

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

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John W. Hickenlooper
Governor

Mike King
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CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Steve Biondo, Finance Manager
Tim Feehan, P. E., Assistant Director

DATE: November 4, 2011

SUBJECT: **Agenda Item 16a, November 15-16, 2011, Board Meeting –
Finance Section – Financial Matters
Construction Fund and Severance Tax Trust Fund Perpetual Base Account
Annual Financial Statements**

The Colorado Water Conservation Board (CWCB) has contracted with a responsible independent accounting firm for the purpose of preparing Compilation Reports (Reports) of the CWCB Construction Fund (CF) and Severance Tax Trust Fund Perpetual Base Account (STTFPBA) Financial Statements.

CWCB entered into a contract with Clifton Gunderson, LLP in July 2011 to complete the work outlined in the Scope of Work for the Reports during the 2011 bidding process.

The CF and STTFPBA Financial Statements Update will be presented and questions will be addressed for the Fiscal Year ending June 30, 2011 at the November 2011 Board Meeting. CWCB Executive Summaries and Comparative Financial Statements for the Fiscal Years 2011, 2010, and 2009 are attached for informational purposes only. This agenda item will be for informational purposes only and no action will be required by the Board.

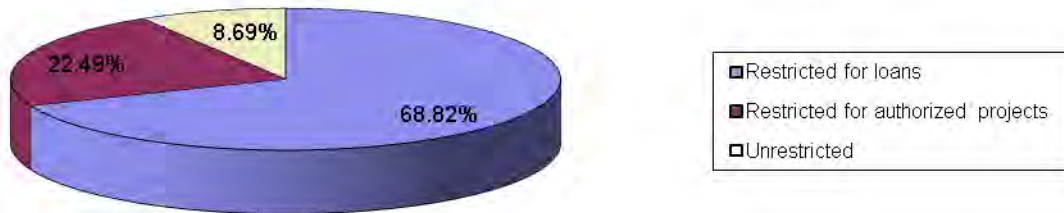
Attachments

CWCBC CONSTRUCTION FUND EXECUTIVE SUMMARY

The Construction Fund (CF) for the year ending June 30, 2011 had an increase of approximately \$27 million in the net assets of the CF. The balance in the net assets is comprised of those assets that are restricted for loans and non-reimbursable water projects and those that are unrestricted. Overall the restricted balance at year-end was \$320,182,746; this is a \$19,947,560 increase in restricted assets from the prior year.

During 2011, the CF disbursed \$9,084,266 to entities in the form of low interest rate loan contracts to aid in the protection and development of the waters of the State of Colorado. The largest three of these loan contracts were to the Farmers Reservoir and Irrigation Company for approximately \$1,628,000 (a portion of the \$3,535,000 loan), Fort Morgan Reservoir and Irrigation Company for approximately \$1,175,000 (a portion of the \$1,494,800 loan) and WRCC, Inc. for \$1,057,000 (remaining of the \$1,352,592 loan). These three contracts account for 42.5% of the loan disbursements for the year ending June 30, 2011. As a result of the disbursements made during the year ending June 30, 2011, the Net Asset component of "Restricted for authorized projects under contract" decreased by \$3,048,791 from \$23,804,268 at June 30, 2010 to \$20,755,477 at June 30, 2011. The CF received \$5,461,920 in principal repayments from participating entities for the fiscal year ending June 30, 2011 as compared to \$5,594,064 for the year ending June 30, 2010.

FUND EQUITY at June 30, 2011



Restricted for loans * =	\$241 M	(68.8%)
Restricted for authorized projects ** =	\$ 79 M	(22.5%)
Unrestricted (Available Cash) =	<u>\$ 30 M</u>	<u>(8.7%)</u>
Total Fund Equity =	<u>\$350 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 increased from \$23 million during the year ending June 30, 2010 to \$38 million during the year ending June 30, 2011. However, net investment income decreased as a result of a decline in interest rates. Interest earned on loans had increased from the prior year as a result of loans that were completed in the prior fiscal year which are beginning to be repaid. Other revenue also increased. Mineral lease income that is allocated to the CF was capped for the year ending June 30, 2011 at \$15,142,400 by Senate Bill 08-218; however, the mineral lease income allocated to the CF during the year was \$14,722,345; which is still an increase of \$2,998,050 from the prior year. The increase in other revenue also included a transfer from the Severance Tax Trust Fund Perpetual Account to the CF for \$12,000,000 on June 30, 2011 per House Bill 10-1250 for the Animas-La-Plata Project Water; over the next two years, additional annual amounts of \$12,000,000 will also be transferred to the CF totaling \$36,000,000.

