

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

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 2012, Senate Bill 12S-002 approved transfers from the Severance Tax Fund to the Construction Fund, including \$15,000,000 for the Rio Grande cooperative project and \$5,000,000 for the Chatfield reservoir project. These transfers are scheduled during the first half of fiscal year 2013 and accordingly, have been removed from unrestricted net assets at June 30, 2012 and placed as restricted under amounts being transferred to the Construction Fund. Senate Bill 12S-002 authorized other amounts to be transferred from the Severance Tax Trust Fund. However, such amounts are not scheduled to be transferred until after January 1, 2013, and have therefore not been reflected as a restriction on June 30, 2012 net assets.

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. The first two installment transfers of \$12,000,000 to the Construction Fund account were made on June 30, 2011 and June 30, 2012. As of June 30, 2012, the final transfer of \$12,000,000 to be made July 1, 2012 has been removed from unrestricted net assets and placed as restricted under amounts being transferred to the Construction Fund. 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.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
October 31, 2012

**COLORADO WATER CONSERVATION BOARD**  
**SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT**  
**STATEMENTS OF NET ASSETS**  
**June 30, 2012, 2011 and 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 134,923,682	\$ 127,927,951	\$ 126,915,959
Interest receivable on loans	4,660,512	4,536,687	3,002,856
Loans receivable	3,725,486	4,297,845	3,605,226
Due from the State of Colorado	6,089,621	-	-
Due from the Department of Natural Resources	-	-	6,548
Total current assets	<u>149,399,301</u>	<u>136,762,483</u>	<u>133,530,589</u>
<b>NONCURRENT ASSETS</b>			
Loans receivable - long-term	<u>159,469,689</u>	<u>175,553,093</u>	<u>163,714,036</u>
Total noncurrent assets	<u>159,469,689</u>	<u>175,553,093</u>	<u>163,714,036</u>
Total assets	<u>\$ 308,868,990</u>	<u>\$ 312,315,576</u>	<u>\$ 297,244,625</u>
<b>LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET ASSETS</b>			
Restricted			
Restricted for loans	\$ 159,469,689	\$ 175,552,046	\$ 163,714,036
Restricted for authorized projects under contract	21,115,121	38,227,599	50,800,459
Restricted for authorized projects not under contract	66,916,473	66,941,715	77,864,620
Restricted for transfer to construction fund	32,000,000	-	-
Restricted for transfer to general fund	-	25,000,000	-
Unrestricted	<u>29,367,707</u>	<u>6,594,216</u>	<u>4,865,510</u>
Total net assets	<u>308,868,990</u>	<u>312,315,576</u>	<u>297,244,625</u>
Total liabilities and net assets	<u>\$ 308,868,990</u>	<u>\$ 312,315,576</u>	<u>\$ 297,244,625</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, 2012, 2011 and 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUE</b>			
Interest revenue			
Net investment income	\$ 1,697,551	\$ 2,597,026	\$ 3,095,952
Interest earnings - loans	<u>5,164,410</u>	<u>5,475,195</u>	<u>3,966,943</u>
Total interest revenue	<u>6,861,961</u>	<u>8,072,221</u>	<u>7,062,895</u>
Other revenue			
Severance tax	<u>49,859,296</u>	<u>35,011,669</u>	<u>17,856,646</u>
Total operating revenue	<u>56,721,257</u>	<u>43,083,890</u>	<u>24,919,541</u>
<b>OPERATING EXPENSES</b>			
Transfers to general and other funds	<u>60,167,843</u>	<u>28,012,939</u>	<u>64,048,807</u>
	<u>60,167,843</u>	<u>28,012,939</u>	<u>64,048,807</u>
<b>OPERATING INCOME (LOSS)/CHANGE IN NET ASSETS</b>	(3,446,586)	15,070,951	(39,129,266)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>312,315,576</u>	<u>297,244,625</u>	<u>336,373,891</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 308,868,990</u>	<u>\$ 312,315,576</u>	<u>\$ 297,244,625</u>

See accountant's compilation report.

