



Colorado Water Resources and Power Development Authority



2013 Annual Report



COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT AUTHORITY

2013 ANNUAL REPORT

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Cover Photo: Englewood/Littleton Wastewater Treatment Plant
 Courtesy: Cities of Englewood & Littleton

The 2013 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, hydropower, and other projects as deemed appropriate and essential by the Authority Board of Directors. This report includes a summary of the Authority's major programs and activities for 2013 along with its audited financial statements for the years ended December 31, 2013 and 2012.

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 \$6.2 million. Over the last 19 years, the Authority provided \$17.7 million of additional capital. These combined funds were 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 (SRF) to assist public water systems with financing the costs of infrastructure to achieve or maintain compliance with SDWA requirements and to attain the public health objectives of the SDWA. 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 that 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 currently 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 2014, there are 453 projects on the DWRF project eligibility list representing a cumulative need of approximately \$5.0 billion.

In 2001, the Authority's Board of Directors ("Authority Board") authorized, and the Authority staff, working with the WQCD and the DLG, established a planning and design grant program ("P&D") for communities having a population of 10,000 or less, and having a median household income less than the statewide median, or with monthly user rates exceeding the statewide average. The P&D grant funds are to be used by communities to initiate engineering studies and project development. The P&D program is funded from DWRF loan administrative fees. Table 1 summarizes the results of this program through 2013.

In 2004, the Authority Board authorized, and the Authority staff, working with the WQCD and the DLG, established a disadvantaged communities program for communities with median household incomes below the state median and having a population of 5,000 or less. The interest rate (as low as 0%) on a disadvantaged community loan is determined by the disparity between the community's median household income and the state's median household income. Through 2013, 63 disadvantaged community loans totaling \$48.2 million have been executed. Table 2 provides a summary of projects financed with the assistance of the DWRF disadvantaged community program from inception through December 31, 2013.

Table 1

DWRF Planning & Design Grant Activity
As of December 31, 2013

Year	Amount Authorized	Amount Awarded	Number of Recipients	Projects Associated with P&D Grants			
				Amount Funded with Loans	Number of Projects	Amount Funded with GAP Grants	Number of Projects
2001	\$ 50,000	\$ 50,000	5	\$ 10,836,100	3		
2002	100,000	85,500	9	16,190,417	4		
2003	100,000	50,000	5	5,026,165	3		
2004	100,000	100,000	10	2,202,027	5		
2005	100,000	80,000	8	8,033,342	5		
2006	100,000	80,000	8	15,267,488	7		
2007	100,000	90,000	9	10,388,687	6		
2008	100,000	100,000	10	15,140,158	6		
2009	100,000	100,000	10	12,450,048	7		
2010	150,000	148,490	15	7,307,435	9		
2011	150,000	130,000	13	27,227,367	4		
2011B	100,000	99,918	10	3,110,000	2		
2012	150,000	150,000	15	1,850,000	2	37,670	1
2012B	100,000	100,000	10	5,145,834	4	250,000	1
2013	150,000	150,000	15	0	0	0	0
Total	\$ 1,650,000	\$ 1,513,908	152	\$ 140,175,068	67	\$ 287,670	2

In 2011 and 2012, the Authority Board authorized additional P&D funding (2011B, 2012B).

Table 2

DWRF Disadvantaged Community Loans as of December 31, 2013

Loan Type	Amount	Number of Projects
Base Program - reduced interest	\$ 8,418,053	11
Base Program - zero percent interest	14,177,581	25
Base Program - full principal forgiven	11,816,373	16
Base Program - partial principal forgiven	2,735,143	3
Base Program - partial principal forgiven & reduced interest	2,424,000	1
ARRA - full principal forgiven	6,619,354	6
ARRA - zero percent	2,000,000	1
TOTAL	\$ 48,190,504	63

As of December 31, 2013, the EPA has awarded \$275.0 million, including \$34.4 million from the American Recovery and Reinvestment Act of 2009 ("ARRA"), in capitalization grants to the state's DWRF program. Of this amount, \$211.1 million has been allocated to the loan program and \$63.9 million has been allocated to set asides that include: grant administration (\$10.4 million), technical assistance to small communities (\$5.2 million), public water system supervision (\$17.1 million), in kind services (\$0.2 million), source water protection (\$1.7 million), and local set-asides that include capacity development and wellhead protection programs (\$29.4 million). As of December 31, 2013, 97.5% of EPA grants awarded to the Colorado DWRF have been obligated to loans and the set aside programs. The Authority has contributed \$48.1 million to the program for state match as required by the capitalization grant agreements. On March 21, 2014, the Authority applied for its 2014 capitalization grant in the amount of \$15.4 million. Funding from Congress in future years is unknown at this time.

Through December 31, 2013, 193 loans have been executed under the DWRF program totaling \$451.6 million with an outstanding principal balance of \$263.6 million. Nine projects totaling \$7.9 million were funded through the DWRF direct loan program in 2013. In compliance with the conditions of the 2012 and 2013 DWRF grant awards, two loans financed in 2013 received one-time principal forgiveness (subsidization) totaling \$0.8 million. No leveraged loans were executed in 2013. One direct loan borrower prepaid its loan in full in 2013 and as of December 31, 2013, all borrowers are current with loan repayments. With current funds on hand and anticipated additional funding in 2014, the Authority estimates that the program has the capacity to finance up to \$70.0 million in loans in 2014.

Through December 31, 2013, the Authority has issued \$283.3 million in new money bonds and \$55.8 million in refunding bonds through the DWRF with an outstanding balance of \$145.9 million. No

new money DWRF bonds were issued in 2013. However, \$35.8 million in bond proceeds from DWRF refunding bonds issued in February, 2013, along with \$22.6 million in liquidated investments associated with the refunded bonds and other funds on hand, provided funding to pay interest due on and defease the remaining outstanding principal of six DWRF bond issues totaling \$61.3 million. The savings from the refunding, when realized in each future year, will be "passed through" to the borrowers in the form of credits to future loan interest and/or principal payments. Another benefit realized from the refunding was the reduction in risk associated with the investments. The Authority is in the process of issuing a new money Drinking Water bond issue totaling approximately \$50.0 million which will provide funding for three loans in May, 2014. The programmatic rating of the Drinking Water Revenue Bonds continues to be "AAA" by all three bond rating agencies.

On September 25, 2013, the Authority Board authorized and directed that up to \$1.0 million of program administrative fee funds be made available as grants to flood-impacted drinking water systems that met certain eligibility requirements. As of December 31, 2013, 12 grants for approximately \$0.6 million have been made to impacted systems.

SMALL HYDROPOWER LOAN PROGRAM

In 2009, the Authority Board authorized the Small Hydropower Loan Program ("SHLP") to support the development and use of clean and renewable sources of electrical power for the citizens of Colorado. The Authority Board budgeted \$10 million in Authority funds to provide loans to local governments for new small hydropower projects (less than 5 megawatts). Loans may extend to 20 years with an interest rate of two percent (2%). One SHLP loan for \$2.0 million was executed in 2013. As of December 31, 2013, the Authority has funded three SHLP loans totaling \$5.1 million with an outstanding principal balance of \$4.9 million and all loans were current.

In addition, beginning in 2009, the Authority Board budgeted \$150,000 in Authority funds each year to provide matching grants to assist communities in planning and design costs of small hydropower projects. Table 3 is a summary of SHLP matching grants awarded.

Table 3

SHLP Planning & Design Grant Activity As of December 31, 2013				Projects Associated with P&D Grants	
Year	Amount Authorized	Amount Awarded	Number of Recipients	Amount Funded with Loans	Number of Projects
2009	\$ 150,000	\$ 103,746	8	\$ -	0
2010	150,000	48,814	7	2,000,000	1
2011	150,000	96,094	7	2,000,000	1
2012	150,000	49,500	5	-	0
2013	150,000	45,000	3	-	0
Total	\$ 750,000	\$ 343,154	30	\$ 4,000,000	2

SMALL WATER RESOURCES PROJECTS PROGRAM

The Small Water Resources Projects ("SWRP") Program provided an economical source of capital for the construction, expansion and/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 National Public Finance Guaranty, a wholly owned subsidiary of MBIA, which has established a limit on outstanding bonds of \$150 million. MBIA's ratings from all three bond rating agencies have been significantly downgraded, and no further loans will be issued through the SWRP program in the future.

From inception through December 31, 2013, fourteen bond issues were sold to fund 48 loans totaling \$149.6 million with a remaining balance of \$13.9 million. During 2013, one borrower prepaid its loan in full totaling \$4.5 million, and the associated bonds were called and defeased. As of December 31, 2013, seven loans remain with principal outstanding totaling \$13.8 million and 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 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 2014, there are 414 projects on the WPCRF project eligibility list representing a cumulative need of nearly \$6.2 billion. As projects are funded and/or reach compliance they are deleted from the eligibility list.

In 2001, a planning and design grant program ("P&D") similar to the DWRP program was implemented. See Table 4 for a summary of P&D grant activity from inception through December 31, 2013.

Table 4

WPCRF Planning & Design Grant Activity
As of December 31, 2013

Year	Amount Authorized	Amount Awarded	Number of Recipients	Projects Associated with P&D Grants			
				Amount Funded with Loans	Number of Projects	Amount Funded with GAP Grants	Number of Projects
2001	\$ 50,000	\$ 50,000	5	\$ 7,823,131	4		
2002	100,000	84,142	9	8,080,854	3		
2003	100,000	59,988	6	23,158,988	4		
2004	100,000	100,000	10	19,126,808	7		
2005	100,000	92,438	10	32,784,198	5		
2006	100,000	90,000	9	15,728,039	8		
2007	100,000	94,064	10	9,896,732	5		
2008	100,000	82,000	9	12,865,172	7		
2008GW	100,000	100,000	10	2,688,000	3		
2009	100,000	90,000	9	4,376,900	4	0	0
2010	150,000	139,000	14	500,000	1	0	0
2011	150,000	130,000	13	4,168,300	5	0	0
2011B	100,000	99,762	10	706,000	1	55,000	1
2012	150,000	150,000	15	5,852,811	6	750,000	3
2012B	100,000	100,000	10	1,355,000	3	91,000	1
2013	100,000	100,000	10	0	0	0	0
Total	\$ 1,700,000	\$ 1,561,394	159	\$ 149,110,933	66	\$ 896,000	5

In 2008, the Authority Board authorized additional planning and design funding for ground water mitigation projects (2008GW). In 2011 and 2012, the Authority Board authorized additional planning and design grant funding (2011B, 2012B)

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. Table 5 summarizes the loans financed under the WPCRF disadvantaged community loan program from inception through December 31, 2013. Through 2013, 43 disadvantaged community loans totaling \$31.6 million have been executed.

Table 5

WPCRF Disadvantaged Community Loans as of December 31, 2013

Loan Type	Loan amount	Number of Loans
Base Program - reduced interest	\$ 11,826,966	10
Base Program - zero percent interest	10,287,706	17
Base Program - full principal forgiveness	2,577,496	8
Base Program - partial principal forgiven	2,278,000	4
Base Program - partial principal forgiven & reduced interest	200,000	1
ARRA - full principal forgiven	4,442,019	3
ARRA - zero percent	-	0
TOTAL	\$ 31,612,187	43

As of December 31, 2013, the EPA has awarded \$304.6 million in capitalization grants to the Colorado WPCRF, including \$31.3 million from ARRA. As of December 31, 2013, 95.5% of Clean Water grants awarded to the Colorado WPCRF program have been obligated to loans or grant administrative costs (4.0% of each grant award). The Authority has contributed \$54.7 million to the program for state match as required by the federal capitalization grant agreements. On March 18, 2014, the Authority applied for its 2014 capitalization grant in the amount of \$11.2 million. Clean Water Act funding from Congress is uncertain in future years.

As of December 31, 2013, 227 loans have been executed under the WPCRF totaling \$943.0 million, with an outstanding principal balance of \$470.2 million and with all borrowers current with loan repayments. Nine direct loans totaling \$7.9 million were financed in 2013, including three direct loans that received \$0.9 million in principal forgiveness as required by the conditions of the 2012 and 2013 EPA grants. No leveraged loans were financed in 2013. With current funds on hand and anticipated additional funding in 2014, the Authority estimates that the program has the capacity to finance up to \$120.0 million in loans in 2014.

Through December 31, 2013, the Authority has issued \$776.3 million in new money bonds and \$257.4 million in refunding bonds through the WPCRF with an outstanding balance of \$349.6 million. No new money bonds were issued in 2013. However, \$63.9 million of bond proceeds from WPCRF refunding bonds issued in February, 2013, along with \$33.0 million in liquidated investments associated with the refunded bonds, and other funds on hand, provided funding to pay interest due on and defease the remaining outstanding principal of four bond issues totaling \$95.6 million. Similar to the 2013 DWRF refunding, the saving from the WPCRF refunding, when realized in each future year, will be "passed through" to the borrowers in the form of credits to future loan interest and/or principal. The other benefit realized from the refunding was the reduction in risk associated with the investments. The Authority is in the process of issuing a new money Clean Water bond issue totaling approximately \$35.0 million that will provide funding for two borrowers in May, 2014. The Clean Water Revenue Bonds continue to receive "AAA" programmatic ratings from all three bond rating agencies.

On September 25, 2013, the Authority Board authorized and directed that up to \$1.0 million of program administrative fee funds be made available as grants to flood-impacted wastewater systems that met certain eligibility requirements. As of December 31, 2013, eleven grants for approximately \$0.4 million have been made to impacted systems.

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 Program (“WRBP”). Under this program, the Authority assists the borrower with the structuring of the bonds, subsidizes the costs of bond issuance and may purchase a surety bond in lieu of a cash-funded debt service reserve fund, if available. Through 2013, 22 loans have been executed under the WRBP program, totaling \$491.5 million, with an outstanding principal balance of \$259.0 million. During 2013, one borrower prepaid their loan in full totaling \$8.9 million and the associated bonds were called and defeased. One new bond issue totaling \$11.6 million was sold in 2013. Of the \$484.7 million in WRBP bonds issued (par amount) through December 31, 2013, \$259.0 million remains outstanding. As of December 31, 2013, 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. Loans for water projects 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. For 2014 the maximum subsidy level remains at \$250,000 per borrower.

GRANT ASSISTANCE PROGRAM

In 2012, the Authority Board approved a one-time Grant Assistance Program (“GAP”) in the amount of \$2.5 million to fund eligible water and wastewater projects (\$1.25 million was allocated to each SRF program). The grants are funded from unrestricted Authority cash. The program was created to fill the gap in available federal funds and other sources by providing financial assistance to smaller local governmental agencies. The program contained specific eligibility requirements and limited grants to \$250,000 per entity with a 20% matching requirement from the governmental agency. The applications were subject to a GAP prioritization process that was used to rank projects prior to approval. During 2012, eight drinking water and seven wastewater GAP grants were awarded. Of the \$2.5 million awarded, \$1.4 million remains to be drawn for projects as of December 31, 2013. The Board has not authorized any additional funding for this program.

INTERIM LOANS

The Authority has issued interim loans, funded from Authority unrestricted 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 refinance the interim loan with long-term financing. In 2013 no interim loans were executed.

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 \$68.2 million for construction of the project. The Authority placed \$30.0 million 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 \$42.4 million. Earnings above the \$42.4 million (\$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 \$7.3 million in exchange for its allocation of 2,600 acre-feet of average annual depletion. This agreement also dedicated \$15.0 million 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 \$1.1 million. In 2013, the Authority executed a 20 year loan with the City of Durango for \$4.0 million to purchase 1,900 acre feet of average annual depletion and executed an installment acquisition agreement with the District to purchase the remaining 700 acre feet over a 20 year period. Construction of the Project facilities in Colorado and pumping of water to the reservoir was completed in 2011.

Through 2013, draws on the Authority's escrow and the Durango option payment (after netting an overpayment to the Bureau of Reclamation in the amount of \$0.6 million) totaled \$7.6 million. The escrow balance at the end of 2013 was \$1.5 million 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 \$15.0 million 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, 2013, this escrow contained \$3.9 million 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. In 2012 and 2013, the Authority Board agreed to provide an additional \$2.5 million and \$3.25 million, respectively, to the Long Hollow Project. Construction began in 2012 and is expected to be completed in late-2014. Also, in 2013, the Long Hollow Project received \$3.0 million from the Ute Mountain Ute Tribe (UMUT), which will allow the UMUT to utilize 600 acre feet of water storage on a space available basis , and \$0.1 million from the Southwestern Water Conservation District.

WATER SHED PROTECTION AND FOREST HEALTH PROJECTS

In 2008, Senate Bill 08-221 authorized the Authority to issue bonds, for up to \$50.0 million , for the purpose of funding governmental agencies' watershed protection projects and forest health projects. The Authority may make and contract to make loans with the proceeds of the bonds to governmental agencies to finance the cost of watershed protection projects and forest health projects if the Authority or the governmental agency has entered into an agreement with the Colorado Clean Energy Development Authority, as it existed prior to July 1, 2012, or the Colorado State Forest Service with respect to the application of proceeds of such bonds.

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

Table 6 illustrates projected income and expenditures for the next five years for the Authority. The beginning balance in 2014 represents the balance in all accounts that are not obligated or restricted as to use by the Authority as of December 31, 2013.

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.

Expenditures for the Authority include funds obligated to the SHLP and interim loans (if applicable), loans to the State Revolving Fund (SRF) programs to provide state match on future grant awards, and administrative expenses. State match loans equal or are a portion of 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.

Table 6

FIVE-YEAR PROJECTED CASH FLOWS					
	2014	2015	2016	2017	2018
Beginning cash balance	\$ 12,705,960	\$ 7,128,460	\$ 7,563,960	\$ 8,370,460	\$ 9,591,960
Cash inflows from:					
Investment interest	100,000	100,000	100,000	100,000	100,000
SRF programs	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Interim loans - loan interest	350,000	350,000	350,000	350,000	350,000
Interim loans - repaid	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
SHLP - loan repayments	313,500	397,500	323,500	463,500	513,500
AUTH - loan repayments	123,000	123,000	123,000	123,000	123,000
Other	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Cash outflows to:					
SRF programs	(4,572,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
SHLP program	(5,217,000)	(200,000)	(50,000)	(50,000)	(50,000)
Interim loans	(17,000,000)	(17,000,000)	(17,000,000)	(17,000,000)	(17,000,000)
GAP grant program	(1,300,000)	-	-	-	-
Other loan programs expenses	(802,000)	(765,000)	(740,000)	(740,000)	(740,000)
Administrative costs & other	(2,973,000)	(2,970,000)	(2,700,000)	(2,425,000)	(2,400,000)
Estimated ending cash balance	\$ 7,128,460	\$ 7,563,960	\$ 8,370,460	\$ 9,591,960	\$ 10,888,460

BOARD OF DIRECTORS

The members of the Board of Directors of the Authority as of December 31, 2013, are listed below:

For terms expiring October 1, 2013:

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, 2014:

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, 2015:

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, 2016:

*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.

*Don Carlson of Loveland, Colorado, Republican, to fill the vacancy occasioned by the resignation of Steve O. Sims of Greeley, Colorado, and to serve as a representative of the South Platte Drainage Basin, and as a representative of water project financing.

*Messrs. Fisher and Carlson were reappointed by Governor Hickenlooper for terms expiring October 1, 2016, on November 8, 2012. Senate confirmation hearings were held on February 21, 2013, and both reappointments were confirmed by the Senate on February 26, 2013.

OFFICERS

Officers as of December 31, 2013

Chair	Gregory J. Higel
Vice Chair	Gregory C. Fisher
Secretary/Treasurer	Frank Kugel

STAFF

As of April 30, 2014

Executive Director	Michael W. Brod
Director of Finance	Keith S. McLaughlin
Controller	Justin Noll
Office Manager	Sabrina Speed
Senior Financial Analyst	Ross Kuhn
Financial Analyst	Wesley Williams
Financial Analyst	Shanna Quinn
Financial Analyst	John Williams
Assistant Controller	Claudia L. Walters
Senior Accountant	Valerie Lovato
Accountant	Rachel Tesch
Accounting Technician	Jennifer Flores
Record Systems Clerk/Secretary	Cheryl Gantner

**Colorado Water Resources
and Power Development Authority**
(A Component Unit of the State of Colorado)

Independent Auditor's Reports, Management's Discussion and Analysis,
Financial Statements and Single Audit Reports

December 31, 2013 and 2012

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
December 31, 2013 and 2012**

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Independent Auditor's Report

Board of Directors
Colorado Water Resources and
Power Development Authority
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying basic financial statements of each major fund of Colorado Water Resources and Power Development Authority (the Authority), a component unit of the State of Colorado, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Board of Directors
Colorado Water Resources and
Power Development Authority

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Authority as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Directors
Colorado Water Resources and
Power Development Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2014, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
April 16, 2014

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Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)

Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2013 and 2012

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, 2013 and 2012.

2013 Financial Highlights

- Combined net position of the Authority totaled \$611.2 million. The \$6.0 million increase in combined total net position was the net effect of capitalization grant revenue from the United States Environmental Protection Agency (EPA) totaling \$11.7 million offsetting the combined operating loss of \$5.7 million.
- Total loans receivable decreased \$45.0 million to \$1.0 billion. The Authority executed 20 direct loans and one leveraged loan for a combined total of \$33.4 million. Of the 20 direct loans executed, five borrowers received \$1.7 million in full or partial principal forgiveness related to requirements under the grant conditions. Two leveraged loan borrowers and one direct loan borrower prepaid their loans in full totaling \$13.5 million.
- Total bonds payable equaled \$768.4 million, a decrease of \$108.4 million from 2012. The Authority defeased \$13.7 million of bonds associated with the prepayments of two leveraged loans and sold one new-money bond issuance with a par value of \$11.6 million.
- The Authority also issued \$61.2 million and \$35.5 million in refunding bonds in the Water Pollution Control Revolving Fund (WPCRF) and the Drinking Water Revolving Fund (DWRF), respectively, which, along with proceeds from liquidated repurchase agreement (repo) investments associated with the refunded bonds, fully defeased a combined total of ten bond issues (four in WPCRF and six in DWRF) with a par value of \$156.9 million.
- Restricted assets decreased by \$98.8 million mainly as a result of the liquidation of \$63.0 million in repo investments which were used to provide additional funds to defease refunded bonds in the DWRF and the WPCRF.
- Prepayments in 2012 and the decrease in interest on investments in 2013 were the primary reason for the \$23.2 million decrease in total operating revenues and the defeasance of the bonds associated with prepayments and refundings were the primary reason for the \$22.7 million decrease in total operating expenses.

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 Financial Statements.

Colorado Water Resources and Power Development Authority
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Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2013 and 2012

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 Financial Statements

The Notes to the 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 Position

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, 2013 and 2012 in a comparative format. Furthermore, schedules of total enterprise fund data and analysis is provided in comparative year format for 2013-2012 and 2012-2011.

Unrestricted current and other assets primarily consist of cash and cash equivalents, investment and loan interest receivable, and other assets and receivables. Restricted assets are comprised of current and noncurrent cash and cash equivalents, investments, investment income receivable and securities not held for investment (SNHFI) (see Note 2(f) in the Notes to the Financial Statements). 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. Loans receivable includes the current and noncurrent portion of direct and leveraged loan balances. Loans receivable provide security for associated bonds; and loan repayments 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, advance payable, and various other miscellaneous liabilities. The project costs payable line item contains the total current and noncurrent remaining proceeds available for projects funded with leveraged and/or direct loans. Bonds payable includes the current and noncurrent portion of bonds outstanding. Net position is classified into three categories: net investment in capital assets, restricted, and unrestricted.

Deferred inflows of resources and deferred outflows of resources contain deferred gains and losses from refundings and advanced loan interest received from loan prepayments which are amortized over the remaining life of the old debt or the new debt, whichever is shorter.

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

Colorado Water Resources and Power Development Authority
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Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2013 and 2012

loan-bond financing package directly increases four major line items on the respective fund's summary schedule of net position: bonds payable, restricted assets, loans receivable, and project costs payable.

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 grant-funded direct loans reduces project costs payable but not restricted assets.

A summary schedule and discussion of changes in major line items for total enterprise funds and for each enterprise fund follows.

Total Enterprise Funds

Schedules 1A and 1B show a summary of net position for the three enterprise funds of the Authority in total and on a comparative year basis.

Changes to unrestricted current and other assets can be significant and are often related to activity involving restricted assets. For instance, the financial model for the WPCRF and DWRP programs allow 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, into the reloan account (unrestricted). Financing loans with reloan funds may also have a significant impact on the balances of unrestricted current and other assets and restricted assets as funds are transferred from the reloan account (unrestricted) to the borrower project accounts (restricted).

In 2013, the Authority issued \$96.7 million in bonds to refund four bond issues in the WPCRF and six bond issues in the DWRP. To provide additional funds for the refunding, \$63.0 million in repo investments related to the refunded bonds were liquidated. The combination of total bond proceeds, loan repayments received (on hand) and the liquidated investments were used to pay interest due on and defease \$156.9 million in bonds. The savings realized from the refundings were passed through to the borrowers and applied as credits against loan interest and/or principal on an annual basis as realized. The net result of these transactions had an effect on total unrestricted current and other assets, restricted assets, bonds payable and current and other liabilities for 2013.

During 2013, the \$26.3 million increase in total unrestricted current and other assets was mainly the result of the transfers and deallocation of \$36.5 million from restricted accounts, to the reloan account, offset by \$3.2 million in transfers from reloan for new loans, and an increase of \$8.4 million in grants to localities-Authority funded. In contrast, although \$28.9 million was deallocated in 2012, the net increase in unrestricted current and other assets was limited to \$13.9 million in 2012 due, in part, to the transfer from the reloan account for new loan funding.

Transfers and deallocation from restricted accounts to reloan and project draws of \$50.8 million, offset by a new money bond issue and the net effect of the refunding transactions, resulted in a decrease in restricted assets of \$98.8 million. In 2012, bond proceeds and cash transfers for new loan funding totaling \$36.9 million, offset by \$63.9 million in project draws, was the main contributor to the \$32.5 million decrease in restricted assets.

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)

Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2013 and 2012

Total Enterprise Funds (2013- 2012)

Schedule 1A

Summary of Net Position as of December 31

	2013	2012	Change	Pct Chg
Unrestricted current and other assets	\$ 206,421,339	\$ 180,169,911	\$ 26,251,428	14.6%
Restricted assets	325,249,053	424,035,368	(98,786,315)	(23.3%)
Capital assets, net	33,251	37,108	(3,857)	(10.4%)
Loans receivable	1,015,397,567	1,060,354,012	(44,956,445)	(4.2%)
Total assets	<u>1,547,101,210</u>	<u>1,664,596,399</u>	<u>(117,495,189)</u>	<u>(7.1%)</u>
Deferred outflows of resources	4,504,838	520,380	3,984,458	765.7%
Current and other liabilities	59,638,441	44,676,337	14,962,104	33.5%
Project costs payable	111,596,794	137,437,173	(25,840,379)	(18.8%)
Bonds payable	768,410,000	876,845,000	(108,435,000)	(12.4%)
Total liabilities	<u>939,645,235</u>	<u>1,058,958,510</u>	<u>(119,313,275)</u>	<u>(11.3%)</u>
Deferred inflows of resources	718,435	963,277	(244,842)	(25.4%)
Net position:				
Net investment in capital assets	33,251	37,108	(3,857)	(10.4%)
Restricted	556,934,294	546,881,039	10,053,255	1.8%
Unrestricted	54,274,833	58,276,845	(4,002,012)	(6.9%)
Total net position	<u>\$ 611,242,378</u>	<u>\$ 605,194,992</u>	<u>\$ 6,047,386</u>	<u>1.0%</u>

Total Enterprise Funds (2012- 2011)

Schedule 1B

Summary of Net Position as of December 31

	2012	2011	Change	Pct Chg
Unrestricted current and other assets	\$ 180,169,911	\$ 166,281,353	\$ 13,888,558	8.4%
Restricted assets	424,035,368	456,496,597	(32,461,229)	(7.1%)
Capital assets, net	37,108	42,834	(5,726)	(13.4%)
Loans receivable	1,060,354,012	1,285,040,498	(224,686,486)	(17.5%)
Total assets	<u>1,664,596,399</u>	<u>1,907,861,282</u>	<u>(243,264,883)</u>	<u>(12.8%)</u>
Deferred outflows of resources	520,380	692,839	(172,459)	(24.9%)
Current and other liabilities	44,676,337	45,087,773	(411,436)	(0.9%)
Project costs payable	137,437,173	174,182,231	(36,745,058)	(21.1%)
Bonds payable	876,845,000	1,100,140,000	(223,295,000)	(20.3%)
Total liabilities	<u>1,058,958,510</u>	<u>1,319,410,004</u>	<u>(260,451,494)</u>	<u>(19.7%)</u>
Deferred inflows of resources	963,277	1,171,612	(208,335)	(17.8%)
Net position:				
Net investment in capital assets	37,108	42,834	(5,726)	(13.4%)
Restricted	546,881,039	519,693,247	27,187,792	5.2%
Unrestricted	58,276,845	68,236,424	(9,959,579)	(14.6%)
Total net position	<u>\$ 605,194,992</u>	<u>\$ 587,972,505</u>	<u>\$ 17,222,487</u>	<u>2.9%</u>

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New loan executions totaling \$33.4 million was offset by \$64.8 million in loan repayments, principal reductions and principal forgiveness and \$13.5 million in prepayments resulting in a \$45.0 million decrease in loan receivable in 2013. In contrast, in 2012, \$190.0 million in loan prepayments and \$74.6 million in scheduled loan repayments, reductions, and principal forgiveness, offset by new loan executions totaling \$39.9 million, resulted in the \$224.7 million decrease in loans receivable.

