



# Colorado Water Resources and Power Development Authority



## 2015 Annual Report



COLORADO WATER RESOURCES  
AND  
POWER DEVELOPMENT AUTHORITY  
  
2015 ANNUAL REPORT

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<i>December 31, 2015</i>	

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

The 2015 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 2015 along with its audited financial statements for the years ended December 31, 2015 and 2014. 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 2016, there are 377 projects on the DWRF project eligibility list representing a cumulative need of approximately \$5.4 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 2015 (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 2015, 81 disadvantaged community loans totaling \$64.7 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, 2015.

DWRF Planning & Design Grant Activity							Table 1	
As of December 31, 2015				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	
2015	150,000	20,000	2	3,400,000	1			
<b>Total</b>	<b>\$ 1,950,000</b>	<b>\$ 1,546,398</b>	<b>159</b>	<b>\$ 150,004,694</b>	<b>78</b>	<b>\$ 287,670</b>	<b>2</b>	

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

DWRF Disadvantaged Community Loans			Table 2	
As of December 31, 2015				
Loan Funding	Amount	No. of Loans		
Base Program - reduced interest	\$ 8,894,053	11		
Base Program - zero percent interest	15,691,295	27		
Base Program - full principal forgiven	17,207,629	26		
Base Program - partial principal forgiven & 0% interest	5,651,379	5		
Base Program - partial principal forgiven & reduced interest	8,602,954	5		
ARRA - full principal forgiven	6,619,354	6		
ARRA - zero percent	2,000,000	1		
<b>TOTAL</b>	<b>\$ 64,666,664</b>	<b>81</b>		

As of December 31, 2015, the EPA has awarded \$305.7 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, \$231.7 million has been allocated to the loan program and \$74.0 million has been allocated to program specific activities or "set asides". As of December 31, 2015, 100% of EPA grants awarded to the Colorado DWRF have been obligated to loans and the set aside programs. The Authority has contributed \$54.3 million to the program for state match as required by the capitalization grant agreements. The Authority is in the process of applying for the 2016 capitalization grant in the amount of approximately \$14.5 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 2016, the Authority estimates that the program may have the ability to finance from \$40 million to \$60 million in loans in 2016.

Through December 31, 2015, 227 direct and leveraged loans have been executed under the DWRF program totaling \$558.3 million with an outstanding principal balance of \$318.7 million. In 2015, twelve projects totaling \$17.8 million were funded through the DWRF direct loan program. In compliance with the conditions of the 2014 and 2015 DWRF grant awards, three of the twelve direct loans received one-time principal forgiveness (subsidization) totaling \$3.0 million. In 2015, one bond issue totaling \$8.1 million was issued by the Authority to provide leveraged funding for three loans totaling \$29.2 million. Three direct loan borrowers prepaid their loans in full in 2015 and as of December 31, 2015, all loans are current. Through December 31, 2015, the Authority has issued \$302.6 million in new money bonds and \$55.8 million in refunding bonds through the DWRF with an outstanding balance of \$142.9 million.

In 2015, the Authority used unrestricted DWRF funds to call the remaining outstanding bonds of one issue that will result in a savings of approximately \$0.2 million. The programmatic rating of the Drinking Water Revenue Bonds continues to be "AAA" by all three bond rating agencies.

### **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, 2015, three loans have been funded through the SHLP program totaling \$5.1 million with an outstanding principal balance of \$4.5 million and all loans are current. No SHLP loans were executed in 2015.

In addition to the allocation of funds for SHLP loans, the Authority Board budgeted \$150,000 in Authority funds each year since 2009 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.

<b>SHLP Planning &amp; Design Grant Activity</b>					<b>Table 3</b>	
As of December 31, 2015					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	
2015	150,000	15,000	1	-	0	
<b>Total</b>	<b>\$ 1,050,000</b>	<b>\$ 378,197</b>	<b>32</b>	<b>\$ 4,000,000</b>	<b>2</b>	

### **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, 2015, fourteen bond issues were sold to fund 48 loans totaling \$149.6 million with a remaining balance of \$9.3 million. As of December 31, 2015, four loans remain with principal outstanding totaling \$9.1 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.

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

Projects qualify for assistance from the WPCRF by meeting certain criteria developed by the WQCD and adopted by the Commission. These projects are then added to the WPCRF eligibility list approved initially by the Commission and finally by the General Assembly. For 2016, there are 305 projects on the WPCRF project eligibility list representing a cumulative need of nearly \$4.6 billion. As projects are funded and/or reach compliance they are deleted from the eligibility list.

In 2001, a planning and design grant program ("P&D") similar to the DWRP program was implemented. See Table 4 for a summary of P&D grant activity from inception through December 31, 2015.

WPCRF Planning & Design Grant Activity								Table 4	
As of December 31, 2015				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		
2015	150,000	20,000	2	0	0	0	0		
<b>Total</b>	<b>\$ 2,050,000</b>	<b>\$ 1,625,757</b>	<b>167</b>	<b>\$ 151,908,655</b>	<b>70</b>	<b>\$ 1,081,160</b>	<b>6</b>		

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 DWRP program. Table 5 summarizes the loans financed under the WPCRF disadvantaged community loan program from inception through December 31, 2015. Through 2015, 58 disadvantaged community loans totaling \$42.3 million have been executed.



WPCRF Disadvantaged Community Loans		<i>Table 5</i>
As of December 31, 2015		
Loan Funding	Loan amount	No. of Loans
Base Program - reduced interest	\$ 14,577,320	13
Base Program - zero percent interest	13,665,355	25
Base Program - full principal forgiveness	2,577,496	8
Base Program - partial principal forgiven & 0% interest	1,600,064	3
Base Program - partial principal forgiven & reduced interest	5,485,761	6
ARRA - full principal forgiven	4,442,019	3
ARRA - zero percent	-	0
<b>TOTAL</b>	<b>\$ 42,348,015</b>	<b>58</b>

As of December 31, 2015, the EPA has awarded \$327.0 million in capitalization grants to the Colorado WPCRF, including \$31.3 million from ARRA. The Authority has contributed \$59.1 million to the program for state match as required by the federal capitalization grant agreements. The Authority is in the process of applying for its 2016 capitalization grant in the amount of \$11.1 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 2016, the Authority estimates that the program may have the ability to finance from \$100 million to \$125 million in loans in 2016.

As of December 31, 2015, 255 loans have been executed under the WPCRF totaling \$1.0 billion, with an outstanding principal balance of \$496.2 million. Fourteen new direct loans totaling \$14.2 million were financed in 2015, of which two borrowers received \$0.9 million in principal forgiveness. Five borrowers partially or fully prepaid their direct loans and one leveraged loan borrower prepaid its loan in full for a total of \$3.1 million in 2015. The Authority issued \$15.7 million in new bonds to provide leveraged funding for two loans totaling \$45.0 million. Through December 31, 2015, the Authority has issued \$801.0 million in new money bonds and \$257.4 million in refunding bonds through the WPCRF with an outstanding balance of \$314.5 million. Bonds associated with the leveraged loan borrower prepayment were called in the amount \$2.6 million. The Authority is in the process of issuing a Clean Water refunding bond issue totaling up to approximately \$55.0 million to refund nine WPCRF bond issues and pass the savings on to approximately 21 borrowers whose loans are associated with the refunded bonds. The anticipated savings could amount to approximately \$6.5 million. The Authority is also planning on issuing approximately \$16.5 million in new money Clean Water bonds to provide funding for approximately \$47.5 million in leveraged loans for two borrowers under the WPCRF. The Clean Water Revenue Bonds continue to receive "AAA" programmatic ratings from all three bond rating agencies.

### **WATER REVENUE BOND PROGRAM**

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 2015, 23 loans have been executed under the WRBP program, totaling \$508.4 million, with an outstanding principal balance of \$128.0 million. During 2015, three borrowers prepaid their loan in full for a combined total of \$101.2 million and the associated bonds were called and defeased. No new bonds or loans were made in the WRBP program in 2015. As of December 31, 2015, all loans are current.

In 2003, legislation (SB 03-236) was enacted to increase the maximum loan limit for the Authority 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 2016 the maximum subsidy level remains at \$250,000 per borrower.



## *GRANT ASSISTANCE PROGRAM*

In 2012, the Authority Board approved a one-time Grant Assistance Program (“GAP”) in the amount of \$2.5 million to fund eligible water and wastewater projects (\$1.25 million was allocated to each SRF program). The grants are funded from unrestricted Authority cash. The program was created to fill the gap in available federal funds and other sources by providing financial assistance to smaller local governmental agencies. The program contained specific eligibility requirements and limited grants to \$250,000 per entity with a 20% matching requirement from the governmental agency. The applications were subject to a GAP prioritization process that was used to rank projects prior to approval. 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 2015, no interim loans were executed and there are no outstanding loans.

## *ANIMAS-LA PLATA PROJECT (RIDGES BASIN DAM AND LAKE NIGHTHORSE) LA PLATA FUTURE PROJECT (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, 2015, Durango's loan balance was \$3.6 million and the loan is current. Through 2015, 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 2015 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, 2015, this escrow contained \$0.2 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. Also, in 2014, the project received \$1.6 million from the Colorado Water Conservation Board (CWCB) for project costs. Construction began in 2012 and major construction activity on the project was completed in 2015. Additional minor activities will continue in 2016.

### *WATER SHED PROTECTON 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 2016 represents the balance in all accounts that are not obligated or restricted as to use by the Authority as of December 31, 2015.

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>
	2016	2017	2018	2019	2020
Beginning cash balance	\$ 14,094,289	\$ 20,288,929	\$ 24,910,215	\$ 27,699,501	\$ 29,606,787
Cash inflows from:					
Investment interest	124,000	130,000	130,000	130,000	130,000
SRF programs	16,000,000	8,000,000	6,000,000	5,000,000	5,000,000
Interim loans - loan interest	600,000	600,000	600,000	600,000	600,000
Interim loans - repaid	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
SHLP - loan repayments	345,825	369,021	369,021	369,021	369,021
AUTH - loan repayments	246,265	246,265	246,265	246,265	246,265
Other	2,780,000	3,755,000	3,925,000	4,045,000	1,695,000
Cash outflows to:					
SRF programs	(5,231,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
SHLP program	(5,233,000)	(39,000)	(40,000)	(41,000)	(42,000)
Interim loans	(13,000,000)	(13,000,000)	(13,000,000)	(13,000,000)	(13,000,000)
Authority grant programs	-	-	-	-	-
Other loan programs expenses	(1,544,500)	(1,543,000)	(1,539,000)	(1,535,000)	(1,531,000)
Administrative costs & other	(1,892,950)	(1,897,000)	(1,902,000)	(1,907,000)	(1,913,000)
Estimated ending cash balance	\$ 20,288,929	\$ 24,910,215	\$ 27,699,501	\$ 29,606,787	\$ 29,161,073

## BOARD OF DIRECTORS

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The members of the Board of Directors of the Authority as of April 30, 2016, are listed below:

**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.

**For terms expiring October 1, 2018:**

Bruce Smith of Mesa, Colorado, Democrat, to serve as a representative from the Main Colorado drainage basin, and as a representative with experience in public health issues related to drinking water or water quality matters..

Robert Wolff of Durango, Colorado, Republican, to serve a representative from the San Miguel-Dolores-San Juan drainage basin, and as a representative with experience in the engineering aspects of water projects.

**For terms expiring October 1, 2019:**

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

Michael J. Berry of Montrose, Colorado, Democrat, to serve as a representative of the Gunnison-Uncompahgre Drainage Basin; and as an individual experienced in water planning and development.

Steve E. Vandiver of Alamosa, Colorado, Republican, to serve as a representative of the Rio Grande Drainage Basin.

## OFFICERS

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*Officers as of April 30, 2016*

<b>Chair</b>	Gregory Fisher
<b>Vice Chair</b>	Don Carlson
<b>Secretary/Treasurer</b>	Roy Heald

## STAFF

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*As of April 30, 2016*

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

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

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

December 31, 2015

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
December 31, 2015**

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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 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, 2015, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2015, 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.

**Emphasis of Matter**

As discussed in Note 16 to the financial statements, in 2015, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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

Board of Directors  
Colorado Water Resources and  
Power Development Authority

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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2016, 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 12, 2016

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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)  
Year ended December 31, 2015

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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 year ended December 31, 2015. Comparative information from the previously issued financial statements for the year ended December 31, 2014 has also been included. The financial information included in this discussion for years prior to December 31, 2015 has not been restated for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 and GASB Statement No. 71 as it is impractical to do so.

### 2015 Financial Highlights

- Combined total net position of the Authority totaled \$672.3 million. The \$41.7 million increase in combined total net position was mainly the result of capitalization grant revenue received from the United States Environmental Protection Agency (EPA) totaling \$44.2 million.
- Total loans receivable decreased \$66.6 million. The Authority executed 26 direct loans and five loans financed with bond issuances for a combined total of \$106.2 million. Of the 26 direct loans executed, five received \$4.0 million in full or partial principal forgiveness related to requirements under the EPA grant conditions. Four bond funded loans were prepaid in full and eight direct loans made full or partial prepayments for a total of \$104.5 million.
- Total project costs payable increased \$17.6 million to \$166.5 million. New loans made provided funding for \$106.9 million in new projects and payments made to borrowers for requisitioned project costs and loan reductions totaled \$89.3 million.
- Total bonds payable is \$594.7 million, a decrease of \$125.6 million from 2014. The Authority issued \$23.8 million in two new-money issuances and paid \$149.4 million in bond principal payments including \$103.8 million that were associated with prepayments from four bond-funded loans.
- Implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in 2015 necessitated a change in accounting principle adjustment to the 2015 beginning net position. See Note 16 in the Notes to the Financial Statements for detailed information.

### 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

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

Management's Discussion and Analysis (Unaudited)  
Year ended December 31, 2015

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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.

### **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, 2015 and 2014 in a comparative format. Furthermore, schedules of total enterprise fund data and analysis is provided in comparative year format for 2015-2014 and 2014-2013.

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, and other accounts which are restricted in use of the funds. Loans receivable includes the current and noncurrent portion of direct and bond funded loan balances. Loans receivable provide security for bonds; and loan repayments received, net of 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. Beginning in 2015, deferred inflows and/or deferred outflows of resources include line items and amounts for the implementation of GASB Statement No. 68.

WPCRF and DWRF are also referred to as state revolving fund (SRF) programs that receive EPA capitalization grant (SRF grant) funding from the Clean Water Act and Safe Drinking Water Act, respectively, and the programs must meet and employ administrative and programmatic conditions as specified in the EPA capitalization grant agreements. SRF grant awards require a 20% state match funding from the state for each grant dollar awarded.



Colorado Water Resources and Power Development Authority  
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Management's Discussion and Analysis (Unaudited)  
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Funding sources for DWRF and WPCRF SRF loans executed prior to 2015 were either from SRF grant, state match, SRF grant and state match, or reloan funds (and bond proceeds if leveraged). Beginning in 2015, new DWRF and WPCRF loans are funded with SRF grant/state match or reloan or a combination of all three (open-source funding) on a draw by draw basis depending on funding source availability. All SRF grant funded loan draws are paid using the SRF grant/state match required proportionality. SRF grant, state match and reloan monies are considered SRF funds and are "deallocated" to the respective program's reloan account, established for such purpose, and reused (revolved) for additional SRF program loans.

Deallocation in the WPCRF and DWRF programs allows for the release of funds in the debt service reserve funds, and from other accounts holding funds for security of the bonds, after bond debt service has been paid in September. This procedure consists of the maturity and/or liquidation of debt service reserve fund restricted investments, and depositing the funds, along with the state match portion and/or equity principal portion of loan principal repayments and direct loan principal and interest repayments, into the reloan account (unrestricted). These transfers can have a significant impact on the balances of unrestricted current and other assets, and restricted assets. Transfers of reloan funds to pay project draws or provide a debt service reserve for leveraged loans 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 project accounts (restricted) or debt service reserve funds (DSRF) (restricted).

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 approved loans. In the DWRF and WPCRF, additional funding for loans is achieved by issuing bonds leveraged on the SRF grant/state match and/or the reloan funded portion of the loan. The Authority issues bonds using the "reserve fund" model or "cash flow" model depending on economic conditions at the time of issuance. Each additional loan-bond financing package directly increases bonds payable, restricted assets, loans receivable, and project costs payable. Reserve fund model bond issuances increase the four line items approximately by the same amount. Cash flow model bond issuances will increase project cost payable and loans receivable by approximately the same amount but bonds payable and restricted assets will increase by lesser amounts.

As project construction costs are incurred, borrowers submit requisitions for reimbursement. Payment of project requisitions results in decreases to project costs payable by the total amount of requisition. Requisitions paid from reloan funds decreases unrestricted cash and cash equivalents. Requisitions paid from SRF grant/state match funds will decrease restricted assets only by the amount of the state match portion of the requisition. Requisitions from leveraged loans, using reloan or SRF grant/state match funds, will also decrease restricted assets by the bond proceeds portion of requisitions.

WRBP loans are funded entirely by bond 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. In the WRBP, borrowers submit requisitions for incurred project costs which are paid to the borrower, after approval, from project accounts established for each borrower. Project draws will affect project costs payable and restricted assets by the same amount.

Colorado Water Resources and Power Development Authority  
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Management's Discussion and Analysis (Unaudited)  
Year ended December 31, 2015

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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.

As shown in Schedule 1A, total assets decreased by \$69.0 million and total liabilities decreased by \$111.0 million. The decrease in total assets was mainly due to a \$66.6 million decrease in loans receivable. The decrease in total liabilities was mainly due to the \$125.6 million decrease in total bonds payable offset by the \$17.6 million increase in project costs payable. The following discussion will focus on the major changes in 2015 and compare them to the major changes in 2014. Further details of the changes will be provided in each fund section. (The changes in total net position will be discussed in the changes in net position section).

In 2015, total unrestricted current and other assets increased by \$60.8 million mainly as the result of:

- The transfers of funds from the DWRF and WPCRF restricted assets accounts to the reloan account for deallocation.
- The transfer of funds to the reloan account (unrestricted) from a DWRF leveraged loan account (restricted) which was financed originally in 2014 with reloan funds but converted, in 2015, to SRF grant and state match funding.

In contrast, in 2014, total unrestricted current and other assets decreased by \$14.4 million. The decrease was mainly the result of:

- The transfers of 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 from restricted accounts to the reloan account.
- The net payment of project costs related to the Long Hollow project (WOPS).
- Net state match contribution deposits to the WPCRF and DWRF (restricted) from unrestricted Authority funds.

In 2015, total restricted assets decreased by \$63.3 million mainly due to decreases in current and non-current, cash and cash equivalents, and noncurrent investments, by \$36.1 million, \$14.4 million and \$13.1 million, respectively, mainly as the result of:

- The transfer from restricted accounts to the reloan for deallocation.
- Liquidation of investments for deallocation purposes.
- The transfer of funds to the reloan account for the conversion of the 2014 loan previously mentioned above.
- New bond issuances offset by payment to borrowers for project requisitions.

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

Management's Discussion and Analysis (Unaudited)  
Year ended December 31, 2015

<i>Total Enterprise Funds (2015- 2014)</i>				
Schedule 1A				
Summary of Net Position as of December 31				
	2015	2014 *	Change	Pct Chg
Unrestricted current and other assets	\$ 252,849,315	\$ 192,016,703	\$ 60,832,612	31.7%
Restricted assets	276,177,628	339,441,156	(63,263,528)	(18.6%)
Capital assets, net	20,723	18,448	2,275	12.3%
Loans receivable	960,065,615	1,026,632,651	(66,567,036)	(6.5%)
Total assets	<u>1,489,113,281</u>	<u>1,558,108,958</u>	<u>(68,995,677)</u>	(4.4%)
Deferred outflows of resources	3,715,365	4,145,014	(429,649)	(10.4%)
Current and other liabilities	58,869,518	61,844,828	(2,975,310)	(4.8%)
Project costs payable	166,533,330	148,937,549	17,595,781	11.8%
Bonds payable	594,745,000	720,385,000	(125,640,000)	(17.4%)
Total liabilities	<u>820,147,848</u>	<u>931,167,377</u>	<u>(111,019,529)</u>	(11.9%)
Deferred inflows of resources	405,244	536,573	(131,329)	(24.5%)
Net position:				
Net investment in capital assets	20,723	18,448	2,275	12.3%
Restricted	628,588,765	582,612,773	45,975,992	7.9%
Unrestricted	43,666,066	47,918,801	(4,252,735)	(8.9%)
Total net position	<u>\$ 672,275,554</u>	<u>\$ 630,550,022</u>	<u>\$ 41,725,532</u>	6.6%

<i>Total Enterprise Funds (2014- 2013)</i>				
Schedule 1B				
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%

\* Information not restated for the implementation of GASB 68 and GASB 71

Colorado Water Resources and Power Development Authority  
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Management's Discussion and Analysis (Unaudited)  
Year ended December 31, 2015

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Conversely, 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 2015, loans receivable decreased by \$66.6 million as a result of new loan executions totaling \$106.2 million, offset by \$168.2 million in loan repayments, including \$104.5 million in loan prepayments, and \$4.5 million in loan reductions and principal forgiveness. 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 2015, project costs payable increased by \$17.6 million as a result of the execution of new loans that provided funding for \$106.9 million in projects offset by \$89.3 million in payments to borrowers for requisitioned project costs, and loan reductions. In 2014, project costs payable increased by \$37.3 million as a result of the execution of new loans that provided funding for \$115.5 million in projects offset by \$78.2 million in payments made to borrowers for requisitioned project costs, and loan reductions.

