Colorado Water Resources and Power Development Authority

2009 Annual Report

COLORADO WATER RESOURCES

AND

POWER DEVELOPMENT AUTHORITY

2009 ANNUAL REPORT

TABLE OF CONTENTS

Photo Courtesy of: Justin Noll
Sr. Accountant

NARRATIVE

The 2009 Annual Report of the Colorado Water Resources and Power Development Authority ("Authority") is provided in accordance with Section 37-95-116, C.R.S. Utilizing several programs, the Authority provides funding for local governments' water, wastewater and hydropower projects. This report includes a summary of the Authority's major programs and activities for 2009 along with its audited financial statements for the years ended December 31, 2009 and 2008.

DRINKING WATER REVOLVING FUND

With the passage of SB95-083, the General Assembly created the Drinking Water Revolving Fund ("DWRF") and provided initial capitalization of $6,200,000. Over the last 15 years, the Authority has provided $17.7 million of additional capital. These combined funds have been used to provide the required 20 percent state match on federal capitalization grants and to make loans.

The Safe Drinking Water Act Amendment ("SDWA") of 1996 (P.L. 104-182) authorized a drinking water state revolving fund to assist public water systems with the financing of the costs of infrastructure to achieve or maintain compliance with SDWA requirements and to attain the public health objectives of this Act. On September 30, 1997, Colorado's DWRF Operating Agreement and initial capitalization grant were approved by the U.S. Environmental Protection Agency ("EPA").

The DWRF program is a joint effort with the Water Quality Control Division ("WQCD") of the Colorado Department of Public Health and Environment handling the technical aspects of drinking water facility construction and public water system operations, the Division of Local Government ("DLG") of the Colorado Department of Local Affairs conducting financial analyses and outreach activities, and the Authority acting as the financing entity for the program. The Authority and the EPA executed an Operating Agreement which outlines the financing structure and the procedures for operation of the DWRF.

Projects qualify for assistance by meeting certain criteria developed by the WQCD and approved by the Colorado Water Quality Control Commission ("Commission"). Once these criteria have been met the Commission authorizes projects to be added to the DWRF eligibility list. In addition the Commission may also modify project descriptions for projects already on the eligibility list and delete projects that have been funded or that have otherwise come into compliance. The DWRF eligibility list is submitted annually to the General Assembly for final approval. For 2010, there are 389 projects on the DWRF project eligibility list representing a cumulative need of over $2.0 billion.

In 2001, the Authority Board, working with the WQCD and the DLG, established a planning and design grant program for communities having a population of 10,000 or less, and having a median household income less than the statewide median or monthly user rates exceeding the statewide average. The grant funds are to be used by communities to initiate engineering studies and project development. Funding for this program was set at $50,000 for 2001, but the funding level was raised to $100,000 for 2002 through 2009. Through 2009, 78 grants have been awarded which have resulted in $89.6 million of DWRF loans. For 2010, $150,000 was allocated for new grants.

In 2004, the Authority Board, working with the WQCD and the DLG, established a disadvantaged communities program for communities with median household incomes significantly below the state average and having a population of up to 5,000. The interest rate (as low as 0%) on a disadvantaged community loan is a function of the community's median household income compared to the state's median household income. Through 2009, 28 disadvantaged community loans totaling $17.7 million have been executed. Additionally, disadvantaged communities received 11 loans totaling $12,972,155 from the American Recovery and Reinvestment Act of 2009 ("ARRA") grant.

In early 2009 ARRA was enacted to create jobs and stimulate the national economy. The DWRF received $34 million in ARRA funds to assist local communities with drinking water projects. These funds were loaned to governmental agencies and approximately one half of the loans were issued with principal forgiveness provisions, essentially no loan repayments.

As of December 31, 2009, the EPA has awarded $203,384,600, including $34,352,000 from ARRA, in capitalization grants to Colorado. Of this amount, $161,362,065 (including $32,290,880 from ARRA) has been deposited in the DWRF. The remaining $42,022,535 (including $2,061,120 from ARRA) was set aside for administration ($8,135,384 including $1,374,080 from ARRA), technical assistance to small communities ($3,499,160 including $687,040 from ARRA), public water system supervision ($9,887,628 without any ARRA contribution), in kind services ($150,000), source water protection ($1,678,410) and local set-asides ($18,690,298 without any ARRA contribution) which includes capacity development and wellhead protection. In early 2010 the Authority submitted its FY2010 grant application and anticipates receiving $24,074,000. Funding from Congress is likely to decrease substantially for 2011. Through December 31, 2009, 140 loans (including 24 ARRA loans) have been executed under the DWRF program totaling $349,338,294 (including $32,290,880 in ARRA loans of which $17,176,000 was forgiven upon loan execution) with an outstanding principal balance of $246,482,289 (including $15,114,880 in ARRA loans). (See Appendix B for details.) In 2010, the Authority anticipates issuing up to $50 million in loans using annual grant funds and re-loan funds. As of December 31, 2009, all borrowers were current with loan repayments.

The programmatic rating of the Drinking Water Revenue Bonds is "AAA" by all three bond rating agencies.

SMALL WATER RESOURCES PROJECTS PROGRAM

The Small Water Resources Projects ("SWRP") Program has provided an economical source of capital for the construction, expansion or rehabilitation of existing public water systems in Colorado. Under this program the Authority provided loans that appreciably lowered the costs of borrowing for those municipal governments and special districts having a population greater than one thousand or a customer base of at least 650 taps. The bonds issued to fund these loans are insured by the Financial Guaranty Insurance Company ("FGIC"), which has established a limit on outstanding bonds of $150 million. FGIC's ratings from all three bond rating agencies have been downgraded. The ongoing financial issues with FGIC may mean that no further loans will be issued from the SWRP in the future.

Through 2009, the Authority had issued 48 loans totaling $149,590,000 with an outstanding balance of $73,429,166. (See Appendix C for tabulation of project loans.) As of December 31, 2009, all borrowers were current with loan repayments.

WATER POLLUTION CONTROL REVOLVING FUND

In 1988, the Authority's functions were expanded to include the financing of wastewater facilities through the Water Pollution Control Revolving Fund ("WPCRF"). Under the Clean Water Act Amendments of 1987, Congress mandated the conversion of the grant system for wastewater facility construction to a state revolving fund loan program. This loan program is being capitalized with grants from the EPA. In order for Colorado to obtain funds under this program, the state is required to match each federal dollar with at least 20 cents. The Authority provides this match on behalf of Colorado with an innovative financing structure utilizing either revenue bonds or the Authority's own resources. In addition, the Authority leverages the capitalization grant and the state match by issuing revenue bonds to fund loans.

The WPCRF program is a joint effort with the WQCD handling the technical aspects of wastewater facility construction, the DLG conducting financial analyses and outreach activities, and the Authority acting as the financing entity for the program. The Authority and the EPA executed an Operating Agreement which outlines the financing structure and the procedures for operation of the WPCRF.

Projects qualify for assistance from the WPCRF by meeting certain criteria developed by the WQCD and adopted by the Commission. These projects are then added to the WPCRF eligibility list approved initially by the Commission and finally by the General Assembly. For 2010, there are 365 projects on the WPCRF project eligibility list representing a cumulative need of over $2.8 billion. As projects are funded and/or reach compliance they are deleted from the eligibility list.

In 2001, a planning and design grant program identical to the DWRF program explained above, was initiated. Funding for this program was set at $50,000 for 2001, but the funding level was raised to $100,000 for 2002 through 2009. Through 2009, 80 grants have been awarded which have resulted in $67.5 million of WPCRF loans. For 2010, $150,000 is allocated for new grants.

In 2005, the Authority Board, working with the WQCD and the DLG, established a disadvantaged communities program, starting in 2006, similar to the DWRF program. Through 2009, 20 disadvantaged community loans totaling $13,292,891 have been executed. Additionally, three loans for disadvantaged communities totaling $4,442,019 were funded through ARRA.

The WPCRF received $32 million in ARRA funds to assist local communities with wastewater projects. These funds were loaned to governmental agencies and approximately one half of the loans were issued with principal forgiveness provisions, essentially no loan repayments.

As of December 31, 2009, the EPA has awarded $253,939,423 (including $31,347,700 from ARRA) in capitalization grants to Colorado, and the Authority has provided over $44.5 million in state match in the form of bonds and cash. At this time, no state match bonds are outstanding.

In early 2010 the Authority submitted its FY2010 capitalization grant application and anticipates receiving $16,298,000. Appropriations for this program are expected to decrease substantially for 2011.

Through December 31, 2009, 179 loans (including 12 ARRA loans) have been executed under the WPCRF Program totaling $796,247,868 (including $28,277,194 in ARRA loans) with an outstanding principal balance of $499,028,355 (including $12,603,343 in ARRA loans). (See Appendix D for details.) In 2010, the Authority anticipates issuing up to $40 million in loans using annual grant funds and re-loan funds. As of December 31, 2009, all borrowers were current with loan repayments.

The programmatic rating of the Clean Water Revenue Bonds is "AAA" by all three bond rating agencies.

WATER REVENUE BONDS

In response to occasional requests for funding for water-related projects that do not qualify for funding from the DWRF, WPCRF or SWRP programs, the Authority issues bonds under the Water Revenue Bond (“WRB”) Program. Under this program the Authority assists the borrower with the structuring of the bonds, subsidizes the costs of bond issuance (similar to SWRP) and may purchase a surety bond in lieu of a cash-funded debt service reserve fund, if available. Through 2009, seventeen loans have been executed under the WRB program totaling $400,705,000 and having an outstanding loan balance of $361,970,000. (See Appendix E for details.) As of December 31, 2009, all borrowers were current with loan payments.

In 2003, legislation (SB 03-236) was enacted to increase the maximum loan limit from $100 million to $500 million per borrower per project. Water supply loans over $500 million require approval from the General Assembly.

In 2007, the Authority's Board set the annual maximum cost of issuance subsidy at $250,000 per borrower. Two WRB loans were executed in 2009, for North Weld County Water District and the City of Fountain totaling $15,735,000. For 2010 the maximum subsidy level was maintained at $250,000 per borrower.

INTERIM LOANS

For the past several years the Authority has issued interim loans, funded from cash, to borrowers that needed project funds quickly and when there was insufficient demand to warrant a separate bond issue. Borrowers are given up to twenty-four months or until the next programmatic bond issue, whichever comes first, to replace the interim loan with long-term financing. In 2009 one interim loan was executed with the City of Fruita ($4.5 million). As of December 31, 2009, the City of Fruita had not drawn funds from its interim loan.

ANIMAS-LA PLATA PROJECT / LA PLATA FUTURE PROJECTS ESCROW

The Animas-La Plata Project ("Project") is a federal reclamation project in southwestern Colorado near Durango. On November 3, 1988, President Reagan signed H.R. 2642 which implemented the Colorado Ute Indian Water Rights Final Settlement Agreement. Under the cost-sharing criteria mandated by the federal government, Colorado (state and local shares) would have contributed $68,200,000 for construction of the project. The Authority placed $30,000,000 in an escrow account with the State Treasurer on December 11, 1989. By early 1995 these funds had grown with interest earnings to meet the Authority's planned cost-sharing obligation of $42,400,000. Earnings above the $42,400,000 ($17.7 million) were transferred to the DWRF to provide the 20% state match for the DWRF capitalization grants.

In December 2000, legislation was passed by Congress to implement a modified Project with a reservoir capacity of 120,000 acre-feet. As a result of this legislation, which eliminated irrigation water from the Project, cost-sharing was no longer required. In early 2001, discussions with the various parties were initiated to move the project forward.

As a result of the December 2000 legislation and discussions with representatives from the Bureau of Reclamation, the Animas-La Plata Water Conservancy District (the "District") and others, the original cost-sharing and escrow agreements were amended and re-stated in early November 2001. In addition, an agreement was negotiated between the District and the Authority requiring the Authority to fund the District's share of the Project in the amount of $7,256,750 in exchange for its allocation of 2,600 acre-feet of average annual depletion. This agreement also dedicated $15,000,000 to be used for the development of new water storage and/or water supply projects in the La Plata River basin. Construction on the Project began in 2002.

On July 31, 2003, the Bureau of Reclamation issued a notice that the cost estimate for the Project had been revised from $338 million to $500 million. In a report to the Secretary of the Interior dated November 2003, the Bureau of Reclamation explains that, "…except for the Ridges Basin Dam feature, the 1999 Project construction cost estimate was incomplete and inaccurate for the pumping plant, inlet conduit, gas pipelines and road relocations, and the then newly added Navajo Nation Municipal Pipeline, and failed to include certain additional costs." Federal legislation in 2005 limited the non-Indian sponsors' obligation to $43 million for the first $500 million of project costs.

In early 2005, the 2,600 acre-feet of average annual depletion was committed to two entities. The District contracted to purchase 700 acre-feet 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 acre-feet of average annual depletion and provided an option payment of $1,051,175. Both parties will be required to pay their remaining respective amounts due at project completion.

As of December 31, 2009, construction of the Project facilities in Colorado was over 90 percent complete. Pumping water to fill the reservoir began in the spring of 2009. The Project is anticipated to be finished and operational in 2012.

Through 2009, draws on the Authority's escrow and the Durango option payment totaled $8,054,424. The escrow balance at the end of 2009 was $1,049,661 including accrued interest income.

An agreement among the District, the La Plata Water Conservancy District and the Authority was executed on November 4, 2002, to establish the $15,000,000 Future Projects Escrow to assist the La Plata Water Conservancy District in meeting the La Plata River Compact obligations and to provide storage for irrigation. This agreement also established procedures for utilizing such funds. As of December 31, 2009, this escrow contained $18,574,367 including accrued interest income.

In early 2010, the Authority Board approved a $19 million budget to design and construct a reservoir project (Long Hollow) in the La Plata River Basin to assist with compact compliance with New Mexico and to provide some additional irrigation water to the La Plata Water Conservancy District.

SMALL HYDROPOWER LOAN PROGRAM

For 2009 the Authority Board of Directors authorized the creation and funding of a Small Hydropower Loan Program (SHLP) to support the development and use of a clean and renewable source of electrical power for the citizens of Colorado. The Board budgeted $10 million for 2009 to be loaned to local governments for new small hydropower (less than 5MW) facilities. Loans may extend to 20 years with an interest rate of two percent. In 2009, one loan was executed for the City of Cortez totaling $1,456,891. The outstanding principal balance as of December 31, 2009, was $1,456,891.

In addition to the loan funds, the Board authorized $165,000 to provide matching grants to communities to plan and design small hydropower facilities. Eleven matching grants ($160,000) were awarded to governmental agencies in early 2009.

AMENDMENT NO. 1 - Taxpayers Bill of Rights "TABOR"

Based on the current activities of the Authority, management has determined that the Authority is an "enterprise" under "TABOR" and, therefore, is exempt from Article X, Section 20 of the State Constitution.

FIVE-YEAR PROJECTED INCOME AND EXPENDITURES

The following table illustrates projected income and expenditures for the next five years for the Authority. The beginning balance in 2010 represents the balance in all accounts that are not obligated or restricted as to use by the Authority as of December 31, 2009.

Income for the Authority consists primarily of repayments of state match loans from the State Revolving Fund (SRF) programs, investment earnings, and interest and/or principal repayments from interim loans and from loans executed under the Small Hydropower Loan Program (SHLP). State match loans are paid from accumulated loan administrative fees received from borrowers in each respective SRF program. Interim loans are funded from Authority cash (expenditures) and when the loans are refinanced long-term through another program in the next year, the repayment of the loans is counted as income for that year.

FIVE-YEAR PROJECTED INCOME AND EXPENDITURES					
	2010	2011	2012	2013	2014
Beginning Cash Balance	$ 39,449,235	$ 37,823,252	$ 33,770,632	$ 35,279,881	$ 34,295,980
Income from:					
Investment Interest	$ 430,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
SRF Programs	$ 9,154,040	$ 6,400,000	$ 6,400,000	$ 4,400,000	$ 4,400,000
INTERIM LOANS - Loan Interest	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
INTERIM LOANS - Repaid	$ 17,500,000	$ 16,000,000	$ 16,000,000	$ 16,000,000	$ 16,000,000
SMALL HYDRO - Loan Repayments	$ -	$ 89,099	$ 149,099	$ 209,099	$ 259,099
Other	$ 7,377	$ 1,281	$ 5,003,150	$ -	$ -
Expenditures to:					
SRF Programs	$ (8,074,400)	$ (6,400,000)	$ (6,400,000)	$ (4,400,000)	$ (4,400,000)
Small Hydro Program	$ (3,108,000)	$ (3,068,000)	$ (2,518,000)	$ (18,000)	$ (18,000)
Interim Loans	$ (16,000,000)	$ (16,000,000)	$ (16,000,000)	$ (16,000,000)	$ (16,000,000)
Other Loan Programs	$ (525,000)	$ (525,000)	$ (525,000)	$ (525,000)	$ (525,000)
Administrative Costs & Other	$ (1,210,000)	$ (1,250,000)	$ (1,300,000)	$ (1,350,000)	$ (1,400,000)
Estimated Ending Cash Balance	$ 37,823,252	$ 33,770,632	$ 35,279,881	$ 34,295,980	$ 33,312,079

Expenditures for the Authority include funds obligated to the SHLP and interim loans, loans to the State Revolving Fund (SRF) programs to provide state match on future grant awards, and administrative expenses. State match loans equal the 20% state match required for each respective year's Drinking Water and Clean Water SRF grant awards. Other loan programs expenditures include costs to administer the WRBP and SWRP programs, and to provide cost of issuance subsidy for bonds issued in the WRBP program.

APPENDIX A

Board of Directors
Officers and Staff

BOARD OF DIRECTORS

The members of the Board of Directors of the Authority as of December 31, 2009, are listed below:

For terms expiring October 1, 2009:

*Douglas B. Monger of Hayden, Colorado, Democrat, to serve as a representative of the Yampa-White Drainage Basin and as an individual experienced in planning and developing water projects.

*Ann E. Nichols of Manitou Springs, Colorado, Republican, to serve as a representative of the Arkansas Drainage Basin.

For terms expiring October 1, 2010:

Steven C. Harris of Durango, Colorado, Democrat, to serve as a representative of the San Miguel-Dolores-San Juan Drainage Basin; and as an individual experienced in engineering aspects of water projects.

Stephen T. LaBonde of Grand Junction, Colorado, Republican, to serve as a representative of the Main Colorado Drainage Basin and as a member experienced in public health issues related to drinking water or water quality matters.

Gregory J. Higel of Alamosa, Colorado, Democrat, to serve as a representative of the Rio Grande Drainage Basin.

For terms expiring October 1, 2011:

Ty Wattenberg of Walden, Colorado, Republican, to serve as a representative of the North Platte Drainage Basin.

Frank Kugel of Gunnison, Colorado, Unaffiliated, to serve as a representative of the Gunnison-Uncompahgre Drainage Basin; and as an individual experienced in water law.

For terms expiring October 1, 2012:

Greg Fisher of Denver, Colorado, Unaffiliated, to serve as a representative of the City and County of Denver and as an individual experienced in planning and developing water projects.

^Vacant - South Platte Drainage Basin

*Ms. Nichols and Mr. Monger were reappointed by Governor Ritter for terms expiring October 1, 2013, on January 11, 2010. The reappointments were confirmed by the Colorado Senate on February 2, 2010.

^Steve Sims resigned his appointment effective November 24, 2009. Don Carlson, of Loveland, Colorado, Republican, was appointed to complete the term as a representative of the South Platte Drainage Basin, and as an individual experienced in water project financing. Mr. Carlson's appointment was confirmed by the Colorado Senate on March 18, 2010.

OFFICERS

Officers as of December 31, 2009

Chair	Stephen T. LaBonde
Vice Chair	Douglas B. Monger
Secretary/Treasurer	Gregory J. Higel

STAFF

As of April 30, 2010

Executive Director	Michael W. Brod
Director of Finance	Keith S. McLaughlin
Controller	Duane A. Dohrer
Office Manager	Carolyn Simon
Senior Financial Analyst	Cassandra Eyestone
Financial Analyst	Ryan Shipley
Financial Analyst	Jeremy Wendt
Assistant Controller	Claudia L. Walters
Senior Accountant	Valerie Lovato
Senior Accountant	Justin Noll
Accounting Technician	Jennifer Flores
Record Systems Clerk/Secretary	Sabrina Speed

APPENDIX B

Drinking Water Revolving Fund

Loan Status as of December 31, 2009

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix B
Drinking Water Revolving Fund
As of December 31, 2009

DETAIL OF DWRF FUNDED LOANS

Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Source of Funding	Type of Loan
Alamosa, City of	11,865,062.50	3.42%	11/02/06	08/01/27	10,519,141.89	F	LL
Arabian Acres MD	287,440.00	N/A	08/28/09	tpf	-	A	DL
Arapahoe County W&WW PID	16,049,975.43	3.31%	11/02/06	08/01/22	13,798,023.47	F	LL
Arapahoe Estates WD	1,048,332.75	4.15%	10/01/97	08/01/17	485,543.54	F	LL
Arriba, Town of	505,000.00	0.00%	05/29/09	11/01/39	505,000.00	R	DC
Aurora, City of	14,999,898.55	3.63%	05/01/99	08/01/14	5,774,558.43	F	LL
Baca Grande W&SD	1,483,750.00	2.00%	08/19/09	06/01/29	1,483,750.00	R	DL
Baca Grande W&SD	500,000.00	4.50%	02/01/96	Paid in Full	-	S	DL
Basalt, Town of	948,245.63	4.00%	12/19/02	11/01/22	707,256.77	R	DL
Bayfield, Town of	350,000.00	4.50%	11/15/96	09/01/16	158,018.88	S	DL
Bethune, Town of	418,000.00	0.00%	07/18/06	11/01/36	376,199.98	R	DC
Blanca, Town of	50,000.00	N/A	09/09/09	tpf	-	A	DC
Boone, Town of	514,297.00	0.00%	08/15/06	11/01/36	462,867.28	R	DC
Bow Mar W&SD	1,150,000.00	2.00%	08/06/09	11/01/29	1,150,000.00	R	DL
Brighton, City of	1,044,000.00	N/A	09/17/09	tpf	-	A	DL
Bristol W&SD	200,000.00	0.00%	02/08/06	11/01/35	173,333.36	R	DC
Buena Vista, Town of	1,324,119.65	4.01%	06/01/98	08/01/18	673,094.11	F	LL
Castle Pines MD (1)	2,000,000.00	3.75%	05/25/06	09/15/26	1,811,834.70	R	DL
Castle Pines MD (2)	250,000.00	3.75%	11/06/06	03/15/27	229,240.84	R	DL
Chatfield South WD	728,500.00	4.50%	07/13/98	05/01/18	398,780.97	F	DL
Cheyenne Wells, Town of	1,732,517.00	N/A	09/02/09	tpf	-	A	DC
Colorado City MD	1,780,000.00	N/A	09/02/09	tpf	-	A	DC
Cottonwood W&SD	9,996,005.27	3.42%	11/02/06	08/01/27	9,545,388.21	F	LL
Craig, City of (1)	450,000.00	4.00%	12/15/00	Paid in Full	-	F	DL
Craig, City of (2)	6,056,378.40	3.65%	04/27/06	08/01/27	5,387,104.70	F	LL
Creede, City of	1,250,000.00	1.75%	04/15/09	05/01/39	1,247,345.02	R	DC
Cucharas S&WD	269,000.00	3.75%	11/29/06	05/01/27	246,663.15	R	DL
Del Norte, Town of	934,000.00	0.00%	12/31/08	05/01/29	910,650.00	R	DC
Dillon, Town of	1,000,000.00	4.00%	10/18/02	11/01/12	354,818.48	R	DL
Divide MPC MD #1	145,930.00	0.00%	09/04/09	05/01/30	145,930.00	A	DL
East Alamosa W&SD	2,000,000.00	0.00%	07/24/08	05/01/38	1,900,000.01	R	DC
Eckley, Town of	100,000.00	0.00%	07/30/08	05/01/28	92,500.00	R	DC
Elizabeth, Town of	500,000.00	4.50%	10/01/95	01/01/15	203,698.49	S	DL
Empire, Town of	331,432.00	4.50%	08/24/95	03/01/16	134,508.67	S	DL
Englewood, City of	15,292,635.61	4.14%	10/01/97	08/01/18	7,742,342.60	F	LL
Estes Park, Town of	5,494,410.09	3.26%	06/12/08	08/01/28	5,392,241.31	F	LL
Evergreen MD (1)	5,577,981.71	4.39%	04/15/00	08/01/20	3,482,837.36	F	LL
Evergreen MD (2)	2,036,129.62	4.00%	04/01/02	08/01/22	1,426,937.20	F	LL
Fairplay, Town of (1)	250,000.00	4.50%	08/01/95	06/01/15	92,888.26	S	DL
Fairplay, Town of (2)	200,000.00	4.50%	07/30/97	12/01/17	101,768.10	S	DL
Firestone, Town of	95,000.00	4.50%	06/13/96	Paid in Full	-	S	DL
Florence, City of (1)	12,999,092.97	3.51%	11/01/03	06/01/25	10,892,784.13	F	LL
Florence, City of (2)	769,899.33	3.50%	01/25/05	12/01/25	656,540.40	R	DL
Florence, City of (3)	2,000,000.00	0.00%	10/07/09	12/01/29	2,000,000.00	A	DC
Fort Collins, City of (1)	10,125,299.77	4.12%	10/01/97	06/01/17	4,642,136.61	F	LL
Fort Collins, City of (2)	4,998,394.59	3.81%	05/01/99	06/01/19	2,722,194.18	F	LL
Fort Morgan, City of	15,433,355.38	4.02%	06/01/98	06/01/19	8,308,996.71	F	LL
Fountain Valley Auth (1)	7,607,966.23	4.40%	04/15/00	08/01/20	4,724,832.04	F	LL
Fountain Valley Auth (2)	3,221,861.82	3.03%	06/01/03	08/01/24	2,381,376.12	F	LL
Fraser, Town of	200,000.00	4.50%	04/15/96	Paid in Full	-	S	DL
Fraser, Town of	652,255.00	N/A	09/17/09	tpf	-	A	DL
Gateway MD	576,575.00	0.00%	12/17/09	05/01/30	576,575.00	A	DL
Genoa, Town of	175,000.00	0.00%	12/20/06	05/01/37	160,416.65	R	DC
Georgetown, Town of	3,340,000.00	0.00%	09/22/09	05/01/30	1,340,000.00	A	DL
Glenwood Springs, City of	4,999,017.40	3.77%	05/01/99	04/01/18	2,575,087.77	F	LL
Grand County W&SD	2,998,566.15	3.78%	05/01/99	08/01/18	1,620,846.49	F	LL
Grand Junction, City of	3,566,521.69	4.02%	04/01/02	08/01/22	2,634,485.05	F	LL
Grand Lake, Town of	495,000.00	4.50%	10/29/97	11/01/17	253,582.81	F	DL
Greeley, City of	14,999,038.36	3.80%	05/01/99	08/01/19	8,576,289.92	F	LL
Hayden, Town of	1,000,000.00	4.00%	04/30/02	11/01/22	671,680.25	R	DL
Hi-Land Acres W&SD	1,200,000.00	N/A	09/02/09	tpf	-	A	DL
Hillrose, Town of	995,097.00	0.00%	05/31/07	05/01/37	912,172.25	R	DC
Hot Sulphur Springs, Town of	3,300,000.00	0.00%	09/02/09	05/01/30	1,300,000.00	A	DL
Hotchkiss, Town of	925,000.00	0.00%	04/23/08	11/01/28	878,750.00	R	DC