Project draws and loan reductions of \$55.8 million, offset by \$30.0 million in new project loans, contributed to the \$25.8 million decrease in project costs payable in 2013. In 2012, \$39.9 million in new loan funding, offset by \$77.8 million in project requisitions and loan reductions, contributed to the \$36.7 million decrease in project costs payable.

During 2013, \$216.7 million in bond principal payments, including \$170.6 million in called and/or defeased bonds associated with leveraged loan prepayments and refundings, offset by one new-money bond issuance totaling \$11.6 million and refunding bonds totaling \$96.7 million, resulted in the \$108.4 million decrease in bonds payable.

The discussion below describes the changes to each of the three enterprise fund's summary schedule of net position for the current year.

Water Operations Fund

Water Operations Fund	Schedule 2			
	Summary of Net Position as of December 31			
	2013	2012	Change	Pct Chg
Unrestricted current and other assets	\$ 53,764,969	\$ 70,780,511	\$ (17,015,542)	(24.0%)
Restricted assets	56,647,746	72,163,265	(15,515,519)	(21.5%)
Capital assets, net	33,251	37,108	(3,857)	(10.4%)
Loans receivable	281,671,284	288,179,688	(6,508,404)	(2.3%)
Total assets	<u>392,117,250</u>	<u>431,160,572</u>	<u>(39,043,322)</u>	<u>(9.1%)</u>
Deferred outflows of resources	118,365	154,417	(36,052)	(23.3%)
Current and other liabilities	15,949,068	17,179,523	(1,230,455)	(7.2%)
Project costs payable	35,083,099	49,627,277	(14,544,178)	(29.3%)
Bonds payable	272,920,000	285,385,000	(12,465,000)	(4.4%)
Total liabilities	<u>323,952,167</u>	<u>352,191,800</u>	<u>(28,239,633)</u>	<u>(8.0%)</u>
Net position:				
Net investment in capital assets	33,251	37,108	(3,857)	(10.4%)
Restricted	15,545,490	22,399,207	(6,853,717)	(30.6%)
Unrestricted	52,704,707	56,686,874	(3,982,167)	(7.0%)
Total net position	<u>\$ 68,283,448</u>	<u>\$ 79,123,189</u>	<u>\$ (10,839,741)</u>	<u>(13.7%)</u>

One bond issuance in 2013 for \$11.6 million provided funding for one loan in the WRBP. Under the SHLP, one direct loan was executed for \$2.0 million and an Authority funded direct loan for \$4.0 million was executed in 2013. One borrower in the WRBP and one borrower in the SWRP prepaid their loans in full for a combined total of \$13.4 million, and \$13.7 million in associated bonds were called in 2013.

Total assets and total liabilities decreased by \$39.0 million and \$28.2 million, respectively. The decrease in total assets is attributed to the \$17.0 million reduction in unrestricted current and other assets related to

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)

Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2013 and 2012

\$11.9 million in payments of Long Hollow project draws, offset by \$3.1 million in contributions received from other parties associated with the Long Hollow project, and for state match advances to the DWRP and WPCRF totaling \$5.1 million. Also contributing to the decrease in total assets is the \$6.5 million decrease in loans receivable from \$24.1 million in loan repayments and prepayments offset by new loan executions in 2013. Project draws totaling \$28.7 million offset by \$13.6 million in new project loan funding in 2013 contributed to the \$15.5 million decrease in restricted assets and to the \$14.5 million decrease in project costs payable. The decreases in restricted assets and project costs payable were the main contributors to the decrease in total assets and total liabilities.

Also contributing to the decrease in total liabilities was the decrease in bonds payable from bonds paid at maturity totaling \$10.4 million plus called and/or legally defeased bonds related to the prepayments offset by a new bond issuance in 2013.

Water Pollution Control Fund

<i>Water Pollution Control Fund</i>	Schedule 3			
Summary of Net Position as of December 31				
	2013	2012	Change	Pct Chg
Unrestricted current and other assets	\$ 96,874,452	\$ 66,675,116	\$ 30,199,336	45.3%
Restricted assets	169,825,446	229,753,871	(59,928,425)	(26.1%)
Loans receivable	470,152,643	497,384,787	(27,232,144)	(5.5%)
Total assets	<u>736,852,541</u>	<u>793,813,774</u>	<u>(56,961,233)</u>	(7.2%)
Deferred outflows of resources	3,968,534	365,963	3,602,571	984.4%
Current and other liabilities	24,213,014	13,812,117	10,400,897	75.3%
Project costs payable	25,915,731	36,455,855	(10,540,124)	(28.9%)
Bonds payable	349,600,000	412,280,000	(62,680,000)	(15.2%)
Total liabilities	<u>399,728,745</u>	<u>462,547,972</u>	<u>(62,819,227)</u>	(13.6%)
Deferred inflows of resources	641,926	870,917	(228,991)	(26.3%)
Net position:				
Restricted	340,450,404	330,760,848	9,689,556	2.9%
Total net position	<u>\$ 340,450,404</u>	<u>\$ 330,760,848</u>	<u>\$ 9,689,556</u>	2.9%

In 2013, the Authority issued \$61.2 million in WPCRF refunding bonds and liquidated \$37.3 million in repo investments to fully defease (refund) four bond issues totaling \$95.6 million (plus accrued interest to call dates). A portion of the bond proceeds and a portion of the liquidated investments totaling \$10.7 million were used to fund the debt service reserve fund (DSRF) required for the refunding. The full refunding of these bond issues allowed the release (transfer) of \$8.9 million of the total liquidated investments and state match to the reloan account in excess of the scheduled deallocation amounts. The refunding also required the Authority to record a deferred outflow of \$4.1 million and a \$9.8 million liability, which will both be amortized over the life of the new debt. In 2013, no new-money bonds were issued and no leveraged loans were executed. Nine direct loans totaling \$7.9 million were executed in

Colorado Water Resources and Power Development Authority
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Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2013 and 2012

2013, including three loans that received \$0.9 million in partial or full principal forgiveness related to requirements under the grant conditions.

Deallocation and the transfers related to the 2013 refunding to the reloan account from restricted accounts totaling \$25.8 million were the main contributor to the \$30.2 million increase in unrestricted current and other assets and was a main contributor to the decrease in restricted assets. Liquidated investments, totaling \$33.1 million, used to defease the refunded bonds also contributed to the \$59.9 million decrease in restricted assets and the decrease in restricted asset was the main contributor to the \$57.0 million decrease in total assets.

Increases to loans receivable from new loan funding was offset by \$35.1 million in loan principal payments, loan reductions, prepayments, and principal forgiveness, resulting in the \$27.2 million decrease in loans receivable. Bonds payable decreased by \$62.7 million from bonds paid at maturity totaling \$28.3 million and called and/or legally defeased bonds related to the refunding totaling \$95.6 million offset by the issuance of refunding bonds totaling \$61.2 million. The decrease in bonds payable was the main contributor to the \$62.8 million decrease in total liabilities.

Drinking Water Fund

<i>Drinking Water Fund</i>	Schedule 4			
Summary of Net Position as of December 31				
	2013	2012	Change	Pct Chg
Unrestricted current and other assets	\$ 55,781,918	\$ 42,714,284	\$ 13,067,634	30.6%
Restricted assets	98,775,861	122,118,232	(23,342,371)	(19.1%)
Loans receivable	263,573,640	274,789,537	(11,215,897)	(4.1%)
Total assets	418,131,419	439,622,053	(21,490,634)	(4.9%)
Deferred outflows of resources	417,939	-	417,939	100.0%
Current and other liabilities	19,476,359	13,684,697	5,791,662	42.3%
Project costs payable	50,597,964	51,354,041	(756,077)	(1.5%)
Bonds payable	145,890,000	179,180,000	(33,290,000)	(18.6%)
Total liabilities	215,964,323	244,218,738	(28,254,415)	(11.6%)
Deferred inflows of resources	76,509	92,360	(15,851)	(17.2%)
Net position:				
Restricted	200,938,400	193,720,984	7,217,416	3.7%
Unrestricted	1,570,126	1,589,971	(19,845)	(1.2%)
Total net position	\$ 202,508,526	\$ 195,310,955	\$ 7,197,571	3.7%

Concurrently with and similar to the WPCRF 2013 refunding, the Authority issued DWRF refunding bonds totaling \$35.5 million and liquidated \$25.7 million in repo investments to fully defease (refund) six bond issues totaling \$61.3 million (plus accrued interest to call dates) in 2013. A portion of the bond proceeds and a portion of the liquidated investments totaling \$5.8 million were used to fund the debt service reserve fund (DSRF) required for the refunding. The full refunding of these bond issues allowed

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the release (transfer) of \$3.5 million of the total liquidated investments and state match to the reloan account in excess of scheduled deallocations. The refunding also required the Authority to record a deferred outflow of \$0.5 million and a \$4.4 million liability which will both be amortized over the life of the new debt. In 2013, no new-money bonds were issued and no leveraged loans were executed. Nine direct loans totaling \$7.9 million were executed in 2013, including two loans that received \$0.8 million in full principal forgiveness related to requirements under the grant conditions. One direct loan prepaid its loan in full totaling \$0.2 million in 2013.

Deallocation and the transfers related to the 2013 refunding to the reloan account from restricted accounts totaling \$10.6 million was the main contributor to the \$13.1 million increase in unrestricted current and other assets. The \$23.3 million decrease in restricted assets and the \$21.5 million decrease in total assets are mainly attributed to the \$22.6 million of liquidated investments used to defease the refunded bonds.

Loan principal payments, loan reductions and principal forgiveness totaling \$19.2 million, offset by new loan funding, resulted in an \$11.2 million decrease in loans receivable. Bonds payable decreased by \$33.3 million from bonds paid at maturity totaling \$7.5 million and called and/or legally defeased bonds related to the refunding totaling \$61.3 million offset by the issuance of refunding bonds totaling \$35.5 million. The decrease in bonds payable was the main contributor to the \$28.3 million decrease in total liabilities.

Summary of Changes in Net Position

Overview

As described in the Notes to the Financial Statements, the Authority issues bonds to fund certain program loans. Debt service on bonds is paid from loan repayments; 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 position 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 position in a comparative year format. These schedules quantify the changes in financial position of the Authority as a financing entity. For 2013, interest on loans, administrative fees and interest on investments, contributed 51.1%, 15.6% and 15.5%, respectively, to total operating revenues. Interest on bonds and grants to localities-Authority funded contributed 58.3% and 21.2%, 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 2009, the maximum allowable 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. certain disadvantaged community, green reserve, and ARRA loans) in both the WPCRF and DWRF programs are not assessed an administrative fee

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surcharge. (For more information regarding the disadvantaged community loan program, see the Notes to the 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 Position. 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.

To better reflect the classification of expenses incurred in the Water Operations Fund, grants to localities-Authority funded was added as a separate line item on the Summary of Changes in Net Position for the years beginning with the 2011 financials. This line item reflects the funding of and payment of requisitions for Authority funded non reimbursable projects, such as the Long Hollow dam and reservoir, SHLP planning and design grants, and GAP. Also, due to the implementation of GASB 65, bond issuance expense has been added as a line item. See the Notes to the Financial Statements for further information on these line items.

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. As the schedules show, each year's activity, supplemented by EPA capitalization grant draws, resulted in changes in net position totaling \$6.0 million, \$17.2 million and \$22.0 million for 2013, 2012 and 2011, respectively.

Over the three years, increases in interest on loans were limited by the funding of direct loans at lower or zero interest rates. In the years subsequent to the year of execution, new loans usually produce a full year's interest income, generally increasing interest on loans. However, other factors such as decreasing loan interest due to normal amortization, and credits to loan interest from both refunding savings and additional earnings may affect interest on loans. During 2012, fifteen leveraged loans totaling \$189.3 million were prepaid, or partially prepaid, from the proceeds of borrower-issued refunding bonds or cash on hand. The gross prepayment amounts, net of loan principal balances, administrative fees and reimbursed Authority costs, were recorded as interest on loans. The gain recognized from these prepayments totaled \$11.9 million in 2012 and was the main contributor to the \$9.3 million increase in interest on loans. In 2013, the \$22.3 million decrease in interest on loans is mainly attributed to the residual effect of the partial and full prepayments that occurred in 2012.

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<i>Total Enterprise Funds (2013- 2012)</i>		Schedule 5A		
Summary of Changes in Net Position as of December 31				
	2013	2012	Change	Pct Chg
Operating revenues:				
Interest on loans (including gain on prepayments)	\$ 28,613,366	\$ 50,895,172	\$ (22,281,806)	(43.8%)
Interest on investments	8,652,217	12,730,463	(4,078,246)	(32.0%)
Administrative fees and other income	11,914,454	9,111,352	2,803,102	30.8%
EPA grants	6,764,680	6,383,967	380,713	6.0%
Total operating revenues	<u>55,944,717</u>	<u>79,120,954</u>	<u>(23,176,237)</u>	<u>(29.3%)</u>
Operating expenses:				
Interest on bonds (including loss on extinguishments)	35,882,840	62,245,209	(26,362,369)	(42.4%)
Bond issuance expense	383,424	1,196,543	(813,119)	(68.0%)
Grant administration	4,523,400	4,094,932	428,468	10.5%
Grants to localities – Authority funded	13,066,860	4,633,387	8,433,473	182.0%
Loan principal forgiven	1,921,316	5,019,163	(3,097,847)	(61.7%)
General, administrative, and other expenses	1,153,331	1,874,431	(721,100)	(38.5%)
EPA set asides	4,689,003	5,271,278	(582,275)	(11.0%)
Total operating expenses	<u>61,620,174</u>	<u>84,334,943</u>	<u>(22,714,769)</u>	<u>(26.9%)</u>
Operating loss	(5,675,457)	(5,213,989)	(461,468)	8.9%
EPA capitalization grants	11,722,843	22,436,476	(10,713,633)	(47.8%)
Change in net position	<u>6,047,386</u>	<u>17,222,487</u>	<u>(11,175,101)</u>	<u>(64.9%)</u>
Net position – beginning of year	<u>605,194,992</u>	<u>587,972,505</u>	<u>17,222,487</u>	<u>2.9%</u>
Net position – end of year	<u>\$ 611,242,378</u>	<u>\$ 605,194,992</u>	<u>\$ 6,047,386</u>	<u>1.0%</u>

<i>Total Enterprise Funds (2012- 2011)</i>		Schedule 5B		
Summary of Changes in Net Position as of December 31				
	2012	2011	Change	Pct Chg
Operating revenues:				
Interest on loans (including gain on prepayments)	\$ 50,895,172	\$ 41,608,813	\$ 9,286,359	22.3%
Interest on investments	12,730,463	13,623,175	(892,712)	(6.6%)
Administrative fees and other income	9,111,352	9,274,553	(163,201)	(1.8%)
EPA grants	6,383,967	6,508,515	(124,548)	(1.9%)
Total operating revenues	<u>79,120,954</u>	<u>71,015,056</u>	<u>8,105,898</u>	<u>11.4%</u>
Operating expenses:				
Interest on bonds (including loss on extinguishments)	62,245,209	53,647,808	8,597,401	16.0%
Bond issuance expense	1,196,543	654,509	542,034	82.8%
Grant administration	4,094,932	4,473,115	(378,183)	(8.5%)
Grants to localities – Authority funded	4,633,387	821,881	3,811,506	463.8%
Loan principal forgiven	5,019,163	7,880,017	(2,860,854)	(36.3%)
General, administrative, and other expenses	1,874,431	1,364,566	509,865	37.4%
EPA set asides	5,271,278	4,751,063	520,215	10.9%
Total operating expenses	<u>84,334,943</u>	<u>73,592,959</u>	<u>10,741,984</u>	<u>14.6%</u>
Operating loss	(5,213,989)	(2,577,903)	(2,636,086)	102.3%
EPA capitalization grants	22,436,476	24,561,125	(2,124,649)	(8.7%)
Change in net position	<u>17,222,487</u>	<u>21,983,222</u>	<u>(4,760,735)</u>	<u>(21.7%)</u>
Net position – beginning of year	<u>587,972,505</u>	<u>567,154,739</u>	<u>20,817,766</u>	<u>3.7%</u>
Adjustment for change in accounting principle	-	(1,165,456)	1,165,456	100.0%
Net position – adjusted beginning of year	<u>587,972,505</u>	<u>565,989,283</u>	<u>21,983,222</u>	<u>3.9%</u>
Net position – end of year	<u>\$ 605,194,992</u>	<u>\$ 587,972,505</u>	<u>\$ 17,222,487</u>	<u>2.9%</u>

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In 2012, the loan interest component of the prepayments, together with the loan principal portion to pay bonds, was either deposited into debt service funds until the call date of the associated bonds or into escrow funds along with the legally defeased bonds. Similarly, the amounts that were deposited into the debt service funds or escrow accounts that exceeded the \$182.4 million par value of the bonds called or defeased was recorded as interest on bonds. During 2012, a \$12.3 million loss on extinguishments of debt was recognized and was the main contributor to the \$8.6 million increase in interest on bonds. Similar to interest on loans, the \$26.4 million decrease in interest on bonds in 2013 is mainly attributed to the residual effect of the defeasance of bonds associated with the partial and full loan prepayments in 2012.

The \$4.1 million decrease in combined interest on investments in 2013 was the result of two major factors. First, the balance invested in money market held by the Colorado State Treasurer cash pool (STCP) in the Water Operations Fund decreased by \$15.9 million and the liquidation of \$71.1 million in repurchase agreement investments related to the refundings and deallocation in the WPCRf and DWRF, which had an average interest rate of 4.59%. Secondly, during 2013, COLOTRUST balances in some trust accounts were reinvested in Federated Prime money market investment to comply with bond issue investment requirements. The Federated Prime money market investment earned, on average, 0.17% lower interest rate in 2013 than the COLOTRUST rates in 2012. In addition, the COLOTRUST average interest rate decreased 0.09% in 2013.

The \$22.3 million decrease in interest on loans and the \$4.1 million decrease in interest on investments offset by \$3.1 million in payments received from other parties to the Long Hollow project, contributed to the \$23.2 million decrease in operating revenues for 2013. In 2012, a \$9.3 million increase in interest on loans, offset mainly by a \$0.9 million decrease in interest on investments, resulted in an increase in operating revenues of \$8.1 million.

In compliance with the conditions of the 2013 and 2012 grant awards in both the WPCRf and DWRF, certain loans executed in 2013 and 2012 received one-time principal forgiveness. Loan principal forgiven totaled \$1.9 million, \$5.0 million and \$7.9 million for 2013, 2012 and 2011, respectively. Principal forgiven expense decreased in 2013 and had less of an impact on operating income than in 2012 and 2011, when this additional operating expense was a major contributor to the operating loss. In 2013, expenses related to grants to localities-Authority funded increased by \$8.4 million and the \$13.1 million expense was a major contributor to the operating loss for 2013. Similarly the \$4.6 million expensed for grants to localities-Authority funded, an increase of \$3.8 million, contributed to the 2012 operating loss. The decrease in interest on bonds and in loan principal forgiven, offset by the increase in grants to localities-Authority funded, were the main contributors to the \$22.7 million decrease in operating expenses in 2013. In contrast, the increase in grants to localities-Authority funded and the \$8.6 million increase in interest on bonds, offset mainly by the decrease in loan principal forgiven, were the main contributors to the \$10.7 million increase in operating expenses in 2012.

In general, the changes in interest on bonds and the interest on loans are correlated. In 2013, the difference between the decreases in interest on bonds and the interest on loans was offset mainly by the net effect of the increase in grants to localities-Authority funded (expense) and the decrease in loan principal forgiven (expense). For 2012, the difference between the increase in interest on bonds and the interest on loans was offset mainly by the \$3.8 million increase in grants to localities-Authority funded (expense) and the decrease in interest on investments (revenue), resulting in a \$2.6 million increase in operating loss.

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Combined EPA capitalization grants totaled \$11.7 million, \$22.4 million and \$24.6 million for 2013, 2012 and 2011, respectively. As explained earlier in this section, grant funds are drawn as requisitions are paid to borrowers with projects financed with capitalization grant monies. During 2012, project draws decreased because many ARRA projects reached or neared completion, resulting in a \$38.1 million decrease in EPA capitalization grants. The \$10.7 million and \$2.1 million decrease in EPA capitalization grants for 2013 and 2012, respectively, reflects the reduction in grant-funded loans, coinciding with the decrease in capitalization awards for 2013, 2012 and 2011. Nevertheless, capitalization grant revenue was the primary contributor to the total change in net position for 2013, 2012 and 2011.

Combined change in net position decreased by \$11.2 million in 2013 compared to a \$4.8 million decrease in 2012. The decrease in change in net position in 2013 was primarily the result of the \$10.7 million decrease in EPA Capitalization grants. In 2012, the decrease in change in net position was primarily attributed to a \$2.1 million decrease in EPA Capitalization grants and the \$2.6 million increase in operating loss.

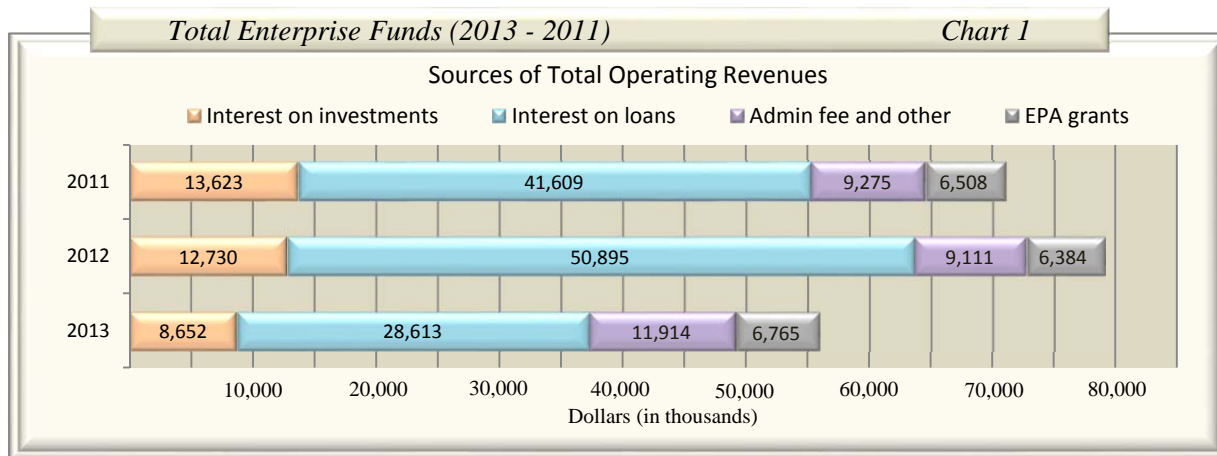


Chart 1 compares the major sources of combined operating revenues among the years. Note that the decrease in interest on loans had the most impact on the decrease in total operating revenues for 2013. The discussion below describes the changes to each of the three-enterprise fund’s summary schedule of changes in net position and the associated charts provide visual information of the components of income and expense that impact the change in net position for 2013 and 2012.

Water Operations Fund

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. The largest source of interest on investments in the Water Operations Fund is generated by the investment pool managed by the STCP, which saw a decline in the average annual rate from 1.19% in 2012 to 1.00% in 2013 and a \$15.9 million decrease in STCP investment balance, contributing to the \$0.2 million decrease in interest on investments.

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<i>Water Operations Fund</i>	Schedule 6			
	Summary of Changes in Net Position as of December 31			
	2013	2012	Change	Pct Chg
Operating revenues:				
Interest on loans (including gain on prepayments)	\$ 13,802,080	\$ 33,230,768	\$ (19,428,688)	(58.5%)
Interest on investments	352,817	597,393	(244,576)	(40.9%)
Other	3,121,643	41,847	3,079,796	100.0%
Total operating revenues	<u>17,276,540</u>	<u>33,870,008</u>	<u>(16,593,468)</u>	(49.0%)
Operating expenses:				
Interest on bonds (including loss on extinguishments)	13,755,991	33,723,671	(19,967,680)	(59.2%)
Bond issuance expense	383,424	1,196,543	(813,119)	(68.0%)
Grants to localities-Authority funded	13,066,860	4,633,387	8,433,473	182.0%
Loan principal forgiven	-	10,168	(10,168)	(100.0%)
General, administrative, and other expenses	910,006	1,309,970	(399,964)	(30.5%)
Total operating expenses	<u>28,116,281</u>	<u>40,873,739</u>	<u>(12,757,458)</u>	(31.2%)
Operating loss	<u>(10,839,741)</u>	<u>(7,003,731)</u>	<u>(3,836,010)</u>	54.8%
Change in net position	<u>(10,839,741)</u>	<u>(7,003,731)</u>	<u>(3,836,010)</u>	54.8%
Net position – beginning of year	<u>79,123,189</u>	<u>86,126,920</u>	<u>(7,003,731)</u>	(8.1%)
Net position – end of year	<u>\$ 68,283,448</u>	<u>\$ 79,123,189</u>	<u>\$ (10,839,741)</u>	(13.7%)

For 2013, the \$19.4 million decrease in interest on loans is mainly attributed to the foregone loan interest from two partial loan prepayments in 2012, offset by loan interest from a new loan executed in 2013. The \$20.0 million decrease in interest on bonds is related to the same factors for the decrease in interest on loans.

In 2010, the Authority's Board of Directors approved the budget to design the Long Hollow dam and reservoir in southwestern Colorado. After the design plans were approved, the Authority authorized the construction and work began in 2012. Construction and engineering costs, recorded as grants to localities-Authority funded increased from \$4.6 million in 2012 to \$13.1 million in 2013. The decrease in interest on bonds, offset by the increase in grants to localities-Authority funded, was the main expense contributing to the \$12.8 million decrease in operating expenses. As stated previously, changes in interest on loans and interest on bonds is generally correlated, thus any changes to operating income/loss is generally related to other changes in income and expenses. For 2013, the \$3.8 million increase in operating loss is mainly attributed to the increase in grants to localities-Authority funded, offset by a \$3.1 million increase in total administration fee and other income.

Water Pollution Control Fund

Interest on loans in this fund is affected by several factors; additional interest resulting from new loans executed, declining interest due to normal loan amortization, the residual effect of foregone interest from loan prepayments in current and previous years, and various credits, in addition to normal subsidy credits, that adjust loan interest from time-to-time. Also, certain ARRA loans and disadvantaged community base program loans have zero percent interest rates that will not add to interest on loans. In 2013, the \$1.9 million decrease in interest in loans is attributed to the net effect of all these factors including the

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reduction in loan interest from the annual savings realized from the 2013 refunding applied as credits against loan interest and the foregone interest from four loan prepayments in 2012.

<i>Water Pollution Control Fund</i>	Schedule 7			
	Summary of Changes in Net Position as of December 31			
	2013	2012	Change	Pct Chg
Operating revenues:				
Interest on loans (including gain on prepayments)	\$ 10,918,680	\$ 12,791,101	\$ (1,872,421)	(14.6%)
Interest on investments	6,118,949	8,739,867	(2,620,918)	(30.0%)
Administrative fee and other income	5,411,086	5,822,405	(411,319)	(7.1%)
EPA grants-administrative	531,514	129,579	401,935	310.2%
Total operating revenues	<u>22,980,229</u>	<u>27,482,952</u>	<u>(4,502,723)</u>	<u>(16.4%)</u>
Operating expenses:				
Interest on bonds (including loss on extinguishments)	16,206,451	20,726,174	(4,519,723)	(21.8%)
Grant administration	2,593,737	2,454,471	139,266	5.7%
Loan principal forgiven	1,066,049	1,654,315	(588,266)	(35.6%)
General, administrative, and other expenses	114,605	288,825	(174,220)	(60.3%)
Total operating expenses	<u>19,980,842</u>	<u>25,123,785</u>	<u>(5,142,943)</u>	<u>(20.5%)</u>
Operating income	2,999,387	2,359,167	640,220	27.1%
EPA capitalization grants	6,808,990	8,205,431	(1,396,441)	(17.0%)
Transfers in (out)	<u>(118,821)</u>	<u>(176,716)</u>	<u>57,895</u>	<u>(32.8%)</u>
Change in net position	<u>9,689,556</u>	<u>10,387,882</u>	<u>(698,326)</u>	<u>(6.7%)</u>
Net position – beginning of year	<u>330,760,848</u>	<u>320,372,966</u>	<u>10,387,882</u>	<u>3.2%</u>
Net position – end of year	<u>\$ 340,450,404</u>	<u>\$ 330,760,848</u>	<u>\$ 9,689,556</u>	<u>2.9%</u>

In 2013, \$11.3 million of the \$44.4 million in liquidated repos was not used to defease bonds and was invested in COLOTRUST and Federated Prime, which earn lower investment yields. The result of this activity was the main contributor to the \$2.6 million decrease in interest on investments. The decreases in interest on loans and interest on investments contributed to the \$4.5 million decrease in operating revenues.

Generally, in the WPCRF, bonds and loans have maturities of 20 years; therefore, the fund has reached its financial maturity. With no new-money bonds issued in 2012 or 2013, interest on bonds decreased by \$4.5 million as a result of maturity of the bonds and called and/or defeased bonds associated with prepayments in 2012. The \$0.6 million decrease in loan principal forgiveness for 2013 was a result of the decrease in principal forgiveness requirements for the 2013, 2012 and 2011 EPA grant awards. Decreases in interest on bonds and loan principal forgiven were the main contributors to the \$5.1 million decrease in operating expenses. EPA capitalization grant revenues decreased by \$1.4 million in 2013; however, EPA capitalization grant revenue of \$6.8 million plus the \$3.0 million in operating income resulted in a \$9.7 million change in net position for 2013.

