

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
Denver, Colorado**

**FINANCIAL STATEMENTS
June 30, 2018, 2017 and 2016**

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Colorado Water Conservation Board
Denver, Colorado

Management is responsible for the accompanying financial statements of Colorado Water Conservation Board, Construction Fund, which comprise the statements of net position as of June 30, 2018, 2017 and 2016 and the related statements of revenue, expenses and changes in net position for the years then ended in accordance with the accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statements of cash flows were included in the financial statements, they might influence the user's conclusions about Colorado Water Conservation Board, Construction 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.

The supplementary information appearing on pages 5 and 6 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 supplemental information.

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 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

CliftonLarsonAllen LLP

Broomfield, Colorado
October 22, 2018

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF NET POSITION
June 30, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 294,497,396	\$ 228,493,405	\$ 174,087,870
Restricted cash held in escrow	42,687,698	42,150,766	43,772,225
Interest receivable on loans	3,640,417	3,831,273	4,128,217
Loans receivable	7,356,494	7,482,093	7,999,039
Receivable from Severance Tax PB Fund	-	10,700,000	-
Total current assets	<u>348,182,005</u>	<u>292,657,537</u>	<u>229,987,351</u>
NONCURRENT ASSETS			
Loans receivable - long-term - net of allowance for uncollectible account of \$848,201 in 2018, \$116,959 in 2017 and \$126,959 in 2016	221,741,583	234,752,719	285,534,320
Interest receivable - long term	2,178,955	2,519,159	2,846,737
Investment in joint venture	3,598,741	3,830,192	2,152,663
Water rights	34,908,271	35,114,017	35,868,420
Total noncurrent assets	<u>262,427,550</u>	<u>276,216,087</u>	<u>326,402,140</u>
 Total assets	 <u>\$ 610,609,555</u>	 <u>\$ 568,873,624</u>	 <u>\$ 556,389,491</u>
LIABILITIES			
Accounts payable	\$ 7,783,921	\$ 7,087,205	\$ 3,098,454
Total liabilities	<u>7,783,921</u>	<u>7,087,205</u>	<u>3,098,454</u>
NET POSITION			
Designated			
Designated for water rights	34,908,271	35,114,017	35,868,420
Designated for water storage rights	46,286,439	45,980,958	45,924,888
Designated for loans	223,920,538	237,271,878	288,381,057
Designated for authorized projects under contract	37,818,842	53,263,069	58,677,085
Designated for authorized projects not under contract	151,683,089	161,911,413	78,890,064
Undesignated	108,208,455	28,245,084	45,549,523
Total net position	<u>602,825,634</u>	<u>561,786,419</u>	<u>553,291,037</u>
 Total liabilities and net position	 <u>\$ 610,609,555</u>	 <u>\$ 568,873,624</u>	 <u>\$ 556,389,491</u>

See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2018, 2017 and 2016**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 4,512,487	\$ 2,321,771	\$ 1,662,393
Interest earnings - loans	<u>6,467,806</u>	<u>6,489,753</u>	<u>8,694,447</u>
Total interest revenue	<u>10,980,293</u>	<u>8,811,524</u>	<u>10,356,840</u>
Other revenue			
Mineral lease income	9,354,943	9,819,958	9,393,465
Transfer from Severance Tax PB Fund	39,200,000	10,700,000	29,000,000
Service charge on loans	410,910	240,243	639,824
Other	<u>2,916,302</u>	<u>1,254,071</u>	<u>5,562,551</u>
Total other revenue	<u>51,882,155</u>	<u>22,014,272</u>	<u>44,595,840</u>
Total operating revenue	<u>62,862,448</u>	<u>30,825,796</u>	<u>54,952,680</u>
OPERATING EXPENSE			
Interdepartmental operations			
CWCB - Operations	5,688,163	5,098,430	6,391,631
Division of Water Resources	210,831	193,951	210,406
Satellite monitoring	487,075	273,021	334,686
Executive Director's office	852,647	567,714	600,796
Attorney General's office	662,785	602,009	586,318
Nonreimbursable investments	<u>13,921,732</u>	<u>15,595,289</u>	<u>10,820,312</u>
Total operating expense	<u>21,823,233</u>	<u>22,330,414</u>	<u>18,944,149</u>
OPERATING INCOME/CHANGE IN NET POSITION	41,039,215	8,495,382	36,008,531
NET POSITION - BEGINNING OF YEAR	<u>561,786,419</u>	<u>553,291,037</u>	<u>517,282,506</u>
NET POSITION - END OF YEAR	<u><u>\$ 602,825,634</u></u>	<u><u>\$ 561,786,419</u></u>	<u><u>\$ 553,291,037</u></u>