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix B
Drinking Water Revolving Fund
As of December 31, 2009

DETAIL OF DWRF FUNDED LOANS							
Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Source of Funding	Type of Loan
Idaho Springs, City of (1)	500,000.00	4.50%	10/15/97	05/01/17	248,633.38	S	DL
Idaho Springs, City of (2)	2,339,796.89	3.99%	04/01/02	08/01/22	1,635,105.13	F	LL
Idledale W&SD	250,000.00	4.50%	07/10/95	03/01/15	93,561.22	S	DL
Julesburg, Town of (1)	693,000.00	4.00%	05/01/99	Paid in Full	-	F	DL
Julesburg, Town of (2)	994,599.70	3.81%	05/01/99	08/01/19	562,877.78	F	LL
Kim, Town of	118,000.00	0.00%	05/30/08	11/01/38	114,066.66	R	DC
Kit Carson, Town of	392,000.00	N/A	09/03/09	tpf	-	A	DC
Kremmling, Town of	2,000,000.00	N/A	08/28/09	tpf	-	A	DL
La Jara, Town of	200,000.00	0.00%	04/20/05	05/01/25	155,000.00	R	DC
La Junta, City of (1)	490,000.00	4.50%	11/01/99	Paid in Full	-	F	DL
La Junta, City of (2)	9,812,211.15	4.00%	04/01/02	08/01/22	7,204,314.50	F	LL
La Junta, City of (3)	1,830,000.00	0.00%	09/24/09	05/01/30	1,830,000.00	A	DL
La Veta, Town of	1,134,000.00	1.88%	04/11/08	05/01/39	1,131,638.96	R	DC
Lake Creek MD	500,000.00	4.50%	01/12/96	09/01/15	194,257.31	S	DL
Lake Durango WA	2,000,000.00	2.00%	07/15/09	05/01/29	1,993,181.46	R	DL
Lamar, City of	1,067,625.00	2.50%	12/17/09	06/15/30	1,067,625.00	F	DL
Lamar, City of	3,952,375.00	0.00%	12/17/09	06/15/30	3,952,375.00	A	DL
Las Animas, City of	812,000.00	0.00%	03/26/08	11/01/38	784,933.34	R	DC
Left Hand W&SD	188,700.00	4.50%	09/11/98	05/01/18	102,446.44	F	DL
Left Hand WD	6,571,538.04	3.80%	05/01/99	05/15/19	3,621,874.68	F	LL
Limon, Town of	1,440,808.84	4.41%	04/15/00	08/01/20	904,567.93	F	LL
Little Thompson WD	6,383,774.04	3.65%	04/27/06	06/01/27	5,532,419.28	F	LL
Lochbuie, Town of	351,889.00	4.50%	08/28/96	Paid in Full	-	S	DL
Log Lane Village, Town of	1,000,000.00	1.75%	10/14/05	11/01/35	893,491.87	R	DC
Longmont, City of	14,998,044.44	3.11%	06/01/03	08/01/23	14,964,875.18	F	LL
Lyons, Town of (1)	500,000.00	4.50%	08/19/96	06/01/17	241,047.63	S	DL
Lyons, Town of (2)	4,915,599.18	3.03%	06/01/03	08/01/24	3,640,563.24	F	LL
Manitou Springs, City of (1)	1,486,026.00	0.00%	09/28/09	05/01/30	1,241,361.00	A	DC
Manitou Springs, City of (2)	880,749.00	0.00%	09/29/09	05/01/30	537,278.00	A	DC
Manitou Springs, City of (3)	1,486,026.00	0.00%	09/30/09	05/01/30	1,241,361.00	A	DC
Minturn, Town of	300,000.00	4.50%	08/11/95	03/01/16	121,752.27	S	DL
Mustang Water Auth	700,000.00	4.00%	12/08/03	05/01/24	558,976.48	R	DL
Nederland, Town of	2,500,000.00	2.00%	06/15/09	11/01/29	2,500,000.00	R	DL
Norwood WC, Town of	540,150.00	N/A	09/03/09	tpf	-	A	DL
Nunn, Town of	330,260.00	4.50%	08/12/96	12/01/16	149,751.46	S	DL
Oak Creek, Town of	900,688.96	4.00%	11/18/03	11/01/23	696,106.72	R	DL
Olde Stage WD (1)	100,000.00	3.50%	06/01/05	08/01/25	84,157.65	R	DL
Olde Stage WD (2)	150,000.00	3.50%	10/17/08	02/01/29	146,058.03	R	DL
Ophir, Town of	500,000.00	0.00%	12/18/09	06/01/30	500,000.00	A	DC
Ordway, Town of (1)	200,000.00	0.00%	12/20/06	05/01/37	183,333.35	R	DC
Ordway, Town of (2)	114,300.00	0.00%	12/21/07	11/01/37	106,680.00	R	DC
Ouray, City of	1,000,000.00	4.00%	12/19/03	05/01/24	805,259.30	R	DL
Pagosa Area W&SD	7,158,869.96	3.40%	06/12/08	12/01/28	6,971,362.42	F	LL
Palisade, Town of (1)	2,000,000.00	0.00%	05/26/06	11/01/36	1,800,000.02	F	DC
Palisade, Town of (2)	3,976,045.10	3.47%	11/02/06	08/01/28	3,657,522.14	F	LL
Palmer Lake, Town of	1,862,552.00	2.00%	07/22/09	05/01/30	1,862,552.00	R	DL
Paonia, Town of	448,200.00	1.75%	11/05/08	05/01/29	446,632.22	R	DC
Pinewood Springs WD (1)	123,200.00	3.50%	07/26/04	12/01/24	99,897.67	R	DL
Pinewood Springs WD (2)	752,425.00	3.50%	04/03/06	06/01/26	655,425.18	R	DL
Platte Canyon W&SD (1)	400,000.00	3.75%	06/30/06	11/01/26	356,185.88	R	DL
Platte Canyon W&SD (2)	415,203.11	3.50%	07/15/08	11/01/28	401,175.75	R	DL
Pritchett, Town of	200,000.00	0.00%	03/31/06	05/01/36	176,666.69	R	DC
Project 7 Water Auth	10,176,512.03	3.82%	11/25/08	08/01/30	10,170,775.55	F	LL
Pueblo Board of WW	9,558,794.83	4.60%	04/15/00	08/01/22	7,936,209.49	F	LL
Ralston Valley W&SD	1,300,000.00	3.75%	08/09/06	05/01/27	1,192,052.35	R	DL
Redstone W&SD	410,000.00	4.50%	12/01/97	11/01/17	211,697.72	S	DL
Ridgway, Town of	450,000.00	0.00%	10/19/09	05/01/30	450,000.00	A	DL
Rockvale, Town of	295,000.00	1.00%	07/08/09	11/01/39	295,000.00	R	DC
Rocky Ford, City of	945,337.00	N/A	09/04/09	tpf	-	A	DC
Rye, Town of	1,040,000.00	1.75%	03/27/09	11/01/39	1,040,000.00	R	DC
Sedalia W&SD	326,000.00	4.50%	03/09/00	11/01/19	204,073.71	F	DL
Sedgwick, Town of	419,000.00	0.00%	05/15/06	05/01/36	370,116.69	R	DC
Seibert, Town of	1,719,500.00	N/A	08/26/09	tpf	-	A	DC
Springfield, Town of	349,470.76	4.50%	07/28/00	05/01/20	221,602.32	F	DL

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix B
Drinking Water Revolving Fund
As of December 31, 2009

DETAIL OF DWRF FUNDED LOANS

Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Source of Funding	Type of Loan
Stratton, Town of (1)	483,000.00	1.88%	12/20/07	05/01/38	469,627.57	R	DC
Stratton, Town of (2)	90,000.00	1.75%	12/03/08	05/01/39	89,235.37	R	DC
Swink, Town of	669,000.00	3.50%	04/20/04	05/01/24	533,257.70	R	DL
Thunderbird W&SD (1)	285,000.00	4.50%	06/01/99	05/01/19	186,254.04	F	DL
Thunderbird W&SD (2)	343,684.15	4.00%	08/27/02	11/01/22	249,713.48	R	DL
Victor, City of	283,000.00	0.00%	06/17/05	12/01/15	169,800.00	R	DC
Walden, Town of	900,000.00	1.75%	09/06/06	11/01/31	811,527.74	R	DC
Wellington, Town of	1,000,000.00	4.00%	11/01/01	05/01/22	717,434.09	F	DL
Westlake W&SD	250,000.00	4.50%	08/19/97	05/01/17	75,968.86	S	DL
Westminster, City of	14,998,357.36	4.40%	04/15/00	06/01/20	9,019,135.48	F	LL
Westwood Lakes WD	500,000.00	4.00%	05/15/03	05/01/23	378,478.05	R	DL
Woodland Park, City of	800,000.00	4.00%	03/13/02	05/01/22	578,965.41	F	DL

SUMMARY OF LOANS FUNDED

LOAN TYPE	*Total Loans Funded* Original Loan Amount	Number of Loans Funded	*Loans Outstanding* Number of Loans Outstanding	Outstanding Balances
State Funded Direct Loans (S-DL)	$ 5,818,581.00	17	13	$ 2,027,552.25
Base Program Federal Funded Loans:				
Leveraged loans:				
Using EPA grants	264,014,995.50	34	34	189,127,844.64
Using SRF reloan funds	-	0	0	-
Direct loans:				
Using EPA grants	8,873,295.76	13	10	5,530,764.81
Using SRF reloan funds	38,340,542.18	52	52	34,681,247.30
Total Base Program Federal Funded Loans	311,228,833.44	99	96	229,339,856.75
American Recovery & Reinvestment Act (ARRA) direct loans:				
Receiving no or partial principal forgiveness (a)	19,947,681.00	12	12	15,114,880.00
Receiving total principal forgiveness (tpf)	12,343,199.00	12	0	-
Total ARRA Loans	32,290,880.00	24	12	15,114,880.00
Total for Program	$ 349,338,294.44	140	121	$246,482,289.00

Number of Disadvantage Communities receiving assistance	39

PROGRAM STATISTICS

Loan Type	SINCE INCEPTION — Average Loan Amount Funded	Average Effective Loan Rate **	LOANS FUNDED IN 2009 — Effective Loan Rate **	Total Amount of Loans Executed	Number of Loans funded
State Funded Direct Loans (S-DL)	$ 342,269.47	4.50%	0.00%	$ -	0
Base Program Federal Funded Loans:					
Leveraged loans	7,765,146.93	3.77%	0.00%	-	0
Direct loans:					
Standard	796,241.73	3.30%	2.05%	10,063,927.00	6
Disadvantage Communities	634,031.93	0.65%	1.39%	3,090,000.00	4
ARRA direct loans:					
Receiving no or partial principal forgiveness (a)	1,662,306.75	0.00%	0.00%	19,947,681.00	12
Receiving total principal forgiveness (tpf)	1,028,599.92	n/a	n/a	12,343,199.00	12

* Original loan rates, on this report, have not been reduced for those borrowers who are receiving the savings from refunding bond issues.

** Effective Loan Rate is based on the weighted average loan rate of all loans in the category.

(a) Five borrowers in this classification received partial principal forgiveness (totalling $4,832,801) at loan execution. The balances remaining are financed at zero percent.

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix B
Drinking Water Revolving Fund
As of December 31, 2009

DETAIL OF DWRF FUNDED LOANS							
Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Source of Funding	Type of Loan

Source of Funding Code:

S = State funds only - issued prior to the reauthorization of the 1996 Safe Drinking Water Act

F = Federal - subsidized from EPA Drinking Water State Revolving Fund (DW SRF) Capitalization Grants (Grants)

R = Reloan - funded by or subsidized from recycled DW SRF funds

A = Funded from American Recovery and Reinvestment Act (ARRA) capitalization grant, awarded through the EPA DW SRF

Type of Loan Code:

LL = Leveraged Loan - Funded from bond proceeds

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

DC = Disadvantaged Communities: Low- or zero-interest direct loans funded from available sources: (1) EPA Grant Funds or (2) Clean Water SRF Reloan funds.

;*** Some leveraged loan borrowers may fall under the classification as disadvantage communities but did not receive the reduced interest rate because; (1) the loans were made prior to the initiation of the policy and/or (2) of the size of loan and other factors, and thus are not separately classified.

Entity Abbreviations:

Auth = Authority
MD = Metropolitan District
PID = Public Improvement District
S&WD = Sanitation & Water District
W&SD = Water & Sanitation District
W&SwD = Water & Sewer District
W&WW = Water & Wastewater
WC = Water Commission
WD = Water District
WW = Waterworks

APPENDIX C

Small Water Resources Projects

Loan Status as of December 31, 2009

Colorado Water Resources & Power Development Auth
2009 Annual Report - Appendix C
Small Water Resources Projects (SWRP)
As of December 31, 2009

DETAIL OF SWRP FUNDED LOANS						
Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Loan Code
Avon MD	930,000.00	6.51%	04/01/92	Defeased	-	LL
Berthoud, Town of	1,030,000.00	5.39%	04/01/94	Paid in Full	-	LL
Brush, City of	810,000.00	6.61%	04/01/92	10/01/12	240,000.00	LL
Canon City, City of	4,600,000.00	5.28%	02/01/96	Paid in Full	-	LL
Carbondale, Town of	1,910,000.00	6.15%	10/01/94	10/01/15	791,250.05	LL
Central Weld County WD	1,540,000.00	5.58%	09/15/92	Paid in Full	-	LL
Clifton WD	5,555,000.00	4.17%	10/01/03	10/01/23	5,257,499.83	LL
Dillon, Town of	815,000.00	3.87%	09/15/98	Paid in Full	-	LL
Eagle River W&SD (1)	2,000,000.00	7.19%	10/01/90	Paid in Full	-	LL
Eagle River W&SD (2)	4,560,000.00	4.74%	06/01/02	10/01/22	3,335,000.00	LL
East Dillon WD	825,000.00	6.82%	10/01/90	Paid in Full	-	LL
Eaton, Town of	2,530,000.00	3.99%	10/01/03	10/01/23	2,055,833.20	LL
Edwards MD	1,225,000.00	6.82%	07/15/91	10/01/10	110,000.00	LL
Estes Park, Town of (1)	2,155,000.00	7.19%	10/01/90	10/01/10	190,000.00	LL
Estes Park, Town of (2)	1,200,000.00	6.84%	07/15/91	10/01/11	200,000.00	LL
Evans, City of	300,000.00	6.82%	10/01/90	Paid in Full	-	LL
Fort Collins-Loveland WD	2,565,000.00	7.18%	10/01/90	10/01/10	191,666.62	LL
Fort Lupton, City of	3,000,000.00	6.54%	04/01/92	10/01/12	720,000.00	LL
Fort Morgan, City of	2,500,000.00	5.65%	04/01/94	10/01/14	868,333.31	LL
Glenwood Springs, City of	2,700,000.00	5.58%	09/15/92	10/01/12	620,000.00	LL
Gypsum, Town of	715,000.00	5.65%	04/01/94	Paid in Full	-	LL
Johnstown, Town of	1,785,000.00	5.31%	02/01/96	10/01/16	813,333.27	LL
LaSalle, Town of	1,780,000.00	6.55%	04/01/92	10/01/12	435,000.00	LL
Little Thompson WD	4,800,000.00	5.57%	09/15/92	Paid in Full	-	LL
Louisville, City of	7,500,000.00	6.54%	04/01/92	10/01/12	1,646,249.95	LL
Minturn, Town of (1)	400,000.00	6.85%	07/15/91	10/01/11	70,000.00	LL
Minturn, Town of (2)	100,000.00	5.33%	09/15/92	10/01/12	15,000.00	LL
Monument, Town of	1,800,000.00	5.37%	06/01/97	10/01/17	935,000.00	LL
Morgan County QWD (1)	1,040,000.00	6.34%	02/01/96	Paid in Full	-	LL
Morgan County QWD (2)	2,950,000.00	4.65%	09/15/98	10/01/18	1,650,000.00	LL
Mount Werner W&SD	4,630,000.00	5.58%	09/15/92	10/01/12	1,009,166.60	LL
North Weld County WD (1)	3,000,000.00	7.19%	10/01/90	10/01/10	206,250.00	LL
North Weld County WD (2)	1,055,000.00	5.58%	09/15/92	10/01/12	221,249.99	LL
North Weld County WD (3)	5,000,000.00	4.65%	09/15/98	10/18/18	2,740,000.01	LL
North Weld County WD (4)	15,510,000.00	4.86%	01/15/01	10/01/23	13,252,499.99	LL
Parker W&SD (1)	600,000.00	5.65%	04/01/94	10/01/14	208,333.33	LL
Parker W&SD (2)	4,925,000.00	5.37%	06/01/97	10/01/17	2,525,833.33	LL
Parker W&SD (3)	13,365,000.00	5.71%	02/15/00	10/01/19	10,578,333.28	LL
Parker W&SD (4)	10,055,000.00	5.21%	06/01/02	10/01/22	10,055,000.00	LL
Platteville, Town of	990,000.00	5.65%	04/01/94	10/01/14	338,749.90	LL
Project 7 Water Auth	4,100,000.00	6.15%	10/01/94	10/01/15	1,713,333.33	LL
Rifle, City of (1)	1,295,000.00	6.10%	10/01/94	10/01/14	440,000.02	LL
Rifle, City of (2)	1,525,000.00	3.96%	10/01/03	10/01/23	1,143,749.91	LL
Roxborough W&SD	3,000,000.00	5.34%	06/01/97	Paid in Full	-	LL
Steamboat Springs, City of	1,175,000.00	6.85%	07/15/91	10/01/11	195,000.00	LL
Upper Eagle RWA (1)	1,000,000.00	6.82%	10/01/90	Defeased	-	LL
Upper Eagle RWA (2)	2,000,000.00	6.10%	10/01/94	Defeased	-	LL
Upper Eagle RWA (3)	10,745,000.00	5.77%	02/15/00	10/01/20	8,657,500.01	LL

SWRP LOAN PROGRAM STATISTICS		Number of Loans	Average Effective Interest *	Dollar Amount	Average Loan Amount
TOTAL LOANS FUNDED		48	5.59%	$149,590,000.00	$3,116,458.33
TOTAL OUTSTANDING LOANS		34		73,429,165.93	
LOANS ISSUED IN	2009	0	N/A	-	N/A

* Effective Loan rates, on this report, have not been adjusted for borrowers receiving savings from refunding bond issues.

** Based on the weighted average interest rate of all loans made.

Loan Code:

LL = Leveraged Loan - Funded from bond proceeds

Entity Abbreviations:

MD = Metropolitan District
WD = Water District
QWD = Quality Water District
RWA = Regional Water Authority
W&SD = Water & Sanitation District

APPENDIX D

Water Pollution Control
Revolving Fund

Loan Status as of
December 31, 2009

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix D
Water Pollution Control Revolving Fund
As of December 31, 2009

DETAIL OF WPCRF LOANS

Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Source of Funding	Type of Loan
Alamosa, City of	3,197,216.00	3.77%	08/01/94	Paid in Full	-	F	LL
Ault, Town of	1,396,850.00	1.75%	03/30/06	05/01/26	1,186,166.11	R	DC
Aurora, City of	24,124,365.80	4.04%	07/01/99	08/01/14	9,198,692.78	F	LL
Baca Grande W&SD	800,000.00	4.00%	12/20/01	06/01/22	571,286.55	R	DL
Bayfield, Town of (fka: Bayfield SD)	4,780,000.00	3.50%	05/31/07	08/01/28	4,770,000.00	R	LL
Bayfield, Town of	193,956.00	N/A	09/28/09	tpf	-	A	DL
Bennett, Town of	161,000.00	3.75%	07/14/06	11/01/26	145,522.93	R	DL
Berthoud, Town of (1)	6,325,000.00	3.85%	05/01/02	08/01/23	5,280,000.00	R	LL
Berthoud, Town of (2)	2,385,000.00	3.55%	05/01/04	08/01/25	1,885,000.00	R	LL
Black Hawk-Central City SD	24,107,369.40	3.71%	05/01/02	08/01/22	17,429,590.64	F	LL
Boone, Town of	315,000.00	0.00%	12/15/09	05/01/30	315,000.00	R	DC
Boulder County	1,651,808.00	3.50%	07/28/06	12/15/25	1,483,432.50	R	DL
Breckenridge, Town of	4,320,000.00	3.35%	05/25/05	08/01/26	3,670,000.00	R	LL
Brighton, City of	5,080,483.75	4.58%	05/01/95	08/01/15	2,095,370.50	F	LL
Broomfield, City of	2,514,119.34	4.71%	12/05/96	09/01/16	1,105,236.58	F	DL
Buena Vista SD	3,896,505.00	3.96%	04/01/98	08/01/17	1,902,820.00	F	LL
Byers W&SD	435,000.00	4.50%	08/28/98	05/01/18	237,467.33	F	DL
Carbondale, Town of	2,327,490.00	4.22%	05/01/97	Paid in Full	-	F	LL
Castle Rock, Town of	4,319,910.53	5.20%	06/15/90	08/01/10	247,287.65	F	LL
Cherokee MD	15,249,689.80	3.49%	11/08/06	08/01/27	13,482,466.15	F	LL
Clifton SD #2 (1)	9,800,000.00	3.64%	05/24/06	08/01/27	8,740,000.00	R	LL
Clifton SD #2 (2)	2,000,000.00	0.00%	08/10/06	11/01/27	1,714,285.70	R	DC
Colorado City MD	1,878,537.60	3.26%	05/01/03	08/01/24	1,384,185.60	F	LL
Colorado Springs, City of	22,204,270.00	4.06%	04/01/98	05/15/19	14,959,340.00	F	LL
Columbine W&SD	424,229.57	4.50%	03/31/00	11/01/15	208,249.79	R	DL
Cortez SD (1)	9,775,000.00	3.99%	05/01/01	08/01/20	6,440,000.00	R	LL
Cortez SD (2)	2,000,000.00	3.50%	04/30/07	05/01/27	1,819,595.04	R	DL
Craig, City of	1,096,820.00	4.58%	05/01/95	08/01/15	401,275.60	F	LL
Crested Butte South Metro Dist	2,300,000.00	2.00%	07/16/09	06/01/30	2,300,000.00	R	DL
Crested Butte, Town of	2,499,120.00	4.73%	06/01/96	08/01/16	1,105,380.00	F	LL
Cucharas S&WD	768,000.00	3.75%	11/29/06	05/01/27	704,227.85	R	DL
Denver SE Suburban W&SD (1)	6,905,000.00	4.63%	12/01/89	08/01/11	1,043,076.84	F	LL
Denver SE Suburban W&SD (2)	7,045,000.00	3.21%	10/01/02	08/01/23	4,950,000.00	R	LL
Denver SE Suburban W&SD (3)	4,800,000.00	3.35%	05/25/05	08/01/26	4,105,000.00	R	LL
Divide W&SD	69,000.00	4.50%	07/15/92	Paid in Full	-	F	DL
Donala W&SD (1)	4,906,910.00	3.64%	05/24/06	08/01/27	4,353,866.00	F	LL
Donala W&SD (2)	2,000,000.00	3.75%	12/11/07	02/01/28	1,917,891.54	R	DL
Durango West MD	500,000.00	4.50%	07/29/91	07/15/11	55,967.02	F	DL
Eagle River W&SD (1)	7,368,840.00	5.17%	06/15/92	08/01/13	2,034,175.26	F	LL
Eagle River W&SD (2)	6,099,183.00	4.58%	05/01/95	08/01/15	2,251,841.84	F	LL
Eagle River W&SD (3)	17,685,395.60	3.94%	04/01/98	08/01/16	8,100,878.78	F	LL
Eagle, Town of (1)	2,345,204.20	4.53%	05/01/97	08/01/17	1,116,252.80	F	LL
Eagle, Town of (2)	11,505,912.00	3.50%	05/31/07	08/01/28	11,386,848.00	F	LL
East Alamosa W&SD	180,000.00	4.50%	12/02/98	Paid in Full	-	F	DL
Eaton, Town of	4,824,431.00	3.38%	05/25/05	08/01/27	4,393,288.41	F	LL
Elizabeth, Town of (1)	1,026,925.40	3.75%	09/14/07	11/01/27	967,971.41	R	DL
Elizabeth, Town of (2)	5,145,273.00	3.42%	05/22/08	08/01/29	4,949,054.96	F	LL
Englewood, City of (1)	12,750,000.00	4.64%	11/15/90	08/01/12	2,938,551.62	F	LL
Englewood, City of (2)	29,564,275.00	3.87%	05/01/04	08/01/25	29,537,520.00	F	LL
Erie, Town of (1)	1,821,690.20	4.54%	05/01/97	08/01/17	876,120.80	F	LL
Erie, Town of (2)	500,000.00	4.50%	10/08/97	08/01/17	259,592.79	F	DL
Erie, Town of (4)	1,534,700.00	2.00%	09/18/09	05/01/30	1,534,700.00	R	DL
Erie, Town of (3)	2,000,000.00	0.00%	09/18/09	05/01/30	2,000,000.00	A	DL
Evans, City of (1)	1,141,616.60	4.03%	04/01/98	08/01/18	589,744.98	F	LL
Evans, City of (2)	396,249.40	4.50%	11/16/98	02/01/19	232,891.24	F	DL
Evergreen MD (1)	2,000,000.00	2.00%	07/24/09	11/01/29	2,000,000.00	R	DL
Fairplay SD	2,000,000.00	3.50%	06/25/08	11/01/28	1,940,937.42	R	DL
Fort Collins, City of (1)	24,540,580.00	4.05%	07/15/92	09/01/14	6,188,330.42	F	LL
Fort Collins, City of (2)	9,845,000.00	4.02%	05/01/01	06/01/21	6,382,500.00	R	LL
Fort Lupton, City of (1)	4,200,000.00	5.17%	06/15/92	08/01/13	1,132,478.33	F	LL
Fort Lupton, City of (2)	200,000.00	5.17%	01/12/94	09/01/13	55,114.41	F	DL
Fort Morgan, City of	9,146,685.00	4.59%	05/01/95	08/01/15	3,555,567.89	F	LL
Fountain SD	1,716,099.00	4.71%	06/01/96	Paid in Full	-	F	LL