Operating expenses decreased about \$951,000 during the year ending June 30, 2011 from the year ending June 30, 2010. This is primarily due to a decrease in non-reimbursable investment disbursements. The change in the non-reimbursable investments is dependent upon the drawdown requests from the participating agencies and outside sponsors. The amount remaining related to non-reimbursable investments has been restricted on the balance sheet under either the title "Restricted for authorized projects under contract" or "Restricted for authorized projects not under contract" depending on the status of the project.

In July 2009, funds of \$60,000,000 that were transferred to the State of Colorado's General Fund in the prior year were returned to the CF. The State of Colorado did not return any additional transfers to the CF during Fiscal Year 2011.

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

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
Denver, Colorado

FINANCIAL STATEMENTS
June 30, 2011, 2010 and 2009

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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>\$353,594,859</u>	 <u>\$326,312,694</u>	 <u>\$315,753,758</u>
LIABILITIES			
Accounts payable	\$ 2,936,010	\$ 2,477,512	\$ 2,946,768
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>\$353,594,859</u>	 <u>\$326,312,694</u>	 <u>\$315,753,758</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**

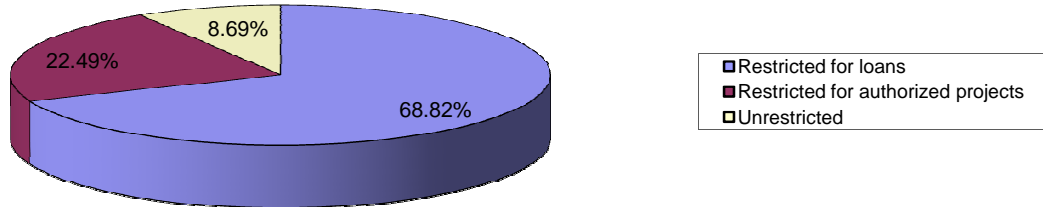
	<u>2011</u>	<u>2010</u>	<u>2009</u>
CASH SOURCES			
Mineral lease income	\$ 14,722,345	\$ 11,724,295	\$ 14,000,000
Interest received on investments	1,808,901	2,456,921	4,152,685
Interest received on loans	8,674,705	7,586,141	6,402,957
Principal received on loans	5,461,920	5,594,064	19,859,747
Service 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

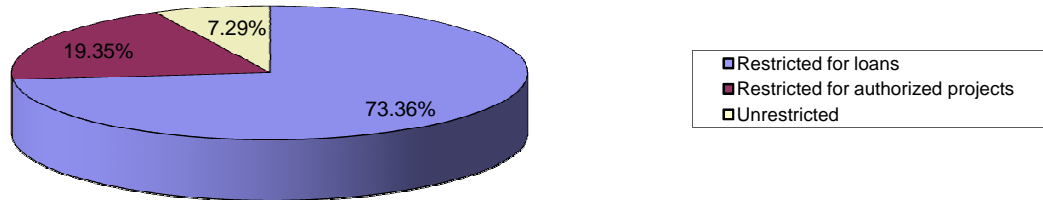
**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND**

