



Colorado Water Resources and Power Development Authority



2014 Annual Report



COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT AUTHORITY

2014 ANNUAL REPORT

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Cover Photo: Bobby K. Taylor Reservoir
Courtesy: Bob Wolff, Authority Board Member

The 2014 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 2014 along with its audited financial statements for the years ended December 31, 2014 and 2013. Additional information about the Authority and its programs can be found in the financial statements and accompanying Management Discussion and Analysis.

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 20 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 2015, there are 349 projects on the DWRF project eligibility list representing a cumulative need of approximately \$4.2 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 from inception through 2014 (see below for more information about GAP grants).

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 2014, 75 disadvantaged community loans totaling \$58.3 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, 2014.

DWRF Planning & Design Grant Activity							Table 1	
As of December 31, 2014				Projects Associated with P&D Grants				
Year	Amount Authorized	Amount Awarded	No. of Recipients	Amount Funded with Loans	No. of Projects	Amount Funded with GAP Grants	No. 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	7,864,995	5			
2006	100,000	90,000	9	15,223,344	7			
2007	100,000	90,000	9	10,388,687	6			
2008	100,000	100,000	10	15,087,928	6			
2009	100,000	100,000	10	12,450,048	7			
2010	150,000	148,100	15	7,300,877	9			
2011	150,000	124,096	13	27,968,891	5			
2011B	100,000	83,502	9	3,110,000	2			
2012	150,000	117,793	13	4,983,161	5	37,670	1	
2012B	100,000	99,548	10	5,145,834	4	250,000	1	
2013	150,000	88,260	10	2,226,793	5	0	0	
2014	150,000	119,600	12	599,427	1	0	0	
Total	\$ 1,800,000	\$ 1,526,398	157	\$ 146,604,694	77	\$ 287,670	2	

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

DWRF Disadvantaged Community Loans			Table 2	
As of December 31, 2014				
Loan Funding	Amount	No. of Loans		
Base Program - reduced interest	\$ 8,411,053	10		
Base Program - zero percent interest	14,009,234	25		
Base Program - full principal forgiven	17,017,529	25		
Base Program - partial principal forgiven & 0% interest	5,583,063	4		
Base Program - partial principal forgiven & reduced interest	4,627,241	4		
ARRA - full principal forgiven	6,619,354	6		
ARRA - zero percent	2,000,000	1		
TOTAL	\$ 58,267,475	75		

As of December 31, 2014, the EPA has awarded \$290.4 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, \$221.1 million has been allocated to the loan program and \$69.3 million has been allocated to program specific activities or "set asides" that include: grant administration (\$11.6 million), technical assistance to small communities (\$5.5 million), public water system supervision (\$18.6 million), in kind services (\$0.2 million), source water protection (\$1.7 million), and local assistance set-asides that include capacity development and wellhead protection programs (\$31.7 million). As of December 31, 2014, 99.3% of EPA grants awarded to the Colorado DWRF have been obligated to loans and the set aside programs. The Authority has contributed \$51.2 million to the program for state match as required by the capitalization grant agreements. On February 19, 2015, the Authority applied for its 2015 capitalization grant in the amount of \$15.4 million. Funding from Congress in future years is unknown at this time. With unobligated grant and reloan funds on hand and anticipated additional funding from the program in 2015, the Authority estimates that the program may have the ability to finance from \$40 million to \$60 million in loans in 2015.

Through December 31, 2014, 212 direct and leveraged loans have been executed under the DWRF program totaling \$511.7 million with an outstanding principal balance of \$297.5 million. In 2014, sixteen projects totaling \$13.8 million were funded through the DWRF direct loan program. In compliance with the conditions of the 2013 and 2014 DWRF grant awards, eleven of the sixteen direct loans received one-time principal forgiveness (subsidization) totaling \$7.0 million. In 2014, one bond issue totaling \$11.1 million was issued by the Authority to provide leveraged funding for three loans totaling \$46.8 million. One direct loan borrower prepaid its loan in full in 2014 and as of December 31,

2014, all loans are current. Through December 31, 2014, the Authority has issued \$294.4 million in new money bonds and \$55.8 million in refunding bonds through the DWRF with an outstanding balance of \$146.9 million. The Authority is in the process of issuing a new money Drinking Water bond issue totaling approximately \$8.4 million, in April, 2015, that will provide leveraged funding for three loans totaling \$29.3 million. 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, 2014, 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%). As of December 31, 2014, three loans have been funded through the SHLP program totaling \$5.1 million with an outstanding principal balance of \$4.7 million and all loans are current. No SHLP loans were executed in 2014.

In addition to the allocation of funds for SHLP loans, 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.

SHLP Planning & Design Grant Activity					Table 3	
As of December 31, 2014					Projects Associated with P&D Grants	
Year	Amount Authorized	Amount Awarded	No. of Recipients	Amount Funded with Loans	No. of Projects	
2009	\$ 150,000	\$ 103,746	8	\$ -	0	
2010	150,000	48,814	7	2,000,000	1	
2011	150,000	91,428	7	2,000,000	1	
2012	150,000	59,209	5	-	0	
2013	150,000	15,000	1	-	0	
2014	150,000	45,000	3	-	0	
Total	\$ 900,000	\$ 363,197	31	\$ 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 bond funded 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. Bonds were issued only in the amount to fund approved loans. 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, 2014, fourteen bond issues were sold to fund 48 loans totaling \$149.6 million with a remaining balance of \$10.9 million. During 2014, one borrower prepaid its loan in full totaling \$1.6 million, and the associated bonds were called and defeased. As of December 31, 2014, five loans remain with principal outstanding totaling \$10.8 million and all loans are current.

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 that 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 2015, there are 319 projects on the WPCRF project eligibility list representing a cumulative need of nearly \$5.4 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 DWRF program was implemented. See Table 4 for a summary of P&D grant activity from inception through December 31, 2014.

WPCRF Planning & Design Grant Activity							Table 4	
As of December 31, 2014				Projects Associated with P&D Grants				
Year	Amount Authorized	Amount Awarded	No. of Recipients	Amount Funded with Loans	No. of Loans	Amount Funded with GAP Grants	No. 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	19,125,475	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	12,704,822	7			
2008GW	100,000	90,000	9	2,688,000	3			
2009	100,000	90,000	9	4,376,900	4	185,160	1	
2010	150,000	137,641	14	1,900,000	2	0	0	
2011	150,000	117,334	12	4,098,364	5	0	0	
2011B	100,000	99,762	10	706,000	1	55,000	1	
2012	150,000	127,413	13	6,202,811	7	750,000	3	
2012B	100,000	80,000	8	2,129,341	4	91,000	1	
2013	150,000	90,975	10	505,000	1	0	0	
2014	150,000	120,000	12	0	0	0	0	
Total	\$ 1,900,000	\$ 1,605,757	165	\$ 151,908,655	70	\$ 1,081,160	6	
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, 2014. Through 2014, 48 disadvantaged community loans totaling \$35.9 million have been executed.

WPCRF Disadvantaged Community Loans		<i>Table 5</i>
As of December 31, 2014		
Loan Funding	Loan amount	No. of Loans
Base Program - reduced interest	\$ 13,056,616	11
Base Program - zero percent interest	12,655,475	20
Base Program - full principal forgiveness	2,577,496	8
Base Program - partial principal forgiven & 0% interest	1,578,000	3
Base Program - partial principal forgiven & reduced interest	1,600,064	3
ARRA - full principal forgiven	4,442,019	3
ARRA - zero percent	-	0
TOTAL	\$ 35,909,670	48

As of December 31, 2014, the EPA has awarded \$315.8 million in capitalization grants to the Colorado WPCRF, including \$31.3 million from ARRA. As of December 31, 2014, 98.2% of Clean Water grants awarded to the Colorado WPCRF program has been obligated to loans or grant administration (4.0% of each grant award). The Authority has contributed \$56.9 million to the program for state match as required by the federal capitalization grant agreements. On March 23, 2015, the Authority applied for its 2015 capitalization grant in the amount of \$11.2 million. However, Clean Water Act funding from Congress is uncertain in future years. With the unobligated grant and reloan funds on hand and anticipated additional funding from the program in 2015, the Authority estimates that the program may have the ability to finance from \$100 million to \$160 million in loans in 2015.

As of December 31, 2014, 239 loans have been executed under the WPCRF totaling \$986.0 million, with an outstanding principal balance of \$473.9 million. Ten new direct loans totaling \$16.8 million were financed in 2014. One borrower prepaid its direct loan and leveraged loan and one borrower prepaid its direct loan for a total of \$6.4 million in 2014. All loans are current with loan repayments. The Authority issued \$9.1 million in new bonds to provide leverage funding for two leveraged loans totaling \$26.4 million. Through December 31, 2014, the Authority has issued \$785.4 million in new money bonds and \$257.4 million in refunding bonds through the WPCRF with an outstanding balance of \$326.6 million. The Authority is in the process of issuing a new money Clean Water bond issue totaling approximately \$15.6 million that will provide leveraged funding for approximately \$52.0 million in loans for two borrowers in May, 2015. 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, 2014, 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 2014, 23 loans have been executed under the WRBP program, totaling \$508.4 million, with an outstanding principal balance of \$236.0 million. During 2014, one borrower partially prepaid their loan totaling \$24.0 million and the associated bonds were called and defeased. One new bond issuance for \$16.9 million in 2014 provided funding for one new loan with the proceeds used to fund a project for \$10.5 million and the remaining \$6.4 million used to partially prepay one of the borrower's existing WRBP loans. Of the

\$501.6 million in WRBP bonds issued through December 31, 2014, \$236.0 million remains outstanding. As of December 31, 2014, all loans are current.

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 2015 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 assist with 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. All allocated funds for this program have been awarded and provided funding for eight drinking water projects and seven wastewater projects. The Board has not authorized any additional funding for this program.

INTERIM LOANS

The Authority issues 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 2014, no interim loans were executed and there are no outstanding loans.

ANIMAS-LA PLATA PROJECT (RIDGES BASIN DAM AND LAKE NIGHTHORSE) LA PLATA FUTURE PROJECTS (BOBBY K. TAYLOR RESERVOIR) 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 DWRP to provide the 20% state match for the DWRP 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. As of December 31, 2013, the project was completed and the reservoir was filled to capacity. The project has been named the Ridges Basin Dam and the reservoir was named Lake Nighthorse.

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. As of December 31, 2014, Durango's loan balance was \$3.8 million and the loan is current. Through 2014, 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 2014 was \$1.6 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, 2014, this escrow contained \$1.2 million including accrued interest income.

In early 2010, the Authority Board approved a \$19 million budget to design and construct a reservoir project (Bobby K. Taylor Reservoir) 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 project. Construction began in 2012 and major construction activity on the project was completed in 2014. Also, in 2014, the project received \$1.6 million from the Colorado Water Conservation Board (CWCB) for project costs.

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 2015 represents the balance in all accounts that are not obligated or restricted as to use by the Authority as of December 31, 2014.

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.

Five-Year Projected Cash Flows					<i>Table 6</i>
	2015	2016	2017	2018	2019
Beginning cash balance	\$ 13,266,266	\$ 9,029,066	\$ 7,759,066	\$ 8,514,066	\$ 12,769,066
Cash inflows from:					
Investment interest	95,000	95,000	95,000	95,000	95,000
SRF programs	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Interim loans - loan interest	-	600,000	600,000	600,000	600,000
Interim loans - repaid	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
SHLP - loan repayments	330,000	400,000	450,000	500,000	550,000
AUTH - loan repayments	250,000	250,000	250,000	250,000	250,000
Other	-	1,600,000	1,600,000	4,600,000	3,600,000
Cash outflows to:					
SRF programs	(5,325,200)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
SHLP program	(2,225,000)	(2,075,000)	(75,000)	(75,000)	(75,000)
Interim loans	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
Authority grant programs	(250,000)	-	-	-	-
Other loan programs expenses	(1,642,000)	(1,690,000)	(1,740,000)	(1,290,000)	(1,290,000)
Administrative costs & other	(1,470,000)	(1,450,000)	(1,425,000)	(1,425,000)	(1,425,000)
Estimated ending cash balance	\$ 9,029,066	\$ 7,759,066	\$ 8,514,066	\$ 12,769,066	\$ 16,074,066

BOARD OF DIRECTORS

The members of the Board of Directors of the Authority as of December 31, 2014, are listed below:

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.

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.

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

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.

For terms expiring October 1, 2017:

H. Webster Jones of Steamboat, Colorado, Democrat, to serve as a representative of the Yampa White Drainage Basin, and planning and development.

Roy Heald of Colorado Springs, Colorado, Republican, to serve as a representative of the Arkansas Drainage Basin.

OFFICERS

Officers as of December 31, 2014

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

STAFF

As of April 30, 2015

Executive Director	Michael W. Brod
Director of Finance	Keith S. McLaughlin
Controller	Justin Noll
Office Manager	Sabrina Speed
Assistance Finance Director	Jim Griffiths
Senior Financial Analyst	Ross Kuhn
Financial Analyst	Wesley Williams
Financial Analyst	John Williams
Financial Analyst	Eric Miller
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, 2014 and 2013

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
December 31, 2014 and 2013**

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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, 2014 and 2013, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Authority as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 supplementary information, including the schedule of expenditures of federal awards required by OMB 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 10, 2015, 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 10, 2015

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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, 2014 and 2013

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, 2014 and 2013.

2014 Financial Highlights

- Combined total net position of the Authority totaled \$630.6 million. The \$19.3 million increase in combined total net position was the net effect of capitalization grant revenue from the United States Environmental Protection Agency (EPA) totaling \$27.4 million offsetting the combined operating loss of \$8.0 million.
- Total loans receivable increased \$11.2 million to \$1.0 billion. The Authority executed 26 direct loans and six loans financed with bond issuances for a combined total of \$120.7 million. Of the 26 direct loans executed, 12 loans received \$7.4 million in full or partial principal forgiveness related to requirements under the EPA grant conditions. Two bond funded loans and three direct loans were prepaid in full totaling \$8.0 million and two bond funded loans were partially prepaid totaling \$30.4 million.
- Total project costs payable increased \$37.3 million to \$148.9 million as a result of the execution of loans providing funding for \$115.5 million in new projects offset by \$78.2 million in project requisition payments and loan reductions.
- Total bonds payable is \$720.4 million, a decrease of \$48.0 million from 2013. The Authority issued \$20.2 million in two new-money issuances and a \$16.9 million combined new-money and refunding bond issuance. The Authority defeased \$35.1 million of bonds associated with the full and partial prepayments of four leveraged loans.

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.

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 (WOPS), 2) The Water Pollution Control Fund (WPCRF), and 3) The Drinking Water Fund (DWRF). The basic financial statements for each fund are included in this report. Each fund is considered a major fund.

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

Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2014 and 2013

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, 2014 and 2013 in a comparative format. Furthermore, schedules of total enterprise fund data and analysis is provided in comparative year format for 2014-2013 and 2013-2012.

Unrestricted current and other assets primarily consist of cash and cash equivalents, investments and accounts receivable - borrowers, 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 bond funded loan balances. Loans receivable provide security for associated bonds; and loan repayments received, net of state match principal, equity 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 bond financing and/or as 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 that 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 loan programs that are funded all or in part with bond proceeds. Bonds are issued only to provide capital for pre-approved loans. In the DWRF and WPCRF, additional funding for loans is achieved by issuing bonds leveraged on the grant and/or the reloan funded portion of the loan. (For more information about "reloan" account funds, see explanation of "deallocation" in the Total Enterprise Fund section below.) Prior to 2014, all leveraged loans were financed with bonds using the "reserve fund" financing model in which initial deposits from bond proceeds and state match, if applicable, to each borrower's project fund (or debt service reserve fund [DSRF]) equaled the amount of the leveraged loan (less issuance costs). Thus, each additional loan-bond financing package directly increases four major line items on the respective fund's summary schedule of net position by approximately the same amounts: bonds payable, restricted assets, loans receivable, and project costs payable.

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

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Years ended December 31, 2014 and 2013

In 2014, the Authority issued DWRF and WPCRF bonds using the “cash flow” financing model. Leveraged loans financed under the cash flow model are funded with bond proceeds that are deposited to the borrower’s project account. On grant-funded loans, the state match is deposited to a “preconstruction” account, a restricted account specifically established to hold state match funds for payment of the state match portion of project requisitions. Bond proceeds are not used to fund the debt service reserve fund; instead, reloan money, in an amount sufficient for debt service reserve requirements, is deposited to the associated bond DSRF, and is not part of the loans. Therefore, leveraged loans financed from bonds issued using the cash flow model increase project costs payable and loans payable by approximately the same amount, but restricted assets increases by the state match, if applicable, bond proceeds (less cost of issuance) and the amount deposited into the DSRF. Bonds payable increases by the par amount of the bonds. The grant and/or reloan portion of the loan is deposited to and paid out of the project account only when requisitioned. The Authority may use either the reserve fund financing model or the cash flow financing model going forward depending on economic conditions.

WRBP loans are funded entirely by bonds issuances; thus, each additional 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 by approximately the same amounts.

As project construction costs are incurred, borrowers submit requisitions for reimbursement. Construction of these infrastructure projects may last 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. Deposits to project accounts for certain previously executed direct loans funded with reloan dollars, and WRBP bond issue proceeds (less issuance costs) equal the loan/project amount; thus, requisitions from these loans will reduce restricted assets and project costs payable by the same amount.

In 2014, new procedures were implemented in how loans were funded and the payment of requisitions. The required state match portion of grant-funded loans is deposited in the preconstruction account. All grant-funded loan draws are paid using the federal grant/state match required proportionality. However, in the DWRF and WPCRF, project requisitions from loans funded by either bond financing model reduces project costs payable by the entire draw amount, but reduces restricted assets only by the amounts equal to the state match and/or reloan and/or bond proceeds (the grant funded portion of the draws do not have an effect on restricted assets). Project accounts serve only as pass-through for the grant and or/reloan funded portion of the requisitions.

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 DWRF 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

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, 2014 and 2013

Total Enterprise Funds (2014- 2013)

Schedule 1A

Summary of Net Position as of December 31

	2014	2013	Change	Pct Chg
Unrestricted current and other assets	\$ 192,016,703	\$ 206,421,339	\$ (14,404,636)	(7.0%)
Restricted assets	339,441,156	325,249,053	14,192,103	4.4%
Capital assets, net	18,448	33,251	(14,803)	(44.5%)
Loans receivable	1,026,632,651	1,015,397,567	11,235,084	1.1%
Total assets	<u>1,558,108,958</u>	<u>1,547,101,210</u>	<u>11,007,748</u>	0.7%
Deferred outflows of resources	4,145,014	4,504,838	(359,824)	(8.0%)
Current and other liabilities	61,844,828	59,638,441	2,206,387	3.7%
Project costs payable	148,937,549	111,596,794	37,340,755	33.5%
Bonds payable	720,385,000	768,410,000	(48,025,000)	(6.2%)
Total liabilities	<u>931,167,377</u>	<u>939,645,235</u>	<u>(8,477,858)</u>	(0.9%)
Deferred inflows of resources	536,573	718,435	(181,862)	(25.3%)
Net position:				
Net investment in capital assets	18,448	33,251	(14,803)	(44.5%)
Restricted	582,612,773	556,934,294	25,678,479	4.6%
Unrestricted	47,918,801	54,274,833	(6,356,032)	(11.7%)
Total net position	<u>\$ 630,550,022</u>	<u>\$ 611,242,378</u>	<u>\$ 19,307,644</u>	3.2%

Total Enterprise Funds (2013- 2012)

Schedule 1B

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>	(7.1%)
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>	(11.3%)
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>	1.0%

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, 2014 and 2013

debt service reserve fund restricted investments and depositing the cash proceeds, along with the state match and/or equity principal 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 preconstruction accounts (restricted).

As shown in Schedule 1A, total assets increased by \$11.0 million and total liabilities decreased by \$8.5 million. The increase in total assets was mainly due to an \$11.2 million increase in loans receivable and a \$14.2 million increase in restricted assets offset by a \$14.4 million decrease in unrestricted current and other assets. The decrease in total liabilities was mainly due to the \$48.0 million decrease in total bonds payable offset by the \$37.3 million increase in project costs payable. The following discussion will focus on the major changes in 2014 and compare them to the major changes in 2013. The changes in total net position will be discussed in the changes in net position section.