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix D
Water Pollution Control Revolving Fund
As of December 31, 2009

DETAIL OF WPCRF LOANS

Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Source of Funding	Type of Loan
Fraser SD	2,445,000.00	3.99%	05/01/01	Paid in Full	-	R	LL
Fremont SD (1)	8,094,567.60	4.20%	07/01/99	08/01/19	4,836,343.10	F	LL
Fremont SD (2)	2,000,000.00	N/A	09/04/09	tpf	-	A	DC
Frisco SD	4,500,000.00	5.17%	06/15/92	Paid in Full	-	F	LL
Fruita, City of	155,435.23	4.50%	04/27/95	03/01/15	30,679.91	F	DL
Garden Valley W&SD	300,000.00	4.00%	12/03/04	11/01/24	248,372.34	R	DL
Genesee W&SD	1,498,151.50	4.86%	08/01/94	08/01/14	479,835.00	F	LL
Georgetown, Town of	5,800,000.00	0.00%	09/22/09	05/01/30	3,800,000.00	A	DL
Glendale, City of	10,034,562.00	3.50%	10/20/05	08/01/27	8,478,604.34	F	LL
Granby SD	4,810,728.00	3.64%	05/24/06	08/01/27	4,266,528.00	F	LL
Grand County W&SD	3,999,978.00	4.17%	07/01/99	08/01/18	2,164,187.27	F	LL
Greeley, City of	13,337,081.65	4.97%	08/01/94	08/01/14	5,381,800.71	F	LL
Gunnison County	474,019.00	N/A	09/02/09	tpf	-	A	DC
Haxtun, Town of	305,041.00	1.88%	12/01/06	05/01/27	275,726.47	R	DC
Holyoke, City of	489,700.00	4.50%	12/01/97	Paid in Full	-	F	DL
Hudson, Town of	1,636,000.00	2.00%	06/17/09	11/01/29	1,636,000.00	R	DL
Idaho Springs, City of	1,541,237.00	4.74%	06/01/96	08/01/16	682,624.00	F	LL
Julesburg, Town of	800,000.00	4.00%	05/15/02	11/01/22	591,733.65	R	DL
Kersey, Town of (1)	163,000.00	4.50%	12/29/99	05/01/20	103,514.90	R	DL
Kersey, Town of (2)	1,800,000.00	3.50%	02/01/06	11/01/26	1,598,474.68	R	DL
Kit Carson, Town of	259,000.00	0.00%	08/07/09	05/01/30	259,000.00	R	DC
Kremmling SD	950,000.00	3.50%	09/13/05	11/01/25	808,787.85	R	DL
La Jara, Town of	750,000.00	0.00%	02/23/06	05/01/26	618,750.00	R	DC
La Junta, City of	358,400.00	4.50%	10/15/99	05/01/20	227,605.70	R	DL
Lafayette, City of	7,861,138.80	4.04%	05/01/01	08/01/21	5,926,750.58	F	LL
Larimer County LID	411,369.26	3.50%	07/11/08	12/01/28	374,421.19	R	DL
Las Animas, City of (1)	1,070,000.00	4.50%	11/12/98	11/01/18	600,761.44	F	DL
Las Animas, City of (2)	377,000.00	0.00%	03/26/08	11/01/28	358,150.00	R	DC
Left Hand W&SD (1)	126,300.00	4.50%	03/05/99	11/01/18	72,247.57	F	DL
Left Hand W&SD (2)	56,899.66	4.50%	09/20/00	05/01/20	33,577.99	R	DL
Littleton, City of (1a)	5,000,694.16	4.64%	11/15/90	08/01/12	1,152,533.24	F	LL
Littleton, City of (1b)	7,750,000.00	4.64%	11/15/90	08/01/12	1,786,178.51	F	LL
Littleton, City of (2)	29,677,780.00	3.82%	05/01/04	08/01/25	29,650,995.00	F	LL
Log Lane Village, Town of	250,000.00	4.50%	06/01/95	06/01/16	105,625.45	F	DL
Longmont, City of	3,500,000.00	3.97%	07/15/92	08/01/12	572,088.04	F	LL
Lyons, Town of	506,311.19	4.50%	10/07/96	06/01/17	241,529.84	F	DL
Mancos, Town of	1,000,000.00	0.00%	07/29/09	11/01/29	1,000,000.00	R	DC
Manitou Springs, City of	2,083,401.00	0.00%	09/29/09	05/01/30	83,401.00	A	DL
Manzanola, Town of (#1)	80,360.00	4.50%	06/01/97	05/01/17	39,309.44	F	DL
Manzanola, Town of (#2) (DC)	96,000.00	0.00%	07/24/08	05/01/29	93,600.00	R	DC
Mead, Town of	2,985,000.00	3.49%	05/31/07	08/01/28	2,775,000.00	R	LL
Mesa County	13,490,000.00	3.62%	05/01/02	08/01/24	8,505,000.00	R	LL
Metro WRD	21,910,000.00	4.58%	05/01/91	04/01/11	3,147,675.09	F	LL
Milliken, Town of	5,897,275.80	3.28%	05/01/03	08/01/24	4,782,313.56	F	LL
Monte Vista, Town of	968,000.00	4.50%	09/01/99	05/01/19	573,784.19	F	DL
Montrose County	257,919.00	4.50%	10/30/92	Paid in Full	-	F	DL
Monument SD	2,418,000.00	0.00%	09/01/09	05/01/30	418,000.00	A	DL
Mount Crested Butte W&SD (1)	1,399,080.00	4.74%	06/01/96	Paid in Full	-	F	LL
Mount Crested Butte W&SD (2)	5,161,580.60	4.02%	05/01/01	08/01/21	3,457,234.20	F	LL
Mount Werner W&SD	3,034,627.00	4.20%	07/01/99	Defeased	-	F	LL
Mountain Range Shadows	1,721,489.00	3.15%	12/01/89	Paid in Full	-	F	DL
Mountain View Villages W&SD	1,500,000.00	0.00%	01/06/09	12/15/29	1,500,000.00	R	DC
Mountain W&SD	200,000.00	1.43%	04/17/90	08/01/10	7,463.00	F	DL
New Castle, Town of (1)	917,076.00	4.50%	01/01/99	05/01/19	277,344.20	R	DL
New Castle, Town of (2)	8,247,171.60	3.45%	05/22/08	08/01/30	7,877,489.55	F	LL
Niwot SD	1,000,000.00	4.00%	02/16/01	Paid in Full	-	R	DL
Nucla SD	180,000.00	1.50%	05/11/92	04/30/12	25,775.33	F	DL
Ordway, Town of (1)	350,000.00	4.50%	10/15/96	09/01/16	160,628.35	F	DL
Ordway, Town of (2)	599,000.00	0.00%	12/20/06	05/01/27	524,125.00	R	DC
Ouray, City of	800,000.00	4.50%	09/17/92	06/01/12	144,522.25	F	DL
Pagosa Area W&SD (2)	3,211,129.00	0.00%	09/04/09	11/01/30	3,211,129.00	R	DL
Pagosa Area W&SD (1)	6,111,224.00	0.00%	09/04/09	11/01/30	4,801,942.00	A	DL
Pagosa Springs San GID, Town of (1)	640,000.00	4.50%	06/03/97	11/01/16	300,177.44	F	DL

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix D
Water Pollution Control Revolving Fund
As of December 31, 2009

DETAIL OF WPCRF LOANS

Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Source of Funding	Type of Loan
Pagosa Springs San GID, Town of (2)	200,000.00	4.00%	07/15/02	Paid in Full	-	R	DL
Pagosa Springs San GID, Town of (3)	2,000,000.00	1.88%	08/29/08	05/01/29	2,000,000.00	R	DC
Parker W&SD (1)	1,781,883.00	4.89%	08/01/94	08/01/14	567,206.00	F	LL
Parker W&SD (2)	500,000.00	4.89%	03/16/95	Paid in Full	-	F	DL
Parker W&SD (3)	3,271,642.30	4.54%	05/01/97	08/01/17	1,569,107.40	F	LL
Parker W&SD (4)	12,063,546.00	4.66%	05/15/00	08/01/20	7,666,206.00	F	LL
Parker W&SD (5)	4,913,424.00	4.01%	05/01/01	08/01/21	3,304,224.00	F	LL
Parker W&SD (6)	14,112,800.00	3.62%	10/01/02	08/01/25	12,592,960.00	F	LL
Penrose SD	128,000.00	1.75%	08/01/08	05/01/29	126,656.78	R	DC
Pierce, Town of	895,000.00	1.88%	12/05/06	11/01/27	857,736.58	R	DC
Pikes Peak America's Mountain	1,000,000.00	4.00%	07/23/03	11/01/20	720,778.14	R	DL
Plum Creek WWA (1)	25,525,000.00	4.02%	05/01/01	08/01/21	17,405,000.00	R	LL
Plum Creek WWA (2)	3,390,000.00	3.22%	10/01/02	08/01/23	2,385,000.00	R	LL
Plum Creek WWA (3)	1,510,000.00	3.35%	05/25/05	08/01/26	1,285,000.00	R	LL
Pueblo, City of (1)	8,402,620.20	3.25%	05/01/03	08/01/24	6,226,401.96	F	LL
Pueblo, City of (2)	1,500,000.00	0.00%	09/04/09	02/01/30	1,500,000.00	A	DL
Ralston Valley W&SD	1,200,000.00	3.75%	09/15/06	11/01/26	1,071,648.16	R	DL
Red Cliff, Town of	2,000,000.00	N/A	09/11/09	tpf	-	A	DL
Rifle, City of	17,852,112.00	3.50%	05/31/07	08/01/28	17,187,916.00	F-R	LL
Romeo, Town of	175,000.00	0.00%	11/30/07	05/01/28	161,875.00	R	DC
Roxborough W&SD (1)	600,000.00	4.50%	11/18/94	Paid in Full	-	F	DL
Roxborough W&SD (2)	9,600,000.00	3.35%	05/25/05	08/01/26	8,210,000.00	R	LL
Rye, Town of	1,968,000.00	N/A	09/10/09	tpf	-	A	DC
Saint Mary's Glacier W&SD	150,000.00	4.50%	07/15/94	06/01/14	46,766.87	F	DL
Salida, City of	550,000.00	4.00%	11/21/03	11/01/13	246,401.27	R	DL
Seibert, Town of	150,000.00	0.00%	08/26/09	05/01/30	150,000.00	R	DC
South Adams County W&SD	6,270,000.00	3.79%	05/01/02	06/01/22	5,397,500.00	R	LL
Springfield, Town of (1)	200,000.00	4.00%	11/01/00	11/01/20	130,549.52	R	DL
Springfield, Town of (2)	534,000.00	0.00%	12/20/06	05/01/27	467,250.00	R	DC
Steamboat Springs, City of (1)	1,563,550.00	4.58%	05/01/95	08/01/15	576,325.61	F	LL
Steamboat Springs, City of (2)	2,935,636.00	4.20%	07/01/99	08/01/19	1,687,455.00	F	LL
Steamboat Springs, City of (3)	5,895,654.40	4.01%	05/01/01	08/01/21	3,944,886.40	F	LL
Sterling, City of	2,499,524.10	4.53%	05/01/97	08/01/16	1,102,573.80	F	LL
Stratton	442,000.00	1.88%	11/20/06	05/01/27	396,735.32	R	DC
Sugar City, Town of (1)	306,000.00	0.00%	07/06/06	11/01/26	275,400.00	R	DC
Sugar City, Town of (2)	65,000.00	0.00%	02/19/09	11/01/28	61,750.00	R	DC
Summit County	17,086,830.00	4.65%	05/15/00	08/01/20	10,800,367.00	F	LL
Three Lakes W&SD	6,498,576.00	4.64%	05/15/00	08/01/19	3,958,416.00	F	LL
Trinidad, City of	6,670,909.00	3.99%	04/01/98	08/01/18	3,562,447.00	F	LL
Triview MD (2)	4,906,910.00	3.64%	05/24/06	08/01/27	4,353,866.00	F	LL
Triview MD (1)	2,000,000.00	3.64%	07/30/08	08/01/28	1,953,066.56	R	DL
Upper Blue SD (1)	8,093,616.90	4.53%	05/01/97	08/01/17	3,886,432.95	F	LL
Upper Blue SD (2)	8,160,000.00	3.48%	10/20/05	08/01/26	6,840,000.00	R	LL
Vona, Town of	85,000.00	4.50%	01/29/97	09/01/16	39,867.34	F	DL
Wellington, Town of (1)	375,000.00	1.43%	06/01/90	Paid in Full	-	F	DL
Wellington, Town of (2)	4,826,280.60	3.71%	05/01/02	08/01/22	3,455,855.22	F	LL
Westminster, City of (1)	13,246,525.00	4.54%	05/01/97	06/01/17	6,718,257.50	F	LL
Westminster, City of (2)	4,085,697.00	3.98%	04/01/98	06/01/17	1,865,209.50	F	LL
Westminster, City of (3)	15,440,000.00	3.32%	05/25/05	06/01/25	12,692,500.00	R	LL
Widefield WSD	1,728,593.00	N/A	08/28/09	tpf	-	A	DL
Windsor, Town of	3,998,852.50	4.62%	08/01/94	Paid in Full	-	F	LL
Winter Park W&SD	3,050,000.00	4.59%	05/01/95	08/01/15	1,203,114.15	F	LL
Winter Park West W&SD	2,406,249.20	3.68%	05/01/02	08/01/21	1,676,263.42	F	LL

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix D
Water Pollution Control Revolving Fund
As of December 31, 2009

DETAIL OF WPCRF LOANS							
Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Source of Funding	Type of Loan

SUMMARY OF LOANS FUNDED				
	Total Loans Funded		*Loans Outstanding*	
LOAN TYPE	Original Loan Amount	Number of Loans Funded	Number of Loans Outstanding	Outstanding Balances
Base Program Federal Funded Loans:				
Leveraged loans:				
Using EPA grants	$541,215,252.39	69	62	$312,014,760.95
Using SRF reloan funds	147,890,000.00	19	18	111,717,500.00
Using both EPA and SRF reloan	17,852,112.00	1	1	17,187,916.00
Direct loans:				
Using EPA grants	16,159,883.16	29	20	6,335,230.35
Using SRF reloan funds	44,853,427.89	49	48	39,169,604.58
Total Base Program Federal Funded Loans	767,970,675.44	167	149	486,425,011.88
American Recovery & Reinvestment Act (ARRA) direct loans:				
Receiving no or partial principal forgiveness (a)	19,912,625.00	6	6	12,603,343.00
Receiving total principal forgiveness (tpf)	8,364,568.00	6	0	-
Total ARRA Loans	28,277,193.00	12	6	12,603,343.00
Total for Program	$796,247,868.44	179	155	$499,028,354.88

Number of Disadvantage Communities receiving assistance	23

PROGRAM STATISTICS					
	SINCE INCEPTION		LOANS FUNDED IN 2009		
	Average				
Loan Type	Loan Amount Funded	Effective Loan Rate **	Effective Loan Rate **	Total Amount of Loans Executed	Number of Loans funded
Base Program Federal Funded Loans:					
Leveraged loans	$ 7,943,341.17	4.02%	0.00%	$ -	0
Direct loans:					
Standard	822,765.86	3.37%	1.40%	10,681,829.00	5
Disadvantage Communities	664,644.55	0.72%	0.00%	3,289,000.00	6
ARRA direct loans:					
Receiving no or partial principal forgiveness (a)	3,318,770.83	0.00%	0.00%	19,912,625.00	6
Receiving total principal forgiveness (tpf)	1,394,094.67	n/a	n/a	8,364,568.00	6

* Original loan rates, on this report, have not been reduced for those borrowers who are receiving the savings from refunding bond issues.
** Effective Loan Rate is based on the weighted average loan rate of all loans in the category.

(a) Four borrowers in this classification received partial principal forgiveness (totalling $7,309,282.00) at loan execution. The balances remaining are financed at zero percent.

Local Government and Special District Abbreviations

GID = General Improvement District
LID = Local Improvement District
MD = Metropolitan District
PID = Public Improvement District
SD = Sanitation District
WD = Water District
WRD = Wastewater Reclamation District
W&SD = Water and Sanitation District
WWA = Wastewater Authority

Source of Funding Code:

F =Federal - Subsidized from EPA Clean Water State Revolving Fund (CW SRF) Capitalization Grants (EPA Grant)
R = Reloan - Funded by or subsidized from recycled CW SRF funds
F-R = Loan funded with both federal and reloan funds
A = Funded from American Recovery and Reinvestment Act (ARRA) capitalization grant awarded, through the EPA CW SRF

Type of Loan Code:

LL = Leveraged Loan - Funded from bond proceeds
DL = Direct Loan - Funded from available sources: Clean Water Grant Funds (F) or Clean Water SRF Reloan funds (R).
DC = Disadvantaged Communities: Low- or zero-interest direct loans funded from available sources: Clean Water Grant Funds (F) or Clean Water SRF Reloan funds (R).
;*** Some leveraged loan borrowers may fall under the classification as disadvantage communities but did not receive the reduced interest rate because; (1) the loans were made prior to the initiation of the policy and/or (2) of the size of loan and other factors, and thus are not separately classified.

APPENDIX E

Water Revenue Bond Program

Loan Status as of
December 31, 2009

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix E
Water Revenue Bonds Program
As of December 31, 2009

DETAIL OF WRBP FUNDED LOANS

Borrower	Original / Amended Amount	Original * Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Loan Code
Arapahoe County W&WW PID	26,270,000.00	4.72%	11/01/05	11/26/35	26,270,000.00	LL
Aurora, City of	100,000,000.00	4.35%	09/29/05	07/27/35	100,000,000.00	LL
Copper Mountain CMD (1)	3,540,000.00	3.95%	09/16/04	08/01/24	2,850,000.00	LL
Copper Mountain CMD (2)	3,690,000.00	4.24%	11/30/05	08/01/24	3,155,000.00	LL
East Cherry Creek W&SD	53,970,000.00	4.36%	02/05/05	11/14/35	50,400,000.00	LL
Englewood, City of	19,715,000.00	4.11%	05/01/04	08/01/17	19,690,000.00	LL
Erie, Town of	14,500,000.00	4.21%	04/01/04	12/01/23	11,150,000.00	LL
Fort Lupton, City of	2,300,000.00	4.38%	02/01/05	11/01/25	1,965,000.00	LL
Fountain, City of (1)	8,170,000.00	4.56%	05/24/05	11/01/35	7,555,000.00	LL
Fountain, City of (2)	8,795,000.00	5.50%	01/21/09	11/01/38	8,665,000.00	LL
Littleton, City of	19,695,000.00	3.70%	05/01/04	08/01/15	12,535,000.00	LL
Longmont, City of	3,960,000.00	1.91%	06/01/03	Paid in Full	-	LL
Louisville, City of	13,800,000.00	3.63%	06/01/03	11/01/24	10,645,000.00	LL
North Weld County WD	6,940,000.00	4.36%	09/10/09	08/01/29	6,940,000.00	LL
Parker W&SD	105,420,000.00	5.12%	06/15/04	08/01/43	100,150,000.00	LL
Rio Blanco WCD	3,140,000.00	7.08%	05/01/98	Paid in Full	-	LL
Stagecoach	6,800,000.00	var.	06/30/86	Defeased	-	LL

WRBP LOAN PROGRAM STATISTICS		Number of Loans	Average Effective Interest *	Dollar Amount	Average Loan Amount
TOTAL LOANS FUNDED		17	4.11%	$400,705,000.00	$23,570,882.35
TOTAL OUTSTANDING LOANS		14		$361,970,000.00	
LOANS ISSUED IN	2009	2	5.00%	$ 15,735,000.00	$7,867,500.00

* Effective Loan Rate is based on the weighted average loan rate of all loans in the category.

Loan Code:

LL = Leveraged Loan - Funded from bond proceeds

Entity Abbreviations:

CMD = Consolidated Metropolitan District
WCD = Water Conservancy District
W&WW = Water & Wastewater
PID = Public Improvement District
W&SD = Water & Sanitation District

APPENDIX F

Small Hydropower Loan Program
and
Interim Loans

Status as of
December 31, 2009

APPENDIX F

Colorado Water Resources & Power Development Authority
2009 Annual Report - Appendix F
Small Hydro Loan Program (SHLP)
As of December 31, 2009

DETAIL OF SHLP LOANS						
Borrower	Original / Amended Amount	Effective Loan Rate	Loan Date	Final Payment Date	Outstanding Balance	Loan Code
Cortez, City of	1,456,891.00	2.00%	08/26/09	01/15/30	1,456,891.00	SDL

Loan Code:
SDL = State Direct Loan - Authority funded

Colorado Water Resources and Power Development Authority
2009 Annual Report - Appendix F
Interim Loans
Loan Status Report as of December 31, 2009

Borrower	La Plata West Water Authority	City of Fruita
Interim Loan Information:		
Amount of Authorized Interim Loan	$ 4,500,000.00	$ 4,570,000.00
Interim Loan Rate	4.75%	3.50%
Date of Interim Loan Authorization	11/18/08	10/06/09
Amount Due to the Auth (Outstanding Obligation) *		
Amount Outstanding as of 12/31/08	$ 278,187.00	$ -
Plus: Draws on Interim Loan Funds in 2009	$ 3,991,816.00	$ -
Less reductions:		
Repayment made to Authority	$ (3,000,000.00)	$ -
Converted to permanent loan in:	n/a	n/a
Water Pollution Control Revolving Fund	$ -	$ -
Drinking Water Revolving Fund	$ -	$ -
Water Revenue Bonds Program	$ -	$ -
Date of payoff		
Total Amount Due to the Auth as of 12/31/09	$ 1,270,003.00	$ -

* Interim loan principal is recorded as draws are made, not for the total loan amount authorized.

