

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

**FINANCIAL STATEMENTS  
June 30, 2020, 2019 and 2018**

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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, 2020, 2019 and 2018 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  
September 30, 2020



**COLORADO WATER CONSERVATION BOARD**  
**CONSTRUCTION FUND**  
**STATEMENTS OF NET POSITION**  
**June 30, 2020, 2019 and 2018**

|   | <u>2020</u>           | <u>2019</u>           | <u>2018</u>           |
|---|-----------------------|-----------------------|-----------------------|
| <b>CURRENT ASSETS</b>   |                       |                       |                       |
| Cash and cash equivalents   | 252,825,973           | \$ 283,879,067        | \$ 283,421,890        |
| Restricted cash held in escrow  | 2,246,853             | 19,324,282            | 42,687,698            |
| Interest receivable on loans  | 4,159,215             | 3,596,420             | 3,640,417             |
| Loans receivable  | 15,201,162            | 8,608,531             | 7,356,494             |
| Total current assets  | <u>274,433,203</u>    | <u>315,408,300</u>    | <u>337,106,499</u>    |
| <b>NONCURRENT ASSETS</b>  |                       |                       |                       |
| Loans receivable - long-term - net of allowance<br>for uncollectible account of \$728,894 in 2020,<br>\$728,894 in 2019 \$848,201 in 2018 | 236,366,798           | 226,467,108           | 221,741,583           |
| Interest receivable - long term   | 1,088,081             | 1,825,627             | 2,178,955             |
| Investment in joint venture   | 39,814,162            | 37,315,479            | 14,674,247            |
| Water rights  | 34,702,524            | 34,702,524            | 34,908,271            |
| Total noncurrent assets   | <u>311,971,565</u>    | <u>300,310,738</u>    | <u>273,503,056</u>    |
| Total assets  | <u>\$ 586,404,768</u> | <u>\$ 615,719,038</u> | <u>\$ 610,609,555</u> |
| <b>LIABILITIES</b>  |                       |                       |                       |
| Accounts payable  | \$ 1,418,970          | \$ 3,813,862          | \$ 7,783,921          |
| Total liabilities   | <u>1,418,970</u>      | <u>3,813,862</u>      | <u>7,783,921</u>      |
| <b>NET POSITION</b>   |                       |                       |                       |
| Designated  |                       |                       |                       |
| Designated for water rights   | 34,702,524            | 34,702,524            | 34,908,271            |
| Designated for water storage rights   | 39,814,162            | 56,639,761            | 57,361,945            |
| Designated for loans  | 237,454,878           | 228,292,735           | 223,920,538           |
| Designated for authorized projects under contract   | 64,725,431            | 77,452,150            | 37,818,842            |
| Designated for authorized projects not under contract   | 174,353,400           | 174,469,972           | 151,683,089           |
| Designated for TABOR  | 33,000,000            | -                     | -                     |
| Undesignated  | 935,403               | 40,348,034            | 97,132,949            |
| Total net position  | <u>584,985,798</u>    | <u>611,905,176</u>    | <u>602,825,634</u>    |
| Total liabilities and net position  | <u>\$ 586,404,768</u> | <u>\$ 615,719,038</u> | <u>\$ 610,609,555</u> |

See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD**  
**CONSTRUCTION FUND**  
**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2020, 2019 and 2018**