In 2014, total unrestricted current and other assets decreased by \$14.4 million mainly as the result of:

- The transfers of \$40.9 million in unrestricted funds to DWRF and WPCRF restricted assets accounts to fund direct and leveraged loans and the state match portion of requisitioned grant funds, offset by the deallocation of \$32.0 million from restricted accounts to the reloan account.
- The net payment of project costs totaling \$5.2 million related to the Long Hollow project (WOPS).
- Net state match contribution deposits to the WPCRF and DWRF (restricted) totaling \$2.3 million from unrestricted Authority funds.

In 2013, total unrestricted current and other assets increased by \$26.3 million mainly as the result of:

- Transfers and deallocation totaling \$36.5 million from restricted accounts to the reloan account, offset by \$3.2 million in transfers from reloan for new loan funding.
- An increase of \$8.4 million in payments of grants to localities-Authority funded.

In 2014, total restricted assets increased by \$14.2 million mainly due to an increase in cash and cash equivalents of \$28.2 million offset by a \$14.0 million decrease in investments.

- The increase in cash and cash equivalents was mainly due to the deposit of proceeds from new bond issuances and transfers from reloan for new loan funding, and funding of the preconstruction accounts to provide state match on grant-funded project requisitions, offset by the deallocation of restricted funds to the reloan account for deallocation and the payment of project loan draws.
- The decrease in investments was mainly from the liquidation of investments for deallocation.

In 2013, restricted assets decreased by \$98.8 million mainly due to transfers and deallocation from restricted accounts to the reloan fund and project draws and loan reductions of \$55.8 million, offset by a new money bond issue and the net effect of the refunding transactions.

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, 2014 and 2013

In 2014, loans receivable increased by \$11.2 million as a result of new loan executions totaling \$120.7 million, offset by \$101.4 million in loan repayments, including \$38.4 million in loan prepayments, and \$8.1 million in loan reductions and principal forgiveness in 2014. In 2013, loans receivable decreased by \$45.0 million as a result of new loan executions totaling \$33.4 million offset by \$64.8 million in loan repayments, loan reductions and principal forgiveness, and \$13.5 million in prepayments.

In 2014, project costs payable increased by \$37.3 million as a result of new loans executed that provided funding for \$115.5 million in projects, offset by \$78.2 million in project draws and loan reductions. In 2013, project costs payable decreased by \$25.8 million as a result of project draws and loan reductions totaling of \$55.8 million offset by \$30.0 million in new project loans.

Bonds payable decreased in 2014 by \$48.0 million. The Authority issued \$37.1 million in bonds in 2014, offsetting the payment of bond principal totaling \$85.1 million, including \$35.1 million in partial or fully called and/or defeased bonds associated with bond funded loan prepayments and a refunding. Bonds payable decreased in 2013 by \$108.4 million. During 2013, \$216.7 million in bond principal payments, including \$170.6 million in called and/or defeased bonds associated with bond funded loan prepayments and refundings were offset by one new-money bond issuance totaling \$11.6 million and refunding bonds totaling \$96.7 million.

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

Transactions in the Water Operations Fund that had a major impact on the financials included the following:

- One WRBP bond issuance for \$16.9 million provided funding for one loan with the proceeds used to fund a project for \$10.5 million and the remaining \$6.4 million used to partially prepay one of the borrower's existing WRBP loans.
- Another borrower in the WRBP partially prepaid their loan in the amount of \$24.0 million and one borrower in the SWRP prepaid their loan in full in the amount of \$1.5 million.
- The associated bonds related to all the prepayments were called and/or defeased.

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, 2014 and 2013

Water Operations Fund	Schedule 2			
Summary of Net Position as of December 31				
	2014	2013	Change	Pct Chg
Unrestricted current and other assets	\$ 49,033,799	\$ 53,764,969	\$ (4,731,170)	(8.8%)
Restricted assets	42,262,860	56,647,746	(14,384,886)	(25.4%)
Capital assets, net	18,448	33,251	(14,803)	(44.5%)
Loans receivable	255,257,274	281,671,284	(26,414,010)	(9.4%)
Total assets	<u>346,572,381</u>	<u>392,117,250</u>	<u>(45,544,869)</u>	(11.6%)
Deferred outflows of resources	427,486	118,365	309,121	261.2%
Current and other liabilities	15,934,478	15,949,068	(14,590)	(0.1%)
Project costs payable	23,145,096	35,083,099	(11,938,003)	(34.0%)
Bonds payable	246,875,000	272,920,000	(26,045,000)	(9.5%)
Total liabilities	<u>285,954,574</u>	<u>323,952,167</u>	<u>(37,997,593)</u>	(11.7%)
Net position:				
Net investment in capital assets	18,448	33,251	(14,803)	(44.5%)
Restricted	14,732,521	15,545,490	(812,969)	(5.2%)
Unrestricted	46,294,324	52,704,707	(6,410,383)	(12.2%)
Total net position	<u>\$ 61,045,293</u>	<u>\$ 68,283,448</u>	<u>\$ (7,238,155)</u>	(10.6%)

As shown in Schedule 2, major changes to the components of net position included decreases in total assets and total liabilities by \$45.5 million and \$38.0 million, respectively. Total net position will be discussed in the changes in net position section.

The following factors were the main contributors to the decrease in total assets:

- The largest contributor to the decrease in total assets was a \$26.4 million decrease in loans receivable, which was the result of \$43.3 million in loan repayments and prepayments offset by a \$16.9 million loan execution in the WRBP.
- A \$14.4 million decrease in restricted assets, that was mainly the result of the payment of WRBP project requisitions totaling \$23.3 million and \$2.3 million in net state match funding transfers between the Authority and the WPCRF and DWRF, offset by new WRBP project loan funding of \$11.4 million.
- A decrease of \$4.7 million in unrestricted current and other assets that was the result of \$6.8 million in payments for Long Hollow project draws, offset by \$1.6 million in contributions received from other parties associated with the Long Hollow project.

The following factors were the main contributors to the decrease in total liabilities:

- The largest decrease in total liabilities was from a \$26.0 million decrease in bonds payable that is the result of the payment of bond principal payments totaling \$42.9 million, including \$32.0 million in early bond calls and/or defeasances, offset by the issuance of a WRBP \$16.9 million bond issue.
- The \$11.9 million decrease in project costs payable was due to WRBP loan project draws totaling \$23.3 million offset by the new WRBP project loan funding of \$11.4 million.

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, 2014 and 2013

Water Pollution Control Fund

<i>Water Pollution Control Fund</i>	Schedule 3			
Summary of Net Position as of December 31				
	2014	2013	Change	Pct Chg
Unrestricted current and other assets	\$ 104,747,043	\$ 96,874,452	\$ 7,872,591	8.1%
Restricted assets	167,153,824	169,825,446	(2,671,622)	(1.6%)
Loans receivable	473,911,937	470,152,643	3,759,294	0.8%
Total assets	<u>745,812,804</u>	<u>736,852,541</u>	<u>8,960,263</u>	1.2%
Deferred outflows of resources	3,390,874	3,968,534	(577,660)	(14.6%)
Current and other liabilities	23,656,293	24,213,014	(556,721)	(2.3%)
Project costs payable	43,337,502	25,915,731	17,421,771	67.2%
Bonds payable	326,635,000	349,600,000	(22,965,000)	(6.6%)
Total liabilities	<u>393,628,795</u>	<u>399,728,745</u>	<u>(6,099,950)</u>	(1.5%)
Deferred inflows of resources	474,663	641,926	(167,263)	(26.1%)
Net position:				
Restricted	355,100,220	340,450,404	14,649,816	4.3%
Total Net position	<u>\$ 355,100,220</u>	<u>\$ 340,450,404</u>	<u>\$ 14,649,816</u>	4.3%

Transactions in the WPCRF that had a major impact on the financials included the following:

- \$9.1 million in bonds were issued to fund two leveraged loans totaling \$26.4 million.
- Ten direct loans totaling \$16.8 million were executed, including one loan that received \$0.4 million in partial principal forgiveness related to requirements under the EPA grant conditions.
- Two direct loans borrowers and one leveraged loan borrower prepaid their loans in full totaling \$6.4 million.
- The remaining bonds associated with the prepaid leveraged loan, \$3.1 million, were defeased.
- Deallocation transfers from restricted cash and cash equivalents and investment accounts to the reloan account (unrestricted) totaled \$21.6 million.

Schedule 3 shows that changes to the components of net position included an increase in total assets and a decrease in total liabilities. The \$14.6 million increase in total net position will be discussed in the changes in net position section.

The \$9.0 million increase in total assets was mainly the result of the following factors:

- Unrestricted assets increased by \$7.9 million, offset by a \$2.7 million decrease in restricted assets. Deallocation, offset by transfers related to new loan funding, were the main contributors to the increase in unrestricted current and other assets and the decrease in restricted assets. Project requisitions totaling \$13.9 million also contributed to the decrease in restricted assets.
- The \$3.8 million increase in loans receivable was the result of new loan executions offset by loan repayments, including prepayments, and principal forgiveness and loan reductions, totaling \$39.4 million.

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The \$6.1 million decrease in total liabilities is mainly attributed to:

- The \$23.0 million decrease in bonds payable that was mainly the result of \$32.0 million in bond principal payments, including bond calls/defeasances, offset by a \$9.1 million bond issuance.
- The decrease in total liabilities resulting from the decrease in bonds payable was offset by the \$17.4 million increase in project costs payable. The increase in project costs payable was the result of \$43.3 million in new loan project funding offset by \$25.9 million in payments of project requisitions and loan reductions.

Drinking Water Fund

Transactions in the DWRF that had a major impact on the financials included the following:

- Bonds were issued in the amount of \$11.1 million to fund three leveraged loans totaling \$46.8 million.
- Sixteen new direct loans were executed for a total of \$13.8 million, including 11 loans that received \$7.0 million in partial and full principal forgiveness related to requirements under the EPA grant conditions.
- Transfers from restricted cash and cash equivalents and investment accounts to the reloan account (unrestricted) for deallocation totaled \$10.5 million.

<i>Drinking Water Fund</i>	Schedule 4			
Summary of Net Position as of December 31				
	2014	2013	Change	Pct Chg
Unrestricted current and other assets	\$ 38,235,861	\$ 55,781,918	\$ (17,546,057)	(31.5%)
Restricted assets	130,024,472	98,775,861	31,248,611	31.6%
Loans receivable	297,463,440	263,573,640	33,889,800	12.9%
Total assets	<u>465,723,773</u>	<u>418,131,419</u>	<u>47,592,354</u>	11.4%
Deferred outflows of resources	326,654	417,939	(91,285)	(21.8%)
Current and other liabilities	22,254,057	19,476,359	2,777,698	14.3%
Project costs payable	82,454,951	50,597,964	31,856,987	63.0%
Bonds payable	146,875,000	145,890,000	985,000	0.7%
Total liabilities	<u>251,584,008</u>	<u>215,964,323</u>	<u>35,619,685</u>	16.5%
Deferred inflows of resources	61,910	76,509	(14,599)	(19.1%)
Net position:				
Restricted	212,780,032	200,938,400	11,841,632	5.9%
Unrestricted	1,624,477	1,570,126	54,351	3.5%
Total net position	<u>\$ 214,404,509</u>	<u>\$ 202,508,526</u>	<u>\$ 11,895,983</u>	5.9%

As reflected in Schedule 4, major changes to the components of net position included increases in total assets and total liabilities by \$47.6 million and \$35.6 million, respectively.

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The \$47.6 million increase in total assets is mainly attributed to the following:

- A \$33.9 million increase in loans receivable which was the result of \$60.6 million in new loan funding offset by loan repayments, loan reductions and principal forgiveness totaling \$26.7 million.
- A \$31.2 million increase in restricted assets offset by a \$17.5 million dollar decrease in unrestricted current and other assets. As stated previously, changes in these two line items are interrelated. The increase in restricted assets, and the decrease in unrestricted current and other assets, is mainly due to the net effect of transfers from unrestricted funds for new loan funding, offset by deallocation. The increase in restricted assets as a result of these transactions was offset by the payment of \$10.5 million in project requisitions.

The \$35.6 million increase in total liabilities is mainly due to the \$31.9 million increase in project costs payable, that is the result of the funding of new loans totaling \$60.8 million offset by the payment of \$28.5 million in project requisitions.

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, for bonds issued using the reserve fund model, a portion of bond interest is paid from investment income earned on restricted assets held in the borrowers' project accounts and in bond debt service reserve funds. This investment income represents the loan interest subsidy provided to the borrowers. Bonds issued using the cash flow model does not have investments that produce interest to provide payment for a portion of the bond interest. Instead, the leveraged loan borrowers receive the subsidy related to the equity (grant/state match/reloan) portion of loan principal that is financed at zero percent and sized so that it produces a subsidized blended interest rate at 70% of the all-in-bond yield on the bonds issued to fund a portion of the loan.

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.

The WPCRF and DWRF programs are permitted to collect a loan administrative fee surcharge to supplement the EPA grant funds available for the reimbursement of expenses related to program and 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 and ARRA loans) in both the WPCRF and DWRF programs are not assessed an administrative fee surcharge. For more information regarding the disadvantaged community loan program, see the Notes to the Financial Statements.

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Pursuant to the implementation of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, for the WPCRF and the DWRF, federal capitalization grant 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 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.

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<i>Total Enterprise Funds (2014- 2013)</i>		Schedule 5A		
Summary of Changes in Net Position as of December 31				
	2014	2013	Change	Pct Chg
Operating revenues:				
Interest on loans (including gain on prepayments)	\$ 28,142,588	\$ 28,613,366	\$ (470,778)	(1.6%)
Interest on investments	7,431,420	8,652,217	(1,220,797)	(14.1%)
Administrative fees and other income	10,553,425	11,914,454	(1,361,029)	(11.4%)
EPA grants	7,154,770	6,764,680	390,090	5.8%
Total operating revenues	<u>53,282,203</u>	<u>55,944,717</u>	<u>(2,662,514)</u>	<u>(4.8%)</u>
Operating expenses:				
Interest on bonds (including loss on extinguishments)	34,199,404	35,882,840	(1,683,436)	(4.7%)
Bond issuance expense	388,249	383,424	4,825	1.3%
Grant administration	5,192,307	4,523,400	668,907	14.8%
Grants to localities-Authority funded	7,934,259	13,066,860	(5,132,601)	(39.3%)
Loan principal forgiven	7,389,432	1,921,316	5,468,116	284.6%
General, administrative and other expenses	1,729,587	1,153,331	576,256	50.0%
EPA set asides	4,496,862	4,689,003	(192,141)	(4.1%)
Total operating expenses	<u>61,330,100</u>	<u>61,620,174</u>	<u>(290,074)</u>	<u>(0.5%)</u>
Operating loss	(8,047,897)	(5,675,457)	(2,372,440)	41.8%
EPA capitalization grants	27,355,541	11,722,843	15,632,698	133.4%
Change in net position	<u>19,307,644</u>	<u>6,047,386</u>	<u>13,260,258</u>	<u>219.3%</u>
Net position – beginning of year	<u>611,242,378</u>	<u>605,194,992</u>	<u>6,047,386</u>	<u>1.0%</u>
Net position – end of year	<u>\$ 630,550,022</u>	<u>\$ 611,242,378</u>	<u>\$ 19,307,644</u>	<u>3.2%</u>

<i>Total Enterprise Funds (2013- 2012)</i>		Schedule 5B		
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>

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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 increases to changes in net position totaling \$19.3 million, \$6.0 million and \$17.2 million for 2014, 2013 and 2012, respectively.

For 2014, interest on loans, administrative fees and interest on investments, contributed 52.8%, 16.8% and 14.0%, respectively, to total operating revenues. Interest on bonds, grants to localities-Authority funded and principal forgiven contributed 55.8%, 12.9% and 12.0%, respectively, to total operating expenses.

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, and the funding of certain direct loans at lower or zero interest in previous years contributes to decreases in interest on loans. The following discussion will focus on the major changes in operating revenues, operating expenses and EPA capitalization grants revenue for 2014 and 2013.

In 2014, \$2.1 million in prepaid interest recognized from prepayments of bond funded loans offset a \$2.6 million decrease in interest on loans. In 2013, the \$22.3 million decrease in interest on loans is mainly attributed to the residual effect of \$190.0 million in partial and full prepayments that occurred in 2012. See the Financial Statements for the portion of prepaid interest that was recognized as "gain on prepayments" as a sub-component of interest on loans.

In 2014, \$2.3 million in prepaid bond interest expense recognized from bond calls and/or defeasances related to bond funded loan prepayments offset a \$4.0 million decrease in bond interest. In 2013, the \$26.4 million decrease in interest on bonds is mainly attributed to the residual effect of defeasance of bonds associated with the partial and full loan prepayments in 2012. See the Financial Statements for the portion of prepaid interest that was recognized as "loss of extinguishment of debt" as a component of interest on bonds.

In 2014, the \$1.2 million decrease in interest on investments can be mainly attributed to the liquidation of \$8.4 million in fully-collateralized repurchase agreements (repos) that had an average interest rate of 4.68% and \$6.9 million in other investments for deallocation, and a net \$8.4 million decrease in money market held in the Colorado State Treasurer Cash Pool (STCP) that earned an average 0.98%, offset by a net increase in money market funds balances that earned an average interest rate of 0.08%. In 2013, the \$4.1 million decrease in combined interest on investments was the result of two major factors. First, the balance invested in money market held by the Colorado STCP in the Water Operations Fund decreased by \$15.9 million and the liquidation of \$71.1 million in repos investments related to the refundings and deallocation in the WPCRF and DWRF that 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.

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In contrast to 2013, administrative fees and other income decreased by \$1.4 million in 2014 mainly as a result of the decrease in the payments received from other parties involved in the Long Hollow project. 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 compliance with the conditions of the 2014, 2013 and 2012 grant awards in both the WPCRF and DWRP, certain loans executed in 2014, 2013 and 2012 received one-time principal forgiveness. Loan principal forgiven totaled \$7.4 million, \$1.9 million and \$5.0 million for 2014, 2013 and 2012, respectively.

The \$5.5 million increase in principal forgiveness expense in 2014 was offset by the \$5.1 million decrease in grants to localities-Authority funded expense, that mitigated the impact the principal forgiveness expense had on total operating expenses. The impact the \$1.7 million decrease in interest on bonds, mainly the result of normal amortization and the refunding in 2013, had on total operating expenses, was offset by the \$0.6 million increase in grant administration and general, administrative and other expenses. In 2013, the \$26.4 million decrease in interest on bonds, a result of bond calls and/or defeasances in 2012, and the decrease in loan principal forgiven, offset by the \$8.4 million increase in grants to localities-Authority funded, were the main contributors to the \$22.7 million decrease in operating expenses.

In general, the changes in interest on bonds and the interest on loans are correlated (differences may be attributed to the accruals on these line items). The decreases in interest on investments and administrative fees and other income were the main contributors to the increase in operating loss in 2014. 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).

Combined EPA capitalization grants revenue totaled \$27.4 million, \$11.7 million and \$22.4 million for 2014, 2013 and 2012, respectively. As explained earlier in this section, grant funds are drawn as requisitions are paid to borrowers with projects financed with capitalization grant funds. The \$15.6 million increase in EPA capitalization grants draws in 2014 was mainly attributed to the increase in grant-funded loans in 2013 and 2014 and an increase in the payment of grant-funded project requisitions. The \$10.7 million decrease in EPA capitalization grants for 2013 reflects the reduction in grant-funded loans in previous years, and a decrease in payments of grant-funded project requisitions. Nevertheless, capitalization grant revenue was the primary contributor to the total change in net position for 2014, 2013 and 2012.

Combined change in net position increased by \$13.3 million in 2014 compared to the \$11.2 million decrease in 2013. The increase in change in net position in 2014 was primarily the result of the \$15.6 million increase in EPA capitalization grants and the main contributor to the increase in net position to \$19.3 million. In 2013, the decrease in change in net position was primarily attributed to a \$10.7 million decrease in EPA capitalization grants.

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 2014 and 2013.