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Drinking Water Fund

Similar to WPCRF, interest on loans in this fund 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. Also, certain ARRA loans, green reserve, and disadvantaged community base program loans have zero percent interest rates that will not add to interest on loans. The net effect of these factors, including the annual reduction from savings realized from the 2013 refunding applied as credits to loan interest, resulted in a \$1.0 million decrease in interest on loans.

<i>Drinking Water Fund</i>	Schedule 8			
	Summary of Changes in Net Position as of December 31			
	2013	2012	Change	Pct Chg
Operating revenues:				
Interest on loans	\$ 3,892,606	\$ 4,873,303	\$ (980,697)	(20.1%)
Interest on investments	2,180,451	3,393,203	(1,212,752)	(35.7%)
Administrative fee and other income	3,381,725	3,247,100	134,625	4.1%
EPA grants	6,233,166	6,254,388	(21,222)	(0.3%)
Total operating revenues	<u>15,687,948</u>	<u>17,767,994</u>	<u>(2,080,046)</u>	<u>(11.7%)</u>
Operating expenses:				
Interest on bonds	5,920,398	7,795,364	(1,874,966)	(24.1%)
Grant administration	1,929,663	1,640,461	289,202	17.6%
Loan principal forgiven	855,267	3,354,680	(2,499,413)	(74.5%)
General, administrative, and other expenses	128,720	275,636	(146,916)	(53.3%)
EPA set asides	4,689,003	5,271,278	(582,275)	(11.0%)
Total operating expenses	<u>13,523,051</u>	<u>18,337,419</u>	<u>(4,814,368)</u>	<u>(26.3%)</u>
Operating income (loss)	2,164,897	(569,425)	2,734,322	(480.2%)
EPA capitalization grants	4,913,853	14,231,045	(9,317,192)	(65.5%)
Transfers in (out)	118,821	176,716	(57,895)	(32.8%)
Change in net position	<u>7,197,571</u>	<u>13,838,336</u>	<u>(6,640,765)</u>	<u>(48.0%)</u>
Net position – beginning of year	<u>195,310,955</u>	<u>181,472,619</u>	<u>13,838,336</u>	7.6%
Net position – end of year	<u>\$ 202,508,526</u>	<u>\$ 195,310,955</u>	<u>\$ 7,197,571</u>	3.7%

In 2013, \$4.2 million of the \$26.8 million in liquidated repos was not used to defease bonds and was invested in COLOTRUST and Federated Prime, which earn lower investment yields. The decrease in investment interest from this activity, offset by the increase in interest earned on additional SLG investments purchased from new bond proceeds, contributed to the \$1.2 million decrease in interest on investments in 2013. The decreases in interest on loans and interest on investments were the main contributors to the \$2.1 million decrease in operating revenues.

The \$1.9 million decrease in interest on bonds is the result of the decrease in bond interest due to normal amortization on prior issuances and annual refunding savings realized from the 2013 refunding offset by interest expense from bonds issued in 2012. The \$2.5 million decrease in loan principal forgiveness for 2013 was a result of the decrease in principal forgiveness requirements for the 2013, 2012 and 2011 EPA grant awards. Decreases in interest on bonds and loan principal forgiven were the main contributors to the \$4.8 million decrease in operating expenses.

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)

Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2013 and 2012

The decrease in operating revenues and the decrease in operating expenses resulted in a \$2.7 million increase in operating income. For 2013, the \$4.9 million in EPA capitalization grants and the \$2.2 million in operating income were the primary contributors to the \$7.2 million change in net position for 2013, a decrease of \$6.6 million from 2012. In contrast, EPA capitalization grant revenues totaling \$14.2 million offset the \$0.6 million operating loss for 2012, resulting in a \$13.8 million change in net position for 2012, an increase of \$4.5 million from 2011.

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.
- 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.
- If future EPA capitalization grants include conditions that mandate additional subsidies, such as principal forgiveness, the demand for loans will likely remain strong. Loan principal forgiveness reduces future loan capacity for both SRF programs.

The Authority plans to continue subsidizing loan interest rates for borrowers in both the WPCRF and DWRF in 2014. As of December 31, 2013, out of the total amount of EPA capitalization grant funds awarded to the WPCRF through 2013, \$13.8 million remains unobligated and available for loans. As of December 31, 2013, out of the total amount of EPA capitalization grant funds awarded to the DWRF, \$6.9 million remains unobligated and available for loans. Colorado's share of the 2014 Clean Water Revolving Fund grant allotment (for the WPCRF) is approximately \$11.2 million and the Drinking Water Revolving Fund 2014 grant allotment is approximately \$15.4 million.

The disadvantaged community (DC) loan programs are explained in Note 1 in the Notes to the Financial Statements. Both revolving fund programs strongly support assistance to small disadvantaged communities. As of December 31, 2013, 106 base program DC loans had been executed, 63 in the DWRF and 43 in the WPCRF, with original principal amounts of \$48.2 million and \$31.6 million, respectively. Of the 106 loans, 42 are financed at a zero percent interest rate, 21 are financed at reduced rates and 42 received principal forgiveness. 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.

Colorado Water Resources and Power Development Authority
(A Component Unit of the State of Colorado)

Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2013 and 2012

For 2014, the Authority is in the process of issuing approximately \$56.5 million and \$32.3 million in new money bonds under the DWRF and the WPCRF, respectively, to provide funding for a combined total of five borrowers. The Authority continues to monitor all outstanding bond issues for potential refunding opportunities.

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 Financial Statements, 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. The Authority continues to monitor its loan portfolio for the potential impact resulting from current economic conditions at the state and local level.

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:

Justin Noll, Controller
Colorado Water Resources & Power Development Authority
1580 Logan Street, Suite 620
Denver, Colorado 80203

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**Colorado Water Resources
and Power Development Authority**
(A Component Unit of the State of Colorado)
Statement of Net Position
December 31, 2013

Assets	Water			Totals
	Water Operations	Pollution Control	Drinking Water	
Current assets:				
Cash and cash equivalents	\$ 23,190,982	\$ 90,674,259	\$ 51,972,762	\$ 165,838,003
Federal grants receivable	-	147,361	1,572,855	1,720,216
Investment income receivable	23,956	210,640	64,673	299,269
Loans receivable	11,476,510	32,444,123	19,224,116	63,144,749
Due from other funds	2,886,915	-	-	2,886,915
Accounts receivable – borrowers	4,113,810	5,842,192	2,171,628	12,127,630
Other assets	34,559	-	-	34,559
Restricted assets:				
Cash and cash equivalents	36,520,166	20,908,694	24,250,271	81,679,131
Investments	-	15,183,901	4,129,430	19,313,331
Investment income receivable	1,875	279,603	208,524	490,002
Total current assets	<u>78,248,773</u>	<u>165,690,773</u>	<u>103,594,259</u>	<u>347,533,805</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	20,124,356	14,411,595	15,845,648	50,381,599
Investments	-	117,318,724	53,830,035	171,148,759
Investment income receivable	1,349	1,722,929	511,953	2,236,231
Advance receivable	20,146,443	-	-	20,146,443
Loans receivable	270,194,774	437,708,520	244,349,524	952,252,818
Water depletion rights – Animas-La Plata	1,443,024	-	-	1,443,024
Capital assets – equipment, net of accumulated depreciation of \$116,182	33,251	-	-	33,251
Other assets	1,925,280	-	-	1,925,280
Total noncurrent assets	<u>313,868,477</u>	<u>571,161,768</u>	<u>314,537,160</u>	<u>1,199,567,405</u>
Total assets	<u>392,117,250</u>	<u>736,852,541</u>	<u>418,131,419</u>	<u>1,547,101,210</u>
Deferred outflows of resources	118,365	3,968,534	417,939	4,504,838
Liabilities				
Current liabilities:				
Project costs payable – direct loans	-	16,130,788	18,124,521	34,255,309
Project costs payable – leveraged loans	33,841,696	9,784,943	22,697,951	66,324,590
Bonds payable	11,085,000	28,940,000	10,140,000	50,165,000
Accrued interest payable	3,507,466	5,251,565	2,072,478	10,831,509
Accounts payable – borrowers	2,329,939	-	-	2,329,939
Accounts payable – other	2,532,278	-	-	2,532,278
Due to other funds	-	1,167,908	1,719,006	2,886,914
Other liabilities	-	23,792	-	23,792
Total current liabilities	<u>53,296,379</u>	<u>61,298,996</u>	<u>54,753,956</u>	<u>169,349,331</u>
Noncurrent liabilities:				
Project costs payable – direct loans	-	-	775,492	775,492
Project costs payable – leveraged loans	1,241,403	-	9,000,000	10,241,403
Bonds payable	261,835,000	320,660,000	135,750,000	718,245,000
Advance payable	-	8,372,443	11,774,000	20,146,443
Debt service reserve deposit	7,458,600	-	-	7,458,600
Other liabilities	120,785	9,397,306	3,910,875	13,428,966
Total noncurrent liabilities	<u>270,655,788</u>	<u>338,429,749</u>	<u>161,210,367</u>	<u>770,295,904</u>
Total liabilities	<u>323,952,167</u>	<u>399,728,745</u>	<u>215,964,323</u>	<u>939,645,235</u>
Deferred inflows of resources	-	641,926	76,509	718,435
Net position				
Net investment in capital assets	33,251	-	-	33,251
Restricted	15,545,490	340,450,404	200,938,400	556,934,294
Unrestricted	52,704,707	-	1,570,126	54,274,833
Total net position	<u>\$ 68,283,448</u>	<u>\$ 340,450,404</u>	<u>\$ 202,508,526</u>	<u>\$ 611,242,378</u>

See accompanying notes to financial statements

**Colorado Water Resources
and Power Development Authority**
(A Component Unit of the State of Colorado)
Statement of Net Position
December 31, 2012

Assets	Water			Totals
	Water Operations	Pollution Control	Drinking Water	
Current assets:				
Cash and cash equivalents	\$ 39,256,066	\$ 60,070,850	\$ 38,479,476	\$ 137,806,392
Federal grants receivable	-	5,016	1,664,914	1,669,930
Investment income receivable	40,737	317,870	134,180	492,787
Loans receivable	11,413,408	34,233,488	17,754,465	63,401,361
Due from other funds	2,589,805	-	-	2,589,805
Accounts receivable – borrowers	4,121,363	6,281,380	2,435,714	12,838,457
Other assets	32,568	-	-	32,568
Restricted assets:				
Cash and cash equivalents	22,951,843	29,966,259	17,198,110	70,116,212
Investments	-	15,714,195	10,468,060	26,182,255
Investment income receivable	109,499	479,556	269,136	858,191
Securities not held for investment	13,301,000	-	-	13,301,000
Total current assets	<u>93,816,289</u>	<u>147,068,614</u>	<u>88,404,055</u>	<u>329,288,958</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	35,799,377	5,480,194	11,937,966	53,217,537
Investments	-	175,582,238	81,337,576	256,919,814
Investment income receivable	1,546	2,531,429	907,384	3,440,359
Advance receivable	15,023,243	-	-	15,023,243
Loans receivable	276,766,280	463,151,299	257,035,072	996,952,651
Water depletion rights – Animas-La Plata	7,646,901	-	-	7,646,901
Capital assets – equipment, net of accumulated depreciation of \$114,230	37,108	-	-	37,108
Other assets	2,069,828	-	-	2,069,828
Total noncurrent assets	<u>337,344,283</u>	<u>646,745,160</u>	<u>351,217,998</u>	<u>1,335,307,441</u>
Total assets	<u>431,160,572</u>	<u>793,813,774</u>	<u>439,622,053</u>	<u>1,664,596,399</u>
Deferred outflows of resources	154,417	365,963	-	520,380
Liabilities				
Current liabilities:				
Project costs payable – direct loans	-	12,600,750	14,950,642	27,551,392
Project costs payable – leveraged loans	33,637,277	23,355,105	30,013,399	87,005,781
Bonds payable	11,335,000	31,775,000	12,325,000	55,435,000
Accrued interest payable	3,547,684	6,330,898	2,624,623	12,503,205
Accounts payable – borrowers	2,240,496	-	-	2,240,496
Accounts payable – other	2,479,265	-	-	2,479,265
Due to other funds	-	766,218	1,823,587	2,589,805
Other liabilities	-	89,259	99,112	188,371
Total current liabilities	<u>53,239,722</u>	<u>74,917,230</u>	<u>61,836,363</u>	<u>189,993,315</u>
Noncurrent liabilities:				
Project costs payable – direct loans	-	500,000	2,250,000	2,750,000
Project costs payable – leveraged loans	15,990,000	-	4,140,000	20,130,000
Bonds payable	274,050,000	380,505,000	166,855,000	821,410,000
Advance payable	-	6,236,643	8,786,600	15,023,243
Debt service reserve deposit	7,458,370	-	-	7,458,370
Other liabilities	1,453,708	389,099	350,775	2,193,582
Total noncurrent liabilities	<u>298,952,078</u>	<u>387,630,742</u>	<u>182,382,375</u>	<u>868,965,195</u>
Total liabilities	<u>352,191,800</u>	<u>462,547,972</u>	<u>244,218,738</u>	<u>1,058,958,510</u>
Deferred inflows of resources	-	870,917	92,360	963,277
Net position				
Net investment in capital assets	37,108	-	-	37,108
Restricted	22,399,207	330,760,848	193,720,984	546,881,039
Unrestricted	56,686,874	-	1,589,971	58,276,845
Total net position	<u>\$ 79,123,189</u>	<u>\$ 330,760,848</u>	<u>\$ 195,310,955</u>	<u>\$ 605,194,992</u>

See accompanying notes to financial statements

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2013**

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Operating revenues:				
Interest on loans	\$ 13,802,080	\$ 10,918,680	\$ 3,892,606	\$ 28,613,366
Interest on investments	352,817	6,118,949	2,180,451	8,652,217
Loan administrative fees	-	5,371,705	3,330,759	8,702,464
EPA grants	-	531,514	6,233,166	6,764,680
Other	3,121,643	39,381	50,966	3,211,990
Total operating revenues	<u>17,276,540</u>	<u>22,980,229</u>	<u>15,687,948</u>	<u>55,944,717</u>
Operating expenses:				
Interest on bonds	13,755,991	16,206,451	5,920,398	35,882,840
Bond issuance expense	383,424	-	-	383,424
Grant administration	-	2,593,737	1,929,663	4,523,400
Project expenses	295,300	-	-	295,300
Grants to localities - Authority funded	13,066,860	-	-	13,066,860
General and administrative	614,706	-	-	614,706
EPA set asides	-	-	4,689,003	4,689,003
Loan principal forgiven (includes \$1,714,270 under grant requirements)	-	1,066,049	855,267	1,921,316
Other	-	114,605	128,720	243,325
Total operating expenses	<u>28,116,281</u>	<u>19,980,842</u>	<u>13,523,051</u>	<u>61,620,174</u>
Operating income (loss)	(10,839,741)	2,999,387	2,164,897	(5,675,457)
EPA capitalization grants	-	6,808,990	4,913,853	11,722,843
Transfers in (out)	-	(118,821)	118,821	-
Change in net position	<u>(10,839,741)</u>	<u>9,689,556</u>	<u>7,197,571</u>	<u>6,047,386</u>
Net position – beginning of year	<u>79,123,189</u>	<u>330,760,848</u>	<u>195,310,955</u>	<u>605,194,992</u>
Net position – end of year	<u>\$ 68,283,448</u>	<u>\$ 340,450,404</u>	<u>\$ 202,508,526</u>	<u>\$ 611,242,378</u>

See accompanying notes to financial statements

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2012**

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Operating revenues:				
Interest on loans (including gain on prepayments of \$11,917,058)	\$ 33,230,768	\$ 12,791,101	\$ 4,873,303	\$ 50,895,172
Interest on investments	597,393	8,739,867	3,393,203	12,730,463
Loan administrative fees	-	5,769,050	3,203,096	8,972,146
EPA grants	-	129,579	6,254,388	6,383,967
Other	41,847	53,355	44,004	139,206
	<u>33,870,008</u>	<u>27,482,952</u>	<u>17,767,994</u>	<u>79,120,954</u>
Total operating revenues				
Operating expenses:				
Interest on bonds (including loss on extinguishment of \$12,276,145)	33,723,671	20,726,174	7,795,364	62,245,209
Bond issuance expense	1,196,543	-	-	1,196,543
Grant administration	-	2,454,471	1,640,461	4,094,932
Project expenses	336,595	-	-	336,595
Grants to localities - Authority funded	4,633,387	-	-	4,633,387
General and administrative	973,375	-	-	973,375
EPA set asides	-	-	5,271,278	5,271,278
Loan principal forgiven (includes \$4,219,712 under grant requirements)	10,168	1,654,315	3,354,680	5,019,163
Other	-	288,825	275,636	564,461
	<u>40,873,739</u>	<u>25,123,785</u>	<u>18,337,419</u>	<u>84,334,943</u>
Total operating expenses				
Operating income (loss)	(7,003,731)	2,359,167	(569,425)	(5,213,989)
EPA capitalization grants	-	8,205,431	14,231,045	22,436,476
Transfers in (out)	-	(176,716)	176,716	-
	<u>(7,003,731)</u>	<u>10,387,882</u>	<u>13,838,336</u>	<u>17,222,487</u>
Change in net position				
Net position – beginning of year	<u>86,126,920</u>	<u>320,372,966</u>	<u>181,472,619</u>	<u>587,972,505</u>
Net position – end of year	<u>\$ 79,123,189</u>	<u>\$ 330,760,848</u>	<u>\$ 195,310,955</u>	<u>\$ 605,194,992</u>

See accompanying notes to 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, 2013**

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Cash flows from operating activities:				
Loan administrative fees received	\$ -	\$ 5,376,346	\$ 3,314,282	\$ 8,690,628
Federal funds received	-	389,168	6,325,225	6,714,393
Cash received for ALP / Long Hollow	3,121,643	-	-	3,121,643
Cash payments for salaries and related benefits	(606,903)	(338,987)	(298,874)	(1,244,764)
Cash payments to other state agencies for services	-	(1,590,893)	(1,377,736)	(2,968,629)
Cash payments to vendors	(549,483)	(357,372)	(5,175,358)	(6,082,213)
Cash payments to localities for grant programs	(13,065,860)	-	-	(13,065,860)
Net cash provided (used) by operating activities	<u>(11,100,603)</u>	<u>3,478,262</u>	<u>2,787,539</u>	<u>(4,834,802)</u>
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	12,192,745	24,339,110	26,762,550	63,294,405
Deposits to refunding bond escrow accounts	-	(23,139,047)	(11,338,853)	(34,477,900)
Deposits for option to purchase water depletion rights	884,161	-	-	884,161
Federal funds received	-	6,808,990	4,913,853	11,722,843
Principal paid on bonds	(24,080,000)	(59,370,000)	(44,995,000)	(128,445,000)
Interest paid on bonds (including extinguishments)	(13,760,157)	(16,508,104)	(6,681,152)	(36,949,413)
Cash payment for bond issuance costs	(253,514)	(243,460)	(243,481)	(740,455)
Net cash used by noncapital financing activities	<u>(25,016,765)</u>	<u>(68,112,511)</u>	<u>(31,582,083)</u>	<u>(124,711,359)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(9,950)	-	-	(9,950)
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	13,301,000	58,651,984	33,896,390	105,849,374
Proceeds from investment provider legal settlement	-	12,255	24,510	36,765
Interest received on investments	586,505	9,765,943	2,770,399	13,122,847
Interest received on loans (including prepayments)	13,809,633	11,306,170	4,173,169	29,288,972
Principal repayments from localities on loans	24,123,404	34,019,831	18,162,111	76,305,346
Cash received from (paid to) other accounts	(5,123,200)	2,016,979	3,106,221	-
Purchase of investments	-	(2,254)	(50,220)	(52,474)
Cash disbursed to localities for loans	(28,722,286)	(18,393,861)	(8,557,557)	(55,673,704)
Cash payment for arbitrage rebate	-	(2,265,553)	(277,350)	(2,542,903)
Cash payments of interest to borrowers	(19,520)	-	-	(19,520)
Net cash provided by investing activities	<u>17,955,536</u>	<u>95,111,494</u>	<u>53,247,673</u>	<u>166,314,703</u>
Net increase (decrease) in cash and cash equivalents	(18,171,782)	30,477,245	24,453,129	36,758,592
Cash and cash equivalents, beginning of year	98,007,286	95,517,303	67,615,552	261,140,141
Cash and cash equivalents, end of year	<u>\$ 79,835,504</u>	<u>\$ 125,994,548</u>	<u>\$ 92,068,681</u>	<u>\$ 297,898,733</u>

(continued)

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Statement of Cash Flows
Year Ended December 31, 2013**

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Reconciliation of cash and cash equivalents to statement of net position				
Unrestricted cash and cash equivalents	\$ 23,190,982	\$ 90,674,259	\$ 51,972,762	\$ 165,838,003
Current restricted cash and cash equivalents	36,520,166	20,908,694	24,250,271	81,679,131
Noncurrent restricted cash and cash equivalents	20,124,356	14,411,595	15,845,648	50,381,599
Total cash and cash equivalents	<u>\$ 79,835,504</u>	<u>\$ 125,994,548</u>	<u>\$ 92,068,681</u>	<u>\$ 297,898,733</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (10,839,741)	\$ 2,999,387	\$ 2,164,897	\$ (5,675,457)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	13,807	-	-	13,807
Accrued sick leave expense	(13,100)	-	-	(13,100)
Interest on bonds (including extinguishments)	13,755,991	16,206,451	5,920,398	35,882,840
Cost of issuance adjustments	-	(27,126)	(26,456)	(53,582)
Interest on loans (including prepayments)	(13,791,295)	(10,918,680)	(3,892,606)	(28,602,581)
Interest on investments	(352,818)	(6,118,949)	(2,180,451)	(8,652,218)
Repurchase agreement legal settlement	-	(12,255)	(24,510)	(36,765)
Put fees on Treasury bonds	-	19,399	-	19,399
Loan principal forgiven	-	1,066,049	855,267	1,921,316
Bond issuance expense	383,424	-	-	383,424
Change in assets and liabilities:				
(Increase) in due from other funds	(297,109)	-	-	(297,109)
(Increase) decrease in accounts receivable – borrowers	(10,785)	4,641	(16,478)	(22,622)
Decrease (increase) in federal grant receivables	(1,990)	(142,345)	92,059	(52,276)
Increase in accounts payable – other	53,013	-	-	53,013
Increase (decrease) in due to other funds	-	401,690	(104,581)	297,109
Net cash provided (used) by operating activities	<u>\$ (11,100,603)</u>	<u>\$ 3,478,262</u>	<u>\$ 2,787,539</u>	<u>\$ (4,834,802)</u>
Supplemental cash flows information				
Noncash investing activities				
Loans receivable issued related to projects payable	\$ -	\$ 7,866,905	\$ 7,941,245	\$ 15,808,150
Fair market value adjustment on investments	-	144,078	-	144,078
Amortization of deferred loan interest income	-	47,057	-	47,057
Principal forgiveness/reductions on loans	-	1,079,218	995,031	2,074,249
Noncash noncapital financing activities				
Amortization of deferred amount from refunding	36,052	87,438	(67,480)	56,010
Amortization of refunding liability	-	1,027,474	732,535	1,760,009
Amortization of prepaid bond insurance	144,548	-	-	144,548
Underwriter's discount paid from bond proceeds	-	278,518	125,434	403,952
Refunding escrow funded from bond proceeds	-	46,975,611	13,373,863	60,349,474

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Statement of Cash Flows
Year Ended December 31, 2012**

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Cash flows from operating activities:				
Loan administrative fees received	\$ -	\$ 6,006,176	\$ 3,133,527	\$ 9,139,703
Federal funds received	-	138,431	6,242,440	6,380,871
Cash received for real estate tax exemption refund	41,847	-	-	41,847
Cash payments for salaries and related benefits	(520,408)	(437,917)	(336,482)	(1,294,807)
Cash payments to other state agencies for services	-	(1,509,137)	(1,187,910)	(2,697,047)
Cash payments to vendors	(588,267)	(687,719)	(5,720,345)	(6,996,331)
Cash payments to localities for grant programs	(4,672,868)	-	-	(4,672,868)
Net cash provided (used) by operating activities	<u>(5,739,696)</u>	<u>3,509,834</u>	<u>2,131,230</u>	<u>(98,632)</u>
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	-	-	19,493,671	19,493,671
Deposits for option to purchase water depletion rights	157,551	-	-	157,551
Federal funds received	-	8,205,431	14,231,045	22,436,476
Principal paid on bonds	(177,900,000)	(52,260,000)	(11,105,000)	(241,265,000)
Reduction in debt service reserve	(67)	-	-	(67)
Interest paid on bonds (including extinguishments)	(36,467,584)	(21,580,251)	(7,766,818)	(65,814,653)
Cash payment for bond issuance costs	(40,793)	(11,466)	(354,756)	(407,015)
Net cash provided (used) by noncapital financing activities	<u>(214,250,893)</u>	<u>(65,646,286)</u>	<u>14,498,142</u>	<u>(265,399,037)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(7,995)	-	-	(7,995)
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	33,187,000	26,472,177	9,491,100	69,150,277
Proceeds from investment provider legal settlement	-	23,934	16,667	40,601
Interest received on investments	1,648,748	9,312,606	3,529,020	14,490,374
Interest received on loans (including prepayments)	36,199,930	13,311,821	4,782,878	54,294,629
Principal repayments from localities on loans	177,401,640	63,252,225	16,018,376	256,672,241
Cash received from (paid to) other accounts	(2,945,000)	2,084,284	860,716	-
Purchase of investments	-	(6,595,228)	(23,075,225)	(29,670,453)
Cash disbursed to localities for loans	(17,182,690)	(32,336,938)	(25,371,947)	(74,891,575)
Cash payment for arbitrage rebate	-	(1,286,325)	(228,623)	(1,514,948)
Cash payments of interest to borrowers	(9,426)	-	-	(9,426)
Net cash provided (used) by investing activities	<u>228,300,202</u>	<u>74,238,556</u>	<u>(13,977,038)</u>	<u>288,561,720</u>
Net increase in cash and cash equivalents	8,301,618	12,102,104	2,652,334	23,056,056
Cash and cash equivalents, beginning of year	89,705,668	83,415,199	64,963,218	238,084,085
Cash and cash equivalents, end of year	<u>\$ 98,007,286</u>	<u>\$ 95,517,303</u>	<u>\$ 67,615,552</u>	<u>\$ 261,140,141</u>

(continued)

**Colorado Water Resources
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Statement of Cash Flows
Year Ended December 31, 2012**

	<u>Water Operations</u>	<u>Water Pollution Control</u>	<u>Drinking Water</u>	<u>Totals</u>
Reconciliation of cash and cash equivalents to statement of net position				
Unrestricted cash and cash equivalents	\$ 39,256,066	\$ 60,070,850	\$ 38,479,476	\$ 137,806,392
Current restricted cash and cash equivalents	22,951,843	29,966,259	17,198,110	70,116,212
Noncurrent restricted cash and cash equivalents	35,799,377	5,480,194	11,937,966	53,217,537
Total cash and cash equivalents	<u>\$ 98,007,286</u>	<u>\$ 95,517,303</u>	<u>\$ 67,615,552</u>	<u>\$ 261,140,141</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (7,003,731)	\$ 2,359,167	\$ (569,425)	\$ (5,213,989)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	13,721	-	-	13,721
Accrued sick leave expense	5,000	-	-	5,000
Interest on bonds (including extinguishments)	33,723,671	20,726,174	7,795,364	62,245,209
Cost of issuance adjustments	-	(29,421)	(27,337)	(56,758)
Interest on loans (including prepayments)	(33,230,768)	(12,791,101)	(4,873,303)	(50,895,172)
Interest on investments	(597,393)	(8,739,867)	(3,393,203)	(12,730,463)
Repurchase agreement legal settlement	-	(23,934)	(16,667)	(40,601)
Put fees on Treasury bonds	-	40,477	-	40,477
Loan principal forgiven	10,168	1,654,315	3,354,680	5,019,163
Bond issuance expense	1,196,543	-	-	1,196,543
Change in assets and liabilities:				
(Increase) in due from other funds	(10,684)	-	-	(10,684)
(Increase) decrease in accounts receivable – borrowers	-	237,126	(69,570)	167,556
Decrease (increase) in federal grant receivables	-	8,852	(11,947)	(3,095)
Decrease in other assets	7,040	-	-	7,040
Increase in accounts payable – other	146,737	-	-	146,737
Increase (decrease) in due to other funds	-	68,046	(57,362)	10,684
Net cash provided (used) by operating activities	<u>\$ (5,739,696)</u>	<u>\$ 3,509,834</u>	<u>\$ 2,131,230</u>	<u>\$ (98,632)</u>
Supplemental cash flows information				
Noncash investing activities				
Loans receivable issued related to projects payable	\$ -	\$ 8,925,300	\$ 30,994,432	\$ 39,919,732
Fair market value adjustment on investments	-	129,221	-	129,221
Amortization of deferred loan interest income	-	22,759	-	22,759
Principal forgiveness/reductions on loans	10,168	4,182,299	3,655,680	7,848,147
Noncash noncapital financing activities				
Amortization of deferred amount from refunding	55,293	87,438	16,939	159,670
Amortization of prepaid bond insurance	1,155,748	-	-	1,155,748
Other	-	29,404	-	29,404

See accompanying notes to financial statements

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Note 1: Organization

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.

