

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

**FINANCIAL STATEMENTS
June 30, 2013, 2012 and 2011**

TABLE OF CONTENTS

	PAGE
ACCOUNTANTS' COMPILATION REPORT	1
BASIC FINANCIAL STATEMENTS	
Statements of Net Position.....	3
Statements of Revenue, Expenses and Changes in Net Position	4
SUPPLEMENTARY INFORMATION	5
Schedules of Cash Sources and Uses.....	6
Severance Tax Trust Fund - Perpetual Base Account, Graphs of Components of Net Position.....	7

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 Trust Fund - Perpetual Base Account 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.

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 2013, Senate Bill 13S-181 approved transfers from the Severance Tax Fund to the Construction Fund, including \$15,000,000 for the Rio Grande cooperative project and \$2,000,000 for the Windy Gap project. These transfers are scheduled during the first half of fiscal year 2014 and accordingly, have been removed from unrestricted net position at June 30, 2013 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 July 1, 2014, and have therefore not been reflected as a restriction on June 30, 2013 net position.

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 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, 2013

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
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	\$ 152,977,023	\$ 134,923,682	\$ 127,927,951
Interest receivable on loans	2,765,024	4,660,512	4,536,687
Loans receivable	6,208,336	3,725,486	4,297,845
Due from the State of Colorado	<u>-</u>	<u>6,089,621</u>	<u>-</u>
Total current assets	<u>161,950,383</u>	<u>149,399,301</u>	<u>136,762,483</u>
NONCURRENT ASSETS			
Loans receivable - long-term	<u>150,407,923</u>	<u>159,469,689</u>	<u>175,553,093</u>
Total noncurrent assets	<u>150,407,923</u>	<u>159,469,689</u>	<u>175,553,093</u>
 Total assets	 <u>\$ 312,358,306</u>	 <u>\$ 308,868,990</u>	 <u>\$ 312,315,576</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Restricted			
Restricted for loans	\$ 150,408,233	\$ 159,469,689	\$ 175,552,046
Restricted for authorized projects under contract	18,472,949	21,115,121	38,227,599
Restricted for authorized projects not under contract	66,411,467	66,916,473	66,941,715
Restricted for transfer to construction fund	17,000,000	32,000,000	-
Restricted for transfer to general fund	-	-	25,000,000
Unrestricted	<u>60,065,657</u>	<u>29,367,707</u>	<u>6,594,216</u>
Total net position	<u>312,358,306</u>	<u>308,868,990</u>	<u>312,315,576</u>
 Total liabilities and net position	 <u>\$ 312,358,306</u>	 <u>\$ 308,868,990</u>	 <u>\$ 312,315,576</u>

See accountants' compilation report

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
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	\$ 1,439,707	\$ 1,697,551	\$ 2,597,026
Interest earnings - loans	<u>4,286,271</u>	<u>5,164,410</u>	<u>5,475,195</u>
Total interest revenue	<u>5,725,978</u>	<u>6,861,961</u>	<u>8,072,221</u>
Other revenue			
Severance tax	<u>32,354,809</u>	<u>49,859,296</u>	<u>35,011,669</u>
Total operating revenue	<u>38,080,787</u>	<u>56,721,257</u>	<u>43,083,890</u>
OPERATING EXPENSES			
Transfers to general and other funds	<u>34,591,471</u>	<u>60,167,843</u>	<u>28,012,939</u>
	<u>34,591,471</u>	<u>60,167,843</u>	<u>28,012,939</u>
OPERATING INCOME (LOSS)/CHANGE IN NET POSITION	3,489,316	(3,446,586)	15,070,951
NET POSITION - BEGINNING OF YEAR	<u>308,868,990</u>	<u>312,315,576</u>	<u>297,244,625</u>
NET POSITION - END OF YEAR	<u>\$ 312,358,306</u>	<u>\$ 308,868,990</u>	<u>\$ 312,315,576</u>