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Water Operations Fund

<i>Water Operations Fund</i>	Schedule 6			
Summary of Changes in Net Position as of December 31				
	2014	2013	Change	Pct Chg
Operating revenues:				
Interest on loans (including gain on prepayments)	\$ 13,913,615	\$ 13,802,080	\$ 111,535	0.8%
Interest on investments	204,557	352,817	(148,260)	(42.0%)
Other	1,626,251	3,121,643	(1,495,392)	(47.9%)
Total operating revenues	<u>15,744,423</u>	<u>17,276,540</u>	<u>(1,532,117)</u>	<u>(8.9%)</u>
Operating expenses:				
Interest on bonds (including loss on extinguishments)	13,702,303	13,755,991	(53,688)	(0.4%)
Bond issuance expense	388,249	383,424	4,825	1.3%
Grants to localities-Authority funded	7,934,259	13,066,860	(5,132,601)	(39.3%)
General, administrative and other expenses	957,767	910,006	47,761	5.2%
Total operating expenses	<u>22,982,578</u>	<u>28,116,281</u>	<u>(5,133,703)</u>	<u>(18.3%)</u>
Operating loss	<u>(7,238,155)</u>	<u>(10,839,741)</u>	<u>3,601,586</u>	<u>(33.2%)</u>
Change in net position	<u>(7,238,155)</u>	<u>(10,839,741)</u>	<u>3,601,586</u>	<u>(33.2%)</u>
Net position – beginning of year	<u>68,283,448</u>	<u>79,123,189</u>	<u>(10,839,741)</u>	<u>(13.7%)</u>
Net position – end of year	<u>\$ 61,045,293</u>	<u>\$ 68,283,448</u>	<u>\$ (7,238,155)</u>	<u>(10.6%)</u>

As shown in Schedule 6, the \$23.0 million in total operating expenses, an increase of \$5.1 million, exceeded the \$15.7 million in operating revenues resulting in a \$7.2 million operating loss and a decrease in change in net position of \$7.2 million to \$61.0 million for 2014.

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 overall balance decreased by \$8.4 million. The decrease in this account was the main reason for the \$0.1 million decrease in interest on investments.

For 2014, the \$1.5 million decrease in total operating revenues is mainly attributed to the \$1.5 million decrease in other revenue from other interested parties in the Long Hollow project. The decrease in operating expenses of \$5.1 million mainly is a result of the \$5.1 million decrease in grant to localities-Authority funded (payments for costs of the Long Hollow project and other Authority funded programs).

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Water Pollution Control Fund

<i>Water Pollution Control Fund</i>	Schedule 7			
	Summary of Changes in Net Position as of December 31			
	2014	2013	Change	Pct Chg
Operating revenues:				
Interest on loans (including gain on prepayments)	\$ 10,391,474	\$ 10,918,680	\$ (527,206)	(4.8%)
Interest on investments	5,298,476	6,118,949	(820,473)	(13.4%)
Administrative fee and other income	5,351,935	5,411,086	(59,151)	(1.1%)
EPA grants-administrative	619,012	531,514	87,498	16.5%
Total operating revenues	<u>21,660,897</u>	<u>22,980,229</u>	<u>(1,319,332)</u>	<u>(5.7%)</u>
Operating expenses:				
Interest on bonds (including loss on extinguishments)	14,965,823	16,206,451	(1,240,628)	(7.7%)
Grant administration	2,813,720	2,593,737	219,983	8.5%
Loan principal forgiven	408,088	1,066,049	(657,961)	(61.7%)
General, administrative and other expenses	383,205	114,605	268,600	234.4%
Total operating expenses	<u>18,570,836</u>	<u>19,980,842</u>	<u>(1,410,006)</u>	<u>(7.1%)</u>
Operating income	3,090,061	2,999,387	90,674	3.0%
EPA capitalization grants	11,559,755	6,808,990	4,750,765	69.8%
Transfers in (out)	-	(118,821)	118,821	(100.0%)
Change in net position	<u>14,649,816</u>	<u>9,689,556</u>	<u>4,960,260</u>	<u>51.2%</u>
Net position – beginning of year	<u>340,450,404</u>	<u>330,760,848</u>	<u>9,689,556</u>	<u>2.9%</u>
Net position – end of year	<u>\$ 355,100,220</u>	<u>\$ 340,450,404</u>	<u>\$ 14,649,816</u>	<u>4.3%</u>

Schedule 7 shows that total operating revenues of \$21.7 million exceeded total operating expenses of \$18.6 million resulting in a \$3.1 million operating income. Operating income and EPA capitalization grants revenue of \$11.6 million resulted in a \$14.6 million increase in change in net position to \$355.1 million for 2014.

The \$1.3 million decrease in operating revenues is mainly the result of the following:

- 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 and refundings 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. Generally, in the WPCRF, bonds and loans have maturities of 20 years; therefore, the fund has reached its financial maturity. In 2014, the \$0.5 million decrease in interest in loans is attributed to the net effect of all these factors offset by the execution of new loans in the previous and current year.
- Certain balances in the WPCRF are invested in repos, and U.S. Treasury State & Local Government Series Bonds (SLGs), that generally earn significantly higher yields than money market. In 2014, the \$0.8 million decrease in interest on investments was mainly the result of the liquidation of repos and SLGs for deallocation in 2014 and 2013.

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The \$1.4 million decrease in total operating expenses was mainly the result of a \$1.2 million decrease in interest on bonds. As stated before, generally, in the WPCRF, bonds and loans have maturities of 20 years; therefore, the fund has reached its financial maturity. In addition, interest on bonds is reduced as a result of call and/or defeasance of bonds related to the refunding and prepayments in 2013 and 2014, respectively. The \$1.2 million decrease in interest on bonds is attributed to the decrease in bond interest from normal amortization, bond calls, and refundings offset by interest on a new bond issue in 2014.

The \$4.8 million increase in EPA capitalization grants revenue was mainly the result of an increase in grant-funded loan executions and an increase in the payments of grant-funded project requisitions.

Drinking Water Fund

<i>Drinking Water Fund</i>	Schedule 8			
	Summary of Changes in Net Position as of December 31			
	2014	2013	Change	Pct Chg
Operating revenues:				
Interest on loans	\$ 3,837,499	\$ 3,892,606	\$ (55,107)	(1.4%)
Interest on investments	1,928,387	2,180,451	(252,064)	(11.6%)
Administrative fee and other income	3,575,239	3,381,725	193,514	5.7%
EPA grants	6,535,758	6,233,166	302,592	4.9%
Total operating revenues	<u>15,876,883</u>	<u>15,687,948</u>	<u>188,935</u>	1.2%
Operating expenses:				
Interest on bonds	5,531,278	5,920,398	(389,120)	(6.6%)
Grant administration	2,378,587	1,929,663	448,924	23.3%
Loan principal forgiven	6,981,344	855,267	6,126,077	716.3%
General, administrative and other expenses	388,615	128,720	259,895	201.9%
EPA set asides	4,496,862	4,689,003	(192,141)	(4.1%)
Total operating expenses	<u>19,776,686</u>	<u>13,523,051</u>	<u>6,253,635</u>	46.2%
Operating income (loss)	(3,899,803)	2,164,897	(6,064,700)	(280.1%)
EPA capitalization grants	15,795,786	4,913,853	10,881,933	221.5%
Transfers in (out)	-	118,821	(118,821)	(100.0%)
Change in net position	<u>11,895,983</u>	<u>7,197,571</u>	<u>4,698,412</u>	65.3%
Net position – beginning of year	<u>202,508,526</u>	<u>195,310,955</u>	<u>7,197,571</u>	3.7%
Net position – end of year	<u>\$ 214,404,509</u>	<u>\$ 202,508,526</u>	<u>\$ 11,895,983</u>	5.9%

As Schedule 8 shows, the total operating expenses of \$19.8 million, an increase of \$6.3 million, exceeded total operating revenues of \$15.9 million, which resulted in a \$3.9 million total operating loss. The total operating loss was offset by \$15.8 million EPA capitalization grants resulting in an \$11.9 million increase in change in net position to \$214.4 million. The main contributor to total operating expenses, and to the total operating loss, was the \$6.1 million increase in loan principal forgiven in 2014. The reasons for the increase in EPA capitalization grants revenue in 2014 are similar to the WPCRF; an increase in grant-funded loans executions and an increase in payments of grant-funded project requisitions.

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, 2014 and 2013

Economic Factors

The demand for financing water and wastewater infrastructure projects is primarily 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 the DWRF and WPCRF programs.

The Authority plans to continue subsidizing loan interest rates for borrowers in both the WPCRF and DWRF in 2015. Beginning in 2015, to accelerate EPA capitalization grant expenditures, the Authority implemented additional procedures and policies in the funding of DWRF and WPCRF loans. All new direct and leveraged loans executed will be "open" funded in that the source of the funding for each loan could be grant and/or reloan, that will be determined by available funds, on a draw by draw basis. It is anticipated, but subject to EPA direction, that all loans will draw from available unliquidated grant funds until all grants are expended and then from reloan funds. Loans made prior to 2015 are not affected. Colorado's share of the 2015 Clean Water Revolving Fund grant allotment (for the WPCRF) is approximately \$11.2 million and the Drinking Water Revolving Fund 2015 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, 2014, 113 base program DC loans had been executed, 68 in the DWRF and 45 in the WPCRF, with original principal amounts of \$49.6 million and \$31.5 million, respectively. Of the 113 loans, 52 are financed at a zero percent interest rate, 28 are financed at reduced rates and 47 received principal forgiveness (may not add up to total as some loans received a combination of partial principal forgiveness and reduced or zero interest on the remaining outstanding loan). 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.

For 2015, the Authority is in the process of issuing approximately \$8.4 million in bonds to provide funding for approximately \$29.3 million in leveraged loans for three borrowers under the DWRF. The Authority is also planning on issuing approximately \$15.6 million in new money bonds to provide funding for approximately \$52.0 million in leveraged loans for two borrowers under the WPCRF. The Authority continues to evaluate all outstanding bond issues for potential refunding opportunities.

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, 2014 and 2013

The Authority continues to closely monitor the ratings of the counterparties of the remaining repos and the collateral that secures the repos. 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 check 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, 2014

Assets	Water			Totals
	Water Operations	Pollution Control	Drinking Water	
Current assets:				
Cash and cash equivalents	\$ 15,305,830	\$ 98,909,091	\$ 32,499,611	\$ 146,714,532
Federal grants receivable	-	332,355	3,408,616	3,740,971
Investment income receivable	26,758	10,972	11,344	49,074
Loans receivable	9,959,571	32,664,597	21,945,550	64,569,718
Due from other funds	4,827,955	-	-	4,827,955
Accounts receivable – borrowers	3,563,769	5,494,625	2,316,290	11,374,684
Other assets	25,601	-	-	25,601
Restricted assets:				
Cash and cash equivalents	19,959,936	31,634,302	55,571,004	107,165,242
Investments	-	9,769,528	2,806,950	12,576,478
Investment income receivable	1,698	309,315	337,996	649,009
Total current assets	<u>53,671,118</u>	<u>179,124,785</u>	<u>118,897,361</u>	<u>351,693,264</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	17,168,453	16,227,864	19,710,251	53,106,568
Investments	-	107,549,196	51,187,787	158,736,983
Investment income receivable	2,773	1,663,619	410,484	2,076,876
Securities not held for investment	5,130,000	-	-	5,130,000
Advance receivable	22,468,443	-	-	22,468,443
Loans receivable	245,297,703	441,247,340	275,517,890	962,062,933
Water depletion rights – Animas-La Plata	1,353,316	-	-	1,353,316
Capital assets – equipment, net of accumulated depreciation of \$116,182	18,448	-	-	18,448
Other assets	1,462,127	-	-	1,462,127
Total noncurrent assets	<u>292,901,263</u>	<u>566,688,019</u>	<u>346,826,412</u>	<u>1,206,415,694</u>
Total assets	<u>346,572,381</u>	<u>745,812,804</u>	<u>465,723,773</u>	<u>1,558,108,958</u>
Deferred outflows of resources	427,486	3,390,874	326,654	4,145,014
Liabilities				
Current liabilities:				
Project costs payable – direct loans	-	18,182,235	17,530,557	35,712,792
Project costs payable – leveraged loans	18,591,096	15,731,067	50,890,568	85,212,731
Bonds payable	9,500,000	25,160,000	10,990,000	45,650,000
Accrued interest payable	2,964,352	4,861,319	2,054,981	9,880,652
Accounts payable – borrowers	938,719	12,592	17,949	969,260
Accounts payable – other	4,427,907	-	-	4,427,907
Due to other funds	-	1,199,584	3,628,371	4,827,955
Other liabilities	100	137,220	-	137,320
Total current liabilities	<u>36,422,174</u>	<u>65,284,017</u>	<u>85,112,426</u>	<u>186,818,617</u>
Noncurrent liabilities:				
Project costs payable – direct loans	-	-	2,000,000	2,000,000
Project costs payable – leveraged loans	4,554,000	9,424,200	12,033,826	26,012,026
Bonds payable	237,375,000	301,475,000	135,885,000	674,735,000
Advance payable	-	9,115,643	13,352,800	22,468,443
Debt service reserve deposit	7,458,600	-	-	7,458,600
Other liabilities	144,800	8,329,935	3,199,956	11,674,691
Total noncurrent liabilities	<u>249,532,400</u>	<u>328,344,778</u>	<u>166,471,582</u>	<u>744,348,760</u>
Total liabilities	<u>285,954,574</u>	<u>393,628,795</u>	<u>251,584,008</u>	<u>931,167,377</u>
Deferred inflows of resources	-	474,663	61,910	536,573
Net position				
Net investment in capital assets	18,448	-	-	18,448
Restricted	14,732,521	355,100,220	212,780,032	582,612,773
Unrestricted	46,294,324	-	1,624,477	47,918,801
Total net position	<u>\$ 61,045,293</u>	<u>\$ 355,100,220</u>	<u>\$ 214,404,509</u>	<u>\$ 630,550,022</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, 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 Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2014

	<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 \$1,388,964)	\$ 13,913,615	\$ 10,391,474	\$ 3,837,499	\$ 28,142,588
Interest on investments	204,557	5,298,476	1,928,387	7,431,420
Loan administrative fees	-	5,351,935	3,575,239	8,927,174
EPA grants	-	619,012	6,535,758	7,154,770
Other	1,626,251	-	-	1,626,251
Total operating revenues	<u>15,744,423</u>	<u>21,660,897</u>	<u>15,876,883</u>	<u>53,282,203</u>
Operating expenses:				
Interest on bonds (including loss on extinguishment of \$1,562,270)	13,702,303	14,965,823	5,531,278	34,199,404
Bond issuance expense	388,249	-	-	388,249
Grant administration	-	2,813,720	2,378,587	5,192,307
Project expenses	267,775	-	-	267,775
Grants to localities - Authority funded	7,934,259	-	-	7,934,259
General and administrative	689,992	-	-	689,992
EPA set asides	-	-	4,496,862	4,496,862
Loan principal forgiven (includes \$7,358,614 under grant requirements)	-	408,088	6,981,344	7,389,432
Other	-	383,205	388,615	771,820
Total operating expenses	<u>22,982,578</u>	<u>18,570,836</u>	<u>19,776,686</u>	<u>61,330,100</u>
Operating income (loss)	(7,238,155)	3,090,061	(3,899,803)	(8,047,897)
EPA capitalization grants	-	11,559,755	15,795,786	27,355,541
Change in net position	(7,238,155)	14,649,816	11,895,983	19,307,644
Net position – beginning of year	<u>68,283,448</u>	<u>340,450,404</u>	<u>202,508,526</u>	<u>611,242,378</u>
Net position – end of year	<u>\$ 61,045,293</u>	<u>\$ 355,100,220</u>	<u>\$ 214,404,509</u>	<u>\$ 630,550,022</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 Cash Flows
Year Ended December 31, 2014**

	<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	\$ -	\$ 5,415,363	\$ 3,460,851	\$ 8,876,214
Federal funds received	-	434,019	4,699,997	5,134,016
Miscellaneous cash received	51,251	-	-	51,251
Cash received for ALP / Long Hollow	1,575,000	-	-	1,575,000
Cash payments for salaries and related benefits	(532,328)	(413,742)	(362,237)	(1,308,307)
Cash payments to other state agencies for services	-	(2,058,255)	(1,113,436)	(3,171,691)
Cash payments to vendors	(395,312)	(696,796)	(3,879,026)	(4,971,134)
Cash payments to localities for grant programs	(7,934,259)	-	-	(7,934,259)
Net cash provided (used) by operating activities	<u>(7,235,648)</u>	<u>2,680,589</u>	<u>2,806,149</u>	<u>(1,748,910)</u>
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	11,255,366	9,390,496	11,480,400	32,126,262
Deposits to refunding bond escrow accounts	(235,138)	-	-	(235,138)
Deposits for option to purchase water depletion rights	89,124	-	-	89,124
Federal funds received	-	11,559,755	15,795,786	27,355,541
Principal paid on bonds	(34,905,000)	(32,040,000)	(10,155,000)	(77,100,000)
Interest paid on bonds (including extinguishments)	(13,817,741)	(16,117,034)	(6,274,549)	(36,209,324)
Cash payment for bond issuance costs	(57,147)	(176,011)	(175,331)	(408,489)
Net cash provided (used) by noncapital financing activities	<u>(37,670,536)</u>	<u>(27,382,794)</u>	<u>10,671,306</u>	<u>(54,382,024)</u>
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	-	15,095,661	3,964,729	19,060,390
Interest received on investments	216,617	5,873,924	2,052,796	8,143,337
Interest received on loans (including prepayments)	14,163,296	10,666,367	3,807,225	28,636,888
Principal repayments from localities on loans	35,330,260	38,800,133	19,287,171	93,417,564
Cash received from (paid to) other accounts	(2,322,000)	743,200	1,578,800	-
Purchase of investments	(5,145,134)	-	-	(5,145,134)
Cash disbursed to localities for loans	(23,323,003)	(25,679,520)	(28,455,991)	(77,458,514)
Cash payment for arbitrage rebate	-	(20,851)	-	(20,851)
Cash payments of interest to borrowers	(1,415,137)	-	-	(1,415,137)
Net cash provided by investing activities	<u>17,504,899</u>	<u>45,478,914</u>	<u>2,234,730</u>	<u>65,218,543</u>
Net increase (decrease) in cash and cash equivalents	(27,401,285)	20,776,709	15,712,185	9,087,609
Cash and cash equivalents, beginning of year	79,835,504	125,994,548	92,068,681	297,898,733
Cash and cash equivalents, end of year	<u>\$ 52,434,219</u>	<u>\$ 146,771,257</u>	<u>\$ 107,780,866</u>	<u>\$ 306,986,342</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, 2014**

	<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	\$ 15,305,830	\$ 98,909,091	\$ 32,499,611	\$ 146,714,532
Current restricted cash and cash equivalents	19,959,936	31,634,302	55,571,004	107,165,242
Noncurrent restricted cash and cash equivalents	17,168,453	16,227,864	19,710,251	53,106,568
Total cash and cash equivalents	<u>\$ 52,434,219</u>	<u>\$ 146,771,257</u>	<u>\$ 107,780,866</u>	<u>\$ 306,986,342</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (7,238,155)	\$ 3,090,061	\$ (3,899,803)	\$ (8,047,897)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	14,803	-	-	14,803
Accrued sick leave expense	24,600	-	-	24,600
Interest on bonds (including extinguishments)	13,702,303	14,965,823	5,531,278	34,199,404
Interest on loans (including prepayments)	(13,913,615)	(10,391,474)	(3,837,499)	(28,142,588)
Interest on investments	(204,557)	(5,298,476)	(1,928,387)	(7,431,420)
Put fees on Treasury bonds	-	19,399	-	19,399
Loan principal forgiven	-	408,088	6,981,344	7,389,432
Bond issuance expense	388,249	-	-	388,249
Change in assets and liabilities:				
(Increase) in due from other funds	(1,918,098)	-	-	(1,918,098)
(Increase) decrease in accounts receivable – borrowers	-	63,428	(114,388)	(50,960)
Increase in federal grant receivables	-	(184,994)	(1,835,761)	(2,020,755)
Decrease in other assets	13,350	-	-	13,350
Increase in accounts payable – other	1,895,473	-	-	1,895,473
Increase in due to other funds	-	8,734	1,909,365	1,918,099
Net cash provided (used) by operating activities	<u>\$ (7,235,647)</u>	<u>\$ 2,680,589</u>	<u>\$ 2,806,149</u>	<u>\$ (1,748,909)</u>
Supplemental cash flows information				
Noncash investing activities				
Loans receivable issued related to projects payable	\$ 16,900,000	\$ 43,197,800	\$ 60,635,974	\$ 120,733,774
Fair market value adjustment on investments	15,134	88,239	-	103,373
Amortization of deferred loan interest income	-	9,245	-	9,245
Principal forgiveness/reductions on loans	-	638,374	7,459,003	8,097,377
Loan prepaid from escrow	1,528,750	-	-	1,528,750
Noncash noncapital financing activities				
Bonds defeased from escrow	8,040,000	-	-	8,040,000
Amortization of deferred amount from refunding	31,948	(419,642)	(76,686)	(464,380)
Amortization of refunding liability	-	1,180,608	802,460	1,983,068
Amortization of prepaid bond insurance	428,500	-	-	428,500
Underwriter's discount paid from bond proceeds	135,200	88,208	80,946	304,354
Deferred loss on refunding	(341,069)	-	-	(341,069)

See accompanying notes to financial statements

**Colorado Water Resources
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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
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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

See accompanying notes to financial statements

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**Colorado Water Resources
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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 statements 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 statements 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 with 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 carried 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 statements of net position.