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In addition to the SWRP, 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 (DWRP) 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 position.

As discussed in Note 2(f), the Authority coordinated with the borrowers that executed loans funded by the WRBP 2010 Series A and 2011 Series C bonds, to invest the bond proceeds in securities allowable under the Authority's investment policy. The purchases of securities with bond proceeds was approved because the yield on these securities was greater than the rate available from local government investment pools and because the borrowers assumed the risks associated with changes in the market values. The securities are held in project accounts and debt service reserve funds and are recorded in the statement of net position as securities not held for investment.

During 2008, two new loan programs were created in the Water Operations Fund. Senate Bill 08-221 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 Federal Clean Water Act of 1987 (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. The program was on schedule to sunset in July 2013, but was extended by the legislature for another 10 years. 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%.

During 2012, the Board approved a one-time Grant Assistance Program (GAP) in the amount of \$2.5 million to fund eligible water and wastewater projects (\$1.25 million allocated to each). The grants are funded from unrestricted Authority cash. The program was created to fill the gap in available federal funds and other sources by providing financial assistance to smaller local governmental agencies. The program contained specific eligibility requirements, including a \$250,000 limit per entity subject to a 20% matching requirement from the governmental agency. The applications were subject to a GAP prioritization process that was used to rank projects prior to approval. The program will carry over into 2014 because not all of the grants were expended in 2013.

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. The Authority made

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construction progress payments to the Bureau for the construction of Animas-La Plata Project facilities. As of December 31, 2013, the Ridges Basin Dam is complete and the Lake Nighthorse Reservoir has been filled to capacity. The payments are capitalized as water depletion rights on the statement of net position.

In 2005, the District contracted to purchase 700 ac-ft of average annual depletion and provided an earnest money deposit of \$90,453 and the City of Durango (the City) executed an agreement giving the City the option to purchase 1,900 ac-ft of average annual depletion and provided an option payment of \$1,051,175. Both entities executed contracts in 2013.

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 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 the *Water Pollution Control Revolving Fund 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 2013 and 2012, the Authority incurred expenses for the two agencies totaling \$1,851,788 and \$1,706,647, 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. The 2013 and 2012 grants contained conditions that included (1) a minimum of percentage of the grant award be used for providing grants, negative interest rate loans or principal forgiveness, (2) a requirement that Davis-Bacon Act provisions be applied to the grant expenditures and (3) minimum percentages of the grants are required to be expended on “green” infrastructure.

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”

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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. The Board approved a 0% interest rate on American Recovery and Reinvestment Act of 2009 (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 Revolving Fund 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 2013 and 2012, the Authority incurred expenses for the two agencies totaling \$6,018,053 and \$6,356,302,

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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. The 2013 and 2012 base program grants contained conditions that included (1) a minimum of percentage of the grant award be used for providing grants, negative interest rate loans or principal forgiveness and (2) a requirement that Davis-Bacon Act provisions be applied to the grant expenditures.

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 reserves 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. The Board approved a 0% 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

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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 (SSTTA) 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*, as amended.

(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.

(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.

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(d) Prepaid Bond Insurance Costs

Prepaid bond insurance costs are reported as an asset and are recognized as an expense over the duration of the related debt using the straight-line method.

(e) Investments

The Authority records investments at fair value.

(f) Securities Not Held For Investment

Securities purchased with WRBP bond proceeds were approved for purchase by the governmental agencies (borrowers) that executed the loans funded by the bonds. The maturities of the securities held in the project accounts coincide with the borrowers' projected construction cost schedules. The borrowers assume the risks related to the value of the securities. The borrowers also control their reimbursement schedules and plan to hold each security to maturity. The securities held in the respective debt service reserve funds are subject to market fluctuations; however, the borrowers are required to maintain the debt service reserve requirement pursuant to the terms of the bond resolutions. Therefore, carrying these securities at par value is the appropriate accounting treatment, which reflects the value of the securities upon maturity. As discussed above, the Authority records investment interest as a liability in accounts payable – borrowers.

(g) Loans Receivable

Loans receivable represent outstanding principal amounts lent to borrowers for the construction of water, wastewater and other water infrastructure projects. An allowance for uncollectible loans receivable has not been established since historical collection experience has shown amounts to be fully collected when due.

(h) Restricted Assets

Restricted assets represent cash and cash equivalents, investments, securities not held for investment 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.

(i) 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.

(j) Deferred Inflows and Outflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. Deferred outflows of resources of the Authority consist of deferred refunding costs. Deferred inflows of resources are comprised of deferred refunding benefits and prepaid interest on loans.

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(k) Amortization

Bond refunding costs or benefits 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 balances are recorded as deferred outflows of resources or deferred inflows of resources. The cost of issuing bonds is expensed in the period incurred, except for the premiums paid for bond insurance. As described above, prepaid bond insurance costs are included in other assets and are amortized using the straight-line method over the remaining life of the bonds. Prepaid bond insurance amortization is a component of bond issuance expense. Prepaid loan interest, resulting from a negotiated loan prepayment, is amortized over the number of years for which interest was prepaid and the unamortized balance is recorded as a deferred inflow.

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 the amortization of these amounts, except on refundings.

(l) 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 position.

(m) 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.

(n) Advance Receivable and Payable

The Water Operations Fund makes advances to the WPCRF and the DWRP for the purpose of financing the capitalization grant matching requirements. The advance is non-interest bearing. The advance is repaid from surplus loan administrative fees from the respective fund.

(o) Net Position

Net investment in capital assets represents capital assets, net of accumulated depreciation. Net position of the Authority is classified as restricted when external constraints imposed by debt agreements, grantors, or laws are placed on net position use. Unrestricted net position has no external restrictions and is available for the operations of the Authority.

(p) 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 34, federal EPA capitalization grants are shown below operating income (loss) on the statements of revenues, expenses and changes in net position.

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(q) 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.

(r) 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. When approved by the Board, program funds may be used to augment refunding bond proceeds in current and advanced refunding cash flows. Program funds are repaid by borrowers' loan repayments that exceed refunding bond debt service over the terms of the loans and bonds.

(s) 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.

(t) Arbitrage Rebate Payable

The Authority accrues a liability for its estimated arbitrage rebate liability due to 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 position.

(u) 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. Beginning in 2010, base program grants for the WPCRF and DWRF contained grant conditions that included additional loan subsidies, grants or principal forgiveness. The Authority chose to meet this condition by offering loan principal forgiveness. In general, the Authority adopted a policy to forgive loan principal of up to \$2.0 million per eligible loan.

(v) Loan and Bond Prepayments

When favorable market conditions exist, borrowers may prepay loans, subject to the terms of the loan agreements and the associated bond resolutions. When a loan prepayment is authorized, the Authority uses the cash flow, including amounts above the carrying value of the loan (*i.e.* gain on prepayment), to extinguish the related debt, including the loss from the extinguishment. Historically, the amount of cash

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collected on the prepaid loans is approximately the same or slightly higher than the excess of cash required to extinguish the related debt.

Note 3: Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of Colorado governments 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, 2013 and 2012, the Authority's deposits had a bank balance of \$206,878 and \$628,502, respectively, and a carrying amount of \$172,393 and \$592,583, 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, \$0 and \$9,059 was deemed to be exposed to custodial credit risk as of December 31, 2013 and 2012, respectively.

	2013	2012
Insured by FDIC	\$ 250,000	\$ 250,000
Collateralized by bank's single collateral pool for all public entities, but not held in the Authority's name (PDPA)	(43,122)	369,443
Collateralized with securities held by bank's trust department or agent, but not held in the Authority's name	-	9,059
Bank balance as of year-end	\$ 206,878	\$ 628,502

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Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which Colorado governmental units may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized at no less than 102% by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

The Authority's investment policy (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.

The Authority utilized two local government investment pools for investment, when a high degree of liquidity is prudent. The two pools are the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE) and both pools are considered 2a7-like investment pools. The State Securities Commissioner administers and enforces all State statutes governing the Trusts. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. The Trusts may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as custodian for the Trusts' 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 custodians' internal records segregate investments owned by the Trusts.

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 under GASB 40.

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 20-

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year period, from bond debt service reserve funds. The ratings of the repurchase agreements below, as of December 31, 2013 and 2012, reflect the rating of the underlying securities held as collateral.

2013						
Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	NRSRO Rating	
Deposits	\$ 172,393		X			
Cash held by State Treasurer (see below)	29,704,125	N/A		X		
COLOT RUST PLUS	182,221,383	N/A			AAA	
Colorado Surplus Asset Fund Trust	12,149,572	N/A			AAA	
Federated Prime Obligations Fund	73,651,260	N/A			AAA	
Total cash and cash equivalents	<u>297,898,733</u>					
U.S. Treasury Notes - SLGS	101,215,462	N/A	X			
U.S. Treasury Bonds	382,749	N/A	X			
U.S. Agency Notes	2,629,723	N/A			AAA	
Repurchase Agreements-collateralized	86,234,156					See detail below
Total investments	<u>190,462,090</u>					
Total cash and invested funds	<u>\$ 488,360,823</u>					

Investments are reported in the statement of net position as follows:

Current assets/restricted assets/investments	\$ 19,313,331
Noncurrent assets/restricted assets/investments	<u>171,148,759</u>
Total investments	<u>\$ 190,462,090</u>

2012						
Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	NRSRO Rating	
Deposits	\$ 592,583		X			
Cash held by State Treasurer (see below)	42,936,744	N/A		X		
COLOT RUST PLUS	171,695,215	N/A			AAA	
Colorado Surplus Asset Fund Trust	45,915,599	N/A			AAA	
Total cash and cash equivalents	<u>261,140,141</u>					
U.S. Treasury Notes - SLGS	113,649,401	N/A	X			
U.S. Treasury Bonds	1,047,794	N/A	X			
U.S. Agency Notes	2,762,928	N/A			AAA	
Repurchase Agreements-collateralized	165,641,946					See detail below
Total investments	<u>283,102,069</u>					
Total cash and invested funds	<u>\$ 544,242,210</u>					

Investments are reported in the statement of net position as follows:

Current assets/restricted assets/investments	\$ 26,182,255
Noncurrent assets/restricted assets/investments	<u>256,919,814</u>
Total investments	<u>\$ 283,102,069</u>

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Below is a schedule that summarizes the credit quality of the securities held as collateral for the repurchase agreements, as of December 31, 2013 and 2012:

	2013		
	Collateral Securities		
	Exempt From Disclosure	Custodian Portfolio Percent	NRSRO Rating
U.S. Treasuries or obligations explicitly guaranteed by the U.S. government	X	57.4%	
Government agencies		42.6%	AAA
Total		100.0%	

	2012		
	Collateral Securities		
	Exempt From Disclosure	Custodian Portfolio Percent	NRSRO Rating
U.S. Treasuries or obligations explicitly guaranteed by the U.S. government	X	42.4%	
Government agencies		57.6%	AAA
Total		100.0%	

The U.S. Treasury bonds, with maturity dates after 2012, are held in debt service reserve funds that secure certain revenue bonds in the WPCRF, and are subject to a put agreement. This agreement allows 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 agreement includes a schedule containing put prices that correspond to the WPCRF bond debt service dates. The agreement also contains mandatory put dates and prices that require the sale (put) of the treasury bonds to the supplier, thereby allowing the Authority to use the proceeds to fund future loans. The put prices approximate fair value and are used to value the puts. Changes in fair value are reported in investment income. This agreement subjects the Authority to the credit risk that the supplier will not fulfill its obligations under the agreement. The risk is evidenced by a rating issued by an NRSRO, which regularly rate such entities. Below is a schedule of those ratings:

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2013

Put Agreement Supplier	Standard & Poor's	Moody's	Fitch Ratings	Put Agreement Related Bond Series
Societe Generale	A	A2	A	Clean Water Revenue Bonds (WPCRF) 1992 Series B

2012

Put Agreement Supplier	Standard & Poor's	Moody's	Fitch Ratings	Put Agreement Related Bond Series
Societe Generale	A	A2	A+	Clean Water Revenue Bonds (WPCRF) 1992 Series B

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, 2013 and 2012:

2013

	Credit Rating of Pool Securities							Portfolio Percent
	A1/P1	AAA	AA	A	BBB	BB	B	
Asset-Backed		100.0%						17.3%
Corporates		5.0%	37.4%	55.5%	0.5%		1.6%	20.6%
Mortgage Securities			100.0%					0.3%
Treasuries			100.0%					12.0%
Federal Agencies			100.0%					49.7%
Certificates of Deposit							100.0%	0.1%
Total Portfolio	0.0%	18.4%	69.7%	11.4%	0.1%		0.3%	0.1%

2012

	Credit Rating of Pool Securities							Portfolio Percent
	A1/P1	AAA	AA	A	BBB	BB	B	
Asset-Backed		100.0%						11.2%
Corporates		3.0%	36.3%	59.4%	1.3%			18.1%
Mortgage Securities			100.0%					1.0%
Commercial Paper	100.0%							1.4%
Treasuries			100.0%					11.4%
Federal Agencies			100.0%					56.9%
Certificates of Deposit							100.0%	0.0%
Total Portfolio	1.5%	11.7%	75.8%	10.8%	0.2%			100.0%

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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 \$86,234,157 and \$165,641,946 as of December 31, 2013 and 2012, 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 as of December 31, 2013 and 2012 are shown in the tables below.

The schedules below show that zero and three repurchase agreement providers (eligible providers) exceed 5% of total funds invested as of December 31, 2013 and 2012. 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 Section 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.

2013				
Investment Type	Fair Value	Exempt From Disclosure	Pct. of Total Invest.	
Cash held by State Treasurer	\$ 29,704,125		6.1%	
COLOTRUST PLUS	182,221,383	X	N/A	
Federated Prime Obligations Fund	73,651,260	X	N/A	
CSAFE	12,149,572	X	N/A	
U.S. Treasury Notes - SLGS	101,215,462	X	N/A	
U.S. Treasury Bonds	382,749	X	N/A	
U.S. Agency Notes	2,629,723	X	N/A	
Repurchase Agreements-collateralized				
Trinity Plus Funding Company LLC	11,494,332		2.4%	
Westdeutsche Landesbank	329,400	X	N/A	
Citigroup Global Markets, Inc./Citigroup Global	15,840,911		3.2%	
American International Group	23,130,163		4.7%	
Assured Guaranty Municipal Corp.	22,825,440	X	N/A	
Societe Generale	12,613,910	X	N/A	
Total funds invested	<u>488,188,430</u>			
Deposits	172,393			
Total cash and invested funds	<u>\$ 488,360,823</u>			

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2012

Investment Type	Fair Value	Exempt From Disclosure	Pct. of Total Invest.
Cash held by State Treasurer	\$ 42,936,744		7.9%
COLOTRUST PLUS	171,695,215	X	N/A
Federated Prime Obligations Fund	45,915,599	X	N/A
U.S. Treasury Notes - SLGS	113,649,401	X	N/A
U.S. Treasury Bonds	1,047,794	X	N/A
U.S. Agency Notes	2,762,928	X	N/A
Repurchase Agreements-collateralized			
Trinity Plus Funding Company LLC	47,019,228		8.6%
Westdeutsche Landesbank	439,270	X	N/A
Citigroup Global Markets, Inc./Citigroup Global	29,810,325		5.5%
American International Group	50,878,267		9.4%
Assured Guaranty Municipal Corp.	24,237,816	X	N/A
Societe Generale	13,257,040	X	N/A
Total funds invested	<u>543,649,627</u>		
Deposits	592,583		
Total cash and invested funds	<u>\$ 544,242,210</u>		

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy, in accordance with Colorado law, limits the purchase of investments to securities with maturity dates of five years or less, unless the Board authorizes maturities in excess of five years. Pursuant to the terms of bond resolutions, the Board approves investments, held in debt service reserve funds, with maturities coinciding with bond maturities, normally of 20 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, 2013 and 2012, the Authority had the following investments and maturities:

Maturity	2013				Total Investments
	U.S. Treasury Notes - SLGS	U.S. Treasury Bonds	U.S. Agency Notes	Repurchase Agreements	
2014 \$	7,768,293	\$ 382,749	\$ 2,629,723	\$ 8,367,865	\$ 19,148,630
2015	4,696,020	-	-	7,880,458	12,576,478
2016	4,709,934	-	-	8,403,002	13,112,936
2017	4,605,396	-	-	7,473,559	12,078,955
2018	4,910,663	-	-	6,610,884	11,521,547
2019-2023	25,159,550	-	-	30,057,270	55,216,820
2024-2028	28,168,264	-	-	17,441,118	45,609,382
2029-2033	20,224,997	-	-	-	20,224,997
2034	972,345	-	-	-	972,345
Total \$	<u>101,215,462</u>	<u>\$ 382,749</u>	<u>\$ 2,629,723</u>	<u>\$ 86,234,156</u>	<u>\$ 190,462,090</u>

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Maturity	2012				
	U.S. Treasury Notes - SLGS	U.S. Treasury Bonds	U.S. Agency Notes	Repurchase Agreements	Total Investments
2013 \$	12,433,939	\$ 660,828	\$ -	\$ 13,087,488	\$ 26,182,255
2014	7,768,293	386,966	2,762,928	13,271,695	24,189,882
2015	4,696,020	-	-	12,690,794	17,386,814
2016	4,709,934	-	-	14,014,934	18,724,868
2017	4,605,396	-	-	13,671,611	18,277,007
2018-2022	24,963,242	-	-	58,479,733	83,442,975
2023-2027	27,028,639	-	-	36,092,917	63,121,556
2028-2032	25,531,203	-	-	4,332,774	29,863,977
2033	1,912,735	-	-	-	1,912,735
Total \$	<u>113,649,401</u>	<u>\$ 1,047,794</u>	<u>\$ 2,762,928</u>	<u>\$ 165,641,946</u>	<u>\$ 283,102,069</u>

As previously discussed, the Authority had \$29,704,125 and \$42,936,744 as of December 31, 2013 and 2012, respectively, invested in the pool maintained by the State Treasurer, and that pool had an average maturity of 23.5 and 18.5 months as of December 31, 2013 and 2012, respectively. The Authority's investment represents approximately 0.4% and 0.6% of the total pool as of December 31, 2013 and 2012, respectively.

Note 4: Loans Receivable

The following is an analysis of changes in loans receivable for the years ended December 31, 2013 and 2012:

	<u>Balance January 1, 2013</u>	<u>New loans</u>	<u>Repayments/ loans canceled</u>	<u>Balance December 31, 2013</u>
Water Operations Fund:				
Small Water Resources Program	\$ 19,969,166	\$ -	\$ 6,176,250	\$ 13,792,916
Water Revenue Bonds Program	265,170,000	11,615,000	17,795,000	258,990,000
Small Hydro Loan Program	3,040,522	2,000,000	130,907	4,909,615
Water Rights Purchase	-	4,000,000	21,247	3,978,753
Water Pollution Control Fund:				
Direct loans	69,790,791	7,866,905	4,615,536	73,042,160
Leveraged loans	427,593,996	-	30,483,513	397,110,483
Drinking Water Fund:				
Direct loans	75,828,659	7,941,245	5,419,323	78,350,581
Leveraged loans	198,960,878	-	13,737,819	185,223,059
	<u>1,060,354,012</u>	<u>\$ 33,423,150</u>	<u>\$ 78,379,595</u>	<u>1,015,397,567</u>
Less current portion	63,401,361			63,144,749
Noncurrent portion	<u>\$ 996,952,651</u>			<u>\$ 952,252,818</u>

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	<u>Balance January 1, 2012</u>	<u>New loans</u>	<u>Repayments/ loans canceled</u>	<u>Balance December 31, 2012</u>
Water Operations Fund:				
Small Water Resources Program	\$ 50,783,333	\$ -	\$ 30,814,167	\$ 19,969,166
Water Revenue Bonds Program	411,720,000	-	146,550,000	265,170,000
Small Hydro Loan Program	3,088,164	-	47,642	3,040,522
Water Pollution Control Fund:				
Direct loans	68,572,693	8,925,300	7,707,202	69,790,791
Leveraged loans	487,407,147	-	59,813,151	427,593,996
Drinking Water Fund:				
Direct loans	74,150,329	9,136,065	7,457,735	75,828,659
Leveraged loans	189,318,832	21,858,367	12,216,321	198,960,878
	<u>1,285,040,498</u>	<u>\$ 39,919,732</u>	<u>\$ 264,606,218</u>	<u>1,060,354,012</u>
Less current portion	69,929,775			63,401,361
Noncurrent portion	<u>\$ 1,215,110,723</u>			<u>\$ 996,952,651</u>

The above Small Hydro Loan Program balance includes a loan made to a local governmental agency that employs a member of the Authority's Board of Directors. The Board member recused himself from the discussion and subsequent approval of the loan.

Scheduled maturities of the loans receivable are as follows as of December 31, 2013:

	<u>Water Operations</u>		<u>WPCRF</u>		<u>DWRF</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 11,476,510	\$ 13,203,368	\$ 32,444,123	\$ 10,324,538	\$ 19,224,116	\$ 3,723,997	\$ 63,144,749	\$ 27,251,903
2015	10,030,404	12,679,736	32,773,284	9,365,848	20,083,541	3,370,966	62,887,229	25,416,550
2016	8,817,368	12,226,050	34,899,063	8,542,010	20,478,237	2,964,512	64,194,668	23,732,572
2017	8,094,485	11,814,397	35,030,785	7,540,554	20,682,739	2,585,863	63,808,009	21,940,814
2018	6,520,928	11,464,878	35,393,292	6,727,621	20,268,565	2,269,689	62,182,785	20,462,188
2019-2023	27,783,687	53,819,061	157,334,955	21,960,096	81,825,692	7,173,308	266,944,334	82,952,465
2024-2028	53,959,458	46,704,759	108,124,310	7,477,785	51,757,054	2,769,533	213,840,822	56,952,077
2029-2033	90,118,444	30,390,268	34,095,913	1,405,862	23,847,695	525,420	148,062,052	32,321,550
2034-2038	60,190,000	6,260,217	56,918	-	4,306,383	14,459	64,553,301	6,274,676
2039-2043	4,680,000	544,657	-	-	1,045,664	-	5,725,664	544,657
2044-2048	-	-	-	-	53,954	-	53,954	-
Total	<u>\$ 281,671,284</u>	<u>\$ 199,107,391</u>	<u>\$ 470,152,643</u>	<u>\$ 73,344,314</u>	<u>\$ 263,573,640</u>	<u>\$ 25,397,747</u>	<u>\$ 1,015,397,567</u>	<u>\$ 297,849,452</u>

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

Included in the Water Operations Fund is a general Authority loan to the City of Durango for water rights purchase in the Animas La Plata project. It has an interest rate of 1.95% and a final maturity date of 2033. There are three loans in the SHLP that have interest rates of 2.00% and final maturity dates of 2030 to 2033. SWRP loans receivable have interest rates of 3.96% to 6.15% and have scheduled final maturity dates of 2014 to 2023. WRBP loans receivable have interest rates of 3.63% to 5.78% and have scheduled maturity

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dates of 2015 to 2043. During 2013, two loans totaling \$13.7 million were prepaid or partially prepaid from the proceeds of borrower-issued refunding bonds or cash on hand. The associated SWRP and WRBP bonds were either called or escrowed and legally defeased. The gross prepayment amounts, net of loan principal balances and reimbursed Authority costs, were recorded in loan interest income.

The WPCRf direct loans receivable have interest rates of 0.00% to 5.17% and have maturity dates of 2013 to 2034. The WPCRf leveraged loans receivable have interest rates of 1.94% to 5.17% and have scheduled final maturity dates of 2013 to 2032.

DWRF direct loans receivable have interest rates of 0.00% to 4.50% and have scheduled final maturity dates of 2015 to 2044. DWRF leveraged loans receivable have interest rates of 1.86% to 4.60% and have scheduled final maturity dates of 2017 to 2034.

Note 5: Capital Assets

Capital assets activity for the years ended December 31, 2013 and 2012 was as follows:

		2013			
		Beginning Balance	Additions	Retirements	Ending Balance
Equipment	\$	151,338	\$ 9,950	\$ (11,855)	\$ 149,433
Less accumulated depreciation for equipment		(114,230)	(13,807)	11,855	(116,182)
	\$	37,108	\$ (3,857)	\$ -	\$ 33,251
		2012			
		Beginning Balance	Additions	Retirements	Ending Balance
Equipment	\$	143,739	\$ 7,995	\$ (396)	\$ 151,338
Less accumulated depreciation for equipment		(100,905)	(13,721)	396	(114,230)
	\$	42,834	\$ (5,726)	\$ -	\$ 37,108

Depreciation expense for the years ended December 31, 2013 and 2012 was \$13,807 and \$13,721, respectively.

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Note 6: Refunded Debt

On February 21, 2013, the Authority issued current and advance refunding bonds Series 2013A in the WPCRF for \$61,215,000, and included cash totaling \$37,290,232 to refund \$95,595,000 of bonds from Series 2002A, 2002B, 2003A and 2004A. The cash included was from liquidated repurchase agreement investments in the refunded bond issues. The net proceeds were allocated to immediately redeem the entire refunded amount of the Series 2002A and 2002B bonds. The proceeds from the Series 2013A were also deposited to an Escrow Account held by the Authority's Trustee to provide future debt service to the early redemption dates for the Series 2003A and 2004A bond issues. As a result, these refunded bonds are considered to be legally defeased and the liability has been removed from the Authority's long-term debt outstanding.

The Authority current refunded 2002A and 2002B Series bonds and advance refunded the 2003A and 2004A Series bonds for an economic gain (net present value savings) of \$6,524,340. A deferred outflow of \$4,131,217 and liability of \$9,829,177 were recorded and will be amortized over the life of the new bonds. The liability represents the refunding savings the Authority is obligated to pass through to the borrowers.

On February 21, 2013, the Authority issued current and advance refunding bonds Series 2013A in the DWRF for \$35,460,000, and included cash totaling \$25,732,797 to refund \$61,290,000 of bonds from Series 1997A, 1998A, 1999A, 2002A, 2003A and 2003B. The cash included was from liquidated repurchase agreement investments in the refunded bond issues. The net proceeds were allocated to immediately redeem the entire refunded amount of the Series 1997A, 1998A, 1999A and 2002A bonds. The proceeds from the Series 2013A were also deposited to an Escrow Account held by the Authority's Trustee to provide future debt service to the early redemption dates for the Series 2003A and 2003B bond issues. As a result, these refunded bonds are considered to be legally defeased and the liability has been removed from the Authority's long-term debt outstanding.

The Authority current refunded 1997A, 1998A, 1999A and 2002A Series bonds and advance refunded the 2003A and 2003B Series bonds for an economic gain (net present value savings) of \$4,351,809. A deferred outflow of \$501,270 and liability of \$4,406,517 were recorded and will be amortized over the life of the new bonds. The liability represents the refunding savings the Authority is obligated to pass through to the borrowers.

