

**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX PERPETUAL BASE FUND
Denver, Colorado**

FINANCIAL STATEMENTS
June 30, 2014, 2013 and 2012

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Colorado Water Conservation Board
Denver, Colorado

We have compiled the accompanying statements of net position of Colorado Water Conservation Board, Severance Tax Perpetual Base Fund as of June 30, 2014, 2013 and 2012 and the related statements of revenue, expenses and changes in net position for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements 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 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.

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 without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary information appearing on page 6 and 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

The financial statements of the Colorado Water Conservation Board, Severance Tax Perpetual Base 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, Severance Tax Perpetual Base Fund.

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. On July 1, 2013, \$12,000,000 was transferred into 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 Perpetual Base 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 statement of cash flows were included in the financial statements, they might influence the user's conclusions about Colorado Water Conservation Board, Severance Tax Perpetual Base Fund's financial position, results of operations, and cash flows. Accordingly, the 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

Broomfield, Colorado
October 28, 2014

**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX PERPETUAL BASE FUND
STATEMENTS OF NET POSITION
June 30, 2014, 2013 and 2012**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 174,010,057	\$ 152,977,023	\$ 134,923,682
Interest receivable on loans	1,956,308	2,765,024	4,660,512
Loans receivable	6,588,024	6,208,336	3,725,486
Due from the State of Colorado	-	-	6,089,621
Total current assets	<u>182,554,389</u>	<u>161,950,383</u>	<u>149,399,301</u>
NONCURRENT ASSETS			
Loans receivable - long-term	<u>146,893,358</u>	<u>150,407,923</u>	<u>159,469,689</u>
Total noncurrent assets	<u>146,893,358</u>	<u>150,407,923</u>	<u>159,469,689</u>
Total assets	<u>\$ 329,447,747</u>	<u>\$ 312,358,306</u>	<u>\$ 308,868,990</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Restricted			
Restricted for loans	\$ 146,893,358	\$ 150,408,233	\$ 159,469,689
Restricted for authorized projects under contract	24,011,141	18,472,949	21,115,121
Restricted for authorized projects not under contract	154,879,804	66,411,467	66,916,473
Restricted for transfer to construction fund	-	17,000,000	32,000,000
Restricted for transfer to Higher Ed	10,000,000	-	-
Unrestricted	<u>(6,336,556)</u>	<u>60,065,657</u>	<u>29,367,707</u>
Total net position	<u>329,447,747</u>	<u>312,358,306</u>	<u>308,868,990</u>
Total liabilities and net position	<u>\$ 329,447,747</u>	<u>\$ 312,358,306</u>	<u>\$ 308,868,990</u>

See accountants' compilation report

**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX PERPETUAL BASE FUND
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2014, 2013 and 2012**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 1,467,951	\$ 1,439,707	\$ 1,697,551
Interest earnings - loans	<u>4,170,815</u>	<u>4,286,271</u>	<u>5,164,410</u>
Total interest revenue	<u>5,638,766</u>	<u>5,725,978</u>	<u>6,861,961</u>
Other revenue			
Severance tax	<u>60,392,518</u>	<u>32,354,809</u>	<u>49,859,296</u>
Total operating revenue	<u>66,031,284</u>	<u>38,080,787</u>	<u>56,721,257</u>
OPERATING EXPENSES			
Non-Reimbursable-Agricultural Emergency Drought	911,279	1,000,000	-
Transfers to general and other funds	<u>48,030,564</u>	<u>33,591,471</u>	<u>60,167,843</u>
	<u>48,941,843</u>	<u>34,591,471</u>	<u>60,167,843</u>
OPERATING INCOME (LOSS)/CHANGE IN NET POSITION	17,089,441	3,489,316	(3,446,586)
NET POSITION - BEGINNING OF YEAR	<u>312,358,306</u>	<u>308,868,990</u>	<u>312,315,576</u>
NET POSITION - END OF YEAR	<u>\$ 329,447,747</u>	<u>\$ 312,358,306</u>	<u>\$ 308,868,990</u>