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

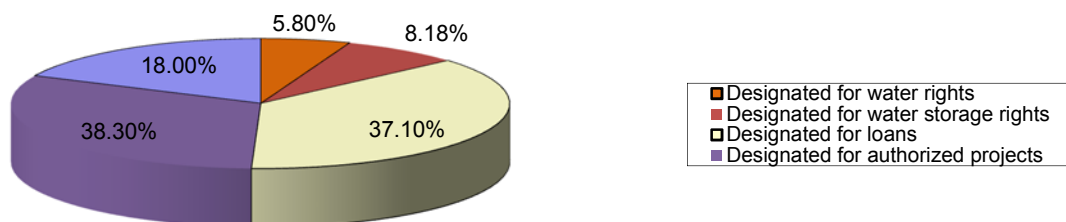
COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
SCHEDULES OF CASH SOURCES AND USES
Years ended June 30, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
CASH SOURCES			
Mineral lease income	\$ 9,560,689	\$ 10,574,361	\$ 9,393,465
Interest received on investments	4,512,487	2,321,771	1,662,393
Interest received on loans	6,998,866	7,114,275	8,668,930
Principal received on loans	24,060,832	76,645,869	10,756,728
Service charge on loans	410,910	240,243	639,824
Transfer from Severance Tax PB Fund	49,900,000	-	29,000,000
Investment in joint venture	12,675,219	-	-
Other revenue	2,916,302	1,254,071	5,562,551
	<u>111,035,305</u>	<u>98,150,590</u>	<u>65,683,891</u>
CASH USES			
Loan disbursements to borrowers	10,924,097	25,347,322	28,389,651
Nonreimbursable investments	13,225,016	11,606,538	10,269,969
Interdepartmental operations	7,901,501	6,735,125	8,123,837
Investment in joint venture	12,443,768	1,677,529	2,152,663
	<u>44,494,382</u>	<u>45,366,514</u>	<u>48,936,120</u>
CASH SOURCES IN EXCESS OF CASH USES	66,540,923	52,784,076	16,747,771
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>270,644,171</u>	<u>217,860,095</u>	<u>201,112,324</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 337,185,094</u></u>	<u><u>\$ 270,644,171</u></u>	<u><u>\$ 217,860,095</u></u>
TOTAL CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION:			
Cash and cash equivalents	\$ 294,497,396	\$ 228,493,405	\$ 174,087,870
Restricted cash held in escrow	42,687,698	42,150,766	43,772,225
	<u><u>\$ 337,185,094</u></u>	<u><u>\$ 270,644,171</u></u>	<u><u>\$ 217,860,095</u></u>

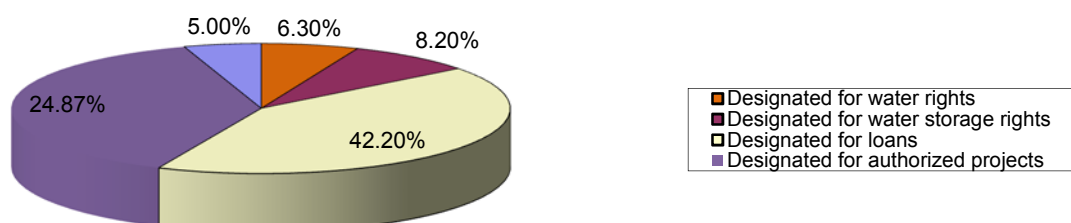
See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
GRAPHS OF COMPONENTS OF NET POSITION
June 30, 2018, 2017 and 2016**

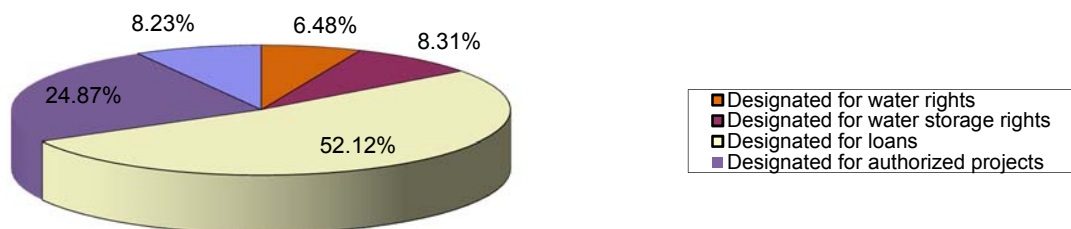
NET POSITION at June 30, 2018



NET POSITION at June 30, 2017



NET POSITION at June 30, 2016



	2018	2017	2016
Designated for water rights	\$ 34,908,271	\$ 35,114,017	\$ 35,868,420
Designated for water storage rights	46,286,439	45,980,958	45,924,888
Designated for loans	223,920,538	237,271,878	288,381,057
Designated for authorized projects	189,501,931	215,174,482	137,567,149
Undesignated	108,208,455	28,245,084	45,549,523
Total net position	<u>\$ 602,825,634</u>	<u>\$ 561,786,419</u>	<u>\$ 553,291,037</u>

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