

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
Denver, Colorado

FINANCIAL STATEMENTS
June 30, 2011, 2010 and 2009

TABLE OF CONTENTS

	PAGE
ACCOUNTANT'S COMPILATION 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 Compilation 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, 2011, 2010 and 2009 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. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedules are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary schedules in accordance with accounting principles generally accepted in the United States of America, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary schedules.

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 years 2011 and 2010.

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 and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement 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.

Management has elected to omit the management's discussion and analysis information that is required to be presented for additional analysis. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

Clifton Henderson LLP

Greenwood Village, Colorado
November 1, 2011

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF NET ASSETS
June 30, 2011, 2010 and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
CURRENT ASSETS			
Cash and cash equivalents	\$103,667,367	\$ 80,161,761	\$ 34,453,939
Interest receivable on loans	3,391,944	3,596,104	3,667,018
Loans receivable	5,142,056	4,918,482	4,796,851
Prepaid expenses	58,074	59,635	56,846
Due from the State of Colorado	-	-	60,000,000
	<u>112,259,441</u>	<u>88,735,982</u>	<u>102,974,654</u>
NONCURRENT ASSETS			
Loans receivable - long-term - net of allowance for uncollectible account of \$377,522 in 2011 and \$157,392 in 2010 and 2009	237,440,563	234,257,336	210,013,096
Interest receivable - long term	<u>3,894,855</u>	<u>3,319,376</u>	<u>2,766,008</u>
Total noncurrent assets	<u>241,335,418</u>	<u>237,576,712</u>	<u>212,779,104</u>
 Total assets	 <u><u>\$353,594,859</u></u>	 <u><u>\$326,312,694</u></u>	 <u><u>\$315,753,758</u></u>
LIABILITIES			
Accounts payable	<u>\$ 2,936,010</u>	<u>\$ 2,477,512</u>	<u>\$ 2,946,768</u>
Total liabilities	<u>2,936,010</u>	<u>2,477,512</u>	<u>2,946,768</u>
NET ASSETS			
Restricted			
Restricted for loans	241,335,418	237,576,712	212,779,104
Restricted for authorized projects under contract	20,755,477	23,804,268	33,982,889
Restricted for authorized projects not under contract	58,091,851	38,854,206	45,682,925
Unrestricted	<u>30,476,103</u>	<u>23,599,996</u>	<u>20,362,072</u>
Total net assets	<u>350,658,849</u>	<u>323,835,182</u>	<u>312,806,990</u>
 Total liabilities and net assets	 <u><u>\$353,594,859</u></u>	 <u><u>\$326,312,694</u></u>	 <u><u>\$315,753,758</u></u>

See accountant's compilation report.

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2011, 2010 and 2009**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 1,808,901	\$ 2,456,921	\$ 4,152,685
Interest earnings - loans	<u>9,046,024</u>	<u>8,068,595</u>	<u>7,029,196</u>
Total interest revenue	<u>10,854,925</u>	<u>10,525,516</u>	<u>11,181,881</u>
Other revenue			
Mineral lease income	14,722,345	11,724,295	14,000,000
Transfer from Severance Tax Trust Fund	12,000,000	-	42,359
Service charge on loans	252,717	805,388	258,395
Other	<u>267,685</u>	<u>198,012</u>	<u>239,997</u>
Total other revenue	<u>27,242,747</u>	<u>12,727,695</u>	<u>14,540,751</u>
Total operating revenue	<u>38,097,672</u>	<u>23,253,211</u>	<u>25,722,632</u>
OPERATING EXPENSE			
Interdepartmental operations			
CWCB - Operations	5,409,274	5,325,821	5,359,640
Division of Water Resources	433,967	457,366	418,751
Satellite monitoring	295,575	329,484	363,345
Executive Director's office	661,700	486,834	455,380
Attorney General's office	404,570	417,204	565,843
Nonreimbursable investments	4,068,919	5,208,310	4,497,873
Transfer to general fund	<u>-</u>	<u>-</u>	<u>10,250,000</u>
Total operating expense	<u>11,274,005</u>	<u>12,225,019</u>	<u>21,910,832</u>
OPERATING INCOME/CHANGE IN NET ASSETS	26,823,667	11,028,192	3,811,800
NET ASSETS - BEGINNING OF YEAR	<u>323,835,182</u>	<u>312,806,990</u>	<u>308,995,190</u>
NET ASSETS - END OF YEAR	<u>\$ 350,658,849</u>	<u>\$ 323,835,182</u>	<u>\$ 312,806,990</u>

See accountant's compilation report.