APPENDIX G

Audited Financial Statements
as of and for the
Years Ended
December 31, 2009 and 2008

Colorado Water Resources and Power Development Authority

(A Component Unit of the State of Colorado)

Independent Accountants' Report, Management's Discussion and Analysis and Basic Financial Statements

December 31, 2009 and 2008

Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
December 31, 2009 and 2008

Contents

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Independent Accountants' Report on Financial Statements and Supplementary Information

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 years ended December 31, 2009 and 2008, 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. 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Colorado Water Resources and Power Development Authority as of December 31, 2009 and 2008, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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.

BKD, LLP

April 12, 2010

COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY
(A Component Unit of the State of Colorado)

Management's Discussion and Analysis
Years ended December 31, 2009 and 2008

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, 2009 and 2008.

2009 Financial Highlights

- As discussed in more detail in the Notes to the Basic Financial Statements, in 2009, the Water Pollution Control Revolving Fund (WPCRF) and the Drinking Water Revolving Fund (DWRF) received $31.3 million and $34.4 million, respectively, in grant awards pursuant to the American Recovery and Reinvestment Act (ARRA) of 2009. The WPCRF ARRA grant allocated $1.2 million for grant administration and $30.1 million for projects. The DWRF ARRA grant allocated $2.1 million for grant administration and other set aside activity and $32.3 million for projects. The WPCRF executed 12 ARRA loans totaling $28.3 million, and the DWRF executed 24 ARRA loans totaling $32.3 million. Certain ARRA loans received principal forgiveness and are discussed in more detail below.

- Combined operating loss totaled $25.5 million for 2009, compared to operating income of $9.8 million for 2008. The one-time principal forgiveness expense related to the ARRA loans caused the operating loss in 2009. Operating revenues totaled $69.4 million in 2009, a decrease of $1.4 million (2.0%) from operating revenues of $70.8 million in 2008. Operating expenses totaled $94.9 million in 2009, a $33.9 million (55.5%) increase from operating expenses of $61.0 million in 2008.

- Combined net assets of the Authority's enterprise funds totaled $507.7 million. The $5.7 million (1.1%) increase in combined net assets was the net effect of capitalization grant revenue from the United States Environmental Protection Agency (EPA) totaling $31.2 million offsetting the combined operating loss of $25.5 million.

- Combined interest on investments totaled $15.1 million, a decrease of $4.5 million (22.7%) from interest on investments of $19.6 million in 2008 . As in 2008, the majority of the decrease in interest on investments was due to a decrease in variable interest rates on funds invested in cash equivalents.

- Combined project costs payable-leveraged loans totaled $36.9 million. Payment of project requisitions totaling $67.4 million offset by leveraged loan funding totaling $15.0 million resulted in a $52.4 million (58.7%) decrease in project costs payable-leveraged loans.

- Combined current and other liabilities totaled $164.8 million, an increase of $69.3 million due to an increase in project costs payable - direct loans of $65.2 million, resulting from the execution of ARRA and base program direct loans. Included in this liability is $33.4 million expensed as loan principal forgiveness.

- Excluding refunding cost adjustments, combined bonds payable totaled $1.0 billion. Bond principal payments of $55.2 million were offset by the issuance of bonds in the amount of $15.7 million resulting in a $39.5 million decrease in bonds payable.

- Combined loans receivable totaled $1.2 billion. Principal payments and other reductions ($63.2 million) plus principal forgiven ($33.4 million) offset loans executed ($108.8 million), resulting in a net increase of $12.2 million (1.0%). Loans were executed in the following enterprise funds in 2009:
  - Water Operations Fund $ 21.2 million
  - Water Pollution Control $ 42.2 million
  - Drinking Water $ 45.4 million

Overview of the Basic Financial Statements

Management's discussion and analysis is intended to serve as an introduction to 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, 2009 and 2008 in a comparative format. Furthermore, schedules of total enterprise fund data and analyses is provided in comparative year format for 2009-2008 and 2008-2007.

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 accounts 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 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. Payment of requisitions from ARRA loans affect only project costs payable.

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 a summary of net assets for the three enterprise funds of the Authority in total and on a comparative year basis.

The increase in combined unrestricted current and other assets of $6.5 million to $211.6 million in 2009 from $205.1 million in 2008 is mainly attributed to a $6.2 million increase in current loans receivable. Combined assets decreased by $20.0 million in 2009, as compared to a larger decrease of $31.4 million in 2008. Assets decreased due to the payment of project requisitions, including interim loans, that totaled $95.3 million and $82.5 million in 2009 and 2008, respectively. The net decrease was limited by loans executed totaling $75.4 million (net of $33.4 million in principal forgiven expense) and $52.8 million in 2009 and 2008, respectively.

Similarly, combined total liabilities decreased by $25.6 million in 2009 compared to a decrease of $55.8 million in 2008. Total liabilities decreased due to the payment of project requisitions in the amounts stated in the previous paragraph. Furthermore, the net decrease in total liabilities was limited by bonds issued totaling $15.7 million and $32.4 million in 2009 and 2008, respectively.

Schedule 1A

Total Enterprise Funds (2009 - 2008)

Summary of Net Assets as of December 31

	2009	2008	Change	Pct Chg
Unrestricted current and other assets	$ 211,599,250	$ 205,052,283	$ 6,546,967	3.2%
Restricted assets	352,196,983	384,718,381	(32,521,398)	(8.5%)
Capital assets, net	10,272	14,842	(4,570)	(30.8%)
Noncurrent loans receivable	1,120,158,081	1,114,132,134	6,025,947	0.5%
Total assets	1,683,964,586	1,703,917,640	(19,953,054)	(1.2%)
Current and other liabilities	164,774,655	95,437,907	69,336,748	72.7%
Project costs payable-leveraged loans	36,904,783	89,346,469	(52,441,686)	(58.7%)
Noncurrent bonds payable, net	974,593,105	1,017,118,115	(42,525,010)	(4.2%)
Total liabilities	1,176,272,543	1,201,902,491	(25,629,948)	(2.1%)
Net assets:				
Invested in capital assets	10,272	14,842	(4,570)	(30.8%)
Restricted	443,255,850	435,670,683	7,585,167	1.7%
Unrestricted	64,425,921	66,329,624	(1,903,703)	(2.9%)
Total Net assets	$ 507,692,043	$ 502,015,149	$ 5,676,894	1.1%

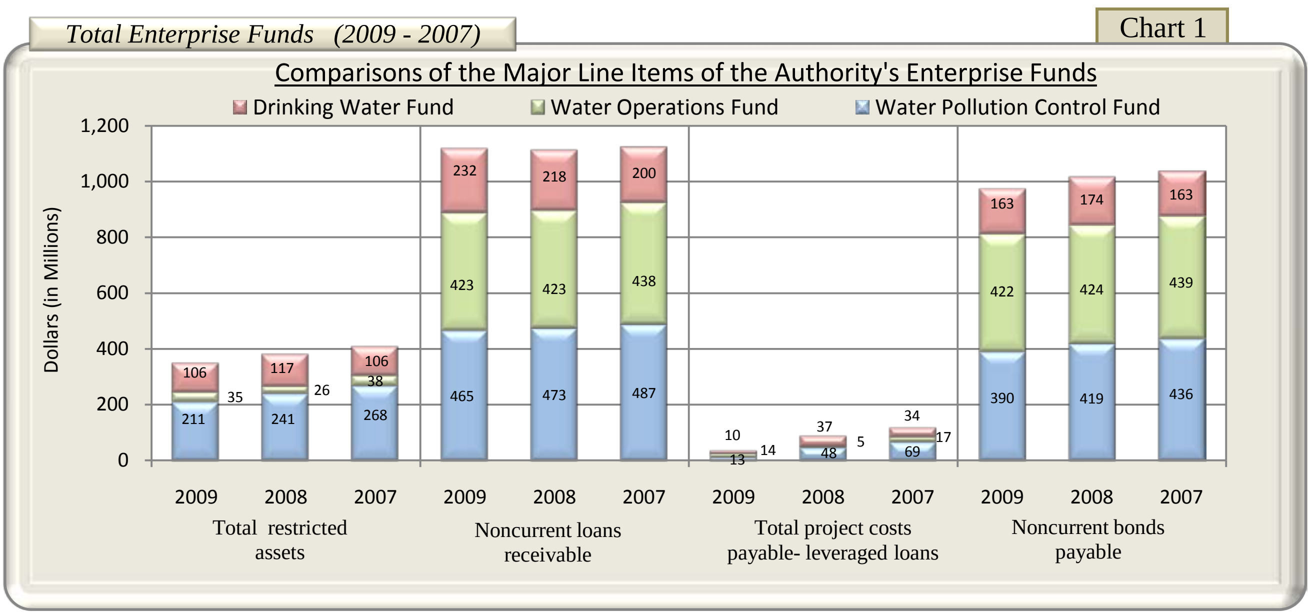
Schedule 1B

Total Enterprise Funds (2008 - 2007)

Summary of Net Assets as of December 31

	2008	2007	Change	Pct Chg
Unrestricted current and other assets	$ 205,052,283	$ 198,136,756	$ 6,915,527	3.5%
Restricted assets	384,718,381	411,894,280	(27,175,899)	(6.6%)
Capital assets, net	14,842	25,495	(10,653)	(41.8%)
Noncurrent loans receivable	1,114,132,134	1,125,266,117	(11,133,983)	(1.0%)
Total assets	1,703,917,640	1,735,322,648	(31,405,008)	(1.8%)
Current and other liabilities	95,437,907	99,342,497	(3,904,590)	(3.9%)
Project costs payable-leveraged loans	89,346,469	119,778,875	(30,432,406)	(25.4%)
Noncurrent bonds payable, net	1,017,118,115	1,038,579,877	(21,461,762)	(2.1%)
Total liabilities	1,201,902,491	1,257,701,249	(55,798,758)	(4.4%)
Net assets:				
Invested in capital assets	14,842	25,495	(10,653)	(41.8%)
Restricted	435,670,683	407,529,965	28,140,718	6.9%
Unrestricted	66,329,624	70,065,939	(3,736,315)	(5.3%)
Total Net assets	$ 502,015,149	$ 477,621,399	$ 24,393,750	5.1%

Chart 1 is a graphical representation of the four major accounts affected by new project financing, as discussed in the overview section of this report. The totals of these four accounts are compared for the years 2009, 2008, and 2007. Each bar is subdivided by colors that represent the amounts that each of the three enterprise funds contributes to the total for that year.



In addition to new project financing, the balances of restricted assets and project costs payable-leveraged loans are subject to fluctuations caused by the demands of borrower project requisitions. The chart shows a consistent decline in combined restricted assets and project costs payable-leveraged loans between 2009, 2008 and 2007 as activity from existing loans and the decline in bond issuances and leveraged loan executions contributes to the decrease in these accounts.

Chart 1 also illustrates that combined noncurrent loans receivable increased by $6.0 million during 2009 compared to the $11.1 million decrease in 2008, while combined noncurrent bonds payable decreased by $42.5 in 2009 compared to a $21.5 decrease in 2008. Generally, changes in noncurrent loans receivable and non-current bonds payable correlate from year-to-year. However, in 2009, the changes in balances of these accounts differ due to the increase in direct loan executions and a decrease in loans funded from bond issuance(s).

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 financing activities.

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 Projects Program (SWRP), Water Revenue Bonds Program (WRBP), and the Small Hydro Loan Program (SHLP). 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. The SHLP finances projects with direct loans.

The 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. To reduce the cost of financing for the SWRP and WRBP borrowers, beginning in 2003, the Authority began subsidizing a portion of or all of the costs of issuing bonds. In 2009, $15.7 million in two WRBP bonds were issued financing two associated leveraged loans, with the Authority subsidizing $0.5 million in cost of issuance associated with the bond issues. Loans made from these programs are not subsidized by EPA capitalization grants.

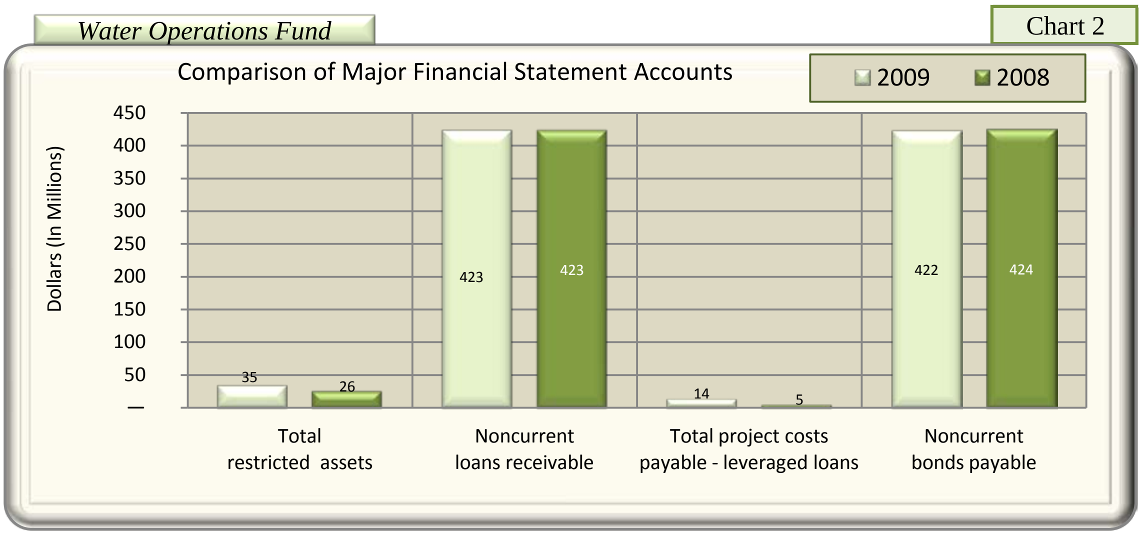
Schedule 2

Water Operations Fund

Summary of Net Assets as of December 31

	2009	2008	Change	Pct Chg
Unrestricted current and other assets	$ 96,489,183	$ 95,924,669	$ 564,514	0.6%
Restricted assets	35,012,896	26,198,400	8,814,496	33.6%
Capital assets, net	10,272	14,842	(4,570)	(30.8%)
Noncurrent loans receivable	422,756,890	423,314,999	(558,109)	(0.1%)
Total assets	554,269,241	545,452,910	8,816,331	1.6%
Current and other liabilities	27,881,808	26,093,297	1,788,511	6.9%
Project costs payable-leveraged loans	13,540,613	4,510,607	9,030,006	200.2%
Noncurrent bonds payable, net	422,231,898	424,221,828	(1,989,930)	(0.5%)
Total liabilities	463,654,319	454,825,732	8,828,587	1.9%
Net assets:				
Invested in capital assets	10,272	14,842	(4,570)	(30.8%)
Restricted	29,789,882	27,614,783	2,175,099	7.9%
Unrestricted	60,814,768	62,997,553	(2,182,785)	(3.5%)
Total Net assets	$ 90,614,922	$ 90,627,178	$ (12,256)	(0.0%)

Occasionally, borrowers have projects that require funding before bonds are ready to be issued. To assist these communities, the Authority offers interim (or bridge) loans, until permanent financing is available. Interim loans are approved with agreed upon maximum principal amounts, but borrowers are only obligated for amounts requisitioned. In 2009, one interim loan was executed, but no requisitions were paid from that loan. Requisitions from a 2008 interim loan totaled $4.0 million of which $3.0 million was repaid in 2009. Other Water Operations loan funding activity in 2009 included a $1.5 million direct loan executed under the SHLP.



Included in restricted assets of the Water Operations Fund is the $1.1 million unexpended balance of the Animas-La Plata escrow account. During 2009, $0.4 million was paid to the Bureau of Reclamation (Bureau) bringing the total payments to $8.1 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 unrestricted current and other assets as shown in Schedule 2.

The comparative balances of the four major accounts affected by leveraged loans are shown in Chart 2. Loan payments received and bond principal payments offset new loans made and new bonds payable resulting in a net decrease in noncurrent loans receivable and noncurrent bonds payable of $0.6 million and $2.0 million, respectively. Project draws of $10.1 million offset the addition of $17.2 million in loans, contributing to the increase in restricted assets of $8.8 million (33.6%). All project funds have been drawn in the SWRP program while $19.7 million remain available in other Water Operation programs and interim loan project accounts.

Water Pollution Control Fund

Eleven base program direct loans totaling $13.9 million and 12 ARRA direct loans totaling $28.3 million were executed for a total of $42.2 million. Of the 12 ARRA direct loans, six borrowers received $8.4 million in total principal forgiveness, while four borrowers received $7.3 million in partial principal forgiveness. No revenue bonds were issued and no leveraged loans were executed in 2009.

The $9.2 million increase in unrestricted current and other assets is the net effect of several factors. Primarily, the increase is attributable to deallocation. The financial model for the WPCRF program allows for annual reductions in debt service reserve fund balances in September, after bond debt service has been paid. This procedure is referred to as "deallocation" and consists of the maturity and/or liquidation of debt service reserve fund restricted investments and depositing the cash proceeds, along with the state match portion of loan principal repayments and direct loan principal and interest repayments, in the reloan account (unrestricted).

Schedule 3

Water Pollution Control Fund

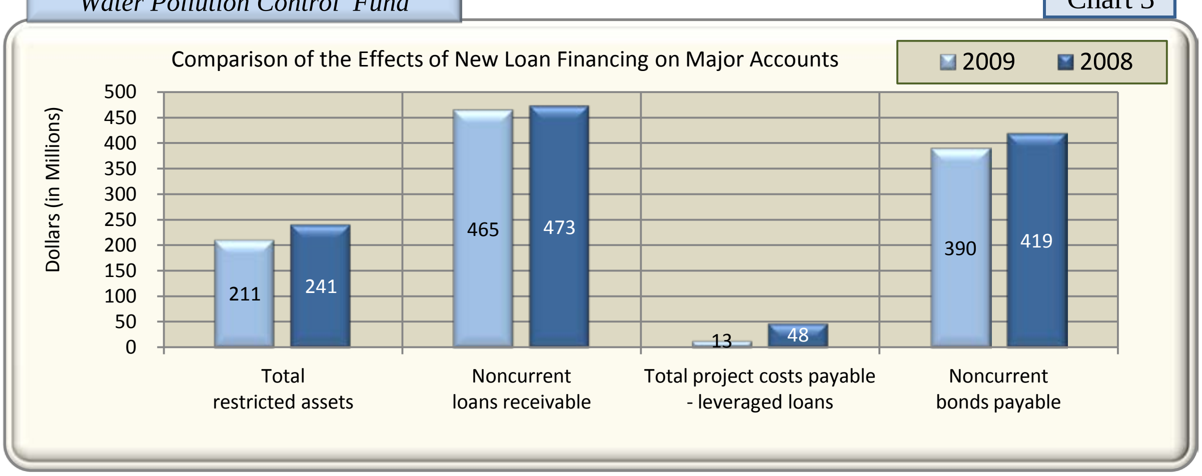
Summary of Net Assets as of December 31

	2009	2008	Change	Pct Chg
Unrestricted current and other assets	$ 82,061,417	$ 72,820,891	$ 9,240,526	12.7%
Restricted assets	211,171,697	241,329,229	(30,157,532)	(12.5%)
Noncurrent loans receivable	465,122,786	472,526,992	(7,404,206)	(1.6%)
Total assets	758,355,900	786,677,112	(28,321,212)	(3.6%)
Current and other liabilities	78,878,521	46,824,933	32,053,588	68.5%
Project costs payable-leveraged loans	12,879,934	47,871,918	(34,991,984)	(73.1%)
Noncurrent bonds payable, net	389,600,960	419,357,923	(29,756,963)	(7.1%)
Total liabilities	481,359,415	514,054,774	(32,695,359)	(6.4%)
Net assets:				
Restricted	276,996,485	272,622,338	4,374,147	1.6%
Total Net assets	$ 276,996,485	$ 272,622,338	$ 4,374,147	1.6%

$17.0 million was deallocated and transferred to the reloan account, which became unrestricted, and $13.9 million of reloan funds were used to finance new base program loans, which became restricted, contributing an increase of $3.0 million to unrestricted current and other assets. Also contributing to the increase in unrestricted current and other assets was a $4.3 million increase in the loan administrative fee account. No transfers were made from the loan administrative fee account to the Water Operations Fund for payment of the state match loan advance in 2009 compared to the $4.0 million transferred in 2008.

Water Pollution Control Fund

Chart 3



Major factors contributing to the $30.2 decrease in restricted assets are related to deallocation, as described above, and the payment of borrower requisitions offset by the increase in transfers of unrestricted assets to restricted assets for the funding of new base program loans made in 2009 and other activity as described above. Restricted assets were not affected by the increase in ARRA loan activity, because ARRA loans are funded entirely from the draws on the ARRA grant.

A $31.2 increase in project costs payable - direct loans was the result of the $42.2 million increase in loans executed offset by $11.0 million in direct loan project draws, and was the primary factor contributing to the $32.1 million net increase of current and other liabilities.

Chart 3 displays the comparative balances of the four-major accounts affected by loan activities. The net decrease in noncurrent loans receivable of $7.4 million was mainly the result of $32.1 million in loan principal payments and $16.2 million in principal forgiveness, offset by the noncurrent portion of the $42.2 million in loans executed in 2009. As no bonds were issued, noncurrent bonds payable decreased by $29.8 million, the amount of bond principal paid ($29.4 million, plus accumulated refunding costs amortization).

Drinking Water Fund

Ten base program direct loans totaling $13.2 million, and 24 ARRA loans totaling $32.3 million were executed. Of the 24 ARRA direct loans, 12 borrowers received $12.3 million in total principal forgiveness, while 5 borrowers received $4.8 million in partial principal forgiveness. No bonds were issued and no leveraged loans were executed.

Schedule 4

Drinking Water Fund

Summary of Net Assets as of December 31

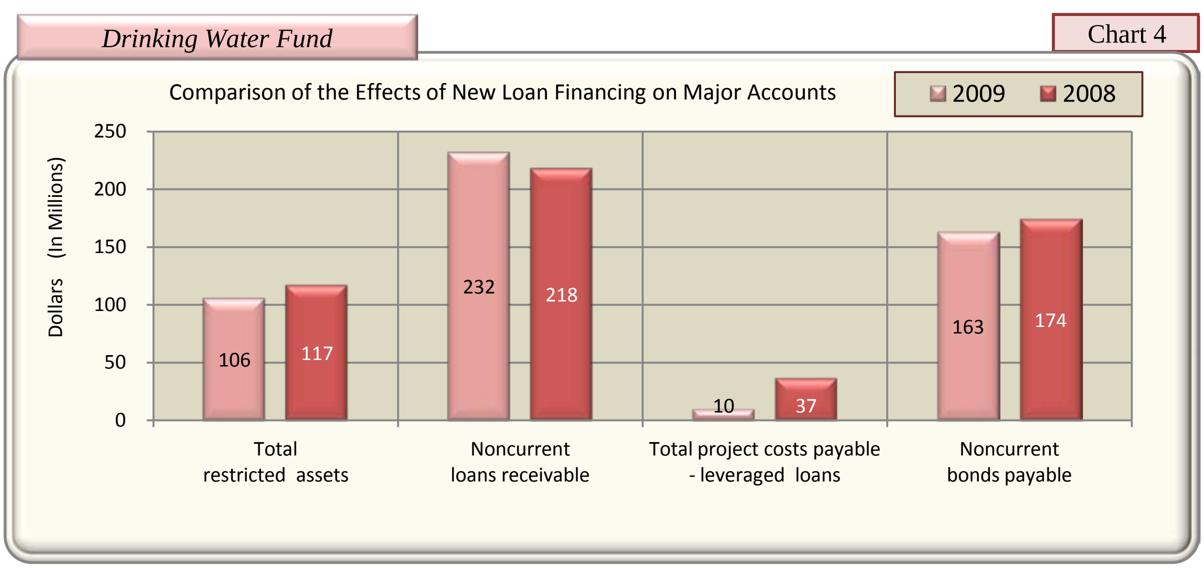
	2009	2008	Change	Pct Chg
Unrestricted current and other assets	$ 33,048,650	$ 36,306,723	$ (3,258,073)	(9.0%)
Restricted assets	106,012,390	117,190,752	(11,178,362)	(9.5%)
Noncurrent loans receivable	232,278,405	218,290,143	13,988,262	6.4%
Total assets	371,339,445	371,787,618	(448,173)	(0.1%)
Current and other liabilities	58,014,326	22,519,677	35,494,649	157.6%
Project costs payable-leveraged loans	10,484,236	36,963,944	(26,479,708)	(71.6%)
Noncurrent bonds payable, net	162,760,247	173,538,364	(10,778,117)	(6.2%)
Total liabilities	231,258,809	233,021,985	(1,763,176)	(0.8%)
Net assets:				
Restricted	136,469,483	135,433,562	1,035,921	0.8%
Unrestricted	3,611,153	3,332,071	279,082	8.4%
Total Net assets	$ 140,080,636	$ 138,765,633	$ 1,315,003	0.9%

Similar to the process explained in the WPCRF discussion above, deallocation also occurs in the DWRF each September, which decreases restricted assets and increases unrestricted current and other assets. However, deallocation of $5.6 million, plus an increase of $2.2 million in current loans receivable, was offset by $12.1 million in reloan funds used to fund base program direct loans and the net effect of $1.3 million in other unrestricted current and other assets activities, resulting in a $3.3 million decrease in unrestricted current and other assets.