Bonds payable decreased in 2015 by \$125.6 million. The Authority issued \$23.8 million in bonds in 2015, offsetting the payment of bond principal totaling \$149.4 million, including \$104.7 million in called and/or defeased bonds, most associated with loan prepayments. Bonds payable also decreased in 2014 by \$48.0 million. In that year, the Authority issued \$37.1 million in bonds, 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 loan prepayments and a refunding.

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

*Water Operations Fund*

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

- Three borrowers in the WRBP prepaid their loan in full for a combined principal amount of \$101.2 million.
- The associated WRBP bonds related to the prepayments were called and/or defeased in the amount of \$101.2 million.
- No new bonds were issued or loans made in 2015.
- Implementation of GASB 68.
- Final payments to projects financed in part by Authority funded grants to localities.

As shown in Schedule 2, major changes to the components of net position included decreases in total assets and total liabilities by \$124.4 million and \$118.1 million, respectively (total net position will be discussed in the changes in net position section).

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

Management's Discussion and Analysis (Unaudited)  
Year ended December 31, 2015

Water Operations Fund	Schedule 2			
Summary of Net Position as of December 31				
	2015	2014 *	Change	Pct Chg
Unrestricted current and other assets	\$ 45,210,743	\$ 49,033,799	\$ (3,823,056)	(7.8%)
Restricted assets	31,695,653	42,262,860	(10,567,207)	(25.0%)
Capital assets, net	20,723	18,448	2,275	12.3%
Loans receivable	145,236,037	255,257,274	(110,021,237)	(43.1%)
Total assets	<u>222,163,156</u>	<u>346,572,381</u>	<u>(124,409,225)</u>	<u>(35.9%)</u>
Deferred outflows of resources	632,841	427,486	205,355	48.0%
Current and other liabilities	16,829,816	15,937,478	892,338	5.6%
Project costs payable	13,694,330	23,145,096	(9,450,766)	(40.8%)
Bonds payable	137,320,000	246,875,000	(109,555,000)	(44.4%)
Total liabilities	<u>167,844,146</u>	<u>285,957,574</u>	<u>(118,113,428)</u>	<u>(41.3%)</u>
Deferred inflows of resources	17,570	-	17,570	100.0%
Net position:				
Net investment in capital assets	20,723	18,448	2,275	12.3%
Restricted	12,903,668	14,732,521	(1,828,853)	(12.4%)
Unrestricted	42,009,890	46,294,324	(4,284,434)	(9.3%)
Total net position	<u>\$ 54,934,281</u>	<u>\$ 61,045,293</u>	<u>\$ (6,111,012)</u>	<u>(10.0%)</u>

\* Information not restated for implementation of GASB 68 and GASB 71

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

- The largest contributor to the decrease in total assets was a \$110.0 million decrease in loans receivable resulting from \$110.0 million in loan principal repayments including \$101.2 million in loan prepayments in the WRBP.
- The \$10.6 million decrease in restricted assets was mainly the result of the payment of WRBP project requisitions totaling \$9.5 million.
- A decrease of \$3.8 million in unrestricted current and other assets that was mainly attributed to the following:
  - \$1.0 million decrease in amounts due from the WPCRF and DWRP to the Authority for administrative costs.
  - \$0.9 million decrease in loan interest due from borrowers mainly as a result of prepayments that occurred in the WRBP in 2014 and 2015.
  - WRBP bond defeasances in 2015 resulted in a write off of \$0.8 million in prepaid bond insurance which was the main reason for a \$0.9 million decrease in other noncurrent assets.

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

- The largest decrease in total liabilities was from a \$110.0 million decrease in bonds payable resulting mainly from SWRP and WRBP bond principal payments totaling \$109.6 million, including \$101.2 million in WRBP bond calls and/or defeasances.
- Payments to WRBP borrowers for requisitioned project costs reduced project cost payable by \$9.5 million.

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*Water Pollution Control Fund*

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

- \$15.7 million in bonds were issued to fund two leveraged loans totaling \$45.0 million.
- Fourteen direct loans totaling \$14.2 million were executed, including two loans that received \$0.9 million in partial principal forgiveness related to requirements under the EPA grant conditions.
- Two direct loan borrowers and one leveraged loan borrower prepaid their loans in full totaling \$3.1 million.
- The remaining bonds associated with the prepaid leveraged loan, \$2.6 million, were defeased.
- Deallocation transfers from restricted cash and cash equivalents and investment accounts to the reloan account (unrestricted) totaled \$21.5 million.
- \$34.4 million was paid to borrowers for requisitioned project costs.
- The WPCRF repaid \$3.0 million to the Authority for the advance of the state match loan that was offset by \$2.2 million provided by the Authority to the WPCRF for state match requirements for the 2015 EPA grant award.

<i>Water Pollution Control Fund</i>	Schedule 3			
Summary of Net Position as of December 31				
	2015	2014	Change	Pct Chg
Unrestricted current and other assets	\$ 125,185,868	\$ 104,747,043	\$ 20,438,825	19.5%
Restricted assets	155,380,346	167,153,824	(11,773,478)	(7.0%)
Loans receivable	496,153,659	473,911,937	22,241,722	4.7%
Total assets	<u>776,719,873</u>	<u>745,812,804</u>	<u>30,907,069</u>	4.1%
Deferred outflows of resources	2,838,009	3,390,874	(552,865)	(16.3%)
Current and other liabilities	21,142,829	23,656,293	(2,513,464)	(10.6%)
Project costs payable	68,803,199	43,337,502	25,465,697	58.8%
Bonds payable	314,490,000	326,635,000	(12,145,000)	(3.7%)
Total liabilities	<u>404,436,028</u>	<u>393,628,795</u>	<u>10,807,233</u>	2.7%
Deferred inflows of resources	339,047	474,663	(135,616)	(28.6%)
Net position:				
Restricted	374,782,807	355,100,220	19,682,587	5.5%
Total Net position	<u>\$ 374,782,807</u>	<u>\$ 355,100,220</u>	<u>\$ 19,682,587</u>	5.5%

Schedule 3 shows that changes to the components of net position included a \$30.9 million increase in total assets and a \$10.8 million increase in total liabilities. The \$19.7 million increase in total net position will be discussed in the changes in net position section.

The \$30.9 million increase in total assets was mainly the result of the following factors:

- Unrestricted current and other assets increased by \$20.4 million mainly due to the deallocation of \$21.5 million from restricted asset accounts to the reloan account offset by \$1.6 million in transfers to restricted accounts for the funding of the debt service reserve fund (DSRF) for a new bond issue and payments to borrowers for requisitioned project costs.

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- Loans receivable increased by \$22.2 million as the result of new loans made totaling \$59.2 million offset by loan repayments, prepayments, principal forgiveness and loan reductions totaling \$37.0 million.
- Increases to total assets was offset by an \$11.8 million decrease in restricted assets mainly as a result of the following:
  - \$21.5 million in transfers from restricted asset accounts to reloan (unrestricted) for deallocation.
  - Payments made to borrowers for requisitioned project costs totaling \$17.4 million from restricted accounts.
  - Decreases to restricted assets was offset by the addition of \$16.5 million in bond proceeds and a \$1.4 million transfer from the reloan account to fund the new bond issue DSRF (restricted).

The \$10.8 million increase in total liabilities is mainly attributed to:

- The \$25.5 million increase in project costs payable which is the result of new project loan funding of \$60.0 million offset by payments to borrowers for project cost requisitions, and loan reductions, totaling \$34.5 million.
- Increases to total liabilities were offset by:
  - A \$2.5 million decrease in current and other liabilities mainly due to the \$1.2 million amortization of the refunding surplus liability.
  - A \$12.1 million decrease in bonds payable which is the result of a new bond issuance of \$15.7 million offset by bond principal payments totaling \$27.8 million, including \$2.6 million in defeased bonds related to one borrower's loan prepayment.

#### *Drinking Water Fund*

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

- Bonds were issued in the amount of \$8.1 million to fund three leveraged loans totaling \$29.2 million.
- Twelve direct loans were executed for a total of \$17.8 million, including three loans that received \$3.0 million in partial and full principal forgiveness related to requirements under the EPA grant conditions.
- \$0.7 million in administrative fee income funds (unrestricted) and certain funds on hand were used to defease \$0.9 million in DWRF bonds.
- Transfers from restricted cash and cash equivalents and investment accounts to the reloan account (unrestricted) for deallocation totaled \$21.5 million which included \$8.6 million from the release of the DSRF requirements for the defeased bond issue.
- \$44.8 million was paid to borrowers for requisitioned project costs.
- The DWRF repaid \$3.0 million to the Authority for the advance of the state match loan which was offset by \$3.1 million provided by the Authority to the DWRF for state match requirements for the 2015 EPA grant award.



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<i>Drinking Water Fund</i>	Schedule 4			
Summary of Net Position as of December 31				
	2015	2014	Change	Pct Chg
Unrestricted current and other assets	\$ 82,452,704	\$ 38,235,861	\$ 44,216,843	115.6%
Restricted assets	89,101,629	130,024,472	(40,922,843)	(31.5%)
Loans receivable	318,675,919	297,463,440	21,212,479	7.1%
Total assets	<u>490,230,252</u>	<u>465,723,773</u>	<u>24,506,479</u>	5.3%
Deferred outflows of resources	244,515	326,654	(82,139)	(25.1%)
Current and other liabilities	20,896,873	22,254,057	(1,357,184)	(6.1%)
Project costs payable	84,035,801	82,454,951	1,580,850	1.9%
Bonds payable	142,935,000	146,875,000	(3,940,000)	(2.7%)
Total liabilities	<u>247,867,674</u>	<u>251,584,008</u>	<u>(3,716,334)</u>	(1.5%)
Deferred inflows of resources	48,627	61,910	(13,283)	(21.5%)
Net position:				
Restricted	240,902,290	212,780,032	28,122,258	13.2%
Unrestricted	1,656,176	1,624,477	31,699	2.0%
Total net position	<u>\$ 242,558,466</u>	<u>\$ 214,404,509</u>	<u>\$ 28,153,957</u>	13.1%

As reflected in Schedule 4, major changes to the components of net position included increases in total assets by \$24.5 million and a decrease to total liabilities by \$3.7 million.

The \$24.5 million increase in total assets is mainly attributed to the following:

- A \$44.2 million dollar increase to unrestricted and current and other assets which was primarily the result of the transfer of \$21.5 million from restricted accounts to the reloan account (unrestricted) for deallocation, and the transfer of \$21.8 million from a restricted account of a leveraged loan that was reloan funded in 2014, but converted to SRF grant/state match funding in 2015, to the reloan account.
- A \$21.2 million increase in loans receivable which was the result of \$47.0 million in new loan funding offset by loan repayments, loan reductions and principal forgiveness totaling \$25.8 million.
- Increases in total assets in 2015 were offset by the \$40.9 million decrease in restricted assets mainly due to:
  - Deallocation and the return of reloan money for the converted loan.
  - \$18.0 million in payments to borrowers for requisitioned project costs from restricted accounts.
  - Decreases to restricted assets was offset primarily by the deposit of \$8.0 million in bond proceeds, a \$0.7 million transfer from reloan (unrestricted) to fund the new bond issue DSRF, and the deposit of \$3.1 million state match funding from the Authority to the DWRF.

The \$3.7 million decrease in total liabilities is mainly due to the \$3.9 million decrease in bonds payable, which is the result of new bond issuance totaling \$8.1 million offset by the bond principal payments of \$12.1 million including a bond defeasance of \$0.9 million.

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***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 do 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.

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 Financial Statements).

Pursuant to the implementation of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, for the WPCRF and the DWRF, federal capitalization grant revenues are recorded as nonoperating revenue. Grant revenue from the DWRF set asides and grant reimbursements for program administrative costs for both revolving funds are recorded as operating revenue. For loans funded with SRF 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 SRF 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 Financial Statements for further information on these line items.

Below are schedules showing the summary of changes in net position by individual enterprise fund and in total. 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.

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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 \$44.8 million, \$19.3 million and \$6.0 million for 2015, 2014 and 2013, respectively.

For 2015, interest on loans, administrative fees and interest on investments, contributed 51.0%, 19.7% and 15.3%, respectively, to total operating revenues. Interest on bonds, EPA set asides and grant administration contributed 65.7%, 10.9% and 9.0%, respectively, to total operating expenses. As Schedules 5A and 5B shows, total operating revenues decreased by \$5.7 million and operating expenses decreased by \$14.3 million, resulting in an increase in net operating income of \$8.6 million. Grant revenue increased by \$16.9 million from 2014. The following discussion will focus on the major changes in operating revenues, operating expenses and EPA capitalization grants revenue for 2015 and 2014.

Combined EPA capitalization grants revenue totaled \$44.2 million, \$27.4 million and \$11.7 million for 2015, 2014 and 2013, respectively. As explained earlier in this section, grant funds are drawn as requisitions are paid to borrowers with projects financed with SRF grant funds. The \$16.9 million and \$15.6 million increase in EPA capitalization grants draws in 2015 and 2014, respectively, is mainly attributed to the increase in the payment of SRF grant-funded project requisitions. EPA capitalization grant revenue was the primary contributor to the total change in net position for 2015, 2014 and 2013.

Combined change in net position increased by \$44.8 million in 2015 compared to the \$19.3 million increase in 2014. The \$25.4 million increase in change in net position in 2015 was primarily the result of the \$16.9 million increase in EPA Capitalization grants and the \$8.6 million increase in operating income.

In 2015, the decrease in operating revenues is mainly attributed to a \$3.9 million decrease in interest on loans and a \$1.2 million decrease in administrative fees and other income. The main factors contributing to the decreases were:

- Decrease in interest on loans - 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 prepayments, and credits to loan interest from both refunding savings and additional earnings may affect interest on loans. The execution of direct loans at lower or zero interest in the years since the policy was implemented also contributes to decreases in interest on loans. In 2015, the decrease in interest in loans is mainly attributed to prepayments from WRBP bond funded loans in 2014.
- Decrease in other income - The decrease in other operating income is attributed to payments received for shared Long Hollow project costs in 2014 that did not occur in 2015.

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<i>Total Enterprise Funds (2015- 2014)</i>	Schedule 5A			
	Summary of Changes in Net Position as of December 31			
	2015	2014 *	Change	Pct Chg
<b>Operating revenues:</b>				
Interest on loans (including gain on prepayments)	\$ 24,240,297	\$ 28,142,588	\$ (3,902,291)	(13.9%)
Interest on investments	7,259,504	7,431,420	(171,916)	(2.3%)
Administrative fees and other income	9,369,462	10,553,425	(1,183,963)	(11.2%)
EPA grants	6,687,950	7,154,770	(466,820)	(6.5%)
Total operating revenues	<u>47,557,213</u>	<u>53,282,203</u>	<u>(5,724,990)</u>	<u>(10.7%)</u>
<b>Operating expenses:</b>				
Interest on bonds (including loss on extinguishments)	30,888,365	34,199,404	(3,311,039)	(9.7%)
Bond issuance expense	91,475	388,249	(296,774)	(76.4%)
Grant administration	4,220,037	5,192,307	(972,270)	(18.7%)
Grants to localities - Authority funded	1,287,548	7,934,259	(6,646,711)	(83.8%)
Loan principal forgiven	3,968,710	7,389,432	(3,420,722)	(46.3%)
General, administrative, and other expenses	1,437,802	1,729,587	(291,785)	(16.9%)
EPA set asides	5,122,840	4,496,862	625,978	13.9%
Total operating expenses	<u>47,016,777</u>	<u>61,330,100</u>	<u>(14,313,323)</u>	<u>(23.3%)</u>
Operating income (loss)	540,436	(8,047,897)	8,588,333	(106.7%)
EPA capitalization grants	44,211,059	27,355,541	16,855,518	61.6%
Change in net position	<u>44,751,495</u>	<u>19,307,644</u>	<u>25,443,851</u>	<u>131.8%</u>
Beginning net position, before restatement	630,550,022	611,242,378	19,307,644	3.2%
Adjustment for change in accounting principal	(3,025,963)	-	(3,025,963)	(100.0%)
Beginning net position, as restated	<u>627,524,059</u>	<u>611,242,378</u>	<u>16,281,681</u>	<u>2.7%</u>
Net position – end of year	<u>\$ 672,275,554</u>	<u>\$ 630,550,022</u>	<u>\$ 41,725,532</u>	<u>6.6%</u>

<i>Total Enterprise Funds (2014- 2013)</i>	Schedule 5B			
	Summary of Changes in Net Position as of December 31			
	2014 *	2013	Change	Pct Chg
<b>Operating revenues:</b>				
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>
<b>Operating expenses:</b>				
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>

\* Information not restated for implementation of GASB 68 and GASB 71

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In 2015, the decrease in operating expense is mainly attributed to the \$3.3 million dollar decrease in interest on bonds, the \$6.6 million decrease in grants to localities-Authority funded and the \$3.4 million decrease in loan principal forgiven. Decreases in these line items are mainly attributed to the following:

- Decrease in interest on bonds - In the years subsequent to the year of issuance, new bonds usually pay a full year's interest expense, generally increasing interest on bonds. However, other factors such as decreasing bond interest due to normal amortization, and prepayments in current and previous years, contributes to decreases in interest on bonds. The decrease in interest on bonds in 2015 is mainly attributed to the residual effect of the defeasance of bonds associated with the partial and full loan prepayments in 2014 in the WRBP and maturing bonds in all programs which offset any increases from new bond issuances in 2014 and 2015.
- Decrease in grants to localities-Authority funded - In 2015, payments to Authority funded projects decreased as the projects neared completion and no new projects were funded.
- Decreases in loan principal forgiven - The amount of principal forgiven and number of loans receiving principal forgiven decreased in 2015.

Major changes in 2014 were attributed to the following:

- 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.
- \$2.1 million in prepaid interest recognized from prepayments of bond funded loans offset a \$2.6 million decrease in interest on loans.
- \$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.
- 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%.
- Administrative fees and other income decreased by \$1.4 million mainly as a result of the decrease in the payments received from other parties involved in the Long Hollow project.
- In compliance with the conditions of the 2014, 2013 and 2012 grant awards in both the WPCRF and DWRF, certain loans executed in 2014 and 2013 received one-time principal forgiveness. Loan principal forgiven totaled \$7.4 million and \$1.9 million for 2014 and 2013, 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 of the \$1.7 million decrease in interest on bonds, mainly the result of normal amortization and the refunding in 2014, had on total operating expenses was offset by the \$0.6 million increase in grant administration and general, administrative and other expenses.

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

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*Water Operations Fund*

As shown in Schedule 6, the \$14.2 million in total operating expenses exceeded the \$11.1 million in operating revenues resulting in a \$3.1 million operating loss and a net position (before restatement) of \$61.0 million, a decrease of \$7.2 million. For 2015, an adjustment for change in accounting principle (for implementation of GASB 68) of \$3.0 million resulted in net position (as restated) of \$54.9 million for the combined programs under WOPS, a decrease of \$6.1 million from 2014.

<i>Water Operations Fund</i>	Schedule 6			
	Summary of Changes in Net Position as of December 31			
	2015	2014 *	Change	Pct Chg
Operating revenues:				
Interest on loans (including gain on prepayments)	\$ 10,904,809	\$ 13,913,615	\$ (3,008,806)	(21.6%)
Interest on investments	173,648	204,557	(30,909)	(15.1%)
Other	24,448	1,626,251	(1,601,803)	(98.5%)
Total operating revenues	<u>11,102,905</u>	<u>15,744,423</u>	<u>(4,641,518)</u>	<u>(29.5%)</u>
Operating expenses:				
Interest on bonds (including loss on extinguishments)	11,683,542	13,702,303	(2,018,761)	(14.7%)
Bond issuance expense	91,475	388,249	(296,774)	(76.4%)
Grants to localities-Authority funded	1,287,548	7,934,259	(6,646,711)	(83.8%)
General, administrative, and other expenses	1,125,389	957,767	167,622	17.5%
Total operating expenses	<u>14,187,954</u>	<u>22,982,578</u>	<u>(8,794,624)</u>	<u>(38.3%)</u>
Operating loss	<u>(3,085,049)</u>	<u>(7,238,155)</u>	<u>4,153,106</u>	<u>(57.4%)</u>
Change in net position	<u>(3,085,049)</u>	<u>(7,238,155)</u>	<u>4,153,106</u>	<u>(57.4%)</u>
Beginning net position, before restatement	61,045,293	68,283,448	(7,238,155)	(10.6%)
Adjustment for change in accounting principle	<u>(3,025,963)</u>	-	<u>(3,025,963)</u>	<u>(100.0%)</u>
Beginning net position as restated	<u>58,019,330</u>	<u>68,283,448</u>	<u>(10,264,118)</u>	<u>(15.0%)</u>
Net position – end of year	<u>\$ 54,934,281</u>	<u>\$ 61,045,293</u>	<u>\$ (6,111,012)</u>	<u>(10.0%)</u>

\* Information not restated for implementation of GASB 68 and GASB 71

In 2015, the \$4.6 million decrease in operating revenue is mainly attributed to:

- A decrease in interest on loans that is mainly attributed to prepayments that occurred in 2014 and normal loan amortization offsetting any increase in loan interest from new loans made in 2014.
- The decrease of \$1.6 million in other revenue is attributed to the Authority receiving a one-time payment of \$1.6 million from the Colorado Water Conservation Board for the Long Hollow Project in 2014 and no additional payments received in 2015.