In 2005, the District agreed to purchase 700 ac-ft of average annual depletion and provided an earnest money deposit of \$90,453 and the City of Durango 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 2014 and 2013, the Authority incurred expenses for the two agencies totaling \$2,061,546 and \$1,851,788, 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 2014, 2013 and 2012 grants contained conditions that included (1) a minimum 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 2014 grant contained a new condition requiring borrowers to use American Iron and Steel.

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 has two models available for funding; the reserve model, or the cash flow model. In the reserve model, 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

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reserve account as project draws are made. In lieu of federal grant funds, the Authority may deposit a predetermined amount of “reloan” funds (recycled grant funds) to the reserve account upon bond closing. Earnings on such reserve are used to reduce the loan interest payable by the borrower. In the cash flow model, the Authority allocates a specified amount from its federal capitalization grant or reloan account that is drawn with requisitions. If reloan money is used it is deposited to a pre-construction account. If grant funds are used the state match is deposited to a separate pre-construction account. An amount of bond proceeds is transferred to the project account. The earnings off the project account go to the borrower as project costs or towards the interest portion of their debt service. To meet the debt service reserve requirement on the bond, an amount is transferred from the reloan account to a DSRF account and held until the bond issue matures.

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 may include 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 no 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.

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Pursuant to statutes, with the written consent of the Colorado Department of Public Health and Environment, the Authority is authorized, on behalf of the State, to execute all operating agreements and capitalization grant agreements with the EPA. The Authority, the Water Quality Control Division of the Colorado Department of Public Health and Environment and the Division of Local Government of the Colorado Department of Local Affairs have entered into a Memorandum of Agreement under which each has agreed to assume specified responsibilities in connection with the operation of the DWRF. In 2014 and 2013, the Authority incurred expenses for the two agencies totaling \$6,260,585 and \$6,018,053, 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 2014, 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 2014 grant contained a new condition requiring borrowers to use American Iron and Steel.

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 has two models available for funding; the reserve model, or the cash flow model. In the reserve model, the Authority allocates a specified amount from its federal capitalization grant for deposit to the project account(s). An amount of bond proceeds equal to the allocated capitalization grant is transferred to a reserve account as project draws are made. In lieu of federal grant funds, the Authority may deposit a predetermined amount of "reloan" funds (recycled grant funds) to the reserve account upon bond closing. Earnings on such reserve are used to reduce the loan interest payable by the borrower. In the cash flow model, the Authority allocates a specified amount from its federal capitalization grant or reloan account that is drawn with requisitions. If reloan money is used it is deposited to a pre-construction account. If grant funds are used the state match is deposited to a separate pre-construction account. An amount of bond proceeds is transferred to the project account. The earnings off the project account go to the borrower as project costs or towards the interest portion of their debt service. To meet the debt service reserve requirement on the bond, an amount is transferred from the reloan account to a DSRF account and held until the bond issue matures.

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 may include an administrative surcharge). The loan repayments made by the local governmental agencies pursuant to leveraged loan agreements are structured, in the aggregate, to provide amounts sufficient to repay principal, premium (if any) and interest (less certain expected investment earnings) on the bonds issued by the Authority for the leveraged loans, as well as cash advances or bonds issued to provide the state matching requirements (if needed), and an administrative surcharge.

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Loans are made at or below market interest rates (at terms generally not exceeding 20 years plus the construction period) with principal and interest payments commencing no 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 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 through direct loan requisitions.

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

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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.

(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.

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(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 statements 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.

(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 statements 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.

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(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.

(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 statements of net position.

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(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 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, 2014 and 2013, the Authority's deposits had a bank balance of \$98,352 and \$206,878, respectively, and a carrying amount of \$91,802 and \$172,393, 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, deposits for the Authority over \$250,000 are deemed to be covered under PDPA.

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Investments

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

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

The Authority's investment policy authorizes similar investments 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 utilizes 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), collectively, the Trusts. 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 explicitly 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, 2014 and 2013, reflect the rating of the underlying securities held as collateral.

2014						
Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	NRSRO Rating	
Deposits	\$ 91,802		X			
Cash held by State Treasurer (see below)	21,033,283	N/A		X		
COLOTRUST PLUS	237,348,567	N/A			AAA	
Colorado Surplus Asset Fund Trust	1,726,463	N/A			AAA	
Federated Prime Obligations Fund	46,786,227	N/A			AAA	
Total cash and cash equivalents	306,986,342					
U.S. Treasury Notes - SLGS	93,447,169	N/A	X			
Repurchase Agreements-collateralized	77,866,292					See detail below
Total investments	171,313,461					
Total cash and invested funds	\$ 478,299,803					

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

Current assets/restricted assets/investments	\$ 12,576,478
Noncurrent assets/restricted assets/investments	158,736,983
Total investments	\$ 171,313,461

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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>

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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, 2014 and 2013:

	2014		
	Collateral Securities		
	Exempt From Disclosure	Custodian Portfolio Percent	NRSRO Rating
U.S. Treasuries or obligations explicitly guaranteed by the U.S. government	X	71.8%	
Government agencies		28.2%	AAA
Total		100.0%	

	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%	

The U.S. Treasury bonds matured in 2014. Prior to 2014, the U.S. Treasury bonds were held in debt service reserve funds that secure certain revenue bonds in the WPCRF, and were 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 included a schedule containing put prices that correspond to the WPCRF bond debt service dates. The agreement also contained 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 subjected 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 as of December 31, 2013:

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

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The cash held by the State Treasurer is invested in the types of securities shown below as disclosed in the State Treasurer's report as of December 31, 2014 and 2013:

	2014						Portfolio Percent
	Credit Rating of Pool Securities						
	AAA	AA	A	BBB	BB	Other	
Asset-Backed	100.0%						22.1%
Corporates	5.7%	37.2%	54.8%	0.9%	1.4%		25.1%
Mortgage Securities		100.0%					0.2%
Treasuries		100.0%					14.1%
Federal Agencies		100.0%					38.4%
Certificates of Deposit						100.0%	0.1%
Total Portfolio	23.6%	61.9%	13.8%	0.2%	0.4%	0.1%	100.0%

	2013						Portfolio Percent
	Credit Rating of Pool Securities						
	AAA	AA	A	BBB	B	Other	
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	18.4%	69.7%	11.4%	0.1%	0.3%	0.1%	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 \$77,866,292 and \$86,234,156 as of December 31, 2014 and 2013, 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, 2014 and 2013 are shown in the tables below.

The schedules below show that no repurchase agreement providers (eligible providers) exceed 5% of total funds invested as of December 31, 2014 and 2013. 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.

2014			
Investment Type	Fair Value	Exempt From Disclosure	Pct. of Total Invest.
Cash held by State Treasurer	\$ 21,033,283		4.4%
COLOTRUST PLUS	237,348,567	X	N/A
Federated Prime Obligations Fund	46,786,227	X	N/A
CSAFE	1,726,463	X	N/A
U.S. Treasury Notes - SLGS	93,447,169	X	N/A
Repurchase Agreements-collateralized			
Trinity Plus Funding Company LLC	9,917,893		2.1%
Westdeutsche Landesbank	216,165	X	N/A
Citigroup Global Markets, Inc./Citigroup Global	14,377,412		3.0%
American International Group	20,078,553		4.2%
Assured Guaranty Municipal Corp.	21,326,984	X	N/A
Societe Generale	11,949,285	X	N/A
Total funds invested	478,208,001		
Deposits	91,802		
Total cash and invested funds	\$ 478,299,803		

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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>		

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, 2014 and 2013, the Authority had the following investments and maturities:

Maturity	2014		
	U.S. Treasury Notes - SLGS	Repurchase Agreements	Total Investments
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	4,825,440	5,067,938	9,893,378
2020-2024	25,755,095	28,616,195	54,371,290
2025-2029	28,229,997	13,814,256	42,044,253
2030-2034	15,714,624	-	15,714,624
Total \$	<u>93,447,169</u>	<u>\$ 77,866,292</u>	<u>\$ 171,313,461</u>

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Maturity	2013				
	U.S. Treasury Notes - SLGS	U.S. Treasury Bonds	U.S. Agency Notes	Repurchase Agreements	Total Investments
2014 \$	7,932,994	\$ 382,749	\$ 2,629,723	\$ 8,367,865	\$ 19,313,331
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	28,003,563	-	-	17,441,118	45,444,681
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>

As previously discussed, the Authority had \$21,033,283 and \$29,704,125 as of December 31, 2014 and 2013, respectively, invested in the pool maintained by the State Treasurer, and that pool had an average maturity of 25.7 and 23.5 months as of December 31, 2014 and 2013, respectively. The Authority's investment represents approximately 0.3% and 0.4% of the total pool as of December 31, 2014 and 2013, respectively.

Note 4: Loans Receivable

The following is an analysis of changes in loans receivable for the years ended December 31, 2014 and 2013:

	<u>Balance January 1, 2014</u>	<u>New loans</u>	<u>Repayments/ loans canceled</u>	<u>Balance December 31, 2014</u>
Water Operations Fund:				
Small Water Resources Program	\$ 13,792,916	\$ -	\$ 2,988,750	\$ 10,804,166
Water Revenue Bonds Program	258,990,000	16,900,000	39,940,000	235,950,000
Small Hydro Loan Program	4,909,615	-	215,758	4,693,857
Water Rights Purchase	3,978,753	-	169,502	3,809,251
Water Pollution Control Fund:				
Direct loans	73,042,160	16,826,902	7,766,810	82,102,252
Leveraged loans	397,110,483	26,370,898	31,671,696	391,809,685
Drinking Water Fund:				
Direct loans	78,350,581	13,790,637	11,805,271	80,335,947
Leveraged loans	185,223,059	46,845,337	14,940,903	217,127,493
	<u>1,015,397,567</u>	<u>\$ 120,733,774</u>	<u>\$ 109,498,690</u>	<u>1,026,632,651</u>
Less current portion	63,144,749			64,569,718
Noncurrent portion	<u>\$ 952,252,818</u>			<u>\$ 962,062,933</u>

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	<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>

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, 2014:

	<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>
2015	\$ 9,959,571	\$ 11,824,859	\$ 32,664,597	\$ 9,439,249	\$ 21,945,550	\$ 3,684,898	\$ 64,569,718	\$ 24,949,006
2016	8,880,701	11,540,737	35,422,305	8,755,531	22,501,182	3,279,072	66,804,188	23,575,340
2017	8,153,652	11,130,418	36,500,392	7,755,486	22,720,174	2,890,329	67,374,218	21,776,233
2018	6,580,094	10,782,782	36,880,415	6,918,242	22,320,619	2,559,415	65,781,128	20,260,439
2019	6,445,031	10,498,227	37,129,048	6,008,513	20,657,730	2,231,442	64,231,809	18,738,182
2020-2024	28,934,232	49,283,437	159,808,881	19,251,248	85,788,582	7,119,656	274,531,695	75,654,341
2025-2029	45,087,867	41,756,190	96,989,460	6,872,373	61,153,551	3,009,875	203,230,878	51,638,438
2030-2034	97,196,126	27,066,545	35,302,161	1,334,648	34,525,961	659,229	167,024,248	29,060,422
2035-2039	37,580,000	4,291,853	3,214,678	51,008	4,490,434	11,525	45,285,112	4,354,386
2040-2044	6,440,000	779,338	-	-	1,349,487	-	7,789,487	779,338
2045-2049	-	-	-	-	10,170	-	10,170	-
Total	<u>\$ 255,257,274</u>	<u>\$ 178,954,386</u>	<u>\$ 473,911,937</u>	<u>\$ 66,386,298</u>	<u>\$ 297,463,440</u>	<u>\$ 25,445,441</u>	<u>\$ 1,026,632,651</u>	<u>\$ 270,786,125</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.

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SWRP loans receivable have interest rates of 3.96% to 6.15% and have scheduled final maturity dates of 2015 to 2023. WRBP loans receivable have interest rates of 3.70% to 5.78% and have scheduled maturity dates of 2015 to 2044. During 2014 and 2013, three loans totaling \$31.9 million and two loans totaling \$13.7 million, respectively, 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 4.74% and have maturity dates of 2015 to 2035. The WPCRF leveraged loans receivable have interest rates of 1.94% to 4.97% and have scheduled final maturity dates of 2014 to 2036. During 2014, three loans totaling \$6.4 million were prepaid or partially prepaid from the proceeds of borrower-issued refunding bonds or cash on hand. The associated bonds (if applicable) 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.

DWRF direct loans receivable have interest rates of 0.00% to 4.50% and have scheduled final maturity dates of 2015 to 2045. DWRF leveraged loans receivable have interest rates of 1.86% to 4.60% and have scheduled final maturity dates of 2017 to 2035.

Note 5: Capital Assets

Capital assets activity for the years ended December 31, 2014 and 2013 was as follows:

	2014			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Equipment	\$ 149,433	\$ -	\$ (14,274)	\$ 135,159
Less accumulated depreciation for equipment	<u>(116,182)</u>	<u>(14,803)</u>	<u>14,274</u>	<u>(116,711)</u>
	<u>\$ 33,251</u>	<u>\$ (14,803)</u>	<u>\$ -</u>	<u>\$ 18,448</u>
	2013			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Equipment	\$ 151,338	\$ 9,950	\$ (11,855)	\$ 149,433
Less accumulated depreciation for equipment	<u>(114,230)</u>	<u>(13,807)</u>	<u>11,855</u>	<u>(116,182)</u>
	<u>\$ 37,108</u>	<u>\$ (3,857)</u>	<u>\$ -</u>	<u>\$ 33,251</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$14,803 and \$13,807, respectively.

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Note 6: Refunded Debt

On November 25, 2014, the Authority issued advance refunding bonds Series 2014A in the WRBP for \$6,415,000 to refund \$6,455,000 of bonds from Series 2005C. The Authority deposited \$6,749,955 to an Escrow Account held by the Authority's Trustee to provide future debt service to the early redemption dates for the Series 2005C bond issue. 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 Series 2014A advance refunding bonds resulted in an economic gain (net present value savings) of \$662,987, a decrease in the debt service cash flows to service the remaining debt of \$998,164 and a deferred outflow of \$341,069, which will be amortized over the life of the old bonds.

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, 2014, was as follows:

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2014</u>	<u>Current portion</u>
Water Operations Fund:					
Project costs payable – leveraged loans	\$ 35,083,099	\$ 11,385,000	\$ 23,323,003	\$ 23,145,096	\$ 18,591,096
Debt service reserve deposit	7,458,600	-	-	7,458,600	-
Other liabilities	120,785	40,525	16,410	144,900	100
Total Water Operations Fund	<u>\$ 42,662,484</u>	<u>\$ 11,425,525</u>	<u>\$ 23,339,413</u>	<u>\$ 30,748,596</u>	<u>\$ 18,591,196</u>
Water Pollution Control Fund:					
Project costs payable – direct loans	\$ 16,130,788	\$ 16,826,902	\$ 14,775,455	\$ 18,182,235	\$ 18,182,235
Project costs payable – leveraged loans	9,784,943	26,504,675	11,134,351	25,155,267	15,731,067
Advance payable	8,372,443	2,243,200	1,500,000	9,115,643	-
Other liabilities	9,421,098	694,923	1,648,866	8,467,155	137,220
Total Water Pollution Control Fund	<u>\$ 43,709,272</u>	<u>\$ 46,269,700</u>	<u>\$ 29,058,672</u>	<u>\$ 60,920,300</u>	<u>\$ 34,050,522</u>
Drinking Water Fund:					
Project costs payable – direct loans	\$ 18,900,013	\$ 13,790,637	\$ 13,160,093	\$ 19,530,557	\$ 17,530,557
Project costs payable – leveraged loans	31,697,951	47,000,000	15,773,557	62,924,394	50,890,568
Advance payable	11,774,000	3,078,800	1,500,000	13,352,800	-
Other liabilities	3,910,875	188,370	899,289	3,199,956	-
Total Drinking Water Fund	<u>\$ 66,282,839</u>	<u>\$ 64,057,807</u>	<u>\$ 31,332,939</u>	<u>\$ 99,007,707</u>	<u>\$ 68,421,125</u>
Total enterprise funds:					
Project costs payable – direct loans	\$ 35,030,801	\$ 30,617,539	\$ 27,935,548	\$ 37,712,792	\$ 35,712,792
Project costs payable – leveraged loans	76,565,993	84,889,675	50,230,911	111,224,757	85,212,731
Debt service reserve deposit	7,458,600	-	-	7,458,600	-
Advance payable	20,146,443	5,322,000	3,000,000	22,468,443	-
Other liabilities	13,452,758	923,818	2,564,565	11,812,011	137,320
Total enterprise funds	<u>\$ 152,654,595</u>	<u>\$ 121,753,032</u>	<u>\$ 83,731,024</u>	<u>\$ 190,676,603</u>	<u>\$ 121,062,843</u>

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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	23,792
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>\$ 25,939,523</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	23,792
Total enterprise funds	<u>\$ 162,300,739</u>	<u>\$ 50,996,723</u>	<u>\$ 60,642,867</u>	<u>\$ 152,654,595</u>	<u>\$ 100,603,691</u>

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Bonds Payable

The following is an analysis of changes in bonds payable for the year ended December 31, 2014:

	<u>Balance January 1, 2014</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2014</u>
Water Operations Fund:				
Small Water Resources Program:				
1997 Series A	\$ 520,000	\$ -	\$ 120,000	\$ 400,000
1998 Series B	645,000	-	315,000	330,000
2003 Series A	2,470,000	-	1,660,000	810,000
2006 Series A	10,295,000	-	910,000	9,385,000
	<u>13,930,000</u>	<u>-</u>	<u>3,005,000</u>	<u>10,925,000</u>
Water Revenue Bonds Program:				
2004 Series B	10,225,000	-	2,655,000	7,570,000
2004 Series C	4,210,000	-	2,360,000	1,850,000
2004 Series D	1,440,000	-	1,440,000	-
2004 Series E	2,235,000	-	170,000	2,065,000
2005 Series A	46,375,000	-	1,095,000	45,280,000
2005 Series B	1,585,000	-	105,000	1,480,000
2005 Series C	6,850,000	-	6,650,000	200,000
2005 Series D	53,610,000	-	23,955,000	29,655,000
2005 Series E	26,270,000	-	-	26,270,000
2005 Series F	2,495,000	-	185,000	2,310,000
2008 Series A	8,015,000	-	180,000	7,835,000
2009 Series A	5,910,000	-	275,000	5,635,000
2010 Series A	51,485,000	-	-	51,485,000
2011 Series A	9,175,000	-	180,000	8,995,000
2011 Series B	11,550,000	-	450,000	11,100,000
2011 Series C	5,945,000	-	15,000	5,930,000
2013 Series A	11,615,000	-	225,000	11,390,000
2014 Series A	-	16,900,000	-	16,900,000
Total Water Operations Fund	<u>258,990,000</u>	<u>16,900,000</u>	<u>39,940,000</u>	<u>235,950,000</u>
Less current portion	272,920,000	\$ 16,900,000	\$ 42,945,000	246,875,000
Noncurrent bonds payable – Water Operations Fund	<u>(11,085,000)</u>			<u>(9,500,000)</u>
	<u>\$ 261,835,000</u>			<u>\$ 237,375,000</u>