|  | <u>2020</u>           | <u>2019</u>           | <u>2018</u>           |
|--|-----------------------|-----------------------|-----------------------|
| <b>OPERATING REVENUE</b>                       |                       |                       |                       |
| Interest revenue                               |                       |                       |                       |
| Net investment income                          | \$ 4,386,557          | \$ 5,729,306          | \$ 4,512,487          |
| Interest earnings - loans                      | 5,486,413             | 7,020,952             | 6,467,806             |
| Total interest revenue                         | <u>9,872,970</u>      | <u>12,750,258</u>     | <u>10,980,293</u>     |
| Other revenue                                  |                       |                       |                       |
| Mineral lease income                           | 6,154,794             | 11,140,797            | 9,354,943             |
| Transfer from Severance Tax PB Fund            | 10,000,000            | 10,000,000            | 39,200,000            |
| Service charge on loans                        | 181,535               | 94,003                | 410,910               |
| Other  | 7,127,985             | 4,787,600             | 2,916,302             |
| Total other revenue                            | <u>23,464,314</u>     | <u>26,022,400</u>     | <u>51,882,155</u>     |
| Total operating revenue                        | <u>33,337,284</u>     | <u>38,772,658</u>     | <u>62,862,448</u>     |
| <b>OPERATING EXPENSE</b>                       |                       |                       |                       |
| Interdepartmental operations                   |                       |                       |                       |
| CWCB - Operations                              | 5,224,688             | 5,744,766             | 5,688,163             |
| Division of Water Resources                    | 212,467               | 211,527               | 210,831               |
| Satellite monitoring                           | 380,417               | 379,633               | 487,075               |
| Executive Director's office                    | 606,538               | 1,118,855             | 852,647               |
| Attorney General's office                      | 728,422               | 651,271               | 662,785               |
| Nonreimbursable investments                    | 53,104,130            | 21,587,064            | 13,921,732            |
| Total operating expense                        | <u>60,256,662</u>     | <u>29,693,116</u>     | <u>21,823,233</u>     |
| <b>OPERATING INCOME/CHANGE IN NET POSITION</b> | (26,919,378)          | 9,079,542             | 41,039,215            |
| <b>NET POSITION - BEGINNING OF YEAR</b>        | <u>611,905,176</u>    | <u>602,825,634</u>    | <u>561,786,419</u>    |
| <b>NET POSITION - END OF YEAR</b>              | <u>\$ 584,985,798</u> | <u>\$ 611,905,176</u> | <u>\$ 602,825,634</u> |

See accountants' compilation report.

## **SUPPLEMENTARY INFORMATION**

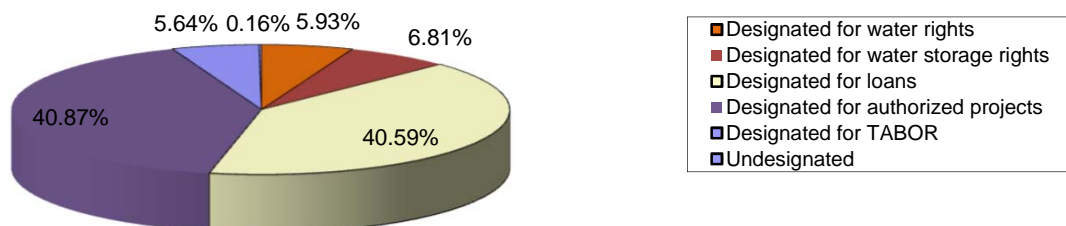
**COLORADO WATER CONSERVATION BOARD  
CONSTRUCTION FUND  
SCHEDULES OF CASH SOURCES AND USES  
Years ended June 30, 2020, 2019 and 2018**

|   | <u>2020</u>                  | <u>2019</u>                  | <u>2018</u>                  |
|---|------------------------------|------------------------------|------------------------------|
| <b>CASH SOURCES</b>   |                              |                              |                              |
| Mineral lease income  | \$ 6,154,794                 | \$ 11,346,544                | \$ 9,560,689                 |
| Interest received on investments  | 4,386,557                    | 5,729,306                    | 4,512,487                    |
| Interest received on loans  | 5,661,164                    | 7,418,277                    | 6,998,866                    |
| Principal received on loans   | 14,417,075                   | 12,227,655                   | 24,060,832                   |
| Service charge on loans   | 181,535                      | 94,003                       | 410,910                      |
| Transfer from Severance Tax PB Fund                                       | 10,000,000                   | 10,000,000                   | 49,900,000                   |
| Sale of portion of Joint Venture  | 5,221,310                    | -                            | -                            |
| Other revenue   | 1,906,675                    | 4,787,600                    | 2,916,302                    |
|   | <u>47,929,110</u>            | <u>51,603,385</u>            | <u>111,035,305</u>           |
| <b>CASH USES</b>  |                              |                              |                              |
| Loan disbursements to borrowers   | 30,909,396                   | 18,205,217                   | 10,924,097                   |
| Nonreimbursable investments   | 31,789,209                   | 25,557,123                   | 13,225,016                   |
| Interdepartmental operations  | 7,152,532                    | 8,106,052                    | 7,901,501                    |
| Conversion of portion of Joint Venture to LT asset                        | 9,131,067                    | -                            | -                            |
| Investment in joint venture   | 17,077,429                   | 22,641,232                   | 23,519,274                   |
|   | <u>96,059,633</u>            | <u>74,509,624</u>            | <u>55,569,888</u>            |
| <b>CASH SOURCES IN EXCESS<br/>OF CASH USES</b>                            | (48,130,523)                 | (22,906,239)                 | 55,465,417                   |
| <b>CASH AND CASH EQUIVALENTS -<br/>BEGINNING OF YEAR</b>                  | <u>303,203,349</u>           | <u>326,109,588</u>           | <u>270,644,171</u>           |
| <b>CASH AND CASH EQUIVALENTS -<br/>END OF YEAR</b>                        | <u><u>\$ 255,072,826</u></u> | <u><u>\$ 303,203,349</u></u> | <u><u>\$ 326,109,588</u></u> |
| <b>TOTAL CASH AND CASH EQUIVALENTS<br/>PER STATEMENT OF NET POSITION:</b> |                              |                              |                              |
| Cash and cash equivalents   | \$ 252,825,973               | \$ 283,879,067               | \$ 283,421,890               |
| Restricted cash held in escrow  | 2,246,853                    | 19,324,282                   | 42,687,698                   |
|   | <u><u>\$ 255,072,826</u></u> | <u><u>\$ 303,203,349</u></u> | <u><u>\$ 326,109,588</u></u> |