**Graphs of Components of Fund Equity
June 30, 2011, 2010 and 2009**

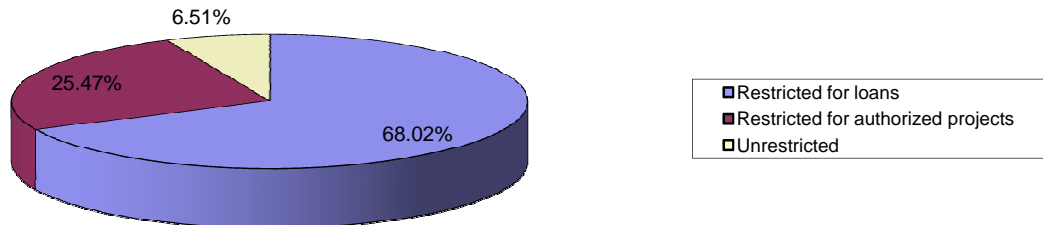
FUND EQUITY at June 30, 2011



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>

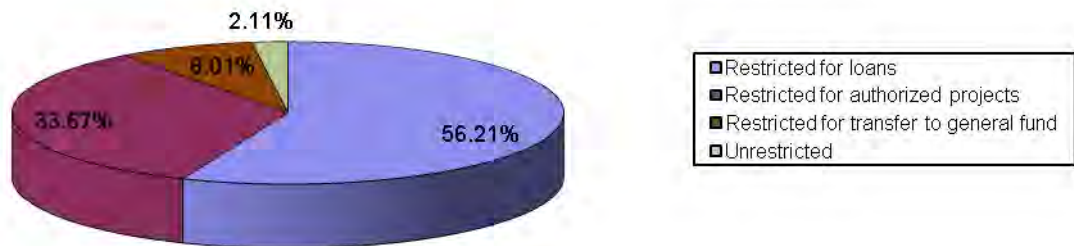
See accountant's compilation report

CWCB SEVERANCE TAX TRUST FUND EXECUTIVE SUMMARY

The Severance Tax Trust Fund Perpetual Base Account (STTFPBA) for the year ending June 30, 2011 had an increase of approximately \$15.1 million in the net assets. The balance in the net assets is comprised of those assets that are restricted for loans and non-reimbursable investments (i.e., the Agricultural Emergency Response Grant Program), those restricted for transfer to the General Fund, and those that are unrestricted. Overall the restricted balance for loans and authorized projects at year-end was \$280,721,360; this is an \$11,657,755 decrease in restricted assets from the prior year. This decrease is primarily related to a reduction of funding available for new water project loans. During 2011, the STTFPBA disbursed \$16,625,160 in water project loans. The largest three of these loans were to the Parker Water and Sanitation District for \$12,199,749 (remaining of the \$15,000,000 loan), Penrose Water District for \$1,260,000 (a portion of the \$8,844,570 loan), and Bijou Irrigation District for \$1,025,101 (remaining of the \$4,454,100 loan). This accounts for 87.1% of the loan disbursements from the STTFPBA for the year.

House Bill 10-1250 authorized the State Treasurer to transfer \$36,000,000 from the STTFPBA to the Construction Fund for the purchase of all or a portion of Colorado's allotment of the Animas-La-Plata Project Water. These funds will be transferred to the Construction Fund commencing June 30, 2011 in annual installments of \$12,000,000. Since the remaining transfer of \$24,000,000 has not been made, this amount was not included in the amount restricted for authorized projects. However, if it had been restricted for authorized projects, unrestricted net assets would fall to a deficit of \$(15,745,316). If, on June 30, 2015, any monies appropriated to the Construction Fund have not been fully expended, the unexpended money will be de-authorized and returned to the STTFPBA.

FUND EQUITY at June 30, 2011



Restricted for loans * =	\$175 M	(56.2%)
Restricted for authorized projects ** =	\$105 M	(33.6%)
Restricted for transfer to General Fund =	\$ 25 M	(8.0%)
Unrestricted (Available Cash) =	<u>\$ 7 M</u>	<u>(2.2 %)</u>
Total Fund Equity =	<u>\$312 M</u>	<u>(100.0%)</u>

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 increased from \$25 million during the year ending June 30, 2010 to \$43 million during the year ending June 30, 2011. This is due to 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 and natural gas production.

Operating expenses decreased over the prior year as a result of the special bills to reduce funds held by the STTFPBA; see below for further explanation.

In July 2009, an amount of \$75,000,000 was returned to the STTFPBA from the State of Colorado's General Fund. This money had been previously removed in Fiscal Year 2009. In Fiscal Year 2010, an amount of \$64,000,000 was transferred from the STTFPBA into the State of Colorado's General Fund pursuant to Senate Bill 09-279 and House Bill 10-1327. House Bill 10-1388 amended by Senate Bill 11-164 approved the transfer of \$16,000,000 from the STTFPBA to the State of Colorado's General Fund on June 30, 2011. None of the funds removed in Fiscal Years 2010 or 2011 were returned to the STTFPBA. Senate Bill 11-226 authorized \$48,100,000 to be transferred from the STTFPBA to the State of Colorado's General Fund, in which \$25,000,000 of these funds were transferred on July 1, 2011. As such, this amount has been classified as restricted for transfer to the General Fund for Fiscal Year 2011. The remaining amount of \$23,100,000 is scheduled to be transferred on June 30, 2012. This amount was not restricted for Fiscal Year 2011 since the funds are not owed until the end of the following fiscal year.

