

**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST 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
Severance Tax Trust Fund - Perpetual Base Account, 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, Severance Tax Trust Fund - Perpetual Base Account 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 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.

In July 2009, \$75,000,000 was returned to the Severance Tax Trust Fund from the State of Colorado's general fund. This money had been previously removed in fiscal year 2009. In fiscal year 2010, \$64,000,000 was transferred out of the Severance Tax Trust Fund into the State of Colorado's general fund pursuant to Senate Bill 09-279 and House Bill 10-1327. None of the funds removed in fiscal year 2010 will be returned to the Severance Tax Trust Fund. House Bill 10-1388 approved the transfer of an additional \$11,000,000 out of the Severance Tax Trust Fund to the State of Colorado's general fund on June 30, 2011. This amount was not recorded as a payable at June 30, 2010, due to the funds not being owed until after year-end.

House Bill 10-1250 authorized the State Treasurer to transfer \$36,000,000 from the Severance Tax Trust Fund to the Construction Fund for the purchase all or a portion of Colorado's allotment of the Animas-La-Plata project water. These funds will be transferred to the Construction Fund account annually commencing June 30, 2011 in annual installments of \$12,000,000. The transfer of \$36,000,000 has not been restricted for authorized projects and therefore, if it had been restricted for authorized projects, unrestricted net assets would fall to a deficit of \$(31,134,490). If, on June 30, 2015, any monies appropriated to the Construction Fund have not been fully expended, the unexpended money would be deauthorized and returned to the Severance Tax Trust Fund.

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.

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.

Clifton Henderson LLP

Greenwood Village, Colorado
October 28, 2010

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
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	\$ 126,915,959	\$ 93,984,220	\$ 194,447,096
Interest receivable on loans	3,002,856	2,879,170	2,393,613
Loans receivable completed	3,605,226	3,173,352	2,256,525
Due from the Department of Natural Resources	6,548	-	-
Due from the State of Colorado	-	75,000,000	-
Total current assets	<u>133,530,589</u>	<u>175,036,742</u>	<u>199,097,234</u>
NONCURRENT ASSETS			
Loans receivable completed - Long-term	<u>163,714,036</u>	<u>161,337,149</u>	<u>91,831,767</u>
Total noncurrent assets	<u>163,714,036</u>	<u>161,337,149</u>	<u>91,831,767</u>
Total assets	<u>\$ 297,244,625</u>	<u>\$ 336,373,891</u>	<u>\$ 290,929,001</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS			
Restricted			
Restricted for loans	163,714,036	161,337,149	91,831,767
Restricted for authorized projects under contract	50,800,459	54,572,668	46,655,429
Restricted for authorized projects not under contract	77,864,620	80,009,724	134,382,845
Unrestricted	<u>4,865,510</u>	<u>40,454,350</u>	<u>18,058,960</u>
Total net assets	<u>297,244,625</u>	<u>336,373,891</u>	<u>290,929,001</u>
Total liabilities and net assets	<u>\$ 297,244,625</u>	<u>\$ 336,373,891</u>	<u>\$ 290,929,001</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, 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	\$ 3,095,952	\$ 6,332,943	\$ 7,222,102
Interest earnings - Loans	<u>3,966,943</u>	<u>4,738,681</u>	<u>3,285,538</u>
Total interest revenue	<u>7,062,895</u>	<u>11,071,624</u>	<u>10,507,640</u>
Other revenue			
Severance tax	<u>17,856,646</u>	<u>71,253,177</u>	<u>37,868,413</u>
Total operating revenue	<u>24,919,541</u>	<u>82,324,801</u>	<u>48,376,053</u>
OPERATING EXPENSES			
Nonreimbursable investments	-	1,716,142	342,892
Transfers to general and other funds	<u>64,048,807</u>	<u>35,163,769</u>	<u>-</u>
	<u>64,048,807</u>	<u>36,879,911</u>	<u>342,892</u>
OPERATING INCOME (LOSS)/CHANGE IN NET ASSETS	(39,129,266)	45,444,890	48,033,161
NET ASSETS - BEGINNING OF YEAR	<u>336,373,891</u>	<u>290,929,001</u>	<u>242,895,840</u>
NET ASSETS - END OF YEAR	<u>\$ 297,244,625</u>	<u>\$ 336,373,891</u>	<u>\$ 290,929,001</u>