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Note 7: Noncurrent Liabilities

Other than Bonds Payable

Noncurrent liability activity, other than bonds payable, for the year ended December 31, 2013, was as follows:

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2013</u>	<u>Current portion</u>
Water Operations Fund:					
Project costs payable – leveraged loans	\$ 49,627,277	\$ 14,178,107	\$ 28,722,285	\$ 35,083,099	\$ 33,841,696
Debt service reserve deposit	7,458,370	230	-	7,458,600	-
Other liabilities	1,453,708	20,225	1,353,148	120,785	-
Total Water Operations Fund	<u>\$ 58,539,355</u>	<u>\$ 14,198,562</u>	<u>\$ 30,075,433</u>	<u>\$ 42,662,484</u>	<u>\$ 33,841,696</u>
Water Pollution Control Fund:					
Project costs payable – direct loans	\$ 13,100,750	\$ 7,866,905	\$ 4,836,867	\$ 16,130,788	\$ 16,130,788
Project costs payable – leveraged loans	23,355,105	-	13,570,162	9,784,943	9,784,943
Advance payable	6,236,643	2,135,800	-	8,372,443	-
Other liabilities	478,358	11,905,056	2,962,316	9,421,098	-
Total Water Pollution Control Fund	<u>\$ 43,170,856</u>	<u>\$ 21,907,761</u>	<u>\$ 21,369,345</u>	<u>\$ 43,709,272</u>	<u>\$ 25,915,731</u>
Drinking Water Fund:					
Project costs payable – direct loans	\$ 17,200,642	\$ 7,941,245	\$ 6,241,874	\$ 18,900,013	\$ 18,124,521
Project costs payable – leveraged loans	34,153,399	-	2,455,448	31,697,951	22,697,951
Advance payable	8,786,600	2,987,400	-	11,774,000	-
Other liabilities	449,887	3,961,755	500,767	3,910,875	-
Total Drinking Water Fund	<u>\$ 60,590,528</u>	<u>\$ 14,890,400</u>	<u>\$ 9,198,089</u>	<u>\$ 66,282,839</u>	<u>\$ 40,822,472</u>
Total enterprise funds:					
Project costs payable – direct loans	\$ 30,301,392	\$ 15,808,150	\$ 11,078,741	\$ 35,030,801	\$ 34,255,309
Project costs payable – leveraged loans	107,135,781	14,178,107	44,747,895	76,565,993	66,324,590
Debt service reserve deposit	7,458,370	230	-	7,458,600	-
Advance payable	15,023,243	5,123,200	-	20,146,443	-
Other liabilities	2,381,953	15,887,036	4,816,231	13,452,758	-
Total enterprise funds	<u>\$ 162,300,739</u>	<u>\$ 50,996,723</u>	<u>\$ 60,642,867</u>	<u>\$ 152,654,595</u>	<u>\$ 100,579,899</u>

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Noncurrent liability activity, other than bonds payable, for the year ended December 31, 2012 was as follows:

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2012</u>	<u>Current portion</u>
Water Operations Fund:					
Project costs payable –					
leveraged loans	\$ 66,809,967	\$ -	\$ 17,182,690	\$ 49,627,277	\$ 33,637,277
Debt service reserve deposit	7,458,875	-	505	7,458,370	-
Other liabilities	1,291,186	162,522	-	1,453,708	-
Total Water Operations Fund	<u>\$ 75,560,028</u>	<u>\$ 162,522</u>	<u>\$ 17,183,195</u>	<u>\$ 58,539,355</u>	<u>\$ 33,637,277</u>
Water Pollution Control Fund:					
Project costs payable –					
direct loans	\$ 16,828,436	\$ 8,925,300	\$ 12,652,986	\$ 13,100,750	\$ 12,600,750
Project costs payable –					
leveraged loans	45,652,870	-	22,297,765	23,355,105	23,355,105
Advance payable	3,975,643	2,261,000	-	6,236,643	-
Other liabilities	1,484,252	1,231,962	2,237,856	478,358	89,259
Total Water Pollution Control Fund	<u>\$ 67,941,201</u>	<u>\$ 12,418,262</u>	<u>\$ 37,188,607</u>	<u>\$ 43,170,856</u>	<u>\$ 36,045,114</u>
Drinking Water Fund:					
Project costs payable –					
direct loans	\$ 22,319,402	\$ 9,136,065	\$ 14,254,825	\$ 17,200,642	\$ 14,950,642
Project costs payable –					
leveraged loans	22,571,556	23,000,000	11,418,157	34,153,399	30,013,399
Advance payable	8,102,600	684,000	-	8,786,600	-
Other liabilities	464,130	501,277	515,520	449,887	99,112
Total Drinking Water Fund	<u>\$ 53,457,688</u>	<u>\$ 33,321,342</u>	<u>\$ 26,188,502</u>	<u>\$ 60,590,528</u>	<u>\$ 45,063,153</u>
Total enterprise funds:					
Project costs payable –					
direct loans	\$ 39,147,838	\$ 18,061,365	\$ 26,907,811	\$ 30,301,392	\$ 27,551,392
Project costs payable –					
leveraged loans	135,034,393	23,000,000	50,898,612	107,135,781	87,005,781
Debt service reserve deposit	7,458,875	-	505	7,458,370	-
Advance payable	12,078,243	2,945,000	-	15,023,243	-
Other liabilities	3,239,568	1,895,761	2,753,376	2,381,953	188,371
Total enterprise funds	<u>\$ 196,958,917</u>	<u>\$ 45,902,126</u>	<u>\$ 80,560,304</u>	<u>\$ 162,300,739</u>	<u>\$ 114,745,544</u>

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Bonds Payable

The following is an analysis of changes in bonds payable for the year ended December 31, 2013:

	Balance January 1, 2013	New issues	Retirements	Balance December 31, 2013
Water Operations Fund:				
Small Water Resources Program:				
1994 Series A	\$ -	\$ -	\$ -	\$ -
1997 Series A	635,000	-	115,000	520,000
1997 Series B	-	-	-	-
1998 Series A	-	-	-	-
1998 Series B	945,000	-	300,000	645,000
2001 Series A	-	-	-	-
2002 Series A	-	-	-	-
2003 Series A	7,485,000	-	5,015,000	2,470,000
2006 Series A	11,150,000	-	855,000	10,295,000
	<u>20,215,000</u>	<u>-</u>	<u>6,285,000</u>	<u>13,930,000</u>
Water Revenue Bonds Program:				
2003 Series A	8,905,000	-	8,905,000	-
2004 Series B	12,755,000	-	2,530,000	10,225,000
2004 Series C	6,455,000	-	2,245,000	4,210,000
2004 Series D	2,810,000	-	1,370,000	1,440,000
2004 Series E	2,395,000	-	160,000	2,235,000
2005 Series A	47,430,000	-	1,055,000	46,375,000
2005 Series B	1,685,000	-	100,000	1,585,000
2005 Series C	7,035,000	-	185,000	6,850,000
2005 Series D	53,610,000	-	-	53,610,000
2005 Series E	26,270,000	-	-	26,270,000
2005 Series F	2,670,000	-	175,000	2,495,000
2008 Series A	8,185,000	-	170,000	8,015,000
2009 Series A	6,180,000	-	270,000	5,910,000
2010 Series A	51,485,000	-	-	51,485,000
2011 Series A	9,350,000	-	175,000	9,175,000
2011 Series B	11,985,000	-	435,000	11,550,000
2011 Series C	5,965,000	-	20,000	5,945,000
2013 Series A	-	11,615,000	-	11,615,000
	<u>265,170,000</u>	<u>11,615,000</u>	<u>17,795,000</u>	<u>258,990,000</u>
Total Water Operations Fund	285,385,000	\$ 11,615,000	\$ 24,080,000	272,920,000
Less current portion	(11,335,000)			(11,085,000)
Noncurrent bonds payable –				
Water Operations Fund	\$ 274,050,000			\$ 261,835,000

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	<u>Balance January 1, 2013</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2013</u>
Water Pollution Control Fund:				
Clean Water Revenue Bonds:				
1992 Series A	\$ 15,000	\$ -	\$ 15,000	\$ -
1992 Series B	115,000	-	75,000	40,000
1994 Series A	70,000	-	45,000	25,000
1995 Series A	150,000	-	70,000	80,000
1996 Series A	75,000	-	25,000	50,000
1997 Series A	1,095,000	-	280,000	815,000
1998 Series A	510,000	-	160,000	350,000
1998 Series B	720,000	-	150,000	570,000
1999 Series A	515,000	-	160,000	355,000
2000 Series A	1,125,000	-	225,000	900,000
2001 Series A	3,030,000	-	525,000	2,505,000
2002 Series A	14,275,000	-	14,275,000	-
2002 Series B	16,795,000	-	16,795,000	-
2003 Series A	9,280,000	-	9,280,000	-
2004 Series A	55,245,000	-	55,245,000	-
2005 Series A	29,335,000	-	1,760,000	27,575,000
2005 Series B	12,465,000	-	735,000	11,730,000
2006 Series A	17,895,000	-	975,000	16,920,000
2006 Series B	10,820,000	-	605,000	10,215,000
2007 Series A	30,830,000	-	1,495,000	29,335,000
2008 Series A	10,360,000	-	485,000	9,875,000
2010 Series A	69,055,000	-	2,485,000	66,570,000
2010 Series B	19,465,000	-	835,000	18,630,000
2011 Series A	13,975,000	-	650,000	13,325,000
	<u>317,215,000</u>	<u>-</u>	<u>107,350,000</u>	<u>209,865,000</u>
Wastewater Revolving Fund				
Refunding Revenue Bonds:				
2001 Series A	10,665,000	-	4,680,000	5,985,000
2004 Series A	24,535,000	-	3,385,000	21,150,000
2005 Series A and A2	59,865,000	-	7,815,000	52,050,000
2013 Series A	-	61,215,000	665,000	60,550,000
	<u>95,065,000</u>	<u>61,215,000</u>	<u>16,545,000</u>	<u>139,735,000</u>
Total Water Pollution				
Control Fund	412,280,000	\$ <u>61,215,000</u>	\$ <u>123,895,000</u>	349,600,000
Less current portion	<u>(31,775,000)</u>			<u>(28,940,000)</u>
Noncurrent bonds payable –				
Water Pollution Control Fund	<u>\$ 380,505,000</u>			<u>\$ 320,660,000</u>

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	Balance January 1, 2013	New issues	Retirements	Balance December 31, 2013
Drinking Water Fund:				
Revenue Bonds:				
1997 Series A	\$ 8,305,000	\$ -	\$ 8,305,000	\$ -
1998 Series A	6,190,000	-	6,190,000	-
1999 Series A	13,545,000	-	13,545,000	-
2000 Series A	1,685,000	-	275,000	1,410,000
2002 Series A	9,495,000	-	9,495,000	-
2003 Series A	15,345,000	-	15,345,000	-
2003 Series B	8,410,000	-	8,410,000	-
2006 Series A	8,625,000	-	480,000	8,145,000
2006 Series B	29,250,000	-	1,905,000	27,345,000
2008 Series A	10,345,000	-	240,000	10,105,000
2008 Series B	7,800,000	-	365,000	7,435,000
2011 Series A	24,790,000	-	1,070,000	23,720,000
2012 Series A	17,970,000	-	5,000	17,965,000
	<u>161,755,000</u>	<u>-</u>	<u>65,630,000</u>	<u>96,125,000</u>
Drinking Water Revolving Fund				
Refunding Revenue Bonds:				
2005 Series A	17,425,000	-	1,405,000	16,020,000
2013 Series A	-	35,460,000	1,715,000	33,745,000
	<u>17,425,000</u>	<u>35,460,000</u>	<u>3,120,000</u>	<u>49,765,000</u>
Total Drinking Water Fund	179,180,000	\$ <u>35,460,000</u>	\$ <u>68,750,000</u>	145,890,000
Less current portion	(12,325,000)			(10,140,000)
Noncurrent bonds payable – Drinking Water Fund	<u>\$ 166,855,000</u>			<u>\$ 135,750,000</u>
Total enterprise funds:				
Revenue bonds at par	\$ 876,845,000	\$ <u>108,290,000</u>	\$ <u>216,725,000</u>	\$ 768,410,000
Current portion	(55,435,000)			(50,165,000)
Noncurrent bonds payable, net	<u>\$ 821,410,000</u>			<u>\$ 718,245,000</u>

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The following is an analysis of changes in bonds payable for the year ended December 31, 2012:

	<u>Balance January 1, 2012</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2012</u>
Water Operations Fund:				
Small Water Resources Program:				
1994 Series A	\$ 790,000	\$ -	\$ 790,000	\$ -
1997 Series A	740,000	-	105,000	635,000
1997 Series B	1,095,000	-	1,095,000	-
1998 Series A	3,615,000	-	3,615,000	-
1998 Series B	2,780,000	-	1,835,000	945,000
2001 Series A	12,485,000	-	12,485,000	-
2002 Series A	10,055,000	-	10,055,000	-
2003 Series A	8,030,000	-	545,000	7,485,000
2006 Series A	11,975,000	-	825,000	11,150,000
	<u>51,565,000</u>	<u>-</u>	<u>31,350,000</u>	<u>20,215,000</u>
Water Revenue Bonds Program:				
2003 Series A	9,500,000	-	595,000	8,905,000
2004 Series B	15,165,000	-	2,410,000	12,755,000
2004 Series C	8,580,000	-	2,125,000	6,455,000
2004 Series D	97,700,000	-	94,890,000	2,810,000
2004 Series E	2,550,000	-	155,000	2,395,000
2005 Series A	48,450,000	-	1,020,000	47,430,000
2005 Series B	1,780,000	-	95,000	1,685,000
2005 Series C	7,215,000	-	180,000	7,035,000
2005 Series D	97,730,000	-	44,120,000	53,610,000
2005 Series E	26,270,000	-	-	26,270,000
2005 Series F	2,840,000	-	170,000	2,670,000
2008 Series A	8,350,000	-	165,000	8,185,000
2009 Series A	6,440,000	-	260,000	6,180,000
2010 Series A	51,485,000	-	-	51,485,000
2011 Series A	9,350,000	-	-	9,350,000
2011 Series B	12,350,000	-	365,000	11,985,000
2011 Series C	5,965,000	-	-	5,965,000
	<u>411,720,000</u>	<u>-</u>	<u>146,550,000</u>	<u>265,170,000</u>
Total Water Operations Fund	463,285,000	\$ -	\$ 177,900,000	285,385,000
Less current portion	(16,230,000)			(11,335,000)
Noncurrent bonds payable – Water Operations Fund	\$ <u>447,055,000</u>			\$ <u>274,050,000</u>

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	<u>Balance January 1, 2012</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2012</u>
Water Pollution Control Fund:				
Clean Water Revenue Bonds:				
1991 Series A	\$ 25,000	\$ -	\$ 25,000	\$ -
1992 Series A	50,000	-	35,000	15,000
1992 Series B	230,000	-	115,000	115,000
1994 Series A	130,000	-	60,000	70,000
1995 Series A	280,000	-	130,000	150,000
1996 Series A	110,000	-	35,000	75,000
1997 Series A	1,390,000	-	295,000	1,095,000
1998 Series A	695,000	-	185,000	510,000
1998 Series B	875,000	-	155,000	720,000
1999 Series A	710,000	-	195,000	515,000
2000 Series A	1,365,000	-	240,000	1,125,000
2001 Series A	3,585,000	-	555,000	3,030,000
2002 Series A	34,935,000	-	20,660,000	14,275,000
2002 Series B	17,520,000	-	725,000	16,795,000
2003 Series A	9,960,000	-	680,000	9,280,000
2004 Series A	56,940,000	-	1,695,000	55,245,000
2005 Series A	31,045,000	-	1,710,000	29,335,000
2005 Series B	13,190,000	-	725,000	12,465,000
2006 Series A	18,845,000	-	950,000	17,895,000
2006 Series B	11,410,000	-	590,000	10,820,000
2007 Series A	32,280,000	-	1,450,000	30,830,000
2008 Series A	10,835,000	-	475,000	10,360,000
2010 Series A	71,470,000	-	2,415,000	69,055,000
2010 Series B	19,865,000	-	400,000	19,465,000
2011 Series A	14,620,000	-	645,000	13,975,000
	<u>352,360,000</u>	<u>-</u>	<u>35,145,000</u>	<u>317,215,000</u>
Wastewater Revolving Fund				
Refunding Revenue Bonds:				
1996 Series A	1,590,000	-	1,590,000	-
2001 Series A	15,560,000	-	4,895,000	10,665,000
2004 Series A	27,755,000	-	3,220,000	24,535,000
2005 Series A and A2	67,275,000	-	7,410,000	59,865,000
	<u>112,180,000</u>	<u>-</u>	<u>17,115,000</u>	<u>95,065,000</u>
Total Water Pollution				
Control Fund	464,540,000	\$ -	\$ 52,260,000	412,280,000
Less current portion	<u>(32,870,000)</u>			<u>(31,775,000)</u>
Noncurrent bonds payable – Water Pollution Control Fund	<u>\$ 431,670,000</u>			<u>\$ 380,505,000</u>

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	Balance January 1, 2012	New issues	Retirements	Balance December 31, 2012
Drinking Water Fund:				
Revenue Bonds:				
1997 Series A	\$ 9,615,000	\$ -	\$ 1,310,000	\$ 8,305,000
1998 Series A	6,980,000	-	790,000	6,190,000
1999 Series A	15,275,000	-	1,730,000	13,545,000
2000 Series A	1,970,000	-	285,000	1,685,000
2002 Series A	10,305,000	-	810,000	9,495,000
2003 Series A	16,550,000	-	1,205,000	15,345,000
2003 Series B	8,970,000	-	560,000	8,410,000
2006 Series A	9,095,000	-	470,000	8,625,000
2006 Series B	31,125,000	-	1,875,000	29,250,000
2008 Series A	10,685,000	-	340,000	10,345,000
2008 Series B	8,160,000	-	360,000	7,800,000
2011 Series A	24,795,000	-	5,000	24,790,000
2012 Series A	-	17,970,000	-	17,970,000
	<u>153,525,000</u>	<u>17,970,000</u>	<u>9,740,000</u>	<u>161,755,000</u>
Drinking Water Revolving Fund				
Refunding Revenue Bonds				
2005 Series A	18,790,000	-	1,365,000	17,425,000
Total Drinking				
Water Fund	172,315,000	\$ 17,970,000	\$ 11,105,000	179,180,000
Less current portion	<u>(11,105,000)</u>			<u>(12,325,000)</u>
Noncurrent bonds payable –				
Drinking Water Fund	<u>\$ 161,210,000</u>			<u>\$ 166,855,000</u>
 Total enterprise funds:				
Revenue bonds at par	\$ 1,100,140,000	\$ 17,970,000	\$ 241,265,000	\$ 876,845,000
Current portion	<u>(60,205,000)</u>			<u>(55,435,000)</u>
Noncurrent bonds payable	<u>\$ 1,039,935,000</u>			<u>\$ 821,410,000</u>

All the outstanding SWRP bonds are insured by National Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. The SWRP bonds are insured as to payment of principal and interest. The Water Resources Revenue Bonds, 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 2005D, Series 2008A, Series 2009A, Series 2010A, Series 2011A, and Series 2013A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp.

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As of December 31, 2013, the outstanding bonds of the Authority had original principal amounts of \$47,155,000 for the Small Water Resources Program, \$449,270,000 for the Water Revenue Bonds Program, \$556,510,000 for the Clean Water Revenue Bonds, \$228,405,000 for the Wastewater Revolving Fund Refunding Revenue Bonds, \$148,300,000 for the Drinking Water Revolving Fund Bonds and \$55,765,000 for Drinking Water Revolving Fund Refunding Revenue Bonds, for a total of \$1,485,405,000. Principal payments on the bonds are made annually and interest on the bonds is payable semiannually with interest rates ranging from 1.6% to 6.3% and serial and term principal maturities, including mandatory sinking fund call provisions, extend through the year 2041. All bonds, except the Small Water Resources Series 2006A, the Wastewater Revolving Fund Refunding Revenue Bonds Series 2001A, 2005A 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. All outstanding bonds with call provisions may be called at par.

During 2013 two loans were prepaid, or partially prepaid, from the proceeds of borrower-issued refunding bonds or available cash and the associated SWRP and WRBP bonds were escrowed and legally defeased. The total amounts deposited into the escrow accounts, net of outstanding bond principal balances, was recorded in bond interest expense.

During 2012 three loans were prepaid, or partially prepaid, from the proceeds of borrower-issued refunding bonds or available cash and the associated SWRP and WRBP bonds were escrowed and legally defeased. The total amounts deposited into the escrow accounts, net of outstanding bond principal balances, was recorded in bond interest expense.

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, 2013:

	Water Operations		WPCRF		DWRF		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 11,085,000	\$ 13,022,311	\$ 28,940,000	\$ 15,746,444	\$ 10,140,000	\$ 6,191,184	\$ 50,165,000	\$ 34,959,939
2015	9,570,000	12,524,883	25,350,000	14,405,339	10,495,000	5,801,731	45,415,000	32,731,953
2016	8,380,000	12,090,813	26,265,000	13,226,409	11,785,000	5,336,994	46,430,000	30,654,216
2017	7,595,000	11,717,768	25,990,000	11,999,776	12,100,000	4,784,871	45,685,000	28,502,415
2018	6,050,000	11,375,433	25,505,000	10,750,344	12,165,000	4,227,346	43,720,000	26,353,123
2019-2023	25,965,000	53,302,238	113,300,000	36,133,184	47,785,000	14,024,724	187,050,000	103,460,146
2024-2028	51,520,000	46,345,187	80,160,000	13,052,359	28,530,000	5,704,334	160,210,000	65,101,880
2029-2033	87,885,000	30,278,343	24,090,000	2,259,700	11,825,000	1,318,914	123,800,000	33,856,957
2034-2038	60,190,000	6,260,217	-	-	1,065,000	31,950	61,255,000	6,292,167
2039-2043	4,680,000	544,657	-	-	-	-	4,680,000	544,657
Total	\$ 272,920,000	\$ 197,461,850	\$ 349,600,000	\$ 117,573,555	\$ 145,890,000	\$ 47,422,048	\$ 768,410,000	\$ 362,457,453

Total interest expense on bonds for 2013 was \$13,755,991, \$16,206,451 and \$5,920,398 and for 2012 (including loss on extinguishment) was \$33,723,671, \$20,726,174 and \$7,795,364 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.

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Pursuant to terms set forth in the bond resolutions, various assets are pledged as security for the respective bonds issued to fund the loans. The pledged assets include loans receivable and investments held in project accounts, debt service reserve funds, debt service funds and various other accounts. Furthermore, as an additional credit enhancement, the Authority elected to cross collateralize the assets between the WPCRF and the DWRF programs.

	2013			
	Water Operations	Water Pollution Control	Drinking Water	Totals
Assets pledged for bonds payable \$	326,503,084	\$ 562,070,512	\$ 281,160,755	\$ 1,169,734,351
Bonds payable at par	272,920,000	349,600,000	145,890,000	768,410,000
	2012			
	Water Operations	Water Pollution Control	Drinking Water	Totals
Assets pledged for bonds payable \$	353,340,379	\$ 652,256,528	\$ 319,607,448	\$ 1,325,204,355
Bonds payable at par	285,385,000	412,280,000	179,180,000	876,845,000

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, 2013 and 2012, the Small Water Resources Debt Service Reserve Account amounted to \$8,500,000 and was fully funded. This amount is reflected in restricted net position of the Water Operations Enterprise Fund and in the pledged asset totals above. 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, 2013 and 2012, the Authority had \$13,930,000 and \$20,215,000 of outstanding Small Water Resources Revenue Bonds, respectively.

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Note 8: Deferred Outflows and Inflows of Resources

The components of the deferred outflows of resources balances as of December 31, 2013 and 2012, are shown below:

2013				
	Water Operations	Water Pollution Control	Drinking Water	Totals
Deferred outflows of resources				
Refunding costs	\$ 118,365	\$ 3,968,534	\$ 417,939	\$ 4,504,838
Total deferred outflows of resources	\$ 118,365	\$ 3,968,534	\$ 417,939	\$ 4,504,838

2012				
	Water Operations	Water Pollution Control	Drinking Water	Totals
Deferred outflows of resources				
Refunding costs	\$ 154,417	\$ 365,963	\$ -	\$ 520,380
Total deferred outflows of resources	\$ 154,417	\$ 365,963	\$ -	\$ 520,380

The components of the deferred inflows of resources balances as of December 31, 2013 and 2012, are shown below:

2013				
	Water Operations	Water Pollution Control	Drinking Water	Totals
Deferred inflows of resources				
Refunding benefits	\$ -	\$ 631,496	\$ 76,509	\$ 708,005
Prepaid interest on loans	-	10,430	-	10,430
Total deferred inflows of resources	\$ -	\$ 641,926	\$ 76,509	\$ 718,435

2012				
	Water Operations	Water Pollution Control	Drinking Water	Totals
Deferred inflows of resources				
Refunding benefits	\$ -	\$ 813,430	\$ 92,360	\$ 905,790
Prepaid interest on loans	-	57,487	-	57,487
Total deferred inflows of resources	\$ -	\$ 870,917	\$ 92,360	\$ 963,277

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Note 9: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2013 and 2012 is as follows:

Due to/from other funds:

Receivable Funds	Payable Funds	2013	2012
Water Operations	Water Pollution Control	\$ 1,167,908	\$ 766,218
	Drinking Water	1,719,006	1,823,587
Total		\$ 2,886,914	\$ 2,589,805

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

Transfer Out	2013 Transfer In	2012 Transfer In
	Drinking Water	Drinking Water
Water Pollution Control	\$ 118,821	\$ 176,716

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

Note 10: Board-designated Accounts

Included in the balance of unrestricted net position of the Water Operations Enterprise Fund are monies designated by the Board for specific purposes. These amounts are not included in restricted net position, because the designations do not meet the definition of restricted net position 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:

	2013	2012
Self-insurance account	\$ 800,000	\$ 800,000
La Plata River escrow account	3,934,014	12,688,262
Total Board-designated accounts	\$ 4,734,014	\$ 13,488,262

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Note 11: 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 2013 and 2012. Included in the base program capitalization grants recognized is the principal forgiveness recognized under the WPCRF and the DWRP programs during 2013 and 2012.

	Federal grants recognized in 2013	Matching requirement for 2013
Water Pollution Control Revolving Fund Projects:		
Leveraged loans:		
2010A Glenwood Springs, City of	\$ 246,054	\$ 49,211
2010A Pueblo, City of	286,885	57,377
2011A Pueblo West Metropolitan District	2,456,840	491,368
2010A Windsor, Town of	2,310,507	462,101
Total leveraged loans	5,300,286	1,060,057
Base program direct loans:		
Cheraw, Town of	266,978	53,396
Cheyenne Wells Sanitation District #1	82,195	16,439
Cokedale, Town of	24,355	4,871
Empire, Town of	58,202	11,640
Fairways Metropolitan District	32,773	6,555
Hillcrest Water and Sanitation District	28,830	5,766
Huerfano County Garner Water and Sanitation PID	92,664	18,533
Larimer County Local Improvement District 2012-1	39,554	7,911
Mansfield Heights Water and Sanitation District	39,953	7,991
Mountain View Villages Water and Sanitation Dist.	43,850	8,770
Naturita, Town of	456,290	91,258
Olathe, Town of	34,441	6,888
Olney Springs, Town of	155,512	31,102
Rocky Ford, Town of	117,496	23,499
South Sheridan Water, Sanitary Sewer and Storm Drainage District	35,611	7,122
	1,508,704	301,741
Total Water Pollution Control Revolving Fund	\$ 6,808,990	\$ 1,361,798

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	Federal grants recognized in 2013	Matching requirement for 2013
Drinking Water Revolving Fund Projects:		
Leveraged loans:		
2006B Alamosa, City of	\$ 50,220	\$ 10,044
2011A Sterling, City of	1,274,212	254,842
Total leveraged loans	1,324,432	264,886
Base program direct loans:		
Colorado Springs Utilities	40,553	8,111
Elbert Water and Sanitation District	120,358	24,072
Grover, Town of	25,900	5,180
Huerfano County Garner Water and Sanitation PID	71,245	14,249
La Jara, Town of	521,537	104,307
Louviers Water and Sanitation District	505,362	101,072
Numm, Town of	1,468,906	293,781
Rico, Town of	183,860	36,772
Rocky Ford, City of	68,078	13,616
Rye, Town of	96,728	19,346
South Sheridan Water, Sanitary Sewer and Storm Drainage District	36,162	7,232
Swink, Town of	334,387	66,877
Vilas, Town of	58,267	11,653
Vona, Town of	58,078	11,616
	3,589,421	717,884
Total Drinking Water Revolving Fund	4,913,853	982,770
Total EPA Capitalization Grants	\$ 11,722,843	\$ 2,344,568

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	Federal grants recognized in 2012	Matching requirement in 2012
Water Pollution Control Revolving Fund Projects:		
Leveraged loans:		
2008A Elizabeth, Town of	\$ 5,171	\$ 1,034
2010A Glenwood Springs, City of	1,366,528	273,306
2011A Nederland, Town of	1,430,450	286,090
2010A Pueblo, City of	1,074,783	214,957
2011A Pueblo West Metropolitan District	1,356,070	271,214
Total leveraged loans	5,233,002	1,046,601
ARRA direct loans:		
Manitou Springs, City of	14,716	Not required
Pagosa Area Water and Sanitation District	1,713,578	Not required
Total ARRA direct loans	1,728,294	-
Base program direct loans:		
Campo, Town of	148,947	29,789
Cheraw, Town of	18,450	3,690
Cheyenne Wells Sanitation District #1	650,567	130,113
Empire, Town of	207,502	41,500
Mountain View Villages Water and Sanitation Dist.	12,056	2,411
Naturita, Town of	57,019	11,404
Olathe, Town of	62,635	12,527
Silver Plume, Town of	86,959	17,392
	1,244,135	248,826
Total Water Pollution Control Revolving Fund	\$ 8,205,431	\$ 1,295,427

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	Federal grants recognized in 2012	Matching requirement for 2012
Drinking Water Revolving Fund Projects:		
Leveraged loans:		
2006B Alamosa, City of	\$ 75,225	\$ 15,045
2011A Sterling, City of	6,147,359	1,229,472
Total leveraged loans	6,222,584	1,244,517
ARRA direct loans:		
Brighton, City of	101,835	Not required
Georgetown, Town of	12,900	Not required
Hi-Land Acres Water and Sanitation District	73,802	Not required
Lamar, City of	133,234	Not required
Manitou Springs, City of	575,028	Not required
Ophir, Town of	5,000	Not required
Total ARRA direct loans	901,799	-
Base program direct loans:		
Blanca, Town of	432,356	86,471
Colorado Springs Utilities	46,587	9,317
Grover, Town of	492,101	98,420
Hotchkiss, Town of	268,857	53,771
La Jara, Town of	199,545	39,909
Lamar, City of	1,064,871	212,974
Louviers Water and Sanitation District	11,452	2,290
Nunn, Town of	549,788	109,958
Orchard City, Town of	229,654	45,931
Rico, Town of	1,310,891	262,178
Rocky Ford, City of	1,323,262	264,652
Two Buttes, Town of	1,177,298	235,460
	7,106,662	1,421,331
Total Drinking Water Revolving Fund	14,231,045	2,665,848
Total EPA Capitalization Grants	\$ 22,436,476	\$ 3,961,275

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Note 12: 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. 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 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 any 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 any years of service.
- Hired between January 1, 2007 and December 31, 2010 – 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 any years of service.
- Hired on or after January 1, 2011 – any age with 35 years of service, age 58 with 30 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% times the number of years of service times the highest

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average salary (HAS). 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 the following increases between periods:

- If you began membership on or before December 31, 2006, and you were eligible to retire on January 1, 2011, your annual increase limit is 15%.
- If you began membership on or before December 31, 2006, and you were not eligible to retire on January 1, 2011, your annual increase limit is 8%.
- If you began membership on or after January 1, 2007, your annual increase limit is 8%.

