—	—	—	503,498	—	—	—	503,498
WPCRF Loan Fund Escrow Accounts	—	—	—	—	—	—	—	—
Direct Loan Project Accounts	—	—	—	722,694	—	—	—	722,694
WPCRF State Match Holding Account	—	1,177,780	—	—	—	—	—	1,177,780
Direct Loan Surplus Matching Account	—	—	—	407,538	—	—	—	407,538
CWSRF Reloan Account	—	—	—	13,377,828	—	—	—	13,377,828
WPCRF Administrative Fee Account	—	—	—	942,578	—	—	—	942,578
Subtotal – Water Pollution Control Revolving Fund	—	1,177,780	—	35,435,038	18,236,943	9,493,041	221,289,745	285,632,547

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Cash, Cash Equivalents, and Investments Held by Trustees – By Investment Type

December 31, 2005

	<u>Cash</u>	<u>Cash held by State Treasurer</u>	<u>Treasury Money Market Funds</u>	<u>COLOTRUST Local Government Investment Pool</u>	<u>U.S. Treasury Notes – SLGS</u>	<u>U.S. 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	\$ —	—	—	1,039,671	—	—	6,535,881	7,575,552
Drinking Water Revenue Bonds, 1998 Series A	—	—	—	704,370	—	—	5,153,890	5,858,260
Drinking Water Revenue Bonds, 1999 Series A	—	—	—	1,037,349	—	—	12,437,766	13,475,115
Drinking Water Revenue Bonds, 2000 Series A	—	—	—	438,863	—	—	10,072,548	10,511,411
Drinking Water Revenue Bonds, 2002 Series A	—	—	—	269,328	—	—	5,467,042	5,736,370
Drinking Water Revenue Bonds, 2003 Series A	—	—	—	1,234,741	—	—	8,868,727	10,103,468
Drinking Water Revenue Bonds, 2003 Series B	—	—	—	157,597	—	—	5,497,796	5,655,393
Refunding Revenue Bonds, 2005 Series A	—	—	—	367,761	—	—	—	367,761
Federal Direct Loan Projects Pre-Construction Accounts	860	—	—	—	—	—	—	860
Federal Direct Loan Project, Accounts	—	—	—	659,271	—	—	—	659,271
Drinking Water Funding Account	—	4,723,834	—	—	—	—	—	4,723,834
Drinking Water State Match Holding Account	—	5,194,053	—	—	—	—	—	5,194,053
State Direct Loan Surplus Matching Account	—	—	—	117,157	—	—	—	117,157
State Direct Loan Reloan Account	—	—	—	425,734	—	—	—	425,734
State Direct Loan Administrative Fee Account	—	—	—	62,441	—	—	—	62,441
Federal Direct Loan Surplus Matching Account	—	—	—	441,801	—	—	—	441,801
Leveraged Loan Surplus Matching	—	—	—	28,052	—	—	—	28,052
DWRF Reloan Account	—	—	—	9,370,371	—	—	—	9,370,371
DWRF Administrative Fee Account	—	—	—	3,745,360	—	—	—	3,745,360
Subtotal – Drinking Water Revolving Fund	860	9,917,887	—	20,099,867	—	—	54,033,650	84,052,264
Colorado Water Resources and Power Development Authority – total cash and investments	\$ 124,029	67,124,830	—	226,474,882	18,236,943	9,493,041	346,992,109	668,445,834

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, 2005

	Rebate accounts	SWRP revenue or Debt service funds	Debt service reserve funds	Project accounts	DWRP 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	\$ —	—	8,528,259	—	—	—	—	8,528,259
Small Water Resources Projects Bonded Funds	176,266	1,974,698	—	2,054,189	—	—	2	4,205,155
Water Revenue Bonds Program	—	819,884	1,871,316	225,313,579	—	—	—	228,004,779
Animas-La Plata Account	—	—	—	—	—	—	4,592,838	4,592,838
Authority Operating	—	—	—	—	—	—	53,429,992	53,429,992
Subtotal – Water Operations Fund	<u>176,266</u>	<u>2,794,582</u>	<u>10,399,575</u>	<u>227,367,768</u>	<u>—</u>	<u>—</u>	<u>58,022,832</u>	<u>298,761,023</u>
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1989 Series A	—	176	—	—	2,509,034	—	300	2,509,510
Clean Water Revenue Bonds, 1990 Series A	—	77	—	—	961,974	—	171	962,222
Clean Water Revenue Bonds, 1991 Series A	—	683	—	—	8,028,491	—	931	8,030,105
Clean Water Revenue Bonds, 1991 Series B	7,607	677	—	—	6,500,778	—	659	6,509,721
Clean Water Revenue Bonds, 1992 Series A	—	203	—	—	2,688,146	—	1	2,688,350
Clean Water Revenue Bonds, 1992 Series B	—	535	—	—	7,002,488	—	9	7,003,032
Clean Water Revenue Bonds, 1994 Series A	102,644	296	—	—	3,813,824	—	—	3,916,764
Clean Water Revenue Bonds, 1995 Series A	248,816	344	—	—	4,759,474	—	—	5,008,634
Clean Water Revenue Bonds, 1996 Series A	80,854	596	—	—	1,503,890	—	1,060,428	2,645,768
Refunding Revenue Bonds, 1996 Series A	1,297	719,402	—	—	—	—	11	720,710
Clean Water Revenue Bonds, 1997 Series A	333,958	—	—	—	6,539,306	—	—	6,873,264
Clean Water Revenue Bonds, 1998 Series A	263,563	85,639	—	—	8,093,875	—	—	8,443,077
Clean Water Revenue Bonds, 1998 Series B	173,222	—	—	—	5,799,585	—	—	5,972,807
Clean Water Revenue Bonds, 1999 Series A	930,111	1,543	—	126,504	10,802,498	—	—	11,860,656
Clean Water Revenue Bonds, 2000 Series A	192,384	—	—	—	8,372,755	—	763	8,565,902
Clean Water Revenue Bonds, 2001 Series A	1,158,994	201,812	—	279,903	23,206,804	—	—	24,847,513
Refunding Revenue Bonds, 2001 Series A	—	4,289,785	—	—	—	—	—	4,289,785
Clean Water Revenue Bonds, 2002 Series A	493,808	74,066	—	3,066,901	19,528,922	—	—	23,163,697
Clean Water Revenue Bonds, 2002 Series B	5,694	—	—	—	9,938,402	—	—	9,944,096
Clean Water Revenue Bonds, 2003 Series A	10,128	—	—	960,282	6,312,235	—	—	7,282,645
Clean Water Revenue Bonds, 2004 Series A	31,896	1,197	—	34,211,914	9,798,363	—	—	44,043,370
Refunding Revenue Bonds, 2004 Series A	—	1,424,979	—	—	—	—	3,772	1,428,751
Clean Water Revenue Bonds, 2005 Series A	18,814	292,502	—	31,416,599	18,465,522	—	—	50,193,437
Clean Water Revenue Bonds, 2005 Series B	—	134	—	17,829,421	3,693,447	73,813	—	21,596,815
Refunding Revenue Bonds, 2005 Series A and A2	—	503,070	—	—	—	—	428	503,498
WPCRF Loan Fund Escrows	—	—	—	—	—	—	—	—
Direct Loan Project Accounts	—	—	—	722,694	—	—	—	722,694
WPCRF State Match Holding Account	—	—	—	—	—	—	1,177,780	1,177,780
Direct Loan Surplus Matching Account	—	—	—	—	—	—	407,538	407,538
CWSRF Reloan Account	—	—	—	—	—	—	13,377,828	13,377,828
WPCRF Administrative Fee Account	—	—	—	—	—	—	942,578	942,578
Subtotal – Water Pollution Control Revolving Fund	<u>4,053,790</u>	<u>7,597,716</u>	<u>—</u>	<u>88,614,218</u>	<u>168,319,813</u>	<u>73,813</u>	<u>16,973,197</u>	<u>285,632,547</u>

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Cash, Cash Equivalents, and Investments Held by Trustees – By Account Type

December 31, 2005

	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	\$ 187,686	607,327	—	—	6,780,539	—	—	7,575,552
Drinking Water Revenue Bonds, 1998 Series A	115,876	452,536	—	—	5,289,848	—	—	5,858,260
Drinking Water Revenue Bonds, 1999 Series A	259,205	528,222	—	—	12,687,688	—	—	13,475,115
Drinking Water Revenue Bonds, 2000 Series A	223,112	107,903	—	—	10,180,396	—	—	10,511,411
Drinking Water Revenue Bonds, 2002 Series A	78,972	—	—	—	5,657,398	—	—	5,736,370
Drinking Water Revenue Bonds, 2003 Series A	40,222	28,568	—	1,142,555	8,892,122	—	1	10,103,468
Drinking Water Revenue Bonds, 2003 Series B	26,569	123,820	—	—	5,505,004	—	—	5,655,393
Refunding Revenue Bonds, 2005 Series A	—	367,761	—	—	—	—	—	367,761
Federal Direct Loan Pre-Construction Accounts	—	—	—	860	—	—	—	860
Federal Direct Loan Project Accounts	—	—	—	659,271	—	—	—	659,271
Drinking Water Funding Account	—	—	—	—	—	—	4,723,834	4,723,834
Drinking Water State Match Holding Account	—	—	—	—	—	—	5,194,053	5,194,053
State Direct Loan Surplus Matching Account	—	—	—	—	—	—	117,157	117,157
State Direct Loan Reloan Account	—	—	—	—	—	—	425,734	425,734
State Direct Loan Administrative Fee Account	—	—	—	—	—	—	62,441	62,441
Federal Direct Loan Surplus Matching Account	—	—	—	—	—	—	441,801	441,801
Leveraged Loan Surplus Matching	—	—	—	—	—	—	28,052	28,052
DWRF Reloan Account	—	—	—	—	—	—	9,370,371	9,370,371
DWRF Administrative Fee Account	—	—	—	—	—	—	3,745,360	3,745,360
Subtotal – Drinking Water Revolving Fund	<u>931,642</u>	<u>2,216,137</u>	<u>—</u>	<u>1,802,686</u>	<u>54,992,995</u>	<u>—</u>	<u>24,108,804</u>	<u>84,052,264</u>
Colorado Water Resources and Power Development Authority – total cash and investments	\$ <u>5,161,698</u>	<u>12,608,435</u>	<u>10,399,575</u>	<u>317,784,672</u>	<u>223,312,808</u>	<u>73,813</u>	<u>99,104,833</u>	<u>668,445,834</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 Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

The Board of Directors
Colorado Water Resources and Power Development Authority:

We have audited the financial statements of each major fund of the Colorado Water Resources and Power Development Authority (the Authority) as of and for the year ended December 31, 2005, and have issued our report thereon dated March 29, 2006, in which we noted the Authority adopted the provisions of Government Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 or other matters that are required to be reported under *Government Auditing Standards*.

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 29, 2006



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, 2005. 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, 2005.

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.

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 reportable 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 caused by error or fraud 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.

We noted certain matters that we reported to management of the Authority in a separate letter dated March 29, 2006.

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 29, 2006

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Expenditures of Federal Awards

Year ended December 31, 2005

<u>Grantor program title</u>	<u>Federal CFDA number</u>	<u>Grant award</u>	<u>Accrued January 1, 2005</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued December 31, 2005</u>
U.S. Environmental Protection Agency:						
Title VI Water Pollution Control						
Revolving Fund:						
2001 Grant	66.458	\$ 10,717,158	—	—	—	—
2002 Grant	66.458	10,663,884	527,751	527,751	—	—
2003 Grant	66.458	17,261,251	1,857,438	12,560,593	14,071,892	3,368,737
2004 Grant	66.458	10,601,019	—	118,915	118,915	—
2005 Grant	66.458	8,606,700	—	—	—	—
Total federal awards – WPCRF			<u>2,385,189</u>	<u>13,207,259</u>	<u>14,190,807</u>	<u>3,368,737</u>
Drinking Water Revolving						
Fund:						
1997 Grant	66.468	16,784,100	—	18,345	18,345	—
1998 Grant	66.468	9,581,800	(3,852)	4,410	8,262	—
1999 Grant	66.468	16,709,267	81,500	90,270	8,770	—
2000 Grant	66.468	10,437,200	2,295	54,654	52,359	—
2001 Grant	66.468	10,480,300	51,367	508,106	503,250	46,511
2002 Grant	66.468	13,323,000	3,521	419,305	466,537	50,753
2003 Grant	66.468	6,576,333	969,534	3,903,714	2,993,101	58,921
2004 Grant	66.468	13,737,700	1,022	2,806,250	2,927,541	122,313
2005 Grant	66.468	13,708,600	—	—	—	—
Total federal awards – DWRF			<u>1,105,387</u>	<u>7,805,054</u>	<u>6,978,165</u>	<u>278,498</u>
Total federal awards			<u>\$ 3,490,576</u>	<u>21,012,313</u>	<u>21,168,972</u>	<u>3,647,235</u>

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, 2005

(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

96% of the Title VI Water Pollution Control Revolving Fund (WPCRF) and 60% of the Drinking Water Revolving Fund (DWRF) grant expenditures were provided to subrecipients, see detailed schedule below:

	<u>Federal grants provided to subrecipients</u>
Water Pollution Control Revolving Fund Projects:	
City of Aurora	\$ 271,477
City of Lafayette	94,272
Black Hawk-Central City Sanitation District	867,802
Winter Park West Water and Sanitation District	22,044
Parker Water and Sanitation District	152,999
Colorado City Metropolitan District	707,953
Town of Milliken	640,488
City of Pueblo	934,749
City of Englewood	3,107,757
City of Littleton	3,321,760
Town of Eaton	1,128,304
City of Glendale	2,461,458
	<u>13,711,063</u>
Drinking Water Revolving Fund Projects:	
City of Woodland Park	37,285
City of Grand Junction	54,119
City of La Junta	83,460
Fountain Valley Authority	66,826
Town of Lyons	1,486,850
City of Florence	2,486,753
	<u>4,215,293</u>
Total	\$ 17,926,356

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2005

(3) Set Asides

For the year ended December 31, 2005, the following DWRF grant amounts were used for the set aside programs.

	<u>Set aside amount</u>
DWRF program year:	
1997	\$ 18,345
1998	8,262
1999	8,770
2000	52,359
2001	463,967
2002	505,820
2003	725,370
2004	979,979
2005	—
Total	<u><u>\$ 2,762,872</u></u>

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Schedule of Findings and Questioned Costs

Year ended December 31, 2005

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: \$635,069

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.

Attachment 4

Audit Report for 2006

**Colorado Water Resources
and Power Development Authority**

Independent Accountants' Reports and Basic Financial
Statements, Supplementary Information
and Reports Required by OMB Circular A-133

December 31, 2006 and 2005

**Colorado Water Resources
and Power Development Authority**
December 31, 2006 and 2005

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Independent Accountants' Report on Financial Statements and Supplementary Information

The Board of Directors
Colorado Water Resources and
Power Development Authority
Denver, Colorado

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 year ended December 31, 2006, 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 audit. The financial statements of each major fund of the Authority as of and for the year ended December 31, 2005, were audited by other accountants whose report dated March 29, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 2006 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, 2006, and the respective changes in financial position and the cash flows thereof for the year 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 April 10, 2007, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors
Colorado Water Resources and
Power Development Authority

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis 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.

\s\ **BKD, LLP**

April 10, 2007

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Management's Discussion And Analysis

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
Years ended December 31, 2006 and 2005

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, 2006 and 2005.

Financial Highlights

- ▶ Combined net assets of the Authority's enterprise funds increased \$22.5 million (5.4%) bringing the total to \$442.5 million at December 31, 2006. Capitalization grant revenue received from the United States Environmental Protection Agency (EPA) totaling \$12.5 million was the largest source of funds contributing to this increase.
- ▶ Operating income totaled \$10.0 million during 2006, an increase of \$1.4 million (16.9%) from 2005. Operating revenues increased to \$68.9 million, while expenses rose to \$58.9 million for the fiscal year. Total restricted assets decreased by \$71.2 million; the net decrease resulted from the borrower project requisitions in the Water Revenue Bonds Program (WRBP). The structure of the WRBP program allows borrowers to requisition accumulated investment income to pay for project costs, or to reduce their loan interest payable. The earnings on these investments are recorded as a liability (accounts payable – borrower) rather than as income. Accounts payable – borrowers rose \$4.3 million in 2006, due to the WRBP investment earnings. Total interest on investments increased by \$3.1 million (18.3%) to \$20.2 million.
- ▶ Bonds payable, net of unamortized refunding costs, at December 31, 2006, totaled \$1.10 billion. During 2006, revenue bonds, excluding refunding bonds, totaling \$86.8 million were issued, contributing to the increase of \$42.9 million (4.1%) in bonds payable, net of unamortized refunding costs. Revenue bonds were issued in the following enterprise funds, during 2006:
 - ✦ Water Pollution Control Revolving Fund (WPCRF), within the Water Pollution Control Enterprise Fund, – \$37.5 million.
 - ✦ Drinking Water Revolving Fund (DWRF), within the Drinking Water Enterprise Fund, – \$49.3 million.
- ▶ During 2006, market conditions provided opportunities for the Authority to issue advance refunding revenue bonds in the Small Water Resources Projects Program (SWRP). The reduction in bond debt service (refunding savings) realized from these activities is passed through to the associated borrower by reductions to loan repayments. The results of the refunding is summarized below:

Program	Refunding Revenue Bonds Issued			Revenue Bonds Refunded		
	No. of Issues	Par Value of Bonds Issued	Present Value of Refunding Savings	Par Value of Bonds Refunded	No. of Issues	No. of Associated Borrowers
SWRP	1	\$14.0 million	\$0.9 million	\$13.6 million	3	1

**COLORADO WATER RESOURCES
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▶ Total loans receivable were \$1.19 billion at December 31, 2006. During 2006, loans totaling \$117.5 million were executed, resulting in a net increase in loans receivable of \$70.0 million (6.2%). New loans were executed in the following enterprise funds:

+	Water Operations	\$	0.7	million
+	Water Pollution Control	\$	52.5	million
+	Drinking Water	\$	64.3	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.

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.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
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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 in the following pages. These schedules summarize the financial position of each enterprise fund as of December 31, 2006 and 2005 in a comparative format. Furthermore, schedules of total enterprise fund data and analyses is provided in comparative year format for 2006-2005 and 2005-2004.

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, and other assets and receivables. Restricted assets are comprised of current and noncurrent 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. Noncurrent loans receivable includes loan principal payments due more than one year subsequent to the fiscal year end. Loans receivable provide security for associated bonds; and loan payments received, net of state match principal and administrative fees, are restricted for payment of bond debt service.

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 noncurrent) remaining borrower loan proceeds available for loans financed with bond proceeds. Noncurrent debt is the total of bonds payable more than one year subsequent to the fiscal year end. Net assets are classified into three categories: invested in capital assets, restricted, and unrestricted.

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 for total enterprise funds and for each enterprise fund.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
Years ended December 31, 2006 and 2005

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 Enterprise Funds (2006 - 2005)	Schedule 1A			
Summary of Net Assets as of December 31				
	2006	2005	Change	Pct Chg
Unrestricted current and other assets	\$ 179,069,039	\$ 172,524,131	\$ 6,544,908	3.8%
Restricted assets	513,944,900	585,102,753	(71,157,853)	(12.2%)
Capital assets, net	23,431	30,410	(6,979)	(22.9%)
Noncurrent loans receivable	1,136,674,375	1,073,562,535	63,111,840	5.9%
Total assets	<u>1,829,711,745</u>	<u>1,831,219,829</u>	<u>(1,508,084)</u>	<u>(0.1%)</u>
Current and other liabilities	106,565,475	83,368,407	23,197,068	27.8%
Project costs payable-leveraged loans	228,024,650	312,952,958	(84,928,308)	(27.1%)
Noncurrent debt outstanding, net	1,052,672,409	1,014,948,438	37,723,971	3.7%
Total liabilities	<u>1,387,262,534</u>	<u>1,411,269,803</u>	<u>(24,007,269)</u>	<u>(1.7%)</u>
Fund net assets:				
Invested in capital assets	23,431	30,410	(6,979)	(22.9%)
Restricted	372,926,857	350,672,449	22,254,408	6.3%
Unrestricted	69,498,923	69,247,167	251,756	0.4%
Total fund net assets	<u>\$ 442,449,211</u>	<u>\$ 419,950,026</u>	<u>\$ 22,499,185</u>	<u>5.4%</u>

Total Enterprise Funds (2005 - 2004)	Schedule 1B			
Summary of Net Assets as of December 31				
	2005	2004	Change	Pct Chg
Unrestricted current and other assets	\$ 172,524,131	\$ 167,549,261	\$ 4,974,870	3.0%
Restricted assets	585,102,753	494,084,452	91,018,301	18.4%
Capital assets, net	30,410	43,149	(12,739)	(29.5%)
Noncurrent loans receivable	1,073,562,535	865,039,393	208,523,142	24.1%
Total assets	<u>1,831,219,829</u>	<u>1,526,716,255</u>	<u>304,503,574</u>	<u>19.9%</u>
Current and other liabilities	83,368,407	73,564,621	9,803,786	13.3%
Project costs payable-leveraged loans	312,952,958	251,826,999	61,125,959	24.3%
Noncurrent debt outstanding, net	1,014,948,438	807,851,405	207,097,033	25.6%
Total liabilities	<u>1,411,269,803</u>	<u>1,133,243,025</u>	<u>278,026,778</u>	<u>24.5%</u>
Fund net assets:				
Invested in capital assets	30,410	43,149	(12,739)	(29.5%)
Restricted	350,672,449	323,562,710	27,109,739	8.4%
Unrestricted	69,247,167	69,867,371	(620,204)	(0.9%)
Total fund net assets	<u>\$ 419,950,026</u>	<u>\$ 393,473,230</u>	<u>\$ 26,476,796</u>	<u>6.7%</u>

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

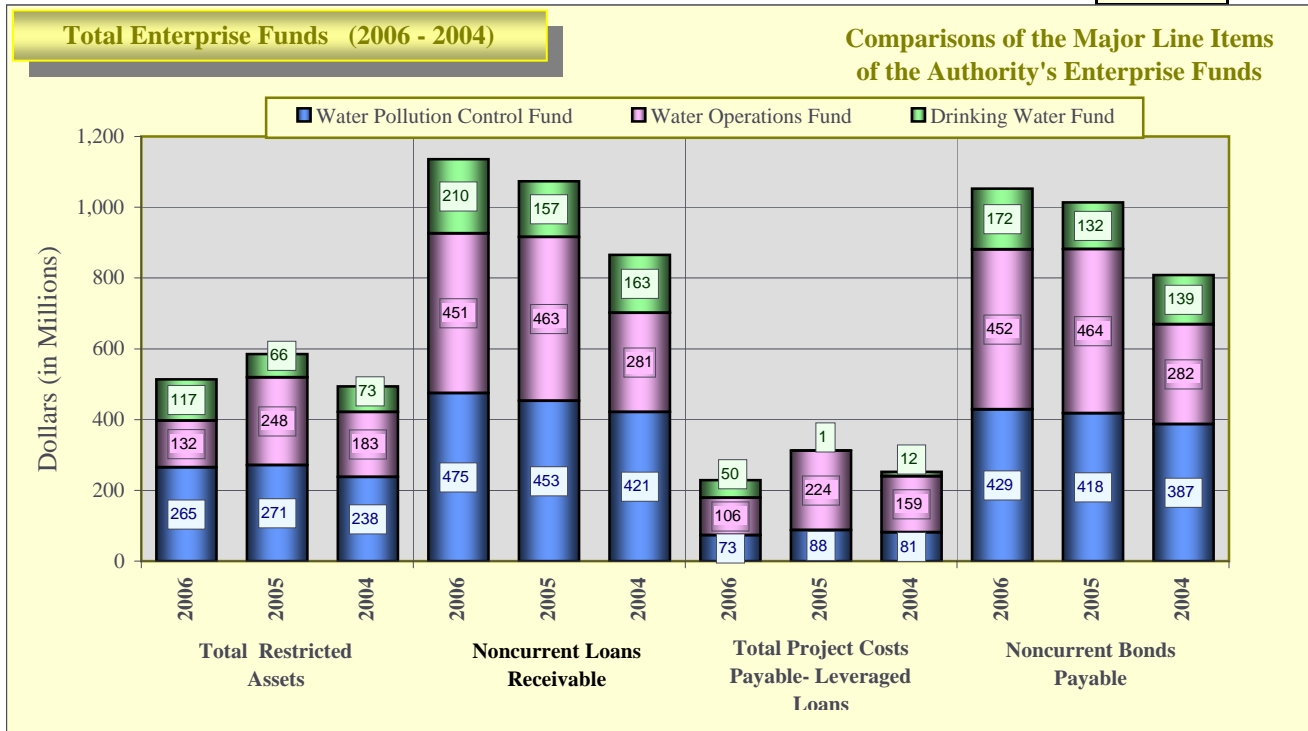
Management's Discussion and Analysis

Years ended December 31, 2006 and 2005

Total assets of these funds decreased by \$1.5 million in 2006, as compared to an increase of \$304.5 million in 2005. Financing new projects each year contributed to the changes in assets. In 2006 new loans totaled \$117.5 million, while \$259.0 million in loans were made in 2005. However, project draws paid to borrowers totaling \$189.7 million and \$202.8 million in 2006 and 2005 respectively, contributed to the net decrease in 2006 total assets and limited the increase in 2005.

Similarly, total liabilities decreased by \$24.0 million in 2006, and increased by \$278.0 million in 2005. Bonds, excluding refunding bonds, totaling \$86.8 million were issued in 2006, while \$251.8 million were issued in 2005. In 2006, project draws of \$189.9 million led to the net decrease in 2006 total liabilities and project draws of \$202.8 million limited the net increase in 2005 total liabilities. Project costs payable-leveraged loans are directly impacted in the same manner resulting in a 2006 net decrease of \$84.9 million and a 2005 net increase of \$61.1 million. Total fund net assets increased by \$22.5 million in 2006, down from the \$26.5 million increase in 2005. Although total operating income increased by \$1.4 million in 2006, the \$4.0 million decrease in the change in net assets was the direct result of the \$5.4 million decrease in EPA capitalization grant revenue received in 2006. Similarly, total operating income increased by \$1.8 million in 2005; the \$3.9 million decrease in the change in net assets was the direct result of the \$5.7 million decrease in EPA capitalization grant revenue received in 2005.

Chart 1



**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
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Chart 1 is a graphical representation of the four major accounts affected by new project financing, as discussed in the overview section of this discussion. The totals of these four accounts are compared for the years 2006, 2005, and 2004. 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, the WRBP, in the Water Operations Fund and the Water Pollution Control Fund have the largest impact on total enterprise fund assets and liabilities. However, the Drinking Water Fund experienced a larger net growth in 2006. This chart also illustrates the increase of loans receivable and bonds payable, over the three-year period, resulting from additional new project financing. The balances of restricted assets and project costs payable, however, are subject to fluctuations caused by the demands of borrower project draws.

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 2006.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
Years ended December 31, 2006 and 2005

Water Operations Fund

The Water Operations Fund is described in note 1 of the basic financial statements. This fund is the combination of the business operations of the Authority (general and administrative), the Small Water Resources Program (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.

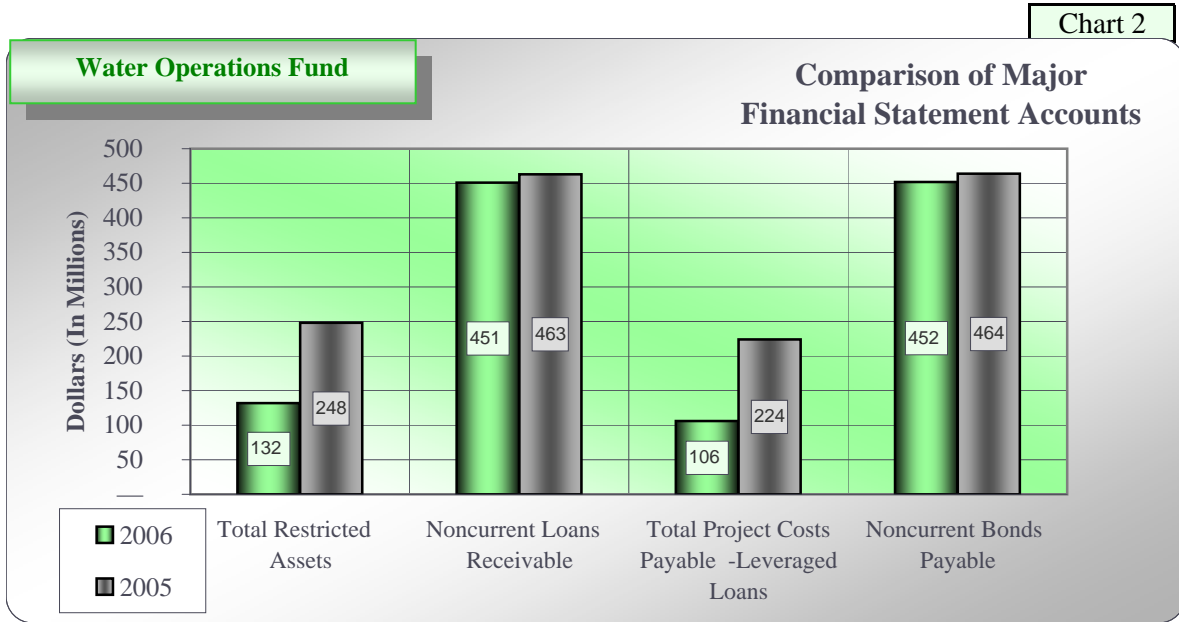
To reduce the cost of financing for these borrowers, the Authority began absorbing the a portion or all costs of issuing these bonds in 2003. In 2006, there were no new bonds issued, other than refunding bonds, or loans made in this fund. An advance refunding was conducted in the SWRP, the details of which are discussed in the notes to the basic financial statements. Loans made from these programs are not subsidized by EPA capitalization grants.

SWRP leveraged loans are generally more cost effective when a pool of approved borrowers is formed prior to issuing the bonds. Unlike SWRP, WRBP bonds are issued to fund each loan. In addition, 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. One interim loan totaling \$1.8 million was outstanding at year-end.

Water Operations Fund	Schedule 2			
Summary of Net Assets as of December 31				
	2006	2005	Change	Pct Chg
Unrestricted current and other assets	\$ 94,529,766	\$ 89,096,528	\$ 5,433,238	6.1%
Restricted assets	132,018,162	248,180,605	(116,162,443)	(46.8%)
Capital assets, net	13,251	13,444	(193)	(1.4%)
Noncurrent loans receivable	450,995,833	463,378,333	(12,382,500)	(2.7%)
Total assets	<u>677,557,012</u>	<u>800,668,910</u>	<u>(123,111,898)</u>	(15.4%)
Current and other liabilities	32,532,100	26,657,628	5,874,472	22.0%
Project costs payable-leveraged loans	105,805,897	223,918,878	(118,112,981)	(52.7%)
Noncurrent debt outstanding, net	452,006,646	464,488,333	(12,481,687)	(2.7%)
Total liabilities	<u>590,344,643</u>	<u>715,064,839</u>	<u>(124,720,196)</u>	(17.4%)
Fund net assets:				
Invested in capital assets	13,251	13,444	(193)	(1.4%)
Restricted	23,953,490	24,991,340	(1,037,850)	(4.2%)
Unrestricted	63,245,628	60,599,287	2,646,341	4.4%
Total fund net assets	<u>\$ 87,212,369</u>	<u>\$ 85,604,071</u>	<u>\$ 1,608,298</u>	1.9%

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
Years ended December 31, 2006 and 2005



Also included in Restricted Assets of the Water Operations fund is the \$3.3 million unexpended balance of the Animas-La Plata escrow account. During 2006, \$1.5 million was paid to the Bureau of Reclamation (Bureau) bringing the total payments to \$5.1 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.

The comparative balances of the four-major accounts affected by leveraged loans are shown in Chart 2. Since no new bonds, other than refunding bonds, were issued or loans made, loans receivable and bonds payable decreased by current year principal payments. SWRP and WRBP construction draws totaling \$118.1 million caused the \$116.2 million decrease in Restricted assets and the corresponding \$118.1 decrease in Project costs payable-leveraged loans.

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
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Water Pollution Control Fund

The \$0.4 million decrease in Unrestricted current and other assets is the net effect of several factors. First, the financial model for the WPCRF program allows for reductions in debt service reserve fund balances annually in September, after bond debt service has been paid. This process is referred to as "deallocation" and consists of the liquidation of debt service reserve fund restricted investments and depositing the cash proceeds, along with the state match portion of loan principal repayments, in the unrestricted reloan account. In 2006, \$14.3 million was deallocated and transferred to the reloan account and \$17.2 million of reloan funds were used to fund loans, resulting in a net \$2.9 million reduction to Unrestricted current and other assets.

Second, the current portion of loans receivable increased \$2.7 million in 2006, offsetting the net reloan account decrease. These items plus other miscellaneous changes resulted in the net decrease in Unrestricted current and other assets.

Water Pollution Control Fund		Summary of Net Assets as of December 31				Schedule 3
	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>Pct Chg</u>		
Unrestricted current and other assets	\$ 53,233,456	\$ 53,638,852	\$ (405,396)	(0.8%)		
Restricted assets	264,911,882	271,388,323	(6,476,441)	(2.4%)		
Capital assets, net	5,090	8,483	(3,393)	(40.0%)		
Noncurrent loans receivable	475,405,287	452,891,856	22,513,431	5.0%		
Total assets	<u>793,555,715</u>	<u>777,927,514</u>	<u>15,628,201</u>	2.0%		
Current and other liabilities	52,419,067	45,730,367	6,688,700	14.6%		
Project costs payable-leveraged loans	72,700,969	87,891,524	(15,190,555)	(17.3%)		
Noncurrent debt outstanding, net	428,516,156	418,467,372	10,048,784	2.4%		
Total liabilities	<u>553,636,192</u>	<u>552,089,263</u>	<u>1,546,929</u>	0.3%		
Fund net assets:						
Invested in capital assets	5,090	8,483	(3,393)	(40.0%)		
Restricted	239,914,433	225,829,768	14,084,665	6.2%		
Total fund net assets	<u>\$ 239,919,523</u>	<u>\$ 225,838,251</u>	<u>\$ 14,081,272</u>	6.2%		

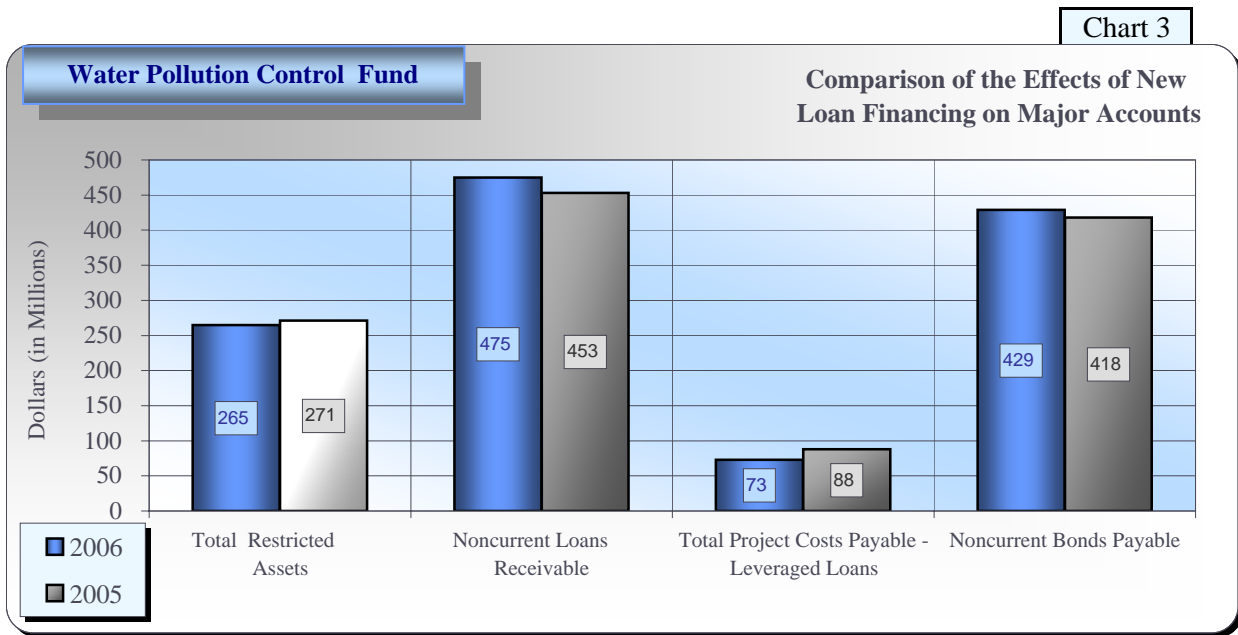
During 2006, 14 new direct loans were executed that resulted an increase of \$6.7 million in direct loan project costs payable, which in turn caused the increase in current and other liabilities.

**COLORADO WATER RESOURCES
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Management's Discussion and Analysis
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Chart 3 displays the comparative balances of the four-major accounts affected by loan activities. During 2006, the WPCRf issued revenue bonds totaling \$37.5 million. The bond proceeds, plus \$2.2 million of state match dollars, funded new leveraged loans totaling \$39.7 million. These loans and bonds added to the balances of each of the four major accounts; however, net decreases in restricted assets (\$6.5 million) and project costs payable-leveraged loans (\$15.2 million) were the results of construction draws totaling \$55.1 million.

Net increases in noncurrent loans receivable (\$22.5 million), and noncurrent debt (\$10.0 million) were the result of the new loans and bonds, net of current principal reclassifications of \$29.0 million for loans and \$26.5 million for bonds. Operating income of \$5.2 million and EPA capitalization grant revenue of \$8.9 million resulted in the increase in restricted net assets of \$14.1 million.



**COLORADO WATER RESOURCES
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Drinking Water Fund

Unrestricted current and other assets increased \$1.5 million in 2006. The net increase was the result of several factors; however, the single largest reason was the \$2.9 million increase in the current portion of loans receivable, resulting from 15 direct loans and 6 leveraged loans executed during 2006. During 2006, DWRF bonds totaling \$49.3 were issued. The bond proceeds plus \$5.0 million of state match dollars, funded leveraged loans totaling \$54.3 million.

Schedule 4

Drinking Water Fund

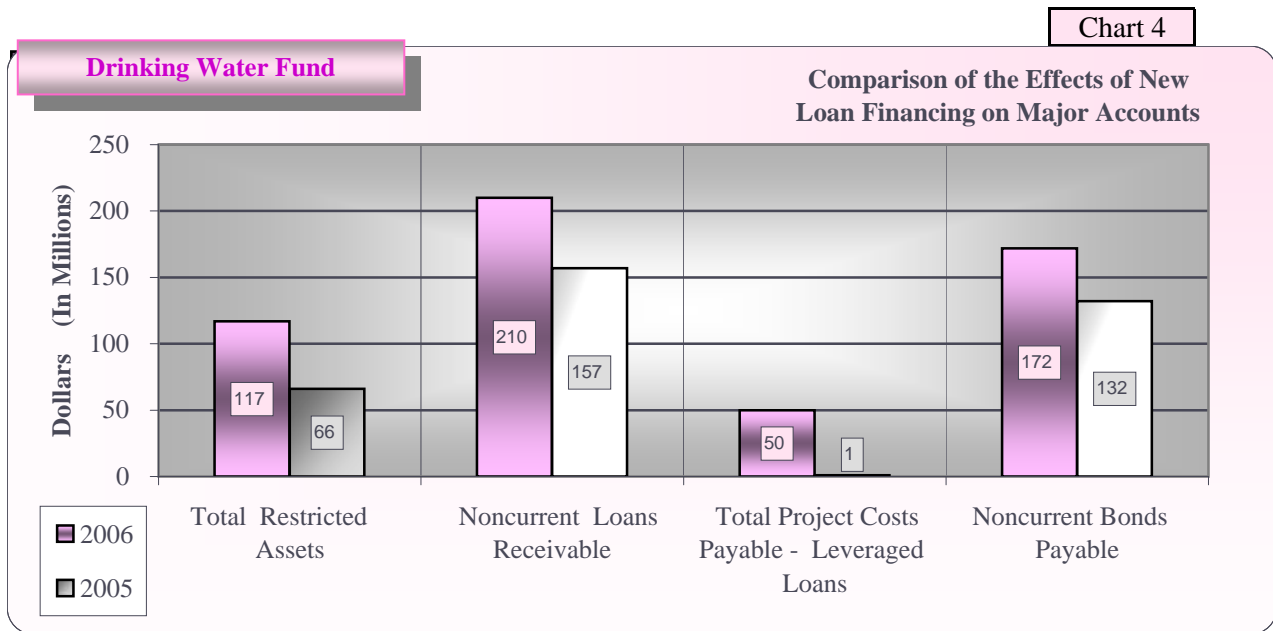
Summary of Net Assets as of December 31

	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>Pct Chg</u>
Unrestricted current and other assets	\$ 31,305,817	\$ 29,788,751	\$ 1,517,066	5.1%
Restricted assets	117,014,856	65,533,825	51,481,031	78.6%
Capital assets, net	5,090	8,483	(3,393)	(40.0%)
Noncurrent loans receivable	210,273,255	157,292,346	52,980,909	33.7%
Total assets	<u>358,599,018</u>	<u>252,623,405</u>	<u>105,975,613</u>	42.0%
Current and other liabilities	21,614,308	10,980,412	10,633,896	96.8%
Project costs payable-leveraged loans	49,517,784	1,142,556	48,375,228	4233.9%
Noncurrent debt outstanding, net	172,149,607	131,992,733	40,156,874	30.4%
Total liabilities	<u>243,281,699</u>	<u>144,115,701</u>	<u>99,165,998</u>	68.8%
Fund net assets:				
Invested in capital assets	5,090	8,483	(3,393)	(40.0%)
Restricted	109,058,934	99,851,341	9,207,593	9.2%
Unrestricted	6,253,295	8,647,880	(2,394,585)	(27.7%)
Total fund net assets	<u>\$ 115,317,319</u>	<u>\$ 108,507,704</u>	<u>\$ 6,809,615</u>	6.3%

**COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY**

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Chart 4 displays the comparative balances of the four-major accounts and the following increases: restricted assets (\$51.5 million), noncurrent loans receivable (\$53.0 million), project costs payable-leveraged loans (\$48.4 million), and noncurrent debt (\$40.2 million). Construction draws totaling \$6.5 million limited the increase in restricted assets and project costs payable-leveraged loans. Increases in noncurrent loans receivable and bonds payable were limited by current year principal payments and reclassifications. The DWRF operating income of \$3.2 million and EPA capitalization grant revenue of \$3.6 million resulted in the \$6.8 million (6.3%) increase in total fund net assets.



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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 fund program loans. All bonds are repaid from loan repayments (principal and interest); however, in the WPCRF and DWRF, a portion of bond interest is paid by investment income earned on restricted assets held in the borrowers' project accounts and in bond debt service reserve funds. This investment income, used to pay 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 fund 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 2006, investment income and loan interest income made up 84.8% of operating revenues, bond interest expense was 87.9% of operating expense, and 55.6% of total changes in net assets came from EPA capitalization grant revenue.

The WPCRF and DWRF programs are allowed to collect a loan administrative fee surcharge to supplement the EPA grant funds available for the reimbursement of administrative expenses. The annual administrative fee surcharge rate of 0.8% is computed on the original loan receivable balance and is a component of loan repayments. Generally, these fees remain constant over the term of the loan.

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 revenues have been recorded as nonoperating 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 EPA capitalization grant revenue recognized: 1) the number and size of loans funded with grant monies for the year; and 2) the demand for project cost reimbursements, including projects funded in prior years.

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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.

Interest on investments totaled \$20.2 million, \$17.1 million, and \$15.4 million for 2006, 2005, and 2004, respectively. Both the investment balances and changing interest rates impact the amounts of interest earned. The \$3.1 million increase in interest on investments was the sum of increases from all funds: Water Operations (\$0.8 million), WPCRF (\$1.3 million) and DWRP (\$1.0 million). One of the major factors for the increase in income was the increasing average annual interest rates for COLOTRUST, which were 4.88%, 3.12% and 1.28% respectively, for 2006, 2005 and 2004.

The WPCRF interest on investments increased \$1.3 million in 2005, and was the major factor in the \$1.6 million total increase in interest on investments for 2005. Although the Water Operations Fund restricted assets decreased by \$116.2 million in 2006 and increased \$64.9 million in 2005, the earnings on the investments in the SWRP and WRBP are recorded as accounts payable-borrowers, as explained in the following Water Operations Fund section, and therefore, do not affect interest on investments.

Interest on loans totaled \$38.2 million, \$31.9 million, and \$25.7 million for 2006, 2005, and 2004, respectively. The increases in both 2006 and 2005 were largely the result of the new loans executed in the WRBP in the Water Operations Fund in 2004 (\$162.9 million) and 2005 (\$194.4 million). In the years subsequent to the year of execution, these loans produced a full year's interest income.

As shown in the Water Operations Fund section below, interest on loans increased \$4.4 million in 2006 and in 2005 that interest increased by \$6.3 million. The WPCRF and DWRP sections discussed below, both show increases to interest on loans; however, those increases are significantly less than the effect of the WRBP loans.

