

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
Denver, Colorado

FINANCIAL STATEMENTS
June 30, 2010, 2009 and 2008

TABLE OF CONTENTS

	PAGE
ACCOUNTANT'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Statements of Net Assets	3
Statements of Revenue, Expenses and Changes in Net Assets	4
SUPPLEMENTAL INFORMATION	5
Schedules of Cash Sources and Uses.....	6
Construction Fund, Graphs of Components of Fund Equity	7

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, Construction Fund as of June 30, 2010, 2009 and 2008 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, 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. However, we did become aware of a departure from generally accepted accounting principles that is discussed in the following paragraph.

Generally accepted accounting principles require that loan origination fees received from borrowers, net of certain direct loan origination costs, if any, be deferred and recognized as an adjustment of the related loan yield using the interest method. Management has informed us that the Construction Fund has recognized loan origination fees as income in the year received. The effect of this departure from generally accepted accounting principles on financial position and results of operations has not been determined.

On June 30, 2009, \$70,250,000 was transferred out of the Construction Fund in to the State of Colorado's general fund pursuant to Senate Bills 09-208 and 09-279. In July 2009, \$60,000,000 of the funds transferred to the State of Colorado general fund were returned to Colorado Water Conservation Board. The State did not transfer any additional funds in fiscal year 2010.

Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

The financial statements of the Colorado Water Conservation Board, Construction Fund 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, Construction Fund.

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, Construction Fund'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.

Clifton Henderson LLP

Greenwood Village, Colorado
October 28, 2010

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF NET ASSETS
June 30, 2010, 2009 and 2008
(See Accountant's Compilation Report)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 80,161,761	\$ 34,453,939	\$ 132,144,603
Interest receivable on loans	3,596,104	3,667,018	3,572,903
Loans receivable	4,918,482	4,796,851	4,542,026
Prepaid expenses	59,635	56,846	56,112
Due from the State of Colorado	-	60,000,000	-
	<u>88,735,982</u>	<u>102,974,654</u>	<u>140,315,644</u>
NONCURRENT ASSETS			
Loans receivable - Long-term - Net of allowance for uncollectible account of \$157,392 in 2008, 2009 and 2010	234,257,336	210,013,096	170,121,433
Interest receivable - Long term	<u>3,319,376</u>	<u>2,766,008</u>	<u>2,233,884</u>
Total noncurrent assets	<u>237,576,712</u>	<u>212,779,104</u>	<u>172,355,317</u>
 Total assets	 <u>\$ 326,312,694</u>	 <u>\$ 315,753,758</u>	 <u>\$ 312,670,961</u>
LIABILITIES			
Accounts payable	\$ 2,477,512	\$ 2,946,768	\$ 3,675,771
Total liabilities	<u>2,477,512</u>	<u>2,946,768</u>	<u>3,675,771</u>
NET ASSETS			
Restricted			
Restricted for loans	237,576,712	212,779,104	172,355,317
Restricted for authorized projects under contract	23,804,268	33,982,889	81,295,219
Restricted for authorized projects not under contract	38,854,206	45,682,925	42,062,074
Unrestricted	<u>23,599,996</u>	<u>20,362,072</u>	<u>13,282,580</u>
Total net assets	<u>323,835,182</u>	<u>312,806,990</u>	<u>308,995,190</u>
 Total liabilities and net assets	 <u>\$ 326,312,694</u>	 <u>\$ 315,753,758</u>	 <u>\$ 312,670,961</u>

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2010, 2009 and 2008
(See Accountant's Compilation Report)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 2,456,921	\$ 4,152,685	\$ 6,028,137
Interest earnings - Loans	<u>8,068,595</u>	<u>7,029,196</u>	<u>7,386,672</u>
Total interest revenue	<u>10,525,516</u>	<u>11,181,881</u>	<u>13,414,809</u>
Other revenue			
Mineral lease income	11,724,295	14,000,000	15,364,017
Transfer from Severance Tax Operational Account	-	42,359	-
Service charge on loans	805,388	258,395	105,537
Other	<u>198,012</u>	<u>239,997</u>	<u>186,458</u>
Total other revenue	<u>12,727,695</u>	<u>14,540,751</u>	<u>15,656,012</u>
Total operating revenue	<u>23,253,211</u>	<u>25,722,632</u>	<u>29,070,821</u>
OPERATING EXPENSE			
Interdepartmental operations			
CWCB - Operations	5,325,821	5,359,640	4,142,623
Division of Water Resources	457,366	418,751	432,356
Satellite monitoring	329,484	363,345	306,314
Executive Director's office	486,834	455,380	569,405
Attorney General's office	827,706	978,945	820,375
Nonreimbursable investments	4,797,808	4,084,771	3,471,938
Transfer to general fund	<u>-</u>	<u>10,250,000</u>	<u>-</u>
Total operating expense	<u>12,225,019</u>	<u>21,910,832</u>	<u>9,743,011</u>
OPERATING INCOME/CHANGE IN NET ASSETS	11,028,192	3,811,800	19,327,810
NET ASSETS - BEGINNING OF YEAR	<u>312,806,990</u>	<u>308,995,190</u>	<u>289,667,380</u>
NET ASSETS - END OF YEAR	<u>\$ 323,835,182</u>	<u>\$ 312,806,990</u>	<u>\$ 308,995,190</u>

