

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
Denver, Colorado

FINANCIAL STATEMENTS
June 30, 2012, 2011 and 2010

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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, 2012, 2011 and 2010 and the related statements of revenue, expenses and changes in net assets for the years then ended, and the accompanying supplementary 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.

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.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
October 31, 2012

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF NET ASSETS
June 30, 2012, 2011 and 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 127,725,050	\$ 103,667,367	\$ 80,161,761
Interest receivable on loans	4,122,768	3,391,944	3,596,104
Loans receivable	6,270,577	5,142,056	4,918,482
Prepaid expenses	8,441	58,074	59,635
	<u>138,126,836</u>	<u>112,259,441</u>	<u>88,735,982</u>
NONCURRENT ASSETS			
Loans receivable - long-term - net of allowance for uncollectible account of \$220,129 in 2012, \$377,522 in 2011 and \$157,392 in 2010	226,218,571	237,440,563	234,257,336
Interest receivable - long term	3,607,350	3,894,855	3,319,376
Water rights	12,000,000	-	-
Total noncurrent assets	<u>241,825,921</u>	<u>241,335,418</u>	<u>237,576,712</u>
 Total assets	 <u>\$ 379,952,757</u>	 <u>\$ 353,594,859</u>	 <u>\$ 326,312,694</u>
LIABILITIES			
Accounts payable	\$ 2,507,989	\$ 2,936,010	\$ 2,477,512
Total liabilities	<u>2,507,989</u>	<u>2,936,010</u>	<u>2,477,512</u>
NET ASSETS			
Restricted			
Restricted for water rights	12,000,000	-	-
Restricted for loans	229,825,921	241,335,418	237,576,712
Restricted for authorized projects under contract	35,301,685	20,755,477	23,804,268
Restricted for authorized projects not under contract	49,507,613	58,091,851	38,854,206
Unrestricted	50,809,549	30,476,103	23,599,996
Total net assets	<u>377,444,768</u>	<u>350,658,849</u>	<u>323,835,182</u>
 Total liabilities and net assets	 <u>\$ 379,952,757</u>	 <u>\$ 353,594,859</u>	 <u>\$ 326,312,694</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, 2012, 2011 and 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 1,453,298	\$ 1,808,901	\$ 2,456,921
Interest earnings - loans	<u>8,698,209</u>	<u>9,046,024</u>	<u>8,068,595</u>
Total interest revenue	<u>10,151,507</u>	<u>10,854,925</u>	<u>10,525,516</u>
Other revenue			
Mineral lease income	15,748,096	14,722,345	11,724,295
Transfer from Severance Tax Trust Fund	12,000,000	12,000,000	-
Service charge on loans	135,808	252,717	805,388
Other	<u>193,581</u>	<u>267,685</u>	<u>198,012</u>
Total other revenue	<u>28,077,485</u>	<u>27,242,747</u>	<u>12,727,695</u>
Total operating revenue	<u>38,228,992</u>	<u>38,097,672</u>	<u>23,253,211</u>
OPERATING EXPENSE			
Interdepartmental operations			
CWCB - Operations	5,405,849	5,409,274	5,325,821
Division of Water Resources	380,261	433,967	457,366
Satellite monitoring	335,029	295,575	329,484
Executive Director's office	763,642	661,700	486,834
Attorney General's office	486,566	404,570	417,204
Nonreimbursable investments	<u>4,071,726</u>	<u>4,068,919</u>	<u>5,208,310</u>
Total operating expense	<u>11,443,073</u>	<u>11,274,005</u>	<u>12,225,019</u>
OPERATING INCOME/CHANGE IN NET ASSETS	26,785,919	26,823,667	11,028,192
NET ASSETS - BEGINNING OF YEAR	<u>350,658,849</u>	<u>323,835,182</u>	<u>312,806,990</u>
NET ASSETS - END OF YEAR	<u>\$ 377,444,768</u>	<u>\$ 350,658,849</u>	<u>\$ 323,835,182</u>

See accountant's compilation report.