Major factors contributing to the $11.2 decrease in restricted assets are related to deallocation, as described above, and the payment of borrower requisitions offset by the increase in transfers of unrestricted assets to restricted assets for funding of base program loans. Normally an increase in loan funding activity would increase restricted assets. However, ARRA loans are funded entirely from grants; therefore, restricted assets are not affected by these loans.

Noncurrent loans receivable increased $14.0 million and current loans receivable, included in unrestricted and current assets, increased $2.2 million. The total $16.2 million increase was the result of $45.4 million in loans executed offset by $17.2 million in principal forgiveness and $12.0 million in loan principal payments.

The increase in loan funding increased project costs payable-direct loans by $45.4 million which was offset by $12.7 million in direct loan project draws for a net increase of $32.7 million. This increase in project costs payable - direct loans was the main cause of the $35.5 million increase in current and other liabilities. Other major accounts contributing to the increase include a $1.2 million increase in current bonds payable and $1.6 million increase in other current and noncurrent liabilities. Other liabilities consists mainly of the estimated arbitrage liability.



$26.5 million in project funds related to leveraged loans were paid, and since no leveraged loans were executed, project cost payable - leveraged loans decreased by that amount. Bond principal payments of $9.6 million caused total bonds payable to decrease by that amount. The total bonds payable decrease was the net result of a decrease in noncurrent bonds payable of $10.8 million offset by an increase of current bonds payable of $1.2 million. Chart 4 graphically displays the comparative balances of the four major accounts and the effects of financial activity in the DWRF program.

Summary of Changes in Net Assets

Overview

As described in the Notes to the Basic Financial Statements, the Authority issues bonds to fund certain program loans. All bonds are paid from loan payments (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 and 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 (loss), other sources of revenue, and the changes in net assets in a comparative year format. These schedules quantify the changes in financial position of the Authority as a financing entity. For 2009, interest on investments and interest on loans contributed 56.3% and 21.8%, respectively, to total operating revenues. Interest on bonds and principal forgiveness contributed 53.7% and 35.1%, respectively, to total operating expenses.

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 expenses related to grant administration. Beginning in 2008, the annual administrative fee surcharge rate on DWRF loans, which is computed on the original loan receivable balance and is a component of loan interest, was increased from 0.8% to 1.25%. Due to the structure of the loan program, the increase in the administrative fee rate does not affect the subsidized loan rate charged to the borrowers. The administrative fee surcharge rate on WPCRF loans remains at 0.8%. Generally, these fees remain constant over the term of the loan. Zero interest rate loans (i.e.: disadvantaged community loans and ARRA loans) in both the WPCRF and DWRF programs are assessed no administrative fee surcharge. (For more information regarding the disadvantaged community loan program, see the Notes to the Basic Financial Statements.)

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 are 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 (loss) on the Summary of Changes in Net Assets on Schedule 5A. The major factors that contribute to the amount of EPA capitalization grant revenue recognized are: 1) the number and size of loans funded with grant monies for the year; and 2) the type of loan (ARRA, base program direct, or leveraged, and/or 3) the demand for project cost reimbursements, including projects funded in prior years.

Total Enterprise Funds

Schedules 5A and 5B combine the results of activities 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 changes in financial position.

Combined interest on loans totaled $39.1 million, $38.4 million, and $39.1 million for 2009, 2008, and 2007, respectively. The increase in 2009, as compared to the decrease in 2008, is the result of an increase in loans executed in all programs. In the years subsequent to the year of execution, new loans produce a full year's interest income, generally increasing loan interest income. However, other factors such as decreasing loan interest due to normal amortization, and credits to loan interest from refunding savings and additional earnings may affect interest on loans. Interest on loans in the Water Operations Fund decreased minimally, while WPCRF increased by $0.7 million and increased minimally in the DWRF, resulting in an increase of $0.6 million.

Combined interest on investments totaled $15.1 million, $19.6 million, and $25.4 million for 2009, 2008, and 2007, respectively. Both investment balances and changing interest rates impact the amounts of interest earned. The $4.5 million decrease in interest on investments was the sum of decreases from all funds: Water Operations ($0.9 million), WPCRF ($2.1 million) and DWRF ($1.5 million). One of the major factors for the decrease in interest on investments was the decrease in the average annual interest rate for COLOTRUST, which was 0.4% for 2009 compared to 2.6% for 2008 and 5.1% for 2007.

The WPCRF interest on investments decreased $2.1 million in 2009, and was the major factor in the $4.5 million decrease in combined interest on investments. Likewise, in 2008, the $3.7 million decrease in WPCRF interest on investments contributed to the $5.8 million decrease in combined interest on investments. Both years saw declining investment interest rates and decreased investment balances. 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.

COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY
(A Component Unit of the State of Colorado)

Management's Discussion and Analysis
Years ended December 31, 2009 and 2008

Schedule 5A

Total Enterprise Funds (2009 - 2008)

Summary of Changes in Net Assets as of December 31

	2009	2008	Change	Pct Chg
Operating revenues:				
Interest on loans	$ 39,092,011	$ 38,444,783	$ 647,228	1.7%
Interest on investments	15,153,370	19,614,944	(4,461,574)	(22.7%)
Administrative fees and other income	8,395,702	8,168,349	227,353	2.8%
EPA grants	6,764,380	4,626,781	2,137,599	46.2%
Total operating revenues	69,405,463	70,854,857	(1,449,394)	(2.0%)
Operating expenses:				
Interest on bonds	50,984,759	52,137,801	(1,153,042)	(2.2%)
Grant administration	4,049,824	3,324,022	725,802	21.8%
Loan principal forgiven	33,364,125	343,268	33,020,857	9619.6%
General, administrative, and other expenses	1,690,559	1,290,790	399,769	31.0%
EPA set asides	4,841,839	3,940,376	901,463	22.9%
Total operating expenses	94,931,106	61,036,257	33,894,849	55.5%
Operating income (loss)	(25,525,643)	9,818,600	(35,344,243)	(360.0%)
EPA capitalization grants	31,202,537	14,575,150	16,627,387	114.1%
Change in net assets	5,676,894	24,393,750	(18,716,856)	(76.7%)
Net assets – beginning of year	502,015,149	477,621,399	24,393,750	5.1%
Net assets – end of year	$ 507,692,043	$ 502,015,149	$ 5,676,894	1.1%

Schedule 5B

Total Enterprise Funds (2008 - 2007)

Summary of Changes in Net Assets as of December 31

	2008	2007	Change	Pct Chg
Operating revenues:				
Interest on loans	$ 38,444,783	$ 39,104,435	$ (659,652)	(1.7%)
Interest on investments	19,614,944	25,449,194	(5,834,250)	(22.9%)
Administrative fees and other income	8,168,349	7,992,412	175,937	2.2%
EPA grants	4,626,781	4,988,780	(361,999)	(7.3%)
Total operating revenues	70,854,857	77,534,821	(6,679,964)	(8.6%)
Operating expenses:				
Interest on bonds	52,137,801	53,122,040	(984,239)	(1.9%)
Grant administration	3,324,022	2,214,516	1,109,506	50.1%
Loan principal forgiven	343,268	264,550	78,718	29.8%
General, administrative, and other expenses	1,290,790	1,262,416	28,374	2.2%
EPA set asides	3,940,376	4,404,102	(463,726)	(10.5%)
Total operating expenses	61,036,257	61,267,624	(231,367)	(0.4%)
Operating income	9,818,600	16,267,197	(6,448,597)	(39.6%)
EPA capitalization grants	14,575,150	18,904,991	(4,329,841)	(22.9%)
Change in net assets	24,393,750	35,172,188	(10,778,438)	(30.6%)
Net assets – beginning of year	477,621,399	442,449,211	35,172,188	7.9%
Net assets – end of year	$ 502,015,149	$ 477,621,399	$ 24,393,750	5.1%

Combined interest on bonds decreased $1.2 million in 2009 and $1.0 million in 2008. Although bonds totaling $15.7 million and $32.4 million were issued in 2009 and 2008, respectively, the decrease resulting from normal amortization of all existing bonds, exceeded the expense added by the bonds issued in 2009 and 2008.

The implementation of ARRA grant conditions, including principal forgiveness, (as described in the Notes to the Financial Statements) necessitated the addition of loan principal forgiven as a 2009 financial statement expense line item. Loan principal forgiven totaled $33.4 million, $0.3 million and $0.3 million for 2009, 2008 and 2007, respectively. All revenue and expense line items of Schedule 5A and 5B are generally comparable between years, except for loan principal forgiven. This additional 2009 operating expense was the largest contribution to the operating loss for the year.

All funds experienced operating losses resulting in a 2009 combined total operating loss of $25.5 million, compared to a combined operating income of $9.8 million and $16.3 million in 2008 and 2007, respectively. As discussed above, reductions in interest on investments occurred each year, mainly due to decreases in interest rates. Although lower rates contributed to the 2009 operating loss, the $6.4 million decrease in 2008 operating income was primarily the result of reduced interest on investments, caused by lower investment interest rates.

The 2009 combined operating loss was offset by $31.2 million in EPA capitalization grants resulting in a $5.7 million change in net assets. Combined change in net assets decreased by $18.7 million in 2009, compared to a $10.8 million decrease in combined change in net assets in 2008. The decrease in 2009 change in net assets was primarily the result of a $33.0 million increase in loan principal forgiven offset by a $16.6 million increase in EPA Capitalization grants. In 2008, the change in net assets decreased by $10.8 million and was attributed to decreases in both interest on investments ($5.8 million) and EPA Capitalization grants ($4.3 million).

Total Enterprise Funds (2009 - 2007)

Chart 5

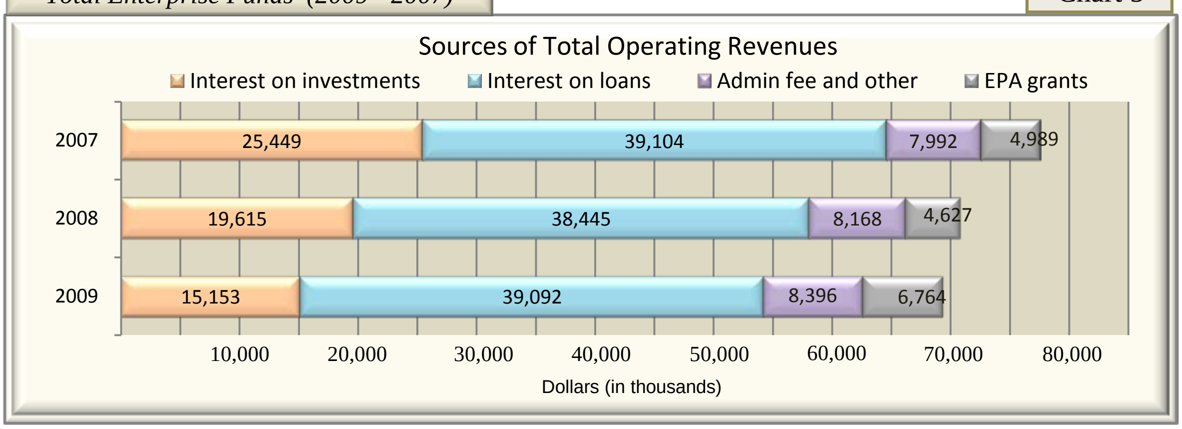


Chart 5 compares the major sources of combined operating revenues among the years and illustrates the effects of interest on investments and interest on loans discussed above. Note the decrease in interest on investments, and the increase in interest on loans and EPA grants in 2009 from 2008. Leveraged 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 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, combined loan administrative fee income increased slightly in 2009 and 2008 in the WPCRF and DWRF due to loans executed in previous years. The combined EPA grant revenue shown in combined operating revenue is comprised of grant funds drawn for program administration, and for funding the DWRF set aside activities as discussed in the Notes to the Basic Financial Statements. EPA capitalization grants used for the loan programs are not part of operating revenue.

Combined EPA capitalization grants totaled $31.2 million, $14.6 million, and $18.9 million, for 2009, 2008, and 2007, respectively. As explained earlier in this section, grant funds are drawn as requisitions are paid to borrowers with projects financed with capitalization grant monies. Historically, the grant amounts are comparable with the project draws made in WPCRF and the DWRF for those years. However, ARRA loans are funded 100% with grant dollars, and these loans increased the total 2009 EPA capitalization grants by $8.9 million. The Water Operations Fund loans are not subsidized by EPA capitalization grants. Capitalization grant revenue contributed 100%, 59.7%, and 53.7% of the total change in net assets for 2009, 2008, and 2007, 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 net assets for 2009 and 2008.

Water Operations Fund

The Summary of Net Assets (Schedule 2) for the Water Operations Fund reflects that noncurrent loans receivable decreased by $0.6 million while noncurrent bonds payable decreased by $2.0 million. No projects have been financed by the SWRP since 2003. Two bonds were issued and two associated leveraged loans were executed in the WRBP. The decrease in interest on loans in the Water Operations Fund in 2009 is attributed to normal amortization in both leveraged programs and early loan payoffs that occurred in the SWRP. Accordingly, both interest on loans and interest on bonds, as shown in Schedule 6, decreased by 0.3% and 0.7%, respectively.

The largest source of interest on investments in the Water Operations Fund is generated by the investment pool managed by the Colorado State Treasurer. Additional interest on investments is earned from investments in the COLOTRUST accounts. The average interest rates on these accounts decreased by 1.1% and 2.2%, respectively, which resulted in the $0.9 million decrease in interest on investments.

Schedule 6

Water Operations Fund

Summary of Changes in Net Assets as of December 31

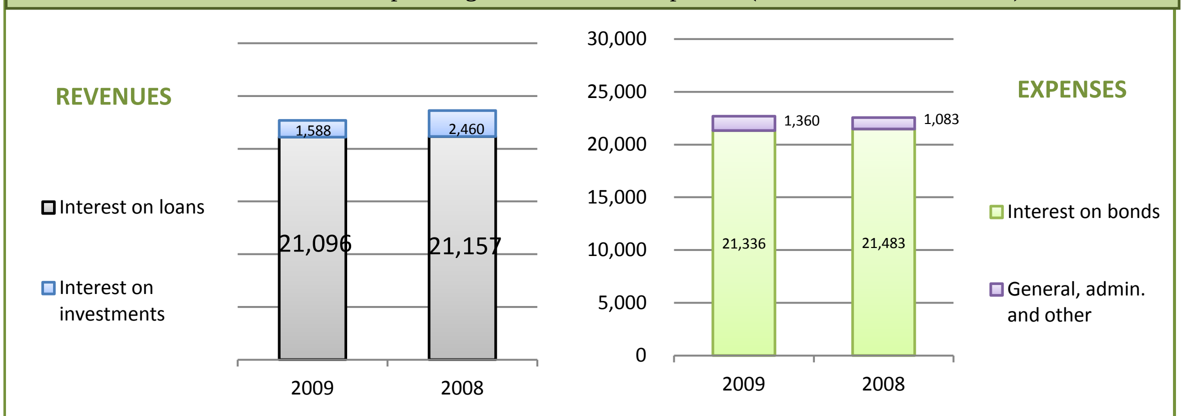
	2009	2008	Change	Pct Chg
Operating revenues:				
Interest on loans	$ 21,095,985	$ 21,157,105	$ (61,120)	(0.3%)
Interest on investments	1,588,400	2,460,256	(871,856)	(35.4%)
Total operating revenues	22,684,385	23,617,361	(932,976)	(4.0%)
Operating expenses:				
Interest on bonds	21,336,249	21,482,809	(146,560)	(0.7%)
General, administrative, and other expenses	1,360,392	1,082,734	277,658	25.6%
Total operating expenses	22,696,641	22,565,543	131,098	0.6%
Operating income (loss)	(12,256)	1,051,818	(1,064,074)	(101.2%)
Change in net assets	(12,256)	1,051,818	(1,064,074)	(101.2%)
Net assets – beginning of year	90,627,178	89,575,360	1,051,818	1.2%
Net assets – end of year	$ 90,614,922	$ 90,627,178	$ (12,256)	(0.0%)

Interest on investments is not affected by invested funds in the 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. 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.

Water Operations Fund

Chart 6

Sources of Operating Revenues and Expenses (in Thousands of Dollars)



In 2009, preparatory work began for the feasibility study and design for the construction of the Long Hollow dam and reservoir in southwestern Colorado. These costs, plus additional WRBP allocated costs and SHLP planning and design grants, resulted in the $0.3 million (25.6%) increase in general, administrative and other expenses.

As shown in Chart 6, interest on investments and interest on loans are the principal sources of operating revenues in the Water Operations Fund. Interest on investments decreased 35.4% while interest on loans decreased by 0.3%. General, administrative and other expenses increased 25.6%, as discussed above. The changes from these components resulted in a small net operating loss for 2009, compared to $1.1 million net operating income for 2008.

Water Pollution Control Fund

Interest on loans is affected by several factors; additional interest resulting from new loans executed, declining interest due to normal loan amortization, and various credits, in addition to normal subsidy credits, that adjust loan interest from time to time. The net effect of these factors resulted an increase of $0.7 million. ARRA loans with loans receivable balances after being reduced for principal forgiveness have zero interest rates.

The decrease in interest on investments of $2.1 million (17.4%) can be attributed to two major factors. First, the average annual COLOTRUST interest rate decreased to 0.4% in 2009 from 2.6% in 2008, resulting in a decrease in interest on investments of $1.3 million. Second, as shown in Schedule 3, restricted assets decreased by $30.2 million, contributing to the total decrease.

Activity in the Water Pollution Control Fund resulted in an operating loss of $10.7 million in 2009, compared to an operating income of $5.1 million in 2008. The Water Pollution Control Fund loss represents 42% of the combined operating loss in 2009. Contributors to the decrease in operating income include a decease in interest on investments ($2.1 million) and an increase in loan principal forgiven ($16.0 million). $15.3 million in EPA capitalization grants offset the operating loss resulting in a change in fund net assets of $4.4 million, a decrease of $7.1 million (61.9%).

Similar to interest on loans, interest on bonds is affected by several factors; additional interest expense resulting from new bonds issued, declining interest expense due to normal bond amortization and refunding cost amortization. The net effect of these factors resulted in a decrease of $1.2 million, since no bonds were issued.

As previously discussed, a proportionate amount of EPA capitalization grant revenue is recognized for each borrower project requisition. EPA capitalization grant revenue totaled $15.3 million in 2009 compared to $6.5 million in 2008.

COLORADO WATER RESOURCES
AND POWER DEVELOPMENT AUTHORITY
(A Component Unit of the State of Colorado)

Management's Discussion and Analysis
Years ended December 31, 2009 and 2008

Schedule 7

Water Pollution Control Fund

Summary of Changes in Net Assets as of December 31

	2009	2008	Change	Pct Chg
Operating revenues:				
Interest on loans	$ 12,660,154	$ 11,976,186	$ 683,968	5.7%
Interest on investments	9,734,431	11,791,740	(2,057,309)	(17.4%)
Administrative fee and other income	5,913,930	5,896,526	17,404	0.3%
EPA grants-administrative	968,013	190,135	777,878	409.1%
Total operating revenues	29,276,528	29,854,587	(578,059)	(1.9%)
Operating expenses:				
Interest on bonds	21,388,472	22,552,646	(1,164,174)	(5.2%)
Grant administration	2,266,592	1,891,365	375,227	19.8%
Loan principal forgiven	16,176,102	215,039	15,961,063	7422.4%
General, administrative, and other expenses	183,759	114,495	69,264	60.5%
Total operating expenses	40,014,925	24,773,545	15,241,380	61.5%
Operating income (loss)	(10,738,397)	5,081,042	(15,819,439)	(311.3%)
EPA capitalization grants	15,283,284	6,529,661	8,753,623	134.1%
Transfers in (out)	(170,740)	(122,605)	(48,135)	39.3%
Change in net assets	4,374,147	11,488,098	(7,113,951)	(61.9%)
Net assets – beginning of year	272,622,338	261,134,240	11,488,098	4.4%
Net assets – end of year	$ 276,996,485	$ 272,622,338	$ 4,374,147	1.6%

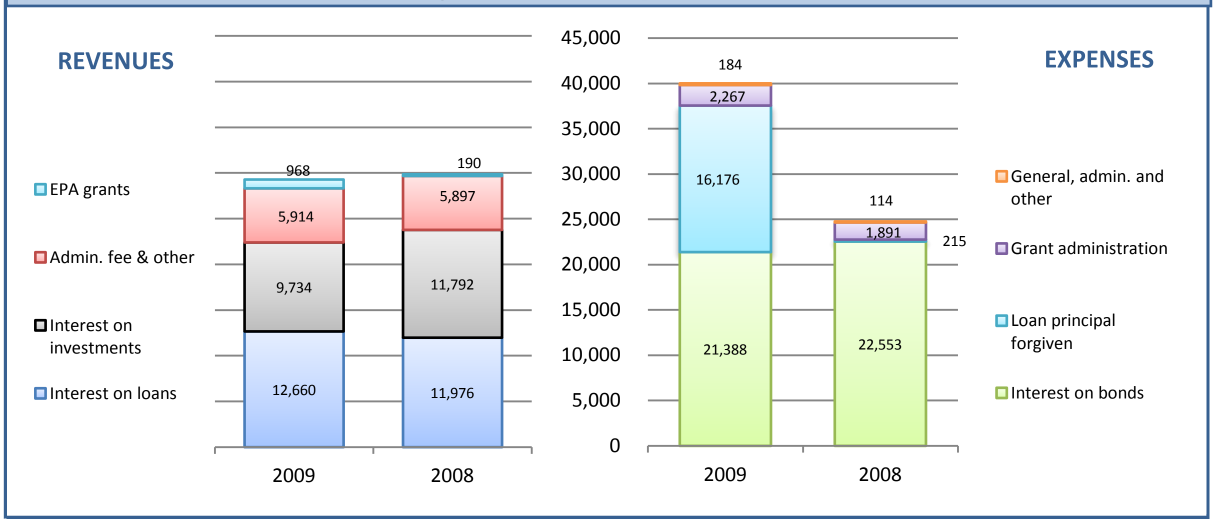
Chart 7 shows the components of operating revenues and expenses in a comparative format. As discussed above, interest on loans increased $0.7 million, interest on bonds decreased $1.2 million and interest on investments decreased $2.1 million. Interest on investments plus interest on loans comprised 76.5% of operating revenues in 2009 and 79.6% in 2008. Interest on bonds contributed 53.5% and 91.0% to operating expense in 2009 and 2008, respectively. Principal forgiveness expense represented 40.4% of operating expenses in 2009 compared to 0.1% in 2008 due to the implementation of the ARRA grant conditions as discussed in the Notes to the Basic Financial Statements.

The cost to administer the WPCRF totaled $2.3 million, an increase of $0.4 million (19.8%). Included in this amount are reimbursed costs paid to the Water Quality Control Division (WQCD) of the Colorado Department of Public Health and Environment ($1.3 million), and the Division of Local Government (DLG) 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. Most of the increase was due to additional staffing needs at the WQCD to meet the time deadlines for ARRA related activities.

Water Pollution Control Fund

Chart 7

Sources of Operating Revenues and Expenses (in Thousands of Dollars)



Drinking Water Fund

The decrease in interest on investments of $1.5 million (28.6%) in the DWRF was a result of the same interest rate decrease effect as the other funds as well as an $11.2 million decrease in restricted assets, as shown in Schedule 4.

Interest on loans is affected by several factors; additional interest resulting from new loans executed, declining interest due to normal loan amortization, and various credits, in addition to normal subsidy credits, that adjust loan interest from time to time. The net effect of these factors in the DWRF resulted in a minimal increase in interest on loans. Similar to the WPCRF, ARRA loans with loans receivable balances after being reduced for principal forgiveness have zero interest rates.

Similar to interest on loans, interest on bonds is affected by several factors; additional interest expense resulting from new bonds issued, declining interest expense due to normal bond amortization and refunding cost amortization. The net effect of these factors in the DWRF resulted in a $0.2 million (1.9%) increase in interest on bonds since no bonds were issued.

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 WQCD. Set aside expenditures increased by $0.9 million (22.9%).

Schedule 8

Drinking Water Fund

Summary of Changes in Net Assets as of December 31

	2009	2008	Change	Pct Chg
Operating revenues:				
Interest on loans	$ 5,335,872	$ 5,311,492	$ 24,380	0.5%
Interest on investments	3,830,539	5,362,948	(1,532,409)	(28.6%)
Administrative fee and other income	2,481,772	2,271,823	209,949	9.2%
EPA grants	5,796,367	4,436,646	1,359,721	30.6%
Total operating revenues	17,444,550	17,382,909	61,641	0.4%
Operating expenses:				
Interest on bonds	8,260,038	8,102,346	157,692	1.9%
Grant administration	1,783,232	1,432,657	350,575	24.5%
Loan principal forgiven	17,188,023	128,229	17,059,794	13304.2%
General, administrative, and other expenses	146,408	93,561	52,847	56.5%
EPA set asides	4,841,839	3,940,376	901,463	22.9%
Total operating expenses	32,219,540	13,697,169	18,522,371	135.2%
Operating income (loss)	(14,774,990)	3,685,740	(18,460,730)	(500.9%)
EPA capitalization grants	15,919,253	8,045,489	7,873,764	97.9%
Transfers in (out)	170,740	122,605	48,135	100.0%
Change in net assets	1,315,003	11,853,834	(10,538,831)	(88.9%)
Net assets – beginning of year	138,765,633	126,911,799	11,853,834	9.3%
Net assets – end of year	$ 140,080,636	$ 138,765,633	$ 1,315,003	0.9%

The cost to administer the DWRF totaled $1.8 million, a 24.5% increase. Included in this amount are reimbursed costs paid to the WQCD ($1.1 million), and DLG ($0.1 million). These State agencies provide environmental, technical, outreach and financial analysis services in operating the DWRF. Similar to the WPCRF, the majority of the increase was due to additional staffing at the WQCD for ARRA related work.