Total outstanding bonds payable (at par) were \$1.10 billion, \$1.06 billion, and \$845.3 million, at December 31, 2006, 2005, and 2004, respectively. The increases in outstanding debt resulted in the corresponding rise in bond interest expense to \$51.8 million, \$44.3 million, and \$38.4 million, for those years, respectively. Like interest on loans discussed above, the bonds issued to fund the WRBP loans result in similar increases in interest on bonds.

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Total Enterprise Funds (2006 - 2005)				Schedule 5A
Summary of Changes in Fund Net Assets as of December 31				
	2006	2005	Change	Pct Chg
Operating revenues:				
Interest on investments	\$ 20,175,434	\$ 17,060,365	\$ 3,115,069	18.3%
Interest on loans	38,207,397	31,914,844	6,292,553	19.7%
Administrative fee and other income	7,205,852	6,713,776	492,076	7.3%
EPA grants	3,271,788	3,242,616	29,172	0.9%
Total operating revenues	<u>68,860,471</u>	<u>58,931,601</u>	<u>9,928,870</u>	16.8%
Operating expenses:				
Interest on bonds	51,764,073	44,260,282	7,503,791	17.0%
Grant administration	2,397,033	2,429,438	(32,405)	(1.3%)
General, administrative, and other expenses	2,284,712	1,320,597	964,115	73.0%
EPA set asides	2,417,598	2,370,844	46,754	2.0%
Total operating expenses	<u>58,863,416</u>	<u>50,381,161</u>	<u>8,482,255</u>	16.8%
Operating income	9,997,055	8,550,440	1,446,615	16.9%
EPA capitalization grants	12,502,130	17,926,356	(5,424,226)	(30.3%)
Change in net assets	22,499,185	26,476,796	(3,977,611)	(15.0%)
Net assets – beginning of year	419,950,026	393,473,230	26,476,796	6.7%
Net assets – end of year	<u>\$ 442,449,211</u>	<u>\$ 419,950,026</u>	<u>\$ 22,499,185</u>	5.4%

Total Enterprise Funds (2005 - 2004)				Schedule 5B
Summary of Changes in Fund Net Assets as of December 31				
	2005	2004	Change	Pct Chg
Operating revenues:				
Interest on investments	\$ 17,060,365	\$ 15,441,590	\$ 1,618,775	10.5%
Interest on loans	31,914,844	25,712,359	6,202,485	24.1%
Administrative fee and other income	6,713,776	6,625,327	88,449	1.3%
EPA grants	3,242,616	2,327,343	915,273	39.3%
Total operating revenues	<u>58,931,601</u>	<u>50,106,619</u>	<u>8,824,982</u>	17.6%
Operating expenses:				
Interest on bonds	44,260,282	38,388,285	5,871,997	15.3%
Grant administration	2,429,438	2,270,249	159,189	7.0%
General, administrative, and other expenses	1,320,597	1,095,438	225,159	20.6%
EPA set asides	2,370,844	1,596,738	774,106	48.5%
Total operating expenses	<u>50,381,161</u>	<u>43,350,710</u>	<u>7,030,451</u>	16.2%
Operating income	8,550,440	6,755,909	1,794,531	26.6%
EPA capitalization grants	17,926,356	23,630,982	(5,704,626)	(24.1%)
Change in net assets	26,476,796	30,386,891	(3,910,095)	(12.9%)
Net assets – beginning of year	393,473,230	363,086,339	30,386,891	8.4%
Net assets – end of year	<u>\$ 419,950,026</u>	<u>\$ 393,473,230</u>	<u>\$ 26,476,796</u>	6.7%

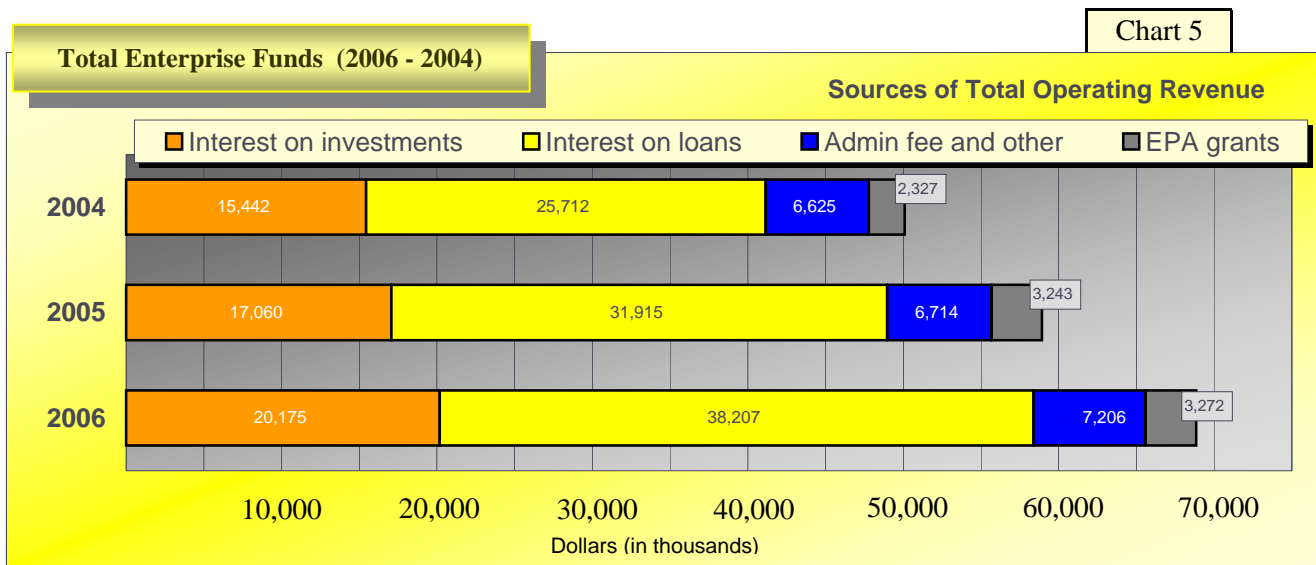
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Interest expense in the Water Operations Fund (WRBP bonds) increased \$4.6 million in 2006 and \$7.1 million in 2005. The \$5.9 million increase in interest on bonds in 2005 for all enterprise funds was limited by the three WPCRF and one DWRF advance refunding bond issues that reduced 2005 interest expense.

Chart 5 compares the major sources of total operating revenue among the years and illustrates the effects of investment and loan interest earnings discussed above. Note the increase in interest on investments and in interest on loans in 2006 and 2005. 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 interest on investments. 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 proportion to the additional WPCRF and DWRF loans executed. 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.



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EPA capitalization grants totaled \$12.5 million, \$17.9 million, and \$23.6 million, for 2006, 2005, and 2004, respectively. As explained earlier in this section, grant funds are drawn as requisitions are paid to borrowers with projects financed with capitalization grant monies. These grant amounts are consistent with the project draws made in WPCRF and the DWRF for those years. Since no DWRF grant-funded loans were executed in 2005 or 2004, total capitalization grant revenue decreased in 2006 and 2005, accordingly. The Water Operations Fund loans are not subsidized by EPA capitalization grants. Capitalization grant revenue contributed 55.6%, 67.7%, and 77.8% of the total change in net assets for 2006, 2005, and 2004, respectively.

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 2006 and 2005.

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Water Operations Fund

The Summary of Net Assets (Schedule 2) for the Water Operations Fund reflects the noncurrent loans receivable and bonds payable decrease of \$12.4 million (2.7%) and \$12.5 (2.7%), respectively. No bonds were issued, other than the 2006 refunding bonds, or loans executed in this fund during 2006. However, both loan interest income and bond interest expense, shown below, increased 24.6% and 25.6%, respectively. These increases are generated by the WRBP bonds issued (\$194.4 million) and loans executed (\$194.4 million) in 2005.

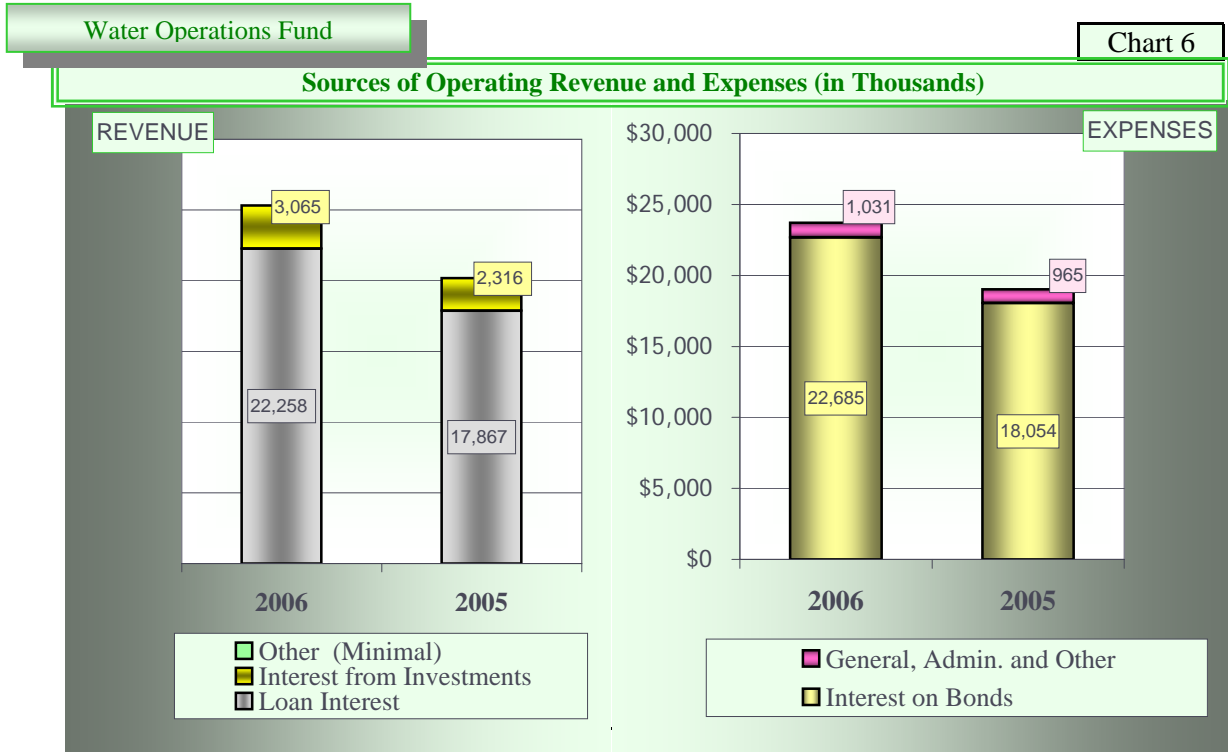
During 2006 these loans and bonds were outstanding for the entire year. The largest source of investment income in the Water Operations Fund is generated by the \$55.5 million investment in the pool managed by the Colorado State Treasurer. During 2006, the average interest rate on this pool increased by 0.9% contributing to the net \$0.7 million increase in interest on investments.

Water Operations Fund	Schedule 6			
Summary of Changes in Fund Net Assets as of December 31				
	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>Pct Chg</u>
Operating revenues:				
Interest on investments	\$ 3,064,960	\$ 2,315,711	\$ 749,249	32.4%
Interest on loans	22,258,478	17,866,572	4,391,906	24.6%
Other income	820	371	449	121.0%
Total operating revenues	<u>25,324,258</u>	<u>20,182,654</u>	<u>5,141,604</u>	<u>25.5%</u>
Operating expenses:				
Interest on bonds	22,684,637	18,053,914	4,630,723	25.6%
General, administrative, and other expenses	1,031,323	965,673	65,650	6.8%
Total operating expenses	<u>23,715,960</u>	<u>19,019,587</u>	<u>4,696,373</u>	<u>24.7%</u>
Operating income	<u>1,608,298</u>	<u>1,163,067</u>	<u>445,231</u>	<u>38.3%</u>
Change in net assets	1,608,298	1,163,067	445,231	38.3%
Net assets – beginning of year	<u>85,604,071</u>	<u>84,441,004</u>	<u>1,163,067</u>	<u>1.4%</u>
Net assets – end of year	<u>\$ 87,212,369</u>	<u>\$ 85,604,071</u>	<u>\$ 1,608,298</u>	<u>1.9%</u>

As explained in the financial highlights of this discussion, investment earnings in WRBP are recorded as a liability (accounts payable – borrower), since those earnings are accumulated for use by the borrower for project costs or reductions to their loan interest payable. If a borrower elects to reduce scheduled loan interest payments by applying investment earnings from its project account, those earnings are recorded as loan interest income. However, if a borrower elects to use these earnings for payment of project costs, the reimbursement to the borrower reduces the liability accordingly.

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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 increased 32.4% and loan interest income increased by 24.6% in 2006. General, administrative and other expenses increased 6.8%, the increase is a combination of annual inflationary type costs and the portion of costs allocated to other funds. Operating income for 2006 increased \$0.4 million (38.3%) due to rising interest rates on unrestricted investments. The average interest rate earned on funds invested with the State Treasurer increased 0.9%, while the COLOTRUST rate increased 1.7%.

The Animas-La Plata account is contractually committed for payment to the Bureau. In exchange for the payments, the Authority will receive rights to an average annual depletion of 2,600 acre-feet of water from the reservoir project. During 2006, only \$0.2 million in investment income earned on the escrow account affected the changes in fund net assets. Payments of \$1.5 million to the Bureau were recorded as additions to water depletion rights on the Statement of Net Assets in the basic financial statements.

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Water Pollution Control Fund

Interest on loans increased \$1.4 million (14.2%) in 2006. Loans executed in 2001 and 2005 contributed to this net increase. Two loans funded in 2001 paid no interest in 2005, because additional interest credits, generated in borrower project accounts offset the loan interest. In 2006, those loans generated over \$0.8 million in interest. The \$58.7 million in leveraged loans executed in 2005, outstanding throughout 2006, produced \$0.7 million in additional loan interest. Bond interest expense increased \$2.4 million in 2006 for reasons similar to the loan interest decrease. In 2005, bonds totaling \$57.4 million were issued and were outstanding throughout 2006. These bonds added \$1.3 million to the total increase, and 2006 bonds issued totaling \$37.5 million added \$0.7 million.

Interest on investments increased \$1.3 million (11.9%) in 2006. The 2006 and 2005 year-end balances in cash and equivalents (COLOTRUST) were nearly the same; however, the average annual COLOTRUST interest rate increased from 3.1% to 4.9%, resulting in \$0.7 million additional interest income for 2006. Although restricted assets decreased \$6.5 million in 2006, other investments added a net additional \$0.6 million to interest income. Interest on investments relating to the 2006 and 2005 leveraged loan/bond account produced that net increase.

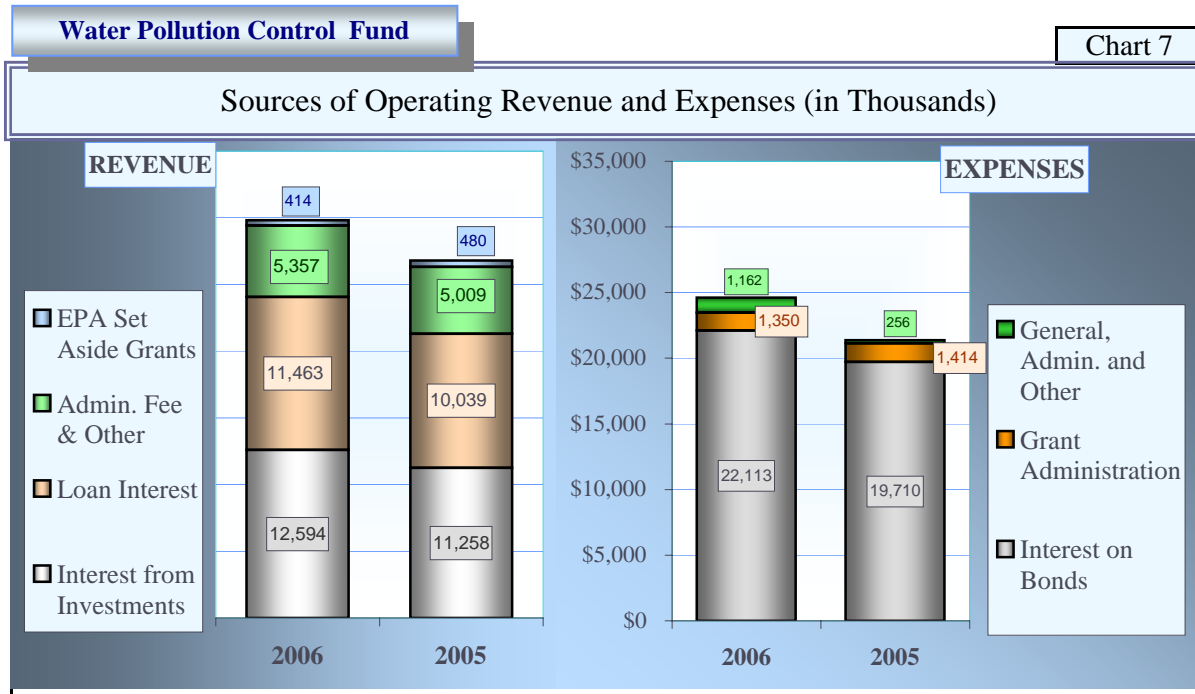
Water Pollution Control Fund				Schedule 7
Summary of Changes in Fund Net Assets as of December 31				
	2006	2005	Change	Pct Chg
Operating revenues:				
Interest on investments	\$ 12,593,698	\$ 11,257,578	\$ 1,336,120	11.9%
Interest on loans	11,462,880	10,039,246	1,423,634	14.2%
Administrative fee and other income	5,356,786	5,009,281	347,505	6.9%
EPA grants-administrative	414,411	479,744	(65,333)	(13.6%)
Total operating revenues	<u>29,827,775</u>	<u>26,785,849</u>	<u>3,041,926</u>	11.4%
Operating expenses:				
Interest on bonds	22,113,311	19,709,705	2,403,606	12.2%
Grant administration	1,350,070	1,413,551	(63,481)	(4.5%)
General, administrative, and other expenses	1,161,996	256,281	905,715	353.4%
Total operating expenses	<u>24,625,377</u>	<u>21,379,537</u>	<u>3,245,840</u>	15.2%
Operating income	5,202,398	5,406,312	(203,914)	(3.8%)
EPA capitalization grants	8,878,874	13,711,063	(4,832,189)	(35.2%)
Change in net assets	14,081,272	19,117,375	(5,036,103)	(26.3%)
Net assets – beginning of year	225,838,251	206,720,876	19,117,375	9.2%
Net assets – end of year	<u>\$ 239,919,523</u>	<u>\$ 225,838,251</u>	<u>\$ 14,081,272</u>	6.2%

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Chart 7 shows the components of operating income and expenses in a comparative format. As discussed above, loan interest income increased \$1.4 million and bond interest expense increased \$2.4 million, while investment income increased \$1.3 million. Loan administrative fee income, which is computed based upon the original loan balances, increased 6.9%, due to the addition of the 2006 loans. Interest on investments plus interest on loans comprised 80.7% of operating income in 2006 and 79.5% in 2005. Bond interest expense contributed 89.8% and 92.2% to operating expense in 2006 and 2005, respectively.

The cost to administer the WPCRF for 2006 was \$1.4 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.



As previously discussed, a proportionate amount of EPA capitalization grant revenue is recognized for each borrower project requisition. EPA capitalization grant revenue totaled \$8.9 million, including \$1.0 million accrued at year-end, and is consistent with project draws totaling over \$31.5 million from grant funded loans. The \$4.8 million decrease is the net result of a \$4.5 million decrease in project draws and a \$2.4 million decrease in accrued grant funds for 2006.

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Drinking Water Fund

In 2006, interest on investments increased \$1.0 million (29.5%). Although the cash and equivalent (COLOTRUST) balances decreased by \$1.4 million in 2006, as discussed above the average annual interest rate increased by 1.8%, which added \$0.6 million to interest on investments. Restricted assets increased \$51.5 million in 2006 due to the investment of proceeds from bonds issued during 2006. These proceeds invested in repurchase agreement added \$0.6 million to interest on investments.

Interest on loans increased \$0.5 million (11.9%) in 2006. Loans executed in 2002 and 2006 contributed to this net increase. During 2005, two loans executed in 2002 received additional interest credits, generated in borrower project accounts, but paid scheduled loan interest amounts in 2006. Interest on these two loans increased by \$0.3 million in 2006. In 2006, six leveraged loans totaling \$54.3 million were executed and for the portion of the year the loans were outstanding \$0.3 million was added to interest on loans.

Drinking Water Fund				Schedule 8
Summary of Changes in Fund Net Assets as of December 31				
	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>Pct Chg</u>
Operating revenues:				
Interest on investments	\$ 4,516,776	\$ 3,487,076	\$ 1,029,700	29.5%
Interest on loans	4,486,039	4,009,026	477,013	11.9%
Administrative fee and other income	1,848,246	1,704,124	144,122	8.5%
EPA grants	2,857,377	2,762,872	94,505	3.4%
Total operating revenues	<u>13,708,438</u>	<u>11,963,098</u>	<u>1,745,340</u>	14.6%
Operating expenses:				
Interest on bonds	6,966,125	6,496,663	469,462	7.2%
Grant administration	1,046,963	1,015,887	31,076	3.1%
General, administrative, and other expenses	91,393	98,643	(7,250)	(7.3%)
EPA set asides	2,417,598	2,370,844	46,754	2.0%
Total operating expenses	<u>10,522,079</u>	<u>9,982,037</u>	<u>540,042</u>	5.4%
Operating income	3,186,359	1,981,061	1,205,298	60.8%
EPA capitalization grants	3,623,256	4,215,293	(592,037)	(14.0%)
Change in net assets	6,809,615	6,196,354	613,261	9.9%
Net assets – beginning of year	108,507,704	102,311,350	6,196,354	6.1%
Net assets – end of year	<u>\$ 115,317,319</u>	<u>\$ 108,507,704</u>	<u>\$ 6,809,615</u>	6.3%

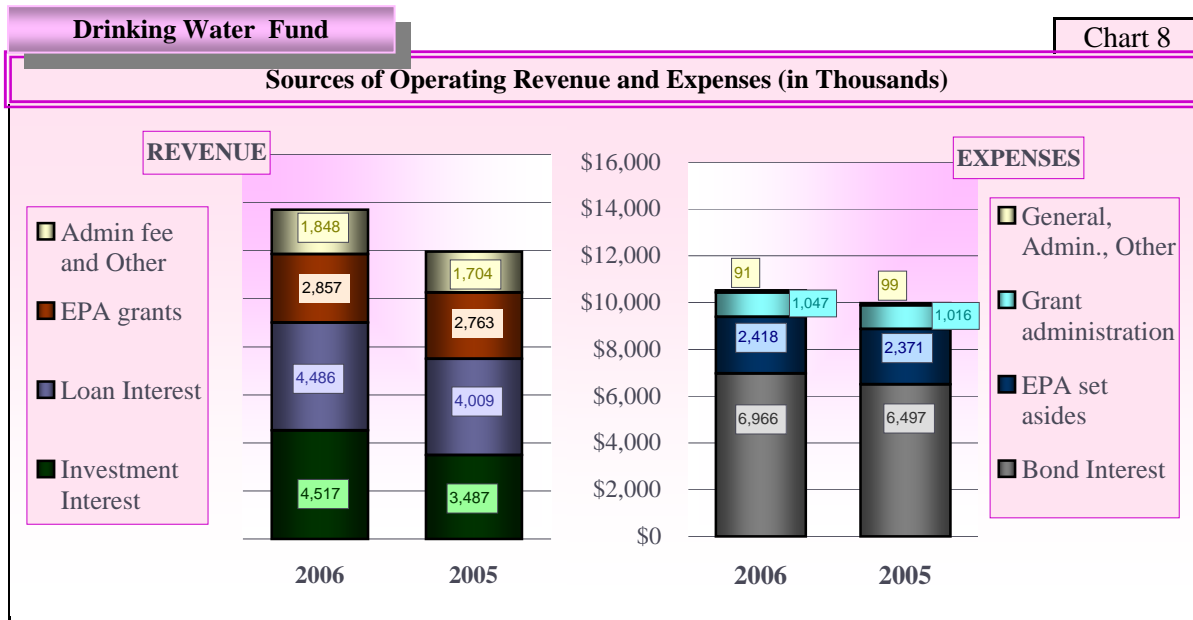
No DWRF bonds were issued in 2005, however, \$49.3 million were issued in 2006. For the portion of the 2006 that these bonds were outstanding, \$0.6 million was added to bond interest expense. The interest on these new bonds produced the net \$0.5 million (7.2%) increase in interest on bonds for 2006.

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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. The set aside activity between 2006 and 2005 was relatively constant, with only a 2% increase in expenditures.

The cost to administer the DWRP for 2006 was \$1.0 million that included a 3.1% increase from 2005. Included in this amount are reimbursed costs paid to the Water Quality Control Division of the Colorado Department of Public Health and Environment (\$0.5 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 grant revenues decreased \$0.6 million (14.0%) in 2006. As discussed at the beginning of this section, a proportionate amount of EPA capitalization grant revenue is recognized for each borrower project requisition funded with grant dollars. Project requisitions for leveraged loans funded with grants decreased from \$11.2 million in 2005 to \$6.5 million in 2006. The decrease in EPA capitalization grant revenue was the net effect of the \$4.7 million decrease in project requisitions of grant funded loans and a \$0.9 million increase in accrued grant revenue.

Chart 8 shows the components of operating income and expenses in a comparative format. Interest on investments plus interest on loans comprised 65.7% of operating income in 2006 and 62.7% in 2005. While bond interest expense contributed 66.2% and 65.1% to operating expense in 2006 and 2005, respectively.

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Economic Factors

The demand for financing water and wastewater infrastructure projects is not significantly affected by general economic conditions. The primary factors that affect this demand are:

- 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 need to replace aging infrastructure
- Periods of drought affecting Colorado for the past few years has created interest in building additional reservoir storage, transmission projects and acquisition of water rights.
- Low interest rates on municipal bonds issued by the Authority result in lower loan interest rates, especially those loans subsidized by the WPCRF and DWRF, thereby making project financing more affordable for local communities.

The Authority plans to continue subsidizing loan interest rates for borrowers in both the WPCRF and DWRF in 2007. As of December 31, 2006, out of the total amount of EPA capitalization grant funds awarded to the DWRF through 2006, \$5.8 million remains unobligated and available for loans. As of December 31, 2006, out of the total amount of EPA capitalization grant funds awarded to the WPCRF through 2006, \$1.3 million remains unobligated and available for loans.

Congress has appropriated funds for the 2007 EPA capitalization grants and the Authority submitted an application to the EPA for the WPCRF capitalization grant in March 2007. The expected grant award is approximately \$8.5 million. The Authority is in the process of submitting an application for the 2007 DWRF capitalization grant and the loan portion of the grant is expected to be approximately \$10.3 million. Estimated reloan funds of \$25.5 million and \$12.3 million for WPCRF and DWRF, respectively, will be available to augment the EPA grant funds for loans in 2007.

During 2005 and 2006, disadvantaged community (DC) loan programs were implemented in the DWRF and WPCRF programs. These programs are explained in note 1 in the basic financial statements. Both revolving fund programs strongly support assistance to small communities. By the end of 2006, 21 DC loans had been executed, 12 in the DWRF and nine in the WPCRF with original principal amounts of \$6.5 million and \$7.2 million, respectively. Of the 21 loans, 15 contain zero percent interest rates, and six contain reduced rates. Administrative fees are not assessed on zero percent loans. The foregone loan interest and administrative fees reduce the funds available for new loans and to pay administrative expenses; however, the financial impact to the programs is currently deemed acceptable in light of the benefits to the disadvantaged communities.

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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

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Basic Financial Statements

Colorado Water Resources and Power Development Authority

Statement of Net Assets

December 31, 2006

	Water Operations	Water Pollution Control	Drinking Water	Totals
Assets				
Current Assets				
Cash and cash equivalents	\$ 56,624,499	\$ 16,989,483	\$ 16,521,062	\$ 90,135,044
Federal grants receivable	—	958,949	1,375,797	2,334,746
Investment income receivable	249,955	562,129	342,950	1,155,034
Loans receivable	14,077,060	28,966,305	11,278,414	54,321,779
Due from other funds	1,013,587	—	—	1,013,587
Accounts receivable – borrowers	5,761,925	5,756,590	1,787,594	13,306,109
Other assets	88,749	—	—	88,749
Restricted assets				
Cash and cash equivalents	86,951,812	11,984,513	11,301,341	110,237,666
Investments	27,554,808	69,392,145	48,135,922	145,082,875
Investment income receivable	781,727	1,342,150	692,988	2,816,865
Total current assets	<u>193,104,122</u>	<u>135,952,264</u>	<u>91,436,068</u>	<u>420,492,454</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	15,939,804	7,601,059	839,000	24,379,863
Investments	775,000	171,636,606	55,390,024	227,801,630
Investment income receivable	15,011	2,955,409	655,581	3,626,001
Advance receivable	5,369,103	—	—	5,369,103
Loans receivable	450,995,833	475,405,287	210,273,255	1,136,674,375
Water depletion rights – Animas-La Plata	5,133,853	—	—	5,133,853
Capital assets – equipment, net of accumulated depreciation of \$141,738	13,251	5,090	5,090	23,431
Other assets	6,211,035	—	—	6,211,035
Total noncurrent assets	<u>484,452,890</u>	<u>657,603,451</u>	<u>267,162,950</u>	<u>1,409,219,291</u>
Total assets	<u>677,557,012</u>	<u>793,555,715</u>	<u>358,599,018</u>	<u>1,829,711,745</u>
Liabilities				
Current Liabilities				
Project costs payable – direct loans	—	5,561,412	6,538,430	12,099,842
Project costs payable – leveraged loans	101,435,711	58,362,969	45,482,784	205,281,464
Bonds payable	12,620,000	26,465,000	9,145,000	48,230,000
Accrued interest payable	5,802,659	7,308,228	2,502,755	15,613,642
Accounts payable – borrowers	9,316,673	—	—	9,316,673
Accounts payable – other	1,090,298	97,590	124,524	1,312,412
Due to other funds	—	318,603	694,984	1,013,587
Other liabilities	384,480	917,000	435,000	1,736,480
Total current liabilities	<u>130,649,821</u>	<u>99,030,802</u>	<u>64,923,477</u>	<u>294,604,100</u>
Noncurrent Liabilities				
Project costs payable – direct loans	—	1,830,808	839,000	2,669,808
Project costs payable – leveraged loans	4,370,186	14,338,000	4,035,000	22,743,186
Bonds payable, net	452,006,646	428,516,156	172,149,607	1,052,672,409
Advance payable	—	5,369,103	—	5,369,103
Debt service reserve deposit	1,861,513	—	—	1,861,513
Deferred revenue	—	682,890	103,083	785,973
Other liabilities	1,456,477	3,868,433	1,231,532	6,556,442
Total noncurrent liabilities	<u>459,694,822</u>	<u>454,605,390</u>	<u>178,358,222</u>	<u>1,092,658,434</u>
Total liabilities	<u>590,344,643</u>	<u>553,636,192</u>	<u>243,281,699</u>	<u>1,387,262,534</u>
Fund Net Assets				
Invested in capital assets	13,251	5,090	5,090	23,431
Restricted	23,953,490	239,914,433	109,058,934	372,926,857
Unrestricted	63,245,628	—	6,253,295	69,498,923
Total fund net assets	<u>\$ 87,212,369</u>	<u>\$ 239,919,523</u>	<u>\$ 115,317,319</u>	<u>\$ 442,449,211</u>

Colorado Water Resources and Power Development Authority

Statement of Net Assets

December 31, 2005

	Water Operations	Water Pollution Control	Drinking Water	Totals
Assets				
Current Assets				
Cash and cash equivalents	\$ 52,137,619	\$ 18,479,003	\$ 19,432,997	\$ 90,049,619
Federal grants receivable	—	3,368,737	278,498	3,647,235
Investment income receivable	205,227	381,112	231,787	818,126
Loans receivable	12,744,428	26,295,615	8,378,988	47,419,031
Due from other funds	658,361	—	—	658,361
Accounts receivable – borrowers	5,124,383	5,114,385	1,466,481	11,705,249
Other assets	5,557	—	—	5,557
Restricted assets				
Cash and cash equivalents	153,298,968	11,098,556	10,585,618	174,983,142
Investments	63,539,039	78,692,650	2,519,675	144,751,364
Investment income receivable	1,541,938	1,423,324	185,479	3,150,741
Total current assets	<u>289,255,520</u>	<u>144,853,382</u>	<u>43,079,523</u>	<u>477,188,425</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	21,655,722	7,035,258	—	28,690,980
Investments	8,129,675	170,327,079	51,513,975	229,970,729
Investment income receivable	15,263	2,811,456	729,078	3,555,797
Advance receivable	7,974,023	—	—	7,974,023
Loans receivable	463,378,333	452,891,856	157,292,346	1,073,562,535
Water depletion rights – Animas-La Plata	3,633,591	—	—	3,633,591
Capital assets – equipment, net of accumulated depreciation of \$133,103	13,444	8,483	8,483	30,410
Other assets	6,613,339	—	—	6,613,339
Total noncurrent assets	<u>511,413,390</u>	<u>633,074,132</u>	<u>209,543,882</u>	<u>1,354,031,404</u>
Total assets	<u>800,668,910</u>	<u>777,927,514</u>	<u>252,623,405</u>	<u>1,831,219,829</u>
Liabilities				
Current Liabilities				
Project costs payable – direct loans	—	691,700	603,674	1,295,374
Project costs payable – leveraged loans	207,789,203	70,541,524	1,142,556	279,473,283
Bonds payable	12,010,000	24,425,000	6,630,000	43,065,000
Accrued interest payable	5,313,529	7,157,808	2,155,691	14,627,028
Accounts payable – borrowers	5,026,832	—	—	5,026,832
Accounts payable – other	625,105	73,016	—	698,121
Due to other funds	—	257,543	400,818	658,361
Other liabilities	384,480	766,000	—	1,150,480
Total current liabilities	<u>231,149,149</u>	<u>103,912,591</u>	<u>10,932,739</u>	<u>345,994,479</u>
Noncurrent Liabilities				
Project costs payable – leveraged loans	16,129,675	17,350,000	—	33,479,675
Bonds payable, net	464,488,333	418,467,372	131,992,733	1,014,948,438
Advance payable	—	7,974,023	—	7,974,023
Debt service reserve deposit	1,861,513	—	—	1,861,513
Deferred revenue	—	760,542	109,663	870,205
Other liabilities	1,436,169	3,624,735	1,080,566	6,141,470
Total noncurrent liabilities	<u>483,915,690</u>	<u>448,176,672</u>	<u>133,182,962</u>	<u>1,065,275,324</u>
Total liabilities	<u>715,064,839</u>	<u>552,089,263</u>	<u>144,115,701</u>	<u>1,411,269,803</u>
Fund Net Assets				
Invested in capital assets	13,444	8,483	8,483	30,410
Restricted	24,991,340	225,829,768	99,851,341	350,672,449
Unrestricted	60,599,287	—	8,647,880	69,247,167
Total fund net assets	<u>\$ 85,604,071</u>	<u>\$ 225,838,251</u>	<u>\$ 108,507,704</u>	<u>\$ 419,950,026</u>

Colorado Water Resources and Power Development Authority

Statement of Revenues, Expenses and Changes in Fund Net Assets Year Ended December 31, 2006

	Water Operations	Water Pollution Control	Drinking Water	Totals
Operating Revenues				
Interest on loans	\$ 22,258,478	\$ 11,462,880	\$ 4,486,039	\$ 38,207,397
Interest on investments	3,064,960	12,593,698	4,516,776	20,175,434
Surcharge from borrowers	—	43,201	—	43,201
Administrative fee	—	5,215,015	1,836,567	7,051,582
EPA grants	—	414,411	2,857,377	3,271,788
Other	820	98,570	11,679	111,069
Total operating revenues	<u>25,324,258</u>	<u>29,827,775</u>	<u>13,708,438</u>	<u>68,860,471</u>
Operating Expenses				
Interest on bonds	22,684,637	22,113,311	6,966,125	51,764,073
Grant administration	—	1,350,070	1,046,963	2,397,033
Project expenses	354,172	—	—	354,172
General and administrative	677,151	3,393	3,393	683,937
EPA set asides	—	—	2,417,598	2,417,598
Other	—	1,158,603	88,000	1,246,603
Total operating expenses	<u>23,715,960</u>	<u>24,625,377</u>	<u>10,522,079</u>	<u>58,863,416</u>
Operating income	1,608,298	5,202,398	3,186,359	9,997,055
Nonoperating Revenues – EPA Capitalization Grants	<u>—</u>	<u>8,878,874</u>	<u>3,623,256</u>	<u>12,502,130</u>
Change in fund net assets	1,608,298	14,081,272	6,809,615	22,499,185
Fund Net Assets, Beginning of Year	<u>85,604,071</u>	<u>225,838,251</u>	<u>108,507,704</u>	<u>419,950,026</u>
Fund Net Assets, End of Year	<u>\$ 87,212,369</u>	<u>\$ 239,919,523</u>	<u>\$ 115,317,319</u>	<u>\$ 442,449,211</u>

Colorado Water Resources and Power Development Authority

Statement of Revenues, Expenses and Changes in Fund Net Assets Year Ended December 31, 2005

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Operating Revenues				
Interest on loans	\$ 17,866,572	\$ 10,039,246	\$ 4,009,026	\$ 31,914,844
Interest on investments	2,315,711	11,257,578	3,487,076	17,060,365
Surcharge from borrowers	—	240,352	—	240,352
Administrative fee	—	4,737,700	1,704,124	6,441,824
EPA grants	—	479,744	2,762,872	3,242,616
Other	371	31,229	—	31,600
Total operating revenues	<u>20,182,654</u>	<u>26,785,849</u>	<u>11,963,098</u>	<u>58,931,601</u>
Operating Expenses				
Interest on bonds	18,053,914	19,709,705	6,496,663	44,260,282
Grant administration	—	1,413,551	1,015,887	2,429,438
Project expenses	323,040	—	—	323,040
General and administrative	642,633	3,393	3,393	649,419
EPA set asides	—	—	2,370,844	2,370,844
Other	—	252,888	95,250	348,138
Total operating expenses	<u>19,019,587</u>	<u>21,379,537</u>	<u>9,982,037</u>	<u>50,381,161</u>
Operating income	1,163,067	5,406,312	1,981,061	8,550,440
Nonoperating Revenues – EPA Capitalization Grants	<u>—</u>	<u>13,711,063</u>	<u>4,215,293</u>	<u>17,926,356</u>
Change in fund net assets	1,163,067	19,117,375	6,196,354	26,476,796
Fund Net Assets, Beginning of Year	<u>84,441,004</u>	<u>206,720,876</u>	<u>102,311,350</u>	<u>393,473,230</u>
Fund Net Assets, End of Year	<u>\$ 85,604,071</u>	<u>\$ 225,838,251</u>	<u>\$ 108,507,704</u>	<u>\$ 419,950,026</u>

Colorado Water Resources and Power Development Authority

Statement of Cash Flows Year Ended December 31, 2006

	Water Operations	Water Pollution Control	Drinking Water	Totals
Cash Flows From Operating Activities				
Loan administrative fees received	\$ —	\$ 5,096,864	\$ 1,743,273	\$ 6,840,137
Federal funds received	—	467,664	2,633,754	3,101,418
Cash payments for salaries and related benefits	(464,026)	(379,850)	(263,609)	(1,107,485)
Cash payments to other state agencies for services	—	(696,327)	(517,570)	(1,213,897)
Cash payments to vendors	(535,739)	(418,300)	(2,477,215)	(3,431,254)
Net cash provided by (used in) operating activities	(999,765)	4,070,051	1,118,633	4,188,919
Cash Flows From Noncapital Financing Activities				
Proceeds from the sale of bonds	14,724,998	38,137,443	50,382,472	103,244,913
Deposits to refunding bond escrow accounts	(14,420,135)	—	—	(14,420,135)
Deposits for option to purchase water depletion rights	4,070	—	—	4,070
Federal funds received	—	11,235,410	2,749,581	13,984,991
Principal paid on bonds	(12,010,000)	(25,355,000)	(6,630,000)	(43,995,000)
Interest paid on bonds	(21,654,892)	(21,993,406)	(6,637,187)	(50,285,485)
Cash payment for bond issuance costs	(227,917)	(326,200)	(379,502)	(933,619)
Net cash provided by (used in) noncapital financing activities	(33,583,876)	1,698,247	39,485,364	7,599,735
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(5,758)	—	—	(5,758)
Cash Flows From Investing Activities				
Proceeds from sales or maturities of investments	90,025,696	64,390,731	8,132,285	162,548,712
Interest received on investments	8,467,193	14,039,972	4,558,557	27,065,722
Interest received on loans	21,620,936	10,904,376	4,251,638	36,776,950
Principal repayments from localities on loans	11,767,083	26,328,008	8,414,528	46,509,619
Cash received from (paid to) other accounts	2,604,920	(2,604,920)	—	—
Purchase of investments	(46,686,792)	(56,798,367)	(57,624,580)	(161,109,739)
Investment in water rights	(1,500,262)	—	—	(1,500,262)
Cash disbursed to localities for loans	(119,077,438)	(61,198,734)	(9,693,637)	(189,969,809)
Cash payment for arbitrage rebate	—	(867,126)	—	(867,126)
Cash payments of interest to borrowers	(208,131)	—	—	(208,131)
Net cash used in investing activities	(32,986,795)	(5,806,060)	(41,961,209)	(80,754,064)
Net decrease in cash and cash equivalents	(67,576,194)	(37,762)	(1,357,212)	(68,971,168)
Cash and Cash Equivalents, Beginning of Year	<u>227,092,309</u>	<u>36,612,817</u>	<u>30,018,615</u>	<u>293,723,741</u>
Cash and Cash Equivalents, End of Year	<u>\$ 159,516,115</u>	<u>\$ 36,575,055</u>	<u>\$ 28,661,403</u>	<u>\$ 224,752,573</u>

(continued)

**Colorado Water Resources
and Power Development Authority**
Statement of Cash Flows (continued)
Year Ended December 31, 2006

	Water Operations	Water Pollution Control	Drinking Water	Totals
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities				
Operating income	\$ 1,608,298	\$ 5,202,398	\$ 3,186,359	\$ 9,997,055
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation expense	5,954	3,393	3,393	12,740
Accrued sick leave expense	7,301	—	—	7,301
Interest on bonds	22,684,637	22,113,311	6,966,125	51,764,073
Cost of issuance proceeds	—	(98,570)	(11,679)	(110,249)
Interest on loans	(22,258,478)	(11,462,880)	(4,486,039)	(38,207,397)
Interest on investments	(3,064,529)	(12,593,698)	(4,516,776)	(20,175,003)
Put fees on Treasury bonds	—	49,985	—	49,985
Loan principal forgiven	—	970,807	—	970,807
Amortization of deferred revenue	—	(56,509)	(6,580)	(63,089)
Change in assets and liabilities				
Increase in due from other funds	(287,570)	—	—	(287,570)
Increase in accounts receivable – borrowers	—	(104,843)	(86,713)	(191,556)
(Increase) decrease in other receivables	(18,609)	53,253	(223,623)	(188,979)
Increase in accounts payable – other	323,231	—	—	323,231
Increase (decrease) in due to other funds	—	(6,596)	294,166	287,570
Net cash provided by (used in) operating activities	<u>\$ (999,765)</u>	<u>\$ 4,070,051</u>	<u>\$ 1,118,633</u>	<u>\$ 4,188,919</u>
Noncash Investing Activities				
Loans receivable issued related to projects payable	<u>\$ —</u>	<u>\$ 44,592,498</u>	<u>\$ 56,234,254</u>	<u>\$ 100,826,752</u>

Colorado Water Resources and Power Development Authority

Statement of Cash Flows Year Ended December 31, 2005

	Water Operations	Water Pollution Control	Drinking Water	Totals
Cash Flows From Operating Activities				
Loan administrative fees received	\$ —	\$ 5,308,665	\$ 1,825,769	\$ 7,134,434
Federal funds received	—	472,068	3,015,905	3,487,973
Cash payments for salaries and related benefits	(481,268)	(377,451)	(208,652)	(1,067,371)
Cash payments to other state agencies for services	—	(740,583)	(614,563)	(1,355,146)
Cash payments to vendors	(368,267)	(354,143)	(2,849,649)	(3,572,059)
Net cash provided by (used in) operating activities	(849,535)	4,308,556	1,168,810	4,627,831
Cash Flows From Noncapital Financing Activities				
Proceeds from the sale of bonds	198,041,668	187,859,975	22,328,814	408,230,457
Deposits to refunding bond escrow accounts	—	(127,026,111)	(21,991,903)	(149,018,014)
Deposits for option to purchase water depletion rights	1,143,284	—	—	1,143,284
Federal funds received	—	12,735,191	4,789,149	17,524,340
Principal paid on bonds	(8,745,000)	(22,785,000)	(6,555,000)	(38,085,000)
Interest paid on bonds	(16,059,510)	(19,389,782)	(6,633,953)	(42,083,245)
Cash payment for bond issuance costs	(3,042,730)	(2,163,947)	(337,365)	(5,544,042)
Net cash provided by (used in) noncapital financing activities	171,337,712	29,230,326	(8,400,258)	192,167,780
Cash Flows From Investing Activities				
Proceeds from sales or maturities of investments	77,367,069	77,679,339	14,781,168	169,827,576
Interest received on investments	5,035,791	11,779,276	3,981,207	20,796,274
Interest received on loans	16,131,316	10,086,778	4,035,241	30,253,335
Principal repayments from localities on loans	9,850,728	24,020,000	7,906,975	41,777,703
Cash received from (paid to) other accounts	2,278,660	(2,278,660)	—	—
Purchase of investments	(9,575,229)	(109,242,826)	(4,751,864)	(123,569,919)
Investment in water rights	(165,885)	—	—	(165,885)
Cash disbursed to localities for loans	(135,135,605)	(53,343,158)	(14,412,428)	(202,891,191)
Cash payment for arbitrage rebate	(82,113)	(1,009,815)	(766,933)	(1,858,861)
Cash payments of interest to borrowers	(297,722)	—	—	(297,722)
Net cash provided by (used in) investing activities	(34,592,990)	(42,309,066)	10,773,366	(66,128,690)
Net increase (decrease) in cash and cash equivalents	135,895,187	(8,770,184)	3,541,918	130,666,921
Cash and Cash Equivalents, Beginning of Year	<u>91,197,122</u>	<u>45,383,001</u>	<u>26,476,697</u>	<u>163,056,820</u>
Cash and Cash Equivalents, End of Year	<u>\$ 227,092,309</u>	<u>\$ 36,612,817</u>	<u>\$ 30,018,615</u>	<u>\$ 293,723,741</u>

(continued)

**Colorado Water Resources
and Power Development Authority**
Statement of Cash Flows (Continued)
Year Ended June 30, 2005

	Water Operations	Water Pollution Control	Drinking Water	Totals
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities				
Operating income	\$ 1,163,067	\$ 5,406,312	\$ 1,981,061	\$ 8,550,440
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation expense	5,952	3,393	3,393	12,738
Accrued sick leave expense	7,900	—	—	7,900
Interest on bonds	18,053,914	19,709,705	6,496,663	44,260,282
Cost of issuance proceeds	—	(31,229)	—	(31,229)
Interest on loans	(17,866,572)	(10,039,246)	(4,009,026)	(31,914,844)
Interest on investments	(2,315,711)	(11,257,578)	(3,487,076)	(17,060,365)
Put fees on Treasury bonds	—	49,985	—	49,985
Loan principal forgiven	—	81,178	—	81,178
Amortization of deferred revenue	12,951	491,317	109,663	613,931
Change in assets and liabilities				
Increase in due from other funds	131,636	—	—	131,636
(Increase) decrease in accounts receivable – borrowers	—	(160,704)	11,982	(148,722)
(Increase) decrease in other receivables	(1,115)	(7,676)	256,885	248,094
Decrease in accounts payable – other	(41,557)	—	—	(41,557)
Increase (decrease) in due to other funds	—	63,099	(194,735)	(131,636)
Net cash provided by (used in) operating activities	<u>\$ (849,535)</u>	<u>\$ 4,308,556</u>	<u>\$ 1,168,810</u>	<u>\$ 4,627,831</u>
Noncash Investing Activities				
Loans receivable issued related to projects payable	<u>\$ 152,387,108</u>	<u>\$ 334,730</u>	<u>\$ 49,922,722</u>	<u>\$ 202,644,560</u>

Colorado Water Resources and Power Development Authority

Notes to Financial Statements

December 31, 2006 and 2005

Note 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 (the Board) 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, or 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.

