

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
Denver, Colorado

FINANCIAL STATEMENTS
June 30, 2013, 2012 and 2011

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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, Construction Fund as of June 30, 2013, 2012 and 2011 and the related statements of revenue, expenses and changes in net position 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, 2013

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF NET POSITION
June 30, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 151,983,838	\$ 127,725,050	\$ 103,667,367
Interest receivable on loans	3,594,536	4,122,768	3,391,944
Loans receivable	6,005,369	6,270,577	5,142,056
Prepaid items	43,132	8,441	58,074
	<u>161,626,875</u>	<u>138,126,836</u>	<u>112,259,441</u>
NONCURRENT ASSETS			
Loans receivable - long-term - net of allowance for uncollectible account of \$211,771 in 2013, \$220,129 in 2012 and \$377,522 in 2011	222,491,774	226,218,571	237,440,563
Interest receivable - long term	3,317,545	3,607,350	3,894,855
Water rights	35,868,420	12,000,000	-
Total noncurrent assets	<u>261,677,739</u>	<u>241,825,921</u>	<u>241,335,418</u>
 Total assets	 <u>\$ 423,304,614</u>	 <u>\$ 379,952,757</u>	 <u>\$ 353,594,859</u>
LIABILITIES			
Accounts payable	\$ 3,039,764	\$ 2,507,989	\$ 2,936,010
Total liabilities	<u>3,039,764</u>	<u>2,507,989</u>	<u>2,936,010</u>
NET POSITION			
Restricted			
Restricted for water rights	35,868,420	12,000,000	-
Restricted for loans	225,809,319	229,825,921	241,335,418
Restricted for authorized projects under contract	37,796,458	35,301,685	20,755,477
Restricted for authorized projects not under contract	93,619,289	49,507,613	58,091,851
Unrestricted	27,171,364	50,809,549	30,476,103
Total net position	<u>420,264,850</u>	<u>377,444,768</u>	<u>350,658,849</u>
 Total liabilities and net position	 <u>\$ 423,304,614</u>	 <u>\$ 379,952,757</u>	 <u>\$ 353,594,859</u>

See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2013, 2012 and 2011**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 1,486,607	\$ 1,453,298	\$ 1,808,901
Interest earnings - loans	<u>8,998,555</u>	<u>8,698,209</u>	<u>9,046,024</u>
Total interest revenue	<u>10,485,162</u>	<u>10,151,507</u>	<u>10,854,925</u>
Other revenue			
Mineral lease income	11,570,160	15,748,096	14,722,345
Transfer from Severance Tax Trust Fund	33,000,000	12,000,000	12,000,000
Service charge on loans	908,851	135,808	252,717
Other	<u>2,485,424</u>	<u>193,581</u>	<u>267,685</u>
Total other revenue	<u>47,964,435</u>	<u>28,077,485</u>	<u>27,242,747</u>
Total operating revenue	<u>58,449,597</u>	<u>38,228,992</u>	<u>38,097,672</u>
OPERATING EXPENSE			
Interdepartmental operations			
CWCB - Operations	5,966,201	5,405,849	5,409,274
Division of Water Resources	431,019	380,261	433,967
Satellite monitoring	273,015	335,029	295,575
Executive Director's office	710,797	763,642	661,700
Attorney General's office	471,573	486,566	404,570
Nonreimbursable investments	<u>7,776,910</u>	<u>4,071,726</u>	<u>4,068,919</u>
Total operating expense	<u>15,629,515</u>	<u>11,443,073</u>	<u>11,274,005</u>
OPERATING INCOME/CHANGE IN NET POSITION	42,820,082	26,785,919	26,823,667
NET POSITION - BEGINNING OF YEAR	<u>377,444,768</u>	<u>350,658,849</u>	<u>323,835,182</u>
NET POSITION - END OF YEAR	<u>\$ 420,264,850</u>	<u>\$ 377,444,768</u>	<u>\$ 350,658,849</u>

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
SCHEDULES OF CASH SOURCES AND USES
Years ended June 30, 2013, 2012 and 2011**