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

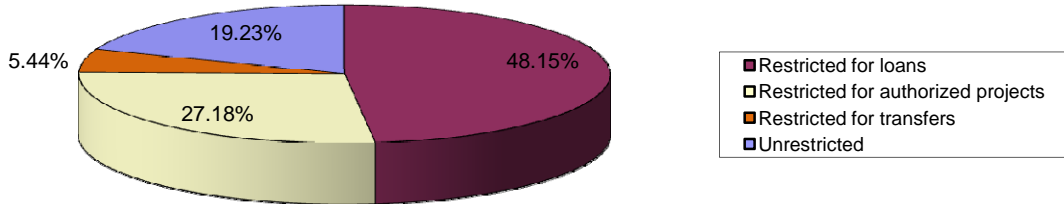
**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
SCHEDULES OF CASH SOURCES AND USES
Years Ended June 30, 2013, 2012 and 2011**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
CASH SOURCES			
Severance tax	\$ 38,444,430	\$ 43,769,675	\$ 35,011,669
Interest received on investments	1,439,707	1,697,551	2,597,026
Interest received on loans	6,181,759	5,040,585	3,941,364
Principal received on loans	8,101,476	33,242,996	4,093,484
Special bills	-	-	6,548
	<u>54,167,372</u>	<u>83,750,807</u>	<u>45,650,091</u>
CASH USES			
Loan disbursements to borrowers	1,522,560	16,587,233	16,625,160
Special bills	34,591,471	60,167,843	28,012,939
	<u>36,114,031</u>	<u>76,755,076</u>	<u>44,638,099</u>
CASH SOURCES IN EXCESS OF CASH USES	18,053,341	6,995,731	1,011,992
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>134,923,682</u>	<u>127,927,951</u>	<u>126,915,959</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 152,977,023</u>	<u>\$ 134,923,682</u>	<u>\$ 127,927,951</u>

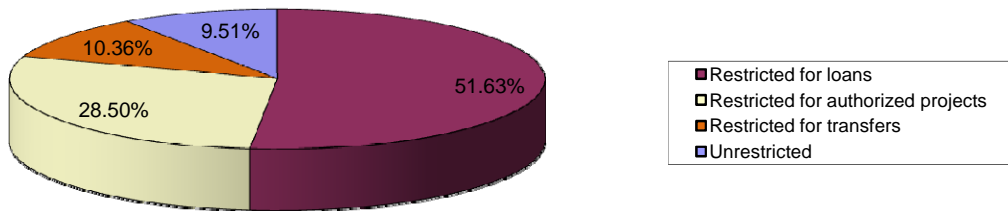
See accountants' compilation report.

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX TRUST FUND - PERPETUAL BASE ACCOUNT
Graphs of Components of Net Position
June 30, 2013, 2012 and 2011

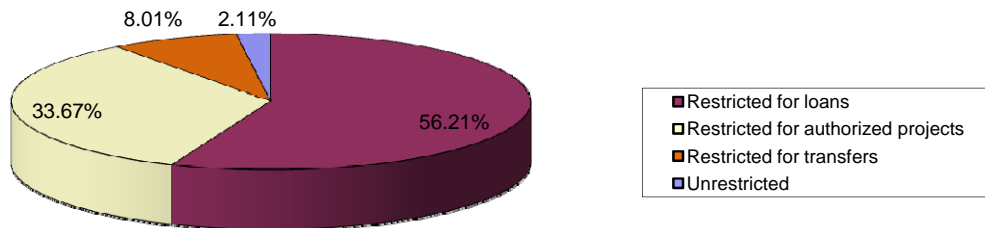
NET POSITION at June 30, 2013



NET POSITION at June 30, 2012



NET POSITION at June 30, 2011



	2013	2012	2011
Restricted for loans	\$ 150,408,233	\$ 159,469,689	\$ 175,552,046
Restricted for authorized projects	84,884,416	88,031,594	105,169,314
Restricted for transfers	17,000,000	32,000,000	25,000,000
Unrestricted	60,065,657	29,367,707	6,594,216
Total net position	<u>\$ 312,358,306</u>	<u>\$ 308,868,990</u>	<u>\$ 312,315,576</u>

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