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	<u>Balance January 1, 2014</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2014</u>
Water Pollution Control Fund:				
Clean Water Revenue Bonds:				
1992 Series B	\$ 40,000	\$ -	\$ 40,000	\$ -
1994 Series A	25,000	-	25,000	-
1995 Series A	80,000	-	50,000	30,000
1996 Series A	50,000	-	20,000	30,000
1997 Series A	815,000	-	270,000	545,000
1998 Series A	350,000	-	135,000	215,000
1998 Series B	570,000	-	140,000	430,000
1999 Series A	355,000	-	115,000	240,000
2000 Series A	900,000	-	205,000	695,000
2001 Series A	2,505,000	-	490,000	2,015,000
2005 Series A	27,575,000	-	1,820,000	25,755,000
2005 Series B	11,730,000	-	755,000	10,975,000
2006 Series A	16,920,000	-	4,090,000	12,830,000
2006 Series B	10,215,000	-	615,000	9,600,000
2007 Series A	29,335,000	-	1,545,000	27,790,000
2008 Series A	9,875,000	-	495,000	9,380,000
2010 Series A	66,570,000	-	2,570,000	64,000,000
2010 Series B	18,630,000	-	850,000	17,780,000
2011 Series A	13,325,000	-	660,000	12,665,000
2014 Series A	-	9,075,000	10,000	9,065,000
	<u>209,865,000</u>	<u>9,075,000</u>	<u>14,900,000</u>	<u>204,040,000</u>
Wastewater Revolving Fund				
Refunding Revenue Bonds:				
2001 Series A	5,985,000	-	4,245,000	1,740,000
2004 Series A	21,150,000	-	3,545,000	17,605,000
2005 Series A and A2	52,050,000	-	8,250,000	43,800,000
2013 Series A	60,550,000	-	1,100,000	59,450,000
	<u>139,735,000</u>	<u>-</u>	<u>17,140,000</u>	<u>122,595,000</u>
Total Water Pollution				
Control Fund	349,600,000	\$ 9,075,000	\$ 32,040,000	326,635,000
Less current portion	<u>(28,940,000)</u>			<u>(25,160,000)</u>
Noncurrent bonds payable –				
Water Pollution				
Control Fund	<u>\$ 320,660,000</u>			<u>\$ 301,475,000</u>

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	<u>Balance January 1, 2014</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2014</u>
Drinking Water Fund:				
Revenue Bonds:				
2000 Series A	\$ 1,410,000	\$ -	\$ 255,000	\$ 1,155,000
2006 Series A	8,145,000	-	490,000	7,655,000
2006 Series B	27,345,000	-	1,955,000	25,390,000
2008 Series A	10,105,000	-	330,000	9,775,000
2008 Series B	7,435,000	-	375,000	7,060,000
2011 Series A	23,720,000	-	1,085,000	22,635,000
2012 Series A	17,965,000	-	680,000	17,285,000
2014 Series A	-	11,140,000	15,000	11,125,000
	<u>96,125,000</u>	<u>11,140,000</u>	<u>5,185,000</u>	<u>102,080,000</u>
Drinking Water Revolving Fund				
Refunding Revenue Bonds				
2005 Series A	16,020,000	-	1,475,000	14,545,000
2013 Series A	33,745,000	-	3,495,000	30,250,000
Total Drinking				
Water Fund	145,890,000	\$ <u>11,140,000</u>	\$ <u>10,155,000</u>	146,875,000
Less current portion	<u>(10,140,000)</u>			<u>(10,990,000)</u>
Noncurrent bonds payable –				
Drinking Water Fund	\$ <u>135,750,000</u>			\$ <u>135,885,000</u>
Total enterprise funds:				
Revenue bonds at par	\$ 768,410,000	\$ <u>37,115,000</u>	\$ <u>85,140,000</u>	\$ 720,385,000
Current portion	<u>(50,165,000)</u>			<u>(45,650,000)</u>
Noncurrent bonds payable	\$ <u>718,245,000</u>			\$ <u>674,735,000</u>

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

	<u>Balance January 1, 2013</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2013</u>
Water Operations Fund:				
Small Water Resources Program:				
1997 Series A	\$ 635,000	\$ -	\$ 115,000	\$ 520,000
1998 Series B	945,000	-	300,000	645,000
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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	<u>Balance January 1, 2013</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2013</u>
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	<u>(12,325,000)</u>			<u>(10,140,000)</u>
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	<u>(55,435,000)</u>			<u>(50,165,000)</u>
Noncurrent bonds payable, net \$	<u>821,410,000</u>			<u>718,245,000</u>

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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 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. The Water Resources Revenue Bonds Series 2014A are insured as to payment of principal and interest by Build America Mutual Assurance Company.

As of December 31, 2014, the outstanding bonds of the Authority had original principal amounts of \$47,155,000 for the SWRP, \$360,750,000 for the WRBP, \$517,290,000 for the Clean Water Revenue Bonds, \$228,405,000 for the Wastewater Revolving Fund Refunding Revenue Bonds, \$159,440,000 for the Drinking Water Revolving Fund Bonds and \$55,765,000 for Drinking Water Revolving Fund Refunding Revenue Bonds, for a total of \$1,368,805,000. 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 2044. 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 2014 three loans were prepaid, or partially prepaid, from the proceeds of borrower-issued refunding bonds or available cash and the associated SWRP, WRBP and WPCRF bonds were escrowed and legally defeased. The total amounts deposited into the escrow accounts, net of the carrying value of the bonds, was recorded in bond interest expense.

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 the carrying value of the bonds 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, 2014:

	Water Operations		WPCRF		DWRF		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 9,500,000	\$ 11,669,173	\$ 25,160,000	\$ 14,570,758	\$ 10,990,000	\$ 6,127,644	\$ 45,650,000	\$ 32,367,575
2016	8,445,000	11,404,614	26,130,000	13,400,028	12,295,000	5,653,006	46,870,000	30,457,648
2017	7,655,000	11,032,789	26,195,000	12,180,008	12,595,000	5,090,684	46,445,000	28,303,481
2018	6,110,000	10,692,304	25,710,000	10,922,900	12,650,000	4,518,309	44,470,000	26,133,513
2019	6,370,000	10,425,359	25,810,000	9,692,950	10,790,000	3,964,590	42,970,000	24,082,899
2020-2024	26,695,000	48,742,338	112,460,000	31,449,789	46,420,000	13,114,216	185,575,000	93,306,343
2025-2029	42,600,000	41,445,025	64,760,000	10,566,937	27,810,000	5,345,928	135,170,000	57,357,890
2030-2034	95,480,000	26,997,110	19,450,000	1,685,764	13,040,000	1,200,369	127,970,000	29,883,243
2035-2039	37,580,000	4,291,853	960,000	49,350	285,000	9,263	38,825,000	4,350,466
2040-2044	6,440,000	779,338	-	-	-	-	6,440,000	779,338
Total	\$ 246,875,000	\$ 177,479,903	\$ 326,635,000	\$ 104,518,484	\$ 146,875,000	\$ 45,024,009	\$ 720,385,000	\$ 327,022,396

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Total interest expense on bonds for 2014 (including loss on extinguishment) was \$13,702,303, \$14,965,823 and \$5,531,278 and for 2013 was \$13,755,991, \$16,206,451 and \$5,920,398 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.

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.

	2014			
	Water Operations	Water Pollution Control	Drinking Water	Totals
Assets pledged for bonds payable \$	287,137,505	\$ 546,916,915	\$ 317,833,594	\$ 1,151,888,014
Bonds payable at par	246,875,000	326,635,000	146,875,000	720,385,000
	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

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, 2014 and 2013, the Small Water Resources Debt Service Reserve requirement is \$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, 2014 and 2013, the Authority had \$10,925,000 and \$13,930,000 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, 2014 and 2013, are shown below:

	2014			
	Water Operations	Water Pollution Control	Drinking Water	Totals
Deferred outflows of resources				
Refunding costs	\$ 427,486	\$ 3,390,874	\$ 326,654	\$ 4,145,014
Total deferred outflows of resources	\$ 427,486	\$ 3,390,874	\$ 326,654	\$ 4,145,014

	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

The components of the deferred inflows of resources balances as of December 31, 2014 and 2013, are shown below:

	2014		
	Water Pollution Control	Drinking Water	Totals
Deferred inflows of resources			
Refunding benefits	\$ 473,478	\$ 61,910	\$ 535,388
Prepaid interest on loans	1,185	-	1,185
Total deferred inflows of resources	\$ 474,663	\$ 61,910	\$ 536,573

	2013		
	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

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Note 9: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2014 and 2013 is as follows:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>2014</u>	<u>2013</u>
Water Operations	Water Pollution Control \$	1,199,584	\$ 1,167,908
	Drinking Water	<u>3,628,371</u>	<u>1,719,006</u>
Total		<u>\$ 4,827,955</u>	<u>\$ 2,886,914</u>

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.

<u>2013 Transfer In</u>	
<u>Transfer Out</u>	<u>Drinking Water</u>
Water Pollution Control \$	<u>118,821</u>

Administrative fees collected in the Water Pollution Control Fund were transferred to the Drinking Water Fund to pay certain administrative expenses. There were no interfund transfers in 2014.

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:

	<u>2014</u>	<u>2013</u>
Self-insurance account	\$ 800,000	\$ 800,000
La Plata River escrow account	<u>1,232,341</u>	<u>3,935,014</u>
Total Board-designated accounts	<u>\$ 2,032,341</u>	<u>\$ 4,735,014</u>

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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 2014 and 2013. Included in the base program capitalization grants recognized is the principal forgiveness recognized under the WPCRF and the DWRP programs during 2014 and 2013.

	Federal grants recognized in 2014	Matching requirement in 2014
Water Pollution Control Revolving Fund Projects:		
Leveraged loans:		
2011A Fountain, City of	\$ 5,001,514	\$ 1,000,303
2011A South Adams County Water and Sanitation District	1,195,391	239,078
Total leveraged loans	6,196,905	1,239,381
Base program direct loans:		
Cheraw, Town of	20,081	4,016
Cokedale, Town of	295,739	59,148
Empire, Town of	102,399	20,480
Fairways Metropolitan District	30,305	6,061
Fowler, Town of	8,750	1,750
Hillcrest Water & Sanitation District	410,384	82,077
Huerfano County Gardner Water & Sanitation PID	113,645	22,729
Larimer County LID 2012-1 (River Glen Estates)	554,875	110,975
Larimer County LID 2013-1 (Berthoud Estates)	20,491	4,098
Mansfield Heights Water & Sanitation District	330,020	66,004
Naturita, Town of	97,292	19,458
Olathe, Town of	327,656	65,531
Olney Springs, Town of	347,893	69,579
Rocky Ford, City of	1,269,759	253,952
South Sheridan Water, Sanitation Sewer and Storm Drainage District	1,433,561	286,712
	5,362,850	1,072,570
Total Water Pollution Control Revolving Fund	\$ 11,559,755	\$ 2,311,951

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	Federal grants recognized in 2014	Matching requirement for 2014
Drinking Water Revolving Fund Projects:		
Leveraged loans:		
2011A Sterling, City of	\$ 3,735,308	\$ 747,062
2012A Rifle, City of	2,399,020	479,804
2014A Clifton Water District	2,748,676	549,735
Total leveraged loans	8,883,004	1,776,601
Base program direct loans:		
Colorado Springs Utilities	914,715	182,943
Costilla County Garcia Domestic Water System	2,746	549
Elbert Water & Sanitation District	287,830	57,566
Empire, Town of	56,589	11,318
Evans, City of	442,198	88,440
Florissant Water & Sanitation District	99,574	19,915
Granby, Town of	32,733	6,547
Hayden, Town of	189,883	37,977
Hotchkiss, Town of	231,129	46,226
Huerfano County Gardner Water & Sanitation PID	397,835	79,567
Kim, Town of	53,681	10,736
La Plata County Palo Verde PID	213,776	42,755
Larimer County LID 2013-3 (Fish Creek)	12,528	2,506
Larkspur, Town of	470,492	94,098
Louviers Water and Sanitation District	441,590	88,318
Manzanola, Town of	44,956	8,991
Nunn, Town of	234,995	46,999
Paonia, Town of	216,667	43,333
Rangely, Town of	905,789	181,158
South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,124,443	224,889
Swink, Town of	95,427	19,085
Vilas, Town of	363,681	72,736
Vona, Town of	59,777	11,955
Wiley, Town of	19,748	3,950
	6,912,782	1,382,557
Total Drinking Water Revolving Fund	15,795,786	3,159,158
Total EPA Capitalization Grants	\$ 27,355,541	\$ 5,471,109

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	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
2010A Windsor, Town of	2,310,507	462,101
2011A Pueblo West Metropolitan District	2,456,840	491,368
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 Gardner Water and Sanitation PID	92,664	18,533
Larimer County LID 2012-1 (River Glen Estates)	39,554	7,911
Mansfield Heights Water and Sanitation District	39,953	7,991
Mountain View Villages Water and Sanitation District	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 Gardner 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
Nunn, 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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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 17.45% for 2014, 16.55% for 2013, 15.65% from July 1 to December 31, 2012, and 13.15% from January 1 to June 30, 2012. Included in the 2014, 2013 and 2012 rates were an additional 3.8%, 3.4% and 3.0%, respectively, for the Amortization Equalization Disbursement (AED). Also included in the rates is a supplemental amortization equalization disbursement rate that totaled 3.5%, 3.0% and 2.5% in 2014, 2013 and 2012, 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 increased 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 2014, 2013 and 2012 were \$166,880, \$152,237 and \$139,569, 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 2014, 2013 and 2012 were \$9,926, \$9,531 and \$10,054, 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.

**Colorado Water Resources
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Notes to Financial Statements
December 31, 2014 and 2013**

Note 13: 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 2014 and in 2013 and up to an additional \$5,500 for participants over age 50 in 2014 and 2013). 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, 2014 and 2013, the 401(k) Plan member contributions from the Authority were \$54,802 and \$44,641, respectively.

Note 14: Commitments

Leases

The Authority renewed its office facilities operating lease for six years with a termination date of December 31, 2018. Rent expense totaled \$128,862 and \$117,479 for 2014 and 2013, respectively. Below is a schedule of the noncancelable lease payments due as of December 31, 2014:

Year	Rent
2015	\$ 113,259
2016	116,912
2017	120,566
2018	124,219
Total	\$ 474,956

Note 15: 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.

**Colorado Water Resources
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Notes to Financial Statements
December 31, 2014 and 2013**

Note 16: 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 through a board-designated account. 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.

Note 17: 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 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.

Note 18: Subsequent Events

Management has formalized a plan to issue approximately \$8.4 million in debt in the Drinking Water Revolving Fund on April 14, 2015.

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, 2014**

Assets	State Revolving Fund	Nonrevolving Fund	Water Pollution Control Fund
Current assets:			
Cash and cash equivalents	\$ 78,457,927	\$ 20,451,164	\$ 98,909,091
Federal grants receivable	-	332,355	332,355
Investment income receivable	8,654	2,318	10,972
Loans receivable	32,664,597	-	32,664,597
Accounts receivable – borrowers	3,682,307	1,812,319	5,494,626
Restricted assets:			
Cash and cash equivalents	29,387,925	2,246,376	31,634,301
Investments	9,769,528	-	9,769,528
Investment income receivable	309,315	-	309,315
Total current assets	<u>154,280,253</u>	<u>24,844,532</u>	<u>179,124,785</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	13,584,293	2,643,571	16,227,864
Investments	107,549,196	-	107,549,196
Investment income receivable	1,663,619	-	1,663,619
Loans receivable	441,247,340	-	441,247,340
Total noncurrent assets	<u>564,044,448</u>	<u>2,643,571</u>	<u>566,688,019</u>
Total assets	<u>718,324,701</u>	<u>27,488,103</u>	<u>745,812,804</u>
Deferred outflows of resources	3,390,874	-	3,390,874
Liabilities			
Current liabilities:			
Project costs payable – direct loans	18,182,235	-	18,182,235
Project costs payable – leveraged loans	15,731,067	-	15,731,067
Bonds payable	25,160,000	-	25,160,000
Accrued interest payable	4,861,319	-	4,861,319
Accounts payable-borrowers	12,592	-	12,592
Due to other funds	-	1,199,584	1,199,584
Other liabilities	-	137,220	137,220
Total current liabilities	<u>63,947,213</u>	<u>1,336,804</u>	<u>65,284,017</u>
Noncurrent liabilities:			
Project costs payable – leveraged loans	9,424,200	-	9,424,200
Bonds payable, net	301,475,000	-	301,475,000
Advance payable	-	9,115,643	9,115,643
Other liabilities	8,467,155	(137,220)	8,329,935
Total noncurrent liabilities	<u>319,366,355</u>	<u>8,978,423</u>	<u>328,344,778</u>
Total liabilities	<u>383,313,568</u>	<u>10,315,227</u>	<u>393,628,795</u>
Deferred inflows of resources	474,663	-	474,663
Net position			
Restricted	<u>337,927,344</u>	<u>17,172,876</u>	<u>355,100,220</u>
Total net position	<u>\$ 337,927,344</u>	<u>\$ 17,172,876</u>	<u>\$ 355,100,220</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, 2014**

	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Water Pollution Control Fund</u>
Operating revenues:			
Interest on loans	\$ 10,391,474	\$ -	\$ 10,391,474
Interest on investments	5,272,994	25,482	5,298,476
Loan administrative fees:			
Program revenue	-	447,806	447,806
Non-program revenue	-	4,904,129	4,904,129
EPA grants	-	619,012	619,012
Total operating revenues	<u>15,664,468</u>	<u>5,996,429</u>	<u>21,660,897</u>
Operating expenses:			
Interest on bonds	14,965,823	-	14,965,823
Grant administration	-	2,194,708	2,194,708
EPA Grants	-	619,012	619,012
Loan principal forgiven	408,088	-	408,088
Other	19,398	363,807	383,205
Total operating expenses	<u>15,393,309</u>	<u>3,177,527</u>	<u>18,570,836</u>
Operating income	271,159	2,818,902	3,090,061
EPA capitalization grants	11,559,755	-	11,559,755
Transfers in (out)	2,831,620	(2,831,620)	-
Change in net position	<u>14,662,534</u>	<u>(12,718)</u>	<u>14,649,816</u>
Net position – beginning of year	<u>323,264,810</u>	<u>17,185,594</u>	<u>340,450,404</u>
Net position – end of year	<u>\$ 337,927,344</u>	<u>\$ 17,172,876</u>	<u>\$ 355,100,220</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, 2014**

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, 2014**

Assets	State Revolving Fund	Nonrevolving Fund	Drinking Water Fund
Current assets:			
Cash and cash equivalents	\$ 16,850,777	\$ 15,648,834	\$ 32,499,611
Federal grants receivable	-	3,408,616	3,408,616
Investment income receivable	5,049	6,295	11,344
Loans receivable	21,671,384	274,166	21,945,550
Accounts receivable – borrowers	1,290,207	1,026,083	2,316,290
Restricted assets:			
Cash and cash equivalents	53,093,804	2,477,200	55,571,004
Investments	2,806,950	-	2,806,950
Investment income receivable	337,996	-	337,996
Total current assets	<u>96,056,167</u>	<u>22,841,194</u>	<u>118,897,361</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	17,674,587	2,035,664	19,710,251
Investments	51,187,787	-	51,187,787
Investment income receivable	410,484	-	410,484
Loans receivable	275,300,840	217,050	275,517,890
Total noncurrent assets	<u>344,573,698</u>	<u>2,252,714</u>	<u>346,826,412</u>
Total assets	<u>440,629,865</u>	<u>25,093,908</u>	<u>465,723,773</u>
Deferred outflows of resources	326,654	-	326,654
Liabilities			
Current liabilities:			
Project costs payable – direct loans	17,530,557	-	17,530,557
Project costs payable – leveraged loans	50,890,568	-	50,890,568
Bonds payable	10,990,000	-	10,990,000
Accrued interest payable	2,054,981	-	2,054,981
Due to other funds	17,949	-	17,949
Other liabilities	-	3,628,371	3,628,371
Total current liabilities	<u>81,484,055</u>	<u>3,628,371</u>	<u>85,112,426</u>
Noncurrent liabilities:			
Project costs payable – direct loans	2,000,000	-	2,000,000
Project costs payable – leveraged loans	12,033,826	-	12,033,826
Bonds payable, net	135,885,000	-	135,885,000
Advance payable	-	13,352,800	13,352,800
Other liabilities	3,199,956	-	3,199,956
Total noncurrent liabilities	<u>153,118,782</u>	<u>13,352,800</u>	<u>166,471,582</u>
Total liabilities	<u>234,602,837</u>	<u>16,981,171</u>	<u>251,584,008</u>
Deferred inflows of resources	61,910	-	61,910
Net position			
Restricted	206,291,772	6,488,260	212,780,032
Unrestricted	-	1,624,477	1,624,477
Total net position	<u>\$ 206,291,772</u>	<u>\$ 8,112,737</u>	<u>\$ 214,404,509</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, 2014