Retiree benefits are increased annually based on their original hire date as follows:

- Hired before January 1, 2007 – 2% per year unless PERA has a negative investment year. If PERA has a negative investment year, then for the next three years, the annual increase becomes the lesser of 2% or the average of the monthly Consumer Price Index amounts for the prior calendar year.
- Hired after January 1, 2007 – the lesser of 2% or the average of the monthly Consumer Price Index amounts for the prior calendar year. In no case can the sum of annual increases paid to a division's benefit recipients exceed 10% of the divisional annual increase reserve (the reserve is funded by 1% of the employer contributions for this population).
- If PERA's overall funded status is at or above 103%, the annual increase cap of 2% will increase by 0.25% per year. If after PERA's overall funded status reaches 103% and it subsequently drops below 90%, the 2% annual increase cap will decrease by 0.25% per year, but will never drop below 2%.

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.

Prior to July 1, 2010, and after June 30, 2012, all employees were required to contribute 8.0% of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. From July 1, 2010 through June 30, 2012, the employee contribution rate was 10.5%. The Authority's contribution rates were 16.55% for 2013, 15.65% from July 1 to December 31, 2012, 13.15% from January 1 to June 30, 2012, and 12.25% for 2011. Included in the 2013, 2012 and 2011 rates were an additional 3.4%, 3.0% and 2.6%, respectively, for the Amortization Equalization Disbursement (AED). Also included in the rates is a supplemental amortization equalization disbursement rate that totaled 3.0%, 2.5% and 2.0% in 2013, 2012 and 2011, 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.

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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. During 2010, Senate Bill 10-001 extended the annual 0.4% AED rate increases from 2012 through 2017, resulting in a maximum cumulative increase of 5%.

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. Similar to the AED, Senate Bill 10-001 extended the annual 0.5% SAED rate increases from 2013 through 2017, resulting in a maximum cumulative increase of 5%. The SAED will be funded from the monies otherwise available for increases to employees' salaries. Both the AED and SAED will terminate when funding levels reach 100%.

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 2013, 2012 and 2011 were \$152,237, \$139,569 and \$117,143, respectively. These contributions met the contribution requirement for each year.

Health Care Program

The PERA Health Care Program (the 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 2013, 2012 and 2011 were \$9,531, \$10,054 and \$9,873, 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.

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Note 13: 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, P.O. Box 5800, Denver, Colorado 80217 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 ended December 31, 2013, 2012 and 2011, the Authority's employer contributions to the HCTF were \$9,531, \$10,054 and \$9,873, respectively, equal to their required contributions for each year.

Note 14: 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 (\$17,500 in 2013 and \$17,000 in 2012 and up to an additional \$5,500 for participants over age 50 in 2013 and 2012). 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, 2013 and 2012, the 401(k) Plan member contributions from the Authority were \$44,641 and \$58,796, respectively.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Notes to Financial Statements
December 31, 2013 and 2012**

Note 15: Commitments

Leases

The Authority renewed its office facilities operating lease for six years with a termination date of December 31, 2018. Rent expense totaled \$117,479 and \$119,750 for 2013 and 2012, respectively. Below is a schedule of the non-cancelable lease payments due as of December 31, 2013:

Year	Rent
2014	\$ 111,432
2015	113,259
2016	116,912
2017	120,566
2018	124,219
Total	\$ 586,388

Note 16: 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 17: 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. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Authority’s insurance coverage during the past three years.

The Authority receives federal grant funds from the EPA. These amounts are subject to audit and adjustment by the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount, if any, of expenses which may be disallowed by the federal government cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial to its financial operations.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Notes to Financial Statements
December 31, 2013 and 2012**

Note 18: Future Accounting Standards

The Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The Authority provides its employees with pension benefits through the State's multiple-employer cost-sharing Public Employees' Retirement Association (PERA) defined benefit retirement program.

Employers participating in multiple-employer cost-sharing plans, such as PERA, must record their proportionate share of PERA's unfunded pension liability, as defined in GASB 68. The Authority has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA and the Colorado legislature. The requirement of GASB 68 to record a portion of PERA's unfunded liability will negatively impact the Authority's future unrestricted net position. GASB 68 is effective for fiscal year 2015. At the present time, management is unable to estimate the magnitude of the Authority's share of the unfunded pension liability. Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

SUPPLEMENTARY INFORMATION

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**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Regulatory Basis
Combining Schedule of Net Position
Water Pollution Control Fund
December 31, 2013**

	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Water Pollution Control Fund</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 68,418,124	\$ 22,256,135	\$ 90,674,259
Federal grants receivable	-	147,361	147,361
Investment income receivable	7,427	203,213	210,640
Loans receivable	32,444,123	-	32,444,123
Accounts receivable – borrowers	3,966,445	1,875,747	5,842,192
Restricted assets:			
Cash and cash equivalents	18,045,810	2,862,884	20,908,694
Investments	15,183,901	-	15,183,901
Investment income receivable	279,603	-	279,603
Total current assets	<u>138,345,433</u>	<u>27,345,340</u>	<u>165,690,773</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	14,411,595	-	14,411,595
Investments	117,318,724	-	117,318,724
Investment income receivable	1,722,929	-	1,722,929
Loans receivable	<u>437,708,520</u>	-	<u>437,708,520</u>
Total noncurrent assets	<u>571,161,768</u>	<u>-</u>	<u>571,161,768</u>
Total assets	<u>709,507,201</u>	<u>27,345,340</u>	<u>736,852,541</u>
Deferred outflows of resources	3,968,534	-	3,968,534
Liabilities			
Current liabilities:			
Project costs payable – direct loans	16,130,788	-	16,130,788
Project costs payable – leveraged loans	9,784,943	-	9,784,943
Bonds payable	28,940,000	-	28,940,000
Accrued interest payable	5,251,565	-	5,251,565
Due to other funds	-	1,167,908	1,167,908
Other liabilities	-	23,792	23,792
Total current liabilities	<u>60,107,296</u>	<u>1,191,700</u>	<u>61,298,996</u>
Noncurrent liabilities:			
Project costs payable – direct loans	-	-	-
Bonds payable, net	320,660,000	-	320,660,000
Advance payable	-	8,372,443	8,372,443
Other liabilities	<u>8,801,704</u>	<u>595,602</u>	<u>9,397,306</u>
Total noncurrent liabilities	<u>329,461,704</u>	<u>8,968,045</u>	<u>338,429,749</u>
Total liabilities	<u>389,569,000</u>	<u>10,159,745</u>	<u>399,728,745</u>
Deferred inflows of resources	641,926	-	641,926
Net position			
Restricted	<u>323,264,809</u>	<u>17,185,595</u>	<u>340,450,404</u>
Total net position	<u>\$ 323,264,809</u>	<u>\$ 17,185,595</u>	<u>\$ 340,450,404</u>

See accompanying notes to regulatory basis schedules

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Regulatory Basis**

**Combining Schedule of Revenues, Expenses and Changes in Net Position
Water Pollution Control Fund
Year Ended December 31, 2013**

	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Water Pollution Control Fund</u>
Operating revenues:			
Interest on loans	\$ 10,918,680	\$ -	\$ 10,918,680
Interest on investments	5,706,574	412,375	6,118,949
Loan administrative fees:			
Program revenue	-	455,202	455,202
Non-program revenue	-	4,916,503	4,916,503
EPA grants	-	531,514	531,514
Other	39,381	-	39,381
Total operating revenues	<u>16,664,635</u>	<u>6,315,594</u>	<u>22,980,229</u>
Operating expenses:			
Interest on bonds	16,206,451	-	16,206,451
Grant administration	-	2,593,737	2,593,737
Loan principal forgiven	1,066,049	-	1,066,049
Other	19,400	95,205	114,605
Total operating expenses	<u>17,291,900</u>	<u>2,688,942</u>	<u>19,980,842</u>
Operating income (loss)	(627,265)	3,626,652	2,999,387
EPA capitalization grants	6,808,990	-	6,808,990
Transfers in (out)	3,015,382	(3,134,203)	(118,821)
Change in net position	<u>9,197,107</u>	<u>492,449</u>	<u>9,689,556</u>
Net position – beginning of year	<u>314,067,702</u>	<u>16,693,146</u>	<u>330,760,848</u>
Net position – end of year	<u>\$ 323,264,809</u>	<u>\$ 17,185,595</u>	<u>\$ 340,450,404</u>

See accompanying notes to regulatory basis schedules

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Regulatory Basis**

**Notes to the Regulatory Basis of the Combining Schedule of Net Position and the
Combining Schedule of Revenues, Expenses and Changes in Net Position
Water Pollution Control Fund
December 31, 2013**

Note 1: Purpose

The regulatory basis combining schedule of net position and the combining schedule of revenues, expenses and changes in net position have been prepared as required by the EPA for purposes of segregating the activities of the Water Pollution Control Fund between the State Revolving Fund and Nonrevolving Fund. The State Revolving Fund and Nonrevolving Fund are activities within the Water Pollution Control Enterprise Fund, a major fund for accounting purposes. The State Revolving Fund and Nonrevolving Fund, individually, do not constitute a fund for reporting purposes under generally accepted accounting principles. The regulatory basis in the aggregate is consistent with generally accepted accounting principles.

Note 2: Grant Administration

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

Note 3: Advance Payable

The Nonrevolving Fund accounts for the advance from the Water Operations Fund. A cash advance is made, as needed, to the Nonrevolving Fund to meet the state match requirement of EPA capitalization grants. The cash transferred to the State Revolving Fund is included in the net transfers line item. The advance is periodically repaid to the Water Operations Fund with revenue generated from loan administrative fees paid by borrowers.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Regulatory Basis
Combining Schedule of Net Position
Drinking Water Fund
December 31, 2013**

Assets	State Revolving Fund	Nonrevolving Fund	Drinking Water Fund
Current assets:			
Cash and cash equivalents	\$ 36,735,333	\$ 15,237,429	\$ 51,972,762
Federal grants receivable	-	1,572,855	1,572,855
Investment income receivable	4,417	60,256	64,673
Loans receivable	18,943,407	280,709	19,224,116
Accounts receivable – borrowers	1,258,097	913,531	2,171,628
Restricted assets:			
Cash and cash equivalents	22,061,146	2,189,125	24,250,271
Investments	4,129,430	-	4,129,430
Investment income receivable	208,524	-	208,524
Total current assets	<u>83,340,354</u>	<u>20,253,905</u>	<u>103,594,259</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	15,845,648	-	15,845,648
Investments	53,830,035	-	53,830,035
Investment income receivable	511,953	-	511,953
Loans receivable	243,858,308	491,216	244,349,524
Total noncurrent assets	<u>314,045,944</u>	<u>491,216</u>	<u>314,537,160</u>
Total assets	<u>397,386,298</u>	<u>20,745,121</u>	<u>418,131,419</u>
Deferred outflows of resources	417,939	-	417,939
Liabilities			
Current liabilities:			
Project costs payable – direct loans	18,124,521	-	18,124,521
Project costs payable – leveraged loans	22,697,951	-	22,697,951
Bonds payable	10,140,000	-	10,140,000
Accrued interest payable	2,072,478	-	2,072,478
Due to other funds	-	1,719,006	1,719,006
Other liabilities	-	-	-
Total current liabilities	<u>53,034,950</u>	<u>1,719,006</u>	<u>54,753,956</u>
Noncurrent liabilities:			
Project costs payable – direct loans	775,492	-	775,492
Project costs payable – leveraged loans	9,000,000	-	9,000,000
Bonds payable, net	135,750,000	-	135,750,000
Advance payable	-	11,774,000	11,774,000
Other liabilities	3,673,982	236,893	3,910,875
Total noncurrent liabilities	<u>149,199,474</u>	<u>12,010,893</u>	<u>161,210,367</u>
Total liabilities	<u>202,234,424</u>	<u>13,729,899</u>	<u>215,964,323</u>
Deferred inflows of resources	76,509	-	76,509
Net position			
Restricted	195,493,304	5,445,096	200,938,400
Unrestricted	-	1,570,126	1,570,126
Total net position	<u>\$ 195,493,304</u>	<u>\$ 7,015,222</u>	<u>\$ 202,508,526</u>

See accompanying notes to regulatory basis schedules

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Regulatory Basis**

**Combining Schedule of Revenues, Expenses and Changes in Net Position
Drinking Water Fund
Year Ended December 31, 2013**

	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Drinking Water Fund</u>
Operating revenues:			
Interest on loans	\$ 3,863,844	\$ 28,762	\$ 3,892,606
Interest on investments	2,052,575	127,876	2,180,451
Loan administrative fees	-	3,330,759	3,330,759
EPA set aside grants:			
Administrative	-	1,544,163	1,544,163
Small Systems Training and Technical Assistance Program	-	669,004	669,004
Capacity Development	-	1,402,674	1,402,674
Wellhead Protection	-	1,216,429	1,216,429
Public Water System Supervision	-	1,400,896	1,400,896
Other	50,966	-	50,966
Total operating revenues	<u>5,967,385</u>	<u>9,720,563</u>	<u>15,687,948</u>
Operating expenses:			
Interest on bonds	5,920,398	-	5,920,398
Grant administration – state funded	-	385,500	385,500
EPA set asides:			
Administrative	-	1,544,163	1,544,163
Small Systems Training and Technical Assistance Program	-	669,004	669,004
Capacity Development	-	1,402,674	1,402,674
Wellhead Protection	-	1,216,429	1,216,429
Public Water System Supervision	-	1,400,896	1,400,896
Loan principal forgiven	855,267	-	855,267
Other	-	128,720	128,720
Total operating expenses	<u>6,775,665</u>	<u>6,747,386</u>	<u>13,523,051</u>
Operating income (loss)	(808,280)	2,973,177	2,164,897
EPA capitalization grants	4,913,853	-	4,913,853
Transfers in (out)	2,403,663	(2,284,842)	118,821
Change in net assets	6,509,236	688,335	7,197,571
Net position – beginning of year	188,984,068	6,326,887	195,310,955
Net position – end of year	<u>\$ 195,493,304</u>	<u>\$ 7,015,222</u>	<u>\$ 202,508,526</u>

See accompanying notes to regulatory basis schedules

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Regulatory Basis**

**Notes to the Regulatory Basis of the Combining Schedule of Net Position and the
Combining Schedule of Revenues, Expenses and Changes in Net Position
Drinking Water Fund
December 31, 2013**

Note 1: Purpose

The regulatory basis combining schedule of net position and the combining schedule of revenues, expenses and changes in net position have been prepared as required by the EPA for purposes of segregating the activities of the State Revolving Fund and Nonrevolving Fund. The State Revolving Fund and Nonrevolving Fund are activities within the Drinking Water Enterprise Fund, a major fund for accounting purposes. The State Revolving Fund and Nonrevolving Fund, individually, do not constitute a fund for reporting purposes under generally accepted accounting principles. The regulatory basis in the aggregate is consistent with generally accepted accounting principles.

Note 2: Nonrevolving Fund

The Authority issues direct loans to eligible municipalities which are funded with money from sources other than the State Revolving Funds. These loans are accounted for in the Nonrevolving Fund. The Drinking Water Fund nonfederal direct loans receivable amounted to \$771,926 at December 31, 2013. There are currently 12 loans outstanding at year-end that mature in years 2015 to 2017.

Note 3: Grant Administration

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

Note 4: Set Aside Revenue and Expenses

The set aside activities of the Drinking Water Fund are recorded in the Nonrevolving Fund. Set asides for each capitalization grant, other than for administration, are provided to public and private entities to improve the performance or quality of drinking water systems. The 20% state match for these set asides is deposited to the State Revolving Fund by the Authority.

Note 5: Advance Payable

The Nonrevolving Fund accounts for the advance from the Water Operations Fund. A cash advance is made, as needed, to the Nonrevolving Fund to meet the state match requirement of EPA capitalization grants. The cash transferred to the State Revolving Fund is included in the net transfers line item. The advance is periodically repaid to the Water Operations Fund with revenue generated from loan administrative fees paid by borrowers.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Revenues, Expenditures and Changes in Funds Available – Actual
(Non-GAAP Budgetary Basis) and Budget
Water Operations Fund
Year Ended December 31, 2013**

	Actual	Original budget	Changes	Final budget	Variance – favorable (unfavorable)
Revenues:					
Interest on investments	\$ 352,817	\$ 288,000	\$ -	\$ 288,000	\$ 64,817
WPCRF state match loan repayment	-	3,000,000	-	3,000,000	(3,000,000)
DWRF state match loan repayment	-	3,000,000	-	3,000,000	(3,000,000)
Loan principal payments – SWRP	6,176,250	11,813,000	-	11,813,000	(5,636,750)
Loan principal payments – WRBP	17,795,000	13,581,000	5,000,000	18,581,000	(786,000)
Loan principal payments – interim	-	10,000,000	-	10,000,000	(10,000,000)
Loan principal payments – WPFHP	-	300,000	-	300,000	(300,000)
Loan principal payments – SHLP	130,908	204,000	-	204,000	(73,092)
Loan principal payments-Water Rights	21,247	-	-	-	21,247
Bond proceeds – WRBP	12,192,745	50,000,000	-	50,000,000	(37,807,255)
Refunding bond proceeds – WRBP	-	20,000,000	(5,000,000)	15,000,000	(15,000,000)
Bond proceeds – Watershed Prot.	-	10,000,000	-	10,000,000	(10,000,000)
Refunding bond proceeds – SWRP	-	25,000,000	-	25,000,000	(25,000,000)
Loan interest income – SWRP	869,200	916,000	-	916,000	(46,800)
Loan interest income – WRBP	12,851,210	21,244,000	-	21,244,000	(8,392,790)
Loan interest income – WPFHP	-	500,000	-	500,000	(500,000)
Loan interest income – SHLP	65,130	200,000	-	200,000	(134,870)
Loan interest income-Water Rights	16,540	-	-	-	16,540
Loan interest income – interim loans	-	350,000	-	350,000	(350,000)
Other	3,121,643	3,121,643	-	3,121,643	-
Total revenues	<u>53,592,690</u>	<u>173,517,643</u>	<u>-</u>	<u>173,517,643</u>	<u>(119,924,953)</u>
Expenditures:					
WPCRF state match loans	2,135,800	2,761,000	-	2,761,000	625,200
DWRF state match loans	2,987,400	3,684,000	-	3,684,000	696,600
General/administrative	600,899	1,130,700	10,000	1,140,700	539,801
Interim loans made	-	10,000,000	-	10,000,000	10,000,000
Bond principal payments – SWRP	6,285,000	11,830,000	-	11,830,000	5,545,000
Bond principal payments – WRBP	17,795,000	14,000,000	4,000,000	18,000,000	205,000
Bond principal payments – WPFHP	-	300,000	-	300,000	300,000
Bond interest expense – SWRP	885,881	881,000	5,000	886,000	119
Bond Cost of Issuance – SWRP	3,765	4,000	-	4,000	235
Bond interest expense – WRBP	12,870,110	22,000,000	-	22,000,000	9,129,890
Bond Cost of Issuance – WRBP	379,659	1,430,000	-	1,430,000	1,050,341
Bond interest expense – WPFHP	-	500,000	-	500,000	500,000
Bond Cost of Issuance – WPFHP	-	400,000	-	400,000	400,000
Loans made – WRBP	11,615,000	50,000,000	-	50,000,000	38,385,000
Loans made – WPFHP	-	10,000,000	-	10,000,000	10,000,000
SHLP Loan Draws	2,000,000	7,000,000	-	7,000,000	5,000,000
SHLP Planning & Design Grants	23,709	200,000	-	200,000	176,291
GAP Program grants	1,095,913	2,500,000	-	2,500,000	1,404,087
Refunding Bonds Escrow					
Deposit – SWRP	-	24,125,000	(5,000)	24,120,000	24,120,000

(continued)

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Revenues, Expenditures and Changes in Funds Available – Actual
(Non-GAAP Budgetary Basis) and Budget (Continued)
Water Operations Fund
Year Ended December 31, 2013**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Refunding Issuance Costs – SWRP	-	875,000	-	875,000	875,000
Refunding Bonds Escrow					
Deposit – WRBP	-	19,400,000	(4,000,000)	15,400,000	15,400,000
Refunding Issuance Costs – WRBP	-	600,000	-	600,000	600,000
Project expenditures	12,242,538	17,564,000	(10,000)	17,554,000	5,311,462
Arbitrage rebate – SWRP	-	100,000	-	100,000	100,000
Total expenditures	<u>70,920,674</u>	<u>201,284,700</u>	<u>-</u>	<u>201,284,700</u>	<u>130,364,026</u>
Excess of revenues over (under) expenditures	<u>\$ (17,327,984)</u>	<u>\$ (27,767,057)</u>	<u>\$ -</u>	<u>\$ (27,767,057)</u>	<u>\$ 10,439,073</u>

See accompanying notes to budgetary basis reconciliation

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Reconciliation and Note of Non-GAAP Budgetary Basis (Actual) to Statement
of Revenues, Expenses and Changes in Net Position
Water Operations Fund
Year Ended December 31, 2013**

Revenues (budgetary basis)	\$ 53,592,690
Loan principal payments – SWRP (a.)	(6,176,250)
Loan principal payments – WRBP (a.)	(17,795,000)
Loan principal payments – SHLP (a.)	(130,908)
Loan principal payments-Water Rights (a.)	(21,247)
Bond proceeds (b.)	<u>(12,192,745)</u>
Revenues (GAAP basis)	<u>17,276,540</u>
Expenditures (budgetary basis)	70,920,674
Depreciation (c.)	13,807
WPCRF and DWRF advance – state match provided (d.)	(5,123,200)
Bond principal payments – SWRP (e.)	(6,285,000)
Bond principal payments – WRBP (e.)	(17,795,000)
Leveraged loans made (f.)	(11,615,000)
Project costs paid – direct loans (g.)	<u>(2,000,000)</u>
Expenses (GAAP basis)	<u>28,116,281</u>
Change in net assets per statement of revenues, expenses and changes in net position	<u>\$ (10,839,741)</u>

The budget for the Water Operations Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:

- a. Leveraged and SHLP loan principal payments are recorded as revenue when received from the borrower.
- b. Bond proceeds are treated as revenue when issued.
- c. Depreciation of equipment is not budgeted.
- d. WPCRF and DWRF advance – state match provided is treated as expenditure when transferred to the respective program.
- e. Bond principal payments are treated as expenditures when paid.
- f. Leveraged loans are treated as expenditures when loans are executed.
- g. Direct loans are treated as expenditures when draws are made from project accounts.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Revenues, Expenses and Changes in Funds Available – Actual
(Non-GAAP Budgetary Basis) and Budget
Water Pollution Control Fund
Year Ended December 31, 2013**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 6,118,949	\$ 7,164,000	\$ -	\$ 7,164,000	\$ (1,045,051)
Administrative fee	5,371,705	5,798,000	-	5,798,000	(426,295)
Loan interest income	10,918,680	12,536,000	-	12,536,000	(1,617,320)
EPA grants	7,340,504	24,607,000	-	24,607,000	(17,266,496)
Colorado state match	2,135,800	2,761,000	-	2,761,000	(625,200)
Loan principal repayments	34,019,831	35,956,000	-	35,956,000	(1,936,169)
Bond proceeds	-	33,800,000	-	33,800,000	(33,800,000)
Refunding Bond Proceeds	71,593,239	150,000,000	-	150,000,000	(78,406,761)
Other	39,381	-	-	-	39,381
Total revenues	<u>137,538,089</u>	<u>272,622,000</u>	<u>-</u>	<u>272,622,000</u>	<u>(135,083,911)</u>
Expenditures:					
Grant administration	2,593,737	3,926,922	-	3,926,922	1,333,185
Bond principal payments	28,300,000	34,000,000	-	34,000,000	5,700,000
Advance repayments – state match	-	3,000,000	-	3,000,000	3,000,000
Transfer Administrative to DWRF	118,821	290,000	-	290,000	171,179
Project costs paid – direct loans	4,823,699	19,665,000	-	19,665,000	14,841,301
Loans made – leveraged loans	-	35,000,000	(2,300,000)	32,700,000	32,700,000
Planning and design grants to small local governments	95,206	500,000	-	500,000	404,794
Payment to refunded bond escrow	70,114,658	145,500,000	-	145,500,000	75,385,342
Refunding bonds issuance cost	548,518	4,500,000	-	4,500,000	3,951,482
Other	2,284,952	200,000	2,300,000	2,500,000	215,048
Loan principal forgiven	1,066,049	4,140,000	-	4,140,000	3,073,951
Bond interest expense	16,206,451	23,000,000	-	23,000,000	6,793,549
Capital asset acquisitions	-	5,000	-	5,000	5,000
Total expenditures	<u>126,152,091</u>	<u>273,726,922</u>	<u>-</u>	<u>273,726,922</u>	<u>147,574,831</u>
Excess of revenues over expenditures	<u>\$ 11,385,998</u>	<u>\$ (1,104,922)</u>	<u>\$ -</u>	<u>\$ (1,104,922)</u>	<u>\$ 12,490,920</u>

See accompanying notes to budgetary basis reconciliation

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Reconciliation and Note of Non-GAAP Budgetary Basis (Actual) to Statement
of Revenues, Expenses and Changes in Net Position
Water Pollution Control Fund
Year Ended December 31, 2013**

Revenues (budgetary basis)	\$ 137,538,089
Loan principal payments (a.)	(34,019,831)
Advance – state match provided (b.)	(2,135,800)
Refunding Bond proceeds (c.)	(71,593,239)
Revenues (GAAP basis)	<u>29,789,219</u>
 Expenditures (budgetary basis)	 126,152,091
Project costs paid – direct loans (d.)	(4,823,699)
Bond principal payments (e.)	(28,300,000)
Payment to Refunded Bond Escrow (f.)	(70,114,658)
Refunding Bonds Issuance Costs (g.)	(548,518)
Arbitrage rebate payments (h.)	(2,265,553)
Expenses (GAAP basis)	<u>20,099,663</u>
Change in net assets per statement of revenues, expenses and changes in net position	 <u>\$ 9,689,556</u>

The budget for the Water Pollution Control Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:

- a. Loan principal payments are recorded as revenue when received from the borrower.
- b. Advance – state match is treated as revenue when transferred from Water Operations.
- c. Refunding bond proceeds are treated as revenue when issued.
- d. Direct loans are treated as expenditures when draws are made from project accounts.
- e. Bond principal payments are treated as expenditures when paid.
- f. Payment to a refunded bond escrow is treated as an expenditure when transferred to the Escrow.
- g. Refunding bonds issuance costs are treated as expenditures when the bond issue closes.
- h. Arbitrage rebate payments are treated as expenditures when paid to the United States Treasury.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Revenues, Expenditures and Changes in Funds Available – Actual
(Non-GAAP Budgetary Basis) and Budget
Drinking Water Fund
Year Ended December 31, 2013**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 2,180,451	\$ 3,161,000	\$ -	\$ 3,161,000	\$ (980,549)
Loan interest income	3,892,606	5,628,000	-	5,628,000	(1,735,394)
Loan principal repayments	18,162,111	19,067,000	-	19,067,000	(904,889)
Bond proceeds	-	28,886,000	-	28,886,000	(28,886,000)
Refunding bond proceeds	40,261,847	75,000,000	-	75,000,000	(34,738,153)
Capital contributions – EPA	4,913,853	51,917,000	-	51,917,000	(47,003,147)
Colorado state match	2,987,400	3,684,000	-	3,684,000	(696,600)
EPA capitalization grant set asides revenue	6,233,166	7,571,442	-	7,571,442	(1,338,276)
Transfer Administrative Fees – WPCRF	118,821	290,000	-	290,000	(171,179)
Administrative fee income	3,330,759	3,902,000	-	3,902,000	(571,241)
Other	50,966	-	-	-	50,966
Total revenues	<u>82,131,980</u>	<u>199,106,442</u>	<u>-</u>	<u>199,106,442</u>	<u>(116,974,462)</u>
Expenditures:					
Grant administration – State funded	1,929,663	2,136,328	-	2,136,328	206,665
Bond principal payments made	7,460,000	15,000,000	-	15,000,000	7,540,000
Advance repayments – state match	-	3,000,000	-	3,000,000	3,000,000
Project costs paid – direct loans	6,102,110	60,389,000	-	60,389,000	54,286,890
Loans made – leveraged	-	30,000,000	(200,000)	29,800,000	29,800,000
Planning and design grants to small local governments	128,720	471,000	-	471,000	342,280
Payment to refunded bond escrow	24,712,716	72,750,000	-	72,750,000	48,037,284
Refunding bonds issuance cost	395,329	2,250,000	-	2,250,000	1,854,671
Loan principal forgiven	855,267	12,794,000	-	12,794,000	11,938,733
Bond interest expense	5,920,398	10,000,000	-	10,000,000	4,079,602
EPA capitalization grant set asides	4,689,003	6,471,468	-	6,471,468	1,782,465
Arbitrage rebate payments	277,350	200,000	200,000	400,000	122,650
Capital asset acquisitions	-	5,000	-	5,000	5,000
Total expenditures	<u>52,470,556</u>	<u>215,466,796</u>	<u>-</u>	<u>215,466,796</u>	<u>162,996,240</u>
Excess of revenues over expenditures	<u>\$ 29,661,424</u>	<u>\$ (16,360,354)</u>	<u>\$ -</u>	<u>\$ (16,360,354)</u>	<u>\$ 46,021,778</u>

See accompanying notes to budgetary basis reconciliation

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Reconciliation and Note of Non-GAAP Budgetary Basis (Actual) to Statement
of Revenues, Expenses and Changes in Net Position
Drinking Water Fund
Year Ended December 31, 2013**

Revenues (budgetary basis)	\$	82,131,980
Loan principal payments (a.)		(18,162,111)
Advance – state match provided (b.)		(2,987,400)
Refunding Bond proceeds (c.)		(40,261,847)
Revenues (GAAP basis)		<u>20,720,622</u>
Expenditures (budgetary basis)		52,470,556
Project costs paid – direct loans (d.)		(6,102,110)
Bond principal payments made (e.)		(7,460,000)
Leveraged loans made (f.)		-
Payment to Refunded Bond Escrow (g.)		(24,712,716)
Refunding Bonds Issuance Costs (h.)		(395,329)
Arbitrage rebate payments (i.)		(277,350)
Expenses (GAAP basis)		<u>13,523,051</u>
Change in net assets per statement of revenues, expenses and changes in fund net position	\$	<u>7,197,571</u>

The budget for the Drinking Water Fund is reported on the same basis as described in the Basis of Accounting section, except as follows:

- a. Loan principal payments are recorded as revenue when received from the borrower.
- b. Advance – state match is treated as revenue when transferred from Water Operations.
- c. Bond proceeds are treated as revenue when issued.
- d. Direct loans are treated as expenditures when draws are made from project accounts.
- e. Bond principal payments are treated as expenditures when paid.
- f. Leveraged loans are treated as expenditures when loans are executed.
- g. Payment to a refunded bond escrow is treated as an expenditure when transferred to the Escrow.
- h. Refunding bonds issuance costs are treated as expenditures when the bond issue closes.
- i. Arbitrage rebate payments are treated as expenditures when paid to the United States Treasury.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Project Costs Payable – By Borrower
December 31, 2013**

The following pages contain information, by borrower, showing balances in project costs payable (loan proceeds remaining) and loans receivable. The borrower accounts are categorized by fund, by programs within the fund and by loan types.

