

CWCB CONSTRUCTION FUND EXECUTIVE SUMMARY

For the fiscal year that ended June 30, 2019, the Construction Fund (CF) had an increase of approximately \$9M in the net position. The balance in the net position is comprised of those assets that are designated for loans, projects under contract, projects not under contract, water rights available for resale, water storage rights, and those that are undesignated. Overall, the designated balance at year-end was \$571.6M; this is a \$66 M increase in designated assets from fiscal year 2018.

During fiscal year 2019, the CF disbursed approximately \$16M to entities in the form of low interest rate loan contracts to aid in the protection and development of the waters of the State of Colorado. The three largest recipients of funds for the fiscal year were Left Hand Water District, San Luis Valley Irrigation District and the Town of Firestone. These three loans account for approximately 81% of the total loan disbursements for the year.

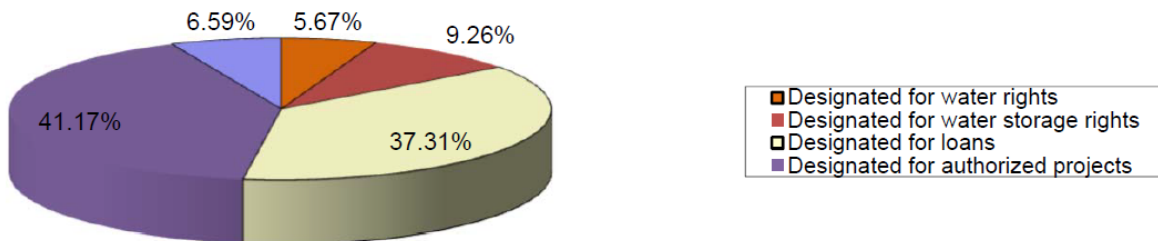
Non-reimbursable investment expenses increased by \$7.7M from \$13.9M in fiscal year 2018 to \$21.6M in fiscal year 2019, reflecting increased funding for the Water Plan.

Interest revenue and other revenue decreased approximately \$24 M from \$62.8 M in fiscal year 2018 to \$38.8 in fiscal year 2019 due primarily to a decrease in transfers from other funds.

Operating expenses remained relatively stable, increasing by \$0.2M from \$7.9M in fiscal year 2018 to \$8.1M in fiscal year 2019.

Overall, the CF ended in a good position with \$40.4M in funds available for new project loans and other expenses.

NET POSITION at June 30, 2019



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

**FINANCIAL STATEMENTS
June 30, 2019, 2018 and 2017**

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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, 2019, 2018 and 2017 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 19, 2019

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF NET POSITION
June 30, 2019, 2018 and 2017**

	2019	2018	2017
CURRENT ASSETS			
Cash and cash equivalents	\$ 283,879,067	\$ 283,421,890	\$ 228,493,405
Restricted cash held in escrow	19,324,282	42,687,698	42,150,766
Interest receivable on loans	3,596,420	3,640,417	3,831,273
Loans receivable	8,608,531	7,356,494	7,482,093
Receivable from Severance Tax PB Fund	-	-	10,700,000
Total current assets	315,408,300	337,106,499	292,657,537
NONCURRENT ASSETS			
Loans receivable - long-term - net of allowance for uncollectible account of \$728,894 in 2019, \$848,201 in 2018 and \$116,959 in 2017	226,467,108	221,741,583	234,752,719
Interest receivable - long term	1,825,627	2,178,955	2,519,159
Investment in joint venture	37,315,479	14,674,247	3,830,192
Water rights	34,702,524	34,908,271	35,114,017
Total noncurrent assets	300,310,738	273,503,056	276,216,087
Total assets	\$ 615,719,038	\$ 610,609,555	\$ 568,873,624
LIABILITIES			
Accounts payable	\$ 3,813,862	\$ 7,783,921	\$ 7,087,205
Total liabilities	3,813,862	7,783,921	7,087,205
NET POSITION			
Designated			
Designated for water rights	34,702,524	34,908,271	35,117,017
Designated for water storage rights	56,639,761	57,361,945	45,980,958
Designated for loans	228,292,735	223,920,538	237,271,878
Designated for authorized projects under contract	77,452,150	37,818,842	53,263,069
Designated for authorized projects not under contract	174,469,972	151,683,089	161,911,413
Undesignated	40,348,034	97,132,949	28,242,084
Total net position	611,905,176	602,825,634	561,786,419
Total liabilities and net position	\$ 615,719,038	\$ 610,609,555	\$ 568,873,624