	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Drinking Water Fund</u>
Operating revenues:			
Interest on loans	\$ 3,818,448	\$ 19,051	\$ 3,837,499
Interest on investments	1,884,715	43,672	1,928,387
Loan administrative fees	-	3,575,239	3,575,239
EPA set aside grants:			
Administrative	-	2,038,896	2,038,896
Small Systems Training and Technical Assistance Program	-	497,840	497,840
Capacity Development	-	1,408,225	1,408,225
Wellhead Protection	-	1,063,964	1,063,964
Public Water System Supervision	-	1,526,833	1,526,833
Total operating revenues	<u>5,703,163</u>	<u>10,173,720</u>	<u>15,876,883</u>
Operating expenses:			
Interest on bonds	5,531,278	-	5,531,278
Grant administration – state funded	-	339,690	339,690
EPA set asides:			
Administrative	-	2,038,897	2,038,897
Small Systems Training and Technical Assistance Program	-	497,840	497,840
Capacity Development	-	1,408,225	1,408,225
Wellhead Protection	-	1,063,964	1,063,964
Public Water System Supervision	-	1,526,833	1,526,833
Loan principal forgiven	6,981,344	-	6,981,344
Other	-	388,615	388,615
Total operating expenses	<u>12,512,622</u>	<u>7,264,064</u>	<u>19,776,686</u>
Operating income (loss)	(6,809,459)	2,909,656	(3,899,803)
EPA capitalization grants	15,795,786	-	15,795,786
Transfers in (out)	1,812,142	(1,812,142)	-
Change in net assets	10,798,469	1,097,514	11,895,983
Net position – beginning of year	195,493,303	7,015,223	202,508,526
Net position – end of year	<u>\$ 206,291,772</u>	<u>\$ 8,112,737</u>	<u>\$ 214,404,509</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, 2014**

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 \$491,216 at December 31, 2014. 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, 2014**

	Actual	Original budget	Changes	Final budget	Variance – favorable (unfavorable)
Revenues:					
Interest on investments	\$ 204,557	\$ 125,000	\$ -	\$ 125,000	\$ 79,557
WPCRF state match loan repayment	1,500,000	3,000,000	-	3,000,000	(1,500,000)
DWRF state match loan repayment	1,500,000	3,000,000	-	3,000,000	(1,500,000)
Loan principal payments – SWRP	2,988,750	10,050,000	-	10,050,000	(7,061,250)
Loan principal payments – WRBP	39,940,000	11,100,000	25,000,000	36,100,000	3,840,000
Loan principal payments – interim	-	17,000,000	-	17,000,000	(17,000,000)
Loan principal payments – WPFHP	-	600,000	-	600,000	(600,000)
Loan principal payments – SHLP	215,758	220,000	-	220,000	(4,242)
Loan principal payments – Water Rights	169,502	-	-	-	169,502
Bond proceeds – WRBP	16,900,000	50,000,000	(25,000,000)	25,000,000	(8,100,000)
Refunding bond proceeds – WRBP	-	30,000,000	-	30,000,000	(30,000,000)
Bond proceeds – Watershed Prot.	-	20,000,000	-	20,000,000	(20,000,000)
Refunding bond proceeds – SWRP	-	10,000,000	-	10,000,000	(10,000,000)
Loan interest income – SWRP	600,274	1,188,000	-	1,188,000	(587,726)
Loan interest income – WRBP	13,140,854	14,900,000	-	14,900,000	(1,759,146)
Loan interest income – WPFHP	-	1,000,000	-	1,000,000	(1,000,000)
Loan interest income – SHLP	96,000	110,000	-	110,000	(14,000)
Loan interest income – Water Rights	76,487	-	-	-	76,487
Loan interest income – interim loans	-	350,000	-	350,000	(350,000)
Other	1,626,251	-	-	-	1,626,251
Total revenues	<u>78,958,433</u>	<u>172,643,000</u>	<u>-</u>	<u>172,643,000</u>	<u>(93,684,567)</u>
Expenditures:					
WPCRF state match loans	2,243,200	3,000,000	-	3,000,000	756,800
DWRF state match loans	3,078,800	3,200,000	-	3,200,000	121,200
General/administrative	675,189	888,900	-	888,900	213,711
Interim loans made	-	17,000,000	-	17,000,000	17,000,000
Bond principal payments – SWRP	3,005,000	10,065,000	-	10,065,000	7,060,000
Bond principal payments – WRBP	39,940,000	9,530,000	31,000,000	40,530,000	590,000
Bond principal payments – WPFHP	-	600,000	-	600,000	600,000
Bond interest expense – SWRP	616,450	830,000	-	830,000	213,550
Bond Cost of Issuance – SWRP	3,765	4,000	-	4,000	235
Bond interest expense – WRBP	13,085,853	12,300,000	1,000,000	13,300,000	214,147
Bond Cost of Issuance – WRBP	384,484	1,430,000	-	1,430,000	1,045,516
Bond interest expense – WPFHP	-	1,000,000	-	1,000,000	1,000,000
Bond Cost of Issuance – WPFHP	-	800,000	-	800,000	800,000
Loans made – WRBP	16,900,000	50,000,000	(31,000,000)	19,000,000	2,100,000
Loans made – WPFHP	-	20,000,000	-	20,000,000	20,000,000
SHLP Loan Draws	-	5,000,000	-	5,000,000	5,000,000
SHLP Planning & Design Grants	-	167,000	-	167,000	167,000
GAP Program grants	1,136,732	1,700,000	-	1,700,000	563,268
Refunding Bonds Escrow					
Deposit – SWRP	-	9,650,000	-	9,650,000	9,650,000

**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, 2014**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Refunding Issuance Costs – SWRP	-	350,000	-	350,000	350,000
Refunding Bonds Escrow					
Deposit – WRBP	-	29,100,000	(1,000,000)	28,100,000	28,100,000
Refunding Issuance Costs – WRBP	-	900,000	-	900,000	900,000
Project expenditures	7,065,302	14,425,000	-	14,425,000	7,359,698
Arbitrage rebate – SWRP	-	100,000	-	100,000	100,000
Total expenditures	<u>88,134,775</u>	<u>192,039,900</u>	<u>-</u>	<u>192,039,900</u>	<u>103,905,125</u>
Excess of revenues over (under) expenditures	<u>\$ (9,176,342)</u>	<u>\$ (19,396,900)</u>	<u>\$ -</u>	<u>\$ (19,396,900)</u>	<u>\$ 10,220,558</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, 2014**

Revenues (budgetary basis)	\$ 78,958,433
Loan principal payments – SWRP (a.)	(2,988,750)
Loan principal payments – WRBP (a.)	(39,940,000)
Loan principal payments – SHLP (a.)	(215,758)
Loan principal payments – Water Rights (a.)	(169,502)
Bond proceeds (b.)	(16,900,000)
WPCRF state match loan repayment (d.)	(1,500,000)
DWRF state match loan repayment (d.)	<u>(1,500,000)</u>
Revenues (GAAP basis)	<u>15,744,423</u>
Expenditures (budgetary basis)	88,134,775
Depreciation (c.)	14,803
WPCRF and DWRF advance – state match provided (d.)	(5,322,000)
Bond principal payments – SWRP (e.)	(3,005,000)
Bond principal payments – WRBP (e.)	(39,940,000)
Leveraged loans made (f.)	<u>(16,900,000)</u>
Expenses (GAAP basis)	<u>22,982,578</u>
Change in net assets per statement of revenues, expenses and changes in net position	<u>\$ (7,238,155)</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.

**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, 2014**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 5,298,476	\$ 6,860,000	\$ -	\$ 6,860,000	\$ (1,561,524)
Administrative fee	5,351,935	6,097,000	-	6,097,000	(745,065)
Loan interest income	10,391,474	13,670,000	-	13,670,000	(3,278,526)
EPA grants	12,178,767	40,049,000	-	40,049,000	(27,870,233)
Colorado state match	2,243,200	2,761,000	-	2,761,000	(517,800)
Loan principal repayments	38,800,133	35,557,000	3,500,000	39,057,000	(256,867)
Bond proceeds	9,075,000	85,080,000	-	85,080,000	(76,005,000)
Refunding Bond Proceeds	-	42,000,000	(3,500,000)	38,500,000	(38,500,000)
Total revenues	<u>83,338,985</u>	<u>232,074,000</u>	<u>-</u>	<u>232,074,000</u>	<u>(148,735,015)</u>
Expenditures:					
Grant administration	2,813,720	4,137,755	700,000	4,837,755	2,024,035
Bond principal payments	32,040,000	33,000,000	-	33,000,000	960,000
Advance repayments – state match	1,500,000	3,000,000	(700,000)	2,300,000	800,000
Transfer Administrative to DWRF	-	318,000	-	318,000	318,000
Project costs paid – direct loans	14,545,169	54,213,630	-	54,213,630	39,668,461
Loans made – leveraged loans	26,370,898	87,000,000	-	87,000,000	60,629,102
Planning and design grants to small local governments	363,806	421,000	-	421,000	57,194
Payment to refunded bond escrow	-	40,740,000	-	40,740,000	40,740,000
Refunding bonds issuance cost	-	1,260,000	-	1,260,000	1,260,000
Other	40,250	240,000	-	240,000	199,750
Loan principal forgiven	408,088	5,200,000	-	5,200,000	4,791,912
Bond interest expense	14,965,823	24,000,000	-	24,000,000	9,034,177
Capital asset acquisitions	-	5,000	-	5,000	5,000
Total expenditures	<u>93,047,754</u>	<u>253,535,385</u>	<u>-</u>	<u>253,535,385</u>	<u>160,487,631</u>
Excess of revenues over expenditures	<u>\$ (9,708,769)</u>	<u>\$ (21,461,385)</u>	<u>\$ -</u>	<u>\$ (21,461,385)</u>	<u>\$ 11,752,616</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, 2014**

Revenues (budgetary basis)	\$ 83,338,985
Loan principal payments (a.)	(38,800,133)
Advance – state match provided (b.)	(2,243,200)
Bond proceeds (c.)	(9,075,000)
Revenues (GAAP basis)	<u>33,220,652</u>
Expenditures (budgetary basis)	93,047,754
Project costs paid – direct loans (d.)	(14,545,169)
Bond principal payments (e.)	(32,040,000)
Leverage Loans Made (f.)	(26,370,898)
State Match Repayment (g.)	(1,500,000)
Arbitrage rebate payments (h.)	(20,851)
Expenses (GAAP basis)	<u>18,570,836</u>
Change in net assets per statement of revenues, expenses and changes in net position	 <u>\$ 14,649,816</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. 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. WPCRF advance – state match provided is treated as expenditure when transferred to the respective program.
- 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, 2014**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
Revenues:					
Interest on investments	\$ 1,928,387	\$ 3,019,000	\$ -	\$ 3,019,000	\$ (1,090,613)
Loan interest income	3,837,499	6,461,000	-	6,461,000	(2,623,501)
Loan principal repayments	19,287,171	21,619,000	-	21,619,000	(2,331,829)
Bond proceeds	11,140,000	65,886,100	-	65,886,100	(54,746,100)
Capital contributions – EPA	15,795,786	70,640,000	-	70,640,000	(54,844,214)
Colorado state match	3,078,800	3,684,000	-	3,684,000	(605,200)
EPA capitalization grant set asides revenue	6,535,758	8,190,043	-	8,190,043	(1,654,285)
Transfer Administrative Fees – WPCRF	-	318,000	-	318,000	(318,000)
Administrative fee income	3,575,239	4,375,000	-	4,375,000	(799,761)
Total revenues	<u>65,178,640</u>	<u>184,192,143</u>	<u>-</u>	<u>184,192,143</u>	<u>(119,013,503)</u>
Expenditures:					
Grant administration – State funded	2,378,587	2,289,719	700,000	2,989,719	611,132
Bond principal payments made	10,155,000	13,000,000	-	13,000,000	2,845,000
Advance repayments – state match	1,500,000	3,000,000	(700,000)	2,300,000	800,000
Project costs paid – direct loans	12,682,434	76,985,000	-	76,985,000	64,302,566
Loans made – leveraged	46,845,337	67,000,000	-	67,000,000	20,154,663
Planning and design grants to small local governments	388,615	415,000	-	415,000	26,385
Loan principal forgiven	6,981,344	10,125,000	-	10,125,000	3,143,656
Bond interest expense	5,531,278	11,500,000	-	11,500,000	5,968,722
EPA capitalization grant set asides	4,496,862	6,390,043	-	6,390,043	1,893,181
Arbitrage rebate payments	-	100,000	-	100,000	100,000
Capital asset acquisitions	-	5,000	-	5,000	5,000
Total expenditures	<u>90,959,457</u>	<u>190,809,762</u>	<u>-</u>	<u>190,809,762</u>	<u>99,850,305</u>
Excess of revenues over expenditures	<u>\$ (25,780,817)</u>	<u>\$ (6,617,619)</u>	<u>\$ -</u>	<u>\$ (6,617,619)</u>	<u>\$ (19,163,198)</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, 2014**

Revenues (budgetary basis)	\$	65,178,640
Loan principal payments (a.)		(19,287,171)
Advance – state match provided (b.)		(3,078,800)
Bond proceeds (c.)		(11,140,000)
Revenues (GAAP basis)		<u>31,672,669</u>
Expenditures (budgetary basis)		90,959,457
Project costs paid – direct loans (d.)		(12,682,434)
Bond principal payments made (e.)		(10,155,000)
Leveraged loans made (f.)		(46,845,337)
State Match Repayment (g.)		(1,500,000)
Expenses (GAAP basis)		<u>19,776,686</u>
Change in net assets per statement of revenues, expenses and changes in fund net position	\$	<u>11,895,983</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. DWRF advance – state match provided is treated as expenditure when transferred to the respective program.

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Project Costs Payable – By Borrower
December 31, 2014**

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

	Project costs payable
Water Operations Fund:	
WRBP:	
2011C Donala Water and Sanitation District	\$ 4,621,075
2013A Fountain, City of	1,706,906
2014A Fountain, City of	11,385,000
2009A North Weld County Water District	1,614,502
2011B Steamboat Springs, City of	3,817,613
Total Water Operations Fund	23,145,096
 Water Pollution Control Fund:	
Direct loans:	
Base program:	
Bayfield, Town of	437,272
Empire, Town of	79,024
Estes Park Sanitation District	3,250,000
Fairways Metropolitan District	1,494,554
Hayden, Town of	574,814
Hillcrest Water and Sanitation District	118,590
Hot Sulphur Springs, Town of	56,752
Larimer County LID 2012-1 (River Glen Estates)	522,305
Larimer County LID 2013-1 (Berthoud Estates)	945,751
Loma Linda Sanitation District	878,792
Lyons, Town of	3,159,417
Mansfield Heights Water and Sanitation District	155,508
Mountain Water and Sanitation District	807,777
Pagosa Springs General Improvement District, Town of	934,437
Ralston Valley Water and Sanitation District	268,929
Three Lakes Water & Sanitation District	1,533,791

**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, 2014**

	Project costs payable
Water Pollution Control Fund (Continued):	
Base program - disadvantaged communities:	
Cheraw, Town of	67,218
Cokedale, Town of	30,743
Fowler, Town of	1,389,500
Huerfano County Gardner Water and Sanitation PID	20,957
Mountain View Villages Water and Sanitation District	45,046
Rocky Ford, City of	108,732
Rocky Ford, City of	697,769
South Sheridan Water, Sanitary Sewer and Storm Drainage District	160,122
La Veta, Town of	124,516
Las Animas, City of	267,873
Redstone Water & Sanitation District	52,046
Total direct loans	18,182,235
Leveraged loans:	
2010B Boxelder Sanitation District	155,979
2010A Glenwood Springs, City of	488,296
2014A Pueblo, City of	4,202,875
2014A South Adams County Water & Sanitation District	20,094,266
2011A Windsor, Town of	213,851
Total leveraged loans	25,155,267
Total Water Pollution Control Fund	43,337,502
Drinking Water Fund:	
Direct loans:	
Base program:	
Castle Pines Metropolitan District	1,800,000
Coal Creek, Town of	81,767
El Rancho Florida Metropolitan District	683,188
Evans, City of	921,358
Forest View Acres Water District	1,173,766
Hayden, Town of	672,956
La Plata County Palo Verde Public Improvement District	158,967
Larimer County LID 2013-3 (Fish Creek)	298,536
Rangely, Town of	10,000
Rifle, City of	2,000,000
Teller County Water and Sanitation District #1	217,126
Tree Haus Metropolitan District	138,925

**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, 2014**

	<u>Project costs payable</u>
Drinking Water Fund (continued):	
Base program - disadvantaged communities:	
Costilla County Garcia Domestic Water System	266,793
Crowley, Town of	23,171
Empire, Town of	775,786
Florissant Water & Sanitation District	720,993
Granby, Town of	699,799
Hotchkiss, Town of	4,801
Kim, Town of	171,255
Larkspur, Town of	2,232,253
Louviers Water and Sanitation District	20,000
Manzanola, Town of	624,695
Merino, Town of	1,050,923
Navajo Western Water District	92,100
Paonia, Town of	571,735
Rocky Ford, City of	4,696
Shadow Mountain Village Local Improvement District	599,427
South Sheridan Water, Sanitary Sewer and Storm Drainage District	477,683
Stratton, Town of	489,871
Swink, Town of	85,862
Vilas, Town of	120,834
Vona, Town of	45,701
Wiley, Town of	181,827
Williamsburg, Town of	743,522
Yampa, Town of	1,370,241
Total direct loans	<u>19,530,557</u>
Leveraged loans:	
2014A Clifton Water District	9,436,367
2014A Left Hand Water District	28,974,083
2014A Paonia, Town of	3,000,000
2012A Rifle, City of	19,636,878
2011A Sterling, City of	1,877,066
Total leveraged loans	<u>62,924,394</u>
Total Drinking Water Fund	<u>82,454,951</u>
Total project costs payable	<u>\$ 148,937,549</u>

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower
December 31, 2014**

		<u>Loans Receivable</u>
Water Operations Fund:		
Small Hydro Loan Program:		
2009	Cortez, City of	\$ 942,361
2011	Northern Water Conservancy District	1,833,727
2013	Tri-County Water Conservancy District	<u>1,917,769</u>
Total Water Operations Fund loans receivable – SHLP		<u>4,693,857</u>
Water Rights Purchase - ALP:		
2013	Durango, City of	<u>3,809,251</u>
Small Water Resources Program:		
1997A	Monument, Town of	400,000
1997A	Parker Water and Sanitation District	8,285,833
2000A	Parker Water and Sanitation District	1,037,500
1994B	Project 7 Water Authority	283,333
2003A	Rifle, City of	<u>797,500</u>
Total Water Operations Fund loans receivable – SWRP		<u>10,804,166</u>
Water Revenue Bond Program:		
2005E	Arapahoe County Water and Wastewater Public Improvement District	26,270,000
2005D	Aurora, City of	29,655,000
2004E	Copper Mountain Consolidated Metropolitan District	2,065,000
2005F	Copper Mountain Consolidated Metropolitan District	2,310,000
2011C	Donala Water and Sanitation District	5,930,000
2005A	East Cherry Creek Valley Water and Sanitation District	45,280,000
2004B	Englewood, City of	7,570,000
2005B	Fort Lupton, City of	1,480,000
2005C	Fountain, City of	395,000
2008A	Fountain, City of	7,835,000
2011A	Fountain, City of	8,995,000
2013A	Fountain, City of	11,195,000
2014A	Fountain, City of	16,900,000
2004C	Littleton, City of	1,850,000
2009A	North Weld County Water District	5,635,000
2010A	Parker Water and Sanitation District	51,485,000
2011B	Steamboat Springs, City of	<u>11,100,000</u>
Total Water Operations Fund loans receivable – WRBP		<u>235,950,000</u>
Total Water Operations Fund loans receivable		<u>255,257,274</u>

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2014**

		<u>Loans Receivable</u>
Water Pollution Control Fund:		
Federal direct loans:		
Base program:		
2013	Bayfield, Town of	575,331
2006	Bennett, Town of	111,789
2006	Boulder County	1,104,107
1998	Byers Water and Sanitation District	99,118
2012	Cherokee Metropolitan District	1,995,000
2010	Cherry Hills Heights Water and Sanitation District	131,481
2011	Colorado Centre Metropolitan District	1,760,484
2000	Columbine Water and Sanitation District	38,681
2007	Cortez Sanitation District	1,406,909
2010	Crested Butte, Town of	1,237,588
2006	Cucharas Sewer and Water District	547,263
2007	Donala Water and Sanitation District	1,521,779
1991	Eagle, Town of	1,130,680
2007	Elizabeth, Town of	760,364
1997	Erie, Town of	108,311
2009	Erie, Town of	697,400
2014	Estes Park Sanitation District	2,872,730
1998	Evans, City of	122,590
2009	Evergreen Metropolitan District	1,599,334
2008	Fairplay Sanitation District	1,546,975
2013	Fairways Metropolitan District	1,485,509
1995	Fruita, City of	1,375
2004	Garden Valley Water and Sanitation District	181,334
2012	Hayden, Town of	580,508
2013	Hillcrest Water and Sanitation District	624,268
2012	Hot Sulphur Springs, Town of	647,361
2002	Julesburg, Town of	399,303
1999	Kersey, Town of	60,205
2006	Kersey, Town of	1,221,701
2005	Kremmling Sanitation District	602,351
1999	La Junta, City of	132,377
2010	Lamar, City of	1,722,687
2008	Larimer County Local Improvement District	280,691
2010	Larimer County Local Improvement District	228,991
2013	Larimer County Local Improvement District	1,177,206
2014	Larimer County Local Improvement District	964,155
1998	Las Animas, City of	296,832
1999	Left Hand Water and Sanitation District	35,697
2000	Left Hand Water and Sanitation District	19,529
1995	Log Lane Village, Town of	27,170
2014	Loma Linda Sanitation District	878,792
2014	Lyons, Town of	5,200,000
2013	Mansfield Heights Water and Sanitation District	577,050
1997	Manzanola, Town of	14,585
1999	Monte Vista, Town of	302,030
2012	Mountain Water and Sanitation District	1,850,000