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

**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND
Denver, Colorado**

**FINANCIAL STATEMENTS
June 30, 2011, 2010 and 2009**

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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, Severance Tax Trust Fund - Perpetual Base Account 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.

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 fiscal year 2010, House Bill 10-1388 approved the transfer of \$11,000,000 from the Severance Tax Trust Fund into the State of Colorado's general fund. In fiscal year 2011, Senate Bill 11-164 was passed that changed the amount of the transfer on June 30, 2011 to \$16,000,000. None of the funds removed in fiscal year 2011 will be returned to the Severance Tax Trust Fund. Senate Bill 11-226 approved the transfer of an additional \$25,000,000 out of

the Severance Tax Trust Fund to the State of Colorado's general fund on July 1, 2011. This amount has been removed from unrestricted net assets at June 30, 2011 and placed as restricted under amounts being transferred to the general fund. Senate Bill 11-226 also has authorized \$23,100,000 to be transferred from the Severance Tax Trust Fund to the State of Colorado's general fund on June 30, 2012. This amount has not been reflected as a payable due to the funds not being owed until the end of fiscal year 2012.

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 of all or a portion of Colorado's allotment of the Animas-La-Plata project water. These funds are being transferred to the Construction Fund account annually commencing June 30, 2011 in annual installments of \$12,000,000. The first payment of \$12,000,000 was transferred to the Construction Fund as scheduled on June 30, 2011. The remaining transfer of \$24,000,000 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 \$(15,745,316). 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.

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, Severance Tax Trust Fund - Perpetual Base Account 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 Gundersen LLP

Greenwood Village, Colorado
November 1, 2011

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
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	\$ 127,927,951	\$ 126,915,959	\$ 93,984,220
Interest receivable on loans	4,536,687	3,002,856	2,879,170
Loans receivable	4,297,845	3,605,226	3,173,352
Due from the Department of Natural Resources	-	6,548	-
Due from the State of Colorado	-	-	75,000,000
Total current assets	<u>136,762,483</u>	<u>133,530,589</u>	<u>175,036,742</u>
NONCURRENT ASSETS			
Loans receivable - long-term	<u>175,553,093</u>	<u>163,714,036</u>	<u>161,337,149</u>
Total noncurrent assets	<u>175,553,093</u>	<u>163,714,036</u>	<u>161,337,149</u>
Total assets	<u>\$ 312,315,576</u>	<u>\$ 297,244,625</u>	<u>\$ 336,373,891</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS			
Restricted			
Restricted for loans	\$ 175,552,046	\$ 163,714,036	\$ 161,337,149
Restricted for authorized projects under contract	38,227,599	50,800,459	54,572,668
Restricted for authorized projects not under contract	66,941,715	77,864,620	80,009,724
Restricted for transfer to general fund	25,000,000	-	-
Unrestricted	<u>6,594,216</u>	<u>4,865,510</u>	<u>40,454,350</u>
Total net assets	<u>312,315,576</u>	<u>297,244,625</u>	<u>336,373,891</u>
Total liabilities and net assets	<u>\$ 312,315,576</u>	<u>\$ 297,244,625</u>	<u>\$ 336,373,891</u>

See accountant's compilation report

**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
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	\$ 2,597,026	\$ 3,095,952	\$ 6,332,943
Interest earnings - loans	<u>5,475,195</u>	<u>3,966,943</u>	<u>4,738,681</u>
Total interest revenue	<u>8,072,221</u>	<u>7,062,895</u>	<u>11,071,624</u>
Other revenue			
Severance tax	<u>35,011,669</u>	<u>17,856,646</u>	<u>71,253,177</u>
Total operating revenue	<u>43,083,890</u>	<u>24,919,541</u>	<u>82,324,801</u>
OPERATING EXPENSES			
Nonreimbursable investments	-	-	1,716,142
Transfers to general and other funds	<u>28,012,939</u>	<u>64,048,807</u>	<u>35,163,769</u>
	<u>28,012,939</u>	<u>64,048,807</u>	<u>36,879,911</u>
OPERATING INCOME (LOSS)/CHANGE IN NET ASSETS	15,070,951	(39,129,266)	45,444,890
NET ASSETS - BEGINNING OF YEAR	<u>297,244,625</u>	<u>336,373,891</u>	<u>290,929,001</u>
NET ASSETS - END OF YEAR	<u><u>\$ 312,315,576</u></u>	<u><u>\$ 297,244,625</u></u>	<u><u>\$ 336,373,891</u></u>

See accountant's compilation report.