In 2015, the \$8.8 million decrease in operating expenses is mainly attributed to:

- The \$2.0 million decrease in interest on bonds which was mainly the residual effects of bond calls/defeasances that occurred in prior years and normal bond amortization offsetting increases in interest on bonds from new bond issuances.
- The \$6.6 million decrease in grants to localities-Authority funded which was a result of the decrease in payments made to Authority funded projects and no new projects funded in 2015.

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Year ended December 31, 2015

*Water Pollution Control Fund*

Schedule 7 shows that total operating revenues of \$20.6 million exceeded total operating expenses of \$17.6 million resulting in operating income of \$3.0 million. In 2015, operating income and EPA capitalization grants revenue of \$16.8 million were the main contributors to the \$19.7 million increase in change in net position to \$374.8 million for the WPCRF.

<i>Water Pollution Control Fund</i>	Schedule 7			
	Summary of Changes in Net Position as of December 31			
	2015	2014	Change	Pct Chg
<b>Operating revenues:</b>				
Interest on loans (including gain on prepayments)	\$ 9,608,309	\$ 10,391,474	\$ (783,165)	(7.5%)
Interest on investments	5,136,371	5,298,476	(162,105)	(3.1%)
Administrative fee and other income	5,392,161	5,351,935	40,226	0.8%
EPA grants-administrative	480,942	619,012	(138,070)	(22.3%)
Total operating revenues	<u>20,617,783</u>	<u>21,660,897</u>	<u>(1,043,114)</u>	<u>(4.8%)</u>
<b>Operating expenses:</b>				
Interest on bonds (including loss on extinguishments)	13,756,169	14,965,823	(1,209,654)	(8.1%)
Grant administration	2,830,450	2,813,720	16,730	0.6%
Loan principal forgiven	915,522	408,088	507,434	124.3%
General, administrative, and other expenses	82,505	383,205	(300,700)	(78.5%)
Total operating expenses	<u>17,584,646</u>	<u>18,570,836</u>	<u>(986,190)</u>	<u>(5.3%)</u>
Operating income	3,033,137	3,090,061	(56,924)	(1.8%)
EPA capitalization grants	16,810,608	11,559,755	5,250,853	45.4%
Transfers in (out)	(161,158)	-	(161,158)	(100.0%)
Change in net position	<u>19,682,587</u>	<u>14,649,816</u>	<u>5,032,771</u>	<u>34.4%</u>
Net position – beginning of year	<u>355,100,220</u>	<u>340,450,404</u>	<u>14,649,816</u>	<u>4.3%</u>
Net position – end of year	<u>\$ 374,782,807</u>	<u>\$ 355,100,220</u>	<u>\$ 19,682,587</u>	<u>5.5%</u>

The \$1.0 million decrease in operating revenues is mainly the result of a \$0.8 million decrease in interest on loans which was mainly attributed to increases in interest on loans from new loans made in 2014 and 2015 offset by normal amortization of loans and new loans financed with zero or reduced interest rate terms. Six of the ten new direct loans in 2014 and twelve of the fourteen new direct loans in 2015 received zero or reduced interest rate terms.

The \$1.0 million decrease in total operating expenses was primarily the result of the \$1.2 million decrease in interest on bonds. The decrease can be attributed to normal bond maturities and the residual affect from bond defeasances that occurred in 2014 which offset increases in interest on bonds from new bond issuances.

EPA Capitalization Grant revenue totaled \$16.8 million. The \$5.3 million increase in EPA capitalization grants revenue was mainly the result of an increase in SRF grant funded loan executions and an increase in SRF grant funded payments to borrowers for requisitioned project costs.

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

Management's Discussion and Analysis (Unaudited)  
Year ended December 31, 2015

*Drinking Water Fund*

As Schedule 8 shows, total operating revenues of \$15.8 million exceeded total operating expenses of \$15.2 million which resulted in \$0.6 million total operating income. Total operating income and \$27.4 million in EPA capitalization grants revenue resulted in a \$28.2 million increase in change in net position to \$242.6 million.

<i>Drinking Water Fund</i>	Schedule 8			
	Summary of Changes in Net Position as of December 31			
	2015	2014	Change	Pct Chg
Operating revenues:				
Interest on loans	\$ 3,727,179	\$ 3,837,499	\$ (110,320)	(2.9%)
Interest on investments	1,949,485	1,928,387	21,098	1.1%
Administrative fee and other income	3,952,853	3,575,239	377,614	10.6%
EPA grants	6,207,008	6,535,758	(328,750)	(5.0%)
Total operating revenues	<u>15,836,525</u>	<u>15,876,883</u>	<u>(40,358)</u>	<u>(0.3%)</u>
Operating expenses:				
Interest on bonds	5,448,654	5,531,278	(82,624)	(1.5%)
Grant administration	1,389,587	2,378,587	(989,000)	(41.6%)
Loan principal forgiven	3,053,188	6,981,344	(3,928,156)	(56.3%)
General, administrative, and other expenses	229,908	388,615	(158,707)	(40.8%)
EPA set asides	5,122,840	4,496,862	625,978	13.9%
Total operating expenses	<u>15,244,177</u>	<u>19,776,686</u>	<u>(4,532,509)</u>	<u>(22.9%)</u>
Operating income (loss)	592,348	(3,899,803)	4,492,151	(115.2%)
EPA capitalization grants	27,400,451	15,795,786	11,604,665	73.5%
Transfers in (out)	161,158	-	161,158	100.0%
Change in net position	<u>28,153,957</u>	<u>11,895,983</u>	<u>16,257,974</u>	<u>136.7%</u>
Net position – beginning of year	<u>214,404,509</u>	<u>202,508,526</u>	<u>11,895,983</u>	5.9%
Net position – end of year	<u>\$ 242,558,466</u>	<u>\$ 214,404,509</u>	<u>\$ 28,153,957</u>	13.1%

Decreases in EPA grants under operating revenues and interest on loans was offset by an increase in administrative fee and other income resulting in decrease in operating revenues. The \$1.0 million decrease in grant administration and the \$3.9 million decrease in loan principal forgiven were the main contributors to the \$4.5 million decrease in operating expenses. The reasons for the increase in EPA capitalization grants revenue of \$11.6 million in 2015 are similar to the WPCRF; an increase in grant funded loan executions and an increase in SRF grant payments to borrowers for requisitioned project costs.

**Economic Factors**

The demand for financing water and wastewater infrastructure projects is generally not affected by 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 DWRP, thereby making project financing more affordable for local communities.



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

Management's Discussion and Analysis (Unaudited)  
Year ended December 31, 2015

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- 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 2016. 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 2016 Clean Water Revolving Fund grant allotment (for the WPCRF) is approximately \$10.7 million and the Drinking Water Revolving Fund 2016 grant allotment is approximately \$14.5 million.

The disadvantaged community (DC) loan programs are explained in Note 1 in the Notes to Financial Statements. Both revolving fund programs strongly support assistance to small disadvantaged communities. As of December 31, 2015, 129 base program DC loans had been executed, 74 in the DWRF and 55 in the WPCRF, with original principal amounts of \$56.0 million and \$37.9 million, respectively. Of the 129 loans, 65 are financed at a zero percent interest rate, 30 are financed at reduced rates and 52 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 2016, the Authority is in the process of issuing up to approximately \$55.0 million in bonds to refund nine WPCRF bond issues and pass the savings on to approximately 23 borrowers whose loans are associated with the refunded bonds. In the process, eight repurchase agreement investments associated with the refunded bonds will be liquidated. The anticipated savings could amount to approximately \$6.5 million. The Authority is also planning on issuing approximately \$16.5 million in new money Clean Water bonds to provide funding for approximately \$47.5 million in leveraged loans for two borrowers under the WPCRF. The Authority continues to evaluate all outstanding bond issues for potential refunding opportunities in all programs.

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 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.

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

Management's Discussion and Analysis (Unaudited)  
Year ended December 31, 2015

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**Requests for Information**

This financial report was designed to provide a general overview for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

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, 2015**

<b>Assets</b>	<b>Water Operations</b>	<b>Water Pollution Control</b>	<b>Drinking Water</b>	<b>Totals</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 15,094,945	\$ 119,393,844	\$ 77,108,967	\$ 211,597,756
Federal grants receivable	-	236,709	2,844,015	3,080,724
Investment income receivable	17,198	30,138	21,081	68,417
Loans receivable	7,669,034	36,880,693	24,116,826	68,666,553
Due from other funds	3,830,899	-	-	3,830,899
Accounts receivable – borrowers	2,641,158	5,525,177	2,478,641	10,644,976
Other assets	41,971	-	-	41,971
<b>Restricted assets:</b>				
Cash and cash equivalents	14,177,278	30,025,118	26,893,208	71,095,604
Investments	-	10,010,535	3,102,401	13,112,936
Investment income receivable	3,524	265,458	243,520	512,502
Total current assets	<u>43,476,007</u>	<u>202,367,672</u>	<u>136,808,659</u>	<u>382,652,338</u>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Cash and cash equivalents	12,383,475	15,996,129	10,303,087	38,682,691
Investments	-	97,538,662	48,085,386	145,624,048
Investment income receivable	1,376	1,544,444	474,027	2,019,847
Securities not held for investment	5,130,000	-	-	5,130,000
Advance receivable	21,758,643	-	-	21,758,643
Loans receivable	137,567,003	459,272,966	294,559,093	891,399,062
Water depletion rights – Animas-La Plata	1,261,044	-	-	1,261,044
Capital assets – equipment, net of accumulated depreciation of \$121,983	20,723	-	-	20,723
Other assets	564,885	-	-	564,885
Total noncurrent assets	<u>178,687,149</u>	<u>574,352,201</u>	<u>353,421,593</u>	<u>1,106,460,943</u>
Total assets	<u>222,163,156</u>	<u>776,719,873</u>	<u>490,230,252</u>	<u>1,489,113,281</u>
<b>Deferred Outflows of Resources</b>				
Refunding costs	377,959	2,838,009	244,515	3,460,483
Pension contributions	186,927	-	-	186,927
Pension investment earnings	67,955	-	-	67,955
Total deferred outflows of resources	<u>632,841</u>	<u>2,838,009</u>	<u>244,515</u>	<u>3,715,365</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Project costs payable – direct loans	-	19,102,473	22,151,767	41,254,240
Project costs payable – leveraged loans	13,694,330	40,664,317	56,530,234	110,888,881
Bonds payable	7,240,000	26,640,000	12,515,000	46,395,000
Accrued interest payable	2,123,426	4,632,711	1,952,618	8,708,755
Accounts payable – borrowers	79,610	56,645	63,848	200,103
Accounts payable – other	3,677,955	-	-	3,677,955
Due to other funds	-	893,013	2,937,886	3,830,899
Other liabilities	1,276	421,923	381,664	804,863
Total current liabilities	<u>26,816,597</u>	<u>92,411,082</u>	<u>96,533,017</u>	<u>215,760,696</u>
<b>Noncurrent liabilities:</b>				
Project costs payable – direct loans	-	675,000	2,500,000	3,175,000
Project costs payable – leveraged loans	-	8,361,409	2,853,800	11,215,209
Bonds payable	130,080,000	287,850,000	130,420,000	548,350,000
Advance payable	-	8,347,243	13,411,400	21,758,643
Debt service reserve deposit	7,458,600	-	-	7,458,600
Net pension liability	3,332,749	-	-	3,332,749
Other liabilities	156,200	6,791,294	2,149,457	9,096,951
Total noncurrent liabilities	<u>141,027,549</u>	<u>312,024,946</u>	<u>151,334,657</u>	<u>604,387,152</u>
Total liabilities	<u>167,844,146</u>	<u>404,436,028</u>	<u>247,867,674</u>	<u>820,147,848</u>
<b>Deferred Inflows of Resources</b>				
Refunding benefits	-	339,047	48,627	387,674
Pension experience	247	-	-	247
Pension proportional share	17,323	-	-	17,323
Total deferred inflows of resources	<u>17,570</u>	<u>339,047</u>	<u>48,627</u>	<u>405,244</u>
<b>Net Position</b>				
Net investment in capital assets	20,723	-	-	20,723
Restricted	12,903,668	374,782,807	240,902,290	628,588,765
Unrestricted	42,009,890	-	1,656,176	43,666,066
Total net position	<u>\$ 54,934,281</u>	<u>\$ 374,782,807</u>	<u>\$ 242,558,466</u>	<u>\$ 672,275,554</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  
December 31, 2015**

	<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 \$1,158,289)	\$ 10,904,809	\$ 9,608,309	\$ 3,727,179	\$ 24,240,297
Interest on investments	173,648	5,136,371	1,949,485	7,259,504
Loan administrative fees	-	5,392,161	3,952,853	9,345,014
EPA grants	-	480,942	6,207,008	6,687,950
Other	24,448	-	-	24,448
Total operating revenues	<u>11,102,905</u>	<u>20,617,783</u>	<u>15,836,525</u>	<u>47,557,213</u>
Operating expenses:				
Interest on bonds (including loss on extinguishment of \$2,006,137)	11,683,542	13,756,169	5,448,654	30,888,365
Bond issuance expense	91,475	-	-	91,475
Grant administration	-	2,830,450	1,389,587	4,220,037
Project expenses	213,826	-	-	213,826
Grants to localities - Authority funded	1,287,548	-	-	1,287,548
General and administrative	911,563	-	-	911,563
EPA set asides	-	-	5,122,840	5,122,840
Loan principal forgiven (includes \$3,965,102 under grant requirements)	-	915,522	3,053,188	3,968,710
Other	-	82,505	229,908	312,413
Total operating expenses	<u>14,187,954</u>	<u>17,584,646</u>	<u>15,244,177</u>	<u>47,016,777</u>
Operating income (loss)	(3,085,049)	3,033,137	592,348	540,436
EPA capitalization grants		16,810,608	27,400,451	44,211,059
Transfers in (out)	-	(161,158)	161,158	-
Change in net position	(3,085,049)	19,682,587	28,153,957	44,751,495
Net position, beginning of year, as previously reported	61,045,293	355,100,220	214,404,509	630,550,022
Adjustment for change in accounting principle	<u>(3,025,963)</u>	-	-	<u>(3,025,963)</u>
Net position, beginning of year, as restated	<u>58,019,330</u>	<u>355,100,220</u>	<u>214,404,509</u>	<u>627,524,059</u>
Net position – end of year	<u>\$ 54,934,281</u>	<u>\$ 374,782,807</u>	<u>\$ 242,558,466</u>	<u>\$ 672,275,554</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, 2015**

	<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	\$ -	\$ 5,294,043	\$ 3,750,897	\$ 9,044,940
Federal funds received	-	576,588	6,771,609	7,348,197
Miscellaneous cash received	24,448	-	-	24,448
Cash payments for salaries and related benefits	(543,286)	(473,946)	(448,952)	(1,466,184)
Cash payments to other state agencies for services	-	(2,225,013)	(1,161,985)	(3,386,998)
Cash payments to vendors	(179,193)	(499,428)	(5,821,883)	(6,500,504)
Cash payments to localities for grant programs	(1,302,498)	-	-	(1,302,498)
Net cash provided (used) by operating activities	<u>(2,000,529)</u>	<u>2,672,244</u>	<u>3,089,686</u>	<u>3,761,401</u>
Cash flows from noncapital financing activities:				
Proceeds from the sale of bonds	-	16,633,996	8,200,483	24,834,479
Deposits for option to purchase water depletion rights	92,271	-	-	92,271
Federal funds received	-	16,810,608	27,400,451	44,211,059
Principal paid on bonds	(109,555,000)	(27,795,000)	(12,065,000)	(149,415,000)
Interest paid on bonds (including extinguishments)	(11,669,173)	(14,725,284)	(6,204,226)	(32,598,683)
Cash payment for bond issuance costs	(85,670)	(156,261)	(151,414)	(393,345)
Net cash provided (used) by noncapital financing activities	<u>(121,217,572)</u>	<u>(9,231,941)</u>	<u>17,180,294</u>	<u>(113,269,219)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(13,789)	-	-	(13,789)
Cash flows from investing activities:				
Proceeds from sales or maturities of investments	-	9,769,528	2,806,950	12,576,478
Interest received on investments	257,093	5,329,703	2,037,194	7,623,990
Interest received on loans (including prepayments)	11,827,420	9,674,689	3,766,785	25,268,894
Principal repayments from localities on loans	110,021,238	35,937,955	22,266,242	168,225,435
Cash received from (paid to) other accounts	709,800	(929,558)	219,758	-
Cash disbursed to localities for loans	(9,450,766)	(34,435,255)	(44,842,513)	(88,728,534)
Cash payment for arbitrage rebate	-	(143,531)	-	(143,531)
Cash payments of interest to borrowers	(911,416)	-	-	(911,416)
Net cash provided (used) by investing activities	<u>112,453,369</u>	<u>25,203,531</u>	<u>(13,745,584)</u>	<u>123,911,316</u>
Net increase (decrease) in cash and cash equivalents	(10,778,521)	18,643,834	6,524,396	14,389,709
Cash and cash equivalents, beginning of year	52,434,219	146,771,257	107,780,866	306,986,342
Cash and cash equivalents, end of year	<u>\$ 41,655,698</u>	<u>\$ 165,415,091</u>	<u>\$ 114,305,262</u>	<u>\$ 321,376,051</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, 2015**

	<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	\$ 15,094,945	\$ 119,393,844	\$ 77,108,967	\$ 211,597,756
Current restricted cash and cash equivalents	14,177,278	30,025,118	26,893,208	71,095,604
Noncurrent restricted cash and cash equivalents	12,383,475	15,996,129	10,303,087	38,682,691
Total cash and cash equivalents	<u>\$ 41,655,698</u>	<u>\$ 165,415,091</u>	<u>\$ 114,305,262</u>	<u>\$ 321,376,051</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (3,085,049)	3,033,137	\$ 592,348	\$ 540,436
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	11,514	-	-	11,514
Accrued sick leave expense	11,400	-	-	11,400
Interest on bonds (including extinguishments)	11,683,542	13,756,169	5,448,654	30,888,365
Interest on loans (including prepayments)	(10,904,809)	(9,608,309)	(3,727,179)	(24,240,297)
Interest on investments	(173,648)	(5,136,371)	(1,949,485)	(7,259,504)
Pension expense	256,401	-	-	256,401
Loan principal forgiven	-	915,522	3,053,188	3,968,710
Bond issuance expense	91,475	-	-	91,475
Change in assets, deferred outflows and liabilities:				
Decrease in due from other funds	1,061,585	-	-	1,061,585
Increase in accounts receivable – borrowers	-	(98,118)	(201,956)	(300,074)
Decrease in federal grant receivables	-	95,646	564,601	660,247
Increase in other assets	(20,762)	-	-	(20,762)
Increase in deferred outflows - pension contributions	(186,927)	-	-	(186,927)
Decrease in accounts payable – other	(745,251)	-	-	(745,251)
Decrease in due to other funds	-	(285,432)	(690,485)	(975,917)
Net cash provided (used) by operating activities	<u>\$ (2,000,529)</u>	<u>\$ 2,672,244</u>	<u>\$ 3,089,686</u>	<u>\$ 3,761,401</u>
Supplemental cash flows information				
Noncash investing activities				
Loans receivable issued related to projects payable	\$ -	\$ 59,202,062	\$ 47,005,394	\$ 106,207,456
Amortization of deferred loan interest income	-	1,185	-	1,185
Principal forgiveness/reductions on loans	-	1,022,385	3,526,672	4,549,057
Noncash noncapital financing activities				
Amortization of deferred amount from refunding	49,527	418,434	68,856	536,817
Amortization of refunding liability	-	1,158,940	722,065	1,881,005
Amortization of prepaid bond insurance	91,475	-	-	91,475
Underwriter's discount paid from bond proceeds	-	93,389	76,064	169,453
Loss on prepayment relating to prepaid bond insurance	805,767	-	-	805,767

See accompanying notes to financial statements



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**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Notes to Financial Statements  
December 31, 2015**

**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 (DWRF) or the Water Pollution Control Revolving Fund (WPCRF), two other funds administered by the Authority. The Authority is authorized to finance individual water resources project loans of \$500 million or less without approval from the State legislature. All costs of project development may be financed through the WRBP. Each local government evidences its obligations under its loan agreement by the issuance to the Authority of a governmental agency bond, which is secured by a pledge of a specific revenue source or by a general obligation pledge. The repayments, pursuant to the loan agreements by the local governmental agencies, are sufficient to pay the principal and interest on the bonds issued by the Authority. During the construction period, investment interest earned in the borrowers' project accounts may be requisitioned for project costs or to decrease loan interest payable to the Authority. Therefore, the Authority records investment interest as a liability in the accounts payable – borrowers account in the statements of net position.

As discussed in Note 2(f), the Authority coordinated with the borrowers that executed loans funded by the WRBP 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 may be held in project accounts and/or 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 2015 because not all of the grants were expended in 2014. All remaining GAP funds were expended in 2015.