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2014**

		<u>Loans Receivable</u>
Water Pollution Control Fund (continued):		
2011	Nederland, Town of	1,750,000
1999	New Castle, Town of	145,989
1996	Ordway, Town of	36,130
2009	Pagosa Area Water and Sanitation District	781,224
1997	Pagosa Springs General Improvement District, Town of	118,079
2003	Pikes Peak-America's Mountain	431,672
2006	Ralston Valley Water and Sanitation District	823,226
2012	South Durango Sanitation District	738,660
2000	Springfield, Town of	78,186
2011	Tabernash Meadows Water and Sanitation District	310,250
2014	Three Lakes Water & Sanitation District	2,000,000
2010	Upper Blue Sanitation District	1,644,857
1997	Vona, Town of	12,684
2010	Woodland Park, City of	554,523
Base program-disadvantaged communities:		
2006	Ault, Town of	862,003
2009	Boone, Town of	258,075
2010	Cheyenne Wells Sanitation District #1	229,177
2006	Clifton Sanitation District #2	1,238,095
2014	Cokedale, Town of	160,000
2009	Crested Butte South Metropolitan District	1,859,414
2011	Crowley, Town of	1,758,138
2014	Fowler, Town of	1,400,000
2006	Haxtun, Town of	205,906
2009	Kit Carson, Town of	200,725
2006	La Jara, Town of	431,250
2014	La Veta, Town of	270,000
2008	Las Animas, City of	263,900
2011	Las Animas, City of	276,152
2013	Las Animas, City of	124,537
2009	Mancos, Town of	750,000
2011	Mancos, Town of	49,719
2008	Manzanola, Town of	69,600
2009	Mountain View Villages Water and Sanitation District	1,240,930
2012	Naturita, Town of	110,611
2013	Olney Springs, Town of	306,850
2006	Ordway, Town of	389,350
2014	Pagosa Springs General Improvement District, Town of	1,977,423
2008	Penrose Sanitation District	98,163
2006	Pierce, Town of	660,622
2011	Redstone Water and Sanitation District	1,890,990
2012	Rocky Ford, City of	1,440,747
2014	Rocky Ford, City of	697,769
2007	Romeo, Town of	116,925
2009	Seibert, Town of	116,250
2011	Silver Plume, Town of	111,746

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2014**

		<u>Loans Receivable</u>
Water Pollution Control Fund (continued):		
2012	Simla, Town of	107,300
2013	South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,908,843
2006	Springfield, Town of	333,750
2006	Stratton, Town of	296,273
2006	Sugar City Town of	198,900
2009	Sugar City Town of	35,649
ARRA direct loans:		
2009	Erie, Town of	1,550,000
2009	Georgetown, Town of	2,945,000
2009	Manitou Springs, City of	64,636
2009	Pagosa Area Water and Sanitation District	5,629,233
2009	Pueblo, City of	1,162,500
	Total WPCRF direct loans	<u>82,102,252</u>
Leveraged loans:		
2007A	Bayfield, Town of	3,770,000
2010B	Boxelder Sanitation District	9,525,000
2005A	Breckenridge, Town of	2,765,000
1995A	Brighton, City of	400,121
2010B	Brush!, City of	8,255,000
1998A	Buena Vista Sanitation District	791,060
2006B	Cherokee Metropolitan District	10,313,281
2006A	Clifton Sanitation District #2	6,730,000
2003A	Colorado City Metropolitan District	966,733
1998B	Colorado Springs, City of	9,432,280
2001A	Cortez Sanitation District	3,875,000
1995A	Craig, City of	74,905
1996A	Crested Butte, Town of	357,780
2002B	Denver Southeast Suburban Water and Sanitation District	3,350,000
2005A	Denver Southeast Suburban Water and Sanitation District	3,110,000
2006A	Donala Water and Sanitation District	3,350,796
1995A	Eagle River Water and Sanitation District	426,889
1998A	Eagle River Water and Sanitation District	2,574,865
1997A	Eagle, Town of	461,528
2007A	Eagle, Town of	9,660,420
2005A	Eaton, Town of	3,389,108
2008A	Elizabeth, Town of	3,902,559
2004A	Englewood, City of	29,510,765
1997A	Erie, Town of	363,270
1998A	Evans, City of	281,346
2001A	Fort Collins, City of	3,925,000

**Colorado Water Resources
and Power Development Authority
(A Component Unit of the State of Colorado)
Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2014**

		<u>Loans Receivable</u>
Water Pollution Control Fund (continued):		
1995A	Fort Morgan, City of	674,973
2011A	Fountain Sanitation District	5,999,838
1999A	Fremont Sanitation District	2,630,198
2010A	Fruita, City of	19,870,000
2005B	Glendale, City of	6,425,832
2010A	Glenwood Springs, City of	27,097,675
2006A	Granby Sanitation District	3,276,084
1999A	Grand County Water and Sanitation District	1,049,792
1996A	Idaho Springs, City of	218,653
2001A	Lafayette, City of	3,766,684
2004A	Littleton, City of	29,624,210
2007A	Mead, Town of	2,185,000
2002A	Mesa County	4,745,000
2003A	Milliken, Town of	3,344,887
2001A	Mount Crested Butte Water and Sanitation District	2,189,761
2011A	Nederland, Town of	1,715,222
2008A	New Castle, Town of	6,306,341
1997A	Parker Water and Sanitation District	651,126
2000A	Parker Water and Sanitation District	4,614,558
2001A	Parker Water and Sanitation District	2,102,688
2002B	Parker Water and Sanitation District	11,230,532
2001A	Plum Creek Wastewater Authority	11,160,000
2002B	Plum Creek Wastewater Authority	1,620,000
2005A	Plum Creek Wastewater Authority	970,000
2003A	Pueblo, City of	4,346,941
2010A	Pueblo, City of	19,616,247
2014A	Pueblo, City of	4,171,886
2011A	Pueblo West Metropolitan District	4,577,046
2007A	Rifle, City of	13,608,340
2005A	Roxborough Water and Sanitation District	6,220,000
2002A	South Adams County Water and Sanitation District	3,490,000
2014A	South Adams County Water and Sanitation District	22,182,954
1995A	Steamboat Springs, City of	112,063
1999A	Steamboat Springs, City of	910,690
2001A	Steamboat Springs, City of	2,498,067
1997A	Sterling, City of	353,252
2000A	Summit County	6,478,091
2000A	Three Lakes Water and Sanitation District	2,190,888
1998A	Trinidad, City of	1,735,825
1997A	Upper Blue Sanitation District	1,614,447
2005B	Upper Blue Sanitation District	5,090,000

**Colorado Water Resources
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Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2014**

	Loans Receivable
Water Pollution Control Fund (continued):	
2002A Wellington, Town of	2,296,681
1997A Westminster, City of	2,812,907
1998A Westminster, City of	686,332
2005A Westminster, City of	9,210,000
2011A Windsor, Town of	2,575,268
Total WPCRF leveraged loans	391,809,685
Total Water Pollution Control Fund loans receivable	473,911,937
Drinking Water Fund:	
State direct loans:	
1996 Bayfield, Town of	45,655
1995 Elizabeth, Town of	37,792
1995 Empire, Town of	29,992
1995 Fairplay, Town of	9,420
1997 Fairplay, Town of	42,485
1997 Idaho Springs, City of	92,250
1995 Idledale Water and Sanitation District	9,483
1996 Lake Creek Metropolitan District	36,082
1995 Minturn, Town of	27,148
1996 Nunn, Town of	47,672
1998 Redstone Water and Sanitation District	88,327
1997 Westlake Water and Sanitation District	24,910
Federal direct loans:	
Base program:	
2011 Alma, Town of	353,756
2009 Baca Grande Water and Sanitation District	1,194,392
2002 Basalt, Town of	477,258
2010 BMR Metropolitan District	904,612
2006 Castle Pines Metropolitan District	1,391,827
2006 Castle Pines Metropolitan District	178,146
2014 Castle Pines Metropolitan District	1,800,000
1998 Chatfield South Water District	104,662
2013 Coal Creek, Town of	339,605
2010 Colorado Springs Utilities	7,203,864
2010 Cortez, City of	371,504
2012 Crested Butte, Town of	364,497
2010 Crested Butte South Metropolitan District	863,388
2013 Crested Butte South Metropolitan District	479,442
2006 Cucharas Sanitation and Water District	191,685
2012 Cucharas Sanitation and Water District	81,607
2010 Divide MPC Metropolitan District #1	116,730
2011 El Rancho Florida Metropolitan District	1,275,739
2013 Evans, City of	1,409,211
2005 Florence, City of	488,963
2012 Forest View Acres Water District	1,850,000
2011 Georgetown, Town of	637,030
2010 Grand Junction, City of	3,128,888
2002 Hayden, Town of	453,251
2014 Hayden, Town of	915,000
2014 La Plata County Palo Verde Public Improvement District	431,467
2009 Lake Durango Water Authority	1,553,357

**Colorado Water Resources
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Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2014**

		<u>Loans Receivable</u>
Drinking Water Fund (continued):		
2009	Lamar, City of	880,413
2014	Larimer County Local Improvement District	314,505
1998	Left Hand Water and Sanitation District	46,915
2011	Mountain Water and Sanitation District	825,000
2003	Mustang Water Authority	401,197
2009	Nederland, Town of	1,953,292
2003	Oak Creek, Town of	490,387
2005	Olde Stage Water District	62,252
2008	Olde Stage Water District	116,973
2003	Ouray, City of	377,165
2009	Palmer Lake, Town of	1,393,085
2010	Pine Drive Water District	205,260
2004	Pinewood Springs Water District	72,181
2006	Pinewood Springs Water District	494,734
2006	Platte Canyon Water and Sanitation District Subdistrict #1	273,617
2008	Platte Canyon Water and Sanitation District Subdistrict #2	319,747
2006	Ralston Valley Water and Sanitation District	884,237
2013	Rangely, Town of	1,463,357
2012	Rifle, City of	1,800,000
2011	Salida, City of	476,875
2000	Sedalia Water and Sanitation District	113,342
2000	Springfield, Town of	128,885
2004	Swink, Town of	378,755
2010	Teller County Water & Sanitation District	1,501,801
1999	Thunderbird Water and Sanitation District	98,041
2002	Thunderbird Water and Sanitation District	168,507
2013	Timbers Water and Sanitation District	323,750
2010	Tree Haus Metropolitan District	930,251
2001	Wellington, Town of	472,176
2003	Westwood Lakes Water District	261,225
2002	Woodland Park, City of	381,043
Base program-disadvantaged communities:		
2009	Arriba, Town of	420,833
2006	Bethune, Town of	306,533
2011	Blanca, Town of	287,597
2006	Boone, Town of	392,866
2006	Bristol Water and Sanitation District	140,000
2009	Creede, City of	1,054,461
2012	Crowley, Town of	96,667
2008	Del Norte, Town of	525,417
2008	East Alamosa Water and Sanitation District	1,566,667
2008	Eckley, Town of	67,500
2006	Genoa, Town of	131,250
2007	Hillrose, Town of	586,488
2008	Hotchkiss, Town of	479,153
2008	Kim, Town of	94,400
2005	La Jara, Town of	105,000
2008	La Veta, Town of	980,890
2014	Larkspur, Town of	2,000,000
2008	Las Animas, Town of	649,600

**Colorado Water Resources
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Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2014**

		<u>Loans Receivable</u>
Drinking Water Fund (continued):		
2005	Log Lane Village, Town of	751,566
2012	Louviers Water and Sanitation District	132,668
2011	Manassa, Town of	435,395
2012	Merino, Town of	106,522
2011	Mesa Water and Sanitation District	96,782
2011	Monte Vista, City of	318,385
2012	Navajo Western Water District	1,010,111
2011	Nunn, Town of	398,075
2006	Ordway, Town of	150,000
2007	Ordway, Town of	87,630
2006	Palisade, Town of	1,466,667
2008	Paonia, Town of	297,805
2006	Pritchett, Town of	143,333
2009	Rockvale, Town of	254,805
2009	Rye, Town of	464,855
2006	Sedgwick, Town of	300,283
2013	South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,980,503
2007	Stratton, Town of	404,210
2008	Stratton, Town of	77,147
2013	Stratton, Town of	903,683
2010	Swink, Town of	317,124
2005	Victor, Town of	28,300
2006	Walden, Town of	652,357
2014	Williamsburg, Town of	826,000
2014	Yampa, Town of	522,321
ARRA direct loans:		
2009	Divide MPC Metropolitan District	113,096
2009	Florence, City of	1,500,000
2009	Gateway Metropolitan District	446,846
2009	Georgetown, Town of	1,038,500
2009	Hot Sulphur Springs, Town of	1,007,500
2009	La Junta, City of	1,418,250
2009	Lamar, City of	3,063,091
2009	Manitou Springs, City of	962,055
2009	Manitou Springs, City of	416,390
2009	Manitou Springs, City of	962,055
2009	Ophir, Town of	387,500
2009	Ridgway, Town of	348,750
	Total Drinking Water Fund direct loans	<u>80,335,947</u>
Leveraged loans:		
2006B	Alamosa, City of	8,058,975
2006B	Arapahoe County Water and Wastewater PID	9,536,383
1997A	Arapahoe Estates Water District	198,631
1998A	Buena Vista, Town of	325,513
2014A	Clifton Water District	13,936,818
2006B	Cottonwood Water and Sanitation District	7,325,275
2006A	Craig, City of	4,125,359
1997A	Englewood, City of	3,640,712
2008A	Estes Park, Town of	4,330,821

**Colorado Water Resources
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Schedule of Loans Receivable – By Borrower (Continued)
December 31, 2014**

		<u>Loans Receivable</u>
Drinking Water Fund (continued):		
2000A	Evergreen Metropolitan District	2,062,493
2002A	Evergreen Metropolitan District	938,486
2003B	Florence, City of	7,741,657
1997A	Fort Collins, City of	1,720,531
1999A	Fort Collins, City of	1,408,688
1998A	Fort Morgan, City of	4,256,432
2000A	Fountain Valley Authority	2,789,953
2003A	Fountain Valley Authority	1,664,162
1999A	Glenwood Springs, City of	1,163,378
1999A	Grand County Water and Sanitation District	783,409
2002A	Grand Junction, City of	1,745,548
1999A	Greeley, City of	4,685,847
2002A	Idaho Springs, City of	1,068,048
1999A	Julesburg, Town of	306,031
2002A	La Junta, City of	4,753,978
1999A	Left Hand Water District	1,882,192
2014A	Left Hand Water District	29,890,721
2000A	Limon, Town of	536,241
2006A	Little Thompson Water District	4,179,126
2003A	Longmont, City of	10,083,462
2003A	Lyons, Town of	2,544,480
2008A	Pagosa Area Water and Sanitation District	6,652,320
2006B	Palisade, Town of	3,031,460
2014A	Paonia, Town of	2,988,695
2008B	Project 7 Water Authority	8,099,907
2000A	Pueblo Board of Waterworks	6,447,501
2012A	Rifle, City of	21,025,145
2011A	Sterling, City of	26,070,960
2000A	Westminster, City of	5,128,155
	Total Drinking Water Fund leveraged loans	<u>217,127,493</u>
	Total Drinking Water Fund loans receivable	<u>297,463,440</u>
	Total loans receivable	<u>\$ 1,026,632,651</u>

**Colorado Water Resources
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Schedule of Bonds Payable – By Issue
December 31, 2014**

<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	\$ 400,000	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	330,000	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	810,000	2.0% – 4.50%	One borrower prepaid their loan in 2013 and one in 2014, resulting in the call of associated bonds of approximately \$6,400,000	2014 – 2023 at par
2006 Series A	13,970,000	9,385,000	3.75% – 5.00%	Serial Bonds through 2019	The bonds are not subject to early redemption
Total Small Water Resources Program Revenue Bonds	<u>47,155,000</u>	<u>10,925,000</u>			

**Colorado Water Resources
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December 31, 2014**

<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	7,570,000	3.0% – 5.0%	Serial Bonds through 2017	2014 – 2017 at par
2004 Series C	19,695,000	1,850,000	3.0% – 5.5%	Serial Bonds through 2015	2014 – 2015 at par
2004 Series E	3,540,000	2,065,000	2.0% – 4.54%	Serial Bonds through 2024	2014 – 2024 at par
2005 Series A	53,970,000	45,280,000	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	1,480,000	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	200,000	2.85% – 5.0%	Serial Bonds through 2015, in 2014 the borrower prepaid a portion of its loan that totaled \$6,455,000 and serial and term bonds through 2035 were legally defeased In 2012, the borrower prepaid a portion of its loan that totaled \$41,780,000 and serial bonds through 2025 were legally defeased. In 2014, the borrower prepaid a portion of its loan that totaled \$23,955,000 and serial bonds through 2025 were legally defeased. Remaining bonds are term bonds that are subject to	2016 – 2035 at par
2005 Series D	100,000,000	29,655,000	3.2% – 5.0%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2027-2035	2016 – 2035 at par
2005 Series E	26,270,000	26,270,000	4.375% – 5.0%	Serial Bonds 2023 - 2024, term bonds subject to mandatory redemption 2035	2016 – 2035 at par
2005 Series F	3,690,000	2,310,000	4.0% – 4.5%	Serial Bonds through 2024	2016 – 2024 at par
2008 Series A	8,795,000	7,835,000	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	5,635,000	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	8,995,000	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	11,100,000	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	5,930,000	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	11,390,000	2.0% – 4.0%	Serial Bonds 2014 - 2027, term bonds subject to mandatory redemption 2033, 2038 and 2043	2023 – 2043 at par
2014 Series A	16,900,000	16,900,000	2.0% – 5.0%	Serial Bonds 2015 - 2027, term bonds subject to mandatory redemption 2029, 2039 and 2044	2025 – 2044 at par
Total Water Revenue Bonds Program	<u>360,750,000</u>	<u>235,950,000</u>			
Total Water Operations Fund	<u>\$ 407,905,000</u>	<u>\$ 246,875,000</u>			

**Colorado Water Resources
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Schedule of Bonds Payable – By Issue
December 31, 2014**

Water Pollution Control Revolving Fund	Original issue amount	Current amount outstanding	Interest rate	Due dates	Early redemption
Clean Water Revenue Bonds:					
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	\$ 30,000	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	30,000	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	545,000	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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December 31, 2014**

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	215,000	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	430,000	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	240,000	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	695,000	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	2,015,000	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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December 31, 2014**

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	25,755,000	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	10,975,000	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	12,830,000	4.25% – 5.0%	In 2014, Triview prepaid its loan that totaled \$3,090,000 and serial bonds through 2027 were legally defeased Serial Bonds through 2027	2017 – 2027 at par
Clean Water 2006 Series B (Cherokee Water & Sanitation District)	14,195,000	9,600,000	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	27,790,000	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	9,380,000	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	64,000,000	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	17,780,000	2.0% – 4.0%	Serial Bonds through 2032	2020 – 2032 at par
Clean Water 2011 Series A	14,620,000	12,665,000	2.0% – 4.0%	Serial Bonds through 2032	2021 – 2032 at par
Clean Water 2014 Series A	9,075,000	9,065,000	2.0% – 4.0%	Serial Bonds through 2036	2025 – 2036 at par
Total WPCRF Clean Water Revenue Bonds payable	<u>517,290,000</u>	<u>204,040,000</u>			

**Colorado Water Resources
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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	1,740,000	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	17,605,000	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	43,800,000	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>59,450,000</u>	2.0% – 5.00%	Serial Bonds through 2025	2023 – 2025 at par
	<u>228,405,000</u>	<u>122,595,000</u>			
Total Water Pollution Control Revolving Fund	<u>\$ 745,695,000</u>	<u>\$ 326,635,000</u>			

