

**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND
Denver, Colorado**

**FINANCIAL STATEMENTS
June 30, 2006, 2005 and 2004**

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Accountant's Report

Board of Directors
Colorado Water Conservation Board
Denver, Colorado

We have compiled the accompanying statements of net assets of Colorado Water Conservation Board, Severance Tax Trust Fund - Perpetual Base Account as of June 30, 2006, 2005 and 2004, and the related statements of revenue, expenses and changes in net assets for the years then ended, and the accompanying supplemental information, which is presented only for additional analysis purposes, for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplemental information, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplemental information and, accordingly, do not express an opinion or any other form of assurance on them.

The financial statements of the Colorado Water Conservation Board, Severance Tax Trust Fund - Perpetual Base Account are intended to present the financial position of only that portion of the funds of the Colorado Water Conservation Board that is attributable to the transactions of the Colorado Water Conservation Board, Severance Tax Trust Fund - Perpetual Base Account.

Management has elected to omit substantially all of the disclosures, management's discussion and analysis, and the statements of cash flows required by generally accepted accounting principles. If the omitted disclosures, management's discussion and analysis, and statements of cash flows were included in the financial statements, they might influence the user's conclusions about the Colorado Water Conservation Board, Severance Tax Trust Fund - Perpetual Base Account's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
STATEMENTS OF NET ASSETS
June 30, 2006, 2005 and 2004
(See Accountant's Compilation Report)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 133,716,043	\$ 102,645,847	\$ 83,063,461
Interest receivable on loans - Current	1,581,599	1,137,415	1,009,609
Loans receivable completed - Current	663,104	614,584	584,297
Total current assets	<u>135,960,746</u>	<u>104,397,846</u>	<u>84,657,367</u>
NONCURRENT ASSETS			
Loans receivable completed - Long-term	64,553,696	37,482,384	32,473,535
Total noncurrent assets	<u>64,553,696</u>	<u>37,482,384</u>	<u>32,473,535</u>
 Total assets	 <u>\$ 200,514,442</u>	 <u>\$ 141,880,230</u>	 <u>\$ 117,130,902</u>
LIABILITIES			
Due to Construction Fund	\$ 294,904	\$ 262,347	\$ 262,347
Total liabilities	<u>294,904</u>	<u>262,347</u>	<u>262,347</u>
NET ASSETS			
Restricted			
Restricted for loans	64,553,696	37,482,384	32,473,535
Restricted for authorized projects under contract	50,019,038	40,246,674	17,961,977
Restricted for authorized projects not under contract	5,769,139	27,269,236	32,009,915
Unrestricted	79,877,665	36,619,589	34,423,128
Total net assets	<u>200,219,538</u>	<u>141,617,883</u>	<u>116,868,555</u>
 Total liabilities and net assets	 <u>\$ 200,514,442</u>	 <u>\$ 141,880,230</u>	 <u>\$ 117,130,902</u>

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2006, 2005 and 2004
(See Accountant's Compilation Report)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 4,402,212	\$ 2,932,610	\$ 1,627,483
Interest earnings - Loans	<u>2,255,393</u>	<u>1,607,582</u>	<u>1,486,799</u>
Total interest revenue	<u>6,657,605</u>	<u>4,540,192</u>	<u>3,114,282</u>
Other revenue			
Severance tax	<u>52,943,210</u>	<u>36,611,258</u>	<u>28,970,874</u>
Total operating revenue	<u>59,600,815</u>	<u>41,151,450</u>	<u>32,085,156</u>
OPERATING EXPENSES			
Nonreimbursable investments	999,160	902,122	91,824
Litigation settlement	<u>-</u>	<u>15,500,000</u>	<u>-</u>
	<u>999,160</u>	<u>16,402,122</u>	<u>91,824</u>
OPERATING INCOME/CHANGE IN NET ASSETS	58,601,655	24,749,328	31,993,332
NET ASSETS - BEGINNING OF YEAR	<u>141,617,883</u>	<u>116,868,555</u>	<u>84,875,223</u>
NET ASSETS - END OF YEAR	<u><u>\$ 200,219,538</u></u>	<u><u>\$ 141,617,883</u></u>	<u><u>\$ 116,868,555</u></u>