***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.

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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 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 earnest money deposit of \$90,453 and the City of Durango executed an agreement with the Authority 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, loan administrative fees, and state match not drawn for projects.

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 2015, the Authority incurred expenses for the two agencies totaling \$2,093,242, 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 2015, 2014 and 2013 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 and 2015 grants contained the condition requiring borrowers to abide by the American Iron and Steel provision.

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.

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The Authority may use the reserve fund model or a cash flow model when financing leveraged loans depending on economic conditions at time of bond issuance. With the reserve fund model, bonds are issued in an amount that equals the leveraged and the allocated grant portions of the loan and deposited to the borrower's project account. In addition, an amount equal to the required state match portion of the loan is deposited to the borrower's project account. When payments are made to the borrower for requisitioned project costs, the grant portion of the requisition is drawn from the EPA and paid to the borrower along with proportional bond proceeds and state match funds from the project account. At the same time, an amount of bond proceeds equal to the grant portion of the requisition is transferred to the DSRF to provide for the debt service reserve requirements. The balance in the DSRF is reduced annually by scheduled transfers to the reloan account (deallocation) as the debt service requirements change as bonds are paid. Reloan (recycled SRF proceeds) funds can replace the grant/state match portion of the loan. Investment interest earned in the project and matching account is applied as credits against the borrower's loan interest and principal (providing the subsidy to the borrower). With the cash flow model, bonds are issued only in the amount of the leveraged portion of the loan and deposited to the borrower's project account. The grant portion of the loans is drawn from the EPA, and along with the required proportional share of state match, are deposited to the borrower's project on a requisition basis and paid to the borrower along with the proportional leveraged portion or the requisition. The DSRF is fully funded from reloan funds at the execution of the bond issue and remains in the account until the requirement changes or full maturity of the bonds, at which time, it is transferred back to the reloan account. In the cash flow model, the subsidy to the borrower is provided by the sizing of the bond issuance to the grant/state match or reloan portion of the loan.

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 \$2.5 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. In 2014, the board changed the population definition of a disadvantaged community to 10,000 or less. Also in 2014, the Water Resources and Reform Development Act (WRRDA) allowed for a Disadvantaged Community loan to extend out to a 30 year term. 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.

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***Drinking Water Enterprise Fund***

***Drinking Water Revolving Fund***

The Drinking Water Enterprise Fund includes the operations of the DWRF, also known as the State Revolving Fund, and the Nonrevolving Fund. The Nonrevolving Fund accounts for Safe Drinking Water set asides, including administrative grant proceeds, state direct loan program and loan administrative fees.

The DWRF was created by State statute (CRS 37-95-107.8) in 1995, in anticipation of the reauthorization of the federal Safe Drinking Water Act (SDWA). The SDWA was reauthorized in 1996 with a state revolving fund loan program. The DWRF was established to provide assistance to governmental agencies for projects that appear on the *Drinking Water Revolving Fund Project Eligibility List* (the List). The List, established in accordance with State statute, consists of new or existing water management facilities that extend, protect, improve, or replace domestic drinking water supplies in the State of Colorado and for any other means specified in the SDWA. The statutes also authorize the Authority to issue bonds for such purposes and to designate assets in the DWRF that may be pledged and assigned as security for payment of such bonds.

Pursuant to statutes, with the written consent of the Colorado Department of Public Health and Environment, the Authority is authorized, on behalf of the State, to execute all operating agreements and capitalization grant agreements with the EPA. The Authority, the Water Quality Control Division of the Colorado Department of Public Health and Environment and the Division of Local Government of the Colorado Department of Local Affairs have entered into a Memorandum of Agreement under which each has agreed to assume specified responsibilities in connection with the operation of the DWRF. In 2015, the Authority incurred expenses for the two agencies totaling \$5,838,056, 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 2015, 2014 and 2013 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 and 2015 grants contained the 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.

The Authority may use the reserve fund model or a cash flow model when financing leveraged loans depending on economic conditions at time of bond issuance. With the reserve fund model, bonds are issued in an amount that equals the leveraged and the allocated grant portions of the loan and deposited to the borrower's project account. In addition, an amount equal to the required state match portion of the loan is deposited to the borrower's project account. When payments are made to the borrower for requisitioned project costs, the grant portion of the requisition is drawn from the EPA and paid to the borrower along with proportional bond proceeds and state match funds from the project account. At the same time, an amount of bond proceeds equal to the grant portion of the requisition is transferred to the DSRF to provide for the debt service reserve requirements. The balance in the DSRF is reduced annually

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by scheduled transfers to the reloan account (deallocation) as the debt service requirements change as bonds are paid. Reloan (recycled SRF proceeds) funds can replace the grant/state match portion of the loan. Investment interest earned in the project and matching account is applied as credits against the borrower's loan interest and principal (providing the subsidy to the borrower). With the cash flow model, bonds are issued only in the amount of the leveraged portion of the loan and deposited to the borrower's project account. The grant portion of the loans is drawn from the EPA, and along with the required proportional share of state match, are deposited to the borrower's project on a requisition basis and paid to the borrower along with the proportional leveraged portion or the requisition. The DSRF is fully funded from reloan funds at the execution of the bond issue and remains in the account until the requirement changes or full maturity of the bonds, at which time, it is transferred back to the reloan account. In the cash flow model, the subsidy to the borrower is provided by the sizing of the bond issuance to the grant/state match or reloan portion of the loan.

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' 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 \$2.5 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. In 2014, the board changed the population definition of a Disadvantaged Community to 10,000 or less. 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 DWRP'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

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may be used for an operator training and technical assistance (SSTTA) set aside to aid small community systems.

The Authority provides the matching requirement (20%) for set aside grants in the State Revolving Fund as grant funds are drawn for 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 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.



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***(f) Securities Not Held For Investment***

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

***(g) Loans Receivable***

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

***(h) Restricted Assets***

Restricted assets represent cash and cash equivalents, investments, securities not held for investment and investment income receivable contained in project accounts, debt service accounts, debt service reserve accounts, state match holding accounts and the Animas-La Plata earnest money deposits and escrow accounts. Leveraged loans receivable provide security for the associated bonds; and loan payments received, net of state match principal and administrative fees, are restricted for payment of bond debt service.

***(i) Capital Assets – Equipment***

Equipment is recorded at cost. Depreciation expense is computed using the straight-line method over the estimated economic useful life of five years.

***(j) Deferred Inflows and Outflows of Resources***

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statements of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

***(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,

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is amortized over the number of years for which interest was prepaid and the unamortized balance is recorded as a deferred inflow.

Pension investment earnings are amortized using the straight-line method over a five year period. The pension change in proportional share and change in experience are amortized using the straight-line method over the average expected service life of all employees. These all are a component of pension expense.

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 DWRF for the purpose of financing the capitalization grant matching requirements. The advance is non-interest bearing. The advance is repaid from surplus loan administrative fees from the respective fund.

***(o) Net Position***

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

***(p) Operating Revenues and Expenses***

Substantially all revenues and expenses, including interest received on investments and loans and interest paid on bonds, are considered operating items since the Authority issues bonds to finance loans for specific projects. In accordance with GASB 34, federal EPA capitalization grants are shown below operating income (loss) on the statements of revenues, expenses and changes in net position.

***(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.

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***(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.

***(u) Loan Principal Forgiveness***

Leveraged loans in the WPCRF and DWRP 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 DWRP 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. Principal forgiveness related to EPA requirements is recorded in the period the loan is executed.

***(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.

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**(w) Pensions**

The Authority participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The pension activity of the Authority is recorded in the Water Operations Fund. It is not allocated to the Water Pollution Control Fund or Drinking Water Fund as those funds are used to account for the activity associated with the capitalization grants.

**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, 2015, the Authority's deposits had a bank balance of \$2,073,112, and a carrying amount of \$2,061,724. 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.

***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

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- 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 rates 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. The ratings of the repurchase agreements below, as of December 31, 2015, reflect the rating of the underlying securities held as collateral.

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2015					
Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Not Rated	NRSRO Rating
Deposits	\$ 2,061,724		X		
Cash held by State Treasurer (see below)	19,194,072	N/A		X	
COLOTRUST PLUS	111,025,079	N/A			AAA
Federated Prime Obligations Fund	189,095,176	N/A			AAA
Total cash and cash equivalents	<u>321,376,051</u>				
U.S. Treasury Notes - SLGS	88,751,149	N/A	X		
Repurchase Agreements-collateralized	69,985,835				See detail below
Total investments	<u>158,736,984</u>				
Total cash and invested funds	<u>\$ 480,113,035</u>				

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

Current assets/restricted assets/investments	\$ 13,112,936
Noncurrent assets/restricted assets/investments	<u>145,624,048</u>
Total investments	<u>\$ 158,736,984</u>

Below is a schedule that summarizes the credit quality of the securities held as collateral for the repurchase agreements as of December 31, 2015:

2015		
<u>Collateral Securities</u>		
Exempt From Disclosure	Custodian Portfolio Percent	NRSRO Rating
U.S. Treasuries or obligations explicitly guaranteed by the U.S. government	X 73.4%	
Government agencies	<u>26.6%</u>	AAA
Total	<u>100.0%</u>	

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The cash held by the State Treasurer is invested in the types of securities shown below as disclosed in the State Treasurer's report as of December 31, 2015:

	2015 Credit Rating of Pool Securities						Portfolio Percent
	A1/P1	AAA	AA	A	BBB	BB	
Asset-Backed		100.0%					17.1%
Corporates		6.3%	37.9%	49.9%	5.0%	0.9%	24.0%
Mortgage Securities			100.0%				0.1%
Commercial Paper	100.0%						9.5%
Treasuries			100.0%				12.1%
Federal Agencies			100.0%				32.8%
Certificates of Deposit						100.0%	0.1%
Money Market Funds						100.0%	4.3%
<b>Total Portfolio</b>	<b>9.5%</b>	<b>18.6%</b>	<b>54.1%</b>	<b>12.0%</b>	<b>1.2%</b>	<b>0.2%</b>	<b>100.0%</b>

*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. Repurchase agreements totaling \$69,985,835 as of December 31, 2015, 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. As of December 31, 2015, the Authority did not have any investments, including repurchase agreements, that represent 5% or more of total investments.

Only a limited number of repurchase agreement providers (eligible providers) offer this type of investment agreement, which may result 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.

*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.

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As of December 31, 2015, the Authority had the following investments and maturities:

Maturity	U.S. Treasury Notes - SLGS	Repurchase Agreements	Total Investments
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	5,067,939	9,893,379
2020	5,155,748	6,774,412	11,930,160
2021-2025	25,900,386	23,585,662	49,486,048
2026-2030	28,431,156	12,070,377	40,501,533
2031-2035	10,212,426	-	10,212,426
Total \$	<u>88,751,149</u>	<u>\$ 69,985,835</u>	<u>\$ 158,736,984</u>

As previously discussed, the Authority had \$19,194,072 as of December 31, 2015, invested in the pool maintained by the State Treasurer, and that pool had an average maturity of 17.8 months as of December 31, 2015. The Authority's investment represents approximately 0.27% of the total pool as of December 31, 2015.

**Note 4: Loans Receivable**

The following is an analysis of changes in loans receivable for the years ended December 31, 2015:

	<b>Balance January 1, 2015</b>	<b>New loans</b>	<b>Repayments/ loans canceled</b>	<b>Balance December 31, 2015</b>
Water Operations Fund:				
Small Water Resources				
Program	\$ 10,804,166	\$ -	\$ 1,673,333	\$ 9,130,833
Water Revenue Bonds				
Program	235,950,000	-	107,955,000	127,995,000
Small Hydro Loan Program	4,693,857	-	220,081	4,473,776
Water Rights Purchase	3,809,251	-	172,823	3,636,428
Water Pollution Control Fund:				
Direct loans	82,102,252	14,211,815	5,927,840	90,386,227
Leveraged loans	391,809,685	44,990,247	31,032,500	405,767,432
Drinking Water Fund:				
Direct loans	80,335,947	17,765,891	8,300,867	89,800,971
Leveraged loans	217,127,493	29,239,503	17,492,048	228,874,948
	<u>1,026,632,651</u>	<u>\$ 106,207,456</u>	<u>\$ 172,774,492</u>	<u>960,065,615</u>
Less current portion	64,569,718			68,666,553
Noncurrent portion	<u>\$ 962,062,933</u>			<u>\$ 891,399,062</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.



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Scheduled maturities of the loans receivable are as follows as of December 31, 2015:

	Water Operations		WPCRF		DWRf		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 7,669,034	\$ 6,939,026	\$ 36,880,693	\$ 9,228,760	\$ 24,116,826	\$ 3,487,756	\$ 68,666,553	\$ 19,655,542
2017	6,888,652	6,597,543	38,227,953	8,234,230	24,455,939	3,091,421	69,572,544	17,923,194
2018	5,270,094	6,300,507	38,631,648	7,389,631	24,062,503	2,752,808	67,964,245	16,442,946
2019	5,080,031	6,074,902	38,917,205	6,469,490	22,419,170	2,417,885	66,416,406	14,962,277
2020	3,208,466	5,900,289	36,520,209	5,647,307	20,238,253	2,121,896	59,966,928	13,669,492
2021-2025	18,658,980	27,436,052	166,181,290	17,933,634	90,109,899	6,871,917	274,950,169	52,241,603
2026-2030	38,112,235	21,611,551	94,888,152	6,578,740	68,348,219	2,915,719	201,348,606	31,106,010
2031-2035	45,723,545	10,987,098	42,866,320	1,329,179	38,958,968	624,298	127,548,833	12,940,575
2036-2040	9,830,000	2,432,276	3,040,189	36,108	4,405,197	7,199	17,275,386	2,475,583
2041-2045	4,795,000	480,575	-	-	1,550,064	-	6,345,064	480,575
2046-2050	-	-	-	-	10,881	-	10,881	-
Total	\$ 145,236,037	\$ 94,759,819	\$ 496,153,659	\$ 62,847,079	\$ 318,675,919	\$ 24,290,899	\$ 960,065,615	\$ 181,897,797

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

Included in the Water Operations Fund is a general Authority loan to the City of Durango for water rights purchase in the Animas-La Plata project. It has an interest rate of 1.95% and a final maturity date of 2033. There are three loans in the SHLP that have interest rates of 2.00% and final maturity dates of 2030 to 2033. SWRP loans receivable have interest rates of 3.96% to 6.15% and have scheduled final maturity dates of 2017 to 2023. WRBP loans receivable have interest rates of 3.70% to 5.78% and have scheduled maturity dates of 2017 to 2044. During 2015, three WRBP loans totaling \$101.2 million were prepaid from the proceeds of borrower-issued refunding bonds or cash on hand. The associated 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 4.50% and have maturity dates of 2016 to 2036. The WPCRF leveraged loans receivable have interest rates of 1.94% to 4.74% and have scheduled final maturity dates of 2016 to 2037. During 2015, six loans totaling \$3.1 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 2016 to 2046. DWRf leveraged loans receivable have interest rates of 1.86% to 4.60% and have scheduled final maturity dates of 2017 to 2036.

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**Note 5: Capital Assets**

Capital assets activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Equipment	\$ 135,159	\$ 13,789	\$ (6,242)	\$ 142,706
Less accumulated depreciation for equipment	<u>(116,711)</u>	<u>(11,514)</u>	<u>6,242</u>	<u>(121,983)</u>
	<u>\$ 18,448</u>	<u>\$ 2,275</u>	<u>-</u>	<u>\$ 20,723</u>

Depreciation expense for the year ended December 31, 2015 was \$11,514.

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**Note 6: Noncurrent Liabilities**

***Other than Bonds Payable***

Noncurrent liability activity, other than bonds payable, for the year ended December 31, 2015, was as follows:

	<b>Balance January 1, 2015 (As Restated)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2015</b>	<b>Current Portion</b>
<b>Water Operations Fund:</b>					
Project costs payable –					
leveraged loans	\$ 23,145,096	\$ -	\$ 9,450,766	\$ 13,694,330	\$ 13,694,330
Debt service reserve deposit	7,458,600	-	-	7,458,600	-
Net pension liability	3,182,700	150,049	-	3,332,749	-
Other liabilities	144,900	33,100	20,524	157,476	1,276
<b>Total Water     Operations     Fund</b>	<b>\$ 33,931,296</b>	<b>\$ 183,149</b>	<b>\$ 9,471,290</b>	<b>\$ 24,643,155</b>	<b>\$ 13,695,606</b>
<b>Water Pollution Control Fund:</b>					
Project costs payable –					
direct loans	\$ 18,182,235	\$ 14,211,815	\$ 12,616,577	\$ 19,777,473	\$ 19,102,473
Project costs payable –					
leveraged loans	25,155,267	45,796,000	21,925,541	49,025,726	40,664,317
Advance payable	9,115,643	2,231,600	3,000,000	8,347,243	-
Other liabilities	8,467,155	817,230	2,071,168	7,213,217	421,923
<b>Total Water     Pollution     Control Fund</b>	<b>\$ 60,920,300</b>	<b>\$ 63,056,645</b>	<b>\$ 39,613,286</b>	<b>\$ 84,363,659</b>	<b>\$ 60,188,713</b>
<b>Drinking Water Fund:</b>					
Project costs payable –					
direct loans	\$ 19,530,557	\$ 17,765,891	\$ 12,644,681	\$ 24,651,767	\$ 22,151,767
Project costs payable –					
leveraged loans	62,924,394	29,130,957	32,671,317	59,384,034	56,530,234
Advance payable	13,352,800	3,058,600	3,000,000	13,411,400	-
Other liabilities	3,199,956	457,467	1,126,302	2,531,121	381,664
<b>Total Drinking     Water Fund</b>	<b>\$ 99,007,707</b>	<b>\$ 50,412,915</b>	<b>\$ 49,442,300</b>	<b>\$ 99,978,322</b>	<b>\$ 79,063,665</b>
<b>Total enterprise funds:</b>					
Project costs payable –					
direct loans	\$ 37,712,792	\$ 31,977,706	\$ 25,261,258	\$ 44,429,240	\$ 41,254,240
Project costs payable –					
leveraged loans	111,224,757	74,926,957	64,047,624	122,104,090	110,888,881
Debt service reserve deposit	7,458,600	-	-	7,458,600	-
Net pension liability	3,182,700	150,049	-	3,332,749	-
Advance payable	22,468,443	5,290,200	6,000,000	21,758,643	-
Other liabilities	11,812,011	1,307,797	3,217,994	9,901,814	804,863
<b>Total enterprise     funds</b>	<b>\$ 193,859,303</b>	<b>\$ 113,652,709</b>	<b>\$ 98,526,876</b>	<b>\$ 208,985,136</b>	<b>\$ 152,947,984</b>

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***Bonds Payable***

The following is an analysis of changes in bonds payable for the year ended December 31, 2015:

	<u>Balance January 1, 2015</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2015</u>
Water Operations Fund:				
Small Water Resources Program:				
1997 Series A	\$ 400,000	\$ -	\$ 125,000	\$ 275,000
1998 Series B	330,000	-	330,000	-
2003 Series A	810,000	-	75,000	735,000
2006 Series A	9,385,000	-	1,070,000	8,315,000
	<u>10,925,000</u>	<u>-</u>	<u>1,600,000</u>	<u>9,325,000</u>
Water Revenue Bonds Program:				
2004 Series B	7,570,000	-	2,790,000	4,780,000
2004 Series C	1,850,000	-	1,850,000	-
2004 Series E	2,065,000	-	175,000	1,890,000
2005 Series A	45,280,000	-	45,280,000	-
2005 Series B	1,480,000	-	110,000	1,370,000
2005 Series C	200,000	-	200,000	-
2005 Series D	29,655,000	-	29,655,000	-
2005 Series E	26,270,000	-	26,270,000	-
2005 Series F	2,310,000	-	190,000	2,120,000
2008 Series A	7,835,000	-	185,000	7,650,000
2009 Series A	5,635,000	-	285,000	5,350,000
2010 Series A	51,485,000	-	-	51,485,000
2011 Series A	8,995,000	-	185,000	8,810,000
2011 Series B	11,100,000	-	465,000	10,635,000
2011 Series C	5,930,000	-	20,000	5,910,000
2013 Series A	11,390,000	-	230,000	11,160,000
2014 Series A	16,900,000	-	65,000	16,835,000
	<u>235,950,000</u>	<u>-</u>	<u>107,955,000</u>	<u>127,995,000</u>
Total Water Operations Fund	246,875,000	\$ -	\$ 109,555,000	137,320,000
Less current portion	(9,500,000)			(7,240,000)
Noncurrent bonds payable – Water Operations Fund	<u>\$ 237,375,000</u>			<u>\$ 130,080,000</u>