SUPPLEMENTAL INFORMATION

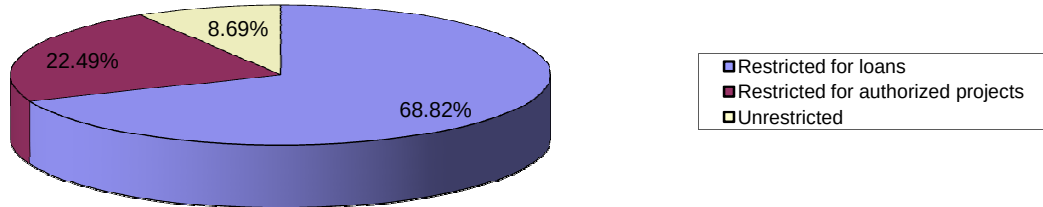
**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
SCHEDULES OF CASH SOURCES AND USES
Years ended June 30, 2011, 2010 and 2009**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
CASH SOURCES			
Mineral lease income	\$ 14,722,345	\$ 11,724,295	\$ 14,000,000
Interest received on investments	1,808,901	2,456,921	4,152,685
Interest received on loans	8,674,705	7,586,141	6,402,957
Principal received on loans	5,461,920	5,594,064	19,859,747
Service charge on loans	252,717	805,388	258,395
Transfer from Severance Tax Trust Fund	12,000,000	-	42,359
Other revenue	267,685	198,012	239,997
Transfer from general fund	-	60,000,000	-
	<u>43,188,273</u>	<u>88,364,821</u>	<u>44,956,140</u>
CASH USES			
Loan disbursements to borrowers	9,088,851	29,959,935	60,006,235
Nonreimbursable investments	3,608,860	5,269,853	4,814,508
Interdepartmental operations	6,984,956	7,427,211	7,576,061
Transfer to general fund	-	-	70,250,000
	<u>19,682,667</u>	<u>42,656,999</u>	<u>142,646,804</u>
CASH SOURCES IN EXCESS (DEFICIENCY) OF CASH USES	23,505,606	45,707,822	(97,690,664)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>80,161,761</u>	<u>34,453,939</u>	<u>132,144,603</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 103,667,367</u>	<u>\$ 80,161,761</u>	<u>\$ 34,453,939</u>

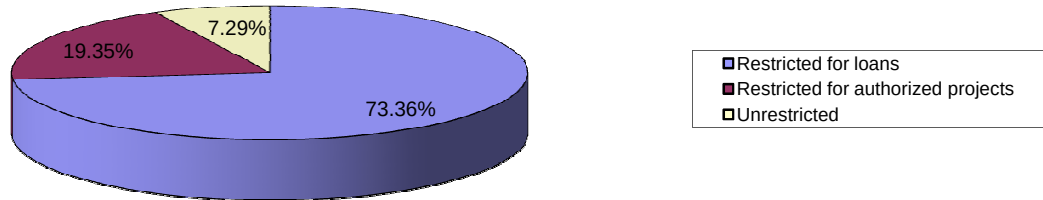
See accountant's compilation report

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
Graphs of Components of Fund Equity
June 30, 2011, 2010 and 2009**

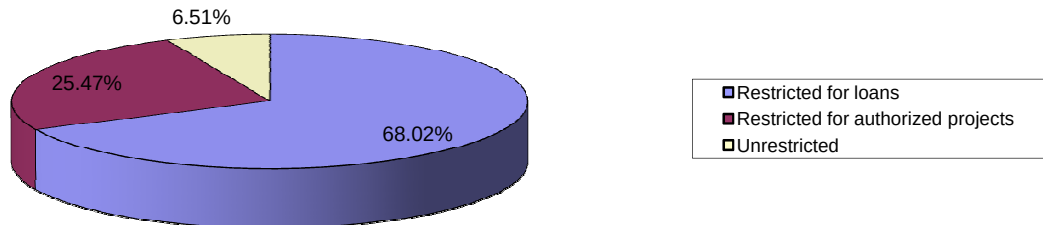
FUND EQUITY at June 30, 2011



FUND EQUITY at June 30, 2010



FUND EQUITY at June 30, 2009



	2011	2010	2009
Restricted for loans	\$ 241,335,418	\$ 237,576,712	\$ 212,779,104
Restricted for authorized projects	78,847,328	62,658,474	79,665,814
Unrestricted	30,476,103	23,599,996	20,362,072
Total fund equity	<u>\$ 350,658,849</u>	<u>\$ 323,835,182</u>	<u>\$ 312,806,990</u>

See accountant's compilation report