SUPPLEMENTAL INFORMATION

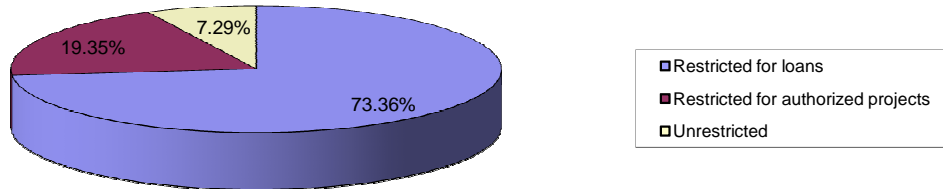
COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
SCHEDULES OF CASH SOURCES AND USES
Years ended June 30, 2010, 2009 and 2008
(See Accountant's Compilation Report)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
CASH SOURCES			
Mineral Lease income	\$ 11,724,295	\$ 14,000,000	\$ 15,364,017
Interest received on investments	2,456,921	4,152,685	6,028,137
Interest received on loans	7,586,141	6,402,957	5,412,696
Principal received on loans	5,594,064	19,859,747	5,578,122
Service charge on loans	805,388	258,395	105,537
Transfer from Severance Tax Operational Account	-	42,359	-
Other revenue	198,012	239,997	186,458
Transfer from general fund	60,000,000	-	-
	<u>88,364,821</u>	<u>44,956,140</u>	<u>32,674,967</u>
CASH USES			
Loan disbursements to borrowers	29,959,935	60,006,235	6,573,736
Nonreimbursable investments	5,269,853	4,814,508	3,676,523
Interdepartmental operations	7,427,211	7,576,061	5,914,121
Transfer to general fund	-	70,250,000	-
	<u>42,656,999</u>	<u>142,646,804</u>	<u>16,164,380</u>
CASH SOURCES IN EXCESS (DEFICIENCY) OF CASH USES	45,707,822	(97,690,664)	16,510,587
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>34,453,939</u>	<u>132,144,603</u>	<u>115,634,016</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 80,161,761</u>	<u>\$ 34,453,939</u>	<u>\$ 132,144,603</u>

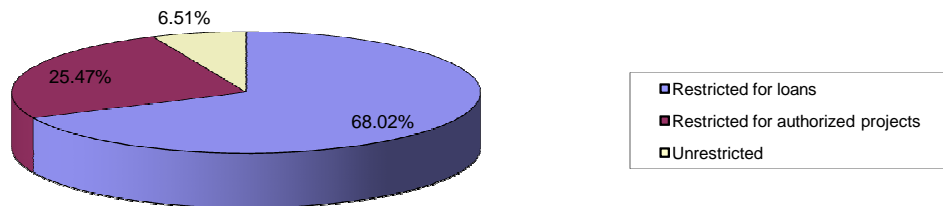
**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
Graphs of Components of Fund Equity
June 30, 2010, 2009 and 2008**

(See accountant's compilation report)

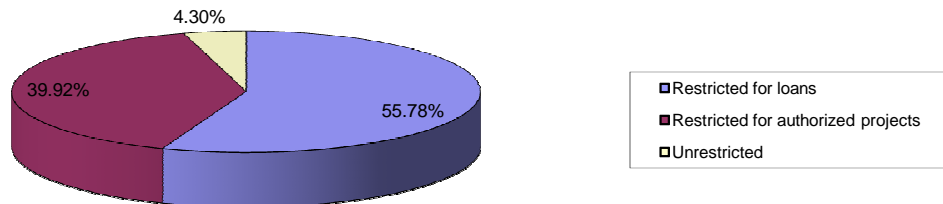
FUND EQUITY at June 30, 2010



FUND EQUITY at June 30, 2009



FUND EQUITY at June 30, 2008



	2010	2009	2008
Restricted for loans	\$ 237,576,712	\$ 212,779,104	\$ 172,355,317
Restricted for authorized projects	62,658,474	79,665,814	123,357,293
Unrestricted	23,599,996	20,362,072	13,282,580
Total fund equity	<u>\$ 323,835,182</u>	<u>\$ 312,806,990</u>	<u>\$ 308,995,190</u>