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	<u>Balance January 1, 2015</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2015</u>
Water Pollution Control Fund:				
Clean Water Revenue Bonds:				
1995 Series A	\$ 30,000	\$ -	\$ 30,000	\$ -
1996 Series A	30,000	-	20,000	10,000
1997 Series A	545,000	-	260,000	285,000
1998 Series A	215,000	-	100,000	115,000
1998 Series B	430,000	-	125,000	305,000
1999 Series A	240,000	-	75,000	165,000
2000 Series A	695,000	-	180,000	515,000
2001 Series A	2,015,000	-	460,000	1,555,000
2005 Series A	25,755,000	-	4,440,000	21,315,000
2005 Series B	10,975,000	-	765,000	10,210,000
2006 Series A	12,830,000	-	830,000	12,000,000
2006 Series B	9,600,000	-	630,000	8,970,000
2007 Series A	27,790,000	-	1,585,000	26,205,000
2008 Series A	9,380,000	-	510,000	8,870,000
2010 Series A	64,000,000	-	2,650,000	61,350,000
2010 Series B	17,780,000	-	865,000	16,915,000
2011 Series A	12,665,000	-	680,000	11,985,000
2014 Series A	9,065,000	-	10,000	9,055,000
2015 Series A	-	15,650,000	70,000	15,580,000
	<u>204,040,000</u>	<u>15,650,000</u>	<u>14,285,000</u>	<u>205,405,000</u>
Wastewater Revolving Fund				
Refunding Revenue Bonds:				
2001 Series A	1,740,000	-	1,740,000	-
2004 Series A	17,605,000	-	3,710,000	13,895,000
2005 Series A and A2	43,800,000	-	6,715,000	37,085,000
2013 Series A	59,450,000	-	1,345,000	58,105,000
	<u>122,595,000</u>	<u>-</u>	<u>13,510,000</u>	<u>109,085,000</u>
Total Water Pollution				
Control Fund	326,635,000	\$ <u>15,650,000</u>	\$ <u>27,795,000</u>	314,490,000
Less current portion	<u>(25,160,000)</u>			<u>(26,640,000)</u>
Noncurrent bonds payable – Water Pollution Control Fund	<u>\$ 301,475,000</u>			<u>\$ 287,850,000</u>

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	<u>Balance January 1, 2015</u>	<u>New issues</u>	<u>Retirements</u>	<u>Balance December 31, 2015</u>
Drinking Water Fund:				
Revenue Bonds:				
2000 Series A	\$ 1,155,000	\$ -	\$ 1,155,000	\$ -
2006 Series A	7,655,000	-	500,000	7,155,000
2006 Series B	25,390,000	-	2,015,000	23,375,000
2008 Series A	9,775,000	-	275,000	9,500,000
2008 Series B	7,060,000	-	380,000	6,680,000
2011 Series A	22,635,000	-	1,100,000	21,535,000
2012 Series A	17,285,000	-	695,000	16,590,000
2014 Series A	11,125,000	-	495,000	10,630,000
2015 Series A	-	8,125,000	150,000	7,975,000
	<u>102,080,000</u>	<u>8,125,000</u>	<u>6,765,000</u>	<u>103,440,000</u>
Drinking Water Revolving Fund				
Refunding Revenue Bonds				
2005 Series A	14,545,000	-	1,560,000	12,985,000
2013 Series A	30,250,000	-	3,740,000	26,510,000
	<u>44,795,000</u>	<u>-</u>	<u>5,300,000</u>	<u>39,495,000</u>
Total Drinking Water Fund	146,875,000	\$ <u>8,125,000</u>	\$ <u>12,065,000</u>	142,935,000
Less current portion	<u>(10,990,000)</u>			<u>(12,515,000)</u>
Noncurrent bonds payable – Drinking Water Fund	<u>\$ 135,885,000</u>			<u>\$ 130,420,000</u>
Total enterprise funds:				
Revenue bonds at par	\$ 720,385,000	\$ <u>23,775,000</u>	\$ <u>149,415,000</u>	\$ 594,745,000
Current portion	<u>(45,650,000)</u>			<u>(46,395,000)</u>
Noncurrent bonds payable	<u>\$ 674,735,000</u>			<u>\$ 548,350,000</u>

All the outstanding SWRP bonds are insured by National Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. The SWRP bonds are insured as to payment of principal and interest. The Water Resources Revenue Bonds, Series 2004B, Series 2004E and Series 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B, 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, 2015, the outstanding bonds of the Authority had original principal amounts of \$33,305,000 for the SWRP, \$152,645,000 for the WRBP, \$508,415,000 for the Clean Water Revenue Bonds, \$176,785,000 for the Wastewater Revolving Fund Refunding Revenue Bonds, \$131,455,000 for the Drinking Water Revolving Fund Bonds and \$55,765,000 for Drinking Water Revolving Fund Refunding Revenue Bonds, for a total of \$1,058,370,000. 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

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the year 2044. All bonds, except the Small Water Resources Series 2006A, the Wastewater Revolving Fund Refunding Revenue Bonds Series 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 2015, in the DWRF program, the Authority took admin fee money and called the remaining 2000A bonds. This bond issue had a repurchase agreement terminate back in 2009, thus causing debt service funds to be short thereafter. Calling these remaining bonds saved the Authority from making up the debt service shortages caused by the terminated repurchase agreement.

During 2015, 12 loans were prepaid, or partially prepaid, from the proceeds of borrower-issued refunding bonds or available cash and four were associated WRBP and WPCRFBonds that 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, 2015:

	Water Operations		WPCRFB		DWRFB		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 7,240,000	\$ 6,805,464	\$ 26,640,000	\$ 13,879,308	\$ 12,515,000	\$ 5,813,953	\$ 46,395,000	\$ 26,498,725
2017	6,390,000	6,499,914	26,695,000	12,648,088	12,825,000	5,254,540	45,910,000	24,402,542
2018	4,800,000	6,210,029	26,205,000	11,373,080	12,875,000	4,684,390	43,880,000	22,267,499
2019	5,005,000	6,002,034	26,305,000	10,117,843	11,025,000	4,132,153	42,335,000	20,252,030
2020	2,775,000	5,774,613	24,260,000	8,846,943	10,815,000	3,675,309	37,850,000	18,296,865
2021-2025	16,375,000	26,939,037	112,465,000	28,121,358	43,680,000	11,955,959	172,520,000	67,016,354
2026-2030	35,575,000	21,349,754	54,760,000	9,055,269	27,095,000	4,806,382	117,430,000	35,211,405
2031-2035	44,535,000	10,949,887	16,355,000	1,377,275	11,905,000	944,944	72,795,000	13,272,106
2036-2040	9,830,000	2,432,276	805,000	34,835	200,000	6,250	10,835,000	2,473,361
2041-2044	4,795,000	480,575	-	-	-	-	4,795,000	480,575
Total	\$ 137,320,000	\$ 93,443,583	\$ 314,490,000	\$ 95,453,999	\$ 142,935,000	\$ 41,273,880	\$ 594,745,000	\$ 230,171,462

Total interest expense on bonds for 2015 (including loss on extinguishment) was \$11,683,542, \$13,756,169 and \$5,448,654 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 WPCRFB and the DWRFB programs.

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	<b>Water Operations</b>	<b>Water Pollution Control</b>	<b>Drinking Water</b>	<b>Totals</b>
Assets pledged for bonds payable \$	167,220,835	\$ 548,786,311	\$ 312,561,510	\$ 1,028,568,656
Bonds payable at par	137,320,000	314,490,000	142,935,000	594,745,000

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, 2015, 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, 2015, the Authority had \$9,325,000 of outstanding Small Water Resources Revenue Bonds.

**Note 7: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of December 31, 2015 is as follows:

<b>Receivable Funds</b>	<b>Payable Funds</b>	
Water Operations	Water Pollution Control	\$ 893,013
	Drinking Water	<u>2,937,886</u>
Total		<u>\$ 3,830,899</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.

	<b>Transfer In</b>
<b>Transfer Out</b>	<b>Drinking Water</b>
Water Pollution Control	<u>\$ 161,158</u>

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



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**Note 8: 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, 2015:

Self-insurance account	\$ 800,000
La Plata River escrow account	<u>200,599</u>
Total Board-designated accounts	<u><u>\$ 1,000,599</u></u>

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**Note 9: EPA Capitalization Grants**

The following table details the EPA capitalization grants and matching requirements of \$1 of state match for every \$5 of the base program capitalization grants recognized, by project, during 2015. Included in the base program capitalization grants recognized is the principal forgiveness recognized under the WPCRF and the DWRF programs during 2015.

	<b>Federal grants recognized in 2015</b>	<b>Matching requirement in 2015</b>
Water Pollution Control Revolving Fund Projects:		
Leveraged loans:		
2010A Glenwood Springs, City of	\$ 73,406	\$ 14,681
2015A Louisville, City of	1,692,508	338,502
2014A Pueblo, City of	1,579,885	315,977
2011A South Adams County Water and Sanitation District	8,270,711	1,654,142
2011A Windsor, Town of	167,209	33,442
Total leveraged loans	11,783,719	2,356,744
Base program direct loans:		
Ault, Town of	294,874	58,975
Cheraw, Town of	47,486	9,497
Cokedale, Town of	25,619	5,124
Empire, Town of	56,879	11,376
Estes Park Sanitation District	97,789	19,558
Fairways Metropolitan District	16,157	3,231
Fowler, Town of	51,199	10,240
Granby, Town of	1,717,947	343,588
Hillcrest Water & Sanitation District	9,772	1,954
Huerfano County Gardner Water & Sanitation PID	17,463	3,493
La Jara, Town of	261,908	52,382
La Junta, City of	7,714	1,543
La Veta, Town of	91,174	18,235
Larimer County LID 2012-1 (River Glen Estates)	435,237	87,047
Larimer County LID 2013-1 (Berthoud Estates)	93,969	18,794
Loma Linda Sanitation District	160,600	32,120
Mansfield Heights Water & Sanitation District	45,403	9,081
Mountain View Villages Water & Sanitation District	24,890	4,978
Pritchett, Town of	29,620	5,924
Rocky Ford, City of	90,606	18,121
Rocky Ford, City of	566,714	113,343
Shadow Mountain Village Local Improvement District	181,738	36,348
South Sheridan Water, Sanitation Sewer and Storm Drainage District	116,763	23,353
Woodland Park, City of	140,431	28,086
Yampa Valley Housing Authority	444,937	88,987
	5,026,889	1,005,377
Total Water Pollution Control Revolving Fund	\$ 16,810,608	\$ 3,362,121

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	<b>Federal grants recognized in 2015</b>	<b>Matching requirement for 2015</b>
Drinking Water Revolving Fund Projects:		
Leveraged loans:		
2014A Clifton Water District	\$ 5,683,528	\$ 1,136,706
2015A Denver Southeast Water & Sanitation District	371,241	74,248
2015A Genesee Water & Sanitation District	628,369	125,674
2014A Left Hand Water District	6,818,360	1,363,672
2012A Rifle, City of	7,833,846	1,566,769
Total leveraged loans	21,335,344	4,267,069
Base program direct loans:		
Antonito, Town of	371,243	74,249
Columbine Lake Water District	414,191	82,838
Costilla County Garcia Domestic Water System	33,778	6,756
Dillon, Town of	84,095	16,819
Edgewater, City of	513,343	102,669
Empire, Town of	332,481	66,496
Evans, City of	546,525	109,305
Florissant Water & Sanitation District	492,182	98,436
Granby, Town of	455,422	91,084
Hayden, Town of	127,543	25,509
Highland Lakes Water District	9,191	1,838
Hotchkiss, Town of	3,669	734
Kim, Town of	132,858	26,572
Lake City, Town of	112,623	22,525
Larimer County LID 2013-3 (Fish Creek)	52,662	10,532
Larkspur, Town of	644,341	128,868
Manzanola, Town of	298,091	59,618
Paonia, Town of	376,090	75,218
Rocky Ford, City of	3,588	718
South Sheridan Water, Sanitary Sewer and Storm Drainage District	349,762	69,952
Vilas, Town of	92,456	18,491
Vona, Town of	34,925	6,985
Wiley, Town of	117,863	23,573
Yampa Valley Housing Authority	466,185	93,237
	6,065,107	1,213,022
Total Drinking Water Revolving Fund	27,400,451	5,480,091
Total EPA Capitalization Grants	\$ 44,211,059	\$ 8,842,212

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**Note 10: Defined Benefit Pension Plan**

***General Information about the Pension Plan***

*Plan description.* Eligible employees of the Authority are provided with pensions through the State Division Trust Fund (SDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713 and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the SDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions.* Eligible employees and the Authority are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements for all employees are summarized in the table below:

Employer Contribution Rate <sup>1</sup>	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%
Amount Apportioned to the SDTF <sup>1</sup>	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.00%
Total Employer Contribution Rate to the SDTF <sup>1</sup>	17.33%

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42)

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Authority were \$186,927 for the year ended December 31, 2015.

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2015, the Authority reported a liability of \$3,332,749 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The Authority's proportion of the net pension liability was based on the Authority's contributions to the SDTF for the calendar year 2014 relative to the total contributions of participating employers to the SDTF.

At December 31, 2014, the Authority's proportion was 0.035%, which was a decrease of 0.0003% from its proportion measured as of December 31, 2013.

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For the year ended December 31, 2015, the Authority recognized pension expense of \$256,401. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ —	\$ 247
Net difference between projected and actual earnings on pension plan investments	67,955	—
Changes in proportion	—	17,323
Contributions subsequent to the measurement date	186,927	—
Total	\$ 254,882	\$ 17,570

\$186,927 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
2016	\$ 7,592
2017	8,815
2018	16,989
2019	16,989
	\$ 50,385

*Actuarial assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90 – 9.57%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to January 1, 2007; (automatic)	2.00%
PERA Benefit Structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years.

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The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The SDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	27.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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*Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Proportionate share of the net pension liability	\$ 4,273,390	\$ 3,332,749	\$ 2,541,544

*Pension plan fiduciary net position.* Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 11: Defined Contribution Pension Plan**

***Voluntary Investment Program***

*Plan Description.* Employees of the Authority that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy.* The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The Authority does not match contributions made by members of the plan. Employees are immediately vested in their own contributions and investment earnings. For the year ended December 31, 2015, program members contributed \$75,512 for the Voluntary Investment Program.

**Note 12: Post-Employment Healthcare Benefits**

***Health Care Trust Fund***

*Plan Description.* The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).



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*Funding Policy.* The Authority is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ended 2015, 2014 and 2013, the Authority's contributions to the HCTF were \$11,028, \$9,926 and \$9,531, respectively, equal to their required contributions for each year.

**Note 13: Commitments**

**Leases**

The Authority renewed its office facilities operating lease for six years with a termination date of December 31, 2018. Rent expense totaled \$129,483 for 2015. Below is a schedule of the noncancelable lease payments due as of December 31, 2015:

<u>Year</u>	<u>Rent</u>
2016	\$ 116,912
2017	120,566
2018	124,219
Total	<u>\$ 361,697</u>

**Note 14: Tax, Spending and Debt Limitations**

In November 1992, the voters of Colorado approved Amendment 1, referred to as the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governmental agencies.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governmental agencies combined, are excluded from the provisions of TABOR. The Authority's management believes that its operations qualify for this exclusion. However, TABOR is complex and subject to interpretation. Many of the provisions, including the qualification as an enterprise, may require judicial interpretation.

**Note 15: Risk Management and Contingencies**

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Authority maintains commercial insurance for most risks of loss, excluding directors' and officers' legal liability for which the Authority is self-insured 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.

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

**Note 16: Change in Accounting Principles**

During 2015, the Authority adopted GASB Statement No. 68 of the Governmental Accounting Standards Board (GASB 68), *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB 68 and 71 revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. The Authority provides its employees with pension benefits through the state's multiple-employer cost-sharing defined benefit retirement program, PERA. Statement No. 68 requires employers participating in multiple-employer cost-sharing plans, such as PERA, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. 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. Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

Adoption of GASB 68 and 71 resulted in a decrease of \$3,025,963 in beginning net position in the Water Operations fund as of January 1, 2015.

Beginning net position, before restatement	\$ 61,045,293
Adjustment for net pension liability	(3,182,700)
Adjustment for deferred outflow of resources for contributions made after the measurement date	<u>156,737</u>
Beginning net position, as restated	<u>\$ 58,019,330</u>

As a result of implementing GASB 68, the Authority chose to disclose single year financial statements for the year ended December 31, 2015 as it is not practical to restate prior year information.

**Note 17: Subsequent Events**

Management has formalized a plan to issue approximately \$55 million in refunding debt in the Water Pollution Control Revolving Fund on May 12, 2016, to refund nine bond issues.

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REQUIRED SUPPLEMENTARY INFORMATION

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

**Schedule of the Authority's Proportionate Share of the Net Pension Liability (PERA – SDTF)  
Last Ten Fiscal Years \***

	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability (asset)	0.035%	0.036%
Authority's proportionate share of the net pension liability (asset)	\$ 3,332,749	\$ 3,182,700
Authority's covered-employee payroll	\$ 953,971	\$ 919,869
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	349%	346%
Plan fiduciary net position as a percentage of the total pension liability	59.84%	61.08%

Information above is presented as of the measurement date

\* Information is not currently available for prior years; additional years will be displayed as they become available

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of the Authority's Contributions (PERA – SDTF)  
Last Ten Fiscal Years \***

	<u>2015</u>	<u>2014</u>
Contractually required	\$ 186,927	\$ 156,737
Contributions in relation to the contractually required contribution	<u>186,927</u>	<u>156,737</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,081,132	\$ 953,971
Contributions as a percentage	17.29%	16.43%

Information above is presented as of the Authority's fiscal year

\* Information is not currently available for prior years; additional years  
will be displayed as they become available

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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, 2015**

<b>Assets</b>	<b>State Revolving Fund</b>	<b>Nonrevolving Fund</b>	<b>Water Pollution Control Fund</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 99,277,304	\$ 20,116,540	\$ 119,393,844
Federal grants receivable	-	236,709	236,709
Investment income receivable	24,831	5,307	30,138
Loans receivable	36,880,693	-	36,880,693
Accounts receivable – borrowers	3,614,741	1,910,436	5,525,177
<b>Restricted assets:</b>			
Cash and cash equivalents	25,234,873	4,790,245	30,025,118
Investments	10,010,535	-	10,010,535
Investment income receivable	265,458	-	265,458
Total current assets	<u>175,308,435</u>	<u>27,059,237</u>	<u>202,367,672</u>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Cash and cash equivalents	15,996,129	-	15,996,129
Investments	97,538,662	-	97,538,662
Investment income receivable	1,544,444	-	1,544,444
Loans receivable	459,272,966	-	459,272,966
Total noncurrent assets	<u>574,352,201</u>	<u>-</u>	<u>574,352,201</u>
Total assets	<u>749,660,636</u>	<u>27,059,237</u>	<u>776,719,873</u>
<b>Deferred Outflows of Resources - Refunding Costs</b>	2,838,009	-	2,838,009
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Project costs payable – direct loans	19,102,473	-	19,102,473
Project costs payable – leveraged loans	40,664,317	-	40,664,317
Bonds payable	26,640,000	-	26,640,000
Accrued interest payable	4,632,711	-	4,632,711
Accounts payable-borrowers	56,645	-	56,645
Due to other funds	-	893,013	893,013
Other liabilities	-	421,923	421,923
Total current liabilities	<u>91,096,146</u>	<u>1,314,936</u>	<u>92,411,082</u>
<b>Noncurrent liabilities:</b>			
Project costs payable – direct loans	675,000	-	675,000
Project costs payable – leveraged loans	8,361,409	-	8,361,409
Bonds payable, net	287,850,000	-	287,850,000
Advance payable	-	8,347,243	8,347,243
Other liabilities	7,213,217	(421,923)	6,791,294
Total noncurrent liabilities	<u>304,099,626</u>	<u>7,925,320</u>	<u>312,024,946</u>
Total liabilities	<u>395,195,772</u>	<u>9,240,256</u>	<u>404,436,028</u>
<b>Deferred Inflows of Resources - Refunding Benefits</b>	339,047	-	339,047
<b>Net Position</b>			
Restricted	356,963,826	17,818,981	374,782,807
Total net position	<u>\$ 356,963,826</u>	<u>\$ 17,818,981</u>	<u>\$ 374,782,807</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, 2015**

	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Water Pollution Control Fund</u>
Operating revenues:			
Interest on loans	\$ 9,608,309	\$ -	\$ 9,608,309
Interest on investments	5,095,927	40,444	5,136,371
Loan administrative fees:			
Program revenue	-	618,606	618,606
Non-program revenue	-	4,773,555	4,773,555
EPA grants	-	480,942	480,942
Total operating revenues	<u>14,704,236</u>	<u>5,913,547</u>	<u>20,617,783</u>
Operating expenses:			
Interest on bonds	13,756,169	-	13,756,169
Grant administration	-	2,349,508	2,349,508
EPA Grants	-	480,942	480,942
Loan principal forgiven	915,522	-	915,522
Other	-	82,505	82,505
Total operating expenses	<u>14,671,691</u>	<u>2,912,955</u>	<u>17,584,646</u>
Operating income	32,545	3,000,592	3,033,137
EPA capitalization grants	16,810,608	-	16,810,608
Transfers in (out)	2,193,329	(2,354,487)	(161,158)
Change in net position	<u>19,036,482</u>	<u>646,105</u>	<u>19,682,587</u>
Net position – beginning of year	<u>337,927,344</u>	<u>17,172,876</u>	<u>355,100,220</u>
Net position – end of year	<u>\$ 356,963,826</u>	<u>\$ 17,818,981</u>	<u>\$ 374,782,807</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, 2015**