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 SWRP 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.

Colorado Water Resources and Power Development Authority

Notes to Financial Statements

December 31, 2006 and 2005

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 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.

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 Enterprise 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 (DWRF) or the Water Pollution Control Revolving Fund (WPCRF), two other funds administered by the Authority. The Authority is authorized to finance individual water resources project loans of \$500 million or less without approval from the State legislature. All costs of project development may be financed through the WRBP. Each local government evidences its obligations 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 repayments, pursuant to the loan agreements by the local governmental agencies, are sufficient to pay the principal and interest on the bonds issued by the Authority. During the construction period, investment interest earned in the borrowers' project accounts may be requisitioned for project costs or to decrease loan interest payable to the Authority. Therefore, the Authority records investment interest as a liability in the accounts payable – borrowers account in the Statement of Net Assets.

Animas-La Plata Project

In a 2001 contract with the Animas-La Plata Water Conservancy District (the District) the Authority agreed to fund the District's payment of the non-tribal water capital obligation of the reconfigured Animas-La Plata Project in exchange for the District's 2,600 ac-ft of average annual 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. The Authority makes construction progress payments to the Bureau for the construction of Animas-La Plata Project facilities. Payments to the Bureau totaled \$1,500,262 and \$165,885 in 2006 and 2005, respectively. These payments are capitalized as Water depletion rights on the Statement of Net Assets.

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In 2002 the Authority entered into a marketing agreement with the District to promote the sale of these water depletion rights. In early 2005 the 2,600 ac-ft of average annual depletion was committed to two entities. The District contracted to purchase 700 ac-ft of average annual depletion and provided an earnest money deposit of \$90,453. In addition the City of Durango executed an agreement giving it the option to purchase 1,900 ac-ft of average annual depletion and provided an option payment of \$1,051,175. Both parties will be required to pay the remaining amounts due at project completion.

Water Pollution Control Enterprise Fund

The Water Pollution Control Enterprise Fund includes the operations of the 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 and nonpoint source 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 Agreement under which each has agreed to assume specified responsibilities in connection with the operation of the WPCRF. In 2006 and 2005, the Authority paid \$679,750 and \$766,227, respectively, in accordance with the agreement. 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.

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.

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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. In lieu of federal grant funds, the Authority may deposit a predetermined amount “reloan” (recycled grant funds) to the reserve account upon bond closing. 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. During 2005, the Board approved a Disadvantaged Community Loan Program, whereby local governmental entities, with populations of 5,000 or less, may receive loans up to \$2 million for a term of 20 years. This program became effective January 1, 2006. These loans carry a 0% interest rate, if the community's median household income less than or equal to 60% of the State's median household income, and an interest rate of 50% of the approved direct loan rate, if the community's median household income is 61% to 80% of the State's median household income.

Drinking Water Enterprise Fund

Drinking Water Revolving Fund

The Drinking Water Enterprise Fund includes the operations of the 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 Agreement under which each has agreed to assume specified responsibilities in connection with the operation of the DWRF. In 2006 and 2005, the Authority paid \$2,147,091 and \$2,654,001 in accordance with the agreement, which includes set-asides paid to the Water Quality Control Division of the Colorado Department of Public Health and Environment as discussed below. 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. In lieu of federal grant funds, the Authority may deposit a predetermined amount "reloan" (recycled grant funds) to the reserve account upon bond closing. 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.

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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. During 2005, the Board approved a Disadvantaged Community Loan Program, whereby local governmental entities, with populations of 5,000 or less, may receive loans up to \$2 million for a term of up to 30 years. These loans carry a 0% interest rate, if the community's median household income less than or equal to 60% of the State's median household income, and an interest rate of 50% of the approved direct loan rate, if the community's median household income is 61% to 80% of the State's median household income.

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 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. Up to 4% of the Authority's capitalization grants may be used for administration, and up to 2% 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 DWRF loaned State-funded monies directly to local governmental agencies.

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Note 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 for all exchange transactions, while those from government-mandated nonexchange transactions (principally federal grants) are recognized when all applicable eligibility requirements are met. As permitted by 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.

(c) Cash Equivalents

The Authority considers cash deposits held by the 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.

During the year ended December 31, 2005, the Authority implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. This statement addresses common deposit and investment risks and requires governmental entities to provide disclosures related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This information is designed to inform financial statement users about deposit and investment risks that could affect the Authority's ability to provide services and meet its obligations as they become due.

Colorado Water Resources and Power Development Authority

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(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, state match holding accounts and the Animas-La Plata earnest money deposits and escrow accounts. Leveraged loans receivable provide security for the associated bonds; and loan payments received, net of state match principal and administrative fees, are restricted for payment of bond debt service.

(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. The cost of issuing bonds in the Water Operations Fund are recorded as other assets, and are being amortized over the life of the bonds, and amortization is a component of bond interest expense. 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. Prepaid loan interest, resulting from a negotiated early loan pay off, is being amortized over the number of years for which interest was prepaid.

Depending on the bond pricing structure, original issue discounts or premiums subtract from, or add to, net bond proceeds. The net proceeds are deposited in borrowers' project accounts and are made available for requisitions. Because the monetary effects of the discounts and premiums are passed through to the borrowers, the Authority makes no provision for amortization of these amounts.

(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.

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(i) Project Costs Payable

Project costs payable represents the liability of amounts loaned to borrowers that have not been requisitioned by the borrowers for their projects as of year-end. Project costs payable – leveraged loans is the liability for loans funded from bond proceeds, while project costs payable – direct loans is the liability for loans funded with available cash (reloan) or federal grant dollars, within the respective fund.

(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.

(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 EPA capitalization grants 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) Advance Refunding of Bonds

When favorable market conditions develop, the Authority considers advance refunding earlier bond issues having higher interest rates. The Authority's refunding policy includes a targeted 5% present value savings rate, before the refunding process is considered cost beneficial. Proceeds from the refunding bonds are used to pay bond issuance costs, including estimated future administrative costs of the Authority, and the balance of the proceeds is deposited into the refunded bonds escrow account. Transferring the bonds to an escrow account constitutes a legal defeasance; therefore, the refunded bonds are removed from the general ledger. The Authority's current policy is to pass the refunding benefits through to respective leveraged loan borrowers. The reduction in bond debt service is credited to the loan repayments of the borrowers.

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(o) Resource Use

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

(p) Arbitrage Rebate Payable

The Authority accrues a liability for its estimated arbitrage rebate liability due the Federal government. An arbitrage rebate liability is created when, in certain circumstances, the Authority reinvests the proceeds of tax-exempt securities in materially higher yielding taxable securities. The amount the Authority will be required to remit to the Federal government could differ materially from the estimated liability in the near term.

Note 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. State regulators determine the eligibility of depositories. 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 102% of 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, 2006 and 2005, the Authority's deposits had a bank balance of \$552,552 and \$424,201 and a carrying amount of \$211,045 and \$124,029, respectively. The differences between the bank balances and carrying amounts are due to outstanding reconciling items (primarily outstanding checks) at year-end. Of the bank balances \$100,000 was insured by federal depository insurance at December 31, 2006 and 2005.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy (the policy) does not limit the amount of deposit custodial credit risk. Under the provisions of GASB 40, deposits collateralized under PDPA are not deemed to be exposed to custodial credit risk. Accordingly, only the \$108,124 for 2005 presented below is deemed to be exposed to custodial credit risk.

	2006	2005
Collateralized by bank's single collateral pool for all public entities, but not held in the Authority's name	\$ 452,552	\$ 216,077
Collateralized with securities held by bank's trust department or agent, but not in the Authority's name	—	108,124
Total	\$ 452,552	\$ 324,201

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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 at no less than 102% by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

The Authority's investment policy authorizes similar investments, although certain investments such as guaranteed investment contracts are not authorized by the policy. The policy also differentiates the allowable investments for operating funds and the investment of bond proceeds and contributions to debt service reserve funds.

Colorado Local Government Liquid Asset Trust (the COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds and is considered a 2a7-like investment pool. 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.

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Credit Risk. Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations. The risk is evidenced by a rating issued by a nationally recognized statistical rating organization (NRSRO), which regularly rate such obligations. The table below shows minimum rating required by State statutes, the policy, debt agreements or investment agreements, and the actual rating at year-end. The investment in pooled funds managed by the State Treasurer is not rated and direct obligations of the U.S. government and other debt guaranteed by the U.S. government are exempt from credit risk disclosure.

Although the policy requires repurchase agreements to be collateralized by authorized securities with a market value no less than 102% of the carrying value of the investment, all existing repurchase agreements specify a collateralization rate of 103% if the securities are direct obligations of the U.S. government and most agreements specify a 105% collateralization rate for authorized agency securities, if allowed. Repurchase agreements provide the flexibility needed by the Authority's loan programs for on demand principal redemption from borrower project accounts as well as scheduled annual redemptions, over a twenty-year period, from bond debt service reserve funds. The ratings of the repurchase agreements below, as of December 31, 2006 and 2005, reflect the rating of the underlying securities held as collateral.

Description	2006				
	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	NRSRO Rating
Deposits	\$ 211,045		X		
Cash held by State Treasurer	60,812,697	N/A		X	See detail below
COLOTRUST PLUS	106,452,166	N/A			AAA
COLOTRUST PRIME	<u>57,276,665</u>	N/A			AAA
Total cash and cash equivalents	<u>224,752,573</u>				
U.S. Treasury Notes – SLGS	14,758,704	N/A	X		
U.S. Treasury Bonds	9,029,428	N/A	X		
Repurchase Agreements – collateralized	<u>349,096,373</u>			X	See detail below
Total investments	<u>372,884,505</u>				
Total cash and invested funds	<u>\$ 597,637,078</u>				

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2005					
Description	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	NRSRO Rating
Deposits	\$ 124,029		X		
Cash held by State					
Treasurer	67,124,830	N/A		X	See detail below
COLOTRUST PLUS	134,424,255	N/A			AAA
COLOTRUST PRIME	<u>92,050,627</u>	N/A			AAA
Total cash and cash equivalents	<u>293,723,741</u>				
U.S. Treasury Notes – SLGS	18,236,943	N/A	X		
U.S. Treasury Bonds Repurchase	9,493,041	N/A	X		
Agreements – collateralized	<u>346,992,109</u>			X	See detail below
Total investments	<u>374,722,093</u>				
Total cash and invested funds	<u>\$ 668,445,834</u>				

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Below is a schedule that summarizes the credit quality of the securities held as collateral for the repurchase agreements, as of December 31, 2006 and 2005:

2006			
Collateral Securities			
	Exempt From Disclosure	Custodian Portfolio Percent	NRSRO Rating
U.S. Treasuries and other direct obligations	X	7.6%	
Government agencies		92.3	AAA
Financial Corporation (FDIC)		0.1	AAA
Total		100.0%	

2005			
Collateral Securities			
	Exempt From Disclosure	Custodian Portfolio Percent	NRSRO Rating
U.S. Treasuries and other direct obligations	X	12.2%	
Government agencies		74.5	AAA
Sequoia Mortgage Trust		6.1	AAA
Tennessee Valley Authority Bonds		0.3	AAA
Structured Asset Investment Loans		4.3	AAA
Impact Trust		2.5	AAA
Financial Corporation (FDIC)		0.1	AAA
Total		100.0%	

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The cash held by the State Treasurer is invested in the types of securities shown below as disclosed in the State Treasurer's report as of December 31, 2006 and 2005:

	2006				Portfolio Percent
	Credit Rating of Pool Securities				
	AAA	AA	A	Other	
Asset backed	100.0%				17.0%
Corporates	8.9%	37.6%	53.5%		11.3%
Mortgage Securities	100.0%				2.1%
Commercial paper	18.7%	24.2%	23.7%	33.4% *	26.1%
Treasuries	100.0%				11.9%
Federal agencies	100.0%				26.4%
Certificates of deposit				100.0%	0.9%
Money market funds	100.0%			100.0%	4.3%
Total portfolio	63.3%	10.6%	12.2%	13.9%	100.0%

* The senior debt of the issuers are Ba1 & B1, but the asset backed commercial paper programs are rated A1+, P1

	2005					Portfolio Percent
	Credit Rating of Pool Securities					
	AAA	AA	A	BBB	Other	
Asset backed	100.0%					16.4%
Corporates	8.4%	25.6%	66.0%			12.0%
Commercial paper	9.7%	34.2%	48.0%	8.1%		14.6%
Treasuries	100.0%					16.4%
Federal agencies	100.0%					38.9%
Certificates of deposit	100.0%					0.6%
Money market funds	100.0%				100.0%	1.1%
Total portfolio	75.2%	8.1%	14.9%	1.2%	0.6%	100.0%

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The schedules below show repurchase agreements totaling \$349,096,373 and \$346,992,109, as of December 31, 2006 and 2005, respectively, were acquired by the Authority's trustee, and the investments are held in the trustee's bank account at the Federal Reserve in book entry form. Consequently, the trustee is considered to be the purchaser as well as the custodian of the investments. Because the investments are not held in the Authority's name, the entire balance of repurchase agreements is subject to custodial credit risk. The policy does not limit custodial credit risk; however, the Board approves each repurchase agreement in conjunction with an associated bond resolution.

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Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Pooled investments and direct obligations of the U.S. government are exempt from concentration of credit risk disclosure. Investments that represent 5% or more of total investments are shown in the tables below.

The schedules below show that five and four repurchase agreement providers (eligible providers) exceed 5% of total funds invested as of December 31, 2006 and 2005, respectively. Only a limited number of eligible providers offer this type of investment agreement, which results in a higher level of investment concentration. To ensure a price that equals fair market value the Authority makes a good faith effort to meet the safe harbor provision of Treasury Regulation Sec. 1.148-5(d)(6)(iii), which requires a minimum of three bids be obtained from eligible providers. The fair market value is then used to determine the yield for arbitrage purposes. The policy does not limit the concentration of repurchase agreements with any one eligible provider.

2006			
Investment Type	Fair Value	Exempt From Disclosure	Percent of Total Invested
Cash held by State Treasurer	\$ 60,812,697		10.2%
COLOTRUST PLUS	106,452,166	X	N/A
COLOTRUST PRIME	57,276,665	X	N/A
U.S. Treasury Notes – SLGS	14,758,704	X	N/A
U.S. Treasury Bonds	<u>9,029,428</u>	X	N/A
	<u>248,329,660</u>		
Repurchase Agreements – collateralized			
Trinity Plus Funding Company LLC	87,399,107		14.6%
MBIA Asset Management LLC	30,759,663		5.1%
HSBC Bank USA N.A.	809,351	X	N/A
Westdeutsche Landesbank	1,020,710	X	N/A
Salomon Reinvestment Co./Citigroup Global	49,076,690		8.2%
American International Group	94,931,877		15.9%
FSA Capital Management Services LLC	<u>85,098,975</u>		14.2%
	<u>349,096,373</u>		
Total funds invested	<u>\$ 597,426,033</u>		

Colorado Water Resources and Power Development Authority

Notes to Financial Statements

December 31, 2006 and 2005

2005			
Investment Type	Fair Value	Exempt From Disclosure	Percent of Total Invested
Cash held by State Treasurer	\$ 67,124,830		10.0%
COLOTRUST PLUS	134,424,255	X	N/A
COLOTRUST PRIME	92,050,627	X	N/A
U.S. Treasury Notes – SLGS	18,236,943	X	N/A
U.S. Treasury Bonds	<u>9,493,041</u>	X	N/A
	<u>321,329,696</u>		
Repurchase Agreements – collateralized			
Trinity Plus Funding Company LLC	84,679,843		12.7%
MBIA Asset Management LLC	43,243,809		6.5%
HSBC Bank USA N.A.	608,516	X	N/A
Westdeutsche Landesbank	1,424,614	X	N/A
Salomon Reinvestment Co./Citigroup Global	74,976,612		11.2%
American International Group	<u>142,058,715</u>		21.3%
	<u>346,992,109</u>		
Total funds invested	<u>\$ 668,321,805</u>		

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy, in accordance with Colorado law, limits the purchase of investments to securities with maturity dates of five years or less, unless the Board authorizes maturities in excess of five years. Pursuant to the terms of bond resolutions, the Board approves investments, held in debt service reserve funds, with maturities coinciding with bond maturities, normally of twenty years or more. These investments are exposed to interest rate risk; however, that risk is considered acceptable because the fixed earnings from these investments, included in the cash flow model, is required for future bond debt service.

Colorado Water Resources and Power Development Authority

Notes to Financial Statements

December 31, 2006 and 2005

As of December 31, 2006 and 2005, the Authority had the following investments and maturities.

2006				
Maturity	U.S. Treasury Notes – SLGS	U.S. Treasury Bonds	Repurchase Agreements	Total Investments
2007	\$ 3,453,268	\$ —	\$ 141,629,607	\$ 145,082,875
2008	3,572,453	50,870	24,662,955	28,286,278
2009	3,559,249	402,144	16,468,953	20,430,346
2010	2,489,256	1,623,861	11,639,668	15,752,785
2011	1,047,857	3,164,190	11,944,416	16,156,463
2012-2016	636,621	3,788,363	61,729,755	66,154,739
2017-2021	—	—	51,458,287	51,458,287
2022-2026	—	—	26,334,229	26,334,229
2027-2028	—	—	<u>3,228,503</u>	<u>3,228,503</u>
Total	<u>\$ 14,758,704</u>	<u>\$ 9,029,428</u>	<u>\$ 349,096,373</u>	<u>\$ 372,884,505</u>

2005				
Maturity	U.S. Treasury Notes – SLGS	U.S. Treasury Bonds	Repurchase Agreements	Total Investments
2006	\$ 4,154,449	\$ 65,391	\$ 140,531,523	\$ 144,751,363
2007	3,235,642	—	34,386,883	37,622,525
2008	3,350,963	53,201	11,242,567	14,646,731
2009	3,322,155	420,569	10,613,770	14,356,494
2010	2,489,256	1,698,262	11,074,927	15,262,445
2011-2015	1,684,478	7,255,618	58,782,915	67,723,011
2016-2020	—	—	49,944,547	49,944,547
2021-2025	—	—	27,667,986	27,667,986
2026-2027	—	—	<u>2,746,991</u>	<u>2,746,991</u>
Total	<u>\$ 18,236,943</u>	<u>\$ 9,493,041</u>	<u>\$ 346,992,109</u>	<u>\$ 374,722,093</u>

The U.S. treasury bonds, with maturity dates after 2007, are held in debt service reserve funds that secure certain revenue bonds in the WPCRF, and are subject to put agreements. These agreements allow the Authority to sell or “put” treasury bonds to the counterparty in the event of a loan receivable default, and the proceeds would be used to pay bond debt service. The agreements include schedules containing put prices that correspond to the WPCRF bond debt service dates. Each agreement also contains mandatory put dates and prices that allow for the sale of the treasury bonds, thereby allowing the Authority to use the proceeds to fund future loans.

Colorado Water Resources and Power Development Authority

Notes to Financial Statements December 31, 2006 and 2005

As previously discussed, the Authority had \$60,812,697 and \$67,124,830 as of December 31, 2006 and 2005, respectively, invested in the pool maintained by the State Treasurer, and that pool had an average maturity of 15.4 months as of December 31, 2006 and 2005. The Authority's investment represents approximately 1.3% and 1.6% of the total pool as of December 31, 2006 and 2005, respectively.

Note 4: Loans Receivable

The following is an analysis of changes in loans receivable for the years ended December 31, 2006 and 2005:

	<u>Balance January 1, 2006</u>	<u>New Loans</u>	<u>Repayments/ Loans Canceled</u>	<u>Balance December 31, 2006</u>
Water Operations Fund				
Small Water				
Resources Program	\$ 102,497,916	\$ —	\$ 5,812,083	\$ 96,685,833
Water Revenue Bond				
Program	372,525,000	—	5,955,000	366,570,000
Interim loans	1,099,845	717,215	—	1,817,060
Water Pollution				
Control Fund				
Direct loans	13,627,056	12,808,699	1,056,918	25,378,837
Leveraged loans	465,560,415	39,674,238	26,241,898	478,992,755
Drinking Water Fund				
Direct loans	15,460,363	9,997,722	903,806	24,554,279
Leveraged loans	<u>150,210,971</u>	<u>54,327,241</u>	<u>7,540,822</u>	<u>196,997,390</u>
	1,120,981,566	<u>\$ 117,525,115</u>	<u>\$ 47,510,527</u>	1,190,996,154
Less current portion	<u>47,419,031</u>			<u>54,321,779</u>
Noncurrent portion	<u>\$ 1,073,562,535</u>			<u>\$ 1,136,674,375</u>

Colorado Water Resources and Power Development Authority

Notes to Financial Statements

December 31, 2006 and 2005

	Balance January 1, 2005	New Loans	Repayments/ Loans Canceled	Balance December 31, 2005
Water Operations Fund				
Small Water				
Resources Program	\$ 107,927,916	\$ —	\$ 5,430,000	\$ 102,497,916
Water Revenue Bond				
Program	181,060,000	194,400,000	2,935,000	372,525,000
Interim loans	—	2,585,573	1,485,728	1,099,845
Water Pollution Control Fund				
Direct loans	13,591,649	950,000	914,593	13,627,056
Leveraged loans	430,085,108	58,688,993	23,213,686	465,560,415
Drinking Water Fund				
Direct loans	14,118,860	2,383,000	1,041,497	15,460,363
Leveraged loans	<u>157,213,274</u>	<u>—</u>	<u>7,002,303</u>	<u>150,210,971</u>
	903,996,807	<u>\$ 259,007,566</u>	<u>\$ 42,022,807</u>	1,120,981,566
Less current portion	<u>38,957,414</u>			<u>47,419,031</u>
Noncurrent portion	<u>\$ 865,039,393</u>			<u>\$ 1,073,562,535</u>

Scheduled maturities of the loans receivable are as follows as of December 31, 2006:

	Water Operations		WPCRF		DWRP		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 14,077,060	\$ 21,830,023	\$ 28,966,305	\$ 12,084,272	\$ 11,278,414	\$ 4,701,155	\$ 54,321,779	\$ 38,615,450
2008	12,877,500	21,326,618	29,771,760	12,616,458	11,197,997	5,131,802	53,847,257	39,074,878
2009	12,959,167	20,718,287	31,151,010	11,965,215	11,587,096	4,980,040	55,697,273	37,663,542
2010	14,915,834	20,108,182	31,725,790	11,214,895	12,591,953	4,710,511	59,233,577	36,033,588
2011	17,268,333	19,452,832	32,308,885	10,383,296	13,662,488	4,402,917	63,239,706	34,239,045
2012-2016	85,565,834	85,348,414	140,623,653	39,226,402	71,051,227	16,680,598	297,240,714	141,255,414
2017-2021	74,620,000	66,373,976	128,566,388	20,499,200	57,357,461	7,605,402	260,543,849	94,478,578
2022-2026	59,854,165	49,411,550	77,449,819	6,107,451	28,131,136	1,831,799	165,435,120	57,350,800
2027-2031	53,980,000	37,039,994	3,807,982	97,848	3,851,795	85,507	61,639,777	37,223,349
2032-2036	82,855,000	20,823,725	—	—	835,852	3,568	83,690,852	20,827,293
2037-2041	24,435,000	7,041,825	—	—	6,250	2,858	24,441,250	7,044,683
2042-2043	<u>11,665,000</u>	<u>926,362</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,665,000</u>	<u>926,362</u>
Total	<u>\$ 465,072,893</u>	<u>\$ 370,401,788</u>	<u>\$ 504,371,592</u>	<u>\$ 124,195,037</u>	<u>\$ 221,551,669</u>	<u>\$ 50,136,157</u>	<u>\$ 1,190,996,154</u>	<u>\$ 544,732,982</u>

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 have interest rates of 3.96% to 7.19% and have scheduled final maturity dates of 2008 to 2023. The Water Revenue Bond Program loans receivable have interest rates of 1.92% to 7.08% and have scheduled maturity dates of 2009 to 2043.

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Notes to Financial Statements December 31, 2006 and 2005

The WPCRF direct loans receivable have interest rates of 0.00% to 5.17% and have maturity dates of 2010 to 2027. The WPCRF leveraged loans receivable have interest rates of 3.21% to 5.20% and have scheduled final maturity dates of 2007 to 2027.

The Drinking Water Fund direct loans receivable have interest rates of 0.00% to 4.50% and have scheduled final maturity dates of 2012 to 2037. The Drinking Water Fund leveraged loans receivable have interest rates of 3.03% to 4.60% and have scheduled final maturity dates of 2014 to 2028.

Note 5: Noncurrent Liabilities

Other than Bonds

Noncurrent liability activity, other than bonds, for the year ended December 31, 2006, was as follows:

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Current Portion
Water Operations					
Project costs payable – leveraged loans	\$ 223,918,878	\$ —	\$ 118,112,981	\$ 105,805,897	\$ 101,435,711
Debt service reserve deposit	1,861,513	—	—	1,861,513	—
Other liabilities	<u>1,820,649</u>	<u>20,921</u>	<u>613</u>	<u>1,840,957</u>	<u>384,480</u>
Total water operations	<u>\$ 227,601,040</u>	<u>\$ 20,921</u>	<u>\$ 118,113,594</u>	<u>\$ 109,508,367</u>	<u>\$ 101,820,191</u>
Water Pollution Control					
Project costs payable – direct loans	\$ 691,700	\$ 12,808,699	\$ 6,108,179	\$ 7,392,220	\$ 5,561,412
Project costs payable – leveraged loans	87,891,524	39,900,000	55,090,555	72,700,969	58,362,969
Advance payable	7,974,023	1,395,080	4,000,000	5,369,103	—
Deferred revenue	760,542	—	77,652	682,890	—
Other liabilities	<u>4,390,735</u>	<u>1,598,770</u>	<u>1,204,072</u>	<u>4,785,433</u>	<u>917,000</u>
Total water pollution control	<u>\$ 101,708,524</u>	<u>\$ 55,702,549</u>	<u>\$ 66,480,458</u>	<u>\$ 90,930,615</u>	<u>\$ 64,841,381</u>
Drinking Water					
Project costs payable – direct loans	\$ 603,674	\$ 9,997,722	\$ 3,223,966	\$ 7,377,430	\$ 6,538,430
Project costs payable – leveraged loans	1,142,556	54,875,000	6,499,772	49,517,784	45,482,784
Deferred revenue	109,663	—	6,580	103,083	—
Other liabilities	<u>1,080,566</u>	<u>734,890</u>	<u>148,924</u>	<u>1,666,532</u>	<u>435,000</u>
Total drinking water	<u>\$ 2,936,459</u>	<u>\$ 65,607,612</u>	<u>\$ 9,879,242</u>	<u>\$ 58,664,829</u>	<u>\$ 52,456,214</u>
Total Enterprise Funds					
Project costs payable – direct loans	\$ 1,295,374	\$ 22,806,421	\$ 9,332,145	\$ 14,769,650	\$ 12,099,842
Project costs payable – leveraged loans	312,952,958	94,775,000	179,703,308	228,024,650	205,281,464
Debt service reserve deposit	1,861,513	—	—	1,861,513	—
Advance payable	7,974,023	1,395,080	4,000,000	5,369,103	—
Deferred revenue	870,205	—	84,232	785,973	—
Other liabilities	<u>7,291,950</u>	<u>2,354,581</u>	<u>1,353,609</u>	<u>8,292,922</u>	<u>1,736,480</u>
Total enterprise funds	<u>\$ 332,246,023</u>	<u>\$ 121,331,082</u>	<u>\$ 194,473,294</u>	<u>\$ 259,103,811</u>	<u>\$ 219,117,786</u>

**Colorado Water Resources
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December 31, 2006 and 2005

Noncurrent liability activity, other than bonds, for the year ended December 31, 2005, was as follows:

	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Current Portion
Water Operations					
Project costs payable – leveraged loans	\$ 158,561,517	\$ 197,865,487	\$ 132,508,126	\$ 223,918,878	\$ 207,789,203
Debt service reserve deposit	1,685,331	176,182	—	1,861,513	—
Deferred revenue	12,951	—	12,951	—	—
Other liabilities	<u>360,682</u>	<u>1,542,080</u>	<u>82,113</u>	<u>1,820,649</u>	<u>384,480</u>
Total water operations	<u>\$ 160,620,481</u>	<u>\$ 199,583,749</u>	<u>\$ 132,603,190</u>	<u>\$ 227,601,040</u>	<u>\$ 208,173,683</u>
Water Pollution Control					
Project costs payable – direct loans	\$ 53,050	\$ 950,000	\$ 311,350	\$ 691,700	\$ 691,700
Project costs payable – leveraged loans	80,917,704	60,032,728	53,058,908	87,891,524	70,541,524
Advance payable	10,252,683	1,721,340	4,000,000	7,974,023	—
Deferred revenue	306,717	543,305	89,480	760,542	—
Other liabilities	<u>4,489,528</u>	<u>952,136</u>	<u>1,050,929</u>	<u>4,390,735</u>	<u>766,000</u>
Total water pollution control	<u>\$ 96,019,682</u>	<u>\$ 64,199,509</u>	<u>\$ 58,510,667</u>	<u>\$ 101,708,524</u>	<u>\$ 71,999,224</u>
Drinking Water					
Project costs payable – direct loans	\$ 1,564,705	\$ 2,383,000	\$ 3,344,031	\$ 603,674	\$ 603,674
Project costs payable – leveraged loans	12,347,778	—	11,205,222	1,142,556	1,142,556
Deferred revenue	—	111,856	2,193	109,663	—
Other liabilities	<u>1,343,533</u>	<u>503,965</u>	<u>766,932</u>	<u>1,080,566</u>	<u>—</u>
Total drinking water	<u>\$ 15,256,016</u>	<u>\$ 2,998,821</u>	<u>\$ 15,318,378</u>	<u>\$ 2,936,459</u>	<u>\$ 1,746,230</u>
Total Enterprise Funds					
Project costs payable – direct loans	\$ 1,617,755	\$ 3,333,000	\$ 3,655,381	\$ 1,295,374	\$ 1,295,374
Project costs payable – leveraged loans	251,826,999	257,898,215	196,772,256	312,952,958	279,473,283
Debt service reserve deposit	1,685,331	176,182	—	1,861,513	—
Advance payable	10,252,683	1,721,340	4,000,000	7,974,023	—
Deferred revenue	319,668	655,161	104,624	870,205	—
Other liabilities	<u>6,193,743</u>	<u>2,998,181</u>	<u>1,899,974</u>	<u>7,291,950</u>	<u>1,150,480</u>
Total enterprise funds	<u>\$ 271,896,179</u>	<u>\$ 266,782,079</u>	<u>\$ 206,432,235</u>	<u>\$ 332,246,023</u>	<u>\$ 281,919,137</u>

Colorado Water Resources and Power Development Authority

Notes to Financial Statements December 31, 2006 and 2005

Bonds Payable

The following is an analysis of changes in bonds payable for the year ended December 31, 2006:

	Balance January 1, 2006	New Issues	Retirements	Balance December 31, 2006
Water Operations				
Small Water Resources Program				
1992 Series B	\$ 675,000	\$ —	\$ 180,000	\$ 495,000
1993 Series A	3,895,000	—	705,000	3,190,000
1994 Series A	3,130,000	—	635,000	2,495,000
1996 Series A	4,165,000	—	430,000	3,735,000
1997 Series A	6,840,000	—	3,500,000	3,340,000
1997 Series B	8,415,000	—	1,095,000	7,320,000
1998 Series A	5,920,000	—	340,000	5,580,000
1998 Series B	10,555,000	—	1,265,000	9,290,000
2000 Series A	22,425,000	—	10,865,000	11,560,000
2001 Series A	14,425,000	—	280,000	14,145,000
2002 Series A	14,120,000	—	175,000	13,945,000
2003 Series A	9,400,000	—	220,000	9,180,000
2006 Series A	—	13,970,000	—	13,970,000
	<u>103,965,000</u>	<u>13,970,000</u>	<u>19,690,000</u>	<u>98,245,000</u>
Water Revenue Bonds Program				
1998 Taxable Series	2,015,000	—	200,000	1,815,000
2003 Series A	12,790,000	—	520,000	12,270,000
2003 Series B	2,695,000	—	655,000	2,040,000
2004 Series A	13,855,000	—	510,000	13,345,000
2004 Series B	19,710,000	—	5,000	19,705,000
2004 Series C	19,695,000	—	1,730,000	17,965,000
2004 Series D	104,465,000	—	1,000,000	103,465,000
2004 Series E	3,410,000	—	135,000	3,275,000
2005 Series A	53,970,000	—	855,000	53,115,000
2005 Series B	2,300,000	—	80,000	2,220,000
2005 Series C	8,170,000	—	150,000	8,020,000
2005 Series D	100,000,000	—	—	100,000,000
2005 Series E	26,270,000	—	—	26,270,000
2005 Series F	3,690,000	—	100,000	3,590,000
	<u>373,035,000</u>	<u>—</u>	<u>5,940,000</u>	<u>367,095,000</u>

Colorado Water Resources and Power Development Authority

Notes to Financial Statements December 31, 2006 and 2005

	Balance January 1, 2006	New Issues	Retirements	Balance December 31, 2006
Total Water Operations	477,000,000	\$ <u>13,970,000</u>	\$ <u>25,630,000</u>	465,340,000
Less deferred costs	(501,667)			(713,354)
Less current portion	<u>(12,010,000)</u>			<u>(12,620,000)</u>
Noncurrent bonds payable – Water Operations	<u>\$ 464,488,333</u>			<u>\$ 452,006,646</u>
Water Pollution Control Revolving Fund – Clean Water Revenue Bonds				
1989 Series A	\$ 325,000	\$ —	\$ 85,000	\$ 240,000
1990 Series A	120,000	—	40,000	80,000
1991 Series A	1,385,000	—	330,000	1,055,000
1991 Series B	960,000	—	265,000	695,000
1992 Series A	545,000	—	110,000	435,000
1992 Series B	1,550,000	—	285,000	1,265,000
1994 Series A	875,000	—	175,000	700,000
1995 Series A	1,250,000	—	195,000	1,055,000
1996 Series A	1,580,000	—	1,270,000	310,000
1997 Series A	5,985,000	—	1,620,000	4,365,000
1998 Series A	6,205,000	—	1,580,000	4,625,000
1998 Series B	3,415,000	—	645,000	2,770,000
1999 Series A	9,815,000	—	2,070,000	7,745,000
2000 Series A	9,140,000	—	1,410,000	7,730,000
2001 Series A	22,445,000	—	2,935,000	19,510,000
2002 Series A	49,690,000	—	2,050,000	47,640,000
2002 Series B	21,660,000	—	670,000	20,990,000
2003 Series A	13,930,000	—	655,000	13,275,000
2004 Series A	57,600,000	—	110,000	57,490,000
2005 Series A	40,090,000	—	1,375,000	38,715,000
2005 Series B	17,350,000	—	710,000	16,640,000
2006 Series A	—	23,270,000	—	23,270,000
2006 Series B	<u>—</u>	<u>14,195,000</u>	<u>—</u>	<u>14,195,000</u>
	<u>265,915,000</u>	<u>37,465,000</u>	<u>18,585,000</u>	<u>284,795,000</u>

Colorado Water Resources and Power Development Authority

Notes to Financial Statements December 31, 2006 and 2005

	Balance January 1, 2006	New Issues	Retirements	Balance December 31, 2006
Wastewater Revolving				
Fund Refunding				
Revenue Bonds				
1996 Series A	19,555,000	—	2,470,000	17,085,000
2001 Series A	42,625,000	—	4,175,000	38,450,000
2004 Series A	35,925,000	—	125,000	35,800,000
2005 Series A and A2	<u>78,040,000</u>	<u>—</u>	<u>—</u>	<u>78,040,000</u>
	<u>176,145,000</u>	<u>—</u>	<u>6,770,000</u>	<u>169,375,000</u>
Total Water				
Pollution Control				
Revolving Fund	442,060,000	<u>\$ 37,465,000</u>	<u>\$ 25,355,000</u>	454,170,000
Deferred (costs)/benefits	832,372			811,156
Less current portion	<u>(24,425,000)</u>			<u>(26,465,000)</u>
Noncurrent bonds				
payable – Water				
Pollution Control				
Revolving Fund	<u>\$ 418,467,372</u>			<u>\$ 428,516,156</u>
Drinking Water Revolving				
Fund				
Revenue Bonds				
1997 Series A	\$ 16,820,000	\$ —	\$ 1,130,000	\$ 15,690,000
1998 Series A	11,325,000	—	685,000	10,640,000
1999 Series A	33,815,000	—	2,380,000	31,435,000
2000 Series A	9,675,000	—	1,400,000	8,275,000
2002 Series A	14,760,000	—	705,000	14,055,000
2003 Series A	20,195,000	—	320,000	19,875,000
2003 Series B	11,685,000	—	5,000	11,680,000
2006 Series A	—	11,275,000	—	11,275,000
2006 Series B	<u>—</u>	<u>38,045,000</u>	<u>—</u>	<u>38,045,000</u>
	118,275,000	<u>49,320,000</u>	<u>6,625,000</u>	160,970,000
Drinking Water Revolving				
Fund Refunding				
Revenue Bonds				
2005 Series A	<u>20,130,000</u>	<u>—</u>	<u>5,000</u>	<u>20,125,000</u>
Total Drinking				
Water Revolving				
Fund	138,405,000	<u>\$ 49,320,000</u>	<u>\$ 6,630,000</u>	181,095,000

Colorado Water Resources and Power Development Authority

Notes to Financial Statements December 31, 2006 and 2005

	Balance January 1, 2006	New Issues	Retirements	Balance December 31, 2006
Deferred (costs)/benefits	217,733			199,607
Less current portion	<u>(6,630,000)</u>			<u>(9,145,000)</u>
Noncurrent bonds payable – Drinking Water Revolving Fund	<u>\$ 131,992,733</u>			<u>\$ 172,149,607</u>
Total Enterprise Funds				
Revenue bonds at par	\$ 1,057,465,000	<u>\$ 100,755,000</u>	<u>\$ 57,615,000</u>	\$ 1,100,605,000
Deferred (costs)/benefits	548,438			297,409
Less: Current portion	<u>(43,065,000)</u>			<u>(48,230,000)</u>
Noncurrent bonds payable, net	<u>\$ 1,014,948,438</u>			<u>\$ 1,052,672,409</u>

The following is an analysis of changes in bonds payable for the year ended December 31, 2005:

	Balance January 1, 2005	New Issues	Retirements	Balance December 31, 2005
Water Operations				
Small Water Resources Program				
1992 Series B	\$ 845,000	\$ —	\$ 170,000	\$ 675,000
1993 Series A	4,570,000	—	675,000	3,895,000
1994 Series A	3,440,000	—	310,000	3,130,000
1996 Series A/B	4,580,000	—	415,000	4,165,000
1997 Series A	7,255,000	—	415,000	6,840,000
1997 Series B	9,475,000	—	1,060,000	8,415,000
1998 Series A	6,255,000	—	335,000	5,920,000
1998 Series B	11,755,000	—	1,200,000	10,555,000
2000 Series A	22,965,000	—	540,000	22,425,000
2001 Series A	14,700,000	—	275,000	14,425,000
2002 Series A	14,290,000	—	170,000	14,120,000
2003 Series A	<u>9,510,000</u>	<u>—</u>	<u>110,000</u>	<u>9,400,000</u>
	<u>109,640,000</u>	<u>—</u>	<u>5,675,000</u>	<u>103,965,000</u>

Colorado Water Resources and Power Development Authority

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	Balance January 1, 2005	New Issues	Retirements	Balance December 31, 2005
Water Revenue Bonds Program				
1998 Taxable Series	2,200,000	—	185,000	2,015,000
2003 Series A	13,300,000	—	510,000	12,790,000
2003 Series B	3,335,000	—	640,000	2,695,000
2004 Series A	14,500,000	—	645,000	13,855,000
2004 Series B	19,715,000	—	5,000	19,710,000
2004 Series C	19,695,000	—	—	19,695,000
2004 Series D	105,420,000	—	955,000	104,465,000
2004 Series E	3,540,000	—	130,000	3,410,000
2005 Series A	—	53,970,000	—	53,970,000
2005 Series B	—	2,300,000	—	2,300,000
2005 Series C	—	8,170,000	—	8,170,000
2005 Series D	—	100,000,000	—	100,000,000
2005 Series E	—	26,270,000	—	26,270,000
2005 Series F	—	3,690,000	—	3,690,000
	<u>181,705,000</u>	<u>194,400,000</u>	<u>3,070,000</u>	<u>373,035,000</u>
 Total Water Operations	 291,345,000	 \$ <u>194,400,000</u>	 \$ <u>8,745,000</u>	 477,000,000
Less deferred costs	(773,333)			(501,667)
Less current portion	<u>(8,745,000)</u>			<u>(12,010,000)</u>
 Noncurrent bonds payable – Water Operations	 <u>\$ 281,826,667</u>			 <u>\$ 464,488,333</u>

Colorado Water Resources and Power Development Authority

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	Balance January 1, 2005	New Issues	Retirements	Balance December 31, 2005
Water Pollution Control Revolving Fund – Clean Water Revenue Bonds				
1989 Series A	\$ 420,000	\$ —	\$ 95,000	\$ 325,000
1990 Series A	170,000	—	50,000	120,000
1991 Series A	1,745,000	—	360,000	1,385,000
1991 Series B	1,255,000	—	295,000	960,000
1992 Series A	660,000	—	115,000	545,000
1992 Series B	1,850,000	—	300,000	1,550,000
1994 Series A	1,065,000	—	190,000	875,000
1995 Series A	1,455,000	—	205,000	1,250,000
1996 Series A	4,620,000	—	3,040,000	1,580,000
1997 Series A	22,235,000	—	16,250,000	5,985,000
1998 Series A	23,125,000	—	16,920,000	6,205,000
1998 Series B	17,665,000	—	14,250,000	3,415,000
1999 Series A	27,260,000	—	17,445,000	9,815,000
2000 Series A	28,410,000	—	19,270,000	9,140,000
2001 Series A	62,305,000	—	39,860,000	22,445,000
2002 Series A	51,685,000	—	1,995,000	49,690,000
2002 Series B	22,325,000	—	665,000	21,660,000
2003 Series A	14,340,000	—	410,000	13,930,000
2004 Series A	57,710,000	—	110,000	57,600,000
2005 Series A	—	40,090,000	—	40,090,000
2005 Series B	—	17,350,000	—	17,350,000
	<u>340,300,000</u>	<u>57,440,000</u>	<u>131,825,000</u>	<u>265,915,000</u>
Wastewater Revolving Fund Refunding Revenue Bonds				
1996 Series A	21,820,000	—	2,265,000	19,555,000
2001 Series A	46,690,000	—	4,065,000	42,625,000
2004 Series A and A2	—	36,705,000	780,000	35,925,000
2005 Series A	—	78,865,000	825,000	78,040,000
	<u>68,510,000</u>	<u>115,570,000</u>	<u>7,935,000</u>	<u>176,145,000</u>
Total Water Pollution Control Revolving Fund	408,810,000	173,010,000	139,760,000	442,060,000

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	<u>Balance</u> <u>January 1, 2005</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31,</u> <u>2005</u>
Deferred (costs)/benefits	(415,262)			832,372
Less current portion	<u>(21,180,000)</u>			<u>(24,425,000)</u>
Noncurrent bonds payable – Water Pollution Control Revolving Fund	<u>\$ 387,214,738</u>			<u>\$ 418,467,372</u>
Drinking Water Revolving Fund				
Revenue Bonds				
1997 Series A	\$ 17,925,000	—	1,105,000	\$ 16,820,000
1998 Series A	11,995,000	—	670,000	11,325,000
1999 Series A	36,135,000	—	2,320,000	33,815,000
2000 Series A	31,475,000	—	21,800,000	9,675,000
2002 Series A	15,455,000	—	695,000	14,760,000
2003 Series A	20,515,000	—	320,000	20,195,000
2003 Series B	<u>11,690,000</u>	<u>—</u>	<u>5,000</u>	<u>11,685,000</u>
	145,190,000	<u>—</u>	<u>26,915,000</u>	118,275,000
Drinking Water Revolving Fund Refunding Revenue Bonds				
2005 Series A	<u>—</u>	<u>20,305,000</u>	<u>175,000</u>	<u>20,130,000</u>
Total Drinking Water Revolving Fund	145,190,000	<u>\$ 20,305,000</u>	<u>\$ 27,090,000</u>	138,405,000
Deferred (costs)/benefits	—			217,733
Less current portion	<u>(6,380,000)</u>			<u>(6,630,000)</u>
Noncurrent bonds payable – Drinking Water Revolving Fund	<u>\$ 138,810,000</u>			<u>\$ 131,992,733</u>
Total Enterprise Funds				
Revenue bonds at par	\$ 845,345,000	<u>\$ 387,715,000</u>	<u>\$ 175,595,000</u>	\$ 1,057,465,000
Deferred (costs)/benefits	(1,188,595)			548,438
Less: Current portion	<u>(36,305,000)</u>			<u>(43,065,000)</u>
Noncurrent bonds payable, net	<u>\$ 807,851,405</u>			<u>\$ 1,014,948,438</u>

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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 Water Resources Revenue Bonds Series 2003A, Series 2003B, Series 2004A, Series 2004B, Series 2004C, Series 2004D, Series 2004E, Series 2005A, Series 2005E and Series 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B and Series 2005C are insured as to payment of principal and interest by Assured Guaranty Corp. The Water Resources Revenue Bonds Series 2005D are insured as to payment of principal and interest by Financial Security Assurance Inc.