SUPPLEMENTARY INFORMATION

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
SCHEDULES OF CASH SOURCES AND USES
Years ended June 30, 2012, 2011 and 2010**

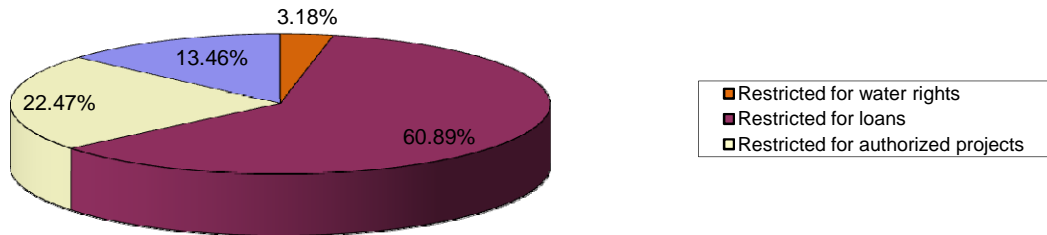
	<u>2012</u>	<u>2011</u>	<u>2010</u>
CASH SOURCES			
Mineral lease income	\$ 15,748,096	\$ 14,722,345	\$ 11,724,295
Interest received on investments	1,453,298	1,808,901	2,456,921
Interest received on loans	8,254,890	8,674,705	7,586,141
Principal received on loans	17,726,445	5,461,920	5,594,064
Service charge on loans	135,808	252,717	805,388
Transfer from Severance Tax Trust Fund	12,000,000	12,000,000	-
Other revenue	193,581	267,685	198,012
Transfer from general fund	-	-	60,000,000
	<u>55,512,118</u>	<u>43,188,273</u>	<u>88,364,821</u>
CASH USES			
Loan disbursements to borrowers	7,475,581	9,088,851	29,959,935
Nonreimbursable investments	4,450,114	3,608,860	5,269,853
Interdepartmental operations	7,528,740	6,984,956	7,427,211
Water rights acquisition	12,000,000	-	-
	<u>31,454,435</u>	<u>19,682,667</u>	<u>42,656,999</u>
CASH SOURCES IN EXCESS (DEFICIENCY) OF CASH USES	24,057,683	23,505,606	45,707,822
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>103,667,367</u>	<u>80,161,761</u>	<u>34,453,939</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 127,725,050</u>	<u>\$ 103,667,367</u>	<u>\$ 80,161,761</u>

See accountant's compilation report

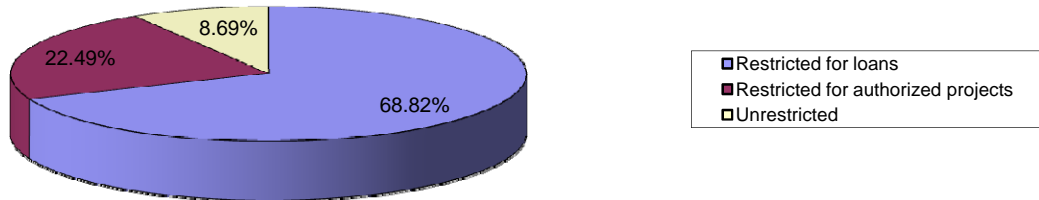
**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND**

**Graphs of Components of Fund Equity
June 30, 2012, 2011 and 2010**

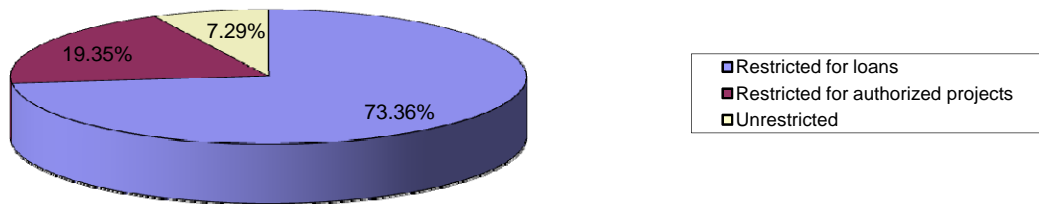
FUND EQUITY at June 30, 2012



FUND EQUITY at June 30, 2011



FUND EQUITY at June 30, 2010



	2012	2011	2010
Restricted for water rights	\$ 12,000,000	\$ -	\$ -
Restricted for loans	229,825,921	241,335,418	237,576,712
Restricted for authorized projects	84,809,298	78,847,328	62,658,474
Unrestricted	50,809,549	30,476,103	23,599,996
Total fund equity	<u>\$ 377,444,768</u>	<u>\$ 350,658,849</u>	<u>\$ 323,835,182</u>

See accountant's compilation report