**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, 2015**

	State Revolving Fund	Nonrevolving Fund	Drinking Water Fund
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 61,652,190	\$ 15,456,777	\$ 77,108,967
Federal grants receivable	-	2,844,015	2,844,015
Investment income receivable	17,058	4,023	21,081
Loans receivable	23,981,509	135,317	24,116,826
Accounts receivable – borrowers	1,253,203	1,225,438	2,478,641
Restricted assets:			
Cash and cash equivalents	23,711,905	3,181,303	26,893,208
Investments	3,102,401	-	3,102,401
Investment income receivable	243,520	-	243,520
Total current assets	<u>113,961,786</u>	<u>22,846,873</u>	<u>136,808,659</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	10,462,816	(159,729)	10,303,087
Investments	48,085,386	-	48,085,386
Investment income receivable	474,027	-	474,027
Loans receivable	294,489,046	70,047	294,559,093
Total noncurrent assets	<u>353,511,275</u>	<u>(89,682)</u>	<u>353,421,593</u>
Total assets	<u>467,473,061</u>	<u>22,757,191</u>	<u>490,230,252</u>
<b>Deferred Outflows of Resources - Refunding Costs</b>	244,515	-	244,515
<b>Liabilities</b>			
Current liabilities:			
Project costs payable – direct loans	22,151,767	-	22,151,767
Project costs payable – leveraged loans	56,530,234	-	56,530,234
Bonds payable	12,515,000	-	12,515,000
Accrued interest payable	1,952,618	-	1,952,618
Accounts payable – borrowers	63,848	-	63,848
Due to other funds	-	2,937,886	2,937,886
Other liabilities	-	381,664	381,664
Total current liabilities	<u>93,213,467</u>	<u>3,319,550</u>	<u>96,533,017</u>
Noncurrent liabilities:			
Project costs payable – direct loans	2,500,000	-	2,500,000
Project costs payable – leveraged loans	2,853,800	-	2,853,800
Bonds payable, net	130,420,000	-	130,420,000
Advance payable	-	13,411,400	13,411,400
Other liabilities	2,531,121	(381,664)	2,149,457
Total noncurrent liabilities	<u>138,304,921</u>	<u>13,029,736</u>	<u>151,334,657</u>
Total liabilities	<u>231,518,388</u>	<u>16,349,286</u>	<u>247,867,674</u>
<b>Deferred Inflows of Resources - Refunding Benefits</b>	48,627	-	48,627
<b>Net Position</b>			
Restricted	236,150,561	4,751,729	240,902,290
Unrestricted	-	1,656,176	1,656,176
Total net position	<u>\$ 236,150,561</u>	<u>\$ 6,407,905</u>	<u>\$ 242,558,466</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, 2015**

	<u>State Revolving Fund</u>	<u>Nonrevolving Fund</u>	<u>Drinking Water Fund</u>
Operating revenues:			
Interest on loans	\$ 3,718,733	\$ 8,446	\$ 3,727,179
Interest on investments	1,914,574	34,911	1,949,485
Loan administrative fees	-	3,952,853	3,952,853
EPA set aside grants:			
Administrative	-	1,084,168	1,084,168
Small Systems Training and Technical Assistance Program	-	390,256	390,256
Capacity Development	-	1,440,994	1,440,994
Wellhead Protection	-	1,035,426	1,035,426
Public Water System Supervision	-	2,256,164	2,256,164
Total operating revenues	<u>5,633,307</u>	<u>10,203,218</u>	<u>15,836,525</u>
Operating expenses:			
Interest on bonds	5,448,654	-	5,448,654
Grant administration – state funded	-	305,419	305,419
EPA set asides:			
Administrative	-	1,084,168	1,084,168
Small Systems Training and Technical Assistance Program	-	390,256	390,256
Capacity Development	-	1,440,994	1,440,994
Wellhead Protection	-	1,035,426	1,035,426
Public Water System Supervision	-	2,256,164	2,256,164
Loan principal forgiven	3,053,188	-	3,053,188
Other	-	229,908	229,908
Total operating expenses	<u>8,501,842</u>	<u>6,742,335</u>	<u>15,244,177</u>
Operating income (loss)	(2,868,535)	3,460,883	592,348
EPA capitalization grants	27,400,451	-	27,400,451
Transfers in (out)	<u>5,326,873</u>	<u>(5,165,715)</u>	<u>161,158</u>
Change in net assets	29,858,789	(1,704,832)	28,153,957
Net position – beginning of year	<u>206,291,772</u>	<u>8,112,737</u>	<u>214,404,509</u>
Net position – end of year	<u>\$ 236,150,561</u>	<u>\$ 6,407,905</u>	<u>\$ 242,558,466</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, 2015**

**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 \$205,364 at December 31, 2015. There are currently six loans outstanding at year-end that mature in years 2016 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, 2015**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
<b>Revenues:</b>					
Interest on investments	\$ 173,648	\$ 95,000	\$ -	\$ 95,000	\$ 78,648
WPCRF state match loan repayment	3,000,000	3,000,000	-	3,000,000	-
DWRF state match loan repayment	3,000,000	3,000,000	-	3,000,000	-
Loan principal payments – SWRP	1,673,333	18,345,000	-	18,345,000	(16,671,667)
Loan principal payments – WRBP	107,955,000	39,600,000	68,900,000	108,500,000	(545,000)
Loan principal payments – Interim	-	16,500,000	-	16,500,000	(16,500,000)
Loan principal payments – WPFHP	-	600,000	-	600,000	(600,000)
Loan principal payments – SHLP	220,081	230,000	-	230,000	(9,919)
Loan principal payments – Water Rights	172,823	265,000	-	265,000	(92,177)
Bond proceeds – WRBP	-	70,000,000	(68,900,000)	1,100,000	(1,100,000)
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	501,825	1,116,224	-	1,116,224	(614,399)
Loan interest income – WRBP	10,330,704	13,800,000	-	13,800,000	(3,469,296)
Loan interest income – WPFHP	-	1,000,000	-	1,000,000	(1,000,000)
Loan interest income – SHLP	91,640	230,000	-	230,000	(138,360)
Loan interest income – Water Rights	73,161	80,000	-	80,000	(6,839)
Loan interest income – Interim loans	(92,521)	600,000	-	600,000	(692,521)
Other	24,448	26,000	-	26,000	(1,552)
Total revenues	<u>127,124,142</u>	<u>228,487,224</u>	<u>-</u>	<u>228,487,224</u>	<u>(101,363,082)</u>
<b>Expenditures:</b>					
WPCRF state match loans	2,231,600	3,000,000	-	3,000,000	768,400
DWRF state match loans	3,058,600	3,200,000	-	3,200,000	141,400
General/administrative	900,050	2,150,100	-	2,150,100	1,250,050
Interim loans made	-	16,500,000	-	16,500,000	16,500,000
Bond principal payments – SWRP	1,600,000	13,945,000	-	13,945,000	12,345,000
Bond principal payments – WRBP	107,955,000	41,700,000	66,800,000	108,500,000	545,000
Bond principal payments – WPFHP	-	600,000	-	600,000	600,000
Bond interest expense – SWRP	528,284	1,122,000	-	1,122,000	593,716
Bond Cost of Issuance – SWRP	3,765	4,000	-	4,000	235
Bond interest expense – WRBP	11,155,257	16,200,000	-	16,200,000	5,044,743
Bond Cost of Issuance – WRBP	87,710	1,430,000	-	1,430,000	1,342,290
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	-	70,000,000	(66,800,000)	3,200,000	3,200,000
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	19,387	225,000	-	225,000	205,613
GAP Program grants	248,332	815,000	-	815,000	566,668
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, 2015**

	<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	-	30,000,000	-	30,000,000	30,000,000
Refunding Issuance Costs – WRBP	-	900,000	-	900,000	900,000
Project expenditures	1,233,655	4,255,000	-	4,255,000	3,021,345
Arbitrage rebate – SWRP	-	100,000	-	100,000	100,000
Total expenditures	<u>129,021,640</u>	<u>242,946,100</u>	<u>-</u>	<u>242,946,100</u>	<u>113,924,460</u>
Excess of revenues over (under) expenditures	<u>\$ (1,897,498)</u>	<u>\$ (14,458,876)</u>	<u>\$ -</u>	<u>\$ (14,458,876)</u>	<u>\$ 12,561,378</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 Fund Net Position  
Water Operations Fund  
Year Ended December 31, 2015**

Revenues (budgetary basis)	\$ 127,124,142
Loan principal payments – SWRP (a.)	(1,673,333)
Loan principal payments – WRBP (a.)	(107,955,000)
Loan principal payments – SHLP (a.)	(220,081)
Loan principal payments – Water Rights (a.)	(172,823)
WPCRF state match loan repayment (c.)	(3,000,000)
DWRF state match loan repayment (c.)	<u>(3,000,000)</u>
Revenues (GAAP basis)	<u>11,102,905</u>
Expenditures (budgetary basis)	129,021,640
Depreciation (b.)	11,514
WPCRF and DWRF advance – state match provided (c.)	(5,290,200)
Bond principal payments – SWRP (d.)	(1,600,000)
Bond principal payments – WRBP (d.)	<u>(107,955,000)</u>
Expenses (GAAP basis)	<u>14,187,954</u>
Change in net position per statement of revenues, expenses and changes in net position	<u>\$ (3,085,049)</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. Depreciation of equipment is not budgeted.
- c. WPCRF and DWRF advance – state match provided is treated as expenditure when transferred to the respective program.
- d. Bond principal payments are treated as expenditures when paid.

**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 Pollution Control Fund  
Year Ended December 31, 2015**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
<b>Revenues:</b>					
Interest on investments	\$ 5,136,371	\$ 4,740,000	\$ -	\$ 4,740,000	\$ 396,371
Administrative fee	5,392,161	5,911,000	-	5,911,000	(518,839)
Loan interest income	9,608,309	12,918,000	-	12,918,000	(3,309,691)
EPA grants	17,291,550	63,029,146	-	63,029,146	(45,737,596)
Colorado state match	2,231,600	3,000,000	-	3,000,000	(768,400)
Loan principal repayments	35,937,955	35,957,000	-	35,957,000	(19,045)
Bond proceeds	15,650,000	78,000,000	-	78,000,000	(62,350,000)
Refunding Bond Proceeds	-	90,000,000	-	90,000,000	(90,000,000)
Total revenues	<u>91,247,946</u>	<u>293,555,146</u>	<u>-</u>	<u>293,555,146</u>	<u>(202,307,200)</u>
<b>Expenditures:</b>					
Grant administration	2,830,450	6,461,480	-	6,461,480	3,631,030
Bond principal payments	27,795,000	29,000,000	-	29,000,000	1,205,000
Advance repayments – state match	3,000,000	3,000,000	-	3,000,000	-
Transfer Administrative to DWRP	161,158	272,000	-	272,000	110,842
Project costs paid – direct loans	12,509,714	75,118,228	-	75,118,228	62,608,514
Loans made – leveraged loans	44,990,247	80,000,000	-	80,000,000	35,009,753
Planning and design grants to small local governments	82,505	1,000,000	-	1,000,000	917,495
Payment to refunded bond escrow	-	87,300,000	-	87,300,000	87,300,000
Refunding bonds issuance cost	-	2,700,000	-	2,700,000	2,700,000
Other	143,531	200,000	-	200,000	56,469
Loan principal forgiven	915,522	4,500,000	-	4,500,000	3,584,478
Bond interest expense	13,756,169	21,000,000	-	21,000,000	7,243,831
Capital asset acquisitions	-	5,000	-	5,000	5,000
Total expenditures	<u>106,184,296</u>	<u>310,556,708</u>	<u>-</u>	<u>310,556,708</u>	<u>204,372,412</u>
Excess of revenues over expenditures	<u>\$ (14,936,350)</u>	<u>\$ (17,001,562)</u>	<u>\$ -</u>	<u>\$ (17,001,562)</u>	<u>\$ 2,065,212</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, 2015**

Revenues (budgetary basis)	\$	91,247,946
Loan principal payments (a.)		(35,937,955)
Advance – state match provided (b.)		(2,231,600)
Bond proceeds (c.)		(15,650,000)
Revenues (GAAP basis)		<u>37,428,391</u>
 Expenditures (budgetary basis)		 106,184,296
Project costs paid – direct loans (d.)		(12,509,714)
Bond principal payments (e.)		(27,795,000)
Leverage Loans Made (f.)		(44,990,247)
State Match Repayment (g.)		(3,000,000)
Arbitrage rebate payments (h.)		(143,531)
Expenses (GAAP basis)		<u>17,745,804</u>
Change in net position per statement of revenues, expenses and changes in net position	\$	<u><u>19,682,587</u></u>

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

- a. 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, Expenses and Changes in Funds Available –  
Actual (Non-GAAP Budgetary Basis) and Budget  
Drinking Water Fund  
Year Ended December 31, 2015**

	<u>Actual</u>	<u>Original budget</u>	<u>Changes</u>	<u>Final budget</u>	<u>Variance – favorable (unfavorable)</u>
<b>Revenues:</b>					
Interest on investments	\$ 1,949,485	\$ 1,800,000	\$ -	\$ 1,800,000	\$ 149,485
Loan interest income	3,727,179	5,510,000	-	5,510,000	(1,782,821)
Loan principal repayments	22,266,242	23,660,000	-	23,660,000	(1,393,758)
Bond proceeds	8,125,000	37,253,000	-	37,253,000	(29,128,000)
Capital contributions – EPA	27,400,451	78,752,378	-	78,752,378	(51,351,927)
Colorado state match	3,058,600	3,200,000	-	3,200,000	(141,400)
EPA capitalization grant set asides revenue	6,207,008	7,245,588	-	7,245,588	(1,038,580)
Transfer Administrative Fees – WPCRF	161,158	272,000	-	272,000	(110,842)
Administrative fee income	3,952,853	4,475,000	-	4,475,000	(522,147)
Refunding bond proceeds	-	40,000,000	-	40,000,000	(40,000,000)
Total revenues	<u>76,847,976</u>	<u>202,167,966</u>	<u>-</u>	<u>202,167,966</u>	<u>(125,319,990)</u>
<b>Expenditures:</b>					
Grant administration – State funded	1,389,587	2,620,052	-	2,620,052	1,230,465
Bond principal payments made	12,065,000	12,500,000	-	12,500,000	435,000
Advance repayments – State match	3,000,000	3,000,000	-	3,000,000	-
Project costs paid – direct loans	12,171,197	78,800,000	-	78,800,000	66,628,803
Loans made – leveraged	29,239,503	40,000,000	-	40,000,000	10,760,497
Planning and design grants to small local governments	229,908	1,000,000	-	1,000,000	770,092
Payment to refunded bond escrow	-	38,800,000	-	38,800,000	38,800,000
Refunding bonds issuance cost	-	1,200,000	-	1,200,000	1,200,000
Loan principal forgiven	3,053,188	10,740,000	-	10,740,000	7,686,812
Bond interest expense	5,448,654	9,500,000	-	9,500,000	4,051,346
EPA capitalization grant set asides	5,122,840	5,488,760	-	5,488,760	365,920
Arbitrage rebate payments	-	100,000	-	100,000	100,000
Capital asset acquisitions	-	5,000	-	5,000	5,000
Total expenditures	<u>71,719,877</u>	<u>203,753,812</u>	<u>-</u>	<u>203,753,812</u>	<u>132,033,935</u>
Excess of revenues over expenditures	<u>\$ 5,128,099</u>	<u>\$ (1,585,846)</u>	<u>\$ -</u>	<u>\$ (1,585,846)</u>	<u>\$ 6,713,945</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  
December 31, 2015**

Revenues (budgetary basis)	\$	76,847,976
Loan principal payments (a.)		(22,266,242)
Advance – state match provided (b.)		(3,058,600)
Bond proceeds (c.)		(8,125,000)
Revenues (GAAP basis)		<u>43,398,134</u>
Expenditures (budgetary basis)		71,719,877
Project costs paid – direct loans (d.)		(12,171,197)
Bond principal payments made (e.)		(12,065,000)
Leveraged loans made (f.)		(29,239,503)
State Match Repayment (g.)		(3,000,000)
Expenses (GAAP basis)		<u>15,244,177</u>
Change in net position per statement of revenues, expenses and changes in fund net position	\$	<u><u>28,153,957</u></u>

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

- a. Loan principal payments are recorded as revenue when received from the borrower.
- b. 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, 2015**

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.

	<b>Project costs payable</b>
Water Operations Fund:	
WRBP:	
2011C Donala Water and Sanitation District	\$ 4,621,075
2014A Fountain, City of	4,127,479
2009A North Weld County Water District	1,614,502
2011B Steamboat Springs, City of	3,331,274
Total Water Operations Fund	13,694,330
Water Pollution Control Fund:	
Direct loans:	
Base program:	
Ault, Town of	1,646,137
Empire, Town of	10,767
Estes Park Sanitation District	3,132,649
Estes Park Sanitation District	1,273,470
Fairways Metropolitan District	1,475,164
Granby, Town of	438,381
Hayden, Town of	574,814
La Jara, Town of	35,698
Larimer County LID 2013-1 (Berthoud Estates)	832,984
Loma Linda Sanitation District	686,064
Lyons, Town of	103,611
Mansfield Heights Water and Sanitation District	101,022
Pagosa Springs General Improvement District, Town of	461,863
Ralston Valley Water and Sanitation District	23,426
Three Lakes Water & Sanitation District	797,310
Woodland Park, City of	1,831,476

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Project Costs Payable – By Borrower  
December 31, 2015**

	<u>Project costs payable</u>
Water Pollution Control Fund (Continued):	
Base program - disadvantaged communities:	
Cedaredge, Town of	1,227,899
Cheraw, Town of	10,233
Dinosaur, Town of	100,000
Fowler, Town of	1,328,058
Gilcrest, Town of	1,090,000
Hotchkiss, Town of	700,000
La Veta, Town of	10,587
Monte Vista, City of	1,396,612
Mountain View Villages Water and Sanitation District	15,177
Pritchett, Town of	143,954
Rocky Ford, City of	17,685
Shadow Mountain Village Local Improvement District	212,609
South Sheridan Water, Sanitary Sewer and Storm Drainage District	20,000
Yampa Valley Housing Authority	79,823
Total direct loans	<u>19,777,473</u>
Leveraged loans:	
2010B Boxelder Sanitation District	80,920
2010A Glenwood Springs, City of	192,900
2015A La Junta, City of	13,581,983
2015A Louisville, City of	28,987,977
2014A Pueblo, City of	1,361,244
2014A South Adams County Water & Sanitation District	4,820,702
Total leveraged loans	<u>49,025,726</u>
Total Water Pollution Control Fund	<u>68,803,199</u>
Drinking Water Fund:	
Direct loans:	
Base program:	
Castle Pines Metropolitan District	1,800,000
Coal Creek, Town of	67,587
Dillon, Town of	1,691,841
Edgewater, City of	1,339,762
El Rancho Florida Metropolitan District	104,154
Evans, City of	210,569
Forest View Acres Water District	144,792
Genesee Water & Sanitation District	2,500,000
Hayden, Town of	510,378
Highland Lakes Water District	1,953,803
Larimer County LID 2013-3 (Fish Creek)	230,845
Rangely, Town of	10,000
Rifle, City of	2,000,000
Spring Canyon Water & Sanitation District	2,200,000
Teller County Water and Sanitation District #1	37,334



**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Project Costs Payable – By Borrower  
December 31, 2015**

	<u>Project costs payable</u>
Drinking Water Fund (continued):	
Base program - disadvantaged communities:	
Antonito, Town of	2,924,821
Center, Town of	1,103,000
Costilla County Garcia Domestic Water System	223,373
Empire, Town of	349,339
Flagler, Town of	652,900
Flagler, Town of	190,100
Florissant Water & Sanitation District	88,767
Granby, Town of	114,751
Lake City, Town of	355,150
Larkspur, Town of	1,401,214
Louviers Water and Sanitation District	20,000
Manzanola, Town of	241,775
Merino, Town of	977,172
Paonia, Town of	90,443
Shadow Mountain Village Local Improvement District	312,524
South Sheridan Water, Sanitary Sewer and Storm Drainage District	20,000
Wiley, Town of	30,344
Williamsburg, Town of	10,000
Yampa, Town of	614,724
Yampa Valley Housing Authority	130,305
Total direct loans	<u>24,651,767</u>
Leveraged loans:	
2015A Denver Southeast Water & Sanitation District	13,563,228
2015A Genesee Water & Sanitation District	8,565,493
2014A Left Hand Water District	18,541,433
2014A Paonia, Town of	3,000,000
2015A Roxborough Water & Sanitation District (Plum Valley)	5,182,000
2012A Rifle, City of	8,654,814
2011A Sterling, City of	1,877,066
Total leveraged loans	<u>59,384,034</u>
Total Drinking Water Fund	84,035,801
Total project costs payable	<u>\$ 166,533,330</u>

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Loans Receivable – By Borrower  
December 31, 2015**

