

# STATE OF COLORADO

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## Colorado Water Conservation Board Department of Natural Resources

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<b>TO:</b>	Colorado Water Conservation Board Members	Bill Ritter, Jr. Governor
<b>FROM:</b>	Kirk Russell, PE Water Supply Planning & Finance Section	Harris D. Sherman DNR Executive Director
<b>DATE:</b>	November 10, 2009	Jennifer L. Gimbel CWCB Director
<b>SUBJECT:</b>	<b>Agenda Item 25b, November 16-18, 2009 Board Meeting Water Supply Planning and Finance Section – Financial Matters Construction Fund &amp; Severance Tax Trust Fund Perpetual Base Account Projections and Cash Balance Reports</b>	Dan McAuliffe CWCB Deputy Director

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### **Introduction** (This is for information only and no action is necessary)

This agenda item provides updated financial information for the Board's use in evaluating the availability of funds from the Construction Fund and the Severance Tax Trust Fund Perpetual Base Account for non-reimbursable project investments, new water project loans and increases to existing loan authorizations. A Financial Projections Report and a Cash Balance Report will be distributed at the Board meeting which utilizes information based on documents prepared by Clifton Gunderson, Severance Tax projections and Federal Mineral Lease by the Legislative Council, interest earnings and repayment schedules prepared by CWCB staff.

### **Discussion**

As of the date of this memo, sufficient cash is available to fund the staff recommendations for non-reimbursable project investments, new loans and the changes to existing loans which follow this agenda item.

The Construction Fund Reports have been updated to include the September 2009 Federal Mineral Lease (FML) projections for FY 09/10. These projections indicate a reduction of 26% from the projection in June of \$10.5 million. This new FML projection is \$8 million. This will impact the amount of money available for new FY09/10 loans and the growth of the Fund.

Staff will recommend approval of two projects that are requesting funding increases to the original Board authorization. Both loans were originally funded through the Severance Tax Trust Fund Perpetual Base Account. Staff is recommending the increased amount also come from the Perpetual Base Account. The funds are available due to unforeseen principal available from the deauthorization of the Park Center Water District loan and the principal prepayment by the East

Mancos Ditch Co. Table 1. shows how CWCB plans to utilize this unexpected and unobligated cash.

**Table 1. Perpetual Base Account - Unexpected Cash**

Borrower	Description	Available	Requested
Park Center Water District	De-authorization	\$1,010,000	
East Mancos Ditch Co.	Pre-Payment	\$524,000	
<b>Total</b>		<b>\$1,534,000</b>	
Bull Creek Reservoir Co.	Sept Loan Increase		\$244,218
Supply Irrigating Ditch Co.	Nov. Loan Increase		\$610,040
Boulder White Rock Ditch Co.	Nov. Loan Increase		\$434,104
<b>Total</b>			<b>\$1,288,362</b>

## Review

The Financial Projections Report shows the annual projections of money available for the CWCB operating expenses, non-reimbursable project investments, modifications to previous loan authorizations and new construction project loans. The Financial Projections Report provides an estimate of the CWCB revenues during the fiscal year and the anticipated expenditures. The Finance Section will update the Projections Report when necessary and submit it to the Board for use throughout the fiscal year.

The Cash Balance Report is used by the Finance Section staff in order to assure the Board that unreserved cash is available for new loans and revisions to existing loans which are presented to the Board. Historically, the report has shown ample cash available for loans recommended for approval; however, since the cash transfers from the CWCB's two funds to the General Fund, the Cash Balance Report has become extremely important. If at any time, the CWCB does not have the cash available, the Board will provide direction as to which projects will receive priority when cash becomes available based on Financial Policy #12.

# Financial Matters

## Projections - Cash Balance Report

### Agenda Item No. 25b

#### Construction Fund

- a) Projections
- b) Cash Balance

#### Severance Tax Trust Fund Perpetual Base Account

- a) Projections

**Colorado Water Conservation Board  
November 16-18, 2009 Meeting  
Construction Fund  
FY 2009/10 Financial Projections**

**CF (Projections)**

**Projected Cash for New Projects**

Unreserved Balance at Beginning of Fiscal Year  
Construction Fund Revenue Projected From Cash Sources  
Recommended Project De-Authorizations in 09/10  
  