EPA capitalization grant revenues increased $7.9 million (97.9%). 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 increased from $19.2 million in 2008 to $26.5 million in 2009. Capitalization grant revenue of $11.3 million and $4.6 million was recorded for leveraged loan projects and direct loan projects, respectively, for a total of $15.9

DWRF activity resulted in an operating loss of $14.8 million, the result of ARRA loan principal forgiveness totaling $17.2 million. The operating loss was offset by EPA capitalization grant revenue of $15.9 million and interfund transfers-in of $0.2 million resulting in an $1.3 million (1.0%) increase in total net assets.

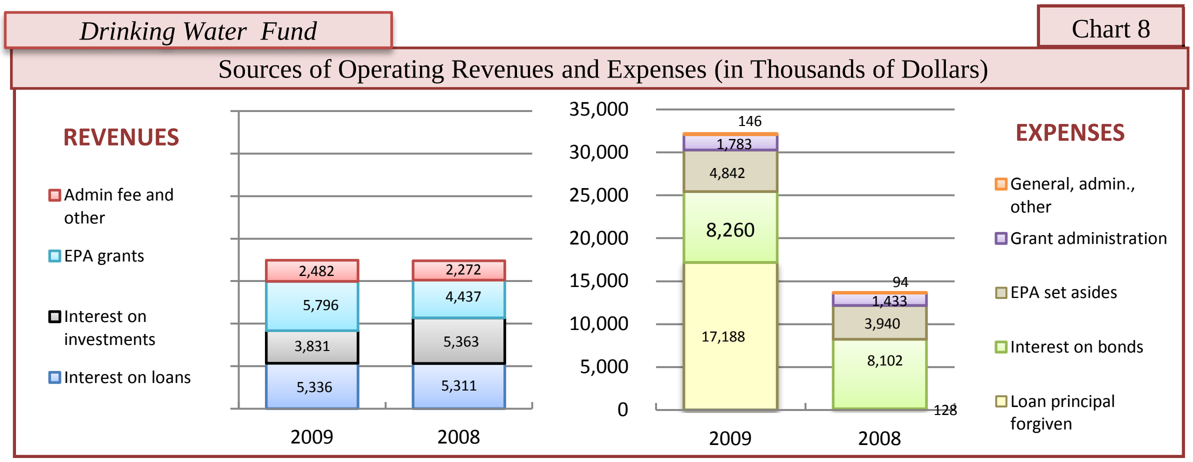


Chart 8 shows the components of operating revenues and expenses in a comparative format. Interest on investments plus interest on loans comprised 52.5% of operating revenues in 2009 and 61.4% in 2008. Interest on bonds contributed 25.6% and 59.2% to operating expenses in 2009 and 2008, respectively. As with the WPCRF, the ARRA grant conditions allowed for loan principal forgiveness which is included in the principal forgiveness expense. This expense comprised 53.3% of total expenses in 2009 compared to 0.9% in 2008.

Economic Factors:

The demand for financing water and wastewater infrastructure projects is not affected by general economic conditions. The primary factors that affect 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 is expanding.
- Periods of drought affecting Colorado in past years have 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.
- Additional federal funding, such as the ARRA grants discussed below, created a demand for project financing that exceeded funds available.

The Authority plans to continue subsidizing loan interest rates for borrowers in both the WPCRF and DWRF in 2010. As of December 31, 2009, out of the total amount of EPA capitalization grant funds awarded to the DWRF, $23.3 million remains unobligated and available for loans. As of December 31, 2009, out of the total amount of EPA capitalization grant funds awarded to the WPCRF through 2009, $7.3 million remains unobligated and available for loans.

During 2005 and 2007, disadvantaged community (DC) loan programs were implemented in the DWRF and WPCRF programs, respectively. These programs are explained in note 1 in the basic financial statements. Both revolving fund programs strongly support assistance to small disadvantaged communities. As of December 31, 2009, 47 base program DC loans had been executed, 28 in the DWRF and 19 in the WPCRF, with original principal amounts of $17.8 million and $11.8 million, respectively. Of the 47 loans, 33 are financed at zero percent interest rates, and 14 are financed at 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.

In January 2010, Congress appropriated funds for EPA Clean Water and Drinking Water State Revolving Fund base program capitalization grants. The Authority's scheduled 2010 allotment for the Clean Water capitalization grant is $16.3 million and $24.1 million for the Drinking Water capitalization grant. The terms of the 2010 Clean Water grant will include a minimum additional subsidization of $2.4 million and a minimum $3.3 million for qualifying green projects. The terms of the 2010 Drinking Water grant will include a minimum additional subsidization of $7.2 million of the total grant and a minimum of $4.8 million for qualifying green projects. The grant applications for both base programs have been completed and submitted to the EPA. From all available resources, including the 2010 capitalization grants, any remaining unobligated base program grant funds and reloan funds and with some bond leveraging, the estimated 2010 loan capacity is $118.0 million and $37.0 million for the WPCRF and the DWRF, respectively.

During 2009, the United States financial markets were adversely impacted by mortgage defaults. Many financial-related companies, including bond insurers and banks, were impacted due to their ownership of collateralized debt obligations (bundled mortgages) or due to their insuring such obligations. Because of a rating downgrade of MBIA, counterparty to three repurchase agreements, the Authority terminated the three agreements in 2009. The proceeds from the repurchase agreement held in the WPCRF 1994 Series A Matching Account (debt service reserve fund) was reinvested in eligible securities in accordance with the bond resolutions and Authority investment policy. The proceeds from the repurchase agreements held in the WPCRF 1995 Series A and the DWRF 2000 Series A Matching Accounts are invested in COLOTRUST until favorable financial market conditions develop for reinvestment in a longer-term security. Pursuant to the terms of the DWRF repurchase agreement, MBIA included a $2,350,320 "Make Whole" amount (in addition to the remaining principal face value of the contract) in the termination proceeds. However, the Authority has been advised by its arbitrage consulting firm that a majority of the $2.3 million will likely be subject to arbitrage rebate in 2010.

The Authority continues to closely monitor the ratings of the counterparties of the remaining repurchase agreements and the collateral that secures the repurchase agreements, as described in the Notes to the Basic Financial Statements, and the Authority will take appropriate action, as allowed under the terms of the agreements, if needed, to be reasonably assured that funds will be available when needed and/or that the ratings on the respective bonds are not lowered.

Also, as a result of the adverse impact of the financial markets on bond insurers, the Authority provided a number of material event notices in 2009 to the appropriate repositories regarding the changes in ratings of Financial Guaranty Insurance Corporation, MBIA, Financial Security Assurance, and Assured Guaranty Corporation.

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

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Net Assets
December 31, 2009

Assets	Water Operations	Water Pollution Control	Drinking Water	Totals
Current assets:				
Cash and cash equivalents	$ 58,845,211	$ 41,007,452	$ 15,021,807	$ 114,874,470
Federal grants receivable	—	152,978	1,303,272	1,456,250
Investment income receivable	127,872	385,782	173,167	686,821
Loans receivable	15,369,169	33,905,569	14,203,884	63,478,622
Due from other funds	1,993,686	—	—	1,993,686
Accounts receivable – borrowers	5,696,047	6,609,636	2,346,520	14,652,203
Other assets	24,540	—	—	24,540
Restricted assets:				
Cash and cash equivalents	25,337,573	29,473,465	30,781,714	85,592,752
Investments	—	14,017,855	3,935,801	17,953,656
Investment income receivable	4,632	545,590	340,014	890,236
Total current assets	107,398,730	126,098,327	68,106,179	301,603,236
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	9,668,270	8,561,825	10,200,141	28,430,236
Investments	—	155,994,206	60,066,546	216,060,752
Investment income receivable	2,421	2,578,756	688,174	3,269,351
Advance receivable	1,238,143	—	—	1,238,143
Loans receivable	422,756,890	465,122,786	232,278,405	1,120,158,081
Water depletion rights – Animas-La Plata	8,054,424	—	—	8,054,424
Capital assets – equipment, net of accumulated depreciation of $89,894	10,272	—	—	10,272
Other assets	5,140,091	—	—	5,140,091
Total noncurrent assets	446,870,511	632,257,573	303,233,266	1,382,361,350
Total assets	554,269,241	758,355,900	371,339,445	1,683,964,586
Liabilities and Net Assets				
Current liabilities:				
Project costs payable – direct loans	1,355,337	32,302,837	38,527,697	72,185,871
Project costs payable – leveraged loans	13,540,613	12,879,934	9,398,436	35,818,983
Bonds payable	14,320,000	29,700,000	10,760,000	54,780,000
Accrued interest payable	5,578,824	6,826,733	2,666,115	15,071,672
Accounts payable – borrowers	1,394,929	—	—	1,394,929
Accounts payable – other	2,055,980	—	—	2,055,980
Due to other funds	—	555,981	1,437,705	1,993,686
Other liabilities	—	669,062	2,618,561	3,287,623
Total current liabilities	38,245,683	82,934,547	65,408,514	186,588,744
Noncurrent liabilities:				
Project costs payable – direct loans	—	4,869,896	1,182,504	6,052,400
Project costs payable – leveraged loans	—	—	1,085,800	1,085,800
Bonds payable, net	422,231,898	389,600,960	162,760,247	974,593,105
Advance payable	—	1,238,143	—	1,238,143
Debt service reserve deposit	1,838,413	—	—	1,838,413
Deferred revenue	—	567,340	83,344	650,684
Other liabilities	1,338,325	2,148,529	738,400	4,225,254
Total noncurrent liabilities	425,408,636	398,424,868	165,850,295	989,683,799
Total liabilities	463,654,319	481,359,415	231,258,809	1,176,272,543
Net assets:				
Invested in capital assets	10,272	—	—	10,272
Restricted	29,789,882	276,996,485	136,469,483	443,255,850
Unrestricted	60,814,768	—	3,611,153	64,425,921
Total net assets	$ 90,614,922	$ 276,996,485	$ 140,080,636	$ 507,692,043

See accompanying notes to basic financial statements

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Net Assets
December 31, 2008

Assets	Water Operations	Water Pollution Control	Drinking Water	Totals
Current assets:				
Cash and cash equivalents	$ 62,797,527	$ 33,087,925	$ 20,621,885	$ 116,507,337
Federal grants receivable	—	73,294	1,230,200	1,303,494
Investment income receivable	169,224	544,104	206,615	919,943
Loans receivable	12,735,687	32,541,874	12,035,324	57,312,885
Due from other funds	1,672,456	—	—	1,672,456
Accounts receivable – borrowers	5,531,015	6,573,694	2,212,699	14,317,408
Other assets	110,611	—	—	110,611
Restricted assets:				
Cash and cash equivalents	16,079,789	26,316,325	41,702,150	84,098,264
Investments	79,549	42,410,063	8,402,480	50,892,092
Investment income receivable	17,209	1,013,623	484,649	1,515,481
Total current assets	99,193,067	142,560,902	86,896,002	328,649,971
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	10,018,215	3,897,790	42,654	13,958,659
Investments	—	164,821,735	65,920,772	230,742,507
Investment income receivable	3,638	2,869,693	638,047	3,511,378
Advance receivable	158,503	—	—	158,503
Loans receivable	423,314,999	472,526,992	218,290,143	1,114,132,134
Water depletion rights – Animas-La Plata	7,671,327	—	—	7,671,327
Capital assets – equipment, net of accumulated depreciation of $85,324	14,842	—	—	14,842
Other assets	5,078,319	—	—	5,078,319
Total noncurrent assets	446,259,843	644,116,210	284,891,616	1,375,267,669
Total assets	545,452,910	786,677,112	371,787,618	1,703,917,640
Liabilities and Net Assets				
Current liabilities:				
Project costs payable – direct loans	—	6,000,179	7,044,480	13,044,659
Project costs payable – leveraged loans	4,510,607	46,471,918	36,783,944	87,766,469
Bonds payable	12,685,000	29,400,000	9,600,000	51,685,000
Accrued interest payable	5,603,717	7,309,351	2,710,156	15,623,224
Accounts payable – borrowers	3,151,606	—	—	3,151,606
Accounts payable – other	1,479,639	—	104,282	1,583,921
Due to other funds	—	411,210	1,261,246	1,672,456
Other liabilities	—	289,008	539,791	828,799
Total current liabilities	27,430,569	89,881,666	58,043,899	175,356,134
Noncurrent liabilities:				
Project costs payable – leveraged loans	—	1,400,000	180,000	1,580,000
Bonds payable, net	424,221,828	419,357,923	173,538,364	1,017,118,115
Advance payable	—	158,503	—	158,503
Debt service reserve deposit	1,861,513	—	—	1,861,513
Deferred revenue	—	676,829	89,924	766,753
Other liabilities	1,311,822	2,579,853	1,169,798	5,061,473
Total noncurrent liabilities	427,395,163	424,173,108	174,978,086	1,026,546,357
Total liabilities	454,825,732	514,054,774	233,021,985	1,201,902,491
Net assets:				
Invested in capital assets	14,842	—	—	14,842
Restricted	27,614,783	272,622,338	135,433,562	435,670,683
Unrestricted	62,997,553	—	3,332,071	66,329,624
Total net assets	$ 90,627,178	$ 272,622,338	$ 138,765,633	$ 502,015,149

See accompanying notes to basic financial statements

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended December 31, 2009

	Water Operations	Water Pollution Control	Drinking Water	Totals
Operating revenues:				
Interest on loans	$ 21,095,985	$ 12,660,154	$ 5,335,872	$ 39,092,011
Interest on investments	1,588,400	9,734,431	3,830,539	15,153,370
Loan administrative fees	—	5,913,930	2,464,572	8,378,502
EPA grants	—	968,013	5,796,367	6,764,380
Other	—	—	17,200	17,200
Total operating revenues	22,684,385	29,276,528	17,444,550	69,405,463
Operating expenses:				
Interest on bonds	21,336,249	21,388,472	8,260,038	50,984,759
Grant administration	—	2,266,592	1,783,232	4,049,824
Project expenses	722,324	—	—	722,324
General and administrative	638,068	—	—	638,068
EPA set asides	—	—	4,841,839	4,841,839
Loan principal forgiven (includes $32,849,850 under ARRA grant requirements)	—	16,176,102	17,188,023	33,364,125
Other	—	183,759	146,408	330,167
Total operating expenses	22,696,641	40,014,925	32,219,540	94,931,106
Operating loss	(12,256)	(10,738,397)	(14,774,990)	(25,525,643)
EPA capitalization grants	—	15,283,284	15,919,253	31,202,537
Transfers in (out)	—	(170,740)	170,740	—
Change in net assets	(12,256)	4,374,147	1,315,003	5,676,894
Net assets – beginning of year	90,627,178	272,622,338	138,765,633	502,015,149
Net assets – end of year	$ 90,614,922	$ 276,996,485	$ 140,080,636	$ 507,692,043

See accompanying notes to basic financial statements

Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended December 31, 2008

	Water Operations	Water Pollution Control	Drinking Water	Totals
Operating revenues:				
Interest on loans	$ 21,157,105	$ 11,976,186	$ 5,311,492	$ 38,444,783
Interest on investments	2,460,256	11,791,740	5,362,948	19,614,944
Loan administrative fees	—	5,896,526	2,269,309	8,165,835
EPA grants	—	190,135	4,436,646	4,626,781
Other	—	—	2,514	2,514
Total operating revenues	23,617,361	29,854,587	17,382,909	70,854,857
Operating expenses:				
Interest on bonds	21,482,809	22,552,646	8,102,346	52,137,801
Grant administration	—	1,891,365	1,432,657	3,324,022
Project expenses	373,988	—	—	373,988
General and administrative	708,746	1,697	1,697	712,140
EPA set asides	—	—	3,940,376	3,940,376
Loan principal forgiven	—	215,039	128,229	343,268
Other	—	112,798	91,864	204,662
Total operating expenses	22,565,543	24,773,545	13,697,169	61,036,257
Operating income	1,051,818	5,081,042	3,685,740	9,818,600
EPA capitalization grants	—	6,529,661	8,045,489	14,575,150
Transfers in (out)	—	(122,605)	122,605	—
Change in net assets	1,051,818	11,488,098	11,853,834	24,393,750
Net assets – beginning of year	89,575,360	261,134,240	126,911,799	477,621,399
Net assets – end of year	$ 90,627,178	$ 272,622,338	$ 138,765,633	$ 502,015,149

See accompanying notes to basic financial statements

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Cash Flows
Year Ended December 31, 2009

	Water Operations	Water Pollution Control	Drinking Water	Totals
Cash flows from operating activities:				
Loan administrative fees received	$ —	$ 5,868,583	$ 2,387,041	$ 8,255,624
Federal funds received	—	888,330	5,527,194	6,415,524
Cash payments for salaries and related benefits	(456,238)	(470,745)	(351,506)	(1,278,489)
Cash payments to other state agencies for services	—	(1,337,858)	(1,310,759)	(2,648,617)
Cash payments to vendors	(534,602)	(446,992)	(4,932,755)	(5,914,349)
Net cash provided (used) by operating activities	(990,840)	4,501,318	1,319,215	4,829,693
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	15,596,576	—	—	15,596,576
Deposits for option to purchase water depletion rights	2,655	—	—	2,655
Federal funds received	—	15,283,284	16,115,354	31,398,638
Principal paid on bonds	(16,195,000)	(29,400,000)	(9,600,000)	(55,195,000)
Premium paid on bond call	(11,450)	—	—	(11,450)
Interest paid on bonds	(20,875,761)	(21,928,054)	(8,322,197)	(51,126,012)
Cash payment for bond issuance costs	(443,882)	—	(87,284)	(531,166)
Net cash used by noncapital financing activities	(21,926,862)	(36,044,770)	(1,894,127)	(59,865,759)
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	79,549	47,660,399	16,482,374	64,222,322
Interest received on investments	1,735,392	10,990,370	6,163,972	18,889,734
Interest received on loans	20,809,674	12,560,070	5,273,002	38,642,746
Principal repayments from localities on loans	18,506,517	32,057,063	12,040,165	62,603,745
Loan prepayment for bond call premium	11,450	—	—	11,450
Cash received from (paid to) other accounts	(1,079,640)	908,900	170,740	—
Purchase of investments	—	(10,589,792)	(6,161,470)	(16,751,262)
Investment in water rights	(383,097)	—	—	(383,097)
Cash disbursed to localities for loans	(10,083,040)	(46,012,084)	(39,198,997)	(95,294,121)
Cash payment for arbitrage rebate	—	(290,772)	(557,901)	(848,673)
Cash payments of interest to borrowers	(1,723,580)	—	—	(1,723,580)
Net cash provided (used) by investing activities	27,873,225	47,284,154	(5,788,115)	69,369,264
Net increase (decrease) in cash and cash equivalents	4,955,523	15,740,702	(6,363,027)	14,333,198
Cash and cash equivalents, beginning of year	88,895,531	63,302,040	62,366,689	214,564,260
Cash and cash equivalents, end of year	$ 93,851,054	$ 79,042,742	$ 56,003,662	$ 228,897,458

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Cash Flows (Continued)
Year Ended December 31, 2009

	Water Operations	Water Pollution Control	Drinking Water	Totals
Reconciliation of cash and cash equivalents to statement of net assets				
Unrestricted cash and cash equivalents	$ 58,845,211	$ 41,007,452	$ 15,021,807	$ 114,874,470
Current restricted cash and cash equivalents	25,337,573	29,473,465	30,781,714	85,592,752
Noncurrent restricted cash and cash equivalents	9,668,270	8,561,825	10,200,141	28,430,236
Total cash and cash equivalents	$ 93,851,054	$ 79,042,742	$ 56,003,662	$ 228,897,458
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	$ (12,256)	$ (10,738,397)	$ (14,774,990)	$ (25,525,643)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation expense	4,570	—	—	4,570
Accrued sick leave expense	23,800	—	—	23,800
Interest on bonds	21,336,249	21,388,472	8,260,038	50,984,759
Cost of issuance adjustments	—	—	(17,200)	(17,200)
Interest on loans	(21,095,985)	(12,660,154)	(5,335,872)	(39,092,011)
Interest on investments	(1,588,400)	(9,734,431)	(3,830,539)	(15,153,370)
Put fees on Treasury bonds	—	49,985	—	49,985
Loan principal forgiven	—	16,176,102	17,188,023	33,364,125
Amortization of deferred revenue	—	(56,509)	(6,580)	(63,089)
Change in assets and liabilities:				
Increase in due from other funds	(321,230)	—	—	(321,230)
Increase in accounts receivable – borrowers	—	(79,683)	(70,951)	(150,634)
Decrease (increase) in other receivables	—	11,162	(269,173)	(258,011)
Decrease in other assets	86,071	—	—	86,071
Increase in accounts payable – other	576,341	—	—	576,341
Increase in due to other funds	—	144,771	176,459	321,230
Net cash provided (used) by operating activities	$ (990,840)	$ 4,501,318	$ 1,319,215	$ 4,829,693
Supplemental cash flows information				
Noncash investing activities				
Loans receivable issued related to projects payable	$ 17,191,891	$ 42,248,022	$ 45,444,807	$ 104,884,720
Fair market value adjustment on U.S. Treasury bonds	—	149,131	—	149,131
Amortization of deferred loan interest income	—	52,980	—	52,980
Principal forgiveness on loans	—	16,231,469	17,247,820	33,479,289
Debt service reserve fund used to pay loan receivable	600,000	—	—	600,000
Noncash noncapital financing activities				
Amortization of deferred amount from refunding	105,070	56,963	18,117	180,150
Amortization of bond issuance costs	382,111	—	—	382,111

See accompanying notes to basic financial statements

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Cash Flows
Year Ended December 31, 2008

	Water Operations	Water Pollution Control	Drinking Water	Totals
Cash flows from operating activities:				
Loan administrative fees received	$ —	$ 5,764,745	$ 2,227,684	$ 7,992,429
Federal funds received	—	154,872	4,566,714	4,721,586
Cash payments for salaries and related benefits	(628,533)	(365,429)	(254,452)	(1,248,414)
Cash payments to other state agencies for services	—	(1,040,984)	(859,635)	(1,900,619)
Cash payments to vendors	(668,652)	(376,543)	(4,408,194)	(5,453,389)
Net cash provided (used) by operating activities	(1,297,185)	4,136,661	1,272,117	4,111,593
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	—	12,402,765	20,164,069	32,566,834
Deposits for option to purchase water depletion rights	3,770	—	—	3,770
Federal funds received	—	9,725,016	8,792,533	18,517,549
Principal paid on bonds	(15,355,000)	(27,320,000)	(9,080,000)	(51,755,000)
Interest paid on bonds	(21,124,177)	(22,859,139)	(8,066,406)	(52,049,722)
Cash payment for bond issuance costs	—	(165,489)	(261,544)	(427,033)
Net cash provided (used) by noncapital financing activities	(36,475,407)	(28,216,847)	11,548,652	(53,143,602)
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	10,062,395	48,552,811	38,745,930	97,361,136
Interest received on investments	3,091,570	14,313,277	6,097,445	23,502,292
Interest received on loans	21,247,632	12,052,558	5,105,124	38,405,314
Principal repayments from localities on loans	17,053,797	32,582,866	11,214,779	60,851,442
Cash received from (paid to) other accounts	2,722,071	(3,042,785)	122,605	(198,109)
Purchase of investments	(63,780)	(24,889,169)	(23,772,529)	(48,725,478)
Investment in water rights	(800,019)	—	—	(800,019)
Cash disbursed to localities for loans	(14,721,416)	(43,968,562)	(23,776,976)	(82,466,954)
Cash payment for arbitrage rebate	(2,184)	(628,130)	(199,689)	(830,003)
Cash payments of interest to borrowers	(2,593,856)	—	—	(2,593,856)
Net cash provided by investing activities	35,996,210	34,972,866	13,536,689	84,505,765
Net increase (decrease) in cash and cash equivalents	(1,776,382)	10,892,680	26,357,458	35,473,756
Cash and cash equivalents, beginning of year	90,671,913	52,409,360	36,009,231	179,090,504
Cash and cash equivalents, end of year	$ 88,895,531	$ 63,302,040	$ 62,366,689	$ 214,564,260

Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Cash Flows (Continued)
Year Ended December 31, 2008

	Water Operations	Water Pollution Control	Drinking Water	Totals
Reconciliation of cash and cash equivalents to statement of net assets				
Unrestricted cash and cash equivalents	$ 62,797,527	$ 33,087,925	$ 20,621,885	$ 116,507,337
Current restricted cash and cash equivalents	16,079,789	26,316,325	41,702,150	84,098,264
Noncurrent restricted cash and cash equivalents	10,018,215	3,897,790	42,654	13,958,659
Total cash and cash equivalents	$ 88,895,531	$ 63,302,040	$ 62,366,689	$ 214,564,260
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	$ 1,051,818	$ 5,081,042	$ 3,685,740	$ 9,818,600
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	7,259	1,697	1,697	10,653
Accrued sick leave expense	10,500	—	—	10,500
Interest on bonds	21,482,809	22,552,646	8,102,346	52,137,801
Cost of issuance adjustments	—	—	(2,514)	(2,514)
Interest on loans	(21,157,105)	(11,976,186)	(5,311,492)	(38,444,783)
Interest on investments	(2,460,256)	(11,791,740)	(5,362,948)	(19,614,944)
Put fees on Treasury bonds	—	49,985	—	49,985
Loan principal forgiven	—	215,039	128,228	343,267
Amortization of deferred revenue	—	(56,509)	(6,579)	(63,088)
Change in assets and liabilities:				
(Increase) in due from other funds	(114,992)	—	—	(114,992)
(Increase) in accounts receivable – borrowers	—	(75,271)	(35,045)	(110,316)
(Increase) in other receivables	(116,433)	(35,263)	128,913	(22,783)
Increase in accounts payable – other	(785)	—	—	(785)
Increase in due to other funds	—	171,221	(56,229)	114,992
Net cash provided (used) by operating activities	$ (1,297,185)	$ 4,136,661	$ 1,272,117	$ 4,111,593
Supplemental cash flows information				
Noncash investing activities				
Loans receivable issued related to projects payable	$ —	$ 20,437,107	$ 30,015,992	$ 50,453,099
Fair market value adjustment on U.S. Treasury bonds	—	1,945,762	—	1,945,762
Amortization of deferred loan interest income	—	22,776	—	22,776
Noncash noncapital financing activities				
Amortization of deferred amount from refunding	118,767	42,408	18,121	179,296
Amortization of bond issuance costs	377,627	—	—	377,627

See accompanying notes to basic financial statements

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 that 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.