	<u>Loans Receivable</u>
<b>Water Operations Fund:</b>	
Small Hydro Loan Program:	
2009           Cortez, City of	\$       891,804
2011           Northern Water Conservancy District	1,748,088
2013           Tri-County Water Conservancy District	<u>1,833,884</u>
Total Water Operations Fund loans receivable – SHLP	<u>4,473,776</u>
Water Rights Purchase - ALP:	
2013           Durango, City of	<u>3,636,428</u>
Small Water Resources Program:	
1997A          Monument, Town of	275,000
1997A          Parker Water and Sanitation District	689,167
2000A          Parker Water and Sanitation District	7,451,666
2003A          Rifle, City of	<u>715,000</u>
Total Water Operations Fund loans receivable – SWRP	<u>9,130,833</u>
Water Revenue Bond Program:	
2004E          Copper Mountain Consolidated Metropolitan District	1,890,000
2005F          Copper Mountain Consolidated Metropolitan District	2,120,000
2011C          Donala Water and Sanitation District	5,910,000
2004B          Englewood, City of	4,780,000
2005B          Fort Lupton, City of	1,370,000
2008A          Fountain, City of	7,650,000
2011A          Fountain, City of	8,810,000
2013A          Fountain, City of	11,160,000
2014A          Fountain, City of	16,835,000
2009A          North Weld County Water District	5,350,000
2010A          Parker Water and Sanitation District	51,485,000
2011B          Steamboat Springs, City of	<u>10,635,000</u>
Total Water Operations Fund loans receivable – WRBP	<u>127,995,000</u>
Total Water Operations Fund loans receivable	<u>145,236,037</u>
<b>Water Pollution Control Fund:</b>	
Federal direct loans:	
Base program:	
2015          Ault, Town of	1,991,667
2013          Bayfield, Town of	550,165
2006          Bennett, Town of	104,257
2006          Boulder County	1,020,093
1998          Byers Water and Sanitation District	72,356

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

		<u>Loans Receivable</u>
Water Pollution Control Fund (continued):		
2012	Cherokee Metropolitan District	1,990,000
2010	Cherry Hills Heights Water and Sanitation District	110,638
2011	Colorado Centre Metropolitan District	1,672,586
2007	Cortez Sanitation District	1,315,428
2010	Crested Butte, Town of	1,171,243
2006	Cucharas Sewer and Water District	512,217
2007	Donala Water and Sanitation District	1,433,338
1991	Eagle, Town of	1,074,227
2007	Elizabeth, Town of	714,011
1997	Erie, Town of	73,801
2009	Erie, Town of	658,605
2014	Estes Park Sanitation District	2,872,730
2015	Estes Park Sanitation District	1,273,470
1998	Evans, City of	97,429
2009	Evergreen Metropolitan District	1,506,919
2008	Fairplay Sanitation District	1,459,644
2013	Fairways Metropolitan District	1,407,325
2004	Garden Valley Water and Sanitation District	166,259
2015	Granby, Town of	2,500,000
2012	Hayden, Town of	555,117
2013	Hillcrest Water and Sanitation District	495,319
2012	Hot Sulphur Springs, Town of	617,155
2002	Julesburg, Town of	356,029
1999	Kersey, Town of	50,326
2006	Kersey, Town of	1,138,180
2005	Kremmling Sanitation District	556,589
1999	La Junta, City of	110,654
2010	Lamar, City of	1,633,603
2008	Larimer County Local Improvement District	262,171
2010	Larimer County Local Improvement District	206,631
2013	Larimer County Local Improvement District	1,125,666
2014	Larimer County Local Improvement District	951,638
1998	Las Animas, City of	227,502
1999	Left Hand Water and Sanitation District	27,359
2000	Left Hand Water and Sanitation District	16,325
1995	Log Lane Village, Town of	9,260
2014	Loma Linda Sanitation District	875,796
2014	Lyons, Town of	5,062,426
2013	Mansfield Heights Water and Sanitation District	551,810
1997	Manzanola, Town of	8,945
1999	Monte Vista, Town of	240,039
2012	Mountain Water and Sanitation District	1,750,000

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

		<u>Loans Receivable</u>
Water Pollution Control Fund (continued):		
2011	Nederland, Town of	1,650,000
1999	New Castle, Town of	116,025
1996	Ordway, Town of	26,121
2009	Pagosa Area Water and Sanitation District	732,398
1997	Pagosa Springs General Improvement District, Town of	48,813
2006	Ralston Valley Water and Sanitation District	767,759
2012	South Durango Sanitation District	704,193
2000	Springfield, Town of	66,410
2011	Tabernash Meadows Water and Sanitation District	292,000
2014	Three Lakes Water & Sanitation District	1,993,181
2010	Upper Blue Sanitation District	1,553,357
2010	Woodland Park, City of	524,796
2015	Woodland Park, City of	2,000,000
Base program-disadvantaged communities:		
2006	Ault, Town of	793,712
2009	Boone, Town of	241,425
2015	Cedaredge, Town of	975,000
2010	Cheyenne Wells Sanitation District #1	216,335
2006	Clifton Sanitation District #2	1,142,857
2014	Cokedale, Town of	159,396
2009	Crested Butte South Metropolitan District	1,756,017
2011	Crowley, Town of	1,662,764
2015	Dinosaur, Town of	97,500
2014	Fowler, Town of	1,330,000
2015	Gilcrest, Town of	1,085,886
2006	Haxtun, Town of	191,143
2015	Hotchkiss, Town of	242,239
2009	Kit Carson, Town of	187,775
2006	La Jara, Town of	393,750
2015	La Jara, Town of	350,000
2014	La Veta, Town of	256,500
2014	La Veta, Town of	117,000
2008	Las Animas, City of	245,050
2011	Las Animas, City of	260,372
2013	Las Animas, City of	118,150
2009	Mancos, Town of	700,000
2011	Mancos, Town of	46,795
2008	Manzanola, Town of	64,800
2015	Monte Vista, City of	1,361,697
2009	Mountain View Villages Water and Sanitation District	1,161,722

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

		<b>Loans Receivable</b>
Water Pollution Control Fund (continued):		
2012	Naturita, Town of	104,880
2013	Olney Springs, Town of	290,700
2006	Ordway, Town of	344,425
2014	Pagosa Springs General Improvement District, Town of	1,992,451
2008	Penrose Sanitation District	92,160
2006	Pierce, Town of	618,943
2015	Pritchett, Town of	179,500
2011	Redstone Water and Sanitation District	1,835,762
2012	Rocky Ford, City of	1,362,869
2014	Rocky Ford, City of	680,325
2007	Romeo, Town of	108,264
2009	Seibert, Town of	108,750
2015	Shadow Mountain Village Local Improvement District	402,827
2011	Silver Plume, Town of	105,684
2012	Simla, Town of	101,500
2013	South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,819,722
2006	Springfield, Town of	307,050
2006	Stratton, Town of	275,030
2006	Sugar City Town of	183,600
2009	Sugar City Town of	33,103
2015	Yampa Valley Housing Authority	598,424
ARRA direct loans:		
2009	Erie, Town of	1,450,000
2009	Georgetown, Town of	2,755,000
2009	Manitou Springs, City of	60,466
2009	Pagosa Area Water and Sanitation District	5,277,406
2009	Pueblo, City of	1,087,500
	Total WPCRF direct loans	<u>90,386,227</u>
Leveraged loans:		
2007A	Bayfield, Town of	3,550,000
2010B	Boxelder Sanitation District	9,075,000
2010B	Brush!, City of	7,840,000
1998A	Buena Vista Sanitation District	545,190
2006B	Cherokee Metropolitan District	9,636,472
2006A	Clifton Sanitation District #2	6,295,000
2003A	Colorado City Metropolitan District	878,848
1998B	Colorado Springs, City of	8,301,260
2001A	Cortez Sanitation District	3,300,000
1996A	Crested Butte, Town of	186,900
2002B	Denver Southeast Suburban Water and Sanitation District	3,015,000
2005A	Denver Southeast Suburban Water and Sanitation District	2,890,000
2006A	Donala Water and Sanitation District	3,133,916

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

		<b>Loans Receivable</b>
Water Pollution Control Fund (continued):		
1998A	Eagle River Water and Sanitation District	1,333,124
1997A	Eagle, Town of	316,630
2007A	Eagle, Town of	9,119,220
2005A	Eaton, Town of	3,170,808
2008A	Elizabeth, Town of	3,679,088
2004A	Englewood, City of	29,505,414
1997A	Erie, Town of	251,083
1998A	Evans, City of	216,420
2001A	Fort Collins, City of	3,385,000
2011A	Fountain Sanitation District	5,701,310
1999A	Fremont Sanitation District	2,147,100
2010A	Fruita, City of	19,280,000
2005B	Glendale, City of	5,994,532
2010A	Glenwood Springs, City of	25,953,000
2006A	Granby Sanitation District	3,063,846
1999A	Grand County Water and Sanitation District	807,533
1996A	Idaho Springs, City of	111,993
2015A	La Junta, City of	13,324,595
2001A	Lafayette, City of	3,288,460
2004A	Littleton, City of	29,029,583
2015A	Louisville, City of	31,451,348
2007A	Mead, Town of	2,060,000
2002A	Mesa County	4,350,000
2003A	Milliken, Town of	3,044,284
2001A	Mount Crested Butte Water and Sanitation District	1,909,299
2011A	Nederland, Town of	1,627,412
2008A	New Castle, Town of	5,974,714
1997A	Parker Water and Sanitation District	448,316
2000A	Parker Water and Sanitation District	3,931,116
2001A	Parker Water and Sanitation District	1,834,488
2002B	Parker Water and Sanitation District	10,942,848
2001A	Plum Creek Wastewater Authority	9,765,000
2002B	Plum Creek Wastewater Authority	1,460,000
2005A	Plum Creek Wastewater Authority	900,000
2003A	Pueblo, City of	3,956,760
2010A	Pueblo, City of	18,578,866
2014A	Pueblo, City of	4,164,724
2011A	Pueblo West Metropolitan District	4,348,779
2007A	Rifle, City of	12,827,964
2005A	Roxborough Water and Sanitation District	5,785,000
2002A	South Adams County Water and Sanitation District	3,075,000
2014A	South Adams County Water and Sanitation District	22,174,058
1999A	Steamboat Springs, City of	744,623
2001A	Steamboat Springs, City of	2,178,358

**Colorado Water Resources  
and Power Development Authority  
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Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

	<b>Loans Receivable</b>
Water Pollution Control Fund (continued):	
1997A Sterling, City of	181,978
2000A Summit County	5,514,628
2000A Three Lakes Water and Sanitation District	1,793,988
1998A Trinidad, City of	1,335,250
1997A Upper Blue Sanitation District	1,111,937
2005B Upper Blue Sanitation District	4,720,000
2002A Wellington, Town of	2,042,096
1997A Westminster, City of	1,942,120
1998A Westminster, City of	425,257
2005A Westminster, City of	8,450,000
2011A Windsor, Town of	2,390,896
Total WPCRF leveraged loans	405,767,432
Total Water Pollution Control Fund loans receivable	496,153,659
Drinking Water Fund:	
State direct loans:	
1996 Bayfield, Town of	20,005
1997 Fairplay, Town of	28,952
1997 Idaho Springs, City of	56,577
1996 Nunn, Town of	24,369
1998 Redstone Water and Sanitation District	60,185
1997 Westlake Water and Sanitation District	15,278
Federal direct loans:	
Base program:	
2011 Alma, Town of	335,922
2009 Baca Grande Water and Sanitation District	1,122,622
2002 Basalt, Town of	425,536
2010 BMR Metropolitan District	859,447
2006 Castle Pines Metropolitan District	1,298,050
2006 Castle Pines Metropolitan District	166,737
2014 Castle Pines Metropolitan District	1,793,863
1998 Chatfield South Water District	76,403
2013 Coal Creek, Town of	321,731
2010 Colorado Springs Utilities	6,832,606
2015 Columbine Lake Water District	687,648
2010 Cortez, City of	351,588
2012 Crested Butte, Town of	346,911
2010 Crested Butte South Metropolitan District	819,540
2013 Crested Butte South Metropolitan District	458,471
2006 Cucharas Sanitation and Water District	179,409
2012 Cucharas Sanitation and Water District	77,922
2015 Dillon, Town of	1,793,863
2010 Divide MPC Metropolitan District #1	110,472

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

		<b>Loans Receivable</b>
		<hr/>
Drinking Water Fund (continued):		
2015	Edgewater, City of	1,993,181
2011	El Rancho Florida Metropolitan District	1,214,188
2013	Evans, City of	1,252,632
2005	Florence, City of	451,816
2012	Forest View Acres Water District	1,750,000
2015	Genesee Water & Sanitation District	2,500,000
2011	Georgetown, Town of	605,224
2010	Grand Junction, City of	2,961,332
2002	Hayden, Town of	404,131
2014	Hayden, Town of	911,880
2015	Highland Lakes Water District	2,000,000
2014	La Plata County Palo Verde Public Improvement District	265,843
2009	Lake Durango Water Authority	1,460,017
2009	Lamar, City of	833,266
2014	Larimer County Local Improvement District	312,348
1998	Left Hand Water and Sanitation District	34,248
2011	Mountain Water and Sanitation District	775,000
2003	Mustang Water Authority	365,715
2009	Nederland, Town of	1,848,579
2003	Oak Creek, Town of	444,124
2005	Olde Stage Water District	57,394
2008	Olde Stage Water District	110,523
2003	Ouray, City of	317,938
2009	Palmer Lake, Town of	1,315,590
2010	Pine Drive Water District	194,248
2004	Pinewood Springs Water District	66,037
2006	Pinewood Springs Water District	459,113
2006	Platte Canyon Water and Sanitation District Subdistrict #1	255,182
2008	Platte Canyon Water and Sanitation District Subdistrict #2	301,696
2006	Ralston Valley Water and Sanitation District	827,612
2013	Rangely, Town of	1,399,348
2012	Rifle, City of	1,716,011
2011	Salida, City of	449,625
2000	Sedalia Water and Sanitation District	92,645
2015	Spring Canyon Water & Sanitation District	2,200,000
2004	Swink, Town of	344,506



**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

		<b>Loans Receivable</b>
Drinking Water Fund (continued):		
2010	Teller County Water & Sanitation District	1,426,819
1999	Thunderbird Water and Sanitation District	77,918
2002	Thunderbird Water and Sanitation District	150,245
2013	Timbers Water and Sanitation District	306,250
2010	Tree Haus Metropolitan District	748,236
2001	Wellington, Town of	417,022
2003	Westwood Lakes Water District	234,857
2002	Woodland Park, City of	336,534
Base program-disadvantaged communities:		
2015	Antonito, Town of	1,010,149
2009	Arriba, Town of	404,000
2006	Bethune, Town of	292,600
2011	Blanca, Town of	276,946
2006	Boone, Town of	375,008
2006	Bristol Water and Sanitation District	133,333
2015	Center, Town of	1,084,617
2009	Creede, City of	1,019,654
2012	Crowley, Town of	93,333
2008	Del Norte, Town of	489,182
2008	East Alamosa Water and Sanitation District	1,500,000
2008	Eckley, Town of	62,500
2015	Flagler, Town of	652,900
2006	Genoa, Town of	125,417
2007	Hillrose, Town of	560,422
2008	Hotchkiss, Town of	444,928
2008	Kim, Town of	90,467
2005	La Jara, Town of	95,000
2008	La Veta, Town of	949,015
2015	Lake City, Town of	491,667
2014	Larkspur, Town of	1,933,333
2008	Las Animas, Town of	622,533

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

		<b>Loans Receivable</b>
Drinking Water Fund (continued):		
2005	Log Lane Village, Town of	721,666
2012	Louviers Water and Sanitation District	128,013
2011	Manassa, Town of	418,965
2012	Merino, Town of	103,274
2011	Mesa Water and Sanitation District	92,876
2011	Monte Vista, City of	306,807
2012	Navajo Western Water District	885,843
2011	Nunn, Town of	385,431
2006	Ordway, Town of	143,333
2007	Ordway, Town of	83,820
2006	Palisade, Town of	1,400,000
2008	Paonia, Town of	279,594
2006	Pritchett, Town of	136,667
2009	Rockvale, Town of	245,786
2009	Rye, Town of	449,888
2006	Sedgwick, Town of	286,317
2013	South Sheridan Water, Sanitary Sewer and Storm Drainage District	1,922,472
2007	Stratton, Town of	390,378
2008	Stratton, Town of	74,601
2013	Stratton, Town of	873,050
2010	Swink, Town of	222,395
2006	Walden, Town of	619,097
2014	Williamsburg, Town of	802,263
2014	Yampa, Town of	521,073
2015	Yampa Valley Housing Authority	239,089
ARRA direct loans:		
2009	Divide MPC Metropolitan District	105,799
2009	Florence, City of	1,400,000
2009	Gateway Metropolitan District	418,017
2009	Georgetown, Town of	971,500
2009	Hot Sulphur Springs, Town of	942,500
2009	La Junta, City of	1,326,750
2009	Lamar, City of	2,865,472
2009	Manitou Springs, City of	899,987
2009	Manitou Springs, City of	389,527
2009	Manitou Springs, City of	899,987
2009	Ophir, Town of	362,500
2009	Ridgway, Town of	326,250
	Total Drinking Water Fund direct loans	89,800,971
Leveraged loans:		
2006B	Alamosa, City of	7,529,433
2006B	Arapahoe County Water and Wastewater PID	8,457,208

**Colorado Water Resources  
and Power Development Authority  
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Schedule of Loans Receivable – By Borrower (Continued)  
December 31, 2015**

	<b>Loans Receivable</b>
Drinking Water Fund (continued):	
1997A Arapahoe Estates Water District	137,938
1998A Buena Vista, Town of	248,272
2014A Clifton Water District	13,624,268
2006B Cottonwood Water and Sanitation District	6,847,181
2006A Craig, City of	3,856,553
2015A Denver Southeast Suburban Water & Sanitation District	14,243,059
1997A Englewood, City of	2,744,937
2008A Estes Park, Town of	4,058,371
2000A Evergreen Metropolitan District	1,752,302
2002A Evergreen Metropolitan District	834,209
2003B Florence, City of	7,080,310
1997A Fort Collins, City of	1,063,651
1999A Fort Collins, City of	1,120,423
1998A Fort Morgan, City of	3,377,596
2000A Fountain Valley Authority	2,367,897
2003A Fountain Valley Authority	1,512,874
2015A Genesee Water & Sanitation District	9,648,862
1999A Glenwood Springs, City of	852,964
1999A Grand County Water and Sanitation District	599,713
2002A Grand Junction, City of	1,551,599
1999A Greeley, City of	3,830,923
2002A Idaho Springs, City of	946,930
1999A Julesburg, Town of	251,382
2002A La Junta, City of	4,226,966
1999A Left Hand Water District	1,500,376
2014A Left Hand Water District	28,538,926
2000A Limon, Town of	454,992
2006A Little Thompson Water District	3,890,719
2003A Longmont, City of	9,066,271
2003A Lyons, Town of	2,315,197
2008A Pagosa Area Water and Sanitation District	6,350,069
2006B Palisade, Town of	2,899,657
2014A Paonia, Town of	2,859,277
2008B Project 7 Water Authority	7,663,935
2000A Pueblo Board of Waterworks	6,115,487
2012A Rifle, City of	20,179,761
2015A Roxborough Water & Sanitation District(Plum Valley)	5,193,390
2011A Sterling, City of	24,803,982
2000A Westminster, City of	4,277,088
Total Drinking Water Fund leveraged loans	228,874,948
Total Drinking Water Fund loans receivable	318,675,919
Total loans receivable	\$ 960,065,615

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**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Bonds Payable – By Issue  
December 31, 2015**

<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	\$ 275,000	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
2003 Series A	9,610,000	735,000	2.0% – 4.50%	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 bonds of approximately \$6,400,000	2014 – 2023 at par
2006 Series A	<u>13,970,000</u>	<u>8,315,000</u>	3.75% – 5.00%	Serial Bonds through 2019	The bonds are not subject to early redemption
Total Small Water Resources Program Revenue Bonds	<u>33,305,000</u>	<u>9,325,000</u>			

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Bonds Payable – By Issue  
December 31, 2015**

<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	4,780,000	3.0% – 5.0%	Serial Bonds through 2017	2014 – 2017 at par
2004 Series E	3,540,000	1,890,000	2.0% – 4.54%	Serial Bonds through 2024	2014 – 2024 at par
2005 Series B	2,300,000	1,370,000	3.0% – 4.625%	Serial Bonds through 2017, term bonds subject to mandatory redemption 2020 - 2025	2015 – 2025 at par
2005 Series F	3,690,000	2,120,000	4.0% – 4.5%	Serial Bonds through 2024	2016 – 2024 at par
2008 Series A	8,795,000	7,650,000	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	5,350,000	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	8,810,000	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	10,635,000	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	5,910,000	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	11,160,000	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	16,835,000	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>152,645,000</u>	<u>127,995,000</u>			
Total Water Operations Fund	<u>\$ 185,950,000</u>	<u>\$ 137,320,000</u>			

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Bonds Payable – By Issue  
December 31, 2015**

<b>Water Pollution Control Revolving Fund</b>	<b>Original issue amount</b>	<b>Current amount outstanding</b>	<b>Interest rate</b>	<b>Due dates</b>	<b>Early redemption</b>
Clean Water Revenue Bonds:					
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	\$ 10,000	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	285,000	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  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Bonds Payable – By Issue  
December 31, 2015**

<b>Water Pollution Control Revolving Fund</b>	<b>Original issue amount</b>	<b>Current amount outstanding</b>	<b>Interest rate</b>	<b>Due dates</b>	<b>Early redemption</b>
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	115,000	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	305,000	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	165,000	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	515,000	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	1,555,000	4.0% – 5.625%	Serial Bonds through 2019, term bonds subject to mandatory redemption in 2020 through 2021. \$37,250,000 of bonds maturing in 2012 and thereafter were refunded with the issuance of the 2005 Series A-2 Wastewater Revolving Fund Refunding Revenue Bonds	2012 – 2021 at par