As of December 31, 2006, the outstanding bonds of the Authority had original principal amounts of \$156,285,000 for the Small Water Resources Program, \$378,170,000 for the Water Revenue Bonds Program, \$620,345,000 for the Clean Water Revenue Bonds, \$196,140,000 for the Wastewater Revolving Fund Refunding Revenue Bonds, \$220,435,000 for the Drinking Water Revolving Fund Bonds and \$20,305,000 for Drinking Water Revolving Fund Refunding Revenue Bonds, for a total of \$1,591,680,000. The bonds are payable semiannually with interest rates ranging from 1.3% to 7.4% and serial and term principal maturities, including mandatory sinking fund call provisions, through the year 2043. All bonds, except the Small Water Resources Series 2006A, the Water Revenue Bonds Series 2003B, the Wastewater Revolving Fund Refunding Revenue Bonds Series 1996A, 2001A, 2005 A and A-2 and the Drinking Water Revolving Fund Refunding Revenue Bonds Series 2005A, have optional initial call provisions, 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 as of December 31, 2006:

	Water Operations		WPCRF		DWRF		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 12,620,000	\$ 21,661,544	\$ 26,465,000	\$ 22,125,031	\$ 9,145,000	\$ 8,066,706	\$ 48,230,000	\$ 51,853,281
2008	13,110,000	21,188,609	27,115,000	21,000,946	9,080,000	7,968,288	49,305,000	50,157,843
2009	13,040,000	20,640,271	28,125,000	19,712,054	9,380,000	7,581,095	50,545,000	47,933,420
2010	14,965,000	20,107,036	28,220,000	18,312,597	10,255,000	7,175,495	53,440,000	45,595,128
2011	17,200,000	19,460,435	28,775,000	16,875,342	11,185,000	6,711,327	57,160,000	43,047,104
2012-2016	85,560,000	85,552,567	125,920,000	64,151,145	58,110,000	25,685,955	269,590,000	175,389,667
2017-2021	74,060,000	66,795,925	115,860,000	34,200,870	48,805,000	12,015,190	238,725,000	113,011,985
2022-2026	61,850,000	49,550,751	70,335,000	9,608,469	22,500,000	2,862,305	154,685,000	62,021,525
2027-2031	53,980,000	37,039,994	3,355,000	157,669	2,635,000	129,100	59,970,000	37,326,763
2032-2036	82,855,000	20,823,725	—	—	—	—	82,855,000	20,823,725
2037-2041	24,435,000	7,041,825	—	—	—	—	24,435,000	7,041,825
2042-2043	11,665,000	926,362	—	—	—	—	11,665,000	926,362
Total	<u>\$ 465,340,000</u>	<u>\$ 370,789,044</u>	<u>\$ 454,170,000</u>	<u>\$ 206,144,123</u>	<u>\$ 181,095,000</u>	<u>\$ 78,195,461</u>	<u>\$ 1,100,605,000</u>	<u>\$ 655,128,628</u>

**Colorado Water Resources
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Total interest expense for 2006 and 2005 amounted to \$22,684,637, \$22,113,311, \$6,966,125 and \$18,053,914, and \$19,709,705 and \$6,496,663 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, 2006 and 2005, the Small Water Resources Debt Service Reserve Account amounted to \$8,500,000 and was fully funded. This 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 Resources Debt Service Reserve Account. At December 31, 2006 and 2005, the Authority had \$98,245,000 and \$103,965,000 of outstanding Small Water Resources Revenue Bonds, respectively.

Defeased Debt

During 2006, the Authority closed an advance refunding bond issue in the SWRP. The schedule below shows the closing date, the refunding bonds issued, the refunded bonds by series, difference between the new debt and the carrying value of the old debt, and the economic gain resulting from the refunding issues. The refunding cost is being netted against the new debt and amortized over the remaining life of the old debt. The economic gain from the refunding is passed through to the borrower that was funded by the issues that were refunded, in the form of credits reducing loan interest.

	SWRP
Bond closing date	November 29, 2006
Refunding bonds	
Small Water Resources Bonds 2006 Series A	\$ <u>13,970,000</u>
Total refunding bonds	<u>13,970,000</u>
Refunded bonds	
Small Water Resources Revenue Bonds	
1994 Series A	315,000
1997 Series A	3,060,000
2000 Series A	<u>10,245,000</u>
Total refunded bonds	<u>13,620,000</u>
Refunding benefit	\$ <u>350,000</u>
Economic gain from refunding (PV savings)	\$ <u>946,435</u>

**Colorado Water Resources
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Note 6: Board-Designated Accounts

Included in the balance of unrestricted net assets of the Water Operations Enterprise Fund are monies designated by 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>2006</u>	<u>2005</u>
Self-insurance account	\$ 800,000	\$ 800,000
La Plata River escrow account	<u>17,316,018</u>	<u>16,867,078</u>
Total board-designated accounts	<u>\$ 18,116,018</u>	<u>\$ 17,667,078</u>

**Colorado Water Resources
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Note 7: EPA Capitalization Grants

The following table details the EPA capitalization grants and matching requirements of \$1 of state match for every \$5 of capitalization grants recognized by the project during 2006:

	Federal grants recognized in 2006	Matching requirement for 2006
	<u>2006</u>	<u>for 2006</u>
Water Pollution Control Revolving Fund Projects		
1999A – City of Aurora	\$ 45,185	\$ 9,037
2001A – City of Lafayette	29,635	5,927
2002A – Black Hawk-Central City Sanitation District	958,097	191,619
2003A – Town of Milliken	34,955	6,991
2003A – City of Pueblo	65,633	13,127
2004A – City of Englewood	2,919,516	583,903
2004A – City of Littleton	2,812,931	562,586
2005A – Town of Eaton	853,404	170,681
2005B – City of Glendale	46,251	9,250
2006A – Donala Water and Sanitation District	385,750	77,150
2006A – Granby Sanitation District	202,711	40,542
2006A – Triview Metropolitan District	<u>524,806</u>	<u>104,961</u>
	<u>8,878,874</u>	<u>1,775,774</u>
Drinking Water Revolving Fund Projects		
DLF – Town of Palisade	911,050	182,210
2003A – Fountain Valley Authority	72,837	14,567
2003A – Town of Lyons	217,671	43,534
2006A – Little Thompson Water District	<u>2,421,698</u>	<u>484,340</u>
	<u>3,623,256</u>	<u>724,651</u>
Total	\$ <u>12,502,130</u>	\$ <u>2,500,425</u>

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The following table details the EPA capitalization grants and matching requirements of \$1 of state match for every \$5 of capitalization grants recognized by the project during 2005:

	Federal grants recognized in 2005	Matching requirement for 2005
	<hr/>	<hr/>
Water Pollution Control Revolving Fund Projects		
1999A – City of Aurora	\$ 271,477	\$ 54,295
2001A – City of Lafayette	94,272	18,854
2002A – Black Hawk-Central City Sanitation District	867,802	173,560
2002A – Winter Park West Water and Sanitation District	22,044	4,409
2002B – Parker Water and Sanitation District	152,999	30,600
2003A – Colorado City Metropolitan District	707,953	141,591
2003A – Town of Milliken	640,488	128,098
2003A – City of Pueblo	934,749	186,950
2004A – City of Englewood	3,107,757	621,551
2004A – City of Littleton	3,321,760	664,352
2005A – Town of Eaton	1,128,304	225,661
2005B – City of Glendale	<u>2,461,458</u>	<u>492,292</u>
	<u>13,711,063</u>	<u>2,742,213</u>
Drinking Water Revolving Fund Projects		
FDL – City of Woodland Park	37,285	7,457
2002A – City of Grand Junction	54,119	10,824
2002A – City of La Junta	83,460	16,692
2003A – Fountain Valley Authority	66,826	13,365
2003A – Town of Lyons	1,486,850	297,370
2003B – City of Florence	<u>2,486,753</u>	<u>497,351</u>
	<u>4,215,293</u>	<u>843,059</u>
Total	<u>\$ 17,926,356</u>	<u>\$ 3,585,272</u>

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Note 8: Defined Benefit Pension Plan, Health Care Program and Life Insurance Program

Defined Benefit Pension Plan – Plan Description

The Authority's employees and Board members participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The Authority contributes to the State Division Trust Fund, which is included in PERA's financial statements. Copies of these statements may be obtained by writing at PERA, P.O. Box 5800, Denver, Colorado 80217 or by calling PERA at 1-800-759-PERA (7372), or by visiting www.copera.org.

Employees hired by the Authority after January 1, 2006, are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the state's Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

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Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods. For retirements after January 1, 2009 or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index.
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percent of the employer contributions for this population).

Members disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If members die before retirement, their eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If a member does not have eligible children or a spouse, then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

Defined Benefit Pension Plan – Funding Policy

The contribution requirements for plan members and their employers are established, and may be amended, by the General Assembly. The amount of an employee's salary that is subject to PERA contribution is his or her gross earnings less any voluntary reduction in pay contribution to the Authority's flexible benefit plan established under Section 125 of the Internal Revenue Code.

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All employees are required to contribute 8.0% of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. The Authority's contribution rates were 10.65% in 2006 and 10.15% in 2005 and 2004. Included in the 2006 rate was an additional 0.5% for the Amortization Equalization Disbursement, as discussed below. Also included in these rates was 1.02% that was allocated to the Health Care Trust Fund, discussed herein.

Per Colorado Revised Statutes, an amortization period of 30 years for a defined benefit pension plan is deemed actuarially sound. At December 31, 2005, the division of PERA in which the Authority participates contained an infinite amortization period, meaning that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

In the 2004 legislative session, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED required PERA employers to contribute an additional 0.5% of eligible salary beginning January 1, 2006, another 0.5% in 2007, and subsequent year increases of 0.4% until the additional AED rate reaches 3.0% in 2012.

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional 0.5% of eligible salaries beginning January 1, 2008. The SAED is scheduled to increase by 0.5% annually, through 2013, resulting in a cumulative increase of three percentage points. For the Authority, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to its employees' salaries, and used by the Authority to pay the SAED. Both the AED and SAED will terminate when funding levels reach 100 percent.

Historically, members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The Authority's contributions to the Defined Benefit Plan for 2006, 2005 and 2004 were \$93,647, \$86,352 and \$79,268, respectively. These contributions met the contribution requirement for each year.

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Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the program was converted to a trust fund in 1999. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from his or her monthly retirement benefit. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5% for each year less than 20 years.

The Health Care Trust Fund is maintained by an employer's contribution rate as discussed above. The Authority's contributions to the Health Care Trust Fund for 2006, 2005 and 2004 were \$9,088, \$8,678, and \$8,283, respectively. These contributions met the contribution requirement for each year.

Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured medical benefit plans, and another carrier for prescription benefits, and with several health maintenance organizations providing services within Colorado. As of December 31, 2005, there were 41,080 enrollees in the plan.

Life Insurance Program

During Fiscal Year 2005-06, PERA provided its members access to a group decreasing term life insurance plan offered by UnumProvident in which 41,180 members participated. Active members may join the UnumProvident Plan and continue coverage into retirement. Premiums are collected by monthly payroll deductions or other means. In addition, PERA maintained coverage for 13,375 members under closed group plans underwritten by Anthem Life, Prudential and New York Life.

**Colorado Water Resources
and Power Development Authority**
Notes to Financial Statements
December 31, 2006 and 2005

Note 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 healthcare 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 required supplementary information for the HCTF. That report may be obtained online at www.copera.org or 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. Employer contributions are recognized as revenues in the period in which the employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the HCTF. Benefits 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 1.02% 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. For the years ending December 31, 2006, 2005 and 2004, the Authority's employer contributions to the HCTF were \$9,088, \$8,678 and \$8,283, respectively, equal to their required contributions for each year.

Note 10: Defined Contribution Pension Plan

Employees 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 (\$15,000 in 2006 and \$14,000 in 2005 and up to an additional \$5,000 for participants over age 50). The contribution requirements for the Authority are established under Title 24, Article 51, and Section 1402 of the CRS, as amended. For the years ended December 31, 2006 and 2005, the 401(k) Plan member contributions from the Authority were \$66,875 and \$62,888, respectively.

**Colorado Water Resources
and Power Development Authority**
Notes to Financial Statements
December 31, 2006 and 2005

Note 11: Commitments

Leases

The Authority leases office facilities under an operating lease that was set to expire in 2006, but was extended to March 31, 2007. Rent expense totaled \$115,058 and \$122,338 for 2006 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 was amortized over the 36-month lease term that ended November 30, 2005, and, accordingly, reduced rent expense. The Authority is negotiating a new lease arrangement for the office facilities currently being leased under the aforementioned lease agreement.

Real Estate Purchase

On December 13, 2005, the Authority entered into a contract to purchase condominium office space in the property under construction at 450 Seventeenth Avenue in Denver, Colorado. To secure the purchase contract, the Authority executed an earnest money promissory note payable to the seller in the amount of \$384,480. Pursuant to the third amendment of the purchase contract, the project completion and the closing of this real estate purchase was scheduled for June 9, 2006; however, the Sellers failed to meet the terms of the contract, since the building construction was not completed by that date. Following independent engineering inspections, during the remaining months of 2006 and January 2007, the Board, at its January 26, 2007, regularly scheduled meeting, decided to terminate the purchase contract, demand the return of the promissory note and notify the sellers that the Authority intended to preserve its remedies under the purchase contract.

Note 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.

Note 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. The Authority is fully insured for employee healthcare through PERA.

**Colorado Water Resources
and Power Development Authority**
Notes to Financial Statements
December 31, 2006 and 2005

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.

Supplementary Information

**Colorado Water Resources
and Power Development Authority**
Regulatory Basis
Combining Schedule of Net Assets
Water Pollution Control Fund
December 31, 2006

Assets	State Revolving Fund	Nonrevolving Fund	Water Pollution Control Fund
Current Assets			
Cash and cash equivalents	\$ 11,311,051	\$ 5,678,432	\$ 16,989,483
Federal grants receivable	958,949	—	958,949
Investment income receivable	83,800	478,329	562,129
Loans receivable	28,966,305	—	28,966,305
Accounts receivable – borrowers	4,025,122	1,731,468	5,756,590
Restricted assets			
Cash and cash equivalents	11,646,768	337,745	11,984,513
Investments	69,392,145	—	69,392,145
Investment income receivable	1,342,150	—	1,342,150
Total current assets	<u>127,726,290</u>	<u>8,225,974</u>	<u>135,952,264</u>
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents	7,601,059	—	7,601,059
Investments	171,636,606	—	171,636,606
Investment income receivable	2,955,409	—	2,955,409
Loans receivable	475,405,287	—	475,405,287
Capital assets – equipment, net	—	5,090	5,090
Total noncurrent assets	<u>657,598,361</u>	<u>5,090</u>	<u>657,603,451</u>
Total assets	<u>785,324,651</u>	<u>8,231,064</u>	<u>793,555,715</u>

See notes to regulatory basis schedules

Liabilities	State Revolving Fund	Nonrevolving Fund	Water Pollution Control Fund
Current Liabilities			
Project costs payable – direct loans	\$ 5,561,412	\$ —	\$ 5,561,412
Project costs payable – leveraged loans	58,362,969	—	58,362,969
Bonds payable	26,465,000	—	26,465,000
Accrued interest payable	7,308,228	—	7,308,228
Accounts payable – other	—	97,590	97,590
Due to other funds	—	318,603	318,603
Other liabilities	—	917,000	917,000
Total current liabilities	<u>97,697,609</u>	<u>1,333,193</u>	<u>99,030,802</u>
Noncurrent Liabilities			
Project costs payable – direct loans	1,830,808	—	1,830,808
Project costs payable – leveraged loans	14,338,000	—	14,338,000
Bonds payable, net	428,516,156	—	428,516,156
Advance payable	—	5,369,103	5,369,103
Deferred revenue	—	682,890	682,890
Other liabilities	—	3,868,433	3,868,433
Total noncurrent liabilities	<u>444,684,964</u>	<u>9,920,426</u>	<u>454,605,390</u>
Total liabilities	<u>542,382,573</u>	<u>11,253,619</u>	<u>553,636,192</u>
Fund Net Assets			
Invested in capital assets	—	5,090	5,090
Restricted	242,942,078	(3,027,645)	239,914,433
Total fund net assets	<u>\$ 242,942,078</u>	<u>\$ (3,022,555)</u>	<u>\$ 239,919,523</u>

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, 2006

	State Revolving Fund	Nonrevolving Fund	Water Pollution Control Fund
Operating Revenues			
Interest on loans	\$ 11,462,880	\$ —	\$ 11,462,880
Interest on investments	12,485,078	108,620	12,593,698
Surcharge from borrowers	43,201	—	43,201
Administrative fee			
Program revenue	—	1,364,752	1,364,752
Non-program revenue	—	3,850,263	3,850,263
EPA grants	—	414,411	414,411
Other	98,570	—	98,570
	<u>24,089,729</u>	<u>5,738,046</u>	<u>29,827,775</u>
Operating Expenses			
Interest on bonds	22,113,311	—	22,113,311
Grant administration	—	1,350,070	1,350,070
General and administrative	—	3,393	3,393
Other	1,020,792	137,811	1,158,603
	<u>23,134,103</u>	<u>1,491,274</u>	<u>24,625,377</u>
Total operating expenses			
Operating income	955,626	4,246,772	5,202,398
Nonoperating Revenues – EPA			
Capitalization Grants	8,878,874	—	8,878,874
Transfers In (Out)	<u>2,111,584</u>	<u>(2,111,584)</u>	<u>—</u>
Change in fund net assets	11,946,084	2,135,188	14,081,272
Fund Net Assets, Beginning of Year	<u>230,995,994</u>	<u>(5,157,743)</u>	<u>225,838,251</u>
Fund Net Assets, End of Year	<u>\$ 242,942,078</u>	<u>\$ (3,022,555)</u>	<u>\$ 239,919,523</u>

**Colorado Water Resources
and Power Development Authority**
**Notes to Regulatory Basis of the Combining Schedule
of Net Assets and the Combining Schedules of Revenues,
Expenses and Changes in Fund Net Assets**
Water Pollution Control Fund
December 31, 2006

Note 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 Nonrevolving Fund. The State Revolving Fund and Nonrevolving Fund are activities within the Water Pollution Control enterprise fund, a major fund for accounting purposes. The State Revolving Fund and Nonrevolving Fund, individually, do not constitute a fund for reporting purposes under generally accepted accounting principles. The regulatory basis in the aggregate is consistent with generally accepted accounting principles.

Note 2: Grant Administration

All administrative fee revenue and expenses related to the operation of the Water Pollution Control Fund, including the administration of EPA capitalization grants, are accounted for in the Nonrevolving Fund.

Note 3: Advance Payable

The Nonrevolving Fund accounts for the advance from the Water Operations Fund. A cash advance is made, as needed, to the Nonrevolving Fund to meet the state match requirement of EPA capitalization grants. 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, 2006**

Assets	State Revolving Fund	Nonrevolving Fund	Drinking Water Fund
Current Assets			
Cash and cash equivalents	\$ 6,674,678	\$ 9,846,384	\$ 16,521,062
Federal grants receivable	911,050	464,747	1,375,797
Investment income receivable	55,854	287,096	342,950
Loans receivable	11,027,348	251,066	11,278,414
Accounts receivable – borrowers	1,229,015	558,579	1,787,594
Restricted assets			
Cash and cash equivalents	8,689,069	2,612,272	11,301,341
Investments	48,135,922	—	48,135,922
Investment income receivable	692,988	—	692,988
Total current assets	<u>77,415,924</u>	<u>14,020,144</u>	<u>91,436,068</u>
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents	839,000	—	839,000
Investments	55,390,024	—	55,390,024
Investment income receivable	655,581	—	655,581
Loans receivable	207,525,008	2,748,247	210,273,255
Capital assets – equipment, net	<u>—</u>	<u>5,090</u>	<u>5,090</u>
Total noncurrent assets	<u>264,409,613</u>	<u>2,753,337</u>	<u>267,162,950</u>
Total assets	<u>341,825,537</u>	<u>16,773,481</u>	<u>358,599,018</u>

See notes to regulatory basis schedules

Liabilities	State Revolving Fund	Nonrevolving Fund	Drinking Water Fund
Current Liabilities			
Project costs payable – direct loans	\$ 6,538,430	\$ —	\$ 6,538,430
Project costs payable – leveraged loans	45,482,784	—	45,482,784
Bonds payable	9,145,000	—	9,145,000
Accrued interest payable	2,502,755	—	2,502,755
Accounts payable – other	—	124,524	124,524
Due to other funds	—	694,984	694,984
Other liabilities	<u>—</u>	<u>435,000</u>	<u>435,000</u>
Total current liabilities	<u>63,668,969</u>	<u>1,254,508</u>	<u>64,923,477</u>
Noncurrent Liabilities			
Project costs payable – direct loans	839,000	—	839,000
Project costs payable – leveraged loans	4,035,000	—	4,035,000
Bonds payable	172,149,607	—	172,149,607
Deferred revenue	—	103,083	103,083
Other liabilities	<u>—</u>	<u>1,231,532</u>	<u>1,231,532</u>
Total noncurrent liabilities	<u>177,023,607</u>	<u>1,334,615</u>	<u>178,358,222</u>
Total liabilities	<u>240,692,576</u>	<u>2,589,123</u>	<u>243,281,699</u>
Fund Net Assets			
Invested in capital assets	—	5,090	5,090
Restricted	101,132,961	7,925,973	109,058,934
Unrestricted	<u>—</u>	<u>6,253,295</u>	<u>6,253,295</u>
Total fund net assets	<u>\$ 101,132,961</u>	<u>\$ 14,184,358</u>	<u>\$ 115,317,319</u>

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, 2006

	State Revolving Fund	Nonrevolving Fund	Drinking Water Fund
Operating Revenues			
Interest on loans	\$ 4,385,576	\$ 100,463	\$ 4,486,039
Interest on investments	3,892,729	624,047	4,516,776
Administrative fee	—	1,836,567	1,836,567
EPA set aside grants			
Administrative	—	439,779	439,779
Small Systems Training and Technical Assistance Program	—	151,333	151,333
Capacity Development	—	1,034,044	1,034,044
Wellhead Protection	—	325,695	325,695
Public Water System Supervision	—	906,526	906,526
Other	<u>11,679</u>	<u>—</u>	<u>11,679</u>
Total operating revenues	<u>8,289,984</u>	<u>5,418,454</u>	<u>13,708,438</u>
Operating Expenses			
Interest on bonds	6,966,125	—	6,966,125
Grant administration – state funded	—	607,184	607,184
General and administrative	—	3,393	3,393
EPA set asides			
Administrative	—	439,779	439,779
Small Systems Training and Technical Assistance Program	—	151,333	151,333
Capacity Development	—	1,034,044	1,034,044
Wellhead Protection	—	325,695	325,695
Public Water System Supervision	—	906,526	906,526
Other	<u>—</u>	<u>88,000</u>	<u>88,000</u>
Total operating expenses	<u>6,966,125</u>	<u>3,555,954</u>	<u>10,522,079</u>
Operating income	1,323,859	1,862,500	3,186,359
Nonoperating Revenues – EPA			
Capitalization Grants	3,623,256	—	3,623,256
Transfers In (Out)	<u>5,458,180</u>	<u>(5,458,180)</u>	<u>—</u>
Change in fund net assets	10,405,295	(3,595,680)	6,809,615
Fund Net Assets, Beginning of Year	<u>90,727,666</u>	<u>17,780,038</u>	<u>108,507,704</u>
Fund Net Assets, End of Year	<u>\$ 101,132,961</u>	<u>\$ 14,184,358</u>	<u>\$ 115,317,319</u>

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, 2006

Note 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 Nonrevolving Fund. The State Revolving Fund and Nonrevolving Fund are activities within the Drinking Water enterprise fund, a major fund for accounting purposes. The State Revolving Fund and Nonrevolving Fund, individually, do not constitute a fund for reporting purposes under generally accepted accounting principles. The regulatory basis in the aggregate is consistent with generally accepted accounting principles.

Note 2: Nonrevolving Fund

The Authority issues direct loans to eligible municipalities which are funded with money from sources other than the State Revolving Funds. These loans are accounted for in the Nonrevolving Fund. The Drinking Water Fund nonfederal direct loans receivable amounted to \$2,999,313 at December 31, 2006. There are currently 15 loans outstanding at year-end that mature in years 2015 to 2017.

Note 3: Grant Administration

All administrative expenses, both federally and State (loan surcharge fees) funded, related to the operation of the Drinking Water Fund, including the administration of EPA capitalization grants and set aside programs, are accounted for in the Nonrevolving Fund.

Note 4: Set Aside Revenue and Expenses

The set aside activities of the Drinking Water Fund are recorded in the Nonrevolving 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 State Revolving Fund by the Authority.

**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, 2006

	Actual	Original Budget	Changes	Final Budget	Variance – Favorable (Unfavorable)
Revenues					
Interest on investments	\$ 3,064,960	\$ 2,296,000	\$ —	\$ 2,296,000	\$ 768,960
WPCRF state match loan repayment	4,000,000	4,000,000	—	4,000,000	—
Proceeds – Condominium note payable	—	2,100,000	—	2,100,000	(2,100,000)
Loan principal payments – SWRP	5,812,083	5,900,000	—	5,900,000	(87,917)
Loan principal payments – WRBP	5,955,000	8,120,000	—	8,120,000	(2,165,000)
Loan principal payments – interim	—	16,000,000	—	16,000,000	(16,000,000)
Bond proceeds – SWRP	—	—	—	—	—
Bonds proceeds – WRBP	—	50,000,000	—	50,000,000	(50,000,000)
Refunding bond proceeds – SWRP	14,724,998	110,000,000	—	110,000,000	(95,275,002)
Loan interest income – SWRP	5,093,223	5,311,000	—	5,311,000	(217,777)
Loan interest income – WRBP	17,119,887	18,986,000	—	18,986,000	(1,866,113)
Loan interest income – interim loans	45,368	150,000	—	150,000	(104,632)
Other	820	1,000	—	1,000	(180)
Total revenues	<u>55,816,339</u>	<u>222,864,000</u>	<u>—</u>	<u>222,864,000</u>	<u>(167,047,661)</u>
Expenditures					
WPCRF state match loans	1,395,080	4,000,000	—	4,000,000	2,604,920
General/administrative	671,197	1,112,500	—	1,112,500	441,303
Interim loans made	717,214	16,000,000	—	16,000,000	15,282,786
Bond principal payments – SWRP	6,070,000	6,070,000	—	6,070,000	—
Bond principal payments – WRBP	5,940,000	7,900,000	—	7,900,000	1,960,000
Bond interest expense – SWRP	5,170,151	5,096,000	300,000	5,396,000	225,849
Bond interest expense – WRBP	17,514,486	19,000,000	—	19,000,000	1,485,514
Loans made – SWRP	—	—	—	—	—
Loans made – WRBP	—	50,000,000	—	50,000,000	50,000,000
Refunding Bonds Escrow Deposit	14,420,135	108,000,000	(600,000)	107,400,000	92,979,865
Refunding Issuance Costs	227,917	—	300,000	300,000	72,083
Project expenditures	1,854,434	10,390,000	—	10,390,000	8,535,566
Arbitrage rebate – SWRP	—	100,000	—	100,000	100,000
Total expenditures	<u>53,980,614</u>	<u>227,668,500</u>	<u>—</u>	<u>227,668,500</u>	<u>173,687,886</u>
Excess of revenues over (under) expenditures	<u>\$ 1,835,725</u>	<u>\$ (4,804,500)</u>	<u>\$ —</u>	<u>\$ (4,804,500)</u>	<u>\$ 6,640,225</u>

Colorado Water Resources and Power Development Authority

Reconciliation and Note of Non-GAAP Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Fund Net Assets Water Operations Fund Year Ended December 31, 2006

Revenues (Budgetary Basis)	\$	55,816,339
WPCRF advance repayment – state match		(4,000,000)
Loan principal payments – SWRP		(5,812,083)
Loan principal payments – WRBP		(5,955,000)
Refunding bond proceeds - SWRP		<u>(14,724,998)</u>
Revenues (GAAP basis)		<u>25,324,258</u>
 Expenditures (Budgetary basis)		 53,980,614
Depreciation		5,954
Acquisition of water depletion rights – Animas-La Plata Project		(1,500,262)
WPCRF advance – state match provided		(1,395,080)
Bond principal payments – SWRP		(6,070,000)
Bond principal payments – WRBP		(5,940,000)
Payment to refunded bond escrow		(14,420,135)
Refunding bonds issuance cost		(227,917)
Interim loans made		<u>(717,214)</u>
Expenses (GAAP basis)		<u>23,715,960</u>
Change in net assets per statement of revenues, expenses and changes in fund net assets	\$	<u><u>1,608,298</u></u>

The budget for the Water Operations Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:

- a. WPCRF advance repayment – state match is treated as revenue when loan administrative fees are transferred from WPCRF.
- b. Leveraged loan principal payments are recorded as revenue when received from the borrower.
- c. Bond proceeds are treated as revenue when issued.
- d. Acquisitions of water depletion rights – Animas-La Plata Project are treated as expenditures when paid to the Bureau.
- e. WPCRF advance – state match provided is treated as an expenditure when transferred to WPCRF.
- f. Bond principal payments are treated as expenditures when paid.
- g. Payments to refunded bond escrow account is treated as an expenditure when transferred.
- h. Costs of issuing refunding bonds are treated as an expenditure when paid from bond proceeds.
- i. Interim loans are treated as expenditures when draws are made from project accounts.

**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, 2006

	Actual	Original Budget	Changes	Final Budget	Variance – Favorable (Unfavorable)
Revenues					
Interest on investments	\$ 12,593,698	\$ 10,572,000	\$ —	\$ 10,572,000	\$ 2,021,698
Administrative fee	5,215,015	5,089,000	—	5,089,000	126,015
Loan interest income	11,462,880	15,070,000	—	15,070,000	(3,607,120)
State surcharge income	43,201	40,200	—	40,200	3,001
EPA grants	9,293,285	16,960,000	—	16,960,000	(7,666,715)
Colorado state match	1,395,080	4,000,000	—	4,000,000	(2,604,920)
Loan principal repayments	26,328,008	25,710,000	—	25,710,000	618,008
Bonds proceeds	38,137,443	70,500,000	—	70,500,000	(32,362,557)
Other	98,570	—	—	—	98,570
Total revenues	<u>104,567,180</u>	<u>147,941,200</u>	<u>—</u>	<u>147,941,200</u>	<u>(43,374,020)</u>
Expenditures					
Grant administration	1,350,070	1,704,060	—	1,704,060	353,990
Bond principal payments	25,355,000	26,000,000	—	26,000,000	645,000
Advance repayments – state match	4,000,000	4,000,000	—	4,000,000	—
Project costs paid – direct loans	6,108,179	6,100,000	9,000	6,109,000	821
Loans made – leveraged loans	39,674,238	70,500,000	(9,000)	70,491,000	30,816,762
Planning and design grants to small local governments	137,811	180,000	—	180,000	42,189
Other	917,111	1,050,000	—	1,050,000	132,889
Bond interest expense	22,113,311	23,000,000	—	23,000,000	886,689
Capital asset acquisitions	—	5,000	—	5,000	5,000
Total expenditures	<u>99,655,720</u>	<u>132,539,060</u>	<u>—</u>	<u>132,539,060</u>	<u>32,883,340</u>
Excess of revenues over (under) expenditures	<u>\$ 4,911,460</u>	<u>\$ 15,402,140</u>	<u>\$ —</u>	<u>\$ 15,402,140</u>	<u>\$ (10,490,680)</u>

Colorado Water Resources and Power Development Authority

Reconciliation and Note 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, 2006

Revenues (Budgetary Basis)	\$	104,567,180
Bond proceeds		(38,137,443)
Loan principal repayments		(26,328,008)
Advance – state match provided		<u>(1,395,080)</u>
Revenues (GAAP basis)		<u>38,706,649</u>
Expenditures (Budgetary Basis)		99,655,720
Depreciation expense		3,393
Loan principal forgiveness (offset by investment earnings)		970,807
Project costs paid – direct loans		(6,108,179)
Bond principal payments		(25,355,000)
Arbitrage rebate payments		(867,126)
Advance repayment – state match		(4,000,000)
Loans made – leveraged loans		<u>(39,674,238)</u>
Expenses (GAAP basis)		<u>24,625,377</u>
Change in net assets per statement of revenues, expenses and changes in fund net assets	\$	<u><u>14,081,272</u></u>

The budget for the Water Pollution Control Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:

- a. Bond proceeds are treated as revenue when issued.
- b. Loan principal payments are recorded as revenue when received from the borrower.
- c. Advance – state match is treated as revenue when transferred from Water Operations.
- d. Direct loans are treated as expenditures when draws are made from project accounts.
- e. Bond principal payments are treated as expenditures when paid.
- f. Arbitrage rebate payments are treated as expenditures when paid to the United States Treasury.
- g. Advance repayment – state match is treated as expenditure when paid from loan administrative fees to Water Operations.
- h. Leveraged loans are treated as expenditures when loans are executed.

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, 2006

	Actual	Original Budget	Changes	Final Budget	Variance – Favorable (Unfavorable)
Revenues					
Interest on investments	\$ 4,516,776	\$ 3,806,000	\$ —	\$ 3,806,000	\$ 710,776
Loan interest income	4,486,039	5,104,000	—	5,104,000	(617,961)
Loan principal repayments	8,414,528	8,395,000	—	8,395,000	19,528
Bond proceeds	50,382,472	94,000,000	—	94,000,000	(43,617,528)
Capital contributions – EPA	3,623,256	5,713,500	—	5,713,500	(2,090,244)
EPA capitalization grant set asides revenue	2,857,377	4,738,423	—	4,738,423	(1,881,046)
Administrative fee income	1,836,567	1,768,000	—	1,768,000	68,567
Other	11,679	—	—	—	11,679
Total revenues	<u>76,128,694</u>	<u>123,524,923</u>	<u>—</u>	<u>123,524,923</u>	<u>(47,396,229)</u>
Expenditures					
Grant administration – State funded	1,046,963	1,261,912	—	1,261,912	214,949
Project costs paid – direct loans	3,193,866	6,500,000	1,800,000	8,300,000	5,106,134
Loans made – leveraged	54,327,241	54,000,000	400,000	54,400,000	72,759
Bond principal payments made	6,630,000	6,700,000	—	6,700,000	70,000
Payment to refunded bond escrow	—	39,200,000	(2,200,000)	37,000,000	37,000,000
Refunding bonds issuance cost	—	800,000	—	800,000	800,000
Bond interest expense	6,966,125	7,400,000	—	7,400,000	433,875
EPA capitalization grant set asides	2,417,598	4,280,770	—	4,280,770	1,863,172
Planning and design grants to small local governments	88,000	180,000	—	180,000	92,000
Capital asset acquisitions	—	5,000	—	5,000	5,000
Total expenditures	<u>74,669,793</u>	<u>120,327,682</u>	<u>—</u>	<u>120,327,682</u>	<u>45,657,889</u>
Excess of revenues over expenditures	<u>\$ 1,458,901</u>	<u>\$ 3,197,241</u>	<u>\$ —</u>	<u>\$ 3,197,241</u>	<u>\$ (1,738,340)</u>

Colorado Water Resources and Power Development Authority

Reconciliation and Note of Non-GAAP Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Fund Net Assets Drinking Water Fund Year Ended December 31, 2006

Revenues (Budgetary Basis)	\$	76,128,694
Loan principal repayments		(8,414,528)
Bond proceeds		<u>(50,382,472)</u>
Revenues (GAAP basis)		<u>17,331,694</u>
Expenditures (Budgetary Basis)		74,669,793
Depreciation expense		3,393
Project costs paid – direct loans		(3,193,866)
Bond principal payments made		(6,630,000)
Loans made – leveraged loans		<u>(54,327,241)</u>
Expenses (GAAP basis)		<u>10,522,079</u>
Change in net assets per statement of revenues, expenses and changes in fund net assets	\$	<u><u>6,809,615</u></u>

The budget for the Drinking Water Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:

- a. Loan principal payments are recorded as revenue when received from the borrower.
- b. Bond proceeds are treated as revenue when received.
- c. Direct loans are treated as expenditures when draws are made from project accounts.
- d. Bond principal payments are treated as expenditures when paid.
- e. Leveraged loans are treated as expenditures when loans are executed.

**Colorado Water Resources
and Power Development Authority
Schedule of Project Costs Payable – By Borrower
December 31, 2006**

The following pages contain information, by borrower, showing balances in project costs payable (loan proceeds remaining) and loans receivable. To identify the type of loan made, the following codes are used:

Leveraged loans are funded by bond proceeds and may be partially funded by EPA capitalization grants and Authority resources. These loans are designated by the year and series of bonds providing the related capital, such as 2006A.

Direct loans are made by provided in both the WPCRF and DWRF. Each direct loan coding contains the year of loan execution and the designation DLF (a federal loan funded by EPA capitalization grants and Authority resources or reloan monies) or DC (also a federal loan, but made to a borrower that qualified as a Disadvantaged Community).

Direct loans designated DLS were made only in the DWRF and were funded from Authority cash.