Total Unreserved Cash Available for New Projects and Other Expenses

**FY 2009-10**

\$ 20,278,862	Unreserved Balance on 7-1-2009
\$ 20,500,000	Loan Principal/Interest + Treasury Interest + Mineral Lease
\$ -	
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<b>\$ 40,778,862</b>	

Loan Principal	\$5.0 million
Loan Interest	\$5.5 million
Treasury Interest	\$2.0 million
Mineral Lease (1)	\$8.0 million
	<u>\$20.5 million</u>

(1) Updated per Sept 2009 projections

**Projected Expenses**

Operations - Administrative and Special Purpose (Long Bill)	\$ 7,200,000	Long Bill - SB 09-259
Recommended Modifications to Previous Project Authorizations	\$ 1,000,000	
Recommended New Construction Project Loans (Throughout Year)	\$ 21,000,000	
Recommended Non-Reimbursable Investments (Nov 09)	\$ 1,525,000	
Recommended Annual Non-Reimbursable Investments (Nov 09)	\$ 1,800,000	
Total Projected Expenses to Construction Fund	<b>\$ 32,525,000</b>	

**Projected Construction Fund Balance**

**\$ 8,253,862** Projected Unreserved Balance on 7-1-2010\*

\* CWCB must maintain \$8 million in the fund to cover operating expenses on 7/1/2010

**Colorado Water Conservation Board  
November 16-18, 2009 Meeting  
Construction Fund  
Cash Balance Report**

**CF (Cash)**

**Cash Available for Project Loan Recommendations**

**Current Revenues**

Unreserved Cash Balance at Beginning of Fiscal Year  
FY10 Revenue Received to Date (as of Nov 1)

\$20,278,862 Unreserved Balance on 7-1-2009  
\$6,031,724 Loan Principal/Interest + Treasury Interest + Mineral Lease

Total Current Unreserved Cash Available for Expenses

**\$26,310,586**

**Current Expenses**

Operations - Administrative and Special Purpose (Long Bill)

\$7,200,000 Long Bill - SB 09-259

Approved Project Loans

\$5,519,650

July 2009 Loans \$3,535,000  
September 2009 Loans \$1,984,650  
November 2009 Loans  
January 2010 Loans  
March 2010 Loans  
May 2010 Loans  
\$5,519,650

Revisions to Previous Project Authorizations

\$0

July 2009 Revision \$0  
September 2009 Revisor \$0  
November 2009 Revision  
January 2010 Revision  
March 2010 Revision  
May 2010 Revision  
\$0

Total Current Loans Approved

**\$5,519,650**

Total Current Expenses to Construction Fund

**\$12,719,650**

**Construction Fund Balance (11/1/09)**

**\$13,590,936** Projected Unreserved Balance Available

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May not exceed \$22 million Projection

**Colorado Water Conservation Board  
November 16-18, 2009 Meeting  
Severance Tax Trust Fund - Perpetual Base Account  
FY 2009/10 Financial Projections**

**ST (Projections)**

**Projected Cash for New Projects**

Unreserved Cash at Beginning of Year  
STTF Perpetual Base Account Severance Tax Revenue (FY 09/10 Revenue)  
STTF Perpetual Base Account Cash Sources (FY 09/10 Revenue)

Total Projected Cash from STTF Perpetual Base Account

Total Unreserved Cash Available for New Projects and Other Expenses

**FY 2009-10**

\$ (2,545,679) Unreserved Balance on 7-1-2009 \*  
\$ 10,000,000 25% Share of Severance Tax Revenue  
\$ 9,000,000 Loan Principal/Interest + Treasury Interest

\$ 16,454,321

**\$ 16,454,321**

Loan Principal	\$5.0 million
Loan Interest	\$2.0 million
Treasury Interest	\$2.0 million
	<u>\$9.0 million</u>

**Projected Expenses**

Recommended Emergency Agricultural Drought Grants

\$ -

Recommended New Construction Project Loans

\$ -

General Fund Transfer (June 30, 2010)

\$ 19,000,000 Long Bill - SB 09-279

Total Projected Expenses to Severance Tax Trust Fund Perpetual Base Account

**\$ 19,000,000**

**Projected STTF Perpetual Base Account Balance**

**\$ (2,545,679)** Projected Unreserved Balance on 7-1-2010  
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\* unreserved cash after July 1, 2009 transfer of \$43M to General Fund