Leveraged loans are funded by bond proceeds and may be partially funded by EPA Capitalization Grants and Authority resources. These loans are designated by the year and series of bonds providing the related capital, such as 2006A.

Projects in the SHLP, WPCRF and DWRF may be financed by direct loans. Loans are funded by EPA Capitalization Grants, reloan monies and/or Authority resources. Base program loans are those not funded by 2009 ARRA grants. Disadvantaged Community loans are discussed in the notes to the financial statements. ARRA loans are listed separately. The Authority provided principal forgiveness on certain 2009 ARRA direct loans and certain base program direct loans after 2009. Therefore, certain borrowers that received principal forgiveness will appear in the project costs payable list, but not in the loans receivable list.

Certain DWRF loans were funded from Authority cash and are listed separately under the State Direct loan heading.

	Project costs payable
Water Operations Fund:	
WRBP:	
Donala Water and Sanitation District	\$ 4,965,610
Fountain, City of	12,138,254
North Weld County Water District	1,614,502
Parker Water and Sanitation District	12,099,467
Steamboat Springs, City of	4,265,266
Total Water Operations Fund	35,083,099
 Water Pollution Control Fund:	
Direct loans:	
Base program:	
Bayfield, Town of	600,000
Burlington, City of	160,350
Cherokee Metropolitan District	2,000,000
Eagle, Town of	174,681
Empire, Town of	201,908
Fairways Metropolitan District	1,530,921
Hayden, Town of	574,814
Hillcrest Water and Sanitation District	611,070
Hot Sulphur Springs, Town of	624,238
Larimer County Local Improvement District 2012-1	1,188,182
Mansfield Heights Water and Sanitation District	551,547
Mountain Water and Sanitation District	1,853,222
Nederland, Town of	188,106
Ralston Valley Water and Sanitation District	285,009

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Project Costs Payable – By Borrower (Continued)
December 31, 2013**

	Project costs payable
Water Pollution Control Fund (Continued):	
Base program - disadvantaged communities:	
Cheraw, Town of	91,316
Cokedale, Town of	225,645
Huerfano County Garner Water and Sanitation PID	157,336
Las Animas, City of	505,000
Mountain View Villages Water and Sanitation District	45,046
Naturita, Town of	186,691
Olathe, Town of	393,203
Olney Springs, Town of	417,488
Redstone Water and Sanitation District	52,046
Rocky Ford, City of	1,632,505
South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,880,464
Total direct loans	16,130,788
Leveraged loans:	
2010B Boxelder Sanitation District	2,082,796
2011A Fountain Sanitation District	7,000,000
2010A Glenwood Springs, City of	488,297
2011A Windsor, Town of	213,850
Total leveraged loans	9,784,943
Total Water Pollution Control Fund	25,915,731
Drinking Water Fund:	
Direct loans:	
Base program:	
Alma, Town of	180,821
Coal Creek, Town of	289,996
Colorado Springs Utilities	2,198,485
Crested Butte South Metropolitan District	80,610
Cucharas Sanitation and Water District	17,539
El Rancho Florida Metropolitan District	683,188
Evans, City of	1,500,000
Forest View Acres Water District	1,737,746
Ralston Valley Water and Sanitation District	46,182
Rangely, Town of	1,500,000
Rifle, City of	2,000,000
Salida, City of	148,727
Teller County Water and Sanitation District #1	482,802
Timbers Water and Sanitation District	100,506
Tree Haus Metropolitan District	202,749

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Project Costs Payable – By Borrower (Continued)
December 31, 2013**

	<u>Project costs payable</u>
Drinking Water Fund (continued):	
Base program - disadvantaged communities:	
Crowley, Town of	51,537
Elbert Water and Sanitation District	376,642
Hotchkiss, Town of	291,784
Hotchkiss, Town of	307,247
Huerfano County Garner Water and Sanitation PID	521,755
La Jara, Town of	7,918
Louviers Water and Sanitation District	622,835
Merino, Town of	1,080,886
Navajo Western Water District	167,919
Nunn, Town of	405,305
Rico, Town of	105,249
Rocky Ford, City of	4,696
Rye, Town of	10,748
South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,949,083
Stratton, Town of	847,794
Swink, Town of	258,608
Vilas, Town of	596,733
Vona, Town of	123,923
Total direct loans	<u>18,900,013</u>
Leveraged loans:	
2012A Rifle, City of	23,000,000
2011A Sterling, City of	8,697,951
Total leveraged loans	<u>31,697,951</u>
Total Drinking Water Fund	<u>50,597,964</u>
Total project costs payable	<u>\$ 111,596,794</u>

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower
December 31, 2013**

	Loans Receivable
Water Operations Fund:	
Small Hydro Loan Program:	
2009 Cortez, City of	\$ 991,928
2011 Northern Water Conservancy District	1,917,687
2013 Tri-County Water Conservancy District	2,000,000
Total Water Operations Fund loans receivable – SHLP	4,909,615
Water Rights Purchase - ALP:	
2013 Durango, City of	3,978,753
Small Water Resources Program:	
2003A Eaton, Town of	1,562,500
1997A Monument, Town of	520,000
1994A Parker Water and Sanitation District	41,667
1997A Parker Water and Sanitation District	1,365,832
2000A Parker Water and Sanitation District	8,830,000
1994B Project 7 Water Authority	606,667
2003A Rifle, City of	866,250
Total Water Operations Fund loans receivable – SWRP	13,792,916
Water Revenue Bond Program:	
2005E Arapahoe County Water and Wastewater Public Improvement District	26,270,000
2005D Aurora, City of	53,610,000
2004E Copper Mountain Consolidated Metropolitan District	2,235,000
2005F Copper Mountain Consolidated Metropolitan District	2,495,000
2011C Donala Water and Sanitation District	5,945,000
2005A East Cherry Creek Valley Water and Sanitation District	46,375,000
2004B Englewood, City of	10,225,000
2005B Fort Lupton, City of	1,585,000
2005C Fountain, City of	6,850,000
2008A Fountain, City of	8,015,000
2011A Fountain, City of	9,175,000
2013A Fountain, City of	11,615,000
2004C Littleton, City of	4,210,000
2009A North Weld County Water District	5,910,000
2004D Parker Water and Sanitation District	1,440,000
2010A Parker Water and Sanitation District	51,485,000
2011B Steamboat Springs, City of	11,550,000
Total Water Operations Fund loans receivable – WRBP	258,990,000
Total Water Operations Fund loans receivable	281,671,284

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2013**

		<u>Loans Receivable</u>
Water Pollution Control Fund:		
Federal direct loans:		
Base program:		
2013	Bayfield, Town of	600,000
2006	Bennett, Town of	119,046
2006	Boulder County	1,185,279
2010	Burlington, City of	1,702,411
1998	Byers Water and Sanitation District	124,715
2012	Cherokee Metropolitan District	2,000,000
2010	Cherry Hills Heights Water and Sanitation District	151,915
2011	Colorado Centre Metropolitan District	1,846,650
2000	Columbine Water and Sanitation District	75,678
2007	Cortez Sanitation District	1,495,271
2010	Crested Butte, Town of	1,302,626
2006	Cucharas Sewer and Water District	581,031
2007	Donala Water and Sanitation District	1,606,995
1991	Eagle, Town of	1,186,021
2007	Elizabeth, Town of	805,027
1997	Erie, Town of	141,318
2009	Erie, Town of	735,431
1998	Evans, City of	146,656
2009	Evergreen Metropolitan District	1,689,929
2008	Fairplay Sanitation District	1,631,328
2013	Fairways Metropolitan District	1,563,694
1995	Fruita, City of	7,003
2004	Garden Valley Water and Sanitation District	195,824
2012	Hayden, Town of	603,300
2013	Hillcrest Water and Sanitation District	639,900
2012	Hot Sulphur Springs, Town of	676,972
2002	Julesburg, Town of	440,896
1999	Kersey, Town of	69,655
2006	Kersey, Town of	1,302,374
2005	Kremmling Sanitation District	646,552
1999	La Junta, City of	153,155
2010	Lamar, City of	1,810,016
2008	Larimer County Local Improvement District	299,248
2010	Larimer County Local Improvement District	241,035
2013	Larimer County Local Improvement District	1,227,736
1998	Las Animas, City of	363,144
1999	Left Hand Water and Sanitation District	43,672
2000	Left Hand Water and Sanitation District	22,594
1995	Log Lane Village, Town of	44,296
2013	Mansfield Heights Water and Sanitation District	591,500
1997	Manzanola, Town of	19,979
1999	Monte Vista, Town of	361,323
2012	Mountain Water and Sanitation District	1,950,000

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2013**

		<u>Loans Receivable</u>
Water Pollution Control Fund (continued):		
2011	Nederland, Town of	1,850,000
1999	New Castle, Town of	174,649
1996	Ordway, Town of	75,001
2009	Pagosa Area Water and Sanitation District	830,051
1997	Pagosa Springs Sanitation GID, Town of	140,159
2003	Pikes Peak-America's Mountain	494,161
2006	Ralston Valley Water and Sanitation District	876,669
1994	Saint Mary's Glacier Water and Sanitation District	5,673
2012	South Durango Sanitation District	772,447
2000	Springfield, Town of	89,504
2011	Tabernash Meadows Water and Sanitation District	328,500
2008	Triview Metropolitan District	1,645,148
2010	Upper Blue Sanitation District	1,734,555
1997	Vona, Town of	18,615
2010	Woodland Park, City of	583,664
Base program-disadvantaged communities:		
2006	Ault, Town of	929,114
2009	Boone, Town of	274,725
2010	Cheyenne Wells Sanitation District #1	241,891
2006	Clifton Sanitation District #2	1,333,333
2009	Crested Butte South Metropolitan District	1,960,768
2011	Crowley, Town of	1,852,565
2006	Haxtun, Town of	220,396
2009	Kit Carson, Town of	213,675
2006	La Jara, Town of	468,750
2008	Las Animas, City of	282,750
2011	Las Animas, City of	291,932
2013	Las Animas, City of	127,730
2009	Mancos, Town of	800,000
2011	Mancos, Town of	52,644
2008	Manzanola, Town of	74,400
2009	Mountain View Villages Water and Sanitation District	1,317,704
2012	Naturita, Town of	189,943
2013	Olney Springs, Town of	323,000
2006	Ordway, Town of	404,325
2008	Penrose Sanitation District	104,062
2006	Pierce, Town of	701,530
2011	Redstone Water and Sanitation District	1,939,715
2012	Rocky Ford, City of	1,518,625
2007	Romeo, Town of	125,586
2009	Seibert, Town of	123,750
2011	Silver Plume, Town of	117,748

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2013**

		Loans Receivable
Water Pollution Control Fund (continued):		
2012	Simla, Town of	113,100
2013	South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,916,075
2006	Springfield, Town of	360,450
2006	Stratton, Town of	317,122
2006	Sugar City Town of	214,200
2009	Sugar City Town of	38,196
ARRA direct loans:		
2009	Erie, Town of	1,650,000
2009	Georgetown, Town of	3,135,000
2009	Manitou Springs, City of	68,805
2009	Pagosa Area Water and Sanitation District	5,981,060
2009	Pueblo, City of	1,237,500
	Total WPCRF direct loans	73,042,160
Leveraged loans:		
2007A	Bayfield, Town of	3,980,000
2010B	Boxelder Sanitation District	9,965,000
2005A	Breckenridge, Town of	2,960,000
1995A	Brighton, City of	768,654
2010B	Brush!, City of	8,665,000
1998A	Buena Vista Sanitation District	1,026,240
2006B	Cherokee Metropolitan District	10,973,975
2006A	Clifton Sanitation District #2	7,150,000
2003A	Colorado City Metropolitan District	1,054,618
1998B	Colorado Springs, City of	10,600,645
2001A	Cortez Sanitation District	4,425,000
1995A	Craig, City of	144,459
1996A	Crested Butte, Town of	517,980
2002B	Denver Southeast Suburban Water and Sanitation District	3,680,000
2005A	Denver Southeast Suburban Water and Sanitation District	3,320,000
2006A	Donala Water and Sanitation District	3,562,254
1995A	Eagle River Water and Sanitation District	816,426
1998A	Eagle River Water and Sanitation District	3,746,724
1997A	Eagle, Town of	601,059
2007A	Eagle, Town of	10,190,796
2005A	Eaton, Town of	3,601,951
2008A	Elizabeth, Town of	4,120,579
2004A	Englewood, City of	29,516,116
1997A	Erie, Town of	475,456
1998A	Evans, City of	346,272
2001A	Fort Collins, City of	4,447,500

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2013**

		<u>Loans Receivable</u>
Water Pollution Control Fund (continued):		
1995A	Fort Morgan, City of	1,296,799
2011A	Fountain Sanitation District	6,292,513
1999A	Fremont Sanitation District	3,097,192
2010A	Fruita, City of	20,415,000
2005B	Glendale, City of	6,851,673
2010A	Glenwood Springs, City of	28,221,250
2006A	Granby Sanitation District	3,482,880
1999A	Grand County Water and Sanitation District	1,286,668
1994A	Greeley, City of	1,198,864
1996A	Idaho Springs, City of	319,980
2001A	Lafayette, City of	4,228,787
2004A	Littleton, City of	29,629,567
2007A	Mead, Town of	2,310,000
2002A	Mesa County	5,130,000
2003A	Milliken, Town of	3,640,024
2001A	Mount Crested Butte Water and Sanitation District	2,459,436
2011A	Nederland, Town of	1,797,178
2008A	New Castle, Town of	6,627,094
1994A	Parker Water and Sanitation District	128,424
1997A	Parker Water and Sanitation District	848,599
2000A	Parker Water and Sanitation District	5,271,510
2001A	Parker Water and Sanitation District	2,360,160
2002B	Parker Water and Sanitation District	11,512,788
2001A	Plum Creek Wastewater Authority	12,500,000
2002B	Plum Creek Wastewater Authority	1,775,000
2005A	Plum Creek Wastewater Authority	1,035,000
2003A	Pueblo, City of	4,799,460
2010A	Pueblo, City of	4,731,626
2011A	Pueblo West Metropolitan District	20,637,462
2007A	Rifle, City of	14,367,480
2005A	Roxborough Water and Sanitation District	6,645,000
2002A	South Adams County Water and Sanitation District	3,892,500
1995A	Steamboat Springs, City of	213,454
1999A	Steamboat Springs, City of	1,076,757
2001A	Steamboat Springs, City of	2,806,938
1997A	Sterling, City of	513,821
2000A	Summit County	7,404,293
2000A	Three Lakes Water and Sanitation District	2,571,912
1998A	Trinidad, City of	2,125,718
2006A	Triview Metropolitan District	3,562,254
1997A	Upper Blue Sanitation District	2,100,919
2005B	Upper Blue Sanitation District	5,455,000

**Colorado Water Resources
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Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2013**

	Loans Receivable
Water Pollution Control Fund (continued):	
2002A Wellington, Town of	2,540,433
1997A Westminster, City of	3,652,030
1998A Westminster, City of	936,642
2005A Westminster, City of	9,950,000
2011A Windsor, Town of	2,753,694
Total WPCRF leveraged loans	397,110,483
Total Water Pollution Control Fund loans receivable	470,152,643
Drinking Water Fund:	
State direct loans:	
1996 Bayfield, Town of	70,183
1995 Elizabeth, Town of	73,957
1995 Empire, Town of	52,807
1995 Fairplay, Town of	27,640
1997 Fairplay, Town of	55,426
1997 Idaho Springs, City of	126,370
1995 Idledale Water and Sanitation District	27,828
1996 Lake Creek Metropolitan District	70,593
1995 Minturn, Town of	47,799
1996 Nunn, Town of	69,954
1998 Redstone Water and Sanitation District	115,245
1997 Westlake Water and Sanitation District	34,124
Federal direct loans:	
Base program:	
2011 Alma, Town of	561,677
2009 Baca Grande Water and Sanitation District	1,264,748
2002 Basalt, Town of	526,972
2010 BMR Metropolitan District	948,888
2009 Bow Mar Water and Sanitation District	38,028
2006 Castle Pines Metropolitan District	1,482,183
2006 Castle Pines Metropolitan District	189,138
1998 Chatfield South Water District	131,691
2013 Coal Creek, Town of	350,000
2010 Colorado Springs Utilities	7,566,011
2010 Cortez, City of	391,028
2012 Crested Butte, Town of	906,370
2010 Crested Butte South Metropolitan District	500,000
2013 Crested Butte South Metropolitan District	381,736
2006 Cucharas Sanitation and Water District	203,512
2012 Cucharas Sanitation and Water District	85,220
2010 Divide MPC Metropolitan District #1	122,864
2011 El Rancho Florida Metropolitan District	1,336,078
2013 Evans, City of	1,500,000
2005 Florence, City of	524,844
2012 Forest View Acres Water District	1,950,000
2011 Georgetown, Town of	668,209
2010 Grand Junction, City of	3,292,333
2002 Hayden, Town of	500,464
2009 Lake Durango Water Authority	1,644,857

**Colorado Water Resources
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Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2013**

		<u>Loans Receivable</u>
Drinking Water Fund (continued):		
2009	Lamar, City of	926,404
1998	Left Hand Water and Sanitation District	59,031
2011	Mountain Water and Sanitation District	875,000
2003	Mustang Water Authority	435,300
2009	Nederland, Town of	2,055,942
2003	Oak Creek, Town of	534,853
2005	Olde Stage Water District	66,944
2008	Olde Stage Water District	123,202
2003	Ouray, City of	434,092
2009	Palmer Lake, Town of	1,469,053
2010	Pine Drive Water District	216,057
2004	Pinewood Springs Water District	78,115
2006	Pinewood Springs Water District	529,140
2006	Platte Canyon Water and Sanitation District Subdistrict #1	291,380
2008	Platte Canyon Water and Sanitation District Subdistrict #2	337,182
2006	Ralston Valley Water and Sanitation District	983,516
2013	Rangely, Town of	1,500,000
2012	Rifle, City of	1,900,000
2011	Salida, City of	504,125
2000	Sedalia Water and Sanitation District	133,138
2000	Springfield, Town of	149,115
2004	Swink, Town of	411,836
2010	Teller County Water & Sanitation District	1,575,306
1999	Thunderbird Water and Sanitation District	117,288
2002	Thunderbird Water and Sanitation District	186,060
2013	Timbers Water and Sanitation District	341,250
2010	Tree Haus Metropolitan District	977,408
2001	Wellington, Town of	525,188
2003	Westwood Lakes Water District	286,569
2002	Woodland Park, City of	423,824
Base program-disadvantaged communities:		
2009	Arriba, Town of	437,667
2006	Bethune, Town of	320,467
2011	Blanca, Town of	298,249
2006	Boone, Town of	410,723
2006	Bristol Water and Sanitation District	146,667
2009	Creede, City of	1,088,666
2012	Crowley, Town of	100,000
2008	Del Norte, Town of	561,653
2008	East Alamosa Water and Sanitation District	1,633,333
2008	Eckley, Town of	72,500
2006	Genoa, Town of	137,068
2007	Hillrose, Town of	612,555
2008	Hotchkiss, Town of	693,750
2008	Kim, Town of	98,333
2005	La Jara, Town of	115,000
2008	La Veta, Town of	1,012,175
2008	Las Animas, Town of	676,667

**Colorado Water Resources
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Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2013**

		<u>Loans Receivable</u>
Drinking Water Fund (continued):		
2005	Log Lane Village, Town of	780,949
2012	Louviers Water and Sanitation District	137,323
2011	Manassa, Town of	451,825
2012	Merino, Town of	109,737
2011	Mesa Water and Sanitation District	187,685
2011	Monte Vista, City of	329,963
2012	Navajo Western Water District	1,046,842
2011	Nunn, Town of	410,593
2006	Ordway, Town of	156,667
2007	Ordway, Town of	91,440
2006	Palisade, Town of	1,533,333
2008	Paonia, Town of	315,702
2006	Pritchett, Town of	150,000
2009	Rockvale, Town of	263,734
2009	Rye, Town of	479,564
2006	Sedgwick, Town of	314,250
2013	South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,985,245
2007	Stratton, Town of	417,786
2008	Stratton, Town of	79,650
2013	Stratton, Town of	919,000
2010	Swink, Town of	327,307
2005	Victor, Town of	56,600
2006	Walden, Town of	685,042
ARRA direct loans:		
2009	Divide MPC Metropolitan District	1,600,000
2009	Florence, City of	120,392
2009	Gateway Metropolitan District	475,674
2009	Georgetown, Town of	1,105,500
2009	Hot Sulphur Springs, Town of	1,072,500
2009	La Junta, City of	1,509,750
2009	Lamar, City of	3,260,709
2009	Manitou Springs, City of	1,024,123
2009	Manitou Springs, City of	443,254
2009	Manitou Springs, City of	1,024,124
2009	Ophir, Town of	412,500
2009	Ridgway, Town of	371,250
	Total Drinking Water Fund direct loans	<u>78,350,581</u>
Leveraged loans:		
2006B	Alamosa, City of	8,571,970
2006B	Arapahoe County Water and Wastewater PID	10,577,016
1997A	Arapahoe Estates Water District	259,324
1998A	Buena Vista, Town of	397,236
2006B	Cottonwood Water and Sanitation District	7,792,378
2006A	Craig, City of	4,388,680
1997A	Englewood, City of	4,509,050
2008A	Estes Park, Town of	4,597,595

**Colorado Water Resources
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Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2013**

		<u>Loans Receivable</u>
Drinking Water Fund (continued):		
2000A	Evergreen Metropolitan District	2,361,799
2002A	Evergreen Metropolitan District	1,042,762
2003B	Florence, City of	8,391,890
1997A	Fort Collins, City of	2,338,933
1999A	Fort Collins, City of	1,688,794
1998A	Fort Morgan, City of	5,110,474
2000A	Fountain Valley Authority	3,201,046
2003A	Fountain Valley Authority	1,809,846
1999A	Glenwood Springs, City of	1,465,695
1999A	Grand County Water and Sanitation District	961,702
2002A	Grand Junction, City of	1,934,111
1999A	Greeley, City of	5,513,716
2002A	Idaho Springs, City of	1,183,662
1999A	Julesburg, Town of	360,679
2002A	La Junta, City of	5,270,125
1999A	Left Hand Water District	2,253,252
2000A	Limon, Town of	612,073
2006A	Little Thompson Water District	4,459,213
2003A	Longmont, City of	11,089,597
2003A	Lyons, Town of	2,768,170
2008A	Pagosa Area Water and Sanitation District	6,725,084
2006B	Palisade, Town of	3,163,262
2008B	Project 7 Water Authority	8,530,143
2000A	Pueblo Board of Waterworks	6,768,805
2012A	Rifle, City of	21,852,285
2011A	Sterling, City of	27,320,662
2000A	Westminster, City of	5,952,030
	Total Drinking Water Fund leveraged loans	<u>185,223,059</u>
	Total Drinking Water Fund loans receivable	<u>263,573,640</u>
	Total loans receivable	<u>\$ 1,015,397,567</u>

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Bonds Payable – By Issue
December 31, 2013**

<u>Water Operations Fund</u>	<u>Original issue amount</u>	<u>Current amount outstanding</u>	<u>Interest rate</u>	<u>Due dates</u>	<u>Early redemption</u>
Small Water Resources Program Revenue Bonds:					
1997 Series A	9,725,000	520,000	4.1% – 5.6%	Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2017. Various bonds totaling \$3,060,000 from 2008 to 2017 were refunded by the 2006A bond issue	After 2009 at par
1998 Series B	13,850,000	645,000	3.35% – 4.75%	Serial Bonds through 2013, term bonds subject to mandatory redemption in 2014 and 2015. Two borrowers prepaid their loans in 2012, resulting in the call of associated bond of approximately \$655,000	After 2010 at par
2003 Series A	9,610,000	2,470,000	2.0% – 4.50%	One borrower prepaid their loan in 2013, resulting in the call of associated bond of approximately \$4,815,000	2014 – 2023 at par
2006 Series A	13,970,000	10,295,000	3.75% – 5.00%	Serial Bonds through 2019	The bonds are not subject to early redemption
Total Small Water Resources Program Revenue Bonds	47,155,000	13,930,000			

**Colorado Water Resources
and Power Development Authority
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Schedule of Bonds Payable – By Issue
December 31, 2013**

<u>Water Operations Fund</u>	<u>Original issue amount</u>	<u>Current amount outstanding</u>	<u>Interest rate</u>	<u>Due dates</u>	<u>Early redemption</u>
Water Revenue Bonds Program:					
2004 Series B	19,715,000	10,225,000	3.0% – 5.0%	Serial Bonds through 2017	2014 – 2017 at par
2004 Series C	19,695,000	4,210,000	3.0% – 5.5%	Serial Bonds through 2015	2014 – 2015 at par
2004 Series D	105,420,000	1,440,000	1.6% – 5.25%	Serial Bonds through 2014, in 2012 the borrower prepaid \$93,570,000 in loan principal and associated bonds in that amount were legally defeased	2014 – 2015 at par
2004 Series E	3,540,000	2,235,000	2.0% – 4.54%	Serial Bonds through 2024	2014 – 2024 at par
2005 Series A	53,970,000	46,375,000	3.0% – 5.5%	Serial Bonds through 2032, term bonds subject to mandatory redemption 2033 - 2035	2016 – 2035 at par
2005 Series B	2,300,000	1,585,000	3.0% – 4.625%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2020 - 2025	2015 – 2025 at par
2005 Series C	8,170,000	6,850,000	2.85% – 5.0%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2020 - 2035	2016 – 2035 at par
2005 Series D	100,000,000	53,610,000	3.2% – 5.0%	In 2012, the borrower prepaid a portion of its loan that totaled \$41,780,000 and serial bonds through 2025 were legally defeased. Remaining bonds are term bonds that are subject to mandatory redemption 2027-2035	2016 – 2035 at par
2005 Series E	26,270,000	26,270,000	4.375% – 5.0%	Serial Bonds 2023 - 2024, term bonds subject to mandatory redemption 2035	2016 – 2035 at par
2005 Series F	3,690,000	2,495,000	4.0% – 4.5%	Serial Bonds through 2024	2016 – 2024 at par
2008 Series A	8,795,000	8,015,000	3.0% – 5.25%	Serial Bonds through 2023, term bonds subject to mandatory redemption 2038	2019 – 2038 at par
2009 Series A	6,940,000	5,910,000	2.5% – 4.55%	Serial Bonds through 2029	2020 – 2029 at par
2010 Series A	51,485,000	51,485,000	4.55% – 5.9%	Serial Bonds 2023 - 2027, term bonds subject to mandatory redemption 2030 and 2035	2020 – 2035 at par
2011 Series A	9,350,000	9,175,000	2.0% – 5.125%	Serial Bonds 2013 - 2026, term bonds subject to mandatory redemption 2031, 2036 and 2041	2022 – 2041 at par
2011 Series B	12,350,000	11,550,000	3.0% – 5.0%	Serial Bonds 2012 - 2023, term bonds subject to mandatory redemption 2026 and 2031	2022 – 2031 at par
2011 Series C	5,965,000	5,945,000	2.0% – 5.0%	Serial Bonds 2013 - 2027, term bonds subject to mandatory redemption 2031 and 2036	2022 – 2036 at par
2013 Series A	11,615,000	11,615,000	2.0% – 4.0%	Serial Bonds 2014 - 2027, term bonds subject to mandatory redemption 2033, 2038 and 2043	2023 – 2043 at par
Total Water Revenue Bonds Program	<u>449,270,000</u>	<u>258,990,000</u>			
Total Water Operations Fund	<u>\$ 496,425,000</u>	<u>\$ 272,920,000</u>			

**Colorado Water Resources
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Schedule of Bonds Payable – By Issue
December 31, 2013**