	Project Costs Payable
Water Operations Fund	
2003A – Town of Eaton – SWRP	\$ 286,272
2004A – Town of Erie – WRBP	435,063
2004B – City of Englewood – WRBP	5,702,078
2004C – City of Littleton – WRBP	5,702,930
2004D – Parker Water and Sanitation District – WRBP	14,371,744
2005C – City of Fountain – WRBP	2,079,770
2005D – City of Aurora – WRBP	53,480,521
2005E – Arapahoe County Water and Wastewater Public Improvement District – WRBP	23,652,537
2005F – Copper Mountain Consolidated Metropolitan District – WRBP	94,982
	105,805,897
Water Pollution Control Revolving Fund	
2001A – City of Lafayette	193,081
2003A – City of Pueblo	330,548
2003A – Town of Milliken	272,569
2004A – Town of Berthoud	90,599
2004A – City of Englewood	8,550,247
2004A – City of Littleton	8,550,247
2005A – Town of Breckenridge	128,000
2005A – Denver Southeast Suburban Water and Sanitation District	2,041,272
2005A – Town of Eaton	100,000
2005A – Roxborough Park Metropolitan District	2,928,046
2005A – City of Westminster	315,491
2005B – Breckenridge Sanitation District	8,000,000
2005B – City of Glendale	4,000,591
2006A – Clifton Sanitation District #2	9,803,773
2006A – Donala Water and Sanitation District	3,989,944
2006A – Granby Sanitation District	4,478,351

**Colorado Water Resources
and Power Development Authority**
Schedule of Project Costs Payable – By Borrower
December 31, 2006

	Project Costs Payable
2006A – Triview Metropolitan District	3,928,210
2006B – Cherokee Metropolitan District	15,000,000
2006DC – Town of Ault	107,408
2006DLF – Town of Bennett	16,100
2006DLF – Boulder County	1,651,808
2006DLF – Cucharas Sewer and Water District	768,000
2006DC – Town of Haxton	305,041
2006DLF – Town of Kersey	352,892
2006DC – Town of La Jara	239,840
2006DC – Town Ordway	599,000
2006DC – Town of Pierce	895,000
2006DLF – Ralston Valley Water & Sanitation District	1,200,000
2006DC – Town of Springfield	534,000
2006DC – Town of Stratton	442,000
2006DC – Town of Sugar City	281,131
	80,093,189
Drinking Water Revolving Fund	
2003A – Town of Lyons	244,108
2003A – Fountain Valley Authority	172,112
2003DLF – City of Ouray	144,740
2005DLF – Olde Stage Water District	100,000
2006A – City of Craig	6,000,000
2006A – Little Thompson Water District	551,564
2006B – City of Alamosa	12,000,000
2006B – Arapahoe County Water & Sanitation District	16,435,000
2006B – Cottonwood Water & Sanitation District	10,115,000
2006B – Town of Palisade	4,000,000
2006DC – Town of Bethune	343,176
2006DC – Town of Boone	514,297
2006DC – Bristol Water & Sanitation District	81,035
2006DLF – Castle Pines Metropolitan District	839,541
2006DLF – Castle Pines Metropolitan District #2	250,000
2006DLF – Cucharas Sanitation and Water District	269,000
2006DC – Town of Genoa	175,000
2006DC – Town of Ordway	200,000
2006DC – Town of Palisade	2,000,000
2006DLF – Platte Canyon Water & Sanitation District #1	372,557
2006DC – Town of Pritchett	3,505
2006DLF – Ralston Valley Water & Sanitation District	1,300,000
2006DC – Town of Sedgwick	419,000
2006DC – Town of Walden	365,579
	56,895,214
Total project costs payable	\$ 242,794,300

**Colorado Water Resources
and Power Development Authority
Schedule of Loans Receivable – By Borrower
December 31, 2006**

	Loans Receivable
Water Operations Fund – Interim Loans	
Cortez Sanitation District	\$ <u>1,817,060</u>
Total Water Operations Fund Loan Receivable – Interim Loans	<u>1,817,060</u>
Water Operations Fund – Small Water Resources Projects	
1990A – Town of Estes Park	690,000
1990A – Fort Collins – Loveland Water District	799,167
1990A – North Weld County Water District	935,000
1990A – Eagle River Water and Sanitation District	620,833
1991A – Edwards Metropolitan District	395,000
1991A – Town of Estes Park	455,000
1991A – Town of Minturn	155,000
1991A – City of Steamboat Springs	450,000
1992A – City of Brush	435,000
1992A – City of Fort Lupton	1,310,000
1992A – Town of LaSalle	795,000
1992A – City of Louisville	3,183,333
1992B – Central Weld County Water District	639,167
1992B – City of Glenwood Springs	1,140,000
1992B – Little Thompson Water District	1,002,500
1992B – Town of Minturn	30,000
1992B – Mt. Werner Water and Sanitation District	1,908,333
1992B – North Weld County Water District	428,750
1994A – Town of Berthoud	255,833
1994A – City of Fort Morgan	1,297,500
1994A – Town of Gypsum	370,000
1994A – Parker Water and Sanitation District	310,000
1994A – Town of Platteville	515,833
1994B – Town of Carbondale	1,101,250
1994B – Project 7 Water Authority	2,380,833
1994B – City of Rifle	659,167
1996A – City of Canon City	2,595,833
1996A – Town of Johnstown	1,085,833
1997A – Town of Monument	1,200,000
1997A – Parker Water and Sanitation District	3,247,500
1997A – Roxborough Park Metropolitan District	1,915,000
1998A – Morgan County Quality Water District	2,070,000
1998A – North Weld County Water District	3,453,750
2000A – Parker Water and Sanitation District	11,654,167
2000A – Upper Eagle Regional Water Authority	10,036,667
2001A – North Weld County Water District	14,076,250
2002A – Eagle River Water and Sanitation District	3,890,000
2002A – Parker Water and Sanitation District	10,055,000
2003A – Clifton Water District	5,411,667
2003A – Town of Eaton	2,391,667
2003A – City of Rifle	<u>1,340,000</u>
Total Water Operations Fund loans receivable – SWRP	<u>96,685,833</u>

(continued)

**Colorado Water Resources
and Power Development Authority
Schedule of Loans Receivable – By Borrower
December 31, 2006**

	Loans Receivable
Water Operations Fund – Water Revenue Bond Program	
1998A – Rio Blanco Water Conservancy District	1,815,000
2003A – City of Louisville	12,270,000
2003B – City of Longmont	2,040,000
2004A – Town of Erie	12,820,000
2004B – City of Englewood	19,705,000
2004C – City of Littleton	17,965,000
2004D – Parker Water and Sanitation District	103,465,000
2004E – Copper Mountain Consolidated Metropolitan District	3,275,000
2005A – East Cherry Creek Valley Water and Sanitation District	53,115,000
2005B – City of Fort Lupton	2,220,000
2005C – City of Fountain	8,020,000
2005D – City of Aurora	100,000,000
2005E – Arapahoe County Water and Wastewater Public Improvement District	26,270,000
2005F – Copper Mountain Consolidated Metropolitan District	3,590,000
Total Water Operations Fund loans receivable – WRBP	366,570,000
Total Water Operations Fund loans receivable	465,072,893
Water Pollution Control Revolving	
1989DLF – Larimer County Commissioners (Mountain Range Shadows Project)	402,869
1990DLF – Mountain Water and Sanitation District	41,065
1991DLF – Durango West Metropolitan District No. 2	142,279
1992DLF – Nucla Sanitation District	55,459
1992DLF – City of Ouray	297,903
1994DLF – City of Fort Lupton	92,493
1994DLF – St. Mary’s Glacier Water and Sanitation District	73,104
1995DLF – City of Fruita	52,133
1995DLF – Town of Log Lane Village	144,932
1996DLF – Town of Ordway	215,554
1996DLF – City of Broomfield	1,479,193
1996DLF – Town of Lyons	317,614
1997DLF – Town of Vona	53,499
1997DLF – Town of Manzanola	51,709
1997DLF – Pagosa Springs GID	402,822
1997DLF – Town of Erie	335,461
1997DLF – City of Holyoke	263,241
1998DLF – Byers Water and Sanitation District	302,020
1998DLF – City of Las Animas	753,182
1998DLF – City of Evans	288,208
1999DLF – Town of Kersey	125,235
1999DLF – City of La Junta	275,363
1999DLF – City of Monte Vista	710,069
1999DLF – Town of New Castle	343,219

(continued)

**Colorado Water Resources
and Power Development Authority
Schedule of Loans Receivable – By Borrower
December 31, 2006**

	<u>Loans Receivable</u>
1999DLF – Left Hand Water and Sanitation District	90,578
2000DLF – Columbine Water and Sanitation District	293,289
2000DLF – Left Hand Water and Sanitation District	40,624
2000DLF – Town of Springfield	157,337
2001DLF – Baca Grande Water and Sanitation District	671,031
2001DLF – Niwot Sanitation District	807,500
2002DLF – Pagosa Springs GID	173,987
2002DLF – Town of Julesburg	690,173
2003DLF – Pike’s Peak-Americas Mountain	868,673
2003DLF – City of Salida	407,208
2004DLF – Garden Valley Water and Sanitation District	282,666
2005DLF – Kremmling Sanitation District	916,513
2006DC – Town of Ault	1,367,533
2006DLF – Town of Bennett	161,000
2006DLF – Boulder County	1,651,808
2006DC – Clifton Sanitation District #1	2,000,000
2006DLF – Cucharas Sewer and Water District	768,000
2006DC – Town of Haxtun	305,041
2006DLF – Town of Kersey	1,800,000
2006DC – Town of La Jara	731,250
2006DC – Town of Ordway	599,000
2006DC – Town of Pierce	895,000
2006DLF – Ralston Valley Water and Sanitation District	1,200,000
2006DC – Town of Springfield	534,000
2006DC – Town of Stratton	442,000
2006DC – Town of Sugar City	<u>306,000</u>
 Total WPCRF direct loans	 <u>25,378,837</u>
 Leveraged loans:	
1989A – Denver Southeast Suburban Water and Sanitation District	2,567,214
1990A – Town of Castle Rock	1,190,675
1991A – City of Englewood	5,571,914
1991A – City of Littleton	5,572,219
1991B – Metro Wastewater Reclamation District	7,381,787
1992A – City of Fort Lupton	1,854,968
1992A – Eagle River Water and Sanitation District	3,323,729
1992B – City of Fort Collins	10,287,546
1992B – City of Longmont	1,164,408
1994A – Genesee Water and Sanitation District	725,083
1994A – City of Greeley	8,098,877
1994A – Parker Water and Sanitation District	856,161
1994A – Town of Windsor	1,040,653
1995A – City of Brighton	2,964,055
1995A – City of Craig	572,486

(continued)

**Colorado Water Resources
and Power Development Authority
Schedule of Loans Receivable – By Borrower
December 31, 2006**

	<u>Loans Receivable</u>
1995A – City of Fort Morgan	5,054,328
1995A – City of Steamboat Springs	821,797
1995A – Eagle River Water and Sanitation District	3,212,343
1995A – Winter Park Water and Sanitation District	1,704,411
1996A – Town of Crested Butte	1,500,540
1996A – City of Idaho Springs	927,943
1997A – Breckenridge Sanitation District	5,078,558
1997A – Town of Carbondale	275,694
1997A – Town of Eagle	1,459,716
1997A – Town of Erie	1,143,231
1997A – Parker Water and Sanitation District	2,049,446
1997A – City of Sterling	1,498,644
1997A – City of Westminster	8,739,541
1998A – Buena Vista Sanitation District	2,496,116
1998A – Eagle River Water and Sanitation District	11,073,530
1998A – City of Evans	752,061
1998A – City of Trinidad	4,539,850
1998A – City of Westminster	2,503,096
1998B – City of Colorado Springs	17,498,800
1999A – City of Aurora	14,059,090
1999A – Fremont Sanitation District	6,011,880
1999A – Grand County Water and Sanitation District	2,761,761
1999A – City of Steamboat Springs	2,094,587
2000A – Parker Water and Sanitation District	9,260,904
2000A – Summit County	13,073,288
2000A – Three Lakes Water and Sanitation District	4,879,224
2001A – Cortez Sanitation District	7,785,000
2001A – City of Fort Collins	7,690,000
2001A – Fraser Sanitation District	1,935,000
2001A – City of Lafayette	7,076,637
2001A – Mt. Crested Butte Water and Sanitation District	4,136,815
2001A – Parker Water and Sanitation District	3,947,904
2001A – Plum Creek Wastewater Authority	20,680,000
2001A – City of Steamboat Springs	4,725,193
2002A – Town of Berthoud	5,870,000
2002A – Blackhawk-Central City Sanitation District	20,466,403
2002A – Mesa County	10,765,000
2002A – South Adams County Water and Sanitation District	6,247,500
2002A – Town of Wellington	4,073,359
2002A – Winter Park West Water and Sanitation District	2,006,108
2002B – Denver Southeast Suburban Water and Sanitation District	5,860,000
2002B – Parker Water and Sanitation District	13,363,736
2002B – Plum Creek Wastewater Authority	2,820,000
2003A – Colorado City Metropolitan District	1,631,362
2003A – Town of Milliken	5,613,069
2003A – City of Pueblo	7,314,511

(continued)

**Colorado Water Resources
and Power Development Authority
Schedule of Loans Receivable – By Borrower
December 31, 2006**

	<u>Loans Receivable</u>
2004A – Town of Berthoud	2,185,000
2004A – City of Englewood	29,553,573
2004A – City of Littleton	29,667,066
2005A – Town of Breckenridge	4,165,000
2005A – Denver Southeast Suburban Water and Sanitation District	4,630,000
2005A – Town of Eaton	4,742,568
2005A – Plum Creek Wastewater Authority	1,455,000
2005A – Roxborough Park Metropolitan District	9,265,000
2005A – City of Westminster	14,555,000
2005B – Breckenridge Sanitation District	7,820,000
2005B – City of Glendale	9,630,559
2006A – Clifton Sanitation District #2	9,800,000
2006A – Donala Water and Sanitation District	4,906,910
2006A – Granby Sanitation District	4,810,728
2006A – Triview Metropolitan District	4,906,910
2006B – Cherokee Metropolitan District	<u>15,249,690</u>
 Total WPCRF leveraged loans	 <u>478,992,755</u>
 Total Water Pollution Control Revolving Fund loans receivable	 <u>504,371,592</u>
 Drinking Water Fund – Direct loans:	
1995DLS – Idledale Water and Sanitation District	135,726
1995DLS – Town of Fairplay #1	134,705
1995DLS – Town of Minturn	169,149
1995DLS – Town of Empire	186,872
1995DLS – Town of Elizabeth	287,065
1996DLS – Lake Creek Metropolitan District	273,583
1996DLS – Town of Nunn	200,893
1996DLS – Town of Lochbuie	210,904
1996DLS – Town of Lyons	316,979
1996DLS – Town of Bayfield	214,313
1997DLS – Town of Fairplay #2	131,468
1997DLS – City of Idaho Springs	327,060
1997DLS – Westlake Water and Sanitation District	137,028
1997DLF – Town of Grand Lake	327,694
1998DLS – Redstone Water and Sanitation District	273,568
1998DLF – Chatfield South Water District	507,185
1998DLF – Left Hand Water and Sanitation District	130,296
1999DLF – Thunderbird Water and Sanitation District	230,493
2000DLF – Sedalia Water and Sanitation District	249,576
2000DLF – Springfield Water and Sanitation District	268,099
2001DLF – Town of Wellington	842,898
2002DLF – Town of Basalt	824,915
2002DLF – Town of Dillon	669,887
2002DLF – Town of Hayden	783,419

(continued)

**Colorado Water Resources
and Power Development Authority
Schedule of Loans Receivable – By Borrower
December 31, 2006**

	<u>Loans Receivable</u>
2002DLF – Thunderbird Water and Sanitation District	291,256
2002DLF – City of Woodland Park	680,215
2003DLF – Mustang Water Authority	639,690
2003DLF – Town of Oak Creek	801,345
2003DLF – City of Ouray	921,535
2003DLF – Westwood Lakes Water District	438,460
2004DLF – Pinewood Springs Water District	114,361
2004DLF – Town of Swink	613,882
2005DLF – City of Florence	743,987
2005DC – Town of La Jara	185,000
2005DC – Town of Log Lane Village	972,899
2005DLF – Olde Stage Water District	95,581
2005DC – City of Victor	254,700
2006DC – Town of Bethune	418,000
2006DC – Town of Boone	514,297
2006DC – Bristol Water and Sanitation District	193,333
2006DLF – Castle Pines Metropolitan District	2,000,000
2006DLF – Castle Pines Metropolitan District	250,000
2006DLF – Cucharas Sanitation and Water District	269,000
2006DC – Town of Genoa	175,000
2006DC – Town of Ordway	200,000
2006DC – Town of Palisade	2,000,000
2006DLF – Pinewood Springs Water District	739,279
2006DLF – Platte Canyon Water and Sanitation District Subdistrict #1	400,000
2006DC – Town of Pritchett	196,667
2006-DLF – Ralston Valley Water and Sanitation District	1,300,000
2006DC – Town of Sedgwick	412,017
2006DC – Town of Walden	<u>900,000</u>
 Total Drinking Water Fund direct loans	 <u>24,554,279</u>

**Colorado Water Resources
and Power Development Authority
Schedule of Loans Receivable – By Borrower
December 31, 2006**

	<u>Loans Receivable</u>
Leveraged loans (loans were provided by bond proceeds, EPA Capitalization Grants, and Authority resources)	
1997A – Arapahoe Estates Water District	640,035
1997A – City of Englewood	9,950,913
1997A – City of Fort Collins	6,211,503
1998A – Town of Buena Vista	866,194
1998A – City of Fort Morgan	10,504,710
1999A – City of Aurora	8,796,005
1999A – City of Fort Collins	3,431,976
1999A – City of Glenwood Springs	3,328,180
1999A – Grand County Water and Sanitation District No. 1	2,069,281
1999A – City of Greeley	10,670,312
1999A – Town of Julesburg	704,964
1999A – Left Hand Water District	4,546,837
2000A – Evergreen Metropolitan District	4,244,708
2000A – Fountain Valley Authority	5,766,269
2000A – Town of Limon	1,099,565
2000A – Pueblo Board of Waterworks	8,718,049
2000A – City of Westminster	11,082,905
2002A – Evergreen Metropolitan District	1,695,860
2002A – City of Grand Junction	3,108,585
2002A – City of Idaho Springs	1,943,408
2002A – City of La Junta	8,540,862
2003A – City of Longmont	14,981,459
2003A – Town of Lyons	4,278,081
2003A – Fountain Valley Authority	2,801,619
2003B – City of Florence	12,687,870
2006A – City of Craig	6,056,378
2006A – Little Thompson Water District	6,383,774
2006B – City of Alamosa	11,865,063
2006B – Arapahoe County Water and Wastewater PID	16,049,975
2006B – Cottonwood Water and Sanitation District	9,996,005
2006B – Town of Palisade	<u>3,976,045</u>
 Total DWRP leveraged loans	 <u>196,997,390</u>
 Total Drinking Water Fund loans receivable	 <u>221,551,669</u>
 Total loans receivable	 <u>\$ 1,190,996,154</u>

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Operations Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
Small Water Resources Program Revenue Bonds					
1992 Series B	\$ 14,825,000	\$ 495,000	2.9% – 6.2%	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.	After 2006 at par.
1993 Series A	6,585,000	3,190,000	2.7% – 5.0%	Term bonds subject to mandatory redemption 2007 – 2010.	After 2003 at par.
1994 Series A	5,835,000	2,495,000	3.4% – 5.875%	Term bonds subject to mandatory redemption 2004 – 2014. Serial bonds totaling \$315,000 from 2007 – 2014 were refunded by the 2006A bond issue.	After 2004 at par.
1996 Series A	6,385,000	3,735,000	3.7% – 5.45%	Serial Bonds through 2010, term bonds subject to redemption 2011 – 2016.	After 2006 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Operations Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
1997 Series A	9,725,000	3,340,000	4.1% – 5.6%	Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2017. Various bonds totaling \$3,060,000 from 2008 – 2017 were refunded by the 2006A bond issue.	2007 – 2008 at 101% of par, 2008 – 2009 at 100.5% of par, after 2009 at par.
1997 Series B	12,500,000	7,320,000	3.8% – 4.9%	Serial Bonds through 2010, term bonds subject to mandatory redemption in 2011 and 2012.	2008 – 2009 at 101%, after 2009 at par.
1998 Series A	8,765,000	5,580,000	3.35% – 4.88%	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.
1998 Series B	13,850,000	9,290,000	3.35% – 4.75%	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.
2000 Series A	24,110,000	11,560,000	4.3% – 5.8%	Serial Bonds through 2017, term bonds subject to mandatory redemption in 2018 through 2020. Various bonds totaling \$10,245,000 from 2011 to 2020 were refunded by the 2006A bond issue.	2011 – 2020 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Operations Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
2001 Series A	15,510,000	14,145,000	3.9% – 4.875%	Serial Bonds through 2016, term bonds subject to mandatory redemption in 2017 through 2023.	2012 – 2023 at par.
2002 Series A	14,615,000	13,945,000	1.3% – 5.375%	Serial Bonds through 2022, term bonds subject to mandatory redemption in 2019 through 2020.	2013 – 2022 at par.
2003 Series A	9,610,000	9,180,000	2.0% – 4.50%	Serial Bonds through 2023.	2014 – 2023 at par.
2006 Series A	<u>13,970,000</u>	<u>13,970,000</u>	3.75% – 5.00%	Serial Bonds through 2019.	The bonds are not subject to early redemption.
Total Small Water Resources Program Revenue Bonds	<u>156,285,000</u>	<u>98,245,000</u>			
Water Revenue Bonds Program					
1998 Taxable Rio Blanco Water Conservancy District	3,140,000	1,815,000	6.0% – 7.125%	Serial Bonds through 2013.	2009 – 2010 at 101%, after 2010 at par.
2003 Series A	13,800,000	12,270,000	2.0% – 4.125%	Serial Bonds through 2024.	2014 – 2024 at par.
2003 Series B	3,960,000	2,040,000	2.0% – 2.125%	Serial Bonds through 2009.	The bonds are not subject to early redemption.
2004 Series A	14,500,000	13,345,000	2.0% – 5.0%	Serial Bonds through 2024.	2014 – 2024 at par.
2004 Series B	19,715,000	19,705,000	3.0% – 5.0%	Serial Bonds through 2017.	2014 – 2017 at par.
2004 Series C	19,695,000	17,965,000	3.0% – 5.5%	Serial Bonds through 2015.	2014 – 2015 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Operations Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
2004 Series D	105,420,000	103,465,000	1.6% – 5.25%	Serial Bonds through 2026, term bonds subject to mandatory redemption 2027 – 2043.	2014 – 2015 at par.
2004 Series E	3,540,000	3,275,000	2.0% – 4.54%	Serial Bonds through 2024.	2014 – 2024 at par.
2005 Series A	53,970,000	53,115,000	3.0% – 5.5%	Serial Bonds through 2032, term bonds subject to mandatory redemption 2033 – 2035.	2016 – 2035 at par.
2005 Series B	2,300,000	2,220,000	3.0% – 4.625%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2020 – 2025.	2015 – 2025 at par.
2005 Series C	8,170,000	8,020,000	2.85% – 5.0%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2020 – 2035.	2016 – 2035 at par.
2005 Series D	100,000,000	100,000,000	3.2% – 5.0%	Serial Bonds 2011 – 2025, term bonds subject to mandatory redemption 2027 – 2035.	2016 – 2035 at par.
2005 Series E	26,270,000	26,270,000	4.375% – 5.0%	Serial Bonds 2023 – 2024, term bonds subject to mandatory redemption 2035.	2016 – 2035 at par.
2005 Series F	<u>3,690,000</u>	<u>3,590,000</u>	4.0% – 4.5%	Serial Bonds through 2024.	2016 – 2024 at par.
Total Water Revenue Bonds Payable	<u>378,170,000</u>	<u>367,095,000</u>			
Total Water Operations Fund	<u>\$ 534,455,000</u>	<u>\$ 465,340,000</u>			

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Pollution Control Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
Clean Water Revenue Bonds					
Clean Water 1989 Series A (Denver Southeast Suburban Water and Sanitation District)	\$ 6,905,000	\$ 240,000	5.95% – 7.0%	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.
Clean Water 1990 Series A (Town of Castle Rock)	3,890,000	80,000	6.25% – 7.4%	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.
Clean Water 1991 Series A (City of Englewood – City of Littleton)	22,915,000	1,055,000	5.75% – 7.0%	Serial Bonds through 2007, term bonds subject to mandatory 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.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Pollution Control Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
Clean Water 1991 Series B (Metro Wastewater Reclamation District)	19,685,000	695,000	4.8% – 6.9%	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.
Clean Water 1992 Series A (City of Fort Lupton, Frisco Sanitation District, and Eagle River Water and Sanitation District)	15,200,000	435,000	4.15% – 6.25%	Term bonds subject to mandatory redemptions 2005 – 2007 and 2008 – 2013. \$8,725,000 of bonds maturity in 2003 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2004 at par.
Clean Water 1992 Series B (City of Fort Collins and City of Longmont)	25,785,000	1,265,000	3.75% – 6.0%	Term bonds subject to mandatory redemption 2007 – 2009 and 2010 – 2014. \$14,355,000 of bonds maturing in 2003 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2004 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Pollution Control Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
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	700,000	3.8% – 6.3%	Serial Bonds through 2008, term bonds subject to mandatory redemption 2009 – 2011 and 2012 – 2014. \$13,945,000 of bonds maturing in 2004 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2004 at par.
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	1,055,000	4.1% – 5.85%	Serial Bonds through 2009, term bonds subject to mandatory redemption 2010 – 2012 and 2013 – 2015. \$14,485,000 of bonds maturing in 2005 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2005 at par.
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	310,000	4.25% – 5.9%	Serial Bonds 1998 through 2008, term bonds subject to mandatory redemption 2009 – 2011 and 2012 – 2016. \$2,710,000 of bonds maturing in 2007 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2006 – 2007 at 101% of par, 2007 – 2008 at 100.5% of par, after 2008 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Pollution Control Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
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	4,365,000	4.05% – 5.8%	Serial Bonds through 2011, term bonds subject to mandatory redemption 2012 – 2015 and 2016 – 2017. \$14,675,000 of bonds maturing in 2008 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2007 – 2008 at 102% of par, 2008 – 2009 at 101% of par, after 2009 at par.
Clean Water 1998 Series A (Eagle River Water and Sanitation District, City of Trinidad, City of Westminster, Buena Vista Sanitation District, and City of Evans)	31,190,000	4,625,000	3.7% – 5.125%	Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2018. \$15,375,000 of bonds maturing in 2009 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2009 at par.
Clean Water 1998 Series B (City of Colorado Springs)	20,810,000	2,770,000	3.7% – 5.375%	Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2016 and 2017 – 2019. \$13,630,000 of bonds maturing in 2009 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2009 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Pollution Control Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
Clean Water 1999 Series A (City of Aurora, Fremont Sanitation District, Grand County Water and Sanitation District, and City of Steamboat Springs)	39,220,000	7,745,000	4.25% – 5.25%	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. \$15,435,000 of bonds maturing in 2010 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2009 at par.
Clean Water 2000 Series A (Parker Water and Sanitation District, Summit County, and Three Lakes Water and Sanitation District)	33,575,000	7,730,000	5.0% – 6.25%	Serial Bonds through 2013, term bonds subject to mandatory redemption in 2014 through 2020. \$17,900,000 of bonds maturing in 2011 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2011 – 2020 at par.
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, and City of Steamboat Springs)	69,710,000	19,510,000	4.0% – 5.625%	Serial Bonds through 2019, term bonds subject to mandatory redemption in 2020 through 2021. \$37,250,000 of bonds maturing in 2012 and thereafter were refunded with the issuance of the 2005 Series A-2 Wastewater Revolving Fund Refunding Revenue Bonds.	2012 – 2021 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Pollution Control Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
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, and Winter Park West Water and Sanitation District)	55,310,000	47,640,000	3.0% – 5.25%	Serial Bonds through 2021, term bonds subject to mandatory redemption in 2002 through 2024.	2013 – 2021 at par.
Clean Water 2002 Series B (Denver SE Water and Sanitation District, Parker Water and Sanitation District, and Plum Creek Wastewater Authority)	23,435,000	20,990,000	2.0% – 4.75%	Serial Bonds through 2023, term bonds subject to mandatory redemption in 2024 through 2025.	2013 – 2023 at par.
Clean Water 2003 Series A (City of Pueblo, Colorado City Metropolitan District, and Town of Milliken)	14,750,000	13,275,000	2.0% – 4.5%	Serial Bonds through 2024.	2014 – 2024 at par.
Clean Water 2004 Series A (Town of Berthoud, City of Englewood, and City of Littleton)	57,710,000	57,490,000	2.0% – 5.0%	Serial Bonds through 2025.	2014 – 2025 at par.
Clean Water 2005 Series A (Town of Breckenridge, Denver Southeast Suburban Water and Sanitation District, Town of Eaton, Plum Creek Wastewater Authority, Roxborough Park Metropolitan District, and City of Westminster)	40,090,000	38,715,000	4.0% – 5.0%	Serial Bonds through 2027.	2016 – 2027 at par.
Clean Water 2005 Series B (Breckenridge Sanitation District and City of Glendale)	17,350,000	16,640,000	2.8% – 4.5%	Serial Bonds through 2027.	2016 – 2027 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Water Pollution Control Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
Clean Water 2006 Series A (Clifton Water & Sanitation District #2, Donala Water & Sanitation District, Granby Sanitation District and Triview Metropolitan District)	23,270,000	23,270,000	4.25% – 5.0%	Series Bonds through 2027.	2017 – 2027 at par.
Clean Water 2006 Series B (Cherokee Water & Sanitation District)	<u>14,195,000</u>	<u>14,195,000</u>	4.0% – 4.375%	Serial Bonds through 2025, term bond subject to mandatory redemption in 2026 and 2027.	2017 – 2027 at par.
Total WPCRF Clean Water Revenue Bonds payable	<u>620,345,000</u>	<u>284,795,000</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	17,085,000	3.5% – 6.0%	Series Bonds 1997 through 2012.	The bonds are not subject to early redemption.
Revenue Bonds 2001 Series A (Partial refunding of the following Clean Water Bonds: 1992A, 1992B, 1994A, and 1995A)	51,620,000	38,450,000	3.0% – 5.25%	Serial Bonds through 2015.	The bonds are not subject to early redemption.
Revenue Bonds 2004 Series A (Partial refunding of the following Clean Water Bonds: 1996A, 1997B, and 2000A)	36,705,000	35,800,000	3.0% – 5.0%	Serial Bonds through 2020.	2015 – 2020 at par.
Revenue Bonds 2005 Series A and A-2 (Partial refunding of the following Clean Water Bonds: 1998A, 1998B, 1999A, and 2001A)	<u>78,865,000</u>	<u>78,040,000</u>	3.0% – 5.25%	Serial Bonds through 2021.	The bonds are not subject to early redemption.
Total Water Pollution Control Revolving Fund	<u>816,485,000</u>	<u>454,170,000</u>			

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Drinking Water Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
Drinking Water Revenue Bonds – Series 1997A (Arapahoe Estates Water District, City of Englewood, and City of Fort Collins)	24,095,000	15,690,000	3.8% – 5.3%	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.
Drinking Water Revenue Bonds Series 1998A (Town of Buena Vista and City of Fort Morgan)	15,205,000	10,640,000	3.85% – 5.0%	Serial Bonds from 2008 – 2010, term bonds subject to mandatory redemption in 2007, 2011 – 2015, and 2016 – 2019.	2008 – 2009 at 101% of par, after 2009 at par.
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, and Left Hand Water District)	46,855,000	31,435,000	3.25% – 5.0%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2018 – 2019.	September 1, 2009 – August 31, 2010 at 101% of par, September 1, 2010 – August 31, 2011 at 100.5% of par, September 1, 2011 and thereafter at par.
Drinking Water Revenue Bonds Series 2000A (Evergreen Metropolitan District, Fountain Valley Authority, Town of Limon, Pueblo Board of Waterworks, and City of Westminster)	36,110,000	8,275,000	4.8% – 5.75%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2018 – 2022. \$20,535,000 of bonds maturing in 2011 and thereafter were refunded with the issuance of the 2005 Series A Drinking Water Revolving Fund Refunding Revenue Bonds.	2011 – 2022 at par.
Drinking Water Revenue Bonds Series 2002A (Evergreen Metro. District, City of Grand Junction, City of Idaho Springs, and City of La Junta)	16,320,000	14,055,000	3.0% – 5.125%	Serial Bonds through 2020, term bonds subject to mandatory redemption 2021 – 2022.	2013 – 2020 at par.

**Colorado Water Resources
and Power Development Authority**
Schedule of Bonds Payable – By Issue
December 31, 2006

Drinking Water Revolving Fund	Original Issue Amount	Current Amount Outstanding	Interest Rate	Due Dates	Early Redemption
Drinking Water Revenue Bonds Series 2003A (City of Longmont, Town of Lyons, and Fountain Valley Authority)	20,835,000	19,875,000	2.0% – 4.25%	Serial Bonds through 2024.	2014 – 2024 at par.
Drinking Water Revenue Bonds Series 2003B (City of Florence)	11,695,000	11,680,000	3.25% – 4.75%	Serial Bonds through 2025.	2014 – 2025 at par.
Drinking Water Revenue Bonds Series 2006A (City of Craig and Little Thompson Water District)	11,275,000	11,275,000	4.0% – 5.0%	Serial Bonds through 2027, term bond subject to mandatory redemption in 2025 and 2026.	2017 – 2027 at par.
Drinking Water Revenue Bonds Series 2006B (City of Alamosa, Arapahoe County Water & Wastewater PID, Cottonwood Water & Sanitation District, and Town of Palisade)	<u>38,045,000</u>	<u>38,045,000</u>	4.0% – 5.0%	Serial Bonds through 2024, term bonds subject to mandatory redemption in 2025 through 2028.	2017 – 2028 at par.
Total DWRF Clean Water Revenue Bonds payable	<u>220,435,000</u>	<u>160,970,000</u>			
Drinking Water Revolving Fund Refunding Revenue Bonds 2005 Series A (Partial Refunding of the Drinking Water Revolving Fund Revenue Bonds Series 2000A)	<u>20,305,000</u>	<u>20,125,000</u>	3.0% – 5.5%	Serial Bonds through 2022.	The bonds are not subject to early redemption.
Total Drinking Water Revolving Fund	<u>\$ 240,740,000</u>	<u>\$ 181,095,000</u>			

Colorado Water Resources and Power Development Authority

Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Investment Type December 31, 2006

	Cash	Cash Held by State Treasurer	Treasury Money Market Funds	COLOTRUST Local Government Investment Pool	U.S. Treasury Notes – SLGS	U.S. Treasury Bills, Notes and Bonds (Fair Value)	Repurchase Agreements	Total Cash and Investments by Bond Issue
Water Operations Fund								
Small Water Resources Projects Program Debt Service Reserve Fund	\$ —	\$ —	\$ —	\$ 8,947,514	\$ —	\$ —	\$ —	\$ 8,947,514
Small Water Resources Projects Bonded Funds	—	—	—	2,276,539	—	—	—	2,276,539
Water Revenue Bonds Program Animas-La Plata Account	—	3,277,664	—	88,349,413	—	—	28,329,808	116,679,221
Authority Operating	<u>211,045</u>	<u>52,183,878</u>	<u>—</u>	<u>4,270,062</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>56,664,985</u>
Subtotal – Water Operations Fund	<u>211,045</u>	<u>55,461,542</u>	<u>—</u>	<u>103,843,528</u>	<u>—</u>	<u>—</u>	<u>28,329,808</u>	<u>187,845,923</u>
Water Pollution Control Revolving Fund								
Clean Water Revenue Bonds, 1989 Series A	—	—	—	840,316	1,439,900	—	—	2,280,216
Clean Water Revenue Bonds, 1990 Series A	—	—	—	401,977	396,300	—	—	798,277
Clean Water Revenue Bonds, 1991 Series A	—	—	—	42,721	3,865,700	2,517,864	809,350	7,235,635
Clean Water Revenue Bonds, 1991 Series B	—	—	—	728,141	2,573,700	2,206,667	—	5,508,508
Clean Water Revenue Bonds, 1992 Series A	—	—	—	540,782	497,000	1,520,620	—	2,558,402
Clean Water Revenue Bonds, 1992 Series B	—	—	—	559,013	3,044,600	2,784,277	—	6,387,890
Clean Water Revenue Bonds, 1994 Series A	—	—	—	210,333	—	—	3,342,763	3,553,096
Clean Water Revenue Bonds, 1995 Series A	—	—	—	296,753	—	—	4,359,341	4,656,094

Colorado Water Resources and Power Development Authority

Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Investment Type December 31, 2006

	Cash	Cash Held by State Treasurer	Treasury Money Market Funds	COLOTRUST Local Government Investment Pool	U.S. Treasury Notes – SLGS	U.S. Treasury Bills, Notes and Bonds (Fair Value)	Repurchase Agreements	Total Cash and Investments by Bond Issue
Clean Water Revenue Bonds, 1996 Series A	—	—	—	151,987	—	—	1,020,710	1,172,697
Refunding Revenue Bonds, 1996 Series A	—	—	—	664,930	—	—	—	664,930
Clean Water Revenue Bonds, 1997 Series A	—	—	—	437,032	—	—	6,024,136	6,461,168
Clean Water Revenue Bonds, 1998 Series A	—	—	—	455,100	—	—	7,334,637	7,789,737
Clean Water Revenue Bonds, 1998 Series B	—	—	—	232,850	—	—	5,494,000	5,726,850
Clean Water Revenue Bonds, 1999 Series A	—	—	—	1,386,031	—	—	8,736,596	10,122,627
Clean Water Revenue Bonds, 2000 Series A	—	—	—	312,799	—	—	7,917,080	8,229,879
Clean Water Revenue Bonds, 2001 Series A	—	—	—	1,152,929	—	—	21,037,758	22,190,687
Refunding Revenue Bonds, 2001 Series A	—	—	—	2,412,570	2,245,468	—	—	4,658,038
Clean Water Revenue Bonds, 2002 Series A	—	—	—	1,270,493	—	—	18,740,213	20,010,706
Clean Water Revenue Bonds, 2002 Series B	—	—	—	13,701	—	—	9,441,533	9,455,234
Clean Water Revenue Bonds, 2003 Series A	—	—	—	652,197	—	—	6,149,763	6,801,960
Clean Water Revenue Bonds, 2004 Series A	—	—	—	771,855	—	—	32,132,403	32,904,258
Refunding Revenue Bonds, 2004 Series A	—	—	—	293,291	696,036	—	—	989,327
Clean Water Revenue Bonds, 2005 Series A	—	—	—	1,098,258	—	—	24,312,342	25,410,600
Clean Water Revenue Bonds, 2005 Series B	—	—	—	181,023	—	—	17,839,019	18,020,042
Refunding Revenue Bonds, 2005 Series A and A2	—	—	—	506,447	—	—	—	506,447

Colorado Water Resources and Power Development Authority

Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Investment Type December 31, 2006

	Cash	Cash Held by State Treasurer	Treasury Money Market Funds	COLOTRUST Local Government Investment Pool	U.S. Treasury Notes – SLGS	U.S. Treasury Bills, Notes and Bonds (Fair Value)	Repurchase Agreements	Total Cash and Investments by Bond Issue
Clean Water Revenue Bonds, 2006 Series A	—	—	—	64,949	—	—	27,548,975	27,613,924
Clean Water Revenue Bonds, 2006 Series B	—	—	—	98,178	—	—	15,000,000	15,098,178
Direct Loan Project Accounts	—	—	—	7,392,220	—	—	—	7,392,220
WPCRF State Match Holding Account	—	337,745	—	—	—	—	—	337,745
Direct Loan Surplus Matching Account	—	—	—	497,514	—	—	—	497,514
CWSRF Reloan Account	—	—	—	11,311,052	—	—	—	11,311,052
WPCRF Administrative Fee Account	—	—	—	1,259,868	—	—	—	1,259,868
Subtotal – Water Pollution Control Revolving Fund	—	337,745	—	36,237,310	14,758,704	9,029,428	217,240,619	277,603,806
Drinking Water Revolving Fund								
Drinking Water Revenue Bonds, 1997 Series A	—	—	—	915,265	—	—	6,096,526	7,011,791
Drinking Water Revenue Bonds, 1998 Series A	—	—	—	652,762	—	—	4,842,364	5,495,126
Drinking Water Revenue Bonds, 1999 Series A	—	—	—	963,363	—	—	11,572,210	12,535,573
Drinking Water Revenue Bonds, 2000 Series A	—	—	—	481,879	—	—	9,593,987	10,075,866
Drinking Water Revenue Bonds, 2002 Series A	—	—	—	100,345	—	—	5,205,544	5,305,889
Drinking Water Revenue Bonds, 2003 Series A	—	—	—	568,944	—	—	9,196,610	9,765,554
Drinking Water Revenue Bonds, 2003 Series B	—	—	—	490,713	—	—	5,495,443	5,986,156
Refunding Revenue Bonds, 2005 Series A	—	—	—	367,552	—	—	—	367,552

Colorado Water Resources and Power Development Authority

Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Investment Type December 31, 2006

	Cash	Cash Held by State Treasurer	Treasury Money Market Funds	COLOTRUST Local Government Investment Pool	U.S. Treasury Notes – SLGS	U.S. Treasury Bills, Notes and Bonds (Fair Value)	Repurchase Agreements	Total Cash and Investments by Bond Issue
Drinking Water Revenue Bonds, 2006 Series A	—	—	—	111,916	—	—	8,973,262	9,085,178
Drinking Water Revenue Bonds, 2006 Series B	—	—	—	125,242	—	—	42,550,000	42,675,242
Federal Direct Loan Project, Accounts	—	—	—	5,851,430	—	—	—	5,851,430
Drinking Water Funding Account	—	2,135,749	—	—	—	—	—	2,135,749
Drinking Water State Match Holding Account	—	2,877,661	—	—	—	—	—	2,877,661
State Direct Loan Surplus Matching Account	—	—	—	118,516	—	—	—	118,516
State Direct Loan Reloan Account	—	—	—	836,425	—	—	—	836,425
State Direct Loan Administrative Fee Account	—	—	—	108,246	—	—	—	108,246
Federal Direct Loan Surplus Matching Account	—	—	—	449,827	—	—	—	449,827
DWRF Reloan Account	—	—	—	6,674,678	—	—	—	6,674,678
DWRF Administrative Fee Account	—	—	—	4,830,890	—	—	—	4,830,890
Subtotal – Drinking Water Revolving Fund	<u>—</u>	<u>5,013,410</u>	<u>—</u>	<u>23,647,993</u>	<u>—</u>	<u>—</u>	<u>103,525,946</u>	<u>132,187,349</u>
Colorado Water Resources and Power Development Authority – Total Cash and Investments	<u>\$ 211,045</u>	<u>\$ 60,812,697</u>	<u>\$ —</u>	<u>\$ 163,728,831</u>	<u>\$ 14,758,704</u>	<u>\$ 9,029,428</u>	<u>\$ 349,096,373</u>	<u>\$ 597,637,078</u>

Colorado Water Resources and Power Development Authority

Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Account Type December 31, 2006

	Rebate Accounts	SWRP Revenue or Debt Service Funds	Debt Service Reserve Funds	Project Accounts	DWRP 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	\$ —	\$ —	\$ 8,947,514	\$ —	\$ —	\$ —	\$ —	\$ 8,947,514
Small Water Resources Projects Bonded Funds	184,918	1,690,258	—	324,386	—	76,975	2	2,276,539
Water Revenue Bonds Program Animas-La Plata Account Authority Operating	—	857,801	1,870,913	113,950,507	—	—	3,277,664	116,679,221
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>56,664,985</u>	<u>3,277,664</u>
Subtotal – Water Operations Fund	<u>184,918</u>	<u>2,548,059</u>	<u>10,818,427</u>	<u>114,274,893</u>	<u>—</u>	<u>76,975</u>	<u>59,942,651</u>	<u>187,845,923</u>
Water Pollution Control Revolving Fund								
Clean Water Revenue Bonds, 1989 Series A	—	310	—	—	2,279,906	—	—	2,280,216
Clean Water Revenue Bonds, 1990 Series A	—	119	—	—	798,158	—	—	798,277
Clean Water Revenue Bonds, 1991 Series A	—	1,019	—	—	7,234,616	—	—	7,235,635
Clean Water Revenue Bonds, 1991 Series B	7,980	854	—	—	5,499,674	—	—	5,508,508
Clean Water Revenue Bonds, 1992 Series A	—	323	—	—	2,558,079	—	—	2,558,402
Clean Water Revenue Bonds, 1992 Series B	—	747	—	—	6,387,143	—	—	6,387,890
Clean Water Revenue Bonds, 1994 Series A	142,373	14,235	—	—	3,396,488	—	—	3,553,096
Clean Water Revenue Bonds, 1995 Series A	295,919	451	—	—	4,359,724	—	—	4,656,094

Colorado Water Resources and Power Development Authority

Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Account Type December 31, 2006

	Rebate Accounts	SWRP Revenue or Debt Service Funds	Debt Service Reserve Funds	Project Accounts	DWRP and WPCRF Matching Accounts	Cost of Issuance Accounts	Other Accounts	Total Cash and Investments by Bond Issue
Clean Water Revenue Bonds, 1996 Series A	98,481	687	—	—	1,073,529	—	—	1,172,697
Refunding Revenue Bonds, 1996 Series A	1,360	663,570	—	—	—	—	—	664,930
Clean Water Revenue Bonds, 1997 Series A	429,512	—	—	—	6,031,656	—	—	6,461,168
Clean Water Revenue Bonds, 1998 Series A	353,454	85,773	—	—	7,350,510	—	—	7,789,737
Clean Water Revenue Bonds, 1998 Series B	229,408	—	—	—	5,497,442	—	—	5,726,850
Clean Water Revenue Bonds, 1999 Series A	1,072,801	—	—	—	9,049,826	—	—	10,122,627
Clean Water Revenue Bonds, 2000 Series A	306,033	—	—	—	7,923,846	—	—	8,229,879
Clean Water Revenue Bonds, 2001 Series A	452,983	199,914	—	193,081	21,344,709	—	—	22,190,687
Refunding Revenue Bonds, 2001 Series A	—	4,658,038	—	—	—	—	—	4,658,038
Clean Water Revenue Bonds, 2002 Series A	587,714	98,312	—	—	19,324,680	—	—	20,010,706
Clean Water Revenue Bonds, 2002 Series B	8,399	—	—	—	9,446,835	—	—	9,455,234
Clean Water Revenue Bonds, 2003 Series A	23,585	10,387	—	603,117	6,164,871	—	—	6,801,960
Clean Water Revenue Bonds, 2004 Series A	123,589	1,560	—	17,191,093	15,588,016	—	—	32,904,258
Refunding Revenue Bonds, 2004 Series A	—	989,327	—	—	—	—	—	989,327
Clean Water Revenue Bonds, 2005 Series A	110,818	499,527	—	5,512,808	19,287,447	—	—	25,410,600
Clean Water Revenue Bonds, 2005 Series B	18,483	517	—	12,000,591	6,000,451	—	—	18,020,042
Refunding Revenue Bonds, 2005 Series A and A2	—	506,447	—	—	—	—	—	506,447
Clean Water Revenue Bonds, 2006 Series A	57,643	—	—	22,200,278	5,356,003	—	—	27,613,924

Colorado Water Resources and Power Development Authority

Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Account Type December 31, 2006

	Rebate Accounts	SWRP Revenue or Debt Service Funds	Debt Service Reserve Funds	Project Accounts	DWRP and WPCRF Matching Accounts	Cost of Issuance Accounts	Other Accounts	Total Cash and Investments by Bond Issue
Clean Water Revenue Bonds, Series B	—	149	—	15,000,000	—	98,029	—	15,098,178
Direct Loan Project Accounts	—	—	—	7,392,220	—	—	—	7,392,220
WPCRF State Match Holding Account	—	—	—	—	—	—	337,745	337,745
Direct Loan Surplus Matching Account	—	—	—	—	—	—	497,514	497,514
CWSRF Reloan Account	—	—	—	—	—	—	11,311,052	11,311,052
WPCRF Administrative Fee Account	—	—	—	—	—	—	1,259,868	1,259,868
Subtotal – Water Pollution Control Revolving Fund	<u>4,320,535</u>	<u>7,732,266</u>	<u>—</u>	<u>80,093,188</u>	<u>171,953,609</u>	<u>98,029</u>	<u>13,406,179</u>	<u>277,603,806</u>
Drinking Water Revolving Fund								
Drinking Water Revenue Bonds, 1997 Series A	264,405	603,032	—	—	6,144,354	—	—	7,011,791
Drinking Water Revenue Bonds, 1998 Series A	162,063	453,172	—	—	4,879,891	—	—	5,495,126
Drinking Water Revenue Bonds, 1999 Series A	390,154	527,695	—	—	11,617,724	—	—	12,535,573
Drinking Water Revenue Bonds, 2000 Series A	341,500	106,545	—	—	9,627,821	—	—	10,075,866
Drinking Water Revenue Bonds, 2002 Series A	95,212	—	—	—	5,210,677	—	—	5,305,889
Drinking Water Revenue Bonds, 2003 Series A	77,582	8,452	—	416,220	9,263,299	—	1	9,765,554
Drinking Water Revenue Bonds, 2003 Series B	73,719	386,289	—	—	5,526,148	—	—	5,986,156
Refunding Revenue Bonds, 2005 Series A	—	367,552	—	—	—	—	—	367,552
Drinking Water Revenue Bonds, 2006 Series A	21,292	68,710	—	6,551,564	2,443,612	—	—	9,085,178
Drinking Water Revenue Bonds, 2006 Series B	—	—	—	42,550,000	—	125,242	—	42,675,242

Colorado Water Resources and Power Development Authority

Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Account Type December 31, 2006

	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
Federal Direct Loan Project, Accounts	—	—	—	5,851,430	—	—	—	5,851,430
Drinking Water Funding Account	—	—	—	—	—	—	2,135,749	2,135,749
Drinking Water State Match Holding Account	—	—	—	—	—	—	2,877,661	2,877,661
State Direct Loan Surplus Matching Account	—	—	—	—	—	—	118,516	118,516
State Direct Loan Reloan Account	—	—	—	—	—	—	836,425	836,425
State Direct Loan Administrative Fee Account	—	—	—	—	—	—	108,246	108,246
Federal Direct Loan Surplus Matching Account	—	—	—	—	—	—	449,827	449,827
DWRF Reloan Account	—	—	—	—	—	—	6,674,678	6,674,678
DWRF Administrative Fee Account	—	—	—	—	—	—	4,830,890	4,830,890
Subtotal – Drinking Water Revolving Fund	<u>1,425,927</u>	<u>2,521,447</u>	<u>—</u>	<u>55,369,214</u>	<u>54,713,526</u>	<u>125,242</u>	<u>18,031,993</u>	<u>132,187,349</u>
Colorado Water Resources and Power Development Authority – Total Cash and Investments	<u>\$ 5,931,380</u>	<u>\$ 12,801,772</u>	<u>\$ 10,818,427</u>	<u>\$ 249,737,295</u>	<u>\$ 226,667,135</u>	<u>\$ 300,246</u>	<u>\$ 91,380,823</u>	<u>\$ 597,637,078</u>

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**Reports Required By
OMB Circular A-133**



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

Board of Directors
Colorado Water Resources and
Power Development Authority
Denver, Colorado

We have audited the financial statements of each major fund of Colorado Water Resources and Power Development Authority (the Authority), a component unit of the State of Colorado, as of and for the year ended December 31, 2006 and have issued our report thereon dated April 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

The Board of Directors
Colorado Water Resources and
Power Development Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Authority's management in a separate letter dated April 10, 2007.