**Colorado Water Resources  
and Power Development Authority  
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Schedule of Bonds Payable – By Issue  
December 31, 2015**

<b>Water Pollution Control Revolving Fund</b>	<b>Original issue amount</b>	<b>Current amount outstanding</b>	<b>Interest rate</b>	<b>Due dates</b>	<b>Early redemption</b>
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	21,315,000	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	10,210,000	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	12,000,000	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	8,970,000	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	26,205,000	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	8,870,000	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	61,350,000	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	16,915,000	2.0% – 4.0%	Serial Bonds through 2032	2020 – 2032 at par
Clean Water 2011 Series A (Windsor, Nederland, Fountain SD, Pueblo West)	14,620,000	11,985,000	2.0% – 4.0%	Serial Bonds through 2032	2021 – 2032 at par
Clean Water 2014 Series A (South Adams County, Pueblo)	9,075,000	9,055,000	2.0% – 4.0%	Serial Bonds through 2036	2025 – 2036 at par
Clean Water 2015 Series A (La Junta, Louisville)	15,650,000	15,580,000	2.0% – 5.0%	Serial Bonds through 2037	2026 – 2037 at par
Total WPCRF Clean Water Revenue Bonds payable	<u>508,415,000</u>	<u>205,405,000</u>			

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Bonds Payable – By Issue  
December 31, 2015**

<b>Water Pollution Control Revolving Fund</b>	<b>Original issue amount</b>	<b>Current amount outstanding</b>	<b>Interest rate</b>	<b>Due dates</b>	<b>Early redemption</b>
Revenue Bonds 2004 Series A (Partial refunding of the following Clean Water Bonds: 1996A, 1997B, and 2000A)	36,705,000	13,895,000	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	37,085,000	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)	61,215,000	58,105,000	2.0% – 5.00%	Serial Bonds through 2025	2023 – 2025 at par
	<u>176,785,000</u>	<u>109,085,000</u>			
Total Water Pollution Control Revolving Fund	<u>\$ 685,200,000</u>	<u>\$ 314,490,000</u>			

**Colorado Water Resources  
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Schedule of Bonds Payable – By Issue  
December 31, 2015**

<b>Drinking Water Revolving Fund</b>	<b>Original issue amount</b>	<b>Current amount outstanding</b>	<b>Interest rate</b>	<b>Due dates</b>	<b>Early redemption</b>
Drinking Water Revenue Bonds Series 2006A (City of Craig and Little Thompson Water District)	11,275,000	7,155,000	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	23,375,000	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	9,500,000	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	6,680,000	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	21,535,000	2.0% – 4.375%	Serial Bonds through 2032	2022 – 2032 at par
Drinking Water Revenue Bonds Series 2012A (City of Rifle)	17,970,000	16,590,000	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)	11,440,000	10,630,000	2.0% – 3.25%	Serial Bonds through 2035	2025 – 2035 at par
Drinking Water Revenue Bonds Series 2015A (Genesee, Denver SE Plum Valley Heights)	8,125,000	7,975,000	2.0% – 4.0%	Serial Bonds through 2028, term bonds subject to mandatory redemption in 2029, 2030, 2035 & 2036	2026 – 2036 at par
Total DWRF Revenue Bonds payable	<u>131,455,000</u>	<u>103,440,000</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	12,985,000	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	26,510,000	2.0% – 5.0%	Serial Bonds through 2025	2023 – 2025 at par
	<u>55,765,000</u>	<u>39,495,000</u>			
Total Drinking Water Revolving Fund	<u>\$ 187,220,000</u>	<u>\$ 142,935,000</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, 2015**

	<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	\$ -	\$ -	\$ -	\$ 8,500,000	\$ -	\$ -	\$ -	\$ 8,500,000
Small Water Resources Projects Bonded Funds	-	-	-	392,424	-	-	-	392,424
Water Revenue Bonds Program	-	-	11,956,742	4,142,230	-	5,130,000	-	21,228,972
Animas - La Plata Account	-	1,569,412	-	-	-	-	-	1,569,412
Authority Operating	2,061,724	12,981,551	-	51,615	-	-	-	15,094,890
Subtotal– Water Operations Fund	<u>2,061,724</u>	<u>14,550,963</u>	<u>11,956,742</u>	<u>13,086,269</u>	<u>-</u>	<u>5,130,000</u>	<u>-</u>	<u>46,785,698</u>
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1996 Series A	-	-	162,729	-	-	-	94,465	257,194
Clean Water Revenue Bonds, 1997 Series A	-	-	352,857	-	-	-	1,260,321	1,613,178
Clean Water Revenue Bonds, 1998 Series A	-	-	367,616	-	-	-	1,349,078	1,716,694
Clean Water Revenue Bonds, 1998 Series B	-	-	293,079	-	-	-	2,606,300	2,899,379
Clean Water Revenue Bonds, 1999 Series A	-	-	299,115	-	-	-	1,271,279	1,570,394
Clean Water Revenue Bonds, 2000 Series A	-	-	547,367	-	-	-	3,273,660	3,821,027
Clean Water Revenue Bonds, 2001 Series A	-	-	946,834	-	11,750	-	9,700,054	10,658,638
Refunding Revenue Bonds, 2004 Series A	-	-	113,387	-	-	-	-	113,387
Clean Water Revenue Bonds, 2005 Series A	-	-	590,641	-	-	-	11,606,163	12,196,804
Clean Water Revenue Bonds, 2005 Series B	-	-	269,917	-	-	-	4,653,739	4,923,656
Refunding Revenue Bonds, 2005 Series A and A2	-	-	672,339	-	803,444	-	-	1,475,783
Clean Water Revenue Bonds, 2006 Series A	-	-	713,721	-	-	-	6,500,407	7,214,128
Clean Water Revenue Bonds, 2006 Series B	-	-	210,843	-	-	-	3,332,358	3,543,201
Clean Water Revenue Bonds, 2007 Series A	-	-	557,696	-	-	-	11,267,430	11,825,126
Clean Water Revenue Bonds, 2008 Series A	-	-	1,645	-	3,919,012	-	-	3,920,657
Clean Water Revenue Bonds, 2010 Series A	-	-	388,722	-	23,620,370	-	-	24,009,092
Clean Water Revenue Bonds, 2010 Series B	-	-	106,206	-	11,862,386	-	-	11,968,592
Clean Water Revenue Bonds, 2011 Series A	-	-	3,015	-	10,416,981	-	-	10,419,996
Refunding Revenue bonds, 2013 Series A	-	-	-	11,017,429	-	-	-	11,017,429
Clean Water Revenue Bonds, 2014 Series A	-	-	-	2,885,020	-	-	-	2,885,020
Clean Water Revenue Bonds, 2015 Series A	-	-	-	16,674,643	-	-	-	16,674,643
Direct Loan Project Accounts	-	-	-	1,961,024	-	-	-	1,961,024
WPCRF State Match Holding Account	-	4,456,837	-	-	-	-	-	4,456,837
Direct Loan Surplus Matching Account	-	-	2,077,025	-	-	-	-	2,077,025
CWSRF Re loan Account	-	-	99,277,304	-	-	-	-	99,277,304
WPCRF Administrative Fee Account	-	-	-	20,116,541	-	-	-	20,116,541
WPCRF LL Pre construction Account	-	-	-	333,408	-	-	-	333,408
WPCRF DL Pre construction Account	-	-	-	18,131	-	-	-	18,131
Subtotal– Water Pollution Control Revolving Fund	<u>-</u>	<u>4,456,837</u>	<u>107,952,058</u>	<u>53,006,196</u>	<u>50,633,943</u>	<u>-</u>	<u>56,915,254</u>	<u>272,964,288</u>

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

**Schedule of Cash, Cash Equivalents and Investments Held by Trustees – By Investment Type (Continued)  
December 31, 2015**

	Cash	Cash held by State Treasurer	Money Market	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:								
Refunding Revenue Bonds, 2005 Series A	-	-	497,142	-	-	-	-	497,142
Drinking Water Revenue Bonds, 2006 Series A	-	-	333,044	-	-	-	3,119,190	3,452,234
Drinking Water Revenue Bonds, 2006 Series B	-	-	1,093,289	-	-	-	9,951,391	11,044,680
Drinking Water Revenue Bonds, 2008 Series A	-	-	342,531	-	5,025,740	-	-	5,368,271
Drinking Water Revenue Bonds, 2008 Series B	-	-	1,142	-	4,151,623	-	-	4,152,765
Drinking Water Revenue Bonds, 2011 Series A	-	-	868,030	-	13,793,173	-	-	14,661,203
Drinking Water Revenue Bonds, 2012 Series A	-	-	2,487,279	-	15,146,670	-	-	17,633,949
Refunding Revenue Bonds, 2013 Series A	-	-	-	7,806,446	-	-	-	7,806,446
Drinking Water Revenue Bonds, 2014 Series A	-	-	-	6,256,939	-	-	-	6,256,939
Drinking Water Revenue Bonds, 2015 Series A	-	-	-	8,211,689	-	-	-	8,211,689
DWRF DL Preconstruction Account	-	-	-	159,729	-	-	-	159,729
DWRF LL Preconstruction-State Match Account	-	-	-	3,019,200	-	-	-	3,019,200
Federal Direct Loan Project, Accounts	-	-	-	4,268,289	-	-	-	4,268,289
Drinking Water Funding Account	-	183,897	-	-	-	-	-	183,897
Drinking Water State Match Holding Account	-	2,375	-	-	-	-	-	2,375
State Direct Loan Surplus Matching Account	-	-	62,556	-	-	-	-	62,556
State Direct Loan Reloan Account	-	-	-	1,227,656	-	-	-	1,227,656
State Direct Loan Administrative Fee Account	-	-	-	37,508	-	-	-	37,508
Federal Direct Loan Surplus Matching Account	-	-	1,849,173	-	-	-	-	1,849,173
DWRF Reloan Account	-	-	61,652,190	-	-	-	-	61,652,190
DWRF Administrative Fee Account	-	-	-	13,945,158	-	-	-	13,945,158
Subtotal – Drinking Water Revolving Fund	-	186,272	69,186,376	44,932,614	38,117,206	-	13,070,581	165,493,049
Colorado Water Resources and Power Development Authority – total cash and investments	\$ 2,061,724	\$ 19,194,072	\$ 189,095,176	\$ 111,025,079	\$ 88,751,149	\$ 5,130,000	\$ 69,985,835	\$ 485,243,035

**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, 2015**

	Rebate accounts	S WRP 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	\$ -	\$ -	\$ 8,500,000	\$ -	\$ -	\$ -	\$ -	\$ 8,500,000
Small Water Resources Projects Bonded Funds	-	392,369	-	-	-	-	55	392,424
Water Revenue Bonds Program	-	27,043	7,444,063	13,757,866	-	-	-	21,228,972
Animas-La Plata Account	-	-	-	-	-	-	1,569,412	1,569,412
Authority Operating	-	-	-	-	-	-	15,094,890	15,094,890
Subtotal—Water Operations Fund	-	419,412	15,944,063	13,757,866	-	-	16,664,357	46,785,698
Water Pollution Control Revolving Fund:								
Clean Water Revenue Bonds, 1996 Series A	162,483	1	-	-	94,710	-	-	257,194
Clean Water Revenue Bonds, 1997 Series A	350,132	-	-	-	1,263,046	-	-	1,613,178
Clean Water Revenue Bonds, 1998 Series A	356,922	-	-	-	1,359,772	-	-	1,716,694
Clean Water Revenue Bonds, 1998 Series B	291,346	-	-	-	2,608,033	-	-	2,899,379
Clean Water Revenue Bonds, 1999 Series A	294,647	-	-	-	1,275,747	-	-	1,570,394
Clean Water Revenue Bonds, 2000 Series A	543,941	-	-	-	3,277,086	-	-	3,821,027
Clean Water Revenue Bonds, 2001 Series A	901,951	11,752	-	-	9,744,935	-	-	10,658,638
Refunding Revenue Bonds, 2004 Series A	-	113,387	-	-	-	-	-	113,387
Clean Water Revenue Bonds, 2005 Series A	66,893	498,072	-	-	11,631,839	-	-	12,196,804
Clean Water Revenue Bonds, 2005 Series B	252,715	-	-	-	4,670,941	-	-	4,923,656
Refunding Revenue Bonds, 2005 Series A and A2	-	1,475,783	-	-	-	-	-	1,475,783
Clean Water Revenue Bonds, 2006 Series A	399,144	-	-	-	6,814,984	-	-	7,214,128
Clean Water Revenue Bonds, 2006 Series B	202,586	-	-	-	3,340,615	-	-	3,543,201
Clean Water Revenue Bonds, 2007 Series A	533,385	-	-	-	11,291,741	-	-	11,825,126
Clean Water Revenue Bonds, 2008 Series A	-	-	-	-	3,920,657	-	-	3,920,657
Clean Water Revenue Bonds, 2010 Series A	-	58	-	192,900	23,816,134	-	-	24,009,092
Clean Water Revenue Bonds, 2010 Series B	-	54	-	80,920	11,887,618	-	-	11,968,592
Clean Water Revenue Bonds, 2011 Series A	-	-	-	-	10,419,996	-	-	10,419,996
Refunding Revenue Bonds, 2013 Series A	-	134,025	-	-	10,883,404	-	-	11,017,429
Clean Water Revenue Bonds, 2014 Series A	-	-	-	2,155,083	729,937	-	-	2,885,020
Clean Water Revenue Bonds, 2015 Series A	-	22,025	-	15,286,119	1,366,499	-	-	16,674,643
Direct Loan Project Accounts	-	-	-	1,961,024	-	-	-	1,961,024
WPCRF State Match Holding Account	-	-	-	-	-	-	4,456,838	4,456,838
Direct Loan Surplus Matching Account	-	-	-	-	-	-	2,077,025	2,077,025
CWSRF Re loan Account	-	-	-	-	-	-	99,277,303	99,277,303
WPCRF Administrative Fee Account	-	-	-	-	-	-	20,116,541	20,116,541
WPCRF LL Pre construction Account	-	-	-	-	-	-	333,408	333,408
WPCRF DL Pre construction Account	-	-	-	-	-	-	18,131	18,131
Subtotal—Water Pollution Control Revolving Fund	4,356,145	2,255,157	-	19,676,046	120,397,694	-	126,279,246	272,964,288

**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, 2015**

	Rebate accounts	SWRP revenue or Debt service funds	Debt service reserve funds	Project accounts	DWRP and WPCR matching accounts	Cost of issuance accounts	Other accounts	Total cash and investments by bond issue
Drinking Water Revolving Fund:								
Refunding Revenue Bonds, 2005 Series A	-	497,142	-	-	-	-	-	497,142
Drinking Water Revenue Bonds, 2006 Series A	126,638	178,383	-	-	3,147,213	-	-	3,452,234
Drinking Water Revenue Bonds, 2006 Series B	1,063,426	-	-	-	9,981,254	-	-	11,044,680
Drinking Water Revenue Bonds, 2008 Series A	-	310,692	-	-	5,057,579	-	-	5,368,271
Drinking Water Revenue Bonds, 2008 Series B	-	-	-	-	4,152,765	-	-	4,152,765
Drinking Water Revenue Bonds, 2011 Series A	-	338	-	1,877,066	12,783,799	-	-	14,661,203
Drinking Water Revenue Bonds, 2012 Series A	-	1,311	-	8,654,814	8,977,824	-	-	17,633,949
Refunding Revenue Bonds, 2013 Series A	-	1,354,194	-	-	6,452,252	-	-	7,806,446
Drinking Water Revenue Bonds, 2014 Series A	-	3,148	-	5,291,968	961,823	-	-	6,256,939
Drinking Water Revenue Bonds, 2015 Series A	-	32,674	-	7,490,568	688,447	-	-	8,211,689
DWRP DL Preconstruction Account	-	-	-	-	-	-	159,729	159,729
DWRP LL Preconstruction-State Match Account	-	-	-	-	-	-	3,019,200	3,019,200
Federal Direct Loan Project Accounts	-	-	-	4,268,289	-	-	-	4,268,289
Drinking Water Funding Account	-	-	-	-	-	-	183,897	183,897
Drinking Water State Match Holding Account	-	-	-	-	-	-	2,375	2,375
State Direct Loan Surplus Matching Account	-	-	-	-	-	-	62,556	62,556
State Direct Loan Reloan Account	-	-	-	-	-	-	1,227,656	1,227,656
State Direct Loan Administrative Fee Account	-	-	-	-	-	-	37,508	37,508
Federal Direct Loan Surplus Matching Account	-	-	-	-	-	-	1,849,173	1,849,173
DWRP Reloan Account	-	-	-	-	-	-	61,652,190	61,652,190
DWRP Administrative Fee Account	-	-	-	-	-	-	13,945,158	13,945,158
Subtotal- Drinking Water Revolving Fund	<u>1,190,064</u>	<u>2,377,882</u>	<u>-</u>	<u>27,582,705</u>	<u>52,202,956</u>	<u>-</u>	<u>82,139,442</u>	<u>165,493,049</u>
Colorado Water Resources and Power Development Authority – total cash and investments	<u>\$ 5,546,209</u>	<u>\$ 5,052,451</u>	<u>\$ 15,944,063</u>	<u>\$ 61,016,617</u>	<u>\$ 172,600,650</u>	<u>\$ -</u>	<u>\$ 225,083,045</u>	<u>\$ 485,243,035</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, 2015, 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 12, 2016, which contained an emphasis of matter paragraph regarding a change in accounting principles.

***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 or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 on 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 12, 2016

## 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 Colorado Water Resources and Power Development Authority's (the Authority), a component unit of the State of Colorado, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2015. 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 federal statutes, regulations, contracts and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

### **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 the Uniform Guidance, 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 or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*BKD, LLP*

Denver, Colorado  
April 12, 2016

**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, 2015**

<b>Grantor Program title</b>	<b>Federal CFDA number</b>	<b>Grant award</b>	<b>Passed Through to Subrecipients</b>	<b>Accrued January 1, 2015</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Accrued December 31, 2015</b>
U.S. Environmental Protection Agency:							
Direct payments:							
Clean Water State Revolving Fund Cluster							
Capitalization Grants for Clean Water							
State Revolving Funds:							
2012 Grant	66.458	11,305,000	\$ 5,963,104	\$ -	\$ 5,963,104	\$ 5,963,104	-
2013 Grant	66.458	10,679,000	10,102,412	332,355	10,679,000	10,346,645	-
2014 Grant	66.458	11,216,000	745,092	-	745,092	981,801	236,709
2015 Grant	66.458	11,158,000	-	-	-	-	-
Total federal awards –							
Clean Water State Revolving Fund Cluster			16,810,608	332,355	17,387,196	17,291,550	236,709
Drinking Water State Revolving Fund Cluster							
Capitalization Grants for Drinking							
Water State Revolving Funds:							
2011 Grant	66.468	16,705,000	877,987	460,911	1,338,898	877,987	-
2012 Grant	66.468	15,920,000	10,984,800	563,706	11,922,296	11,578,577	219,988
2013 Grant	66.468	14,937,000	5,513,284	1,418,364	8,534,873	7,622,523	506,014
2014 Grant	66.468	15,394,000	10,024,380	965,634	12,066,349	12,542,284	1,441,569
2015 Grant	66.468	15,293,000	-	-	309,644	986,088	676,444
Total federal awards –							
Drinking Water State Revolving Fund Cluster			27,400,451	3,408,615	34,172,060	33,607,459	2,844,015
Total federal awards			\$ 44,211,059	\$ 3,740,970	\$ 51,559,256	\$ 50,899,009	\$ 3,080,724

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, 2015**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Colorado Water Resources and Power Development Authority (the Authority) under programs of the federal government for the year ended December 31, 2015. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

**Note 2: Subrecipients**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB A-87 or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3: Set Asides**

For the year ended December 31, 2015, the following DWRF grant amounts were used for the set aside programs:

	<u>Set aside amount</u>
DWRF program year:	
2011	\$ -
2012	593,777
2013	2,109,239
2014	2,517,904
2015	<u>986,088</u>
Total	<u>\$ 6,207,008</u>

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**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2015**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:  
 Unmodified       Qualified       Adverse       Disclaimer
  
2. The independent auditor’s report on internal control over financial reporting disclosed:  
Significant deficiency(ies) identified?       Yes       None Reported  
Material weakness(es) identified?       Yes       No
  
3. Noncompliance material to financial statements was disclosed by the audit?       Yes       No

*Federal Awards*

4. The independent auditor’s report on internal control over compliance for major federal awards programs disclosed:  
Significant deficiency(ies) identified?       Yes       None Reported  
Material weakness(es)?       Yes       No
  
5. The opinion expressed in the independent auditor’s report on compliance for major federal award program was:  
 Unmodified       Qualified       Adverse       Disclaimer
  
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?       Yes       No

**Colorado Water Resources  
and Power Development Authority  
(A Component Unit of the State of Colorado)  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended December 31, 2015**

7. Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
66.468	Drinking Water State Revolving Fund Cluster

8. The threshold used to distinguish between Type A and Type B programs was: \$1,526,970

9. The Organization qualified as low-risk auditee?  Yes  No

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
	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, 2015**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
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No matters are reportable.