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate	Due dates	Early redemption
Clean Water Revenue Bonds:					
Clean Water 1992 Series B (City of Fort Collins and City of Longmont)	\$ 25,785,000	\$ 40,000	3.75% – 6.0%	Term bonds subject to mandatory redemption 2007 - 2009 and 2010 – 2014. \$14,355,000 of bonds maturing in 2003 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2004 at par
Clean Water 1994 Series A (City of Alamosa, City of Greeley, Town of Windsor, Parker Water and Sanitation District, and Genesee Water and Sanitation District)	22,510,000	25,000	3.8% – 6.3%	Serial Bonds through 2008, term bonds subject to mandatory redemption 2009 – 2011 and 2012 – 2014 \$13,945,000 of bonds maturing in 2004 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2004 at par
Clean Water 1995 Series A (City of Fort Morgan, Eagle River Water and Sanitation District, City of Brighton, Winter Park Water and Sanitation District, City of Steamboat Springs, and City of Craig)	24,525,000	80,000	4.1% – 5.85%	Serial Bonds through 2009, term bonds subject to mandatory redemption 2010 – 2012 and 2013 – 2015 \$14,485,000 of bonds maturing in 2005 and thereafter were refunded with the issuance of the 2001 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2005 at par
Clean Water 1996 Series A (Town of Crested Butte, Mt. Crested Butte Water and Sanitation District, Fountain Sanitation District, and City of Idaho Springs)	6,710,000	50,000	4.25% – 5.9%	Serial Bonds through 2008, term bonds subject to mandatory redemption 2009 – 2011 and 2012 – 2016 \$2,710,000 of bonds maturing in 2007 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2008 at par
Clean Water 1997 Series A (City of Westminster, Breckenridge Sanitation District, Parker Water and Sanitation District, City of Sterling, Town of Carbondale, Town of Erie, and Town of Eagle)	31,605,000	815,000	4.05% – 5.8%	Serial Bonds through 2011, term bonds subject to mandatory redemption 2012 – 2015 and 2016 – 2017 \$14,675,000 of bonds maturing in 2008 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	After 2009 at par

**Colorado Water Resources
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Schedule of Bonds Payable – By Issue
December 31, 2013**

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate	Due dates	Early redemption
Clean Water 1998 Series A (Eagle River Water and Sanitation District, City of Trinidad, City of Westminster, Buena Vista Sanitation District, and City of Evans)	31,190,000	350,000	3.7% – 5.125%	Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2018. \$15,375,000 of bonds maturing in 2009 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2009 at par
Clean Water 1998 Series B (City of Colorado Springs)	20,810,000	570,000	3.7% – 5.375%	Serial Bonds through 2012, term bonds subject to mandatory redemption 2013 – 2016 and 2017 – 2019 \$13,630,000 of bonds maturing in 2009 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2009 at par
Clean Water 1999 Series A (City of Aurora, Fremont Sanitation District, Grand County Water and Sanitation District, Mt. Werner Water and Sanitation District, and City of Steamboat Springs)	39,220,000	355,000	4.25% – 5.25%	Serial Bonds through 2014, term bonds subject to mandatory redemption 2015 – 2019. Mt. Werner Water and Sanitation District's outstanding bonds in the amount of \$2,700,000 were defeased in 2001. \$15,435,000 of bonds maturing in 2010 and thereafter were refunded with the issuance of the 2005 Series A Wastewater Revolving Fund Refunding Revenue Bonds. In 2012, the City of Aurora prepaid its loan and the 1999A bond totaling \$195,000 were called.	2009 at par
Clean Water 2000 Series A (Parker Water and Sanitation District, Summit County, and Three Lakes Water and Sanitation District)	33,575,000	900,000	5.0% – 6.25%	Serial Bonds through 2013, term bonds subject to mandatory redemption in 2014 through 2020. \$17,900,000 of bonds maturing in 2011 and thereafter were refunded with the issuance of the 2004 Series A Wastewater Revolving Fund Refunding Revenue Bonds.	2011 – 2020 at par
Clean Water 2001 Series A (Cortez Sanitation District, City of Fort Collins, Fraser Sanitation District, City of Lafayette, Mt. Crested Butte Water and Sanitation District, Parker Water and Sanitation District, Plum Creek Wastewater Authority, and City of Steamboat Springs)	69,710,000	2,505,000	4.0% – 5.625%	Serial Bonds through 2019, term bonds subject to mandatory redemption in 2020 through 2021. \$37,250,000 of bonds maturing in 2012 and thereafter were refunded with the issuance of the 2005 Series A-2 Wastewater Revolving Fund Refunding Revenue Bonds.	2012 – 2021 at par

**Colorado Water Resources
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Schedule of Bonds Payable – By Issue
December 31, 2013**

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate	Due dates	Early redemption
Clean Water 2005 Series A (Town of Breckenridge, Denver Southeast Suburban Water and Sanitation District, Town of Eaton, Plum Creek Wastewater Authority, Roxborough Park Metropolitan District, and City of Westminster)	40,090,000	27,575,000	4.0% – 5.0%	Serial Bonds through 2027	2016 – 2027 at par
Clean Water 2005 Series B (Breckenridge Sanitation District and City of Glendale)	17,350,000	11,730,000	2.8% – 4.5%	Serial Bonds through 2027	2016 – 2027 at par
Clean Water 2006 Series A (Clifton Water & Sanitation District #2, Donala Water & Sanitation District, Granby Sanitation District and Triview Metropolitan District)	23,270,000	16,920,000	4.25% – 5.0%	Serial Bonds through 2027	2017 – 2027 at par
Clean Water 2006 Series B (Cherokee Water & Sanitation District)	14,195,000	10,215,000	4.0% – 4.375%	Serial Bonds through 2025, term bond subject to mandatory redemption in 2026 and 2027.	2017 – 2027 at par
Clean Water 2007 Series A (Bayfield Sanitation District, City of Rifle, Town of Rifle, Town of Eagle, Town of Mead)	35,330,000	29,335,000	4.0% – 5.0%	Serial Bonds through 2026, term bond subject to mandatory redemption in 2027 and 2028.	2018 – 2028 at par
Clean Water 2008 Series A (Town of Elizabeth, Town of New Castle)	12,305,000	9,875,000	3.5% – 5.0%	Serial Bonds through 2028, term bond subject to mandatory redemption in 2030	2019 – 2030 at par
Clean Water 2010 Series A (City of Fruita, City of Glenwood Springs, City of Pueblo)	73,835,000	66,570,000	2.0% – 5.0%	Serial Bonds through 2030, term bond subject to mandatory redemptions in 2029 and 2032	2020 – 2032 at par
Clean Water 2010 Series B (Boxelder Sanitation District, City of Brush)	19,875,000	18,630,000	2.0% – 4.0%	Serial Bonds through 2032	2020 – 2032 at par
Clean Water 2011 Series A	14,620,000	13,325,000	2.0% – 4.0%	Serial Bonds through 2032	2021 – 2032 at par
Total WPCRF Clean Water Revenue Bonds payable	<u>556,510,000</u>	<u>209,865,000</u>			

**Colorado Water Resources
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Schedule of Bonds Payable – By Issue
December 31, 2013**

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate	Due dates	Early redemption
Wastewater Revolving Fund Refunding Revenue Bonds 2001 Series A (Partial refunding of the following Clean Water Bonds: 1992A, 1992B, 1994A, and 1995A)	51,620,000	5,985,000	3.0% – 5.25%	Serial Bonds through 2015	The bonds are not subject to early redemption
Revenue Bonds 2004 Series A (Partial refunding of the following Clean Water Bonds: 1996A, 1997B, and 2000A)	36,705,000	21,150,000	3.0% – 5.0%	Serial Bonds through 2020	2015 – 2020 at par
Revenue Bonds 2005 Series A and A2 (Partial refunding of the following Clean Water Bonds: 1998A, 1998B, 1999A, and 2001A)	78,865,000	52,050,000	3.0% – 5.25%	Serial Bonds through 2021	The bonds are not subject to early redemption
Revenue Bonds 2013 Series A (Refunding of the following Clean Water Bonds: 2002A, 2002B, 2003A, and 2004A)	<u>61,215,000</u>	<u>60,550,000</u>	2.0% – 5.0%	Serial Bonds through 2025	2023 – 2025 at par
	<u>228,405,000</u>	<u>139,735,000</u>			
Total Water Pollution Control Revolving Fund	<u>\$ 784,915,000</u>	<u>\$ 349,600,000</u>			

**Colorado Water Resources
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Schedule of Bonds Payable – By Issue
December 31, 2013**

<u>Drinking Water Revolving Fund</u>	<u>Original is sue amount</u>	<u>Current amount outs tanding</u>	<u>Inter est rate</u>	<u>Due dates</u>	<u>Early redemption</u>
Drinking Water Revenue Bonds Series 2000A (Evergreen Metropolitan District, Fountain Valley Authority, Town of Limon, Pueblo Board of Waterworks, and City of Westminster)	\$ 36,110,000	\$ 14,100,000	4.8% – 5.75%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2018 – 2022. \$20,535,000 of bonds maturing in 2011 and thereafter were refunded with the issuance of the 2005 Series A Drinking Water Revolving Fund Refunding Revenue Bonds.	2011 – 2022 at par
Drinking Water Revenue Bonds Series 2006A (City of Craig and Little Thompson Water District)	11,275,000	8,145,000	4.0% – 5.0%	Serial Bonds through 2027, term bond subject to mandatory redemption in 2025 and 2026.	2017 – 2027 at par
Drinking Water Revenue Bonds Series 2006B (City of Alamosa, Arapahoe County Water & Wastewater PID, Cottonwood Water & Sanitation District, and Town of Palisade)	38,045,000	27,345,000	4.0% – 5.0%	Serial Bonds through 2024, term bonds subject to mandatory redemption in 2025 through 2028.	2017 – 2028 at par
Drinking Water Revenue Bonds Series 2008A (Pagosa Area Water and Sanitation District, Town of Estes Park)	11,235,000	10,105,000	3.5% – 4.25%	Serial Bonds through 2029	2019 – 2029 at par
Drinking Water Revenue Bonds Series 2008B (Project 7 Water Authority)	8,870,000	7,435,000	3.0% – 5%	Serial Bonds through 2024, term bonds subject to mandatory redemption in 2026 through 2030.	2019 – 2030 at par
Drinking Water Revenue Bonds Series 2011A (City of Sterling)	24,795,000	23,720,000	2.0% – 4.375%	Serial Bonds through 2032	2022 – 2032 at par
Drinking Water Revenue Bonds Series 2012A (City of Rifle)	17,970,000	17,965,000	2.0% – 5%	Serial Bonds through 2034	2023 – 2034 at par
Total DWRP Revenue Bonds payable	<u>148,300,000</u>	<u>96,125,000</u>			
Drinking Water Revolving Fund Refunding Revenue Bonds 2005 Series A (Partial Refunding of the Drinking Water Revolving Fund Revenue Bonds Series 2000A)	20,305,000	16,020,000	3.0% – 5.5%	Serial Bonds through 2022	The bonds are not subject to early redemption
Drinking Water Revolving Fund Refunding Revenue Bonds 2013 Series A (Refunding of the Drinking Water Revolving Fund Revenue Bonds Series 1997A, 1998A, 1999A, 2002A, 2003A, and 2003B)	<u>35,460,000</u>	<u>33,745,000</u>	2.0% – 5.0%	Serial Bonds through 2025	2023 – 2025 at par
	<u>55,765,000</u>	<u>49,765,000</u>			
Total Drinking Water Revolving Fund	<u>\$ 204,065,000</u>	<u>\$ 145,890,000</u>			

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**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)**

**Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Investment Type
December 31, 2013**

	<u>Cash</u>	<u>Cash held by State Treasury</u>	<u>Money Market</u>	<u>Local Government Investment Pool</u>	<u>U.S. Treasury Notes - SLGS Bonds, and Agency (fair value)</u>	<u>Securities Not Held for Investment</u>	<u>Repurchase agreements</u>	<u>Total cash and investments by bond issue</u>
Water Operations Fund:								
Small Water Resources Projects Program Debt Service Reserve Fund	\$ -	\$ -	\$ -	\$ 8,503,817	\$ -	\$ -	\$ -	\$ 8,503,817
Small Water Resources Projects Bonded Funds	-	-	-	350,463	-	-	-	350,463
Water Revenue Bonds Program	-	-	32,720,171	12,149,573	-	-	-	44,869,744
Animas-La Plata Account	-	1,538,675	-	-	-	-	-	1,538,675
Authority Operating	172,393	22,963,883	-	1,436,529	-	-	-	24,572,805
Subtotal – Water Operations Fund	172,393	24,502,558	32,720,171	22,440,382	-	-	-	79,835,504
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1992 Series B	-	-	590,418	-	382,749	-	-	973,167
Clean Water Revenue Bonds, 1994 Series A	-	-	459,930	-	2,629,723	-	-	3,089,653
Clean Water Revenue Bonds, 1995 Series A	-	-	3,466,881	-	-	-	-	3,466,881
Clean Water Revenue Bonds, 1996 Series A	-	-	170,582	-	5,052	-	329,400	505,034
Clean Water Revenue Bonds, 1997 Series A	-	-	302,201	-	-	-	2,434,418	2,736,619
Clean Water Revenue Bonds, 1998 Series A	-	-	319,715	-	-	-	2,827,021	3,146,736
Clean Water Revenue Bonds, 1998 Series B	-	-	241,249	-	-	-	3,328,225	3,569,474
Clean Water Revenue Bonds, 1999 Series A	-	-	421,115	-	-	-	2,597,188	3,018,303
Clean Water Revenue Bonds, 2000 Series A	-	-	484,195	-	-	-	4,438,575	4,922,770
Clean Water Revenue Bonds, 2001 Series A	-	-	804,867	-	20,012	-	12,536,342	13,361,221
Refunding Revenue Bonds, 2001 Series A	-	-	1,825,210	-	525,826	-	-	2,351,036
Refunding Revenue Bonds, 2004 Series A	-	-	145,255	-	171,950	-	-	317,205
Clean Water Revenue Bonds, 2005 Series A	-	-	637,262	-	-	-	13,406,493	14,043,755
Clean Water Revenue Bonds, 2005 Series B	-	-	220,811	-	-	-	5,346,300	5,567,111
Refunding Revenue Bonds, 2005 Series A and A2	-	-	704,620	-	2,965,736	-	-	3,670,356
Clean Water Revenue Bonds, 2006 Series A	-	-	256,916	-	-	-	7,386,570	7,643,486
Clean Water Revenue Bonds, 2006 Series B	-	-	139,901	-	-	-	3,794,876	3,934,777
Clean Water Revenue Bonds, 2007 Series A	-	-	314,657	-	-	-	12,613,910	12,928,567
Clean Water Revenue Bonds, 2008 Series A	-	-	1,464	-	4,363,366	-	-	4,364,830
Clean Water Revenue Bonds, 2010 Series A	-	-	526,960	-	25,744,190	-	-	26,271,150
Clean Water Revenue Bonds, 2010 Series B	-	-	2,107,402	-	13,065,481	-	-	15,172,883
Clean Water Revenue Bonds, 2011 Series A	-	-	2,470,152	-	11,589,222	-	-	14,059,374
Refunding Revenue bonds, 2013 Series A	-	-	-	10,991,857	-	-	-	10,991,857
Direct Loan Project Accounts	-	-	-	7,017,465	-	-	-	7,017,465
WPCRF State Match Holding Account	-	2,862,884	-	-	-	-	-	2,862,884
Direct Loan Surplus Matching Account	-	-	1,585,234	-	-	-	-	1,585,234
CWSRF Re loan Account	-	-	-	68,418,124	-	-	-	68,418,124
WPCRF Administrative Fee Account	-	-	-	18,507,221	-	-	-	18,507,221
Subtotal – Water Pollution Control Revolving Fund	-	2,862,884	18,196,997	104,934,667	61,463,307	-	71,039,318	258,497,173

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)**

**Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Investment Type (Continued)
December 31, 2013**

	Cash	Cash held by State Treasury	Money Market	Local Government Investment Pool	U.S. Treasury Notes - SLGS Bonds, and Agency (fair value)	Securities Not Held for Investment	Repurchase agreements	Total cash and investments by bond issue
Drinking Water Revolving Fund:								
Drinking Water Revenue Bonds, 2000 Series A	-	-	9,751,459	-	-	-	-	9,751,459
Refunding Revenue Bonds, 2005 Series A	-	-	465,964	-	-	-	-	465,964
Drinking Water Revenue Bonds, 2006 Series A	-	-	278,845	-	-	-	3,550,845	3,829,690
Drinking Water Revenue Bonds, 2006 Series B	-	-	881,361	-	-	-	11,643,994	12,525,355
Drinking Water Revenue Bonds, 2008 Series A	-	-	114,116	-	5,362,248	-	-	5,476,364
Drinking Water Revenue Bonds, 2008 Series B	-	-	1,000	-	4,620,855	-	-	4,621,855
Drinking Water Revenue Bonds, 2011 Series A	-	-	3,951,988	-	15,192,666	-	-	19,144,654
Drinking Water Revenue Bonds, 2012 Series A	-	-	5,414,565	-	17,588,857	-	-	23,003,422
Refunding Revenue Bonds, 2013 Series A	-	-	-	7,762,051	-	-	-	7,762,051
Federal Direct Loan Project, Accounts	-	-	-	8,410,787	-	-	-	8,410,787
Drinking Water Funding Account	-	149,558	-	-	-	-	-	149,558
Drinking Water State Match Holding Account	-	2,189,125	-	-	-	-	-	2,189,125
State Direct Loan Surplus Matching Account	-	-	71,436	-	-	-	-	71,436
State Direct Loan Reloan Account	-	-	-	617,715	-	-	-	617,715
State Direct Loan Administrative Fee Account	-	-	-	20,729	-	-	-	20,729
Federal Direct Loan Surplus Matching Account	-	-	1,803,357	-	-	-	-	1,803,357
DWRF Reloan Account	-	-	-	36,735,333	-	-	-	36,735,333
DWRF Administrative Fee Account	-	-	-	13,449,292	-	-	-	13,449,292
Subtotal – Drinking Water Revolving Fund	-	2,338,683	22,734,091	66,995,907	42,764,626	-	15,194,839	150,028,146
Colorado Water Resources and Power Development Authority – total cash and investments	\$ 172,393	\$ 29,704,125	\$ 73,651,259	\$ 194,370,956	\$ 104,227,933	\$ -	\$ 86,234,157	\$ 488,360,823

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)**

**Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Account Type
December 31, 2013**

	<u>Rebate accounts</u>	<u>S WRP revenue or Debt service funds</u>	<u>Debt service reserve funds</u>	<u>Project accounts</u>	<u>DWRF and WPCRF matching accounts</u>	<u>Other accounts</u>	<u>Total cash and investments by bond issue</u>
Water Operations Fund:							
Small Water Resources Projects Program Debt Service Reserve Fund	\$ -	\$ -	\$ 8,503,817	\$ -	\$ -	\$ -	\$ 8,503,817
Small Water Resources Projects Bonded Funds	-	350,455	-	-	-	8	350,463
Water Revenue Bonds Program	-	614	7,458,630	37,410,500	-	-	44,869,744
Animas-La Plata Account	-	-	-	-	-	1,538,675	1,538,675
Authority Operating	-	-	-	1,385,063	-	23,187,742	24,572,805
Subtotal– Water Operations Fund	<u>-</u>	<u>351,069</u>	<u>15,962,447</u>	<u>38,795,563</u>	<u>-</u>	<u>24,726,425</u>	<u>79,835,504</u>
Water Pollution Control Revolving Fund:							
Clean Water Revenue Bonds, 1992 Series B	-	1	-	-	973,166	-	973,167
Clean Water Revenue Bonds, 1994 Series A	200,274	2	-	-	2,889,377	-	3,089,653
Clean Water Revenue Bonds, 1995 Series A	3,025	-	-	-	3,463,856	-	3,466,881
Clean Water Revenue Bonds, 1996 Series A	157,219	5,053	-	-	342,762	-	505,034
Clean Water Revenue Bonds, 1997 Series A	299,236	-	-	-	2,437,383	-	2,736,619
Clean Water Revenue Bonds, 1998 Series A	309,857	-	-	-	2,836,879	-	3,146,736
Clean Water Revenue Bonds, 1998 Series B	239,869	-	-	-	3,329,605	-	3,569,474
Clean Water Revenue Bonds, 1999 Series A	273,146	919	-	-	2,744,238	-	3,018,303
Clean Water Revenue Bonds, 2000 Series A	481,114	-	-	-	4,441,656	-	4,922,770
Clean Water Revenue Bonds, 2001 Series A	771,200	20,014	-	-	12,570,007	-	13,361,221
Refunding Revenue Bonds, 2001 Series A	-	2,351,036	-	-	-	-	2,351,036
Refunding Revenue Bonds, 2004 Series A	-	317,205	-	-	-	-	317,205
Clean Water Revenue Bonds, 2005 Series A	122,207	500,064	-	-	13,421,484	-	14,043,755
Clean Water Revenue Bonds, 2005 Series B	208,178	-	-	-	5,358,933	-	5,567,111
Refunding Revenue Bonds, 2005 Series A and A2	-	3,670,356	-	-	-	-	3,670,356
Clean Water Revenue Bonds, 2006 Series A	248,323	-	-	-	7,395,163	-	7,643,486
Clean Water Revenue Bonds, 2006 Series B	134,933	-	-	-	3,799,844	-	3,934,777
Clean Water Revenue Bonds, 2007 Series A	300,333	-	-	-	12,628,234	-	12,928,567
Clean Water Revenue Bonds, 2008 Series A	-	-	-	-	4,364,830	-	4,364,830
Clean Water Revenue Bonds, 2010 Series A	-	111	-	488,297	25,782,742	-	26,271,150
Clean Water Revenue Bonds, 2010 Series B	-	301	-	2,082,796	13,089,786	-	15,172,883
Clean Water Revenue Bonds, 2011 Series A	-	275	-	7,213,851	6,845,248	-	14,059,374
Refunding Revenue Bonds, 2013 Series A	-	146,175	-	-	10,845,682	-	10,991,857
Direct Loan Project Accounts	-	-	-	7,017,465	-	-	7,017,465
WPCRF State Match Holding Account	-	-	-	-	-	2,862,884	2,862,884
Direct Loan Surplus Matching Account	-	-	-	-	-	1,585,234	1,585,234
CWSRF Re loan Account	-	-	-	-	-	68,418,124	68,418,124
WPCRF Administrative Fee Account	-	-	-	-	-	18,507,221	18,507,221
Subtotal– Water Pollution Control Revolving Fund	<u>3,748,914</u>	<u>7,011,512</u>	<u>-</u>	<u>16,802,409</u>	<u>139,560,875</u>	<u>91,373,463</u>	<u>258,497,173</u>

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)**

**Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Account Type (Continued)
December 31, 2013**

	<u>Rebate accounts</u>	<u>SWRP revenue or Debt service funds</u>	<u>Debt service reserve funds</u>	<u>Project accounts</u>	<u>DWRF and WPCRF matching accounts</u>	<u>Other accounts</u>	<u>Total cash and investments by bond issue</u>
Drinking Water Revolving Fund:							
Drinking Water Revenue Bonds, 2000 Series A	1,477	-	-	-	9,749,982	-	9,751,459
Refunding Revenue Bonds, 2005 Series A	-	465,964	-	-	-	-	465,964
Drinking Water Revenue Bonds, 2006 Series A	77,383	177,541	-	-	3,574,766	-	3,829,690
Drinking Water Revenue Bonds, 2006 Series B	849,839	-	-	-	11,675,516	-	12,525,355
Drinking Water Revenue Bonds, 2008 Series A	-	106,895	-	-	5,369,469	-	5,476,364
Drinking Water Revenue Bonds, 2008 Series B	-	-	-	-	4,621,855	-	4,621,855
Drinking Water Revenue Bonds, 2011 Series A	-	433	-	8,697,951	10,446,270	-	19,144,654
Drinking Water Revenue Bonds, 2012 Series A	-	2,245	-	23,000,000	1,177	-	23,003,422
Refunding Revenue Bonds, 2013 Series A	-	1,122,744	-	-	6,639,307	-	7,762,051
Federal Direct Loan Project Accounts	-	-	-	8,410,787	-	-	8,410,787
Drinking Water Funding Account	-	-	-	-	-	149,558	149,558
Drinking Water State Match Holding Account	-	-	-	-	-	2,189,125	2,189,125
State Direct Loan Surplus Matching Account	-	-	-	-	-	71,436	71,436
State Direct Loan Reloan Account	-	-	-	-	-	617,715	617,715
State Direct Loan Administrative Fee Account	-	-	-	-	-	20,729	20,729
Federal Direct Loan Surplus Matching Account	-	-	-	-	-	1,803,357	1,803,357
DWRF Reloan Account	-	-	-	-	-	36,735,333	36,735,333
DWRF Administrative Fee Account	-	-	-	-	-	13,449,292	13,449,292
Subtotal – Drinking Water Revolving Fund	<u>928,699</u>	<u>1,875,822</u>	<u>-</u>	<u>40,108,738</u>	<u>52,078,342</u>	<u>55,036,545</u>	<u>150,028,146</u>
Colorado Water Resources and Power Development Authority – total cash and investments	<u>\$ 4,677,613</u>	<u>\$ 9,238,403</u>	<u>\$ 15,962,447</u>	<u>\$ 95,706,710</u>	<u>\$ 191,639,217</u>	<u>\$ 171,136,433</u>	<u>\$ 488,360,823</u>

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

Board of Directors
Colorado Water Resources and
Power Development Authority
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major fund of Colorado Water Resources and Power Development Authority (the Authority), a component unit of the State of Colorado, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 16, 2014.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Authority's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that are considered to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Board of Directors
Colorado Water Resources and
Power Development Authority

Compliance

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

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

BKD, LLP

Denver, Colorado
April 16, 2014

**Independent Auditor's Report on Compliance With Requirements
That Could Have a Direct and Material Effect on Each Major Program
and on Internal Control Over Compliance in Accordance With
OMB Circular A-133**

Board of Directors
Colorado Water Resources and
Power Development Authority
Denver, Colorado

Report on Compliance for Each Major Federal Program

We have audited the compliance of Colorado Water Resources and Power Development Authority (the Authority), a component unit of the State of Colorado, with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

Board of Directors
Colorado Water Resources and
Power Development Authority

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The management the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
April 16, 2014

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013**

<u>Grantor program title</u>	<u>Federal grant number</u>	<u>Federal CFDA number</u>	<u>Grant award</u>	<u>Accrued January 1, 2013</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued December 31, 2013</u>
U.S. Environmental Protection Agency:							
Capitalization Grants for Clean Water							
State Revolving Funds:							
2010 Grant		66.458	16,298,000	\$ 5,016	\$ 1,521,234	\$ 1,516,218	\$ -
2011 Grant		66.458	12,389,500	-	5,676,925	5,824,286	147,361
2012 Grant		66.458	11,305,000	-	-	-	-
2013 Grant		66.458	10,679,000	-	-	-	-
Total federal awards – WPCRF				5,016	7,198,159	7,340,504	147,361
Capitalization Grants for Drinking Water State Revolving Funds:							
2008 Grant		66.468	14,350,000	60,686	60,686	-	-
2009 Grant		66.468	14,350,000	279,230	747,020	467,790	-
2010 Grant		66.468	24,074,000	101,242	6,694,279	7,206,655	613,618
2011 Grant		66.468	16,439,000	1,223,756	2,929,173	1,705,417	-
2012 Grant		66.468	15,920,000	-	807,920	1,767,157	959,237
2013 Grant				-	-	-	-
Total federal awards – DWRF				1,664,914	11,239,078	11,147,019	1,572,855
Total federal awards				\$ 1,669,930	\$ 18,437,237	\$ 18,487,523	\$ 1,720,216

See accompanying notes to schedule of expenditures of federal awards.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013**

Note 1: Basis of Presentation

This schedule includes the federal awards of Colorado Water Resources and Power Development Authority, a component unit of the State of Colorado, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2013**

Note 2: Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, 93% of the Capitalization Grants for Clean Water State Revolving Funds (WPCRF) and 44% of the Capitalization Grants for Drinking Water State Revolving Funds (DWRP) were provided to subrecipients as follows:

	Federal grants Provided to Subrecipients
Water Pollution Control Revolving Fund Projects (CFDA #66.458):	
Base Program	
Cheraw, Town of	\$ 266,978
Cheyenne Wells Sanitation District #1	82,195
Cokedale, Town of	24,355
Empire, Town of	58,202
Glenwood Springs, City of	246,054
Fairways Metro District	32,773
Hillcrest Water and Sanitation District	28,830
Huerfano County Gardner Water and Sewer PID	92,664
Larimer County LID (Rever Glen Estates)	39,554
Mansfield Heights Water and Sanitation District	39,953
Mountain View Villages Water and Sanitation Dist.	43,850
Naturita, Town of	456,290
Olathe, Town of	34,441
Olney Springs, Town of	155,512
Pueblo West Metropolitan District	2,456,840
Pueblo, City of	286,885
Rocky Ford, City of	117,496
South Sheridan WSS&SDD	35,611
Windsor, Town of	2,310,507
	<hr/>
Total WPCRF	\$ <u><u>6,808,990</u></u>

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2013**

Note 3: Set Asides

For the year ended December 31, 2013, the following DWRF grant amounts were used for the set aside programs:

	<u>Set aside amount</u>
DWRF program year:	
2009	\$ 467,790
2010	2,292,802
2011	1,705,417
2012	<u>1,767,157</u>
Total	<u>\$ 6,233,166</u>

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**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2013**

8. Dollar threshold used to distinguish between Type A and Type B programs: \$554,626
9. Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding	Questioned Costs
No matters are reportable.		

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding	Questioned Costs
No matters are reportable.		

**Colorado Water Resources
and Power Development Authority**
(A Component Unit of the State of Colorado)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

Reference Number	Summary of Finding	Status
No matters are reportable.		

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