## **SUPPLEMENTARY INFORMATION**

**COLORADO WATER CONSERVATION BOARD  
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT  
SCHEDULES OF CASH SOURCES AND USES  
Years Ended June 30, 2012, 2011 and 2010**

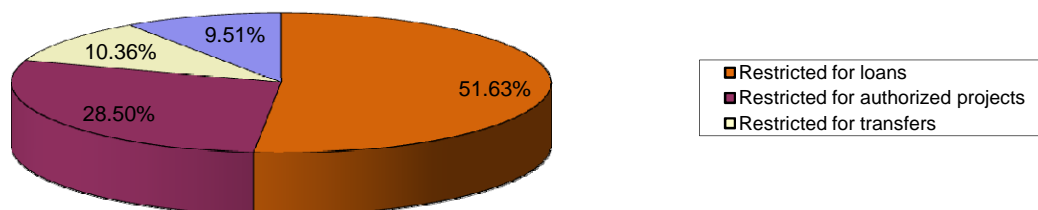
	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>CASH SOURCES</b>			
Severance tax	\$ 43,769,675	\$ 35,011,669	\$ 17,856,646
Interest received on investments	1,697,551	2,597,026	3,095,952
Interest received on loans	5,040,585	3,941,364	3,843,257
Principal received on loans	33,242,996	4,093,484	4,151,218
Special bills	-	6,548	75,000,000
	<u>83,750,807</u>	<u>45,650,091</u>	<u>103,947,073</u>
<b>CASH USES</b>			
Loan disbursements to borrowers	16,587,233	16,625,160	6,959,979
Special bills	60,167,843	28,012,939	64,055,355
	<u>76,755,076</u>	<u>44,638,099</u>	<u>71,015,334</u>
<b>CASH SOURCES IN EXCESS (DEFICIENCY) OF CASH USES</b>	6,995,731	1,011,992	32,931,739
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>127,927,951</u>	<u>126,915,959</u>	<u>93,984,220</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 134,923,682</u>	<u>\$ 127,927,951</u>	<u>\$ 126,915,959</u>

See accountant's compilation report.

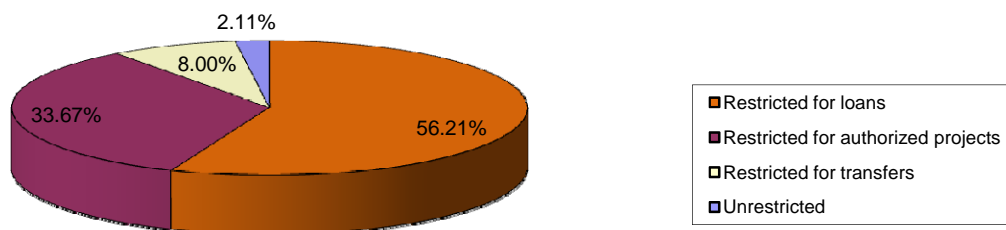


**COLORADO WATER CONSERVATION BOARD**  
**SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT**  
**Graphs of Components of Fund Equity**  
**June 30, 2012, 2011 and 2010**

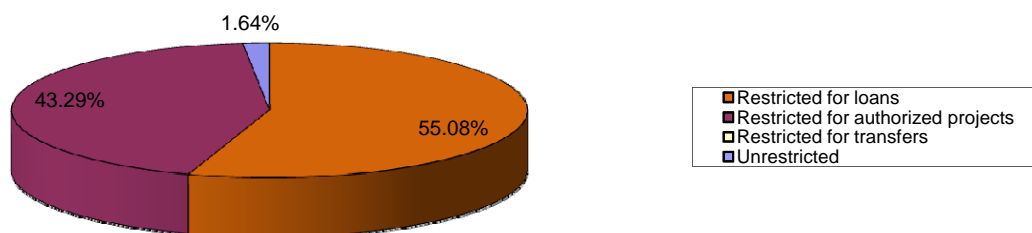
**FUND EQUITY at June 30, 2012**



**FUND EQUITY at June 30, 2011**



**FUND EQUITY at June 30, 2010**



	2012	2011	2010
Restricted for loans	\$ 159,469,689	\$ 175,552,046	\$ 163,714,036
Restricted for authorized projects	88,031,594	105,169,314	128,665,079
Restricted for transfers	32,000,000	25,000,000	-
Unrestricted	29,367,707	6,594,216	4,865,510
Total fund equity	<u>\$ 308,868,990</u>	<u>\$ 312,315,576</u>	<u>\$ 297,244,625</u>

See accountant's compilation report