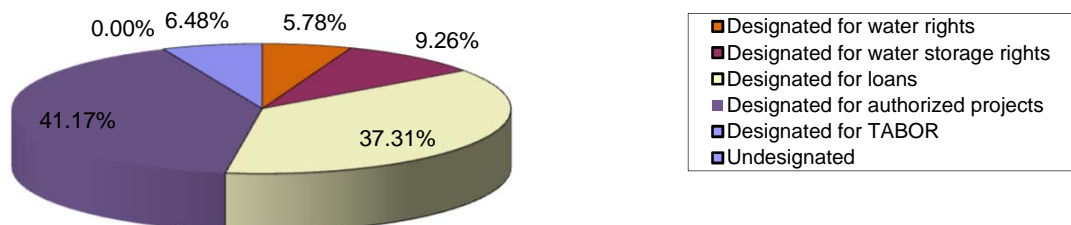
See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD  
CONSTRUCTION FUND  
GRAPHS OF COMPONENTS OF NET POSITION  
June 30, 2020, 2019 and 2018**

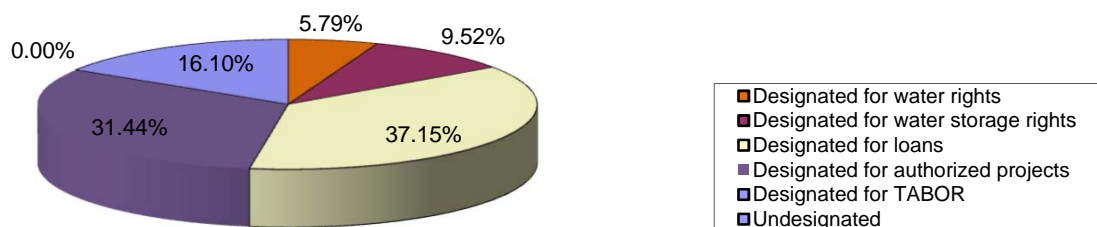
**NET POSITION at June 30, 2020**



**NET POSITION at June 30, 2019**



**NET POSITION at June 30, 2018**



|                                     | 2020                  | 2020                  | 2019                  |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| Designated for water rights         | \$ 34,702,524         | \$ 34,702,524         | \$ 34,908,271         |
| Designated for water storage rights | 39,814,162            | 56,639,761            | 57,361,945            |
| Designated for loans                | 237,454,878           | 228,292,735           | 223,920,538           |
| Designated for authorized projects  | 239,078,831           | 251,922,122           | 189,501,931           |
| Designated for TABOR                | 33,000,000            |                       |                       |
| Undesignated                        | 935,403               | 40,348,034            | 97,132,949            |
| Total net position                  | <u>\$ 584,985,798</u> | <u>\$ 611,905,176</u> | <u>\$ 602,825,634</u> |

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