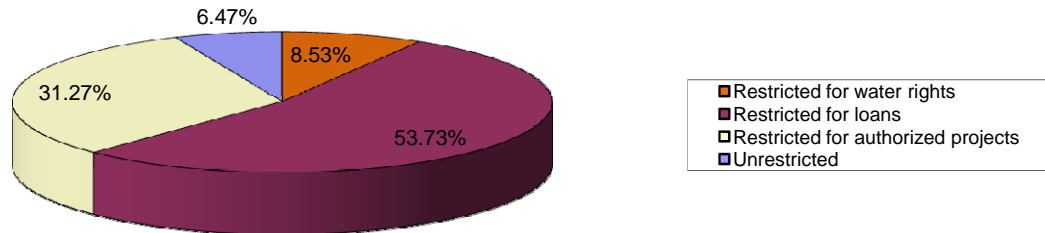
	<u>2013</u>	<u>2012</u>	<u>2011</u>
CASH SOURCES			
Mineral lease income	\$ 11,570,160	\$ 15,748,096	\$ 14,722,345
Interest received on investments	1,486,607	1,453,298	1,808,901
Interest received on loans	9,816,592	8,254,890	8,674,705
Principal received on loans	21,567,917	17,726,445	5,461,920
Service charge on loans	908,851	135,808	252,717
Transfer from Severance Tax Trust Fund	33,000,000	12,000,000	12,000,000
Other revenue	<u>2,485,424</u>	<u>193,581</u>	<u>267,685</u>
	<u>80,835,551</u>	<u>55,512,118</u>	<u>43,188,273</u>
CASH USES			
Loan disbursements to borrowers	17,567,554	7,475,581	9,088,851
Nonreimbursable investments	7,279,826	4,450,114	3,608,860
Interdepartmental operations	7,860,963	7,528,740	6,984,956
Water rights acquisition	<u>23,868,420</u>	<u>12,000,000</u>	<u>-</u>
	<u>56,576,763</u>	<u>31,454,435</u>	<u>19,682,667</u>
CASH SOURCES IN EXCESS OF CASH USES	24,258,788	24,057,683	23,505,606
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>127,725,050</u>	<u>103,667,367</u>	<u>80,161,761</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 151,983,838</u>	<u>\$ 127,725,050</u>	<u>\$ 103,667,367</u>

See accountants' compilation report

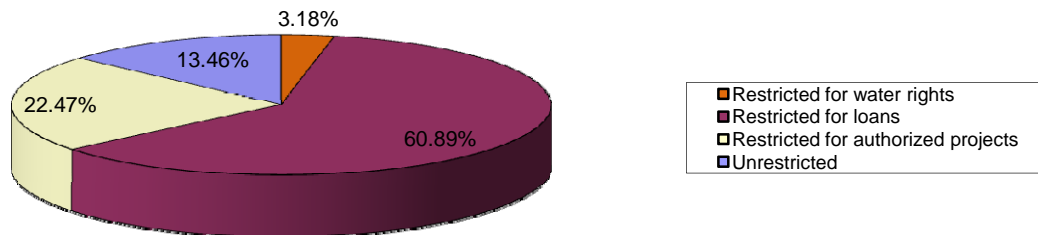
**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND**

**Graphs of Components of Net Position
June 30, 2013, 2012 and 2011**

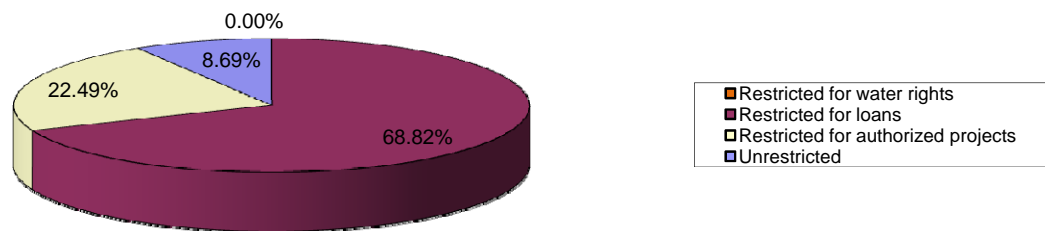
NET POSITION at June 30, 2013



NET POSITION at June 30, 2012



NET POSITION at June 30, 2011



	2013	2012	2011
Restricted for water rights	\$ 35,868,420	\$ 12,000,000	\$ -
Restricted for loans	225,809,319	229,825,921	241,335,418
Restricted for authorized projects	131,415,747	84,809,298	78,847,328
Unrestricted	27,171,364	50,809,549	30,476,103
Total net position	<u>\$ 420,264,850</u>	<u>\$ 377,444,768</u>	<u>\$ 350,658,849</u>

See accountants' compilation report