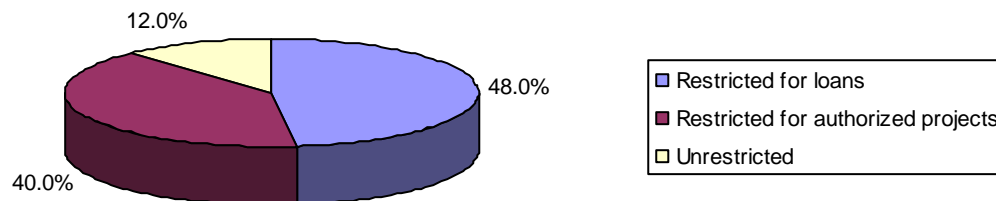


## CWCB SEVERANCE TAX TRUST FUND EXECUTIVE SUMMARY

The Severance Tax Trust Fund Perpetual Base Account (STTFPBA) for the fiscal year ending June 30, 2009 had an increase of approximately \$45.4 million in the net assets of the fund. The balance in the net assets is comprised of those assets that are restricted for loans and those that are unrestricted. Overall the restricted balance at year-end was \$295,919,570; this is a \$33,049,529 increase in restricted assets from the prior year. This increase was largely related to new loans that increased the amount in the restricted loans. The STTFPBA disbursed \$73,521,905 of new loans for the fiscal year ending June 30, 2009. The largest two loan recipients, Republican River Water Conservation District (\$50,165,571) and Yuma County Water Authority Public Improvement District (\$9,595,000), account for 81.3% of the loan activity in the STTFPBA for the fiscal year ending June 30, 2009.

Below is a snapshot of the STTFPBA balances for loans, authorized projects and unrestricted cash for the fiscal year ending June 30, 2009.

**FUND EQUITY at June 30, 2009**



Restricted for loans * =	\$161 M	( 48.0%)
Restricted for authorized projects ** =	\$135 M	( 40.0%)
Unrestricted (Available cash) =	<u>\$ 40 M</u>	<u>( 12.0 %)</u>
Total Fund Equity =	<u>\$336 M</u>	(100.0%)

**Note:** \* This includes loans in repayment and disbursements for loan projects in progress.

\*\* This includes both loan and non-reimbursable water projects in progress.

Revenue for the year was up significantly from \$48 million in Fiscal Year 2008 to \$82 million in Fiscal Year 2009. The reason for the increase was a significant increase in the amount of severance tax revenue that was earned on oil and gas production. This increase resulted due to higher oil prices for part of the 2009 Fiscal Year as well as an increase in natural gas production in the Piceance Basin.

In June of 2009, the State of Colorado General Fund pursuant to Senate Bills 09-208 and 09-279 removed \$110,000,000 from the STTFPBA's cash account in order to reduce the State's budget deficit. Funds in the amount of \$75,000,000 were returned subsequent to year-end in July 2009. At year-end the \$75,000,000 was included as a receivable owed by the State of Colorado on the books for the STTFPBA. This amount was not reflected as a reduction in net assets as a result. The remaining balance of \$35,000,000 will not be returned to the STTFPBA and has been reflected as a reduction in net assets. Senate Bill 09-279 also included an additional withdrawal from the STTFPBA on July 1, 2009 in the amount of \$43,000,000. This amount was not included in the financial statements due to the payment not being a liability to the fund at year-end. Senate Bill 09-279 also states that on June 30, 2010, up to \$19,000,000 will be transferred from the STTFPBA to the State of Colorado General Fund. The exact amount of the withdrawal is unknown at this point and was not a liability of the STTFPBA at June 30, 2009.

Prepared by Steve Biondo, CWCB Finance Manager, with the assistance of Clifton Gunderson.