This report is intended solely for the information and use of the governing body, management and others within the Authority and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

\s\ **BKD, LLP**

April 10, 2007



Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs

Board of Directors
Colorado Water Resources and
Power Development Authority
Denver, Colorado

Compliance

We have audited the compliance of 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 each of its major federal programs for the year ended December 31, 2006. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the compliance of the Authority 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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 each of its major federal programs for the year ended December 31, 2006.

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.

The Board of Directors
Colorado Water Resources and
Power Development Authority

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 reportable 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 caused by error or fraud 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 governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

\s\ **BKD, LLP**

April 10, 2007

**Colorado Water Resources
and Power Development Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2006**

Grantor Program Title	Federal CFDA Number	Grant Award	Accrued January 1, 2006	Receipts	Expenditures	Accrued December 31, 2006
U.S. Environmental Protection Agency						
Title VI Water Pollution Control Revolving Fund						
2003 Grant	66.458	\$ 17,261,251	\$ 3,368,737	\$ 4,700,658	\$ 1,331,921	\$ —
2004 Grant	66.458	10,601,019	—	7,002,415	7,961,364	958,949
2005 Grant	66.458	8,606,700	—	—	—	—
2006 Grant	66.458	6,975,400	—	—	—	—
Total federal awards – WPCRF			<u>3,368,737</u>	<u>11,703,073</u>	<u>9,293,285</u>	<u>958,949</u>
Drinking Water Revolving Fund						
2001 Grant	66.468	10,480,300	46,511	133,421	86,910	—
2002 Grant	66.468	13,323,000	50,753	765,031	744,633	30,355
2003 Grant	66.468	6,576,333	58,921	853,872	1,051,081	256,130
2004 Grant	66.468	13,737,700	122,313	2,948,190	3,805,153	979,276
2005 Grant	66.468	13,708,600	—	682,820	792,856	110,036
2006 Grant	66.468	14,497,300	—	—	—	—
Total federal awards – DWRF			<u>278,498</u>	<u>5,383,334</u>	<u>6,480,633</u>	<u>1,375,797</u>
Total federal awards			<u>\$ 3,647,235</u>	<u>\$ 17,086,407</u>	<u>\$ 15,773,918</u>	<u>\$ 2,334,746</u>

**Colorado Water Resources
and Power Development Authority**
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2006

Note 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*.

Note 2: Subrecipients

96% of the Title VI Water Pollution Control Revolving Fund (WPCRF) and 56% of the Drinking Water Revolving Fund (DWRF) grant expenditures was provided to subrecipients.

	<u>Federal Grants Provided to Subrecipients</u>
Water Pollution Control Revolving Fund Projects	
(CFDA 66.458)	
City of Aurora	\$ 45,185
City of Lafayette	29,635
Black Hawk – Central City Sanitation District	958,097
Town of Milliken	34,955
City of Pueblo	65,633
City of Englewood	2,919,516
City of Littleton	2,812,931
Town of Eaton	853,404
City of Glendale	46,251
Donala Water and Sanitation District	385,750
Granby Sanitation District	202,711
Triview Metropolitan District	<u>524,806</u>
	<u>8,878,874</u>
Drinking Water Revolving Fund Projects	
(CFDA 66.468)	
Town of Palisade	911,050
Fountain Valley Authority	72,837
Town of Lyons	217,671
Little Thompson Water District	<u>2,421,698</u>
	<u>3,623,256</u>
Total	<u>\$ 12,502,130</u>

**Colorado Water Resources
and Power Development Authority**
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2006

Note 3: Set Asides

For the year ended December 31, 2006, the following DWRF grant amounts were used for the set aside programs.

	<u>Set Aside Amount</u>
DWRF program year	
2001	\$ 86,910
2002	744,633
2003	1,051,081
2004	181,897
2005	792,856
2006	<u>—</u>
Total	<u>\$ 2,857,377</u>

**Colorado Water Resources
and Power Development Authority**
Schedule of Findings and Questioned Costs
Year Ended December 31, 2006

Part I – Summary of Auditors’ Results

1. The opinion(s) expressed in the independent accountants’ report was (were):
(Check each description that applies)
 Unqualified Qualified Adverse Disclaimed

2. The independent accountants’ report on internal control over financial reporting described:
 Reportable condition(s) noted considered material weakness(es)? Yes No
 Reportable condition(s) noted that are not considered to be a material weakness? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent accountants’ report on internal control over compliance with requirements applicable to major federal awards programs described:
 Reportable condition(s) noted considered material weakness(es)? Yes No
 Reportable condition(s) noted that are not considered to be a material weakness? Yes No

5. The opinion(s) expressed in the independent accountants’ report on compliance with requirements applicable to major federal awards was (were):
(Check each description that applies. If any other than unqualified apply, also list the name of each major program by the type of opinion applicable to that program.)
 Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

**Colorado Water Resources
and Power Development Authority**
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2006

7. The Authority's major programs were:

Cluster/Program	CFDA Number
Title VI Water Pollution Control Revolving Fund	66.458

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$473,217.
9. The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

**Colorado Water Resources
and Power Development Authority**
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2006

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
-----------------------------	----------------	-----------------------------

No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
-----------------------------	----------------	-----------------------------

No matters are reportable.

**Colorado Water Resources
and Power Development Authority**
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2006

Reference Number	Finding	Questioned Costs
-----------------------------	----------------	-----------------------------

No matters are reportable.

Attachment 5

Access Database Project Report and Forms Sample

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		
General Data	Project Amounts	Milestone Dates
Compliance	Borrower	Project Remarks
Project Number: 960033D		Project Name: <input type="text"/>
		Program Type: DWRF
General Data		
Borrower / Entity:	<input type="text" value="Florence, City of"/>	Project Description: <input type="text" value="Improve / Expand DWTP; Distribution / Tra"/>
Authorized Representative:	<input type="text" value="Patricia Mock"/>	Problem Description: <input type="text" value="Construction"/>
Borrower Category:	<input type="text"/>	DesChgDate: <input type="text" value="06/23/2003"/>
Date Application Received:	<input type="text" value="06/23/2003"/>	Authority Administrator: <input type="text"/>
Active Date:	<input type="text" value="04/11/2002"/> <input type="checkbox"/> Inactive	Consulting Engineer: <input type="text"/>
Project City:	<input type="text" value="Florence"/>	WQCD Project Administrator: <input type="text" value="Pate"/>
Project County:	<input type="text" value="Fremont"/>	WQCD Project Engineer: <input type="text" value="Talbot, Vrudny"/>
Project Body of Water ID:	<input type="text"/>	NPDES Number: <input type="text"/>
Watershed Basin:	<input type="text"/>	PWSID Number: <input type="text" value="122500"/>
Sub Basin:	<input type="text"/>	UWA Rank: <input type="text"/>
Segment:	<input type="text"/>	Eligibility List Category: <input type="text" value="3"/> Drinking Water Priority Points: <input type="text" value="60"/>
State House District:	<input type="text" value="60"/>	Add to Eligibility List: <input type="text" value="01/01/2004"/>
State Senate District:	<input type="text" value="2"/>	Remove from Eligibility List: <input type="text"/>
Congressional District:	<input type="text" value="5"/>	Water Conservation Plan Approved: <input type="text"/>
Population:	<input type="text" value="5,000"/>	
Number of SFEs:	<input type="text" value="3,437"/>	

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"/>	Authority P and D Grant	WQCD Grant
Loan Type: <input type="text" value="Leveraged"/>	Amount: <input type="text" value="\$10,000"/>	Amount: <input type="text"/>
Loan Amount: <input type="text" value="\$12,999,093"/>	Award Date: <input type="text" value="05/01/2003"/>	Award Date: <input type="text"/>
Interest Rate: <input type="text" value="3.5100%"/>	Expire Date: <input type="text" value="12/31/2003"/>	Expire Date: <input type="text"/>
Loan Term: <input type="text" value="22"/>	Contract #: <input type="text" value="Inc/Rate"/>	Contract #: <input type="text" value="Paid out"/>
Bond Series: <input type="text" value="2003B"/>	Federal Funding Amount: <input type="text" value="\$5,502,502"/>	
Loan Closing Date: <input type="text" value="11/01/2003"/>	Fed Grant or Loan: <input type="text" value="Grant"/>	
Loan Maturity Date: <input type="text" value="06/01/2025"/>	State Match Amount: <input type="text" value="\$1,304,093"/>	
Cost Categories:	Other Funding: <input type="text" value="Will need 3rd SRF loan in 2005"/>	
<input type="text"/>		

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"/>	
DW Priority Points Received from TSU:	<input type="text"/>	<input type="text"/>	
Loan Application Review Date:	<input type="text"/>	<input type="text"/>	
DW TMF Sent to DLG:	<input type="text"/>	<input type="text"/>	
DW TMF Rec'd from DLG:	<input type="text"/>	<input type="text"/>	
DW TMF Sent to TSU:	<input type="text"/>	<input type="text"/>	
DW TMF Rec'd from TSU:	<input type="text"/>	<input type="text"/>	
DW Final TMF Approval:	<input type="text"/>	<input type="text"/>	
Credit Report Rec'd from DLG:	<input type="text"/>	<input type="text"/>	
WW User Charge System Rec'd Date:	<input type="text" value="02/19/2002"/>	<input type="text"/>	Actual
WW Sewer Use Ordinance Rec'd Date:	<input type="text" value="02/19/2002"/>	<input type="text"/>	Actual
Draft Facility Plan Sent to TSU:	<input type="text"/>	<input type="text"/>	
Draft Facility Plan Rec'd from TSU:	<input type="text"/>	<input type="text"/>	
Public Meeting Date:	<input type="text" value="04/15/1996"/>	<input type="text"/>	Actual
Final Facility Plan/EA Sent to TSU:	<input type="text"/>	<input type="text"/>	
Final Facility Plan/EA Rec'd from TSU:	<input type="text"/>	<input type="text"/>	
CE/FNSI Publication:	<input type="text" value="04/12/2002"/>	<input type="text"/>	Actual
Facility Planning Document Approval:	<input type="text" value="04/09/2002"/>	<input type="text"/>	Actual
Authority Board Approval:	<input type="text"/>	<input type="text"/>	
Plans and Specs Sent to TSU:	<input type="text"/>	<input type="text"/>	
Plans and Specs Rec'd from TSU:	<input type="text"/>	<input type="text"/>	
WW Site Approval:	<input type="text" value="05/23/2002"/>	<input type="text"/>	Actual
Plans _Specs Approval:	<input type="text" value="03/14/2003"/>	<input type="text"/>	Actual
WW Plan of Operation Sent to TSU:	<input type="text"/>	<input type="text"/>	
WW Plan of Operation Rec'd from TSU:	<input type="text"/>	<input type="text"/>	
WW Plan of Operation Approval:	<input type="text" value="03/30/2005"/>	<input type="text"/>	Targeted
WW O and M Sent to TSU:	<input type="text" value="10/01/2004"/>	<input type="text"/>	Actual
WW O and M Rec'd from TSU:	<input type="text"/>	<input type="text"/>	
WW O and M Approval:	<input type="text" value="05/31/2005"/>	<input type="text"/>	Targeted
Construction Start:	<input type="text" value="04/14/2003"/>	<input type="text"/>	Actual
Construction Completion:	<input type="text" value="06/30/2005"/>	<input type="text"/>	Targeted
One-Year Certification:	<input type="text" value="06/30/2006"/>	<input type="text"/>	Targeted
Latest Inspection:	<input type="text" value="06/17/2003"/>	<input type="text"/>	Interim
Milestone Remarks:	<input type="text" value="Site application extension approved"/>		

Attachment 6

2007 Intended Use Plan

STATE OF COLORADO

2007

DRINKING WATER REVOLVING FUND

INTENDED USE PLAN

WQCC Approved: October 2006

Effective Date: January 1, 2007

**DWRF IUP
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**STATE OF COLORADO
DWRF INTENDED USE PLAN
JANUARY 1 - DECEMBER 31, 2007**

I. INTRODUCTION

As required by Section 1452(b) of the Safe Drinking Water Act (SDWA) and by Interim Final Regulations 40 CFR 35.3555 published August 7, 2000, an Intended Use Plan (IUP) is to be filed annually with the U.S. Environmental Protection Agency (EPA). The IUP describes how the State intends to use the Capitalization Grant and Drinking Water Revolving Fund (DWRF) to meet the objectives of the SDWA and further the goals of protecting public health. The IUP is made available to the public for review and comment prior to submitting it to the EPA as required by the capitalization grant agreement.

The purpose of the DWRF program is to provide financial assistance to governmental agencies for the construction of water projects for public health and compliance purposes as described in the DWRF Rules (Attachment 1), and 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.

This IUP serves as the planning document to describe how the funds allotted for Federal Fiscal Year (FFY) 2007 and the funds remaining from all prior federal fiscal years' capitalization grant appropriations will be used for the DWRF and non-project program set-asides. The DWRF fiscal year is January 1, 2007 to December 31, 2007. 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 (Authority), the Water Quality Control Division (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 helps to evaluate the 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 2007;
- ◆ 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 (WPCRF); and
- ◆ A description of the non-project activities to be funded from the DWRF Capitalization Grant including the percentage of such funds allocated to these activities.

The State will prepare and submit a capitalization grant application for FFY 2007 based on this IUP.

II. DRINKING WATER REVOLVING FUND PROJECT LISTS

States are required to develop a comprehensive priority list of eligible projects for funding and to identify projects that will receive funding. 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 that are primarily intended to serve future growth are not eligible. Examples of eligible and ineligible projects and project related costs are found in Attachment 2.

Appendix A to this IUP is the 2007 DWRF Project Eligibility List illustrating the various projects and their associated estimated costs as required by Colorado's authorizing statute. The DWRF Project Eligibility List includes, for each individual entry: the name of the public water system, a description of the project, population, the estimated cost of the project and a categorical ranking by priority as described in the DWRF Rules (included in Attachment 1).

Appendix B (DWRF Project Priority / Fundable List) is a list of the 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.

Projects are added and deleted from the DWRF Project Priority / Fundable List during the annual IUP approval process. Deletions to the list are made for those entities that received a DWRF loan and completed the project. In other cases, projects are deleted from the list when the entity is able to secure project funding from sources other than the DWRF. Projects that receive funding during the year that are not included on the currently DWRF Project Priority/Fundable List will be added to the list in the following year.

III. CRITERIA, METHODS AND EVALUATION FOR DWRF DISTRIBUTION

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 the DWRF projects that are forwarded to the Authority Board for funding.

Regarding the non-project activities, the WQCD prepares the capitalization grant application including the amount of funds to be set aside for activities documented in the IUP. The application is forwarded to the Authority for signature and submission to EPA. Section VII (Non-Project Activities) outlines the WQCD's proposed use of funds from the DWRF capitalization grant to meet various SDWA requirements.

A. Project Priority System

Colorado's project priority system is set forth in the DWRF Rules (Attachment 1). The Rules include the following categories by priority ranking:

Priority 1 Acute Health Hazard:

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

Priority 2 Chronic (Long Term) Health Hazard:

The WQCD has identified a continuous violation of an MCL or an SWTR treatment technique requirement for a chronic contaminant.

Priority 3 Potential Acute Health Hazard:

The public water system (PWS) has periodically exceeded an acute MCL, has levels greater than 50 percent 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.

Priority 4 Potential Chronic Health Hazard:

The PWS has periodically exceeded a chronic MCL, has levels greater than 50 percent of a chronic MCL on a regular basis, or has short-term problems meeting other treatment technique requirements.

Priority 5 Other Future Needs:

The PWS 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.

B. Priority Point Assignments Within Each Category

As provided in the DWRP Rules, once a pre-planning, planning, or pre-design document is received, projects within each category will be prioritized by the assignment of points based upon the review of the following factors:

- (1) Population
- (2) Financial Need
- (3) Consolidation
- (4) Water Conservation
- (5) Source Water Protection
- (6) Beneficial Use of Sludge
- (7) Health Risk.

Projects on the DWRP 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 DWRP or they have received funding from other sources.
- c) Governmental agencies (on the DWRP Project Eligibility or DWRP Priority / Fundable List) had an emergency situation during the funding year.
- d) Certain governmental agencies are not approved for funding because of technical, managerial or financial (TMF) deficiencies. Note: It is important that all PWS be managed and operated in an efficient and effective manner to ensure continued service of high quality, affordable water to their customers, now and in the future. The DWRP has established an EPA approved TMF capacity review and evaluation process to help systems understand this role and build the capacity where needed to properly serve their customers. Meeting these requirements for a loan will help the system ensure it will operate into the future with fewer difficulties, be financially secure, and be managed in the best interest of the water users. This will result in a PWS being considered an asset to its community rather than a future liability. The WQCD will attempt to work with the governmental entity to resolve any deficiencies through the capacity development program.

C. Application Deadlines

All leveraged loan projects must submit applications by February 1st. Depending on the demand and available loan capacity a second application date of July 1st may be set by the WQCD and the Authority for a fall bond issue. Both direct and leveraged loan applications will be accepted throughout the year based on the following Authority Board Meeting schedule. However, leveraged loans will not be executed until all applications received by the application deadline have been prioritized and determination that sufficient funds are available. If funds are not available to cover all requests, those projects not funded will be included in the next prioritization of applications.

Authority Board meetings and applications submittal dates are as follows:

December 1 for consideration at the Authority's January (third week) Board meeting.

February 1 for consideration at the Authority's March (first Friday) Board meeting. This is also the last application deadline for inclusion into project prioritization and funding in the spring bond issue and for all direct loan consideration.

March 1 for consideration at the Authority's April (third Friday) Board meeting.

May 1 for consideration at the Authority's June (first Friday) Board meeting.

July 1 for consideration at the Authority's August (usually the third Friday) Board meeting. This is also the last application deadline for inclusion into project prioritization and funding in the fall bond issue and for all direct loan consideration.

September 1 for consideration at the Authority's October (first Friday) Board meeting.

October 15 for consideration at the Authority's December (first Friday) Board meeting.

D. Allocation of Loan Proceeds

In addition to the DWRF Rules, the following policy will be applied to the allocation of loan proceeds:

1. Direct Loans

The Authority will budget \$8 million for direct loans of \$2 million or less. Of the \$8 million budgeted, up to \$6 million will be reserved for loans to qualified disadvantaged communities, as defined below.

In September of each year, loan repayments are deposited into the fund. These deposits, if not obligated for leveraged loans, can be made available for additional direct loans if the \$8 million budgeted is not adequate. If necessary, direct loans may be funded from capitalization grant funds.

2. Planning and Design Grants

The intent of the planning and design grants is to assist DWRF applicants with costs associated with complying with program requirements. To be eligible for a planning and/or design grant, a governmental agency must meet the following criteria:

- Project is on the current year DWRF Eligibility List, and
- Population is 10,000 or less and
- Median household income (MHI) is less than the state average (the 2000 MHI for the state is \$47,203), or
- Current or post project monthly water rates are equal to or greater than the state average as calculated by DLG.

Upon approval by the Authority Board, \$100,000 will be made available on January 1 for planning and/or design grants. One grant in the amount of \$10,000 will be awarded per community. However, if planning and design grant funds are available on September 1 of each year, an additional grant 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.

Grants will be awarded on a first come, first served basis. If the entity does not seek funding through the DWRF, they may be requested to repay the grant or seek a waiver of the repayment requirement from the Authority Board.

Grant funds may be used to support a variety of project development activities including, but not

limited to: preliminary engineering reports; technical, managerial and financial reviews; environmental assessments; engineering design documents and legal fees (including costs associated with the formation of a legal entity capable of receiving DWRf assistance.)

These funds are provided from the administrative fee account from income received from DWRf loans.

3. Disadvantaged Communities Loans

In accordance with federal statutes states are authorized to provide "loans at or below market interest rates, including interest free loans, and terms up to 30 years." Effective January 1, 2005, the DWRf implemented a Disadvantaged Communities Loan opportunity. A disadvantaged community is defined as a governmental agency that has a population of 5,000 or less with a median household income that is 80 percent or less of the statewide median household income..

DWRf re-loan funds will be the primary source of revenues used to fund Disadvantaged Community Loans. These funds are paid back by borrowers in the form of debt service payments on outstanding debt obligations. The loan pool amount for all DWRf direct loans is established at an \$8 million minimum. Of this direct loan pool amount, up to \$6 million will be reserved for loans to qualified disadvantaged communities. EPA capitalization grant funds in an amount not to exceed 30 percent of the annual capitalization grant may also be considered to underwrite loans in the event re-loan funds are not sufficient to meet demand. To the maximum extent practical and based on available data, projects eligible to receive the reduced interest rate will be identified on the Project Priority/Fundable List (Appendix B).

Median household income as a percentage of the statewide median household income will be used to distribute funding to governmental agencies that are disadvantaged in accordance with two categorical affordability tiers:

Category 1 - Disadvantaged communities with median household income levels that range from 61 to 80 percent of the statewide median household income qualifies for loans up to \$2 million per project. Loan terms up to 30 years, but not to exceed the project's design life, are permitted. The loan interest rate is established at 50 percent of the direct loan rate as set annually by the Authority Board for qualifying governmental agencies.

Category 2 - Disadvantaged communities with median household income levels that are less than 61 percent of the statewide median household income qualify for loans up to \$2 million per project. Loan terms up to 30 years, but not to exceed the project's design life, are permitted. The loan interest rate is established at 0 percent for qualifying governmental agencies.

Note: All loan requests exceeding the \$2 million direct loan limit will not be eligible for a Disadvantaged Community Loan.

E. Emergency Procedures

The Water Quality Control Commission (WQCC) may amend the DWRf Project Eligibility and DWRf Priority / Fundable Lists at any time throughout the year to include PWS projects that it determines and declares to be emergency projects needed to prevent or address threats to public health. In cases where the WQCC determines the amendments will result in substantial changes to the DWRf Project Eligibility or DWRf Priority / Fundable Lists, public notice and opportunity for comment on the proposed inclusions shall be provided.

F. 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. It is anticipated that at least 17 small systems (population less than 10,000) will be funded in 2007 for a total of \$32 million in DWRf loans.

To further the small system-funding goal in 2007, planning and/or design grants will be made available to assist small systems in meeting some of the requirements of the DWRf. In addition, DLG is planning

to conduct a series of training workshops in 2007 to help build financial and managerial capacity of small rural public water and wastewater systems. For 2007, the focus of the workshops is targeted at financial management issues, with special attention devoted to rate setting techniques and asset management. DWRF set-aside funds may be used to partially support this effort.

All funding agencies meet periodically to coordinate the financial needs of communities that are planning water quality improvement projects. This funding coordination committee includes staff from the WQCD, Authority, DLG, Colorado Water Conservation Board, USDA Rural Development and the Rural Community Assistance Corporation. The committee uses a web page on the DLG website to keep the public aware of the projects it is assisting with arranging funding and to raise awareness of funding opportunities. Surveys are conducted to identify and update the needs of all public water systems including small systems.

G. DWRF Results

The following activities will occur in 2007 to ensure Colorado achieves the national goals:

1. It is the goal to execute eleven DWRF loans during 2007. At least seven projects will be funded through the state's Disadvantaged Communities Program.
2. In calendar year 2006, the Colorado DWRF fund utilization rate was 85 percent. The 2007 Region 8 target for the DWRF fund utilization rate has been established at 87%; it is the goal of the State to achieve this target.
3. In calendar year 2006, the rate at which the Colorado DWRF projects progressed as measured in fund disbursements as a percent of assistance provided was 98 percent. It is the goal of the State to maintain this construction pace.

Anticipated 2007 Outcomes:

1. Seven projects are anticipated to initiate construction. (Five of the eight projects will be Disadvantaged Communities Program loans.)
2. Eight projects are anticipated to initiate operations.

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. The State has made seventeen (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.

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. As of June 30, 2006, \$2,904,856 is available for State match.

The DWRF provides both direct loans and leveraged loans to finance projects. Direct loans are generally made for smaller projects. 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. Direct loans (up to \$2 million) are generally funded from re-loan funds. If necessary, direct loans may be funded from capitalization grant 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.

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 percent 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.

Currently 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. The administrative fee supplements the 4 percent administrative set-aside from the capitalization grant. The administrative fee income 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 fee income will continue to be used to fund a planning and/or design grant program in 2007. Additionally, administrative fee income, as available, will be used beginning with the FFY2007 DWRF capitalization grant to reimburse the Authority for state match funds (state match loan) deposited to the DWRF. The program reserves the right to charge up to 1.5% administrative fee on all DWRF loans if it is determined that additional funds are needed to fund administrative costs and/or repay the state match provided by the Authority.

Administrative fees received from DWRF loans for 2007 are estimated to be \$1,809,900. 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 \$2,000,000 a portion of which will be paid from DWRF set aside grant monies available. Following is a table showing the administrative fee account activity since inception:

TABLE I
Administrative Fee Account

For Year Ending	Loan Admin Fee Revenue	Cap. Grant Draw For Admin Expenses	Investment Income/ Other Transfers	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
12/31/2005	1,665,264	359,611	211,486		(1,016,570)	(226,072)	(90,312)	903,407
TOTALS	8,808,764	2,492,766	335,788	269,708	7,169,973	(459,728)	(265,656)	4,011,669

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 DWRF Eligibility List needs (currently over \$850 million) are compared against the loan capacity of the DWRF. Even though demand for loans (DWRF Priority / Fundable List) in the year 2007 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. By continuing to leverage, the program will be able to assist more communities currently on the DWRF Project Eligibility List and help those communities achieve compliance with the SDWA. To date, the leveraged loan rates have been in the range of 3.03 and 4.60 percent. 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.

Through August 31, 2006, the State has received a total of \$125,835,600 in federal capitalization grants (includes the \$6,666,667 transfer back to the WPCRF in 2003). Of this amount, \$26,857,345 has been set aside for non-project activities. The State anticipates receiving a FFY07 capitalization grant of

\$14,960,000 with \$3,848,943 set aside for non-project activities. This amount may change based on final federal appropriations. (See Attachments 3A and 3B.)

Under the federal portion of the DWRP, thirty- five (35) direct loans (which includes eight Disadvantaged Communities loans totaling \$4,720,000) for \$23,062,915 and twenty-seven (27) leveraged loans for \$199,298,115 have been made to-date from the DWRP utilizing the federal capitalization grants (See Attachment 4).

The attached Appendix B (Priority / Fundable list) identifies 18 projects totaling \$57.9 million. In addition to these 18 projects, it is anticipated that following projects may apply for DWRP funding during 2007: Forest View Acres Water District (\$465,000), Mountain Water and Sanitation District (\$1,250,000), the Cities of Rifle (\$14 million) and Evans (\$1 million Disadvantaged Community Loan) and the Towns of Bennett (\$2 million), Berthoud (\$8.5 million), DeBeque (\$850,000 Disadvantaged Community Loan), Georgetown (\$100,000), Hayden (\$2.4 million), Hotchkiss (\$1.5 million Disadvantaged Community Loan), Hudson (\$522,000), Kit Carson (\$450,000 Disadvantaged Community Loan) Platteville (\$2.2 million), Sheridan (\$1.1 million Disadvantaged Community Loan), Telluride (\$500,000) and Wiggins (\$500,000 Disadvantaged Community Loan) will be added to the Priority / Fundable list upon completion of an eligibility assessment and will receive a DWRP leveraged or direct loan during 2007. In addition, a transfer of an amount up to \$10 million (as discussed below) would reduce the 2007 DWRP loan capacity to \$26.6 million.

A. Transfer Activities

As authorized by Congress, up to 33 percent of the cumulative drinking water capitalization grants for FFY 1997 through FFY 2006 (total drinking water grants at \$125.8 million) may be reserved from the DWRP and transferred to the WPCRF. The following table itemizes (in \$ millions) the amount of net SRF funds available for transfer between the two programs:

TABLE II
Net Funds Available for Transfer

Year	Transaction	Banked Transfer Ceiling	Transferred from WPCRF – DWRP	Transferred from DWRP- WPCRF	WPCRF Funds Available for Transfer	DWRP 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	-----	-----	12.1	12.1
1999	Transfer	12.1	\$6.7**	-----	5.4	18.8
2000	CG Award	15.6	-----	-----	8.9	22.3
2001	CG Award	19.1	-----	-----	12.4	25.8
2002	CG Award	23.6	-----	-----	16.9	30.3
2003	CG Award	28.0	-----	-----	21.3	34.7
2003	Transfer	28.0	-----	\$6.7**	28	28
2004	CG Award	32.2	-----	-----	32.2	32.2
2005	CG Award	36.7	-----	-----	36.7	36.7
2006	CG Award	41.5	-----	-----	41.5	41.5

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

** \$6.7 million capitalization grant funds and \$1.3 million state match funds.

The authorization to transfer funds for FY 2006 and thereafter, has been approved in the 2006 EPA Appropriations Bill. Since a number of water pollution control projects are expected to request funds in 2007, the WPCRF loan demand is expected to exceed available loan capacity. If a transfer is pursued, a stakeholders group will be contacted to evaluate the feasibility of transferring funds from the DWRP to the WPCRF. Based on the Water Quality Control Commission and the Governor’s approvals, a transfer

of no more than \$10,000,000 will be made from the DWRP into the WPCRF in 2007. The exact amount of the transfer will be determined after the either the February 1 or July 1 application deadlines and the

WPCRF and DWRF loan demands are determined. The following Tables (Table III & Table IV) provide a comparison of loan capacity impacts if a transfer of \$10, \$7 or \$5 million is made from the DWRF. None of the transferred funds will be used for administrative purposes.

*The transfer amount will include the State Match

TABLE III

**Drinking Water Revolving Fund
Calculation of Loan Capacity for 2007 As of June 30, 2006**

	\$0 Transfer	\$10 million	\$7 million	\$5 million
Capitalization grants for loans through 2005	\$ 88,643,129	\$ 88,643,129	\$ 88,643,129	\$ 88,643,129
Obligated for loans through 6/30/05	\$ 70,536,014	\$ 70,536,014	\$ 70,536,014	\$ 70,536,014
Remainder	\$ 18,107,115	\$ 18,107,115	\$ 18,107,115	\$ 18,107,115
Expected 2006 Capitalization Grant				
1.76% of \$850 million	\$ 14,960,000	\$ 14,960,000	\$ 14,960,000	\$ 14,960,000
Less Set-Asides	\$ 3,848,943	\$ 3,848,943	\$ 3,848,943	\$ 3,848,943
Total 2006 Grant	\$ 11,111,057	\$ 11,111,057	\$ 11,111,057	\$ 11,111,057
Total Grant Funds Available	\$ 29,218,172	\$ 29,218,172	\$ 29,218,172	\$ 29,218,172
Less Transfer to WPCRF in 2006	\$ -	\$ 10,000,000*	\$ 7,000,000*	\$ 5,000,000*
Grant \$ Available	\$ 29,218,172	\$ 19,218,172	\$ 22,218,172	\$ 24,218,172
Re-loan funds as of 07/15/05	\$ 6,322,655	\$ 6,322,655	\$ 6,322,655	\$ 6,322,655
plus: Deallocation on 9/2/05	\$ 3,002,518	\$ 3,002,518	\$ 3,002,518	\$ 3,002,518
plus: Deallocation on 9/2/06	\$ 3,109,583	\$ 3,109,583	\$ 3,109,583	\$ 3,109,583
less: Re-loan funds used for Direct Loans Fall 2005	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Total Re-Loan Funds Available	\$ 10,434,756	\$ 10,434,756	\$ 10,434,756	\$ 10,434,756
Loan Capacity for 2006				
Leveraged Loans from Grants X 2.4	\$ 70,123,613	\$ 46,123,613	\$ 53,323,613	\$ 58,123,613
Direct Loans from Re-Loan Funds	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Leveraged Loans from Re-Loan Funds (total less direct loans) X 2.0	\$ 4,869,512	\$ 4,869,512	\$ 4,869,512	\$ 4,869,512
2006 DWRF Loan Capacity	\$ 82,993,125	\$ 58,993,125	\$ 66,193,125	\$ 70,993,125

TABLE IV

Water Pollution Control Revolving Fund

Calculation of Loan Capacity for 2007 as of June 30, 2006

	\$0 Transfer	\$10 Million	\$7 Million	\$5 million
Capitalization grants through 2006		\$203,246,523	\$203,246,523	\$203,246,523
	\$203,246,523			
Obligated for loans and admin through 06/30/06		\$196,640,761	\$196,640,761	\$196,640,761
	\$196,640,761			
Less grant funds used in fall 2006 bond issue	\$6,250,000	\$6,250,000	\$6,250,000	\$6,250,000
Remainder	\$355,762	\$355,762	\$355,762	\$355,762
Expected 2007 Capitalization Grant				
*0.8% of \$688 million	\$5,504,000	\$5,504,000	\$5,504,000	\$5,504,000
Less 5/6 4% Administrative Fee	\$183,467	\$183,467	\$183,467	\$183,467
Total 2007 Grant	\$5,320,533	\$5,320,533	\$5,320,533	\$5,320,533
Plus Transfer from DWRF in 2007	\$ -	\$10,000,000.00	\$7,000,000.00	\$5,000,000.00
Total Grant Funds Available	\$5,676,295	\$15,676,295	\$12,676,295	\$10,676,295
Re-loan funds as of 06/30/06	\$5,458,894	\$5,458,894	\$5,458,894	\$5,458,894
plus: Deallocation on 9/02/06	\$12,748,400	\$12,748,400	\$12,748,400	\$12,748,400
plus: Deallocation on 9/02/07	\$13,575,029	\$13,575,029	\$13,575,029	\$13,575,029
less: Re-loan funds used for direct loans remainder 2006	\$11,967,963	\$11,967,963	\$11,967,963	\$11,967,963
less: Re-loan funds used in fall 2006 bond issue	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000
Total Re-Loan Funds Available	\$18,064,360	\$18,064,360	\$18,064,360	\$18,064,360
Loan Capacity for 2007 (includes 9/2/07 deallocation)				
Leveraged Loans from Grants X 2.4	\$13,623,109	\$37,623,109	\$30,423,109	\$25,623,109
Direct Loans from Re-Loan Funds	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
Leveraged Loans from Re-Loan Funds (total less direct loans) X 2.0	\$20,128,720	\$20,128,720	\$20,128,720	\$20,128,720
2007 WPCRF Loan Capacity	\$41,751,829	\$65,751,829	\$58,551,829	\$53,751,829

*The transfer amount will include the State Match

It is estimated that a transfer of \$5-\$10 million from the DWRF to the WPCRF will reduce the DWRF revolving level \$1-\$2 million/year over the next 20 years. The DWRF set-asides would not be affected and the remainder of the allocation would be deposited into the revolving fund. All identified and eligible drinking water projects that are ready for construction in 2007 will be funded out of the expected 2007 DWRF loan capacity. The transfer of funds from the DWRF to the WPCRF is not expected to cause any eligible drinking water projects to be delayed over the next few years.

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

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 revised 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 federal requirements, in accordance with the revised state statute. EPA has approved the program.

V. LONG TERM GOALS

The State continues to develop long-term goals that will protect public health and ensure the integrity of the DWRF. To achieve these goals, the following objectives were developed for 2007:

1. Provide affordable financial assistance for eligible applicants while maintaining a perpetual, self-sustaining revolving fund program.
2. Provide technical assistance to governmental agencies for facilitating effective planning, design, financing, and construction of facilities to comply with the provisions of the Colorado Primary Drinking Water regulations.
3. Maintain compliance with 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 2007 calendar year:

1. Upon receipt of the EPA allotment formula, the Authority, in conjunction with the WQCD, will submit an application for the 2007 capitalization grant funds.
2. The WQCD will continue to make revisions to the Handbook of Procedures to conform to regulations/guidance and submit it to EPA for approval.
3. The WQCD will initiate the process for identifying projects in the FY 2008 Intended Use Plan by April 2007.
4. Submit the Biennial Report and Annual Audit to EPA by April 30, 2007.
5. The state partnering agencies will work with the funding coordination committee and the State Revolving Fund Committee to implement improvements including:
 - a) Consider adopting an additional Tier for the Disadvantaged Communities Loans that would allow

- a reduction in interest rates (e.g., 70% of Bond Market) for communities with population between 5,000 – 10,000.
- b) Conduct a review of Disadvantaged Communities Loans to determine overall financial impacts of the subsidies upon the continued financial viability of the DWRF.
 - c) Continue coordination with all funding agencies to complete drinking water projects identified in the 2007 IUP.
 - d) Evaluate the impacts of implementing a “Joint Funding Application” through the funding coordination committee, that could be available statewide for water and wastewater entities interested in receiving funding through the State Revolving Fund Programs, Energy Impact Assistance Fund, Community Development Block Grant, and Rural Development Program.
 - e) Continue to review the areas of current flexibility with DWRF loan covenants and identify areas that may provide additional flexibility.
 - f) Improve coordination with the three state agencies to facilitate project approvals and development.
6. Leverage funds in the DWRF to accommodate the estimated demand for eligible projects in 2007 and thereafter.
 7. The WQCD will review and revise as necessary the “Guidance For Preparing Preliminary Engineering Reports” and update the “State Environmental Review Policy” specific to the DWRF.
 8. The DLG will conduct a series of 4 to 8 training workshops in 2007 to help build financial and managerial capacity of small rural public water and wastewater systems.
 9. The WQCD will finalize a 5 year strategic plan for the DWRF activities.
 10. The WQCD, in partnership with the Authority, will continue to utilize the shared access database for tracking project milestones.
 11. The WQCD, DLG and the Authority will attend conferences such as Rural Water, Colorado Municipal League, and the Special District Association’s annual conferences to provide program information to potential borrowers.
 12. The WQCD, DLG and the Authority will host training events throughout the year to provide consulting engineers and others with information about the funding process and program requirements.

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

A. Introduction

The State may set aside portions of each capitalization grant for non-project (set-aside) activities. As described in the introduction, these set-asides are to be used to fund those activities necessary to accomplish the requirements of the SDWA. The WQCD has identified in this plan, the maximum amounts of set-aside funds the WQCD 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 WQCD if lesser amounts than those proposed herein are actually used.

The purpose of the set-asides is to provide the funds needed for the administration of the DWRF (4% administration), as well as to meet overall drinking water program requirements of the 1996 Amendments to the SDWA and to conduct targeted activities specified in the SDWA. The authority will provide the required 20 percent up-front state match to receive the federal capitalization grant, from which the set-asides are drawn. 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 and the percentage of allocation is as follows:

- ◆ Administration (4 %)
- ◆ Small System Training and Technical Assistance (2%)
- ◆ State Drinking Water Program Management (10%)
- ◆ Local Assistance and Other State Programs (15%):
 - I. Land/Conservation Easement Acquisition for SWAP
 - II. Assistance to a Community Water System to Implement Voluntary, Incentive-Based Source Water Protection Measures

- III. Provide Assistance to Any Public Water System as Part of a Capacity Development Strategy
- IV. Source Water Assessment and Protection Program (SWAP)
- V. Wellhead Protection Program

A description of each set-aside and the funding earmarked from the FFY07 capitalization grant for each activity are described below. The FFY07 capitalization grant amount is estimated, based on the 2006 award, to be \$14,497,300. It is the responsibility of the WQCD to determine the amount of funds necessary under each set-aside and to meet the obligations of the SDWA. The financial status of the set-asides is summarized in Attachment 3A. The State must develop, and EPA approve, work plans that describe the activities to be accomplished to be able to use those funds.

B. Administration Set-Aside

Set-Aside	Amount	Purpose
Administration	\$579,892 (4%) for FFY07	To cover the cost of (1) administering the DWRf, and (2) providing technical assistance to public water systems (PWSS). Administration is an on-going activity.

FFY07 Request: Colorado is entitled to set aside up to 4 percent (\$579,892) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$579,892.

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.

Use of Funds in 2007 and Expected Accomplishments: These funds will be used to cover administrative expenses related to projects and activities authorized under the SDWA, including the provision of technical assistance to public water systems.

The outputs/activities and the anticipated outcomes (short-term/long-term) for the DWRf administration are described above in Section III. "Criteria, Methods and Evaluation for DWRf Distribution" under Part F. "DWRf Results."

C. Small System Training and Technical Assistance (SSTTA)

Set-Aside	Amount	Purpose
SSTTA	\$289,946 (2%) for FFY07	To provide (1) training, (2) technical assistance, and (3) provide Planning and Design Grants to small systems. SSTTA is an on-going activity.

FFY07 Request: Colorado is entitled to set aside up to 2 percent (\$289,946) from the capitalization grant for this set-aside. Based on project needs identified by the WQCD, the WQCD intends to set aside the full \$289,946.

Use of Funds in 2007 and Expected Accomplishments: Currently, training programs are being designed for 2007 and the WQCD will use funds from the 2002, 2003 and 2004 SSTTA set asides for technical assistance and Planning and Design grants for water system serving 10,000 or less in population.

Outputs/Activities

- Number of systems receiving technical assistance.
- Number of systems receiving planning and design grants.

Anticipated Outcomes (short-term/long-term)

- Improved operational and/or financial efficiency for participating systems.
- Improved compliance for systems receiving SSTTA.

D. State Drinking Water Program Management

Set-Aside	Amount	Purpose
State Program Management	\$1,449,730 (10%) for FFY07	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.

FFY07 Request: Colorado is entitled to set aside up to 10 percent (\$1,449,730) from the capitalization grant for this set-aside. The act requires that this set-aside be matched one-for-one with available State expenditures as described below. Based on the qualifying expenditures, the WQCD intends to set aside the full \$1,449,730.

In addition to the up-front 20 percent match required for the State to qualify for the full capitalization grant, 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 general funds, 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. According to the Act, State program match funds that were expended in 1993 can be used to provide up to 50 percent of the set-aside match. Current year State funds in excess of the minimum required for the PWSS Program grant included in the Department's Performance Partnership grant may also be used. The program funding sources that qualify as match (program general funds in excess of PWSS grant match requirements, operator certification program fees, drinking water related laboratory expenditures, and 1993 Drinking Water Program State expenditures) allows the WQCD to take \$1,449,730.

Currently, a portion of this set-aside is being used to fund numerous staff for implementation of the many new program requirements associated with the 1996 reauthorization of the SDWA. The staffing for the Drinking Water Program is spread among the program core staff, the Engineering Section, and the Compliance Assurance and Data Management Section.

Use of Funds in 2007 and Expected Accomplishments: For 2007, the efforts initiated and accomplished in prior years will be continued. New efforts will include increased focus on compliance assurance through the Systems of Concern process, improved data management and enhanced communication with drinking water systems.

Outputs/Activities

- Number of systems identified for compliance assurance and enhanced communication.
- Data management system upgrades/maintenance.

Anticipated Outcomes (short-term/long-term)

- Improved system communication resulting in drinking water compliance progress and attainment.
- Improved data quality demonstrated through data verification.

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 SDWA Amendments of 1996. The Colorado Source Water Assessment and Protection Program 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.*

FFY07 Request: Colorado is entitled to set aside up to 15 percent (\$2,174,595) from the capitalization grant for these five combined activities. However, no more than 10 percent (\$1,449,730) 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 \$1,847,230 (\$1,449,730 Capacity Development plus \$397,500 Wellhead Protection.) The five set-asides are described as follows:

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 FFY07	To provide loans to PWSS to acquire land or conservation easements to protect source water areas

FFY07 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY07 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 FFY07	To provide loans to PWSS to implement source water protection measures.

FFY07 Request: None. The WQCD is not setting aside any funds for this purpose from its FFY07 capitalization grant.

3. Capacity Development

Set-Aside	Amount	Purpose
Capacity Development	\$1,449,730 (10%) for FFY07	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.

FFY07 Request: Colorado is entitled to set aside up to 10 percent (\$1,449,730) from the capitalization grant for this activity. Based on the Authority match described below, the WQCD intends to set aside the entire \$1,499,730. A portion of this (\$186,750) will be used to support the SWAP activities described below.

Use of Funds in 2007 and Expected Accomplishments: For 2007, the efforts initiated and accomplished previously will be continued. Additional output activities included in the EPA approved work plan to be expanded or initiated are as follows:

- ◆ Development of a performance enhancement program for surface water systems of Colorado to ensure plants are operating at peak capabilities to ensure continuously safe drinking water.
- ◆ Preparation of a series of informational booklets for public water 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.
- ◆ Continued implementation of a “Systems of Concern” program to identify and provide technical assistance to selected water systems in violation of regulations, including those either on the significant non-compliance (SNC) list or soon to be on the SNC list. This effort will utilize WQCD staff and contractors with the goal of both resolving the violation and ensuring the water system has technical, managerial, and financial capacity.
- ◆ Development of TMF Assessments and delivery of unique assistance programs tailored to each system.
- ◆ Continued implementation of the Colorado Strategy for Arsenic Reduction (CO-STAR) project to assist public water systems to comply with the revised arsenic standards.
- ◆ Development and implementation of a program to assist systems with radionuclides in their source waters, to help them comply with existing and anticipated radionuclide regulations.
- ◆ Continuation of operator training to conduct analyses required for compliance 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.
- ◆ Implementation of an electronic sanitary survey for the WQCD’s Engineering Section to use with handheld devices. Also extension of these tools to our non-community ground water inspection program.