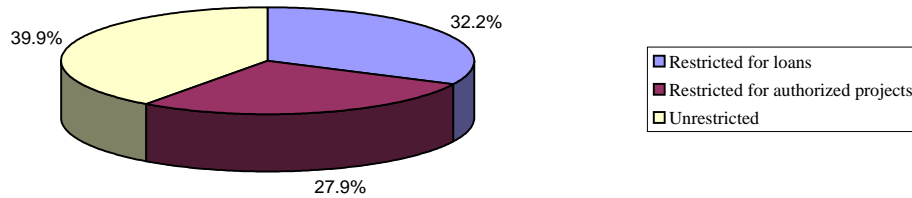
SUPPLEMENTAL INFORMATION

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
SCHEDULES OF CASH SOURCES AND USES
Years Ended June 30, 2006, 2005 and 2004
(See Accountant's Compilation Report)

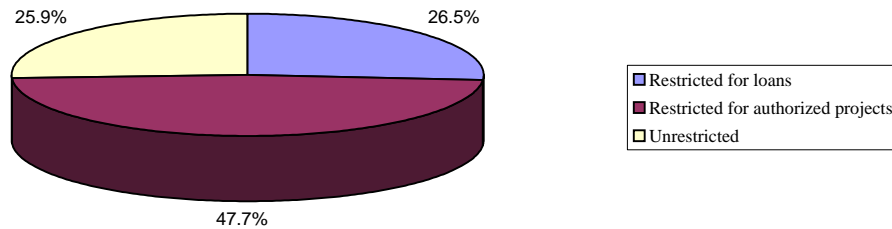
	<u>2006</u>	<u>2005</u>	<u>2004</u>
CASH SOURCES			
Severance tax	\$ 52,943,210	\$ 36,611,258	\$ 28,970,874
Interest received on investments	4,402,212	2,932,610	1,627,483
Interest received on loans	1,811,209	1,479,776	2,188,966
Principal received on loans	1,101,867	602,779	979,264
Principal received from Construction Fund	32,557	-	-
	<u>60,291,055</u>	<u>41,626,423</u>	<u>33,766,587</u>
CASH USES			
Loan payments to borrowers	28,221,699	5,641,915	4,822,140
Nonreimbursable investments	999,160	902,122	91,824
Litigation settlement	-	15,500,000	-
	<u>29,220,859</u>	<u>22,044,037</u>	<u>4,913,964</u>
CASH SOURCES IN EXCESS OF CASH USES	31,070,196	19,582,386	28,852,623
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>102,645,847</u>	<u>83,063,461</u>	<u>54,210,838</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 133,716,043</u></u>	<u><u>\$ 102,645,847</u></u>	<u><u>\$ 83,063,461</u></u>

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
Graphs of Components of Fund Equity
June 30, 2006, 2005 and 2004
(See Accountant's Compilation Report)

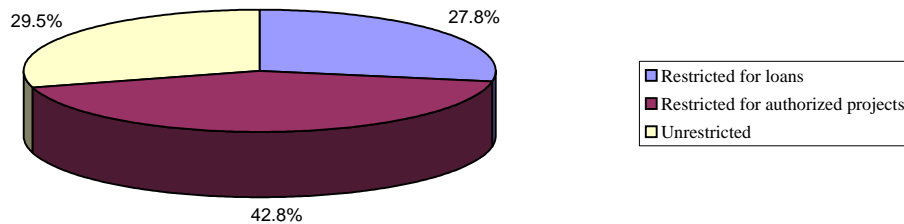
FUND EQUITY at June 30, 2006



FUND EQUITY at June 30, 2005



FUND EQUITY at June 30, 2004



	2006	2005	2004
Restricted for loans	\$ 64,553,696	\$ 37,482,384	\$ 32,473,535
Restricted for authorized projects	55,788,177	67,515,910	49,971,892
Unrestricted	79,877,665	36,619,589	34,423,128
Total fund equity	<u>\$200,219,538</u>	<u>\$ 141,617,883</u>	<u>\$ 116,868,555</u>