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

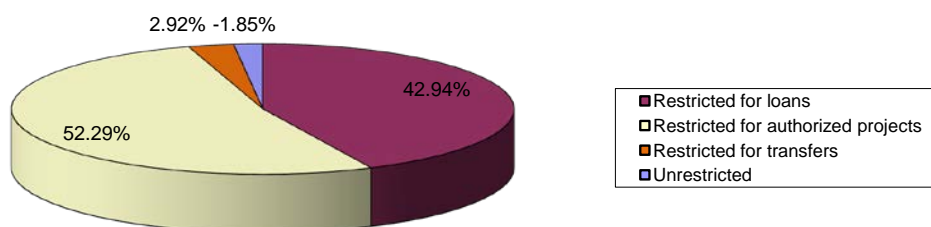
**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX PERPETUAL BASE FUND
SCHEDULES OF CASH SOURCES AND USES
Years Ended June 30, 2014, 2013 and 2012**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
CASH SOURCES			
Severance tax	\$ 60,392,518	\$ 38,444,430	\$ 43,769,675
Interest received on investments	1,467,951	1,439,707	1,697,551
Interest received on loans	4,979,531	6,181,759	5,040,585
Principal received on loans	<u>12,515,130</u>	<u>8,101,476</u>	<u>33,242,996</u>
	<u>79,355,130</u>	<u>54,167,372</u>	<u>83,750,807</u>
CASH USES			
Loan disbursements to borrowers	9,380,253	1,522,560	16,587,233
Special bills	<u>48,941,843</u>	<u>34,591,471</u>	<u>60,167,843</u>
	<u>58,322,096</u>	<u>36,114,031</u>	<u>76,755,076</u>
CASH SOURCES IN EXCESS OF CASH USES	21,033,034	18,053,341	6,995,731
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>152,977,023</u>	<u>134,923,682</u>	<u>127,927,951</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 174,010,057</u>	<u>\$ 152,977,023</u>	<u>\$ 134,923,682</u>

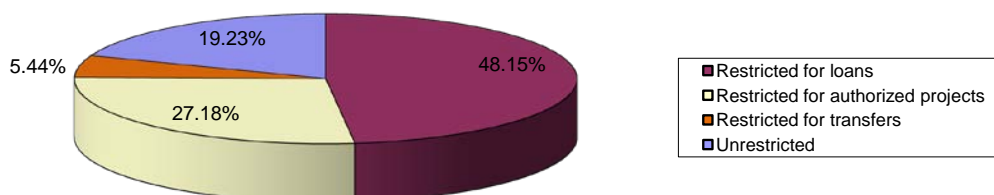
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**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX PERPETUAL BASE FUND
GRAPHS OF COMPONENTS OF NET POSITION
June 30, 2014, 2013 and 2012**

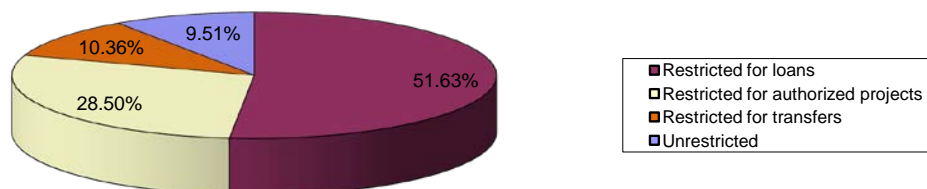
NET POSITION at June 30, 2014



NET POSITION at June 30, 2013



NET POSITION at June 30, 2012



	2014	2013	2012
Restricted for loans	\$ 146,893,358	\$ 150,408,233	\$ 159,469,689
Restricted for authorized projects	178,890,945	84,884,416	88,031,594
Restricted for transfers	10,000,000	17,000,000	32,000,000
Unrestricted	(6,336,556)	60,065,657	29,367,707
Total net position	<u>\$ 329,447,747</u>	<u>\$ 312,358,306</u>	<u>\$ 308,868,990</u>

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