Anticipated Outcomes (short-term/long-term):

- Improved performance based on implementation of enhancement program for surface water systems.
- Improved compliance associated with the drinking water regulations and guidelines booklets provided to public water systems.
- Improved CDPHE drinking water web site to access new information and operator training schedules.
- Enhanced system compliance for “Systems of Concern” by identifying and providing technical assistance to water systems either on the significant non-compliance (SNC) list or soon to be on the SNC list.
- Enhanced system compliance with revised regulatory requirements for public water systems.
- Enhanced system compliance through operator training with the disinfectants/disinfection by-products (DDBP) and interim enhanced surface water treatment rules.
- Improved DDBP (i.e., surface water treatment rule) compliance at various locations throughout Colorado based on operator training.
- Improved management efficiency and effectiveness through the use of electronic sanitary surveys in the field by WQCD’s Technical Services Unit by using handheld devices and software developed by EPA.

4. Source Water Assessment and Protection Program (SWAP)

Set-Aside	Amount	Purpose
SWAP	\$0 for FFY07	To delineate and assess source water areas for surface and ground water systems. SWAP assessment reports were completed in December 2004.

FFY07 request: 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. The SWAP set-aside was fully expended during the FFY06 period.

5. Wellhead Protection Program (WHP)

Set-Aside	Amount	Purpose
Wellhead Protection	\$397,500 for FFY07	To delineate and assess source water areas for ground water systems. Produce new WHP assessment reports as necessary. Support development and implementation of local ground water protection plans.

FFY07 Request: The WQCD intends to use \$397,500.

Use of Funds in 2007 and Expected Accomplishments: The Wellhead Program will work towards implementation of the following output activities:

- Completion of revised ground water susceptibility assessments.
- Completion of new ground water source water delineations.
- Development and implementation of ground water protection plans.
- Public water system data improvement.
- Public water system community information and education.
- Compilation and reporting of the national source water protection measures to EPA.

Anticipated Outcomes (short-term/long-term)

- Enhanced ground water susceptibility assessments to improve compliance.
- Improved ground water protection plans.
- Enhanced WHP data management.
- Enhance community information and education.
- Improved data compilation and reporting.

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 and EPA.

The proposed payment schedule using FFY 2007 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 DWRP.

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

IX. PUBLIC REVIEW AND COMMENT

The Colorado State Water Quality Control Commission published this information and held a public meeting on October 10, 2006 at which time the State's 2007 IUP including the 2007 DWRP 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 DWRP 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 Water Quality Control Commission for annual approval.

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Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
030001D	5	Academy WSD	Pleasant View Estates	Colorado Springs	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$75,000	750
960001D	4	Aguilar, Town of		Aguilar	Las Animas	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,282,100	547
050001D	2	Akron, Town of		Akron	Washington	Improvement / Expansion of Water Treatment Facility	\$1,000,000	1,785
000001D	2	Alamosa, City of		Alamosa	Alamosa	New Regional Water Treatment Facilities; Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$16,500,000	8,300
040001D	5	Alma, Town Of		Alma	Park	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	235
070006D	1	Arabian Acres Metropolitan District		Woodland Park	Teller	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$362,000	300
960126D	5	Arapahoe County WWA		Englewood	Arapahoe	Construction of a New Water Treatment Facility; Improvement / Expansion of Water Treatment Facility; Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$26,300,000	24,536
030002D	5	Arriba, Town of		Arriba	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$250,000	245
010003D	5	Aspen Springs MD		Pagosa Springs	Archuleta	Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$15,000,000	1,800
070017D	5	Aspen Village Metropolitan District		Aspen	Pitkin	Distribution / Transmission Lines Construction / Rehabilitation	\$100,000	300
010002D	5	Aspen, City of		Aspen	Pitkin	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,658,000	6,600
960004D	5	Ault, Town of		Ault	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,500,000	1,450
960005D	3	Baca Grande WSD		Crestone	Saguache	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$500,000	563
050002D	5	Basalt, Town of		Basalt	Eagle	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$800,000	2,000
050003D	5	Baseline WD		Boulder	Boulder	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	1,000

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990002D	5	Bayfield, Town of		Bayfield	La Plata	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Meters	\$750,000	1,800
960127D	5	Bear Creek WSD		Lakewood	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation	\$407,561	167
960182D	5	Bellyache Ridge MD		Wolcott	Eagle	Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$1,500,000	160
960007D	3	Bennett, Town of		Bennett	Adams	Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,030,000	2,085
030004D	5	Berkeley WSD		Denver	Adams	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	2,000
990003D	3	Berthoud, Town of		Berthoud	Larimer	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,500,000	4,839
050004D	5	Bethune, Town of		Bethune	Kit Carson	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$619,952	225
960184D	5	Beulah WD		Beulah	Pueblo	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$210,000	960
030005D	3	Black Hawk, City of		Black Hawk	Gilpin	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$4,340,000	3,892
960009D	5	Blanca, Town of		Blanca	Costilla	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$200,000	402
050005D	1	Boone, Town of		Boone	Pueblo	Construction of a New Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Water Storage Facilities	\$1,054,297	326
960011D	5	Branson, Town of		Branson	Las Animas	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$250,000	125
040003D	4	Brighton, City of		Brighton	Adams	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,900,000	22,312
050006D	5	Bristol WSD		Bristol	Prowers	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$566,000	200

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990008D	5	Buffalo Creek WD		Buffalo Creek	Jefferson	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Water Meters	\$57,000	250
960189D	4	Burlington, City of		Burlington	Kit Carson	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$6,963,175	3,625
070018D	5	Buttermilk Metropolitan District		Aspen	Pitkin	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$118,000	300
000003D	4	Byers WSD		Byers	Adams	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$354,000	1,200
960012D	5	Canon City, City Of		Canon City	Fremont	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$9,868,500	35,010
010006D	4	Carbondale, Town of		Carbondale	Garfield	Improvement / Expansion of Water Treatment Facility; Water Supply Facilities	\$1,500,000	5,196
960130D	3	Carter Lake Filter Plant WD		Berthoud	Larimer	Improvement / Expansion of Water Treatment Facility	\$12,492,568	50,000
050074D	5	Cascade #1 MD		Cascade	El Paso	New Drinking Water Treatment Plant; Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	750
050007D	5	Castle Pines MD		Castle Rock	Douglas	New Regional Water Treatment Facilities; Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$10,015,000	3,200
000004D	4	Cedaredge, Town of		Cedaredge	Delta	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$3,615,326	2,001
050008D	5	Center, Town of		Center	Saguache	Water Storage Facilities	\$55,000	840
050009D	5	Central City, City of		Central City	Gilpin	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	600
060015D	5	Cherokee MD		Colorado Springs	El Paso	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$5,500,000	16,500
050067D	3	Clear Creek County	Mill Creek Park WIA	Dumont / Mill Creek	Clear Creek	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$83,000	62
050010D	5	Clearwater MD		Denver	Elbert	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$2,500,000	1,000

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050011D	2	Clifton WD		Clifton	Mesa	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$12,500,000	35,000
050012D	3	Coal Creek, Town of		Coal Creek	Fremont	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$58,000	383
030009D	4	Colorado Centre MD		Colorado Springs	El Paso	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$350,000	2,498
050013D	3	Colorado City MD		Colorado City	Pueblo	New Regional Water Treatment Facilities; Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$7,500,000	2,318
050014D	3	Columbine Lake WD		Grand Lake	Grand	Distribution / Transmission Lines Construction / Rehabilitation	\$1,600,000	1,100
050015D	5	Copper Mountain Consolidated MD		Copper Mountain	Summit	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,400,000	5,000
050016D	5	Cortez, City of		Cortez	Montezuma	Improvement / Expansion of Water Treatment Facility	\$2,858,925	8,081
960017D	5	Costilla County WSD		San Luis	Costilla	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities;	\$741,000	1,000
990013D	5	Cottonwood WSD		Englewood	Douglas	New Drinking Water Treatment Plant; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$8,540,000	2,375
010009D	3	Craig, City of		Craig	Moffat	Improvement / Expansion of Water Treatment Facility	\$6,000,000	9,300
050017D	5	Creede, Town of		Creede	Mineral	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$2,100,000	422
960163D	5	Crested Butte South MD		Crested Butte South	Gunnison	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,500,000	900
070015D	5	Crestone, Town of		Crestone	Saguache	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$100,000	125
990014D	3	Cripple Creek, Town of		Cripple Creek	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$435,000	1,300
060002D	3	Cucharas SWD		Cuchara	Huerfano	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$900,000	145
050018D	3	Dacono, City of		Dacono	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$2,754,869	4,000

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040005D	3	De Beque, Town of		DeBeque	Mesa	Improvement / Expansion of Water Treatment Facility; Connect to Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,277,500	500
980253D	1	Deer Trail, Town Of		Deer Trail	Arapahoe	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$866,000	592
960021D	5	Dillon, Town of		Dillon	Summit	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,981,000	4,000
030016D	3	Dinosaur, Town of		Dinosaur	Moffat	Distribution / Transmission Lines Construction / Rehabilitation;	\$500,000	330
050019D	3	Divide MPC MD		Divide	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$116,500	10
960024D	4	Dolores, Town of		Dolores	Montezuma	Improvement / Expansion of Water Treatment Facility	\$410,000	1,000
040006D	4	Dove Creek, Town of		Dove Creek	Dolores	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$128,000	695
960026D	5	Durango West #1 MD		Durango	La Plata	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,640,000	1,000
040007D	4	Durango West #2 MD		Durango	La Plata	Improvement / Expansion of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,020,000	900
020019D	4	Eagle River WSD		Vail	Eagle	New Regional Water Treatment Facilities; Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$17,700,000	20,500
070004D	3	Eagle, City of	Western Eagle County Recreation District	Eagle	Eagle	Distribution / Transmission Lines Construction / Rehabilitation; Connect to Existing Facility	\$25,000	4,400
000007D	2	East Alamosa WSD		Alamosa	Alamosa	Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,100,000	1,432
030017D	5	East Boulder County WD		Boulder	Boulder	Water Storage Facilities	\$170,000	250
010011D	4	East Cherry Creek Valley WSD		Aurora	Arapahoe	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$15,000,000	50,000
020021D	5	East Larimer County WD		Fort Collins	Larimer	Distribution / Transmission Lines Construction / Rehabilitation	\$2,112,000	15,000
960027D	5	East Valley Metro WSD		Centennial	Arapahoe	Water Storage Facilities	\$600,000	300
050020D	5	Eaton, Town of		Eaton	Weld	New Drinking Water Treatment Plant	\$2,500,000	4,000

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050021D	4	Eckley, Town of		Eckley	Yuma	Construction of a New Water Treatment Facility; Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$775,000	278
060016D	4	Edgewater, City of		Edgewater	Jefferson	Improvement / Expansion of Water Treatment Facility	\$100,000	5,445
060004D	2	Elizabeth, Town of		Elizabeth	Elbert	Improvement / Expansion Of Water Treatment Facility; Water Supply Facilities	\$500,000	1,520
020022D	5	Empire, Town of		Empire	Clear Creek	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$750,000	450
030019D	5	Erie, Town of		Erie	Weld	Construction of a New Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$26,600,000	10,000
990019D	3	Estes Park, Town of		Estes Park	Larimer	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,750,000	5,578
960199D	5	Evans, City of		Evans	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	14,700
050022D	5	Fairplay, Town of		Fairplay	Park	Improvement / Expansion of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$600,000	600
960032D	5	Firestone, Town of		Firestone	Weld	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$10,133,250	7,000
060019D	3	Flagler, Town of		Flagler	Kit Carson	Improvement / Expansion Of Water Treatment Facility; Water Storage Facilities	\$100,000	631
030021D	4	Florissant WSD		Florissant	Teller	Improvement / Expansion of Water Treatment Facility; Water Supply Facilities	\$250,000	43
960201D	3	Forest Lakes MD (La Plata)		Bayfield	La Plata	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$836,000	1,610
030022D	3	Forest View Acres WD		Monument	El Paso	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$4,800,000	900
050023D	5	Fort Collins, City of		Fort Collins	Larimer	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$4,527,000	115,000
050024D	5	Fort Lupton, City of		Fort Lupton	Weld	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,500,000	8,000
070008D	3	Fort Morgan, City of		Fort Morgan	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$5,500,000	12,000

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030023D	3	Fountain Valley Authority		Colorado Springs	El Paso	Improvement / Expansion of Water Treatment Facility	\$1,500,000	400,000
040032D	5	Fountain, City of		Fountain	El Paso	New Drinking Water Treatment Plant; Water Supply Facilities	\$30,000,000	15,675
010013D	5	Fowler, Town of	Westcamp	Fowler	Otero	Improvement / Expansion of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$100,000	1,700
960038D	4	Fowler, Town of		Fowler	Otero	Improvement / Expansion of Water Treatment Facility; Meters	\$500,000	1,700
980250D	5	Franktown Business Area MD	Douglas County	Franktown	Douglas	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Water Meters	\$6,500,000	200
050025D	3	Fraser, Town of		Fraser	Grand	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Meters	\$1,534,500	996
030025D	1	Genesee WSD		Golden	Jefferson	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,000,000	4,010
960161D	5	Genoa, Town of		Genoa	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation	\$585,000	211
030026D	5	Georgetown, Town of		Georgetown	Clear Creek	New Drinking Water Treatment Plant; Improvement / Expansion of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,500,000	1,125
040009D	4	Glenwood Springs, City of		Glenwood Springs	Garfield	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$9,445,000	8,000
070019D	5	Grace Mar Water District	Grace Mar Water Inc.	Lafayette	Boulder	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$80,000	27
990021D	5	Granada, Town of		Granada	Prowers	Water Storage Facilities	\$146,000	640
960136D	5	Grand Junction, City of		Grand Junction	Mesa	Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	40,000
960174D	4	Grand Lake, Town of		Grand Lake	Grand	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$3,000,000	476
070013D	5	Grover, Town of		Grover	Weld	Water Supply Facilities	\$6,000	154
050027D	5	Gunnison County	Dos Rios Water	Gunnison	Gunnison	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$3,900,000	750

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010015D	2	Gunnison County	Somerset Domestic WD	Somerset	Gunnison	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$465,000	520
990009D	4	Gunnison, City of		Marble	Gunnison	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$515,100	104
990045D	4	Hamilton Creek MD		Silverthorne	Summit	Improvement / Expansion of Water Treatment Facility	\$2,000,000	200
030028D	4	Hartman, Town of		Hartman	Prowers	Construction of a New Water Treatment Facility; Water Storage Facilities	\$450,000	108
010016D	1	Haswell, Town Of		Haswell	Kiowa	Improvement / Expansion of Water Treatment Facility	\$180,000	84
050028D	3	Haxtun, Town of		Haxtun	Phillips	Distribution / Transmission Lines Construction / Rehabilitation	\$50,000	999
960137D	4	Hayden, Town of		Hayden	Routt	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,425,000	1,700
960171D	1	Highland Lakes WD		Divide	Teller	Construction of a New Water Treatment Facility; Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,950,000	800
020020D	5	Hi-Land Acres WSD		Brighton	Adams	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$700,000	350
040033D	2	Hillrose, Town of		Hillrose	Morgan	Construction of a New Water Treatment Facility; Improvement / Expansion of Water Treatment Facility; Connect to Existing Facility; Consolidation of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$1,721,952	275
960045D	5	Holly, Town of		Holly	Prowers	Distribution / Transmission Lines Construction / Rehabilitation; Water Meters	\$144,000	1,048
990023D	4	Holyoke, City of		Holyoke	Phillips	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,575,000	2,273
020032D	5	Hoover Hill WSD		Boulder	Boulder	Meters	\$100,000	265
960047D	1	Hot Sulphur Springs, Town of		Hot Sulphur Springs	Grand	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,600,000	534
010017D	2	Hotchkiss, Town of		Hotchkiss	Delta	Construction of a New Water Treatment Facility; Improvement / Expansion of Water Treatment Facility	\$2,000,000	2,000
020023D	4	Hudson, Town of		Hudson	Weld	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$522,000	1,565

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010018D	5	Idaho Springs, City of		Idaho Springs	Clear Creek	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$800,000	1,885
020018D	5	Idledale WSD		Lakewood	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$400,000	455
960050D	3	Ignacio, Town of		Ignacio	La Plata	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$950,000	740
030029D	1	Indian Hills WD		Indian Hills	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$340,344	1,100
960051D	3	Jamestown, Town of		Jamestown	Boulder	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$330,000	250
050029D	2	Julesburg, Town of		Julesburg	Sedgwick	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Well Rehabilitation	\$350,000	1,467
030031D	5	Keenesburg, Town of		Keenesburg	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$503,000	1,200
030032D	2	Ken Caryl West Ranch WD		Morrison	Jefferson	New Regional Water Treatment Facilities; Water Storage Facilities	\$300,000	100
960208D	5	Kersey, Town of		Kersey	Weld	Distribution / Transmission Lines Construction / Rehabilitation	\$2,200,000	1,420
030033D	5	Kim, Town of		Kim	Las Animas	Water Meters	\$115,000	76
960055D	5	Kiowa, Town of		Kiowa	Elbert	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$2,300,000	660
960056D	2	Kit Carson, Town of		Kit Carson	Cheyenne	Improvement / Expansion of Water Treatment Facility; Connect To Existing Facility; Water Supply Facilities; Water Storage Facilities	\$450,000	250
960057D	3	Kremmling, Town of		Kremmling	Grand	Distribution / Transmission Lines Construction / Rehabilitation	\$1,575,600	1,900
040011D	5	La Jara, Town Of		La Jara	Conejos	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$1,000,000	850
000002D	3	La Junta, City of	Bent's Fort WUA	La Junta	Otero	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$655,000	1,500
030035D	3	La Junta, City of	Eureka Water Co (1)	La Junta	Otero	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,649,000	498
000039D	3	La Junta, City of	Homestead Improvement Assoc Inc	La Junta	Otero	Consolidation Of Water Treatment Facilities	\$98,000	65

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990026-2D	5	La Junta, City of		La Junta	Otero	Consolidation of Water Treatment Facilities; Connect to Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,400,000	8,400
020024D	3	La Veta, Town of		La Veta	Huerfano	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$2,050,000	960
050030D	5	Lake City, Town of		Lake City	Hinsdale	Distribution / Transmission Lines Construction / Rehabilitation; Meters	\$500,000	500
070012D	4	Lake County	Mountain View Village	Leadville	Lake	Construction of a new Water Treatment Facility; Connect To Existing Facility; Water Storage Facilities	\$1,800,000	1,000
980252D	5	Lake Creek MD		Edwards	Eagle	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$350,000	230
060013D	5	Lakewood, City of		Lakewood	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation	\$1,500,000	143,500
050031D	5	Lamar, City of		Lamar	Prowers	Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	9,500
070003D	2	Larimer County	Glacier View Meadows WS Assoc	Livermore	Larimer	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Water Meters	\$51,050	400
960061D	2	Larkspur, Town of		Larkspur	Douglas	Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Water Meters	\$2,474,500	280
050032D	5	Las Animas, City of		Las Animas	Bent	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	2,758
050033D	5	Limon, Town of		Limon	Lincoln	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,269,130	3,000
060009D	3	Little Thompson WD		Berthoud	Larimer	Improvement / Expansion of Water Treatment Facility	\$6,071,000	7,000
020004D	2	Lochbuie, Town of		Lochbuie	Weld	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$5,500,000	3,200
030040D	1	Log Lane Village, Town of		Log Lane Village	Morgan	New Drinking Water Treatment Plant; Connect To Existing Facility; Improvement / Expansion of Water Treatment Facility; Water Storage Facilities;	\$3,700,000	1,006
030070D	4	Longmont, City of		Longmont	Boulder	New Drinking Water Treatment Plant	\$60,000,000	70,000
060010D	5	Lookout Mountain WD		Golden	Jefferson	Improvement / Expansion Of Existing Water Treatment Plant; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$140,000	1,300

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060014D	3	Loveland, City of		Loveland	Larimer	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$6,000,000	63,000
960067D	3	Lyons, Town of		Lyons	Boulder	Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$8,000,000	1,617
000011D	4	Mancos, Town Of		Mancos	Montezuma	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$850,000	1,140
050034D	3	Manitou Springs, City of		Manitou Springs	El Paso	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,440,000	5,000
020005D	5	Meeker, Town Of		Meeker	Rio Blanco	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Water Storage Facilities	\$125,000	2,300
960214D	4	Mesa Cortina WSD		Silverthorne	Summit	Distribution / Transmission Lines Construction / Rehabilitation	\$250,000	800
070016D	5	Mesa County	Ute WCD - Brunner's Artesian WS	Grand Junction	Mesa	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	251
010024D	5	Mesa WSD		Mesa	Mesa	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$175,000	400
050035D	5	Milliken, Town of		Milliken	Weld	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,900,000	3,900
050036D	5	Monte Vista, City of		Monte Vista	Rio Blanco	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,500,000	5,000
960071D	5	Montezuma, Town Of		Montezuma	Summit	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,015,000	42
030042D	5	Monument, Town of		Monument	El Paso	Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,325,000	1,900
960073D	5	Morgan County Quality WD		Fort Morgan	Morgan	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,759,000	6,000
050037D	3	Morrison Creek Metro WSD		Stagecoach	Routt	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$1,400,000	700

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960074D	3	Morrison, Town of		Morrison	Jefferson	Construction of a New Water Treatment Facility; Connect to Existing Facility; Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$3,000,000	400
960075D	4	Mount Crested Butte WSD		Mt Crested Butte	Gunnison	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$6,000,000	6,000
040015D	2	Mountain WSD		Conifer	Jefferson	Improvement / Expansion of Water Treatment Facility	\$600,000	900
010025D	5	Munn's Addition WSD		Brush	Morgan	Consolidation Of Water Treatment Facilities; Water Supply Facilities	\$500,000	80
070011D	5	Naturita, Town of	Mustang WA	Naturita	Montrose	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	629
060027D	3	Nederland, Town of		Nederland	Boulder	Improvement / Expansion of Water Treatment Plant	\$2,800,000	1,700
960078D	3	North Shore WSD		Granby	Grand	Distribution / Transmission Lines Construction / Rehabilitation	\$1,800,000	275
040016D	5	Northern Douglas County WSD	Chatfield East Estates Inclusion	Littleton	Douglas	Consolidation Of Water Treatment Facilities; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$3,100,000	400
030043D	5	Northern Douglas County WSD	McArthur Ranch inclusion	Littleton	Douglas	Consolidation Of Water Treatment Facilities; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$2,100,000	230
960080D	3	Norwood, Town of	Norwood Water Commission	Norwood	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,100,000	1,200
960082D	5	Oak Creek, Town of		Oak Creek	Routt	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$1,277,804	875
960084D	3	Olde Stage WD		Boulder	Boulder	Water Storage Facilities	\$300,000	213
030044D	3	Ophir, Town of		Ophir	San Miguel	New Regional Water Treatment Facilities; Improvement / Expansion of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$400,000	125
960085D	5	Orchard City, Town of		Orchard City	Delta	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$950,000	4,500
030045D	5	Ordway, Town of		Ordway	Crowley	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,100,000	1,322
070001D	2	Otero County	South Swink Water Co.	Swink	Otero	New Drinking Water Treatment Plant; Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Connect To Existing Facility	\$400,000	600
070020D	2	Otero County	Valley Water Co		Otero	Improvement / Expansion Of Water Treatment Facility	\$100,000	270
070007D	2	Otero County	Valley Water Company	Manzanola	Otero	Improvement / Expansion of Water Treatment Facility; Consolidation of Water Treatment Facility	\$200,000	111

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030051D	5	Ouray, City of		Ouray	Ouray	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,000,000	813
050038D	5	Ovid, Town of		Ovid	Sedgwick	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Water Storage Facilities; Water Meters	\$1,500,000	333
960087D	5	Pagosa Area WSD		Pagosa Springs	Archuleta	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Meters	\$13,405,448	10,000
030052D	4	Paint Brush Hills MD		Falcon	El Paso	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,145,000	1,200
040022D	3	Palisade, Town of		Palisade	Mesa	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,200,000	2,645
010028D	5	Palmer Lake, Town of		Palmer Lake	El Paso	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,000,000	2,300
000015D	5	Paonia, Town of		Paonia	Delta	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,500,000	2,400
030053D	4	Parachute, Town of		Parachute	Garfield	Improvement / Expansion of Water Treatment Facility	\$800,000	1,301
010033D	3	Parkville WD		Leadville	Lake	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$750,000	6,000
960092D	4	Penrose WD		Penrose	Fremont	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$2,000,000	3,280
960219D	5	Perry Park WSD		Larkspur	Douglas	Water Storage Facilities; Water Supply Facilities	\$1,500,000	2,912
010030D	5	Phillips County	Amherst Unincorp Area	Amherst	Phillips	New Drinking Water Treatment Plant; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$250,000	85
070002D	5	Pierce, Town of		Pierce	Weld	New Wastewater Treatment Plant; Improvement / Expansion of Water Treatment Facility;	\$1,630,000	884
990035D	2	Pine Drive WD		Beulah	Pueblo	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$180,000	500

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960093D	2	Pinewood Springs WD		Pinewood Springs	Larimer	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$330,000	800
010031D	5	Pioneer Lookout WD		Monument	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$10,500	85
060011D	3	Platte Canyon WSD		Littleton	Jefferson	Distribution/Transmission Lines Construction/Rehabilitation	\$400,000	196
960094D	5	Platteville, Town Of		Platteville	Weld	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$2,200,000	2,500
050039D	3	Poncha Springs, Town of		Poncha Springs	Chaffee	Improvement / Expansion of Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,350,000	553
050040D	5	Powderhorn MD		Mesa	Mesa	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,000,000	499
050041D	3	Pritchett, Town of		Pritchett	Baca	Water Storage Facilities	\$533,000	150
990036D	5	Project 7 WA		Montrose	Montrose	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$12,500,000	40,000
020035D	3	Prowers County	May Valley Water Assoc	Wiley	Prowers	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$50,000	1,500
010050D	4	Pueblo West MD		Pueblo West	Pueblo	Distribution / Transmission Lines Construction / Rehabilitation	\$3,500,000	4,500
050042D	5	PV Water and Sanitation MD		Adams or Weld Co	Weld	New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,000,000	10,000
960225D	5	Rainbow Valley WD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation	\$62,000	135
060012D	5	Ralston Valley WSD		Arvada	Jefferson	Distribution / Transmission Lines Construction / Rehabilitation	\$1,300,000	1,300
020006D	5	Rangely, Town of		Rangely	Rio Blanco	Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	2,200
050043D	2	Raymer, Town of		Raymer	Weld	Improvement / Expansion of Water Treatment Facility	\$300,000	73
040023D	4	Red Cliff, Town of		Red Cliff	Eagle	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$100,000	350
040024D	4	Red Rock Valley Estates WD		Colorado Springs	El Paso	Distribution / Transmission Lines Construction / Rehabilitation	\$10,000	220
060022D	4	Redstone WSD		Redstone	Pitkin	Improvement / Expansion of Water Treatment Facility	\$100,000	180

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050044D	5	Resource Colorado Water and Sanitation MD		Adams or Weld Co	Weld	New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$40,000,000	10,000
960098D	1	Rico, Town of		Rico	Dolores	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$200,000	250
960099D	5	Ridgewood WD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$1,055,000	95
040025D	4	Ridgway, Town of		Ridgway	Ouray	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$750,000	760
020007D	1	Rifle, City of		Rifle	Garfield	Construction of a New Water Treatment Facility; Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Eliminate Raw Water Taps	\$14,000,000	8,200
960227D	4	Rocky Ford, City of		Rocky Ford	Otero	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$2,050,000	4,213
050045D	3	Romeo, Town of		Romeo	Conejos	Improvement / Expansion of Water Treatment Facility; Water Supply Facilities	\$234,000	430
020028D	3	Round Mountain WSD		Westcliffe	Custer	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,280,000	900
960160D	4	Routt County	Hahn's Peak	Steamboat Springs	Routt	Eliminate Individual Private Wells; Water Supply Facilities	\$1,800,000	150
960164D	5	Roxborough WSD		Littleton	Douglas / Jefferson / Arapahoe	Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$12,788,000	8,096
960102D	5	Rye, Town Of		Rye	Pueblo	Improvement / Expansion of Water Treatment Facility	\$100,000	230
960142D	3	Saguache, Town of		Saguache	Saguache	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$150,000	573
990039D	4	Salida, City of		Salida	Chaffee	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$4,150,000	5,504
040026D	3	San Juan River Village MD		Pagosa Springs	Archuleta	Improvement / Expansion of Water Treatment Facility	\$550,000	500
030059D	4	San Luis WSD		San Luis	Costilla	Improvement / Expansion of Water Treatment Facility; Water Supply Facilities; Meters	\$630,000	739

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960104D	5	Sanford, Town of		Sanford	Conejos	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$250,000	783
030060D	5	Sawpit, Town of		Sawpit	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$130,000	45
960105D	5	Sedalia WSD		Sedalia	Douglas	Improvement of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,525,000	220
040027D	3	Sedgwick, Town Of		Sedgwick	Sedgwick	Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$769,000	183
000017D	5	Seibert, Town Of		Seibert	Kit Carson	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$300,393	194
030061D	5	Severance, Town of		Severance	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$929,000	1,050
070009D	5	Sheridan, City of	Oxford to Union SID	Sheridan	Arapahoe	Distribution / Transmission Lines Construction / Rehabilitation; Connect to Existing Facility	\$1,107,000	5,250
020008D	5	Silt, Town Of		Silt	Garfield	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,600,000	2,400
050075D	5	Silver Heights WSD		Castle Rock	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,600,000	350
960107D	1	Silver Plume, Town Of		Silver Plume	Clear Creek	New Regional Water Treatment Facilities; Improvement / Expansion of Water Treatment Facility; Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$2,562,388	1,220
990041D	4	Silverton, Town Of		Silverton	San Juan	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities; Water Meters	\$3,230,000	550
040028D	1	Simla, Town of		Simla	Elbert	Improvement / Expansion of Water Treatment Facility	\$100,000	550
030062D	5	South Adams County WSD		Commerce City	Adams	Water Storage Facilities	\$2,000,000	35,000
030063D	5	South Fork WSD		South Fork	Rio Grande	New Regional Water Treatment Facilities; Consolidation Of Water Treatment Facilities; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$8,000,000	1,000

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040029D	4	Southeast La Plata Rural WD		Durango	La Plata	Construction of a New Water Treatment Facility; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$15,048,000	4,900
050046D	1	Springfield, Town of		Springfield	Baca	Improvement / Expansion of Water Treatment Facility; Water Supply Facilities	\$1,000,000	1,500
960145D	5	St Charles Mesa WD		Pueblo	Pueblo	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$3,570,000	11,500
030064D	4	Steamboat Lake WSD		Clark	Routt	Construction of a New Water Treatment Facility; Water Storage Facilities; Water Supply Facilities; Meters	\$650,000	300
960156D	2	Sterling, City of		Sterling	Logan	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$12,500,000	13,916
050047D	3	Stonegate Village MD		Parker	Douglas	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$2,000,000	8,000
980244D	5	Stratmoor Hills WD		Colorado Springs	El Paso	New Regional Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Meters	\$797,374	6,300
050048D	5	Stratton, Town of		Stratton	Kit Carson	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$1,000,000	669
960230D	5	Summit Ridge WD		Mancos	Montezuma	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$700,000	1,400
050049D	3	Tabernash Meadows WSD	Pole Creek Subdivision	Tabernash	Grand	New Water Treatment Plant; Improvement / Expansion of Water Treatment Facility; Connect To Existing Facility; Water Supply Facilities	\$2,000,000	100
040030D	5	Teller County #1 WSD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$600,000	625
010036D	5	Telluride, Town of		Telluride	San Miguel	Construction of a New Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$9,550,000	5,000
020010D	5	Thunderbird WSD		Sedalia	Douglas	Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$720,000	425
070005D	5	Tri-County Water Conservancy District	Ouray Regional Water Treatment Plant	Ridgway	Ouray	New Regional Water Treatment Plant; Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,000,000	16,000

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990046D	4	Trinidad, City of		Trinidad	Las Animas	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$17,800,000	9,254
050050D	5	Turkey Canyon Ranch WD		Colorado Springs	El Paso	Improvement / Expansion of Water Treatment Facility	\$300,000	75
040031D	2	Two Buttes, Town of		Two Buttes	Baca	Improvement / Expansion of Water Treatment Facility	\$100,000	100
050051D	5	Upper Eagle Regional WA		Avon, Edwards	Eagle	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$9,180,000	32,500
050052D	1	Vilas, Town of		Vilas	Baca	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$300,000	147
060023D	3	Vona, Town of		Vona	Kit Carson	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$100,000	95
960115D	3	Walden, Town of		Walden	Jackson	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$1,900,000	734
050053D	5	Walsenburg, City of		Walsenburg	Huerfano	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	4,119
990047D	5	Walsh, Town of		Walsh	Baca	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$425,000	731
050054D	5	Watkins, Town of	Prairie View Subdivision	Watkins	Arapahoe	Water Supply Facilities	\$125,000	5,530
060017D	4	Wellington, Town of		Wellington	Larimer	Construction of a New Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$2,100,000	4,600
030068D	5	West Fort Collins WD		Fort Collins	Larimer	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$5,000,000	4,000
960231D	3	Westcreek Lakes WD		Sedalia	Douglas	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities; Water Supply Facilities	\$100,000	150
050055D	3	Westminster, City of		Westminster	Adams	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$26,500,000	110,000
990048D	3	Westwood Lakes WD		Woodland Park	Teller	Distribution / Transmission Lines Construction / Rehabilitation	\$650,000	378
060025D	3	Widefield WSD		Colorado Springs	El Paso	Improvement / Expansion of Water Treatment Facility	\$100,000	25,000
050056D	5	Wiggins, Town of		Wiggins	Morgan	Water Storage Facilities; Water Supply Facilities; Pipeline	\$500,000	900
960233D	4	Wiley, Town of		Wiley	Prowers	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$900,000	500
020015D	5	Williamsburg, Town Of		Williamsburg	Fremont	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$650,000	336

**APPENDIX A
FY 2007
Drinking Water Revolving Fund Project Eligibility List**

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
050057D	5	Will-O-Wisp MD		Bailey	Park	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Meters	\$48,000	320
990049D	5	Wilson Mesa MD	Wilson Mesa Ranch	Telluride	San Miguel	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$155,000	150
020030D	4	Winter Park WSD		Winter Park	Grand	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$3,499,000	36,000
060026D	4	Woodlin School District 104		Woodrow	Washington	Improvement / Expansion of Water Treatment Facility	\$100,000	200
020038D	5	Woodmoor #1 WSD		Monument	El Paso	Improvement / Expansion of Existing Water Treatment Plant; Water Supply Facilities; Meters	\$2,100,000	7,500
050058D	5	Wray, City of		Wray	Yuma	New Regional Water Treatment Facilities; Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$4,000,000	2,087
960238D	5	Yampa, Town of		Yampa	Routt	Water Storage Facilities	\$1,000,000	459
030069D	3	Yuma, City of		Yuma	Yuma	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,620,000	3,300

Total: \$888,297,606

APPENDIX B
FY 2007
Drinking Water Revolving Fund Project Priority / Fundable List

Project No	Cat	Pts	Facility	County	PWS ID#	Pop	2007 Loan Amount	^DC	Expected Loan Date	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description
050005D	1	87	Boone, Town of	Pueblo	151150	326	\$514,297	Y	10/2006	30	D	0	Exceeding MCL for nitrate / nitrite.	Improvements to water supply; installation of new treatment plant; rehabilitate existing storage tanks; and distribution system upgrades.
960107D	1	80	Silver Plume, Town of	Clear Creek	110035	1,220	\$450,000	Y	5/2007	30	D	1.75	Replace aged infrastructure to eliminate natural disaster potential and maintain SDWA compliance.	Construct new treatment plant outside natural disaster area; upgrade water tank; and distribution system replacement and improvements.
040033D	2	97	Hillrose, Town of	Morgan	144010	275	\$1,095,158	Y	10/2006	30	D	0	Replace aged infrastructure to comply with primary and secondary drinking water standards; improve storage facilities to prevent contamination.	Connection to Morgan Co. Quality WD including well rehabilitation; piping; new treatment facility; storage tank; distribution system with meters and hydrants.
000001D	2	95	Alamosa, City of	Alamosa	102100	8,300	\$12,000,000	N	5/2007	20	L	3.5	Exceeding MCL for arsenic	Construct new 5.04 MGD treatment plant; install transmission lines between 6 wells and new plant and install irrigation lines to large users to reduce treated water demand.
000007D	2	90	East Alamosa WSD	Alamosa	102200	1,432	\$2,000,000	Y	5/2007	30	D	0	Exceeding MCL for arsenic	Connection to the City of Alamosa proposed treatment plant including cost sharing of capital costs; a new water supply pipeline for district system; new water tank; pumps; control system and meters.
960061D	2	80	Larkspur, Town of	Douglas	118030	280	\$1,730,000	N	5/2007	20	D	3.75	Exceeding MCL for radium.	Construct WTP, upgrade distribution lines.
040022D	3	50	Palisade, Town of	Mesa	139600	2,645	\$6,500,000	Y	5/2006 and 10/2006*	30/20*	D/L*	0/3.5*	Aged water treatment plant and inadequate treated water storage.	Construct new 2 MGD treatment plant and 2.5 MG storage tank.
960115D	3	47	Walden, Town of	Jackson	129834	734	\$900,000	Y	9/2006	30	D	1.75	The 24 year old plant must be replaced to reduce chemical usage and enhance filtration.	Improvement to drinking water treatment plant; water storage facilities.
060002D	3	35	Cucharas SWD	Huerfano	128100	145	\$269,000	N	1/2007	20	D	3.75	Inadequate looping, flushing and circulation as well as winter freezing of distribution lines.	Distribution system improvements.
050025D	3	25	Fraser, Town of	Grand	125288	996	\$384,200	N	5/2007	20	D	3.75	The system is not metered. This creates problems in effectively managing water usage and promoting water conservation.	Installation of approximately 350 water meters, installation and replacement of transmitting units and installation of back-flow prevention devices.

*The \$6M loan for Palisade will be comprised of a \$4.5M leveraged loan and a \$2M DC loan.

APPENDIX B
FY 2007
Drinking Water Revolving Fund Project Priority / Fundable List

Project No	Cat	Pts	Facility	County	PWS ID#	Pop	2007 Loan Amount	^DC	Expected Loan Date	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description
050021D	4	36	Eckley, Town of	Yuma	163001	278	\$775,000	Y	10/2007	30	D	0	Exceeding MCL for arsenic	Treatment plant improvements to remove arsenic.
960161D	5	60	Genoa, Town of	Lincoln	137005	211	\$175,000	Y	1/2007	30	D	0	Aged transmission and distribution system that may cause contamination if not replaced.	Install new distribution lines
960105D	5	55	Sedalia WSD	Douglas	118060	220	\$2,000,000	Y	5/2007	30	D	1.75	Replace aged infrastructure for compliance with Total Coliform Rule and upcoming Groundwater Rule.	New chemical feed system, well redevelopment; pump upgrades; new storage tanks; transmission line installation and distribution system improvements including hydrants.
990013D	5	45	Cottonwood WSD	Douglas	118020	2,375	\$10,000,000	N	10/2006	20	L	3.75	Iron, maganese and hydrogen sulfide contamination.	Construct water treatment plant; new water supply wells; pipelines serving plant and property acquisition.
960126D	5	45	Arapahoe County WWA	Arapahoe	203002	24,536	\$15,800,000	N	10/2006	20	L	3.75	Replace aged infrastructure to ensure compliance with Enhanced Surface Water Treatment Rules.	Construct water treatment plant; new water supply wells; install pipelines serving new plant; and property acquisition for new plant.
960055D	5	42	Kiowa, Town of	Elbert	122015	660	\$1,900,000	N	5/2007	20	L	3.75	Inadequate pressure in water lines.	Construct new storage tank, transmission mains and booster pump stations.
060012D	5	35	Ralston Valley WSD	Jefferson	130667	1,300	\$1,300,000	N	5/2007	20	D	3.75	Aged transmission and distribution system that may cause contamination if not replaced. Compliance with Total Coliform Rule.	Install pressure reducing stations, new distribution lines; control valves and fire hydrants.
030045D	5	20	Ordway, Town of	Crowley	113700	1,322	\$200,000	Y	1/2007	30	D	0	Aged transmission and distribution system that may cause contamination if not replaced.	Install new distribution lines

Total: \$57,992,655

^DC - Disadvantaged Communities
Y-Yes, N-No

*The \$6M loan for Palisade will be comprised of a \$4.5M leveraged loan and a \$2M DC loan.

APPENDIX C
Drinking Water Revolving Fund
Additions to the 2006 Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
070006D	1	Arabian Acres Metropolitan District		Woodland Park	Teller	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$362,000	300
070017D	5	Aspen Village Metropolitan District		Aspen	Pitkin	Distribution / Transmission Lines Construction / Rehabilitation	\$100,000	300
070018D	5	Buttermilk Metropolitan District		Aspen	Pitkin	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$118,000	300
050067D	3	Clear Creek County	Mill Creek Park Water & Improvement Assoc.	Dumont	Clear Creek	Construction of a new Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$325,000	38
070015D	5	Crestone, Town of		Crestone	Saguache	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Meters	\$100,000	125
070004D	3	Eagle, City of	Western Eagle County Recreation District	Eagle	Eagle	Distribution / Transmission Lines Construction / Rehabilitation; Connect to Existing Facility	\$25,000	4,400
070008D	3	Fort Morgan, City of		Fort Morgan	Weld	Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$5,500,000	12,000
070019D	5	Grace Mar Water District	Grace Mar Water Inc.	Lafayette	Boulder	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$80,000	27
070013D	5	Grover, Town of		Grover	Weld	Water Supply Facilities	\$6,000	154
000002D	3	La Junta, City of	Bent's Fort WUA	La Junta	Otero	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$655,000	1,500
030035D	3	La Junta, City of	Eureka Water Co (1)	La Junta	Otero	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$1,649,000	498
000039D	3	La Junta, City of	Homestead Improvement Assoc Inc	La Junta	Otero	Consolidation Of Water Treatment Facilities	\$98,000	65
070012D	4	Lake County	Mountain View Village	Leadville	Lake	Construction of a new Water Treatment Facility; Connect To Existing Facility; Water Storage Facilities	\$1,800,000	1,000
070003D	2	Larimer County	Glacier View Meadows WS Assoc	Livermore	Larimer	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities; Water Meters	\$51,050	400
070016D	5	Mesa County	Ute WCD - Brunner's Artesian WS	Grand Junction	Mesa	Connect To Existing Facility; Distribution / Transmission Lines Construction / Rehabilitation	\$1,000,000	251
070011D	5	Naturita, Town of		Naturita	Montrose	Distribution / Transmission Lines Construction / Rehabilitation	\$500,000	629
070001D	2	Otero County	South Swink Water Co.	Swink	Otero	New Drinking Water Treatment Plant; Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Connect To Existing Facility	\$400,000	600
070020D	2	Otero County	Valley Water Co		Otero	Improvement / Expansion Of Water Treatment Facility	\$100,000	270
070007D	2	Otero County	Valley Water Company	Manzanola	Otero	Improvement / Expansion of Water Treatment Facility; Consolidation of Water Treatment Facility	\$200,000	111
010030D	5	Phillips County	Amherst Unincorp Area	Amherst	Phillips	New Drinking Water Treatment Plant; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$250,000	85
070002D	5	Pierce, Town of		Pierce	Weld	New Wastewater Treatment Plant; Improvement / Expansion of Water Treatment Facility;	\$1,630,000	884
020035D	3	Prowers County	May Valley Water Assoc	Wiley	Prowers	Improvement / Expansion Of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities; Water Supply Facilities	\$50,000	1,500

APPENDIX C
Drinking Water Revolving Fund
Additions to the 2006 Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
070009D	5	Sheridan, City of	Oxford to Union SID	Sheridan	Arapahoe	Distribution / Transmission Lines Construction / Rehabilitation; Connect to Existing Facility	\$1,107,000	5,250
070005D	5	Tri-County Water Conservancy District	Ouray Regional Water Treatment Plant / Town of Ridgeway	Ridgeway	Ouray	New Regional Water Treatment Plant; Consolidation of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$7,000,000	16,000

APPENDIX C
Drinking Water Revolving Fund
Deletions from the 2006 Project Eligibility List

Project Number	Elig Cat	Entity	Project Name	City	County	Project Description	Project Cost (\$)	Pop
010037D	4	Victor, City of		Victor	Teller	Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities	\$1,000,000	600
960033D	3	Florence, City of		Florence	Fremont	Improvement / Expansion of Water Treatment Facility; Distribution / Transmission Lines Construction / Rehabilitation; Water Storage Facilities	\$13,800,000	5,000
000009D	5	Fort Garland WSD		Fort Garland	Costilla	Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities; Meters	\$300,000	350
960151D	3	Mesa County	Artesian Water Services	Grand Junction	Mesa	Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation; Water Supply Facilities	\$1,000,000	300
020027D	3	Nucla, Town of	Mustang WA	Nucla	Montrose	Improvement / Expansion of Water Treatment Facility; Consolidation Of Water Treatment Facilities; Distribution / Transmission Lines Construction / Rehabilitation	\$2,400,000	635
060021D	3	Otis, Town of		Otis	Washington	Improvement / Expansion of Water Treatment Facility; Water Storage Facilities	\$100,000	532

ATTACHMENT 1

Drinking Water Revolving Fund Rules



**Colorado Department
of Public Health
and Environment**

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

**STATE BOARD OF HEALTH
DRINKING WATER REVOLVING FUND RULES**

(Last Amended September 15, 2004, effective November 30, 2004)

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

**STATE BOARD OF HEALTH
DRINKING WATER REVOLVING FUND RULES**

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DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Water Quality Control Division

5 CCR 1003-3

STATE BOARD OF HEALTH DRINKING WATER REVOLVING FUND RULES

A. 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 (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, which is part of the annual Intended Use Plan. Codified at sections 37-95-103 and 37-95-107.8, C.R.S., the statutes direct the State 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 complies with 40 CFR part 35, subpart I, and provides for the Board of Health's approval of the Intended Use Plan including additions and modifications to the Project Eligibility List and the Priority / Fundable List.