SUPPLEMENTAL INFORMATION

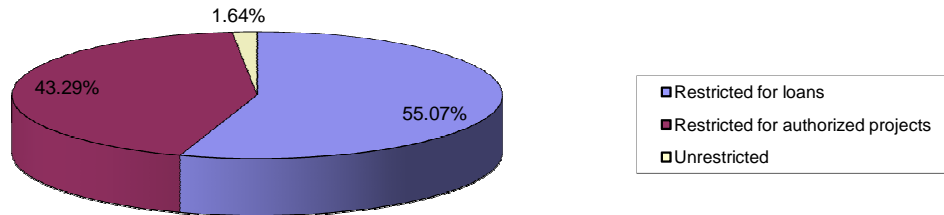
COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
SCHEDULES OF CASH SOURCES AND USES
Years Ended June 30, 2010, 2009 and 2008
(See Accountant's Compilation Report)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
CASH SOURCES			
Severance tax	\$ 17,856,646	\$ 71,253,177	\$ 37,868,413
Interest received on investments	3,095,952	6,332,943	7,222,102
Interest received on loans	3,843,257	4,253,124	2,865,561
Principal received on loans	4,151,218	3,099,696	2,731,028
Special bills	75,000,000	-	-
	<u>103,947,073</u>	<u>84,938,940</u>	<u>50,687,104</u>
CASH USES			
Loan disbursements to borrowers	6,959,979	73,521,905	15,154,420
Nonreimbursable investments	-	1,716,142	342,892
Special bills	64,055,355	110,163,769	-
	<u>71,015,334</u>	<u>185,401,816</u>	<u>15,497,312</u>
CASH SOURCES IN EXCESS (DEFICIENCY) OF CASH USES	32,931,739	(100,462,876)	35,189,792
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>93,984,220</u>	<u>194,447,096</u>	<u>159,257,304</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 126,915,959</u></u>	<u><u>\$ 93,984,220</u></u>	<u><u>\$ 194,447,096</u></u>

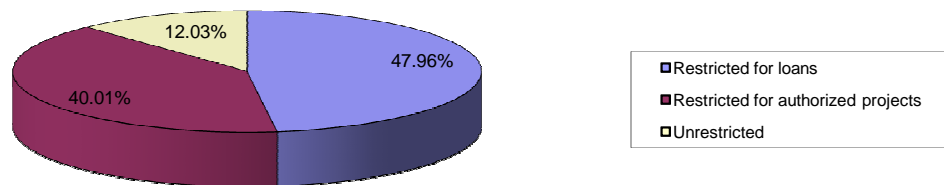
COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
Graphs of Components of Fund Equity
June 30, 2010, 2009 and 2008

(See accountant's compilation report)

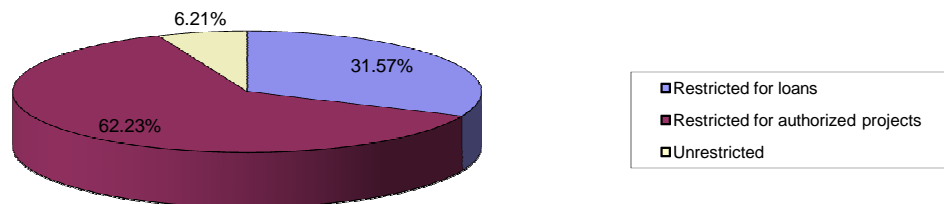
FUND EQUITY at June 30, 2010



FUND EQUITY at June 30, 2009



FUND EQUITY at June 30, 2008



	2010	2009	2008
Restricted for loans	\$ 163,714,036	\$ 161,337,149	\$ 91,831,767
Restricted for authorized projects	128,665,079	134,582,392	181,038,274
Unrestricted	4,865,510	40,454,350	18,058,960
Total fund equity	<u>\$ 297,244,625</u>	<u>\$ 336,373,891</u>	<u>\$ 290,929,001</u>