SUPPLEMENTAL INFORMATION

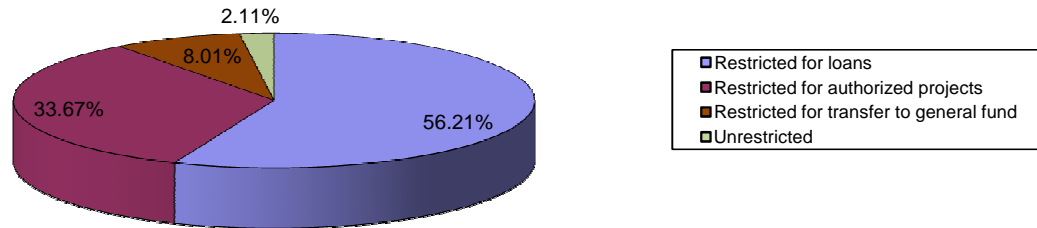
**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
SCHEDULES OF CASH SOURCES AND USES
Years Ended June 30, 2011, 2010 and 2009**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
CASH SOURCES			
Severance tax	\$ 35,011,669	\$ 17,856,646	\$ 71,253,177
Interest received on investments	2,597,026	3,095,952	6,332,943
Interest received on loans	3,941,364	3,843,257	4,253,124
Principal received on loans	4,093,484	4,151,218	3,099,696
Special bills	6,548	75,000,000	-
	<u>45,650,091</u>	<u>103,947,073</u>	<u>84,938,940</u>
CASH USES			
Loan disbursements to borrowers	16,625,160	6,959,979	73,521,905
Nonreimbursable investments	-	-	1,716,142
Special bills	28,012,939	64,055,355	110,163,769
	<u>44,638,099</u>	<u>71,015,334</u>	<u>185,401,816</u>
CASH SOURCES IN EXCESS (DEFICIENCY) OF CASH USES	1,011,992	32,931,739	(100,462,876)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>126,915,959</u>	<u>93,984,220</u>	<u>194,447,096</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 127,927,951</u>	<u>\$ 126,915,959</u>	<u>\$ 93,984,220</u>

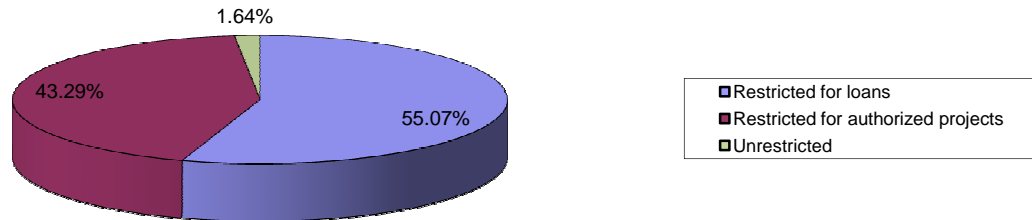
See accountant's compilation report.

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
Graphs of Components of Fund Equity
June 30, 2011, 2010 and 2009

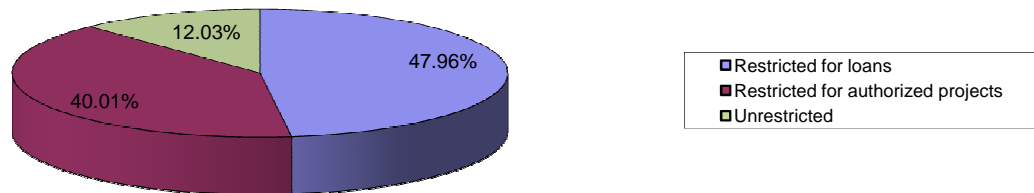
FUND EQUITY at June 30, 2011



FUND EQUITY at June 30, 2010



FUND EQUITY at June 30, 2009



	2011	2010	2009
Restricted for loans	\$ 175,552,046	\$ 163,714,036	\$ 161,337,149
Restricted for authorized projects	105,169,314	128,665,079	134,582,392
Restricted for transfer to general fund	25,000,000	-	-
Unrestricted	6,594,216	4,865,510	40,454,350
Total fund equity	<u>\$ 312,315,576</u>	<u>\$ 297,244,625</u>	<u>\$ 336,373,891</u>

See accountant's compilation report