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 25-1.5-203, C.R.S., also provides authority for this regulation.

B. Definitions

Section 1.2.2 of the Colorado Primary Drinking Water Regulations 5 CCR 1003-1, contains 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" - 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" - A situation where the Division has identified a maximum contaminant level (MCL) violation or a treatment technique violation. Funding for these projects must 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 MCLs (other than those listed as acute) and treatment technique requirements. Chronic contaminant health effects occur after years of exposure.

- (6) "Other Future Needs" - Those needs in situations where a 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" - Temporary managerial or technical steps to protect public health during the time period when the public water system 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" – A situation where a public water system has periodically exceeded an MCL, has levels greater than 50 percent 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 Section 37-95-107.8(4), C.R.S. The list shall consist of projects that 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) "Public water system" - (PWS) A system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least fifteen service connections or regularly serves an average of at least twenty-five individuals daily at least 60 days out of the year. Such term includes:
 - (a) Any collection, treatment, storage, and distribution facilities under control of the operator of such system and used primarily in connection with such system.
 - (b) Any collection or pretreatment storage facilities not under such control, which are used primarily in connection with such system.
- (12) "Source Water Protection" - Structural or nonstructural source water protection activities done in addition to area delineation and contaminant assessment.
- (13) "Treatment Facilities" - Any devices or systems used in the collection, storage, treatment, transmission, diversion, or distribution of water intended for drinking water purposes.
- (14) "Wastewater Treatment Plant Sludge" - The accumulated solids resulting from treatment of domestic wastewater.
- (15) "Water Conservation" - Any structural or nonstructural water conservation measure that achieves a reduction in water consumption for a PWS or 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 that 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.
- (16) "Water Treatment Plant Sludge" - The accumulated solids resulting from treatment of water for domestic use.

C. Purpose

- (1) The purpose of the DWRF is to provide financial assistance to governmental agencies for the construction of treatment facilities for health and compliance purposes as defined above.
- (2) An annual Intended Use Plan (IUP) is required by the SDWA to provide information about how the state will assist communities with their drinking water needs. Included in the IUP is the Project Eligibility List, which is a comprehensive list identifying governmental agencies with drinking water project needs, and the Priority / Fundable List, identifying prioritized PWS projects that are eligible for financial assistance from the DWRF. The project priority system is intended to establish priorities for the DWRF 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 DWRF.
- (3) It is also the policy of the Board of Health to encourage consolidation of drinking water systems and to promote water conservation where practicable.
- (4) It is the policy of the Board of Health and the Water Quality Control Commission to promote beneficial use of sludge created by treatment processes of a PWS.
- (5) Any applicant for financial assistance from the DWRF must comply with policies and procedures and other requirements of the Authority.

D. Intended Use Plan Procedures

The Division, in cooperation with the Division of Local Government and the Authority, shall develop an annual IUP. The Division shall recommend the IUP to the Board of Health each year for final agency action at a public hearing, and shall also provide for public notice and an opportunity to comment to comply with the SDWA.

The IUP shall include:

- (1) The Project Eligibility List and Priority / Fundable List of projects.
- (2) Descriptions of:
 - (a) Criteria and method used for distribution of funds
 - (b) Financial status of the DWRF program
 - (c) Short and long term goals of the DWRF program
 - (d) Amounts transferred between the DWRF and the Water Pollution Control Revolving Fund

- (e) Set-aside activities and the percentage of the capitalization grant to be used
 - (f) How a state disadvantaged community program will be defined and utilized, if applicable; and
- (3) Any other material that may be required by the SDWA.

E. Project Eligibility List and Priority / Fundable List Procedures

- (1) The Project Eligibility List is the comprehensive list of projects showing current and future needs of PWS improvements. 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 at a public hearing. The list shall be forwarded to the General Assembly each year on or before January 15; once approved by the General Assembly, the Authority is able to provide assistance to the governmental agencies with projects on the Project Eligibility List.
- (2) As required by federal regulations, all projects, except projects funded on an emergency basis, shall be prioritized before receiving assistance from the DWRP. The Priority / Fundable List includes projects from the Project Eligibility List that are ready for funding and have been prioritized by the Division based on information provided by the PWS. The Priority / Fundable List shall include:
- (a) The name of the public water system;
 - (b) Priority points and rank assigned to the project;
 - (c) A description of the project;
 - (d) The expected terms of the financial assistance; and
 - (e) Population of the PWSs service area
- (3) Projects on the Priority / Fundable List will be financed in priority order; however, exceptions for funding out of priority order shall be allowed due to one or more of the following reasons:
- (a) Certain governmental agencies are not ready to proceed with the project;
 - (b) Certain governmental agencies do not wish to participate in the DWRP, or they have received funding from other sources;
 - (c) Certain governmental agencies (on the list) had an emergency situation occur during the funding year; or
 - (d) Certain governmental agencies are 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.)

F. Priority System

- (1) All PWSs with identified water quality problems related to health and compliance issues may be included in one of the categories listed below.
- (2) All PWS projects that fall into one of the categories listed below and have a pre-planning, planning, or pre-design document that describes a project to correct the water quality problem, shall be prioritized as ready for funding on the Priority / Fundable List.
- (3) Funding for the projects under each category shall result in the PWSs complying with existing regulatory requirements.
- (4) Eligible Project Criteria

Categories were developed to emphasize the most immediate public health and compliance issues. Projects on the Project 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 have violations caused by poor operation and maintenance procedures or are under an administrative order for violating reporting requirements.

- (5) Categories By Priority Ranking
 - (a) 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.
 - (b) 2 - Chronic (long term) Health Hazard. The Division has identified a continuous violation of an MCL or an SWTR treatment technique requirement for a chronic contaminant.
 - (c) 3 - Potential Acute Health Hazard. The PWS has periodically exceeded an acute MCL, has levels greater than 50 percent 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.
 - (d) 4 - Potential Chronic Health Hazard. The PWS has periodically exceeded a chronic MCL, has levels greater than 50 percent of a chronic MCL on a regular basis, or has short term problems meeting other treatment technique requirements.
 - (e) 5 - Other Future Needs. The PWS 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.

(6) Priority Point Assignments Within Each Category

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

- (a) Population. Points shall be assigned to PWSs 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

- (b) Financial Need. Points shall be assigned to PWSs in accordance with the following “financial need criteria:”

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

over 3 percent	20 points
over 2 percent; up to 3 percent	15 points
over 1 percent; up to 2 percent	10 points

- (ii) Local burden (total project cost per equivalent residential tap):

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

- (c) Consolidation. Fifteen points shall be assigned to a PWS if the project includes consolidating two or more PWSs.
- (d) Water Conservation. Five points shall be assigned to a PWS if the PWS implements a water conservation measure.
- (e) Source Water Protection. Two points shall be assigned to a PWS if the governmental agency implements source water protection measures.
- (f) Beneficial Use of Sludge. Two points shall be assigned to a PWS if the governmental agency intends to utilize water treatment plant sludge for a beneficial use as defined herein.

- (g) Health Risk. To further clarify the ranking of PWS projects, the Division shall assign up to twenty points for a PWSs health risks. Determination of the health risk will be made based upon the type and level of contaminant present within categories.

G. Disadvantaged Communities Procedures

Under the SDWA, states are authorized to establish Disadvantaged Communities Programs. The following procedures describe the approval and amendment process for Colorado's annual IUP as it relates to the administration of its Disadvantaged Communities Program. The Division, Authority and the Division of Local Government may recommend Program changes based on actual program implementation and the results of periodic reviews conducted hereunder. Approval of any and all changes in the IUP is subject to final agency action by the Board of Health.

- (1) The DWRF may provide additional loan subsidies for governmental entities that are determined to be "disadvantaged." The definition/criteria of a disadvantaged community and the nature of the loan subsidies to be made available thereto shall be recommended for inclusion in the IUP by the Division and the Authority in consultation with the Division of Local Government. Subsidies, such as extended loan repayment terms and reduced interest rates at or above zero percent, are not subject to the thirty percent cap of the federal capitalization grant.
- (2) While compiling projects on the Priority / Fundable List (utilizing the procedures listed in Section E above), the Division will identify the community projects that qualify for assistance under the Disadvantaged Communities Program in accordance with program definition/criteria.
- (3) The Division, the Authority and the Division of Local Government will conduct periodic reviews, as appropriate, of the Disadvantaged Communities Program. The reviews may result in recommended program changes relative to the nature of available subsidies to be incorporated into the IUP. In conducting such reviews and preparing recommendations, the following factors may be examined:
 - (a) The overall financial condition of the communities participating in the program, including but not limited to:
 - o The total drinking water utility system fee and tax burden upon rate payers;
 - o Post project drinking water utility charges;
 - o Drinking water utility indebtedness;
 - o Median household income.
 - (b) The impact of the subsidy upon the continued financial viability of the DWRF.

- (c) The merit of utilizing all financial assistance options allowed under the SDWA to ensure a safe drinking water supply for all citizens.
- (4) Upon receipt of comment from the Division, Authority and/or Division of Local Government, the Board of Health shall render final agency action upon the Disadvantaged Communities Program provisions of the IUP.

H. Emergency Procedures

- (1) The Board of Health may amend the project eligibility and Priority/Fundable Lists at any time throughout the year to include PWS projects that it determines and declares to be emergency projects needed to prevent or address threats to public health.
- (2) In cases where the board determines the amendments will result in substantial changes to the project eligibility or Priority / Fundable Lists, public notice and opportunity for comment on the proposed inclusions shall be provided.

ATTACHMENT 2
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
 - Install meters
- ◆ 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 2
Eligible and Ineligible Projects and Project-Related Costs
Under the Drinking Water State Revolving Loan Fund (DWRf) Program
(continued)

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

2007 INTENDED USE PLAN
ATTACHMENT 3a
DWSRF SET-ASIDE AND FEE ACTIVITY **

SET -ASIDE ACTIVITY									
Set-Aside	Set Aside Allocation from Grants Through June 30, 2006	Set Aside Funds Transferred To DWSRF Loan Fund or other Set Asides	Set Aside Funds Expended Through June 30, 2006	Balance available	Set Aside Allocations from the 2007 grant	Total Funds Available for State Fiscal Year 2007	Set Aside Reserved Through 2006	Set Aside Reserved FFY06 Allotment	Total Set-Aside Reserved
Grant Administration	\$5,033,424		(\$2,642,660)	\$2,390,764	\$598,400	\$2,989,164	\$0	\$0	\$0
State Program:									
> PWS Supervision	5,567,928		(3,369,289)	2,198,639	1,496,000	3,694,639	0	0	0
> Source Water Protection				0			0	0	0
> Capacity Development				0					
> Operator Certification				0					
Small System Tech. Asst.	2,516,712	(281,532)	(982,057)	1,253,123	299,200	1,552,323	0	0	0
Local Assistance:									
> Loan Assistance for SWP				0					
> Capacity Development	8,928,941	(970,860)	(3,438,005)	4,520,076	1,496,000	6,016,076	0	0	0
> Source Water Assessment	1,678,410	(18,345)	(1,660,065)	0	0		0	0	0
> Wellhead Protection	4,252,667		(2,629,913)	1,622,754	486,200	2,108,954	0	0	0
TOTALS	\$27,978,082	(\$1,270,737)	(\$14,721,989)	\$11,985,356	\$4,375,800	\$16,361,156	\$0	\$0	\$0

* Based on loans issued as of 06/30/06

** Cash basis

ADMINISTRATIVE FEES COLLECTED AND EXPENDED									
DWSRF Administrative Fee Account Activity through June 30, 2006									
Transfers to State Match Holding Account	Loan Fees Collected	Grant Funds Drawn	Investment Income plus Other Transfers In	Admin Fees Expended	Balance Available	Anticipated Collection for 07/01/06 - 06/30/07*	Anticipated Administrative Fee Funds Available		
(419,119)	9,142,818	2,642,660	741,949	(7,973,613)	4,134,694	1,749,740	5,884,434		

Attachment 3b
Drinking Water Revolving Fund
2007 Intended Use Plan (IUP)
Funds Available to the DWRP Program

SOURCES	Cumulative Total from Inception through June 30, 2006	Projected For Time Period July 1, 2006 - December 31, 2006	Projected For Time Period January 1, 2007 - December 31, 2007	Cumulative Total Through December 31, 2007
Federal Capitalization Grants	\$ 126,956,337	\$ -	\$ 14,960,000	\$ 141,916,337
less: Set-asides	(24,046,383)	-	(3,740,000)	(27,786,383)
State Match:				
Appropriation/Agency Cash - Committed	25,167,120	-	2,992,000	28,159,120
Agency Cash for CWSRF transfer	-	-	-	-
Leveraging Bonds Proceeds	182,390,000	39,838,625	36,705,250	258,933,875
Plus /(Less) Additional Principal from DW Refundings	(230,000)	-	-	(230,000)
Leveraged Loans Repayments:				
Principal (1)	36,792,500	6,625,000	7,290,000	50,707,500
Interest	21,030,184	1,962,982	3,783,679	26,776,845
Principal (2) (State Match)	3,290,696	327,117	663,765	4,281,578
Direct Loans Repayments:				
Principal	2,815,497	325,750	819,844	3,961,091
Interest	1,157,803	146,266	297,199	1,601,268
Federal Funds Deallocation (from DSRF)	11,510,937	2,361,080	3,142,979	17,014,996
Fees Deposited to the DWRP	-	-	-	-
Interest Income on Investments	25,863,824	1,633,318	3,416,995	30,914,137
Transfer to/from Clean Water SRF Grant program	-	-	-	-
TOTAL SOURCES	412,698,515	53,220,138	70,331,711	536,250,364
USES				
Loans Executed:				
Direct	21,344,915	6,202,394	10,000,000	37,547,309
Leveraged	199,298,115	44,500,000	41,000,000	284,798,115
Grant Funds Committed to Loans	75,452,269	18,645,500	17,179,000	111,276,769
Leveraging Bond Debt Service				
Principal	32,480,000	6,630,000	7,675,000	46,785,000
Interest	43,536,352	3,403,649	6,681,031	53,621,033
Funds Available for New Loans	(a) 40,586,864	(26,161,405)	(12,203,321)	2,222,138
TOTAL USES	\$ 412,698,515	\$ 53,220,138	\$ 70,331,711	\$ 536,250,364

(a) A majority of these funds represents accumulated investment income in the DSRF that is not needed for current or future debt service and can and will be deallocated to the DWSRF Reloan Account beginning in 2006. These amounts are not included in the Loan Capacity Calculation.

* Cash basis.

ATTACHMENT 4. - LOAN SUMMARY REPORT AS OF JUNE 30, 2006
 DRINKING WATER REVOLVING FUND (DWRF) LOAN PROGRAM
 2007 INTENDED USE PLAN (IUP)

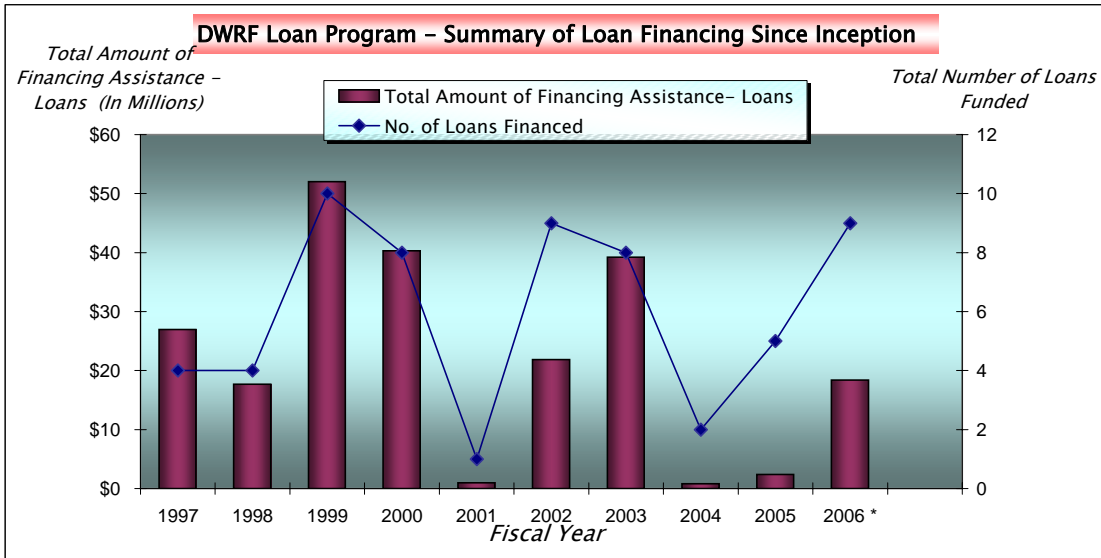
DETAIL OF LOANS FINANCED UNDER THE DWRF PROGRAM									
Borrower	Loan Date	Loan Amount	Loan Term (In Years)	Effective Loan Interest Rate	DW SRF Funds Obligated to Loan (a)	State Match Provided for Loan (b)	New Loans Funded or Subsidized with DW SRF Reloan Monies (c)	Percent of State Match Provided to DW SRF Funds	Loan Type
Grand Lake, Town of	10/29/97	\$ 495,000.00	20	4.500%	\$ 394,988.00	\$ 100,012.00		25.3%	DL
Arapahoe Estates WD	10/01/97	1,048,332.75	20	4.150%	388,359.00	98,332.75		25.3%	LL
Englewood, City of	10/01/97	15,292,635.61	21	4.140%	5,361,910.00	1,357,635.61		25.3%	LL
Fort Collins, City of	10/01/97	10,125,299.77	20	4.120%	3,614,928.00	915,299.77		25.3%	LL
Chatfield South WD	07/13/98	728,500.00	20	4.500%	581,310.00	147,190.00		25.3%	DL
Left Hand W&SD	09/11/98	188,700.00	20	4.500%	150,574.00	38,126.00		25.3%	DL
Buena Vista, Town of	06/01/98	1,324,119.65	20	4.010%	490,204.00	124,119.65		25.3%	LL
Fort Morgan, City of	06/01/98	15,433,355.38	21	4.020%	5,641,214.00	1,428,355.38		25.3%	LL
Julesburg, Town of	05/01/99	693,000.00	1	4.500%	543,757.00	149,243.00		27.4%	DL
La Junta, City of	10/15/99	490,000.00	20	4.500%	384,475.00	105,525.00		27.4%	DL
Thunderbird W&SD (#1)	06/01/99	285,000.00	20	4.500%	223,623.00	61,377.00		27.4%	DL
Aurora, City of	05/01/99	14,999,898.55	15	3.633%	4,751,500.00	1,024,898.55		21.6%	LL
Fort Collins, City of	05/01/99	4,998,394.59	20	3.808%	1,870,165.00	403,394.59		21.6%	LL
Glenwood Springs, City of	05/01/99	4,999,017.40	19	3.773%	1,710,790.00	369,017.40		21.6%	LL
Grand County W&SD	05/01/99	2,998,566.15	19	3.783%	1,036,468.00	223,566.15		21.6%	LL
Greeley, City of	05/01/99	14,999,038.36	20	3.802%	5,280,660.00	1,139,038.36		21.6%	LL
Julesburg, Town of	05/01/99	994,599.70	20	3.809%	392,210.00	84,599.70		21.6%	LL
Left Hand WD	05/01/99	6,571,538.04	20	3.802%	2,139,722.00	461,538.04		21.6%	LL
Craig, City of	12/15/00	450,000.00	5	4.000%	353,089.00	96,911.00		27.4%	DL
Sedalia W&SD	03/09/00	326,000.00	20	4.500%	255,794.00	70,206.00		27.4%	DL
Springfield, Town of	07/28/00	349,470.76	20	4.500%	274,209.00	75,261.76		27.4%	DL
Evergreen MD	04/15/00	5,577,981.71	21	4.390%	1,786,069.00	452,981.71		25.4%	LL
Fountain Valley Auth	04/15/00	7,607,966.23	21	4.400%	2,633,735.00	667,966.23		25.4%	LL
Limon, Town of	04/15/00	1,440,808.84	21	4.410%	436,910.00	110,808.84		25.4%	LL
Pueblo Board of WW	04/15/00	9,558,794.83	23	4.600%	2,499,000.00	633,794.83		25.4%	LL
Westminster, City of	04/15/00	14,998,357.36	21	4.400%	4,764,452.00	1,208,357.36		25.4%	LL
Wellington, City of	11/01/01	1,000,000.00	20	4.000%	716,007.00	283,993.00		39.7%	DL
Basalt, Town of	12/19/02	948,245.63	20	4.000%			1,000,000.00	n/a	DL
Dillon, Town of	10/18/02	1,000,000.00	10	4.000%			1,000,000.00	n/a	DL
Hayden, Town of	04/30/02	1,000,000.00	20	4.000%			1,000,000.00	n/a	DL
Thunderbird W&SD (#2)	08/27/02	343,684.15	20	4.000%			343,684.15	n/a	DL
Woodland Park, City of	03/13/02	800,000.00	20	4.000%	597,200.00	202,800.00		34.0%	DL
Evergreen MD	04/01/02	2,036,129.62	21	4.000%	764,260.00	181,129.62		23.7%	LL
Grand Junction, City of	04/01/02	3,566,521.69	21	4.020%	1,082,370.00	256,521.69		23.7%	LL
Idaho Springs, City of	04/01/02	2,339,796.89	21	3.990%	906,316.00	214,796.89		23.7%	LL
La Junta, City of	04/01/02	9,812,211.15	21	4.000%	3,300,469.00	782,211.15		23.7%	LL
Mustang WA	12/08/03	700,000.00	20	4.000%			700,000.00	n/a	DL
Oak Creek, Town of	11/18/03	900,688.96	20	4.000%			900,688.96	n/a	DL
Ouray, City of	12/19/03	1,000,000.00	20	4.000%			1,000,000.00	n/a	DL
Westwood Lakes WD	05/15/03	500,000.00	20	4.000%			500,000.00	n/a	DL
Florence, City of	11/01/03	12,999,092.97	22	3.510%	5,502,502.00	1,304,092.97		23.7%	LL
Fountain Valley Auth	06/01/03	3,221,861.82	22	3.030%	1,463,552.00	346,861.82		23.7%	LL
Longmont, City of	06/01/03	14,998,044.44	21	3.110%	6,046,601.00	1,433,044.44		23.7%	LL
Lyons, Town of	06/01/03	4,915,599.18	22	3.030%	2,196,621.00	520,599.18		23.7%	LL
Pinewood Springs WD	07/26/04	123,200.00	20	3.500%			123,200.00	n/a	DL
Swink, Town of	04/20/04	669,000.00	20	3.500%			669,000.00	n/a	DL
Florence, City of	01/25/05	800,000.00	20	3.500%			800,000.00	n/a	DL
Olde Stage WD	06/01/05	100,000.00	20	3.500%			100,000.00	n/a	DL
La Jara, Town of	04/20/05	200,000.00	20	0.000%			200,000.00	n/a	DC
Victor, City of	06/17/05	283,000.00	10	0.000%			283,000.00	n/a	DC
Log Lane Village, Town of	10/14/05	1,000,000.00	30	1.750%			1,000,000.00	n/a	DC
Bristol W&SD	02/08/06	200,000.00	30	0.000%			200,000.00	n/a	DC
Pinewood Springs WD #2	04/03/06	752,425.00	20	3.500%			752,425.00	n/a	DL
Pritchett, Town of	03/31/06	200,000.00	30	0.000%			200,000.00	n/a	DC
Craig, City of	04/27/06	6,056,378.40	21	3.650%	2,263,200.00	536,378.40		23.7%	LL
Little Thompson WD	04/27/06	6,383,774.04	21	3.650%	2,653,055.00	628,774.04		23.7%	LL
Sedgwick, Town of	05/15/06	419,000.00	30	0.000%			419,000.00	n/a	DC
Castle Pines MD	05/25/06	2,000,000.00	20	3.750%			2,000,000.00	n/a	DL
Palisade, Town of	05/26/06	2,000,000.00	30	0.000%	1,526,000.00	474,000.00		31.1%	DC
Platte Canyon W&SD	06/30/06	400,000.00	20	3.750%			400,000.00	n/a	DL

ATTACHMENT 4. - LOAN SUMMARY REPORT AS OF JUNE 30, 2006
 DRINKING WATER REVOLVING FUND (DWRF) LOAN PROGRAM
 2007 INTENDED USE PLAN (IUP)

SUMMARY OF DW SRF LOANS MADE BY TYPE OF LOAN									
Loan Type	No. of Loans Financed	Total Amount of Financing Assistance-Loans	Average Loan Life (In Years)	Weighted Average Loan Rate	Total DW SRF Funds Obligated (a)	Total State Match Funds Provided (b)	New Loans Funded or Subsidized with DW SRF Reloan Monies (c)	No. of Loans Financed with Reloan Monies (c)	Percent of Loans Funded With Reloan Monies (c)
DIRECT LOANS (DC)	7	\$4,302,000	25.7	0.00%	\$1,526,000	\$474,000	\$2,302,000	7	100.00%
DIRECT LOANS (DL)	26	17,042,915	18.3	3.91%	4,475,026	1,330,645	11,288,998	14	53.85%
LEVERAGED LOANS (LL)	27	199,298,115	20.6	3.88%	70,977,242	16,908,115	0	0	0.00%
TOTAL FOR PROGRAM	60	220,643,030	21.5	3.82%	76,978,268	18,712,760	13,590,998	21	35.00%

SUMMARY OF DW SRF LOANS MADE EACH FISCAL YEAR									
FISCAL YEAR (Jan 01 - Dec 31)	No. of Loans Financed	Total Amount of Financing Assistance-Loans	Average Loan Life (In Years)	Weighted Average Loan Rate	Total DW SRF Funds Obligated (a)	Total State Match Funds Provided (b)	New Loans Funded or Subsidized with DW SRF Reloan Monies (c)	No. of Loans Financed with Reloan Monies (c)	Percent of Loans Funded With Reloan Monies (c)
1997	4	\$26,961,268	20.3	4.14%	\$9,760,185	\$2,471,280	\$0	0	0.0%
1998	4	17,674,675	20.3	4.04%	6,863,302	1,737,791	0	0	0.0%
1999	10	52,029,053	17.4	3.77%	18,333,370	4,022,198	0	0	0.0%
2000	8	40,309,380	19.0	4.44%	13,003,258	3,316,288	0	0	0.0%
2001	1	1,000,000	20.0	4.00%	716,007	283,993	0	0	0.0%
2002	9	21,846,589	19.3	4.00%	6,650,615	1,637,459	3,343,684	4	44.4%
2003	8	39,235,287	20.9	3.30%	15,209,276	3,604,598	3,100,689	4	50.0%
2004	2	792,200	20.0	3.50%	0	0	792,200	2	100.0%
2005	5	2,383,000	20.0	2.06%	0	0	2,383,000	5	100.0%
2006 *	9	18,411,577	24.7	3.10%	6,442,255	1,639,152	3,971,425	6	66.7%
TOTAL	60	220,643,030	20.2	3.63%	76,978,268	18,712,760	13,590,998	21	35.0%

* Throught report date.



Borrower Abbreviations Clarification:

W&SD = Water and Sanitation District
 MD= Metropolitan District
 WW = Water Works
 WD = Water District

Type of Loan:

LL = Leveraged Loan - Funded from bond proceeds
 DL = Direct Loan - Funded from available sources: (1) Authority state funds, (2) Grant Funds or (3) Drinking Water SRF Reloan funds.
 In 2002, the DWRF program began funding all direct loans with DW SRF Reloan Monies>
 DC = Disadvantage Communities Direct Loan - Beginning in 2005, the Authority began funding zero-interest or low-interest loans to municipalities meeting certain minimum qualifications (see IUP narrative for more information about this program).

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

Attachment 7

2005 Project Eligibility/ Fundable List Status

**ATTACHMENT 7
FY 2005
Drinking Water Revolving Fund Project Priority / Fundable List**

Priority Rank	Project No	Cat	Pts	Facility	County	PWS ID#	Pop	2005 Loan Amount	^DAC	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description	Remarks
1	010016	1	60	Haswell, Town Of	Kiowa	131600	84	\$180,000	Y	30	D	1.75	Exceeding MCL for nitrate / nitrite.	Install co-current regeneration ion exchange treatment unit.	Received funding from Energy & Mineral Impact Assistance Fund, and CDBG
2	980253	1	45	Deer Trail, Town Of	Arapahoe	103030	592	\$200,000	Y	30	D	1.75	Exceeding MCL for bacteria.	Replace distribution system.	Not ready to proceed
3	960061	2	80	Larkspur, Town Of	Douglas	118030	250	\$500,000	N	20	D	3.5	Exceeding MCL for radium.	Construct WTP, upgrade distribution lines.	Not ready to proceed, received DWRF P&D Grant for planning
4	040027	3	80	Sedgwick, Town of	Sedgwick		183	\$769,000	Y	30	D	0	Exceeding MCL for bacteria.	Construct New Well and rehabilitate existing well; construct new treatment plant; construct storage tank; improve existing water tower; install water meters and fire hydrants.	Funded with DWRF DAC loan, DWRF P&D Grant and Energy & Mineral Impact Assistance Fund
5	960093	3	65	Pinewood Springs WD	Larimer	135610	800	\$330,000	N	20	D	3.5	Some turbidity & radioactivity, lead and copper.	Treatment and line work.	Funded with DWRF loan
6	960033	3	60	Florence, City Of	Fremont	122500	5,000	\$13,800,000	N	20	L	4	MPA violations; aged infrastructure.	Upgrade WTP and storage.	Funded with DWRF loan, USDA Rural Development and Colorado Water Conservation Board
7	960115	3	47	Walden, Town Of	Jackson	129834	734	\$2,300,000	Y	30	D	1.75	The 24 year old plant must be replaced to reduce chemical usage and enhance filtration.	Improvement to drinking water treatment plant; water storage facilities.	Funded with DWRF DAC loan, DWRF P&D Grant and Energy & Mineral Impact Assistance Fund
8	960084	3	45	Olde Stage WD	Boulder	107582	213	\$250,000	N	20	D	3.5	Replace aged infrastructure to prevent contamination.	New storage tank; repair existing tank.	Funded with DWRF loan
9	10037	3	45	Victor, City of	Teller	160700	447	\$283,000	Y	30	D	1.75	Reduce chemical usage and enhance filtration. Water storage and delivery system are also in need of upgrades.	Construct new treatment plant with backwash capability; install new infiltration gallery; repair storage tank and add tank for redundancy and construct booster pump station.	Funded with DWRF DAC loan
10	50041	5	60	Pritchett, Town of	BACA	105300	150	\$200,000	Y	30	D	0	Supply wells fail to meet chlorine contact time.	Install new storage tank, flow meter, chlorination equipment; contact piping; construct well house; upgrade electrical equipment; pump; drop pipe and check valve replacement.	Funded with DWRF DAC loan, DWRF P&D Grant
11	50006	5	60	Bristol WSD	Prowers	150200	200	\$200,000	Y	30	D	0 to 1.75	Supply wells fail to meet chlorine contact time.	Add disinfection equipment; chlorine contact piping; pressure tank; generator and electrical modifications to wells; storage tank improvements; distribution system upgrades with connection to the Town of Granada.	Funded with DWRF DAC loan, DWRF P&D Grant

Attachment 8

2006 Project Eligibility/ Fundable List Status

ATTACHMENT 8

FY 2006

Drinking Water Revolving Fund Project Priority / Fundable List

Priority Rank	Project No	Cat	Pts	Facility	County	PWS ID#	Pop	2006 Loan Amount	^DAC	Term (Yrs)	Loan Type	Interest Rate	Problem Description	Project Description	Remarks
1	03004D	1	105	Log Lane Village, Town of	Morgan	144015	1,006	\$1,000,000	Y	30	D	1.75	Existing water supply is in violation of State Engineer's Office requirements. New water supply is necessary.	Construction of new water storage tank; purchase of taps from Morgan County Quality Water District; piping, backflow prevention devices and necessary appurtenances.	Funded with DWRP DAC loan, DWRP P&D Grant and Energy & Mineral Impact Assistance Fund
2	050005	1	87	Boone, Town of	Pueblo	151150	350	\$514,297	Y	30	D	0	Exceeding MCL for nitrate / nitrite.	Improvements to water supply; installation of new treatment plant; rehabilitate existing storage tanks; and distribution system upgrades.	Funded with DWRP DAC loan and DWRP P&D Grant
3	960107	1	80	Silver Plume, Town of	Clear Creek	110035	205	\$450,000	Y	30	D	1.75	Replace aged infrastructure to eliminate natural disaster potential and maintain SDWA compliance.	Construct new treatment plant outside natural disaster area; upgrade water tank; and distribution system replacement and improvements.	Funded with Energy & Mineral Impact Assistance Fund
4	010016	1	60	Haswell, Town of	Kiowa	131600	84	\$180,000	Y	30	D	1.75	Exceeding MCL for nitrate / nitrite.	Install co-current regeneration ion exchange treatment unit.	Funded with DWRP DAC loan, DWRP P&D Grant and Energy & Mineral Impact Assistance Fund
5	040033	2	97	Hillrose, Town of	Morgan	144010	275	\$1,095,158	Y	30	D	0	Replace aged infrastructure to comply with primary and secondary drinking water standards; improve storage facilities to prevent contamination.	Connection to Morgan Co. Quality WD including well rehabilitation; piping; new treatment facility; storage tank; distribution system with meters and hydrants.	DWRP DAC loan approval, DWRP P&D Grant and USDA Rural Development
6	000001	2	95	Alamosa, City of	Alamosa	102100	8,300	\$14,200,000	N	20	L	3.5	Exceeding MCL for arsenic	Construct new 5.04 MGD treatment plant; install transmission lines between 6 wells and new plant and install irrigation lines to large users to reduce treated water demand.	Funded with DWRP loan, DWRP P&D Grant, STAG grant and Energy & Mineral Impact Assistance Fund
7	000007	2	90	East Alamosa WSD	Alamosa	102200	1,432	\$2,000,000	Y	30	D	0	Exceeding MCL for arsenic	Connection to the City of Alamosa proposed treatment plant including cost sharing of capital costs; a new water supply pipeline for district system; new water tank; pumps; control system and meters.	DWRP DAC loan application approved

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8	960061	2	80	Larkspur, Town of	Douglas	118030	250	\$500,000	N	20	D	3.5	Exceeding MCL for radium.	Construct WTP, upgrade distribution lines.	Not ready to proceed, received DWRP P&D Grant for planning
9	040027	3	80	Sedgwick, Town of	Sedgwick	158010	183	\$769,000	Y	30	D	0	Failing pump and well; no back-up supply. Out of compliance for chlorine contact time requirements.	Construct new well and rehabilitate existing well; construct new treatment plan; construct storage tank; improve existing water tower; install water meters and fire hydrants.	Funded with DWRP DAC loan, DWRP P&D Grant and Energy & Mineral Impact Assistance Fund
10	050004	3	60	Bethune, Town of	Kit Carson	132001	225	\$418,000	Y	30	D	0	Replace aged infrastructure for compliance with Total Coliform Rule, Lead and Copper Rule and upcoming Groundwater Rule.	New supply well; new storage tank; replace distribution system; install meters and hydrants and miscellaneous valves and piping.	Funded with DWRP DAC loan and DWRP P&D Grant
11	060011	3	55	Platte Canyon WSD	Jefferson	103614	196	\$331,490	N	20	D	3.5	Distribution system deficiencies and Total Coliform Rule compliance challenges.	Replace distribution system serving Columbine Townhouses III, loop lines, add water meters, service lines, taps and fire hydrants.	Funded with DWRP loan
12	040022	3	50	Palisade, Town of	Mesa	139600	2,645	\$6,000,000	Y	20/30*	D/L*	0/3.5*	Aged water treatment plant and inadequate treated water storage.	Construct new 2 MGD treatment plant and 2.5 MG storage tank.	Funded with DWRP DAC loan and Energy & Mineral Impact Assistance Fund
12	010009	3	50	Craig, City of	Moffat	141188	9,189	\$6,000,000	N	20	L	3.5	Aged water treatment plant and inadequate chlorine contact time.	Water treatment plant conversion to dissolved air flotation; addition of multi-media filters; ultraviolet disinfection and mechanical system upgrades.	Funded with DWRP loan and Energy & Mineral Impact Assistance Fund
14	960115	3	47	Walden, Town of	Jackson	129834	734	\$1,000,000	Y	30	D	1.75	The 24 year old plant must be replaced to reduce chemical usage and enhance filtration.	Improvement to drinking water treatment plant; water storage facilities.	Funded with DWRP DAC loan, DWRP P&D Grant, STAG grant and Energy & Mineral Impact Assistance Fund
15	960084	3	45	Olde Stage WD	Boulder	107582	213	\$150,000	N	20	D	3.5	Replace aged infrastructure to prevent contamination.	New storage tank; repair existing tank.	Funded with DWRP loan
16	060009	3	35	Little Thompson WD	Larimer	135477	7,000	\$6,625,795	N	20	L	3.5	Replace aged infrastructure to maintain SDWA compliance.	Construct 30 MGD water treatment plant; install new filter, flocculators and security system and clean and paint backwash tank.	Funded with DWRP loan
17	050021	4	36	Eckley, Town of	Yuma	163001	278	\$775,000	Y	30	D	0	Exceeding MCL for arsenic	Treatment plant improvements to remove arsenic.	Not ready to proceed, received DWRP P&D Grant for planning

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18	50041	5	60	Pritchett, Town of	Baca	105300	150	\$200,000	Y	30	D	0	Supply wells fail to meet chlorine contact time.	Install new storage tank, flow meter, chlorination equipment; contact piping; construct well house; upgrade electrical equipment; pump; drop pipe and check valve replacement.	Funded with DWRP DAC loan and DWRP P&D Grant
19	50006	5	60	Bristol WSD	Prowers	150200	200	\$200,000	Y	30	D	0 to 1.75	Supply wells fail to meet chlorine contact time.	Add disinfection equipment; chlorine contact piping; pressure tank; generator and electrical modifications to wells; storage tank improvements; distribution system upgrades with connection to the Town of Granada.	Funded with DWRP DAC loan and DWRP P&D Grant
20	960105	5	55	Sedalia WSD	Douglas	118060	220	\$1,100,000	Y	30	D	1.75	Replace aged infrastructure for compliance with Total Coliform Rule and upcoming Groundwater Rule.	New chemical feed system, well redevelopment; pump upgrades; new storage tanks; transmission line installation and distribution system improvements including hydrants.	Not ready to proceed, received DWRP P&D Grant for planning
21	990013	5	50	Cottonwood WSD	Douglas	118020	2,375	\$10,000,000	N	20	L	3.5	Iron, manganese and hydrogen sulfide contamination.	Construct water treatment plant; new water supply wells; pipelines serving plant and property acquisition.	Funded with DWRP loan
22	960055	5	42	Kiowa, Town of	Elbert	122015	660	\$1,900,000	N	20	L	3.5	Inadequate pressure in water lines.	Construct new storage tank, transmission mains and booster pump stations.	Not ready to proceed, DWRP application expected in 2007
23	060012	5	35	Ralston Valley WSD	Jefferson	130667	1,300	\$1,671,000	N	20	D	3.5	Aged transmission and distribution system that may cause contamination if not replaced. Compliance with Total Coliform Rule.	Install pressure reducing stations, new distribution lines; control valves and fire hydrants.	Funded with DWRP loan and DWRP P&D Grant.
24	050025	5	25	Fraser, Town of	Grand	125288	1,000	\$384,200	N	20	D	3.5	The system is not metered. This creates problems in effectively managing water usage and promoting water conservation.	Installation of approximately 350 water meters, installation and replacement of transmitting units and installation of back-flow prevention devices.	Not ready to proceed
25	050007	5	25	Castle Pines MD	Douglas	110035	3,200	\$2,000,000	N	20	D	3.5	Replace aged infrastructure to maintain SDWA compliance.	Construct raw water pumping station at treatment facility and install water supply pipeline.	Funded with DWRP loan

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26	960126	5	20	Arapahoe County Water and Wastewater Authority	Arapahoe	203002	24,536	\$15,800,000	N	20	L	3.5	Replace aged infrastructure to ensure compliance with Enhanced Surface Water Treatment Rules.	Construct water treatment plant; new water supply wells; install pipelines serving new plant; and property acquisition for new plant.	Funded with DWRF loan
				Total				\$75,263,940							*DAC = Disadvantaged Communities

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Attachment 9

Compliance Data Worksheet

DWRF Biennial Report - Compliance Data Worksheet

January 1, 2006 - December 31, 2006

Entity/Project	Project Number	Loan Amount	Population	Assistance for System Compliance with SDWA				Loan Closing Date
				Non-Compliant <i>to achieve</i> Compliance	Compliant <i>to maintain</i> Compliance	Compliant <i>to meet</i> Future Requirements	Other assistance not compliance related	
Alamosa, City of	000001D	\$11,865,063.00	8,300	\$11,865,063				11/02/06
Arapahoe County WWA	960126D	\$16,049,975.00	20,000		\$16,049,975			11/02/06
Bethune, Town of	050004D	\$418,000.00	225	\$418,000				07/18/06
Boone, Town of	050005D	\$514,297.00	326	\$514,297				08/15/06
Bristol WSD	050006D	\$200,000.00	200		\$200,000			02/08/06
Castle Pines MD	050007D	\$2,000,000.00	3,200		\$2,000,000			05/25/06
Castle Pines MD	050007D-2	\$250,000.00	3,200		\$250,000			11/06/06
Cottonwood WSD	990013D	\$9,996,005.00	2,375	\$9,996,005				11/02/06
Craig, City of	010009D	\$6,056,378.00	9,300			\$6,056,378		04/27/06
Cucharas WSD	060002D	\$269,000.00	145		\$269,000			11/29/06
Genoa, Town of	960161D	\$175,000.00	211	\$175,000				12/20/06
Little Thompson WD	060009D	\$6,383,774.00	17,828			\$6,383,774		04/27/06
Ordway, Town of	030045D	\$200,000.00	1,322		\$200,000			12/20/06
Palisade, Town of	040022D	\$2,000,000.00	2,645	\$2,000,000				05/26/06
Palisade, Town of	040022D-2	\$3,976,045.00	2,645	\$3,976,045				11/02/06
Pinewood Springs WD	960093D-2	\$752,425.00	800		\$752,425			04/03/06
Platte Canyon WSD	060011D	\$400,000.00	196			\$400,000		06/30/06
Pritchett, Town of	050041D	\$200,000.00	150		\$200,000			03/31/06
Ralston Valley WSD	060012D	\$1,300,000.00	1,300		\$1,300,000			08/09/06
Sedgwick, Town of	040027D	\$419,000.00	183	\$419,000				05/15/06
Walden, Town of	960115D	\$900,000.00	734			\$900,000		09/06/06
Cumulative Dollar Amount:		\$64,324,962		\$29,363,410	\$21,221,400	\$13,740,152	\$0	
Cumulative Number of Agreements:		21		8	9	4	0	
Cumulative Population Served:			75,285	16,910	30,317	28,058	0	

January 1, 2005 - December 31, 2005

Entity/Project	Project Number	Loan Amount	Population	Assistance for System Compliance with SDWA				Loan Closing Date
				Non-Compliant <i>to achieve</i> Compliance	Compliant <i>to maintain</i> Compliance	Compliant <i>to meet</i> Future Requirements	Other assistance not compliance related	
Florence, City of	960033D-1	\$800,000.00	3,809	\$800,000				01/25/05
La Jara, Town of	040011D	\$200,000.00	850				\$200,000	04/20/05
Log Lane Village, Town of	030040D	\$1,000,000.00	1,006	\$1,000,000				10/14/05
Olde Stage WD	960084D	\$100,000.00	213	\$100,000				06/01/05
Victor, City of	010037D	\$283,000.00	600			\$283,000		06/17/05
Cumulative Dollar Amount:		\$2,383,000		\$1,900,000	\$0	\$283,000	\$200,000	
Cumulative Number of Agreements:		5		3	0	1	1	
Cumulative Population Served:			6,478	5,028	0	600	850	

Compliance Objective	Loan Amount
Non-Compliant to Achieve Compliance: 11	\$31,263,410.00
Compliant to Maintain Compliance: 9	\$21,221,400.00
Compliant to Meet Future Requirements: 5	\$14,023,152.00
	\$66,507,962.00