**Colorado Water Resources
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<u>Drinking Water Revolving Fund</u>	<u>Original issue amount</u>	<u>Current amount outstanding</u>	<u>Interest 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	\$ 1,155,000	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	7,655,000	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	25,390,000	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	9,775,000	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	7,060,000	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	22,635,000	2.0% – 4.375%	Serial Bonds through 2032	2022 – 2032 at par
Drinking Water Revenue Bonds Series 2012A (City of Rifle)	17,970,000	17,285,000	2.0% – 5%	Serial Bonds through 2034	2023 – 2034 at par
Drinking Water Revenue Bonds Series 2014A (Clifton WD, Left Hand WD Town of Paonia)	11,140,000	11,125,000	2.0% – 3.25%	Serial Bonds through 2035	2025 – 2035 at par
Total DWRP Revenue Bonds payable	<u>159,440,000</u>	<u>102,080,000</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	14,545,000	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)	35,460,000	30,250,000	2.0% – 5.0%	Serial Bonds through 2025	2023 – 2025 at par
	<u>55,765,000</u>	<u>44,795,000</u>			
Total Drinking Water Revolving Fund	<u>\$ 215,205,000</u>	<u>\$ 146,875,000</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, 2014**

	<u>Cash</u>	<u>Cash held by State Treasure r</u>	<u>Money Market</u>	<u>Local Government Investment Pools</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	\$ -	\$ -	\$ -	\$ 8,516,672	\$ -	\$ -	\$ -	\$ 8,516,672
Small Water Resources Projects Bonded Funds	-	-	-	327,693	-	-	-	327,693
Water Revenue Bonds Program	-	-	13,298,979	13,200,919	-	5,130,000	-	31,629,898
Animas - La Plata Account	-	1,552,496	-	-	-	-	-	1,552,496
Authority Operating	91,802	14,584,507	-	861,151	-	-	-	15,537,460
Subtotal – Water Operations Fund	91,802	16,137,003	13,298,979	22,906,435	-	5,130,000	-	57,564,219
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1995 Series A	-	-	3,555,781	-	-	-	-	3,555,781
Clean Water Revenue Bonds, 1996 Series A	-	-	167,636	-	3,267	-	216,165	387,068
Clean Water Revenue Bonds, 1997 Series A	-	-	330,801	-	-	-	1,857,646	2,188,447
Clean Water Revenue Bonds, 1998 Series A	-	-	346,401	-	-	-	2,104,641	2,451,042
Clean Water Revenue Bonds, 1998 Series B	-	-	268,077	-	-	-	2,961,400	3,229,477
Clean Water Revenue Bonds, 1999 Series A	-	-	281,897	-	-	-	1,578,401	1,860,298
Clean Water Revenue Bonds, 2000 Series A	-	-	537,676	-	-	-	3,867,685	4,405,361
Clean Water Revenue Bonds, 2001 Series A	-	-	880,239	-	16,683	-	11,144,827	12,041,749
Refunding Revenue Bonds, 2001 Series A	-	-	36,415	-	221,278	-	-	257,693
Refunding Revenue Bonds, 2004 Series A	-	-	129,238	-	90,673	-	-	219,911
Clean Water Revenue Bonds, 2005 Series A	-	-	665,469	-	-	-	12,519,766	13,185,235
Clean Water Revenue Bonds, 2005 Series B	-	-	245,335	-	-	-	5,002,297	5,247,632
Refunding Revenue Bonds, 2005 Series A and A2	-	-	683,460	-	945,706	-	-	1,629,166
Clean Water Revenue Bonds, 2006 Series A	-	-	597,162	-	-	-	6,950,060	7,547,222
Clean Water Revenue Bonds, 2006 Series B	-	-	175,808	-	-	-	3,566,403	3,742,211
Clean Water Revenue Bonds, 2007 Series A	-	-	437,354	-	-	-	11,949,285	12,386,639
Clean Water Revenue Bonds, 2008 Series A	-	-	1,510	-	4,144,498	-	-	4,146,008
Clean Water Revenue Bonds, 2010 Series A	-	-	568,523	-	24,696,990	-	-	25,265,513
Clean Water Revenue Bonds, 2010 Series B	-	-	180,884	-	12,469,181	-	-	12,650,065
Clean Water Revenue Bonds, 2011 Series A	-	-	55,961	-	11,011,872	-	-	11,067,833
Refunding Revenue bonds, 2013 Series A	-	-	-	11,000,784	-	-	-	11,000,784
Clean Water Revenue Bonds, 2014 Series A	-	-	-	9,176,173	-	-	-	9,176,173
Direct Loan Project Accounts	-	-	-	8,217,624	-	-	-	8,217,624
WPCRF State Match Holding Account	-	2,246,377	-	-	-	-	-	2,246,377
Direct Loan Surplus Matching Account	-	-	3,294,485	-	-	-	-	3,294,485
CWSRF Re loan Account	-	-	-	78,457,927	-	-	-	78,457,927
WPCRF Administrative Fee Account	-	-	-	20,451,164	-	-	-	20,451,164
WPCRF LL Pre construction Account	-	-	-	2,643,572	-	-	-	2,643,572
WPCRF DL Pre construction Account	-	-	-	1,137,524	-	-	-	1,137,524
Subtotal – Water Pollution Control Revolving Fund	-	2,246,377	13,440,112	131,084,768	53,600,148	-	63,718,576	264,089,981

**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, 2014**

	Cash	Cash held by State Treasure r	Mone y Marke t	Local Government Investment Pools	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	-	-	9,905,110	-	-	-	-	9,905,110
Refunding Revenue Bonds, 2005 Series A	-	-	463,736	-	-	-	-	463,736
Drinking Water Revenue Bonds, 2006 Series A	-	-	305,273	-	-	-	3,337,195	3,642,468
Drinking Water Revenue Bonds, 2006 Series B	-	-	983,165	-	-	-	10,810,521	11,793,686
Drinking Water Revenue Bonds, 2008 Series A	-	-	79,682	-	5,180,300	-	-	5,259,982
Drinking Water Revenue Bonds, 2008 Series B	-	-	1,035	-	4,387,793	-	-	4,388,828
Drinking Water Revenue Bonds, 2011 Series A	-	-	867,030	-	14,497,723	-	-	15,364,753
Drinking Water Revenue Bonds, 2012 Series A	-	-	5,632,657	-	15,781,205	-	-	21,413,862
Refunding Revenue Bonds, 2013 Series A	-	-	-	7,761,814	-	-	-	7,761,814
Drinking Water Revenue Bonds, 2014 Series A	-	-	-	10,963,773	-	-	-	10,963,773
DWRF DL Preconstruction Account	-	-	-	1,077,033	-	-	-	1,077,033
DWRF LL Preconstruction-State Match Account	-	-	-	2,035,664	-	-	-	2,035,664
DWRF LL Preconstruction-Reloan Account	-	-	-	21,977,178	-	-	-	21,977,178
Federal Direct Loan Project, Accounts	-	-	-	9,013,193	-	-	-	9,013,193
Drinking Water Funding Account	-	150,895	-	-	-	-	-	150,895
Drinking Water State Match Holding Account	-	2,499,008	-	-	-	-	-	2,499,008
State Direct Loan Surplus Matching Account	-	-	71,735	-	-	-	-	71,735
State Direct Loan Reloan Account	-	-	-	919,837	-	-	-	919,837
State Direct Loan Administrative Fee Account	-	-	-	31,208	-	-	-	31,208
Federal Direct Loan Surplus Matching Account	-	-	1,737,713	-	-	-	-	1,737,713
DWRF Reloan Account	-	-	-	16,850,777	-	-	-	16,850,777
DWRF Administrative Fee Account	-	-	-	14,453,350	-	-	-	14,453,350
Subtotal – Drinking Water Revolving Fund	-	2,649,903	20,047,136	85,083,827	39,847,021	-	14,147,716	161,775,603
Colorado Water Resources and Power Development Authority – total cash and investments	\$ 91,802	\$ 21,033,283	\$ 46,786,227	\$ 239,075,030	\$ 93,447,169	\$ 5,130,000	\$ 77,866,292	\$ 483,429,803

**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, 2014**

	Rebate accounts	SWRP revenue or Debt service funds	Debt service reserve funds	Project accounts	DWRP and WPCRF matching accounts	Cost of issuance accounts	Other accounts	Total cash and investments by bond issue
Water Operations Fund:								
Small Water Resources Projects Program								
Debt Service Reserve Fund	\$ -	\$ -	\$ 8,516,672	\$ -	\$ -	\$ -	\$ -	\$ 8,516,672
Small Water Resources Projects Bonded Funds	-	327,663	-	-	-	-	30	327,693
Water Revenue Bonds Program	-	359	7,443,625	24,096,717	-	89,197	-	31,629,898
Animas-La Plata Account	-	-	-	-	-	-	1,552,496	1,552,496
Authority Operating	-	-	-	248,332	-	-	15,289,128	15,537,460
Subtotal– Water Operations Fund	-	328,022	15,960,297	24,345,049	-	89,197	16,841,654	57,564,219
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1995 Series A	1,174	-	-	-	3,554,607	-	-	3,555,781
Clean Water Revenue Bonds, 1996 Series A	160,339	3,267	-	-	223,462	-	-	387,068
Clean Water Revenue Bonds, 1997 Series A	327,990	-	-	-	1,860,457	-	-	2,188,447
Clean Water Revenue Bonds, 1998 Series A	336,655	-	-	-	2,114,387	-	-	2,451,042
Clean Water Revenue Bonds, 1998 Series B	266,954	-	-	-	2,962,523	-	-	3,229,477
Clean Water Revenue Bonds, 1999 Series A	278,423	-	-	-	1,581,875	-	-	1,860,298
Clean Water Revenue Bonds, 2000 Series A	535,079	-	-	-	3,870,282	-	-	4,405,361
Clean Water Revenue Bonds, 2001 Series A	840,209	16,685	-	-	11,184,855	-	-	12,041,749
Refunding Revenue Bonds, 2001 Series A	-	257,693	-	-	-	-	-	257,693
Refunding Revenue Bonds, 2004 Series A	-	219,911	-	-	-	-	-	219,911
Clean Water Revenue Bonds, 2005 Series A	147,699	499,217	-	-	12,538,319	-	-	13,185,235
Clean Water Revenue Bonds, 2005 Series B	231,051	-	-	-	5,016,581	-	-	5,247,632
Refunding Revenue Bonds, 2005 Series A and A2	-	1,629,166	-	-	-	-	-	1,629,166
Clean Water Revenue Bonds, 2006 Series A	325,699	-	-	-	7,221,523	-	-	7,547,222
Clean Water Revenue Bonds, 2006 Series B	169,655	-	-	-	3,572,556	-	-	3,742,211
Clean Water Revenue Bonds, 2007 Series A	419,526	-	-	-	11,967,113	-	-	12,386,639
Clean Water Revenue Bonds, 2008 Series A	-	-	-	-	4,146,008	-	-	4,146,008
Clean Water Revenue Bonds, 2010 Series A	-	29	-	488,296	24,777,188	-	-	25,265,513
Clean Water Revenue Bonds, 2010 Series B	-	35	-	155,979	12,494,051	-	-	12,650,065
Clean Water Revenue Bonds, 2011 Series A	-	4	-	213,851	10,853,978	-	-	11,067,833
Refunding Revenue Bonds, 2013 Series A	-	138,325	-	-	10,862,459	-	-	11,000,784
Clean Water Revenue Bonds, 2014 Series A	-	-	-	8,441,719	728,724	-	5,730	9,176,173
Direct Loan Project Accounts	-	-	-	8,217,624	-	-	-	8,217,624
WPCRF State Match Holding Account	-	-	-	-	-	-	2,246,377	2,246,377
Direct Loan Surplus Matching Account	-	-	-	-	-	-	3,294,485	3,294,485
CWSRF Re loan Account	-	-	-	-	-	-	78,457,927	78,457,927
WPCRF Administrative Fee Account	-	-	-	-	-	-	20,451,164	20,451,164
WPCRF LL Preconstruction Account	-	-	-	-	-	-	2,643,572	2,643,572
WPCRF DL Preconstruction Account	-	-	-	-	-	-	1,137,524	1,137,524
Subtotal– Water Pollution Control Revolving Fund	4,040,453	2,764,332	-	17,517,469	131,530,948	-	108,236,779	264,089,981

**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, 2014**

	Rebate accounts	SWRP revenue or Debt service funds	Debt service reserve funds	Project accounts	DWRP and WPCRF matching accounts	Cost of issuance accounts	Other accounts	Total cash and investments by bond issue
Drinking Water Revolving Fund:								
Drinking Water Revenue Bonds, 2000 Series A	1,477	-	-	-	9,903,633	-	-	9,905,110
Refunding Revenue Bonds, 2005 Series A	-	463,736	-	-	-	-	-	463,736
Drinking Water Revenue Bonds, 2006 Series A	102,668	177,218	-	-	3,362,582	-	-	3,642,468
Drinking Water Revenue Bonds, 2006 Series B	959,982	-	-	-	10,833,704	-	-	11,793,686
Drinking Water Revenue Bonds, 2008 Series A	-	76,006	-	-	5,183,976	-	-	5,259,982
Drinking Water Revenue Bonds, 2008 Series B	-	-	-	-	4,388,828	-	-	4,388,828
Drinking Water Revenue Bonds, 2011 Series A	-	76	-	1,877,066	13,487,611	-	-	15,364,753
Drinking Water Revenue Bonds, 2012 Series A	-	817	-	19,636,878	1,776,167	-	-	21,413,862
Refunding Revenue Bonds, 2013 Series A	-	1,190,606	-	-	6,571,208	-	-	7,761,814
Drinking Water Revenue Bonds, 2014 Series A	-	-	-	9,993,507	959,840	-	10,426	10,963,773
DWRP DL Preconstruction Account	-	-	-	-	-	-	1,077,033	1,077,033
DWRP LL Preconstruction-State Match Account	-	-	-	-	-	-	2,035,664	2,035,664
DWRP LL Preconstruction-Reloan Account	-	-	-	-	-	-	21,977,178	21,977,178
Federal Direct Loan Project Accounts	-	-	-	9,013,193	-	-	-	9,013,193
Drinking Water Funding Account	-	-	-	-	-	-	150,895	150,895
Drinking Water State Match Holding Account	-	-	-	-	-	-	2,499,008	2,499,008
State Direct Loan Surplus Matching Account	-	-	-	-	-	-	71,735	71,735
State Direct Loan Reloan Account	-	-	-	-	-	-	919,837	919,837
State Direct Loan Administrative Fee Account	-	-	-	-	-	-	31,208	31,208
Federal Direct Loan Surplus Matching Account	-	-	-	-	-	-	1,737,713	1,737,713
DWRP Reloan Account	-	-	-	-	-	-	16,850,777	16,850,777
DWRP Administrative Fee Account	-	-	-	-	-	-	14,453,350	14,453,350
Subtotal-Drinking Water Revolving Fund	<u>1,064,127</u>	<u>1,908,459</u>	<u>-</u>	<u>40,520,644</u>	<u>56,467,549</u>	<u>-</u>	<u>61,814,824</u>	<u>161,775,603</u>
Colorado Water Resources and Power Development Authority – total cash and investments	<u>\$ 5,104,580</u>	<u>\$ 5,000,813</u>	<u>\$ 15,960,297</u>	<u>\$ 82,383,162</u>	<u>\$ 187,998,497</u>	<u>\$ 89,197</u>	<u>\$ 186,893,257</u>	<u>\$ 483,429,803</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, 2014, 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 10, 2015.

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. 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 and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or compliance. This report 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 10, 2015

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

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 the Authority's major federal program for the year ended December 31, 2014. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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 the major federal program. Our audit does not provide a legal determination on the Authority's compliance.

Board of Directors
Colorado Water Resources and
Power Development Authority

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of 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 types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 10, 2015

**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, 2014**

<u>Grantor program title</u>	<u>Federal grant number</u>	<u>Federal CFDA number</u>	<u>Grant award</u>	<u>Accrued January 1, 2014</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued December 31, 2014</u>
U.S. Environmental Protection Agency:							
Capitalization Grants for Clean Water							
State Revolving Funds:							
2011 Grant		66.458	12,389,500	\$ 147,361	\$ 6,651,877	\$ 6,504,516	\$ -
2012 Grant		66.458	11,305,000	-	5,341,896	5,674,251	332,355
2013 Grant		66.458	10,679,000	-	-	-	-
2014 Grant		66.458	11,216,000	-	-	-	-
Total federal awards – WPCRF				147,361	11,993,773	12,178,767	332,355
Capitalization Grants for Drinking							
Water State Revolving Funds:							
2010 Grant		66.468	24,074,000	460,985	5,921,798	5,460,813	-
2011 Grant		66.468	16,705,000	152,633	11,404,001	11,712,280	460,912
2012 Grant		66.468	15,920,000	959,237	2,969,797	2,574,266	563,706
2013 Grant		66.468	14,937,000	-	200,186	1,618,550	1,418,364
2014 Grant		66.468	15,394,000	-	-	965,634	965,634
Total federal awards – DWRF				1,572,855	20,495,782	22,331,543	3,408,616
Total federal awards				\$ 1,720,216	\$ 32,489,555	\$ 34,510,310	\$ 3,740,971

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, 2014**

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, 2014**

Note 2: Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, 95% of the Capitalization Grants for Clean Water State Revolving Funds (WPCRF) and 71% of the Capitalization Grants for Drinking Water State Revolving Funds (DWRF) were provided to subrecipients as follows:

	Federal grants Provided to Subrecipients
Water Pollution Control Revolving Fund Projects (CFDA #66.458):	
Leveraged Loans:	
2011A Fountain, City of	\$ 5,001,514
2011A South Adams County Water & Sanitation District	1,195,391
Total leveraged loans	<u>6,196,905</u>
Base Program direct loans:	
Cheraw, Town of	20,081
Cokedale, Town of	295,739
Empire, Town of	102,399
Fairways Metropolitan District	30,305
Fowler, Town of	8,750
Hillcrest Water & Sanitation District	410,384
Huerfano County Gardner Water & Sanitation PID	113,645
Larimer County LID 2012-1 (River Glenn Estates)	554,875
Larimer County LID 2013-1 (Berthoud Estates)	20,491
Mansfield Heights Water & Sanitation District	330,020
Naturita, Town of	97,292
Olathe, Town of	327,656
Olney Springs, Town of	347,893
Rocky Ford, City of	1,269,759
South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,433,561
Total direct loans	<u>5,362,850</u>
Total WPCRF	<u>\$ 11,559,755</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, 2014**

	Federal grants Provided to Subrecipients
Drinking Water Revolving Fund Projects (CFDA # 66.468):	
Leveraged Loans:	
2011A Sterling, City of	\$ 3,735,308
2012A Rifle, City of	2,399,020
2014A Clifton Water District	2,748,676
Total leveraged loans	8,883,004
Base Program	
Colorado Springs Utilities	914,715
Costilla County Garcia Domestic Water System	2,746
Elbert Water & Sanitation District	287,830
Empire, Town of	56,589
Evans, City of	442,198
Florissant Water & Sanitation District	99,574
Granby, Town of	32,733
Hayden, Town of	189,883
Hotchkiss, Town of	231,129
Huerfano County Gardner Water & Sanitation PID	397,835
Kim, Town of	53,681
La Plata County Palo Verde PID	213,776
Larimer County LID 2013-3 (Fish Creek)	12,528
Larkspur, Town of	470,492
Louviers Water and Sanitation District	441,590
Manzanola, Town of	44,956
Nunn, Town of	234,995
Paonia, Town of	216,667
Rangely, Town of	905,789
South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,124,443
Swink, Town of	95,427
Vilas, Town of	363,681
Vona, Town of	59,777
Wiley, Town of	19,748
Total direct loans	6,912,782
Total DWRF	\$ 15,795,786

**Colorado Water Resources
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Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2014**

Note 3: Set Asides

For the year ended December 31, 2014, the following DWRF grant amounts were used for the set aside programs:

DWRF program year:	<u>Set aside amount</u>
2010	\$ 26,491
2011	1,350,817
2012	2,574,266
2013	1,618,550
2014	<u>965,634</u>
Total	<u>\$ 6,535,758</u>

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**Colorado Water Resources
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(A Component Unit of the State of Colorado)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014**

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,035,309
9. Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding
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, 2014**

Reference Number	Summary of Finding	Status
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No matters are reportable.

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