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 SWRP 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.

During 2008, two new loan programs were created in the Water Operations Fund. Senate Bill 08-221 (the Act) was enacted and authorized the Authority to issue bonds within the Watershed Protection and Forest Health Projects program (WPFHP). Issued bonds are limited to a maximum of $50 million and the proceeds would be used to fund loans to local governments. The loans will be made for approved projects, subject to the terms specified in the Act. One of the primary purposes for the program is to mitigate the effects of the pine bark beetle infestation in the Colorado forests. In June 2008, the Authority's Board of Directors approved a Small Hydro Loan Program (SHLP) that was implemented in 2009. Loans for this program will be funded from unrestricted Authority cash and are limited to a maximum of $2 million per borrower, up to a combined total of $10 million. The maximum loan term is 20 years and will bear an interest rate of 2%.

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 $383,097 and $800,019 in 2009 and 2008, 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. It is currently anticipated that the project will be completed in 2012.

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. 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.

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 2009 and 2008, the Authority paid the two agencies $1,408,668 and $1,180,865, respectively, in accordance with the agreement.

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. During 2009, Congress passed the American Recovery and Reinvestment Act (ARRA), which provided additional funding to the EPA for the state revolving funds programs. Colorado's share of these funds was $31.3 million, in addition to the base program grant of $5.4 million. The ARRA grant did not require the Authority to provide state matching dollars. The ARRA grant contained significant additional conditions, such as: (1) 50% of the funds had to be used for providing grants, negative interest rate loans or principal forgiveness, (2) Davis-Bacon Act provisions apply to ARRA grant funds, (3) Buy American requirements were imposed as well as (4) 20% of the funds were required to be expended on "green" infrastructure. In November 2009, the Authority was notified that the Office of General Counsel issued an interpretation of the approved FFY 2010 appropriation legislation stating that Davis-Bacon Act provisions would be retroactively applied to all SRF funds (base program grants and reloan) that were not under contract as of October 30, 2009. Certain approved projects had received construction bids prior to that date; however, the loans had not been executed, nor had the Authority issued related bonds. The financing of these projects had to be postponed to enable the borrowers time to obtain revised bids that incorporated the Davis-Bacon Act provisions.

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, bond proceeds and reloan funds (recycled grant funds). 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 of "reloan" funds (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 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. Because the applications for ARRA grant funds exceeded the amount available, the WQCD, DLG and the Authority used the existing prioritization process, but added stringent deadlines, to determine which entities would receive funding. Furthermore, the Board approved a zero percent interest rate on ARRA loans with remaining principal balances after any application of principal forgiveness.

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. 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.

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 2009 and 2008, the Authority paid the two agencies $6,065,627 and $4,911,466, respectively, 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 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. Similar to the WPCRF, the DWRF received $34.4 million in ARRA funding in addition to a $14.4 million in 2009 base program grant. The ARRA grant did not require the Authority to provide state matching dollars. The ARRA grant contained significant additional conditions, such as: (1) 50% of the funds had to be used for providing grants, negative interest rate loans or principal forgiveness, (2) Davis-Bacon Act provisions apply to ARRA grant funds, (3) Buy American requirements were imposed and (4) 20% of the funds were required to be expended on "green" infrastructure. As discussed above in the WPCRF section, the FFY 2010 appropriation legislation includes Davis-Bacon Act provisions that are retroactively applied to all SRF funds (base program grants and reloan) that were not under contract as of October 30, 2009.

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, bond proceeds, reloan funds and state funds. 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 of reloan 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' project(s). 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 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. Furthermore, the Board approved a zero percent interest rate on ARRA loans with remaining principal balances after any application of principal forgiveness.

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 DWRF'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 or directly into the DWRF reloan account.

State Loans

Prior to receiving the award of the first federal capitalization grant, the DWRF loaned State-funded monies directly to local governmental agencies.

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 (GASB 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.

(d) Investments

The Authority records investments at fair value.

(e) 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.

(f) 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.

(g) 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.

(h) Amortization

The deferred costs on bond refundings are amortized using the effective 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 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.

(i) 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 and are recorded in other liabilities in the statement of net assets.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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 financial statements. The Authority's current policy is to pass the refunding benefits through to associated leveraged loan borrowers. The reduction in bond debt service is credited to the loan repayments of the borrowers.

(p) 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.

(q) 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 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. Arbitrage rebate payable is included in other liabilities on the statement of net assets.

(r) Loan Principal Forgiveness

Leveraged loans in the WPCRF and DWRF contain interest rates that are subsidized, in part, by investment interest earned on outstanding principal balances in the respective borrowers' project accounts. After a borrower fully expends its project funds, any investment interest earned above the projected amount, is passed through to the borrower as additional loan interest or principal credits. If credits are applied to loan principal, a corresponding amount is recorded as principal forgiveness, an operating expense. To comply with the terms of the 2009 WPCRF and DWRF ARRA grant conditions, the Authority provided principal forgiveness of at least 50% of the amount of total ARRA loans executed. In general, the Authority adopted a policy to forgive loan principal up to $2.0 million per loan.

(s) Reclassifications

Certain 2008 amounts have been reclassified to conform with the 2009 presentation.

Note 3: Deposits and Investments

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, 2009 and 2008, the Authority's deposits had a bank balance of $445,763 and $1,537,082, respectively, and a carrying amount of $369,899 and $1,246,807, 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, $250,000 was insured by federal depository insurance.

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. The Authority's investment policy (the policy) does not limit the amount of deposit custodial credit risk. Under the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3* (GASB 40), deposits collateralized under PDPA are not deemed to be exposed to custodial credit risk. Accordingly, $53,940 and $1,128,875 was deemed to be exposed to custodial credit risk in 2009 and 2008, respectively.

	2009	2008
Collateralized by bank's single collateral pool for all public entities, but not held in the Authority's name	$ 141,823	$ 158,207
Collateralized with securities held by bank's trust department or agent, but not held in the Authority's name	53,940	1,128,875
	$ 195,763	$ 1,287,082

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 (policy) authorizes similar investments to those detailed above, 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.

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 rate such obligations. The table below shows the 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, 2009 and 2008, reflect the rating of the underlying securities held as collateral.

2009

Investment Type		Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	NRSRO Rating
Deposits	$	369,899		X		
Cash held by State Treasurer (see below)		67,799,555	N/A		X	
COLOTRUST PLUS		160,728,004	N/A			AAA
Total cash and cash equivalents		228,897,458				
U.S. Treasury Notes - SLGS		23,380,484	N/A	X		
U.S. Treasury Bonds		6,786,984	N/A	X		
U.S. Agency Notes		2,855,185	N/A			AAA
Repurchase Agreements-collateralized		200,991,755			See Detail Below	
Total Investments		234,014,408				
Total cash and invested funds	$	462,911,866				

2008

Investment Type		Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	NRSRO Rating
Deposits	$	1,246,807		X		
Cash held by State Treasurer (see below)		69,950,826	N/A		X	
COLOTRUST PLUS		143,366,627	N/A			AAA
Total cash and cash equivalents		214,564,260				
U.S. Treasury Notes - SLGS		36,645,978	N/A	X		
U.S. Treasury Bonds		7,234,431	N/A	X		
Repurchase Agreements-collateralized		237,754,190			See Detail Below	
Total Investments		281,634,599				
Total cash and invested funds	$	496,198,859				

Below is a schedule that summarizes the credit quality of the securities held as collateral for the repurchase agreements, as of December 31, 2009 and 2008:

	2009 Collateral Securities		
	Exempt From Disclosure	Custodian Portfolio Percent	NRSRO Rating
U.S. Treasuries and other direct obligations	X	12.8%	
Government agencies		87.2%	AAA
Total		100.0%	

	2008 Collateral Securities		
	Exempt From Disclosure	Custodian Portfolio Percent	NRSRO Rating
U.S. Treasuries and other direct obligations	X	7.8%	
Government agencies		92.2%	AAA
Total		100.0%	

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, 2009 and 2008:

	2009 Credit Rating of Pool Securities							
	A1/P1	AAA	AA	A	BBB	BB	Other	Portfolio Percent
Asset Backed		100.0%						10.1%
Corporates		2.4%	39.3%	39.2%	12.0%	5.8%	1.3%	7.3%
Mortgage Securities		100.0%						5.8%
Commercial Paper	100.0%							8.2%
Treasuries		100.0%						13.2%
Federal Agencies		100.0%						49.0%
Certificates of Deposit							100.0%	0.6%
Money Market Funds							100.0%	5.8%
Total Portfolio	8.2%	78.3%	2.9%	2.8%	0.9%	0.4%	6.5%	100.0%

2008

	Credit Rating of Pool Securities							
	A1/P1	AAA	AA	A	BBB	BB	Other	Portfolio Percent
Asset Backed		100.0%						13.3%
Corporates		10.9%	25.6%	48.6%	13.8%		1.1%	8.1%
Mortgage Securities		100.0%						5.9%
Commercial Paper	100.0%							2.6%
Treasuries		100.0%						8.3%
Federal Agencies		100.0%						50.3%
Treasury Bills	100.0%							1.8%
Certificates of Deposit							100.0%	1.4%
Money Market Funds							100.0%	8.3%
Total Portfolio	4.4%	78.7%	2.1%	3.9%	1.1%		9.8%	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 $200,991,755 and $237,754,190 as of December 31, 2009 and 2008, 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.

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 repurchase agreement providers (eligible providers) exceed 5% of total funds invested as of December 31, 2009 and 2008. 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.

2009				
Investment Type		Fair Value	Exempt From Disclosure	Pct. of Total Invest.
Cash held by State Treasurer	$	67,799,555		14.7%
COLOTRUST PLUS		160,728,004	X	N/A
U.S. Treasury Notes - SLGS		23,380,484	X	N/A
U.S. Treasury Bonds		6,786,984	X	N/A
U.S. Agency Notes		2,855,185	X	N/A
Repurchase Agreements-collateralized				
Trinity Plus Funding Company LLC		61,030,044		13.2%
HSBC Bank USA N.A.		966,688	X	N/A
Westdeutsche Landesbank		743,520	X	N/A
Citigroup Global Markets, Inc./Citigroup Global		37,106,890		8.0%
American International Group		60,309,241		13.0%
Assured Guaranty Municipal Corp.		26,041,987		5.6%
Societe Generale		14,793,385	X	N/A
Total funds invested	$	462,541,967		

2008				
Investment Type		Fair Value	Exempt From Disclosure	Pct. of Total Invest.
Cash held by State Treasurer	$	69,950,826		14.1%
COLOTRUST PLUS		143,366,627	X	N/A
U.S. Treasury Notes - SLGS		36,645,978	X	N/A
U.S. Treasury Bonds		7,234,431	X	N/A
Repurchase Agreements-collateralized				
Trinity Plus Funding Company LLC		64,344,440		13.0%
MBIA Asset Management LLC		14,461,729	X	N/A
HSBC Bank USA N.A.		970,392	X	N/A
Westdeutsche Landesbank		838,160	X	N/A
Salomon Reinvestment Co./Citigroup Global		39,371,540		8.0%
American International Group		63,298,351		12.8%
FSA Capital Management Services LLC		26,460,514		5.3%
Societe Generale		28,009,064		5.7%
Total funds invested	$	494,952,052		

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.

As of December 31, 2009 and 2008, the Authority had the following investments and maturities:

2009					
Maturity	U.S. Treasury Notes - SLGS	U.S. Treasury Bonds	U.S. Agency Notes	Repurchase Agreements	Total Investments
2010	$ 4,078,279	$ 1,299,389	$ -	$ 12,575,987	$ 17,953,655
2011	1,724,555	2,716,169	-	12,240,747	16,681,471
2012	1,141,124	1,759,509	-	12,702,257	15,602,890
2013	806,492	713,459	-	13,087,489	14,607,440
2014	861,114	298,458	2,855,185	13,271,696	17,286,453
2015-2019	4,633,969	-	-	65,315,291	69,949,260
2020-2024	4,528,671	-	-	48,671,597	53,200,268
2025-2029	5,051,235	-	-	23,126,691	28,177,926
2030	555,045	-	-	-	555,045
Total	$ 23,380,484	$ 6,786,984	$ 2,855,185	$ 200,991,755	$ 234,014,408

2008					
Maturity	U.S. Treasury Notes - SLGS	U.S. Treasury Bonds	U.S. Agency Notes	Repurchase Agreements	Total Investments
2009	$ 13,265,494	$ 362,621	$ -	$ 37,994,978	$ 51,623,093
2010	4,078,279	1,316,338	-	12,933,975	18,328,592
2011	1,724,555	2,752,162	-	13,585,037	18,061,754
2012	1,141,124	1,781,507	-	14,122,229	17,044,860
2013	806,492	720,429	-	14,405,250	15,932,171
2014-2018	4,620,207	301,374	-	67,406,048	72,327,629
2019-2023	4,417,143	-	-	48,317,906	52,735,049
2024-2028	5,304,259	-	-	28,988,767	34,293,026
2029-2030	1,288,425	-	-	-	1,288,425
Total	$ 36,645,978	$ 7,234,431	$ -	$ 237,754,190	$ 281,634,599

The U.S. Treasury Bonds, with maturity dates after 2009, 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.

As previously discussed, the Authority had $67,799,555 and $69,950,826 as of December 31, 2009 and 2008, respectively, invested in the pool maintained by the State Treasurer, and that pool had an average maturity of 21.2 and 13.8 months as of December 31, 2009 and 2008, respectively. The Authority's investment represents approximately 1.3% and 1.2% of the total pool as of December 31, 2009 and 2008, respectively.

Note 4: Loans Receivable

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

	Balance January 1, 2009	New loans	Repayments/ loans canceled	Balance December 31, 2009
Water Operations Fund:				
Small Water Resources Program	$ 81,702,499	$ —	$ 8,273,334	$ 73,429,165
Water Revenue Bonds Program	354,070,000	15,735,000	7,835,000	361,970,000
Interim loans	278,187	3,991,816	3,000,000	1,270,003
Small Hydro Loan Program	—	1,456,891	—	1,456,891
Water Pollution Control Fund:				
Direct loans	33,337,459	42,248,022	17,477,303	58,108,178
Leveraged loans	471,731,407		30,811,230	440,920,177
Drinking Water Fund:				
Direct loans	30,672,349	45,444,807	18,762,712	57,354,444
Leveraged loans	199,653,118		10,525,273	189,127,845
	1,171,445,019	$ 108,876,536	$ 96,684,852	1,183,636,703
Less current portion	57,312,885			63,478,622
Noncurrent portion	$ 1,114,132,134			$ 1,120,158,081

	Balance January 1, 2008	New loans	Repayments/ loans canceled	Balance December 31, 2008
Water Operations Fund:				
Small Water Resources Program	$ 90,377,499	$ —	$ 8,675,000	$ 81,702,499
Water Revenue Bonds Program	360,410,000	—	6,340,000	354,070,000
Interim loans	—	2,316,984	2,038,797	278,187
Water Pollution Control Fund:				
Direct loans	28,927,381	7,044,662	2,634,584	33,337,459
Leveraged loans	488,502,284	13,392,445	30,163,322	471,731,407
Drinking Water Fund:				
Direct loans	24,805,479	7,186,200	1,319,330	30,672,349
Leveraged loans	186,847,004	22,829,792	10,023,678	199,653,118
	1,179,869,647	$ 52,770,083	$ 61,194,711	1,171,445,019
Less current portion	54,603,530			57,312,885
Noncurrent portion	$ 1,125,266,117			$ 1,114,132,134

Scheduled maturities of the loans receivable are as follows as of December 31, 2009:

	Water operations		WPCRF		DWRF		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 15,369,169	$ 20,350,632	$ 33,905,569	$ 12,604,404	$ 14,203,884	$ 5,193,481	$ 63,478,622	$ 38,148,517
2011	16,819,960	19,915,023	35,505,206	11,784,982	15,889,247	4,774,608	68,214,413	36,474,613
2012	17,417,828	19,165,584	34,175,855	10,857,693	16,343,042	4,443,146	67,936,725	34,466,423
2013	16,592,383	18,436,474	33,402,816	9,972,420	16,635,094	4,067,159	66,630,293	32,476,053
2014	17,316,964	17,688,162	31,301,258	9,098,282	17,115,218	3,681,267	65,733,440	30,467,711
2015-2019	79,411,928	76,524,069	154,538,030	33,131,760	81,213,614	12,453,002	315,163,572	122,108,831
2020-2024	75,363,747	58,333,667	125,567,420	14,846,915	54,150,254	4,641,047	255,081,421	77,821,629
2025-2029	53,671,728	43,400,375	49,352,592	2,204,921	25,656,469	898,898	128,680,789	46,504,194
2030-2034	79,432,352	29,615,660	1,279,609	12,076	3,625,489	28,372	84,337,450	29,656,108
2035-2039	44,535,000	10,647,688	—	—	1,649,978	15,032	46,184,978	10,662,720
2040-2043	22,195,000	2,987,513	—	—	—	—	22,195,000	2,987,513
Total	$ 438,126,059	$ 317,064,847	$ 499,028,355	$ 104,513,453	$ 246,482,289	$ 40,196,012	$ 1,183,636,703	$ 461,774,312

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

The Water Operations Fund – The one loan in the SHLP has an interest rate of 2.00% and a final maturity date in 2030, SWRP loans receivable have interest rates of 3.96% to 7.19% and have scheduled final maturity dates of 2010 to 2023. The WRBP loans receivable have interest rates of 3.63% to 5.50% and have scheduled maturity dates of 2013 to 2043.

The WPCRF direct loans receivable have interest rates of 0.00% to 5.17% and have maturity dates of 2010 to 2030. The WPCRF leveraged loans receivable have interest rates of 3.21% to 5.20% and have scheduled final maturity dates of 2010 to 2030.

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 2039. 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 2030.

Note 5: Capital Assets

Capital assets activity for the years ended December 31, 2009 and 2008 was as follows:

	2009			
	Beginning Balance	Additions	Retirements	Ending Balance
Equipment	$ 100,166	$ -	$ -	$ 100,166
Less accumulated depreciation for equipment	(85,324)	(4,570)	-	(89,894)
	$ 14,842	$ (4,570)	$ -	$ 10,272

	2008			
	Beginning Balance	Additions	Retirements	Ending Balance
Equipment	$ 122,282	$ -	$ 22,116	$ 100,166
Less accumulated depreciation for equipment	(96,787)	(10,653)	(22,116)	(85,324)
	$ 25,495	$ (10,653)	$ -	$ 14,842

Depreciation expense for the years ended December 31, 2009 and 2008 was $4,570 and $10,653, respectively.

Note 6: Noncurrent Liabilities

Other than Bonds

Noncurrent liability activity, other than bonds, for the year ended December 31, 2009, was as follows:

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Current portion
Water operations:					
Project costs payable – direct loans	$ —	$ 1,456,891	$ 101,554	$ 1,355,337	$ 1,355,337
Project costs payable – leveraged loans	4,510,607	15,019,676	5,989,670	13,540,613	13,540,613
Debt service reserve deposit	1,861,513	576,900	600,000	1,838,413	—
Other liabilities	1,311,822	107,039	80,536	1,338,325	—
Total water operations	$ 7,683,942	$ 17,160,506	$ 6,771,760	$ 18,072,688	$ 14,895,950
Water pollution control:					
Project costs payable – direct loans	$ 6,000,179	$ 42,248,022	$ 11,075,468	$ 37,172,733	$ 32,302,837
Project costs payable – leveraged loans	47,871,918	—	34,991,984	12,879,934	12,879,934
Advance payable	158,503	1,079,640	—	1,238,143	—
Deferred revenue	676,829	—	109,489	567,340	—
Other liabilities	2,868,861	287,206	338,476	2,817,591	669,062
Total water pollution control	$ 57,576,290	$ 43,614,868	$ 46,515,417	$ 54,675,741	$ 45,851,833
Drinking water:					
Project costs payable – direct loans	$ 7,044,480	$ 45,444,807	$ 12,779,086	$ 39,710,201	$ 38,527,697
Project costs payable – leveraged loans	36,963,944	—	26,479,708	10,484,236	9,398,436
Deferred revenue	89,924	—	6,580	83,344	—
Other liabilities	1,709,589	2,449,172	801,800	3,356,961	2,618,561
Total drinking water	$ 45,807,937	$ 47,893,979	$ 40,067,174	$ 53,634,742	$ 50,544,694
Total enterprise funds:					
Project costs payable – direct loans	$ 13,044,659	$ 89,149,720	$ 23,956,108	$ 78,238,271	$ 72,185,871
Project costs payable – leveraged loans	89,346,469	15,019,676	67,461,362	36,904,783	35,818,983
Debt service reserve deposit	1,861,513	576,900	600,000	1,838,413	—
Advance payable	158,503	1,079,640	—	1,238,143	—
Deferred revenue	766,753	—	116,069	650,684	—
Other liabilities	5,890,272	2,843,417	1,220,812	7,512,877	3,287,623
Total enterprise funds	$ 111,068,169	$ 108,669,353	$ 93,354,351	$ 126,383,171	$ 111,292,477

Noncurrent liability activity, other than bonds, for the year ended December 31, 2008, was as follows:

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008	Current portion
Water operations:					
Project costs payable – leveraged loans	$ 16,915,040	$ —	$ 12,404,433	$ 4,510,607	$ 4,510,607
Debt service reserve deposit	1,861,513	—	—	1,861,513	—
Other liabilities	1,307,294	91,859	87,331	1,311,822	—
Total water operations	$ 20,083,847	$ 91,859	$ 12,491,764	$ 7,683,942	$ 4,510,607
Water pollution control:					
Project costs payable – direct loans	$ 8,348,512	$ 7,044,662	$ 9,392,995	$ 6,000,179	$ 6,000,179
Project costs payable – leveraged loans	69,122,484	13,325,000	34,575,566	47,871,918	46,471,918
Advance payable	3,078,683	1,079,820	4,000,000	158,503	—
Deferred revenue	626,380	106,958	56,509	676,829	—
Other liabilities	3,738,377	969,364	1,838,880	2,868,861	289,008
Total water pollution control	$ 84,914,436	$ 22,525,804	$ 49,863,950	$ 57,576,290	$ 52,761,105
Drinking water:					
Project costs payable – direct loans	$ 4,392,848	$ 7,186,200	$ 4,534,568	$ 7,044,480	$ 7,044,480
Project costs payable – leveraged loans	33,741,351	22,465,000	19,242,407	36,963,944	36,783,944
Deferred revenue	96,503	—	6,579	89,924	—
Other liabilities	1,801,939	611,677	704,027	1,709,589	539,791
Total drinking water	$ 40,032,641	$ 30,262,877	$ 24,487,581	$ 45,807,937	$ 44,368,215
Total enterprise funds:					
Project costs payable – direct loans	$ 12,741,360	$ 14,230,862	$ 13,927,563	$ 13,044,659	$ 13,044,659
Project costs payable – leveraged loans	119,778,875	35,790,000	66,222,406	89,346,469	87,766,469
Debt service reserve deposit	1,861,513	—	—	1,861,513	—
Advance payable	3,078,683	1,079,820	4,000,000	158,503	—
Deferred revenue	722,883	106,958	63,088	766,753	—
Other liabilities	6,847,610	1,672,900	2,630,238	5,890,272	828,799
Total enterprise funds	$ 145,030,924	$ 52,880,540	$ 86,843,295	$ 111,068,169	$ 101,639,927

Bonds Payable

The following is an analysis of changes in bonds payable for the year ended December 31, 2009:

	Balance January 1, 2009	New issues	Retirements	Balance December 31, 2009
Water Operations:				
Small Water Resources Program:				
1993 Series A	$ 1,665,000	$	$ 995,000	$ 670,000
1994 Series A	1,760,000		510,000	1,250,000
1996 Series A	925,000		95,000	830,000
1997 Series A	2,635,000		1,700,000	935,000
1997 Series B	4,955,000		1,265,000	3,690,000
1998 Series A	4,845,000		390,000	4,455,000
1998 Series B	6,490,000		1,505,000	4,985,000
2000 Series A	10,070,000		875,000	9,195,000
2001 Series A	13,600,000		280,000	13,320,000
2002 Series A	13,580,000		190,000	13,390,000
2003 Series A	8,735,000		230,000	8,505,000
2006 Series A	13,480,000		345,000	13,135,000
	82,740,000	—	8,380,000	74,360,000
Water Revenue Bonds Program:				
1998 Taxable Series	1,380,000		1,380,000	—
2003 Series A	11,200,000		555,000	10,645,000
2003 Series B	695,000		695,000	—
2004 Series A	12,280,000		555,000	11,725,000
2004 Series B	19,695,000		5,000	19,690,000
2004 Series C	14,400,000		1,865,000	12,535,000
2004 Series D	101,310,000		1,160,000	100,150,000
2004 Series E	2,995,000		145,000	2,850,000
2005 Series A	51,330,000		930,000	50,400,000
2005 Series B	2,050,000		85,000	1,965,000
2005 Series C	7,715,000		160,000	7,555,000
2005 Series D	100,000,000		—	100,000,000
2005 Series E	26,270,000		—	26,270,000
2005 Series F	3,305,000		150,000	3,155,000
2008 Series A	—	8,795,000	130,000	8,665,000
2009 Series A	—	6,940,000	—	6,940,000
	354,625,000	15,735,000	7,815,000	362,545,000
Total Water Operations	437,365,000	$ 15,735,000	$ 16,195,000	436,905,000
Less deferred costs	(458,172)			(353,102)
Less current portion	(12,685,000)			(14,320,000)
Noncurrent bonds payable – Water Operations	$ 424,221,828			$ 422,231,898

Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Notes to Financial Statements
December 31, 2009 and 2008

	Balance January 1, 2009	New issues	Retirements	Balance December 31, 2009
Water Pollution Control Revolving Fund – Clean Water Revenue Bonds:				
1989 Series A	$ 100,000	$	$ 50,000	$ 50,000
1990 Series A	20,000		15,000	5,000
1991 Series A	495,000		215,000	280,000
1991 Series B	275,000		145,000	130,000
1992 Series A	245,000		80,000	165,000
1992 Series B	770,000		210,000	560,000
1994 Series A	410,000		115,000	295,000
1995 Series A	700,000		155,000	545,000
1996 Series A	220,000		40,000	180,000
1997 Series A	2,340,000		325,000	2,015,000
1998 Series A	1,355,000		235,000	1,120,000
1998 Series B	1,390,000		180,000	1,210,000
1999 Series A	3,440,000		2,240,000	1,200,000
2000 Series A	4,775,000		1,555,000	3,220,000
2001 Series A	13,405,000		3,165,000	10,240,000
2002 Series A	42,995,000		2,595,000	40,400,000
2002 Series B	19,625,000		690,000	18,935,000
2003 Series A	11,960,000		660,000	11,300,000
2004 Series A	57,270,000		110,000	57,160,000
2005 Series A	35,845,000		1,535,000	34,310,000
2005 Series B	15,290,000		685,000	14,605,000
2006 Series A	21,585,000		895,000	20,690,000
2006 Series B	13,095,000		545,000	12,550,000
2007 Series A	35,125,000		755,000	34,370,000
2008 Series A	12,305,000		520,000	11,785,000
	295,035,000	—	17,715,000	277,320,000
Wastewater Revolving Fund Refunding Revenue Bonds:				
1996 Series A	11,530,000		3,130,000	8,400,000
2001 Series A	29,455,000		4,840,000	24,615,000
2004 Series A	33,960,000		1,525,000	32,435,000
2005 Series A and A2	78,040,000		2,190,000	75,850,000
	152,985,000	—	11,685,000	141,300,000
Total Water Pollution Control Revolving Fund	448,020,000	$ —	$ 29,400,000	418,620,000
Deferred (costs) benefits	737,923			680,960
Less current portion	(29,400,000)			(29,700,000)
Noncurrent bonds payable – Water Pollution Control Revolving Fund	$ 419,357,923			$ 389,600,960

	Balance January 1, 2009	New issues	Retirements	Balance December 31, 2009
Drinking Water Revolving Fund:				
Revenue Bonds:				
1997 Series A	$ 13,355,000		1,215,000	12,140,000
1998 Series A	9,225,000		730,000	8,495,000
1999 Series A	26,505,000		2,550,000	23,955,000
2000 Series A	5,360,000		1,515,000	3,845,000
2002 Series A	12,610,000		750,000	11,860,000
2003 Series A	19,235,000		320,000	18,915,000
2003 Series B	10,615,000		540,000	10,075,000
2006 Series A	10,460,000		445,000	10,015,000
2006 Series B	35,390,000		1,310,000	34,080,000
2008 Series A	11,235,000		215,000	11,020,000
2008 Series B	8,870,000		5,000	8,865,000
	162,860,000	—	9,595,000	153,265,000
Drinking Water Revolving Fund Refunding Revenue Bonds 2005 Series A	20,115,000		5,000	20,110,000
Total Drinking Water Revolving Fund	182,975,000	$ —	$ 9,600,000	173,375,000
Deferred (costs) benefits	163,364			145,247
Less current portion	(9,600,000)			(10,760,000)
Noncurrent bonds payable – Drinking Water Revolving Fund	$ 173,538,364			$ 162,760,247
Total enterprise funds:				
Revenue bonds at par	$ 1,068,360,000	$ 15,735,000	$ 55,195,000	$ 1,028,900,000
Deferred (costs) benefits	443,115			473,105
Current portion	(51,685,000)			(54,780,000)
Noncurrent bonds payable, net	$ 1,017,118,115			$ 974,593,105

The following is an analysis of changes in bonds payable for the year ended December 31, 2008:

	Balance January 1, 2008	New issues	Retirements	Balance December 31, 2008
Water Operations:				
Small Water Resources Program:				
1992 Series B	$ 255,000	$ —	$ 255,000	$ —
1993 Series A	2,445,000	—	780,000	1,665,000
1994 Series A	2,180,000	—	420,000	1,760,000
1996 Series A	3,415,000	—	2,490,000	925,000
1997 Series A	2,880,000	—	245,000	2,635,000
1997 Series B	6,165,000	—	1,210,000	4,955,000
1998 Series A	5,220,000	—	375,000	4,845,000
1998 Series B	7,920,000	—	1,430,000	6,490,000
2000 Series A	10,875,000	—	805,000	10,070,000
2001 Series A	13,870,000	—	270,000	13,600,000
2002 Series A	13,765,000	—	185,000	13,580,000
2003 Series A	8,960,000	—	225,000	8,735,000
2006 Series A	13,820,000	—	340,000	13,480,000
	91,770,000	—	9,030,000	82,740,000
Water Revenue Bonds Program:				
1998 Taxable Series	1,605,000	—	225,000	1,380,000
2003 Series A	11,740,000	—	540,000	11,200,000
2003 Series B	1,375,000	—	680,000	695,000
2004 Series A	12,820,000	—	540,000	12,280,000
2004 Series B	19,700,000	—	5,000	19,695,000
2004 Series C	16,200,000	—	1,800,000	14,400,000
2004 Series D	102,415,000	—	1,105,000	101,310,000
2004 Series E	3,135,000	—	140,000	2,995,000
2005 Series A	52,235,000	—	905,000	51,330,000
2005 Series B	2,135,000	—	85,000	2,050,000
2005 Series C	7,870,000	—	155,000	7,715,000
2005 Series D	100,000,000	—	—	100,000,000
2005 Series E	26,270,000	—	—	26,270,000
2005 Series F	3,450,000	—	145,000	3,305,000
	360,950,000	—	6,325,000	354,625,000
Total Water Operations	452,720,000	$ —	$ 15,355,000	437,365,000
Less deferred costs	(576,939)			(458,172)
Less current portion	(13,110,000)			(12,685,000)
Noncurrent bonds payable – Water Operations	$ 439,033,061			$ 424,221,828

	Balance January 1, 2008	New issues	Retirements	Balance December 31, 2008
Water Pollution Control Revolving Fund – Clean Water Revenue Bonds:				
1989 Series A	$ 165,000	$ —	$ 65,000	$ 100,000
1990 Series A	45,000	—	25,000	20,000
1991 Series A	755,000	—	260,000	495,000
1991 Series B	465,000	—	190,000	275,000
1992 Series A	335,000	—	90,000	245,000
1992 Series B	1,005,000	—	235,000	770,000
1994 Series A	545,000	—	135,000	410,000
1995 Series A	870,000	—	170,000	700,000
1996 Series A	265,000	—	45,000	220,000
1997 Series A	2,680,000	—	340,000	2,340,000
1998 Series A	3,010,000	—	1,655,000	1,355,000
1998 Series B	2,095,000	—	705,000	1,390,000
1999 Series A	5,620,000	—	2,180,000	3,440,000
2000 Series A	6,275,000	—	1,500,000	4,775,000
2001 Series A	16,495,000	—	3,090,000	13,405,000
2002 Series A	45,515,000	—	2,520,000	42,995,000
2002 Series B	20,310,000	—	685,000	19,625,000
2003 Series A	12,620,000	—	660,000	11,960,000
2004 Series A	57,380,000	—	110,000	57,270,000
2005 Series A	37,305,000	—	1,460,000	35,845,000
2005 Series B	15,975,000	—	685,000	15,290,000
2006 Series A	22,370,000	—	785,000	21,585,000
2006 Series B	13,630,000	—	535,000	13,095,000
2007 Series A	35,330,000	—	205,000	35,125,000
2008 Series A	—	12,305,000	—	12,305,000
	301,060,000	12,305,000	18,330,000	295,035,000
Wastewater Revolving Fund Refunding Revenue Bonds:				
1996 Series A	14,425,000	—	2,895,000	11,530,000
2001 Series A	34,060,000	—	4,605,000	29,455,000
2004 Series A	35,450,000	—	1,490,000	33,960,000
2005 Series A and A2	78,040,000	—	—	78,040,000
	161,975,000	—	8,990,000	152,985,000
Total Water Pollution Control Revolving Fund	463,035,000	$ 12,305,000	$ 27,320,000	448,020,000
Deferred (costs) benefits	780,331			737,923
Less current portion	(27,320,000)			(29,400,000)
Noncurrent bonds payable – Water Pollution Control Revolving Fund	$ 436,495,331			$ 419,357,923

	Balance January 1, 2008	New issues	Retirements	Balance December 31, 2008
Drinking Water Revolving Fund:				
Revenue Bonds:				
1997 Series A	$ 14,535,000	$ —	$ 1,180,000	$ 13,355,000
1998 Series A	9,940,000	—	715,000	9,225,000
1999 Series A	29,005,000	—	2,500,000	26,505,000
2000 Series A	6,835,000	—	1,475,000	5,360,000
2002 Series A	13,340,000	—	730,000	12,610,000
2003 Series A	19,555,000	—	320,000	19,235,000
2003 Series B	11,150,000	—	535,000	10,615,000
2006 Series A	10,895,000	—	435,000	10,460,000
2006 Series B	36,575,000	—	1,185,000	35,390,000
2008 Series A	—	11,235,000	—	11,235,000
2008 Series B	—	8,870,000	—	8,870,000
	151,830,000	20,105,000	9,075,000	162,860,000
Drinking Water Revolving Fund Refunding Revenue Bonds 2005 Series A	20,120,000	—	5,000	20,115,000
Total Drinking Water Revolving Fund	171,950,000	$ 20,105,000	$ 9,080,000	182,975,000
Deferred (costs) benefits	181,485			163,364
Less current portion	(9,080,000)			(9,600,000)
Noncurrent bonds payable – Drinking Water Revolving Fund	$ 163,051,485			$ 173,538,364
Total enterprise funds:				
Revenue bonds at par	$ 1,087,705,000	$ 32,410,000	$ 51,755,000	$ 1,068,360,000
Deferred (costs) benefits	384,877			443,115
Current portion	(49,510,000)			(51,685,000)
Noncurrent bonds payable, net	$ 1,038,579,877			$ 1,017,118,115

During 2009, all of the SWRP bond insurance policies, except for the 1996 Series A, were transferred from Financial Guaranty Insurance Company (FGIC) to Nation Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. These SWRP bonds are insured as to payment of principal and interest. FGIC also insures the Clean Water Revenue Bonds 1989 Series A and 1990 Series A as to payment of principal and interest. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. 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, Series 2005C, Series 2008A and Series 2009A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The Water Resources Revenue Bonds Series 2005D are insured as to payment of principal and interest by Assured Guaranty Municipal Corp.

As of December 31, 2009, the outstanding bonds of the Authority had original principal amounts of \$141,460,000 for the Small Water Resources Program, \$386,805,000 for the Water Revenue Bonds Program, \$667,980,000 for the Clean Water Revenue Bonds, \$196,140,000 for the Wastewater Revolving Fund Refunding Revenue Bonds, \$240,540,000 for the Drinking Water Revolving Fund Bonds and \$20,305,000 for Drinking Water Revolving Fund Refunding Revenue Bonds, for a total of \$1,653,230,000. Principal payments on the bonds are made annually and interest on the bonds is payable semiannually with interest rates ranging from 1.3% to 7.4% and serial and term principal maturities, including mandatory sinking fund call provisions, extend 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, 2009:

	Water operations		WPCRF		DWRF		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 14,320,000	$ 20,480,038	$ 29,700,000	$ 20,480,198	$ 10,760,000	$ 7,998,345	$ 54,780,000	$ 48,958,581
2011	16,695,000	19,887,691	30,335,000	18,976,143	11,720,000	7,518,251	58,750,000	46,382,085
2012	17,460,000	19,171,675	29,410,000	17,453,279	12,155,000	7,010,563	59,025,000	43,635,517
2013	16,495,000	18,418,101	28,180,000	15,990,955	12,370,000	6,469,030	57,045,000	40,878,086
2014	17,260,000	17,696,695	27,845,000	14,633,674	12,825,000	5,899,193	57,930,000	38,229,562
2015-2019	78,565,000	76,816,028	130,725,000	53,716,206	61,500,000	20,567,679	270,790,000	151,099,913
2020-2024	76,775,000	58,533,032	105,740,000	23,121,653	37,430,000	7,881,487	219,945,000	89,536,172
2025-2029	53,260,000	43,366,610	36,225,000	3,300,867	14,045,000	1,717,381	103,530,000	48,384,858
2030-2034	79,345,000	29,613,913	460,000	20,700	570,000	28,500	80,375,000	29,663,113
2035-2039	44,535,000	10,647,688	—	—	—	—	44,535,000	10,647,688
2040-2043	22,195,000	2,987,513	—	—	—	—	22,195,000	2,987,513
Total	$ 436,905,000	$ 317,618,984	$ 418,620,000	$ 167,693,675	$ 173,375,000	$ 65,090,429	$ 1,028,900,000	$ 550,403,088

Total interest expense for 2009 and 2008 amounted to \$21,336,249, \$21,388,472, \$8,260,038 and \$21,482,809, \$22,552,646, \$8,102,346 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, 2009 and 2008, 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, 2009 and 2008, the Authority had $74,360,000 and $82,740,000 of outstanding Small Water Resources Revenue Bonds, respectively.

Note 7: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2009 and 2008 is as follows:

Receivable Funds	Payable Funds	2009 Amount	2008 Amount
Water Operations	Water Pollution Control	$ 555,981	$ 411,210
	Drinking Water	1,437,705	1,261,246
Total		$ 1,993,686	$ 1,672,456

The outstanding balances between funds result from the Water Operations Fund paying certain operating expenses of the Water Pollution Control Fund and Drinking Water Fund for which it is reimbursed.

Interfund Transfers

	2009 Transfer In	2008 Transfer In
Transfer Out	Drinking Water	Drinking Water
Water Pollution Control	$ 170,740	$ 122,605

Administrative fees collected in the Water Pollution Control Fund were transferred to the Drinking Water Fund to pay certain administrative expenses.

Note 8: 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:

	2009	2008
Self-insurance account	$ 800,000	$ 800,000
La Plata River escrow account	18,423,751	18,285,262
Total Board-designated accounts	$ 19,223,751	$ 19,085,262

Note 9: EPA Capitalization Grants

The following table details the EPA capitalization grants and matching requirements of $1 of state match for every $5 of the base program capitalization grants recognized, by project, during 2009. The ARRA grants awarded in 2009 did not require state matching contributions to the programs.

		Federal grants recognized in 2009	Matching requirement for 2009
Water Pollution Control Revolving Fund Projects:			
Leveraged loans			
2006B	Cherokee Metropolitan District	$ 2,213,406	$ 442,681
2007A	Eagle, Town of	978,047	195,609
2008A	Elizabeth, Town of	1,333,296	266,659
2005B	Glendale, City of	819,237	163,847
2006A	Granby Sanitation District	120,869	24,174
2003A	Milliken, Town of	77,627	15,525
2008A	New Castle, Town of	2,584,082	516,816
2007A	Rifle, City of	2,819,403	563,881
	Total leveraged loans	10,945,967	2,189,192
ARRA direct loans:			
	Bayfield, Town of	174,560	Not required
	Erie, Town of	379,053	Not required
	Fremont Sanitation District	365,826	Not required
	Georgetown, Town of	708,547	Not required
	Gunnison County	132,767	Not required
	Monument Sanitation District	641,901	Not required
	Pagosa Area Water and Sanitation District	519,583	Not required
	Pueblo, City of	237,353	Not required
	Red Cliff, Town of	266,295	Not required
	Rye, Town of	374,063	Not required
	Widefield Water and Sanitation District	537,369	Not required
	Total ARRA direct loans	4,337,317	—
	Total Water Pollution Control Fund	$ 15,283,284	$ 2,189,192

		Federal grants recognized in 2009	Matching requirement for 2009
Drinking Water Revolving Fund Projects:			
2006B	Arapahoe County Water and Sanitation District	$ 3,790,184	$ 758,037
2006B	Cottonwood Water and Sanitation District	2,143,248	428,650
2008A	Estes Park, Town of	2,127,327	425,465
2003A	Fountain Valley Authority	13,341	2,668
2003A	Lyons, Town of	19,802	3,960
2008A	Pagosa Area Water and Sanitation District	143,340	28,668
2008B	Project 7 Water Authority	3,116,618	623,324
	Total leveraged loans	11,353,860	2,270,772
ARRA Funded Loans:			
	Arabian Acres Metropolitan District	117,739	Not required
	Blanca, Town of	50,000	Not required
	Cheyenne Wells, Town of	656,917	Not required
	Colorado City Metropolitan District	459,586	Not required
	Divide MPC Metropolitan District #1	60,515	Not required
	Fraser, Town of	177,871	Not required
	Georgetown, Town of	265,250	Not required
	Hi-Land Acres Water and Sanitation District	226,738	Not required
	Hot Sulphur Springs, Town of	783,624	Not required
	Kit Carson, Town of	51,566	Not required
	Kremmling, Town of	354,871	Not required
	La Junta, City of	548,354	Not required
	Norwood Water Commission, Town of	117,188	Not required
	Rocky Ford, City of	115,413	Not required
	Seibert, Town of	579,761	Not required
	Total ARRA direct loans	4,565,393	—
	Total Drinking Water Revolving Fund	15,919,253	2,270,772
Total EPA Capitalization Grants		$ 31,202,537	$ 4,459,964

For 2009, the Authority forgave (Note 2r) $15,673,850 and $17,176,000 in WPCRF and DWRF ARRA loans, respectively, executed during the year, for a total of $32,849,850, which is included in loan principal forgiven on its statement of revenues, expenses and changes in fund net assets. Because the Authority recognizes capitalization grant revenue only when all applicable eligibility requirements are met (Note 2b), $4,337,317 and $4,565,393 in WPCRF and DWRF EPA capitalization grant revenue, respectively, related to those loans for 2009, was recognized in 2009 for a total of $8,902,710.

The following table details the EPA capitalization grants and matching requirements of $1 of state match for every $5 of capitalization grants recognized, by project, during 2008:

		Federal grants recognized in 2008	Matching requirement for 2008
Water Pollution Control Revolving Fund Projects:			
2006B	Cherokee Metropolitan District	$ 1,568,557	$ 313,711
2006A	Donala Water and Sanitation District	441,301	88,260
2007A	Eagle, Town of	2,405,563	481,113
2008A	Elizabeth, Town of	159,986	31,997
2004A	Englewood, City of	46,142	9,228
2004A	Littleton, City of	47,060	9,412
2003A	Milliken, Town of	40,197	8,039
2007A	Rifle, City of	1,543,844	308,769
2006A	Triview Metropolitan District	277,011	55,402
		6,529,661	1,305,931
Drinking Water Revolving Fund Projects:			
2006B	Alamosa, City of	1,127,039	225,408
2006B	Arapahoe County Water and Sanitation District	2,062,682	412,536
2006B	Cottonwood Water and Sanitation District	1,081,648	216,330
2006A	Craig, City of	446,167	89,233
2008A	Estes Park, Town of	614,119	122,824
2003A	Fountain Valley Authority	6,927	1,385
2003A	Lyons, Town of	59,427	11,885
2008A	Pagosa Area Water and Sanitation District	379,522	75,904
2008B	Project 7 Water Authority	2,267,958	453,592
		8,045,489	1,609,097
Total EPA Capitalization Grants		$ 14,575,150	$ 2,915,028

Note 10: 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 PERA, P.O. at PO 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.

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.

All employees are required to contribute 8.0% percent of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. The Authority's contribution rates were 12.95%, 12.05%, and 11.15% in 2009, 2008 and 2007, respectively. Included in the 2009, 2008 and 2007 rates were an additional 1.8%, 1.4%, and 1.0% for the Amortization Equalization Disbursement (AED). Beginning in 2008, a supplemental amortization equalization disbursement was added to the Authority's rate that totaled 1.0% and 0.5% in 2009 and 2008, respectively. These rate adjustments are discussed below. Also included in these rates was 1.02 % that was allocated to the Health Care Trust Fund (HCTF), 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 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 2009, 2008 and 2007 were $130,142, $119,265 and $103,338, respectively. These contributions met the contribution requirement for each year.

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 HCTF is maintained by an employer's contribution rate as discussed above. The Authority's contributions to the HCTF for 2009, 2008 and 2007 were $10,411, $10,250 and $9,555, 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, 2008, there were 45,888 enrollees in the plan.

Note 11: Postemployment Healthcare Benefits

The Authority contributes to the 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, 2009, 2008 and 2007, the Authority's employer contributions to the HCTF were $10,411, $10,250, and $9,555, respectively, equal to their required contributions for each year.

Note 12: 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 ($15,500 in 2009 and 2008 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, 2009 and 2008, the 401(k) Plan member contributions from the Authority were $77,708 and $74,975, respectively.

Note 13: Commitments

Leases

The Authority leases office facilities under an operating lease that expires December 31, 2012. Rent expense totaled $138,748 and $119,951 for 2009 and 2008, respectively. Below is a schedule of the non-cancelable lease payments due as of December 31, 2009:

Year	Rent
2010	$ 102,298
2011	105,952
2012	109,605
Total	$ 317,855

Note 14: 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 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 15: 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.

Note 16: Significant Estimates and Concentrations

Current Economic Conditions

Beginning in 2008, the U.S. economy experienced uncertainty and instability in the financial markets and a number of other sectors of the economy. The Congress, U.S. Treasury and the Federal Reserve System have taken a number of actions in an attempt to provide liquidity to the credit markets, to save and create jobs and to stabilize the overall economy. At this time the impacts of these actions cannot be determined.

Existing collateralized investments and counterparty financial institutions are being closely monitored to ensure contractual obligations are being met and contingency plans are being developed, should action be required. The present turmoil in the financial markets limits the qualifying investment alternatives for existing cash, bond proceeds and grant funds. The interest rates on secure investments are near historic lows and the long-term investments required by the Authority's financing model in the WPCRF and DWRF may subject those programs to additional investment interest rate risk. Lower investment interest rates also reduce the Authority's loan capacity, the dollars available to fund new loans, while maintaining the same rate of loan interest subsidy.

Like other areas of the country, Colorado's economy is contracting. The impact of this contraction on the Authority's borrowers and their ability to continue to make timely loan repayments is difficult to determine; however, the loans are secured predominantly by revenues from essential water and sewer services.