See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 5,729,306	\$ 4,512,487	\$ 2,321,771
Interest earnings - loans	<u>7,020,952</u>	<u>6,467,806</u>	<u>6,489,753</u>
Total interest revenue	<u>12,750,258</u>	<u>10,980,293</u>	<u>8,811,524</u>
Other revenue			
Mineral lease income	11,140,797	9,354,943	9,819,958
Transfer from Severance Tax PB Fund	10,000,000	39,200,000	10,700,000
Service charge on loans	94,003	410,910	240,243
Other	<u>4,787,600</u>	<u>2,916,302</u>	<u>1,254,071</u>
Total other revenue	<u>26,022,400</u>	<u>51,882,155</u>	<u>22,014,272</u>
Total operating revenue	<u>38,772,658</u>	<u>62,862,448</u>	<u>30,825,796</u>
OPERATING EXPENSE			
Interdepartmental operations			
CWCB - Operations	5,744,766	5,688,163	5,098,430
Division of Water Resources	211,527	210,831	193,951
Satellite monitoring	379,633	487,075	273,021
Executive Director's office	1,118,855	852,647	567,714
Attorney General's office	651,271	662,785	602,009
Nonreimbursable investments	<u>21,587,064</u>	<u>13,921,732</u>	<u>15,595,289</u>
Total operating expense	<u>29,693,116</u>	<u>21,823,233</u>	<u>22,330,414</u>
OPERATING INCOME/CHANGE IN NET POSITION	9,079,542	41,039,215	8,495,382
NET POSITION - BEGINNING OF YEAR	<u>602,825,634</u>	<u>561,786,419</u>	<u>553,291,037</u>
NET POSITION - END OF YEAR	<u>\$ 611,905,176</u>	<u>\$ 602,825,634</u>	<u>\$ 561,786,419</u>

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

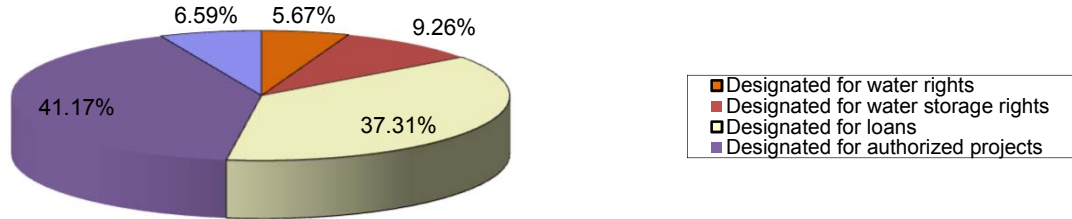
**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
SCHEDULES OF CASH SOURCES AND USES
Years ended June 30, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
CASH SOURCES			
Mineral lease income	\$ 11,346,544	\$ 9,560,689	\$ 10,574,361
Interest received on investments	5,729,306	4,512,487	2,321,771
Interest received on loans	7,418,277	6,998,866	7,114,275
Principal received on loans	12,227,655	24,060,832	76,645,869
Service charge on loans	94,003	410,910	240,243
Transfer from Severance Tax PB Fund	10,000,000	49,900,000	-
Investment in joint venture	-	12,675,219	-
Other revenue	4,787,600	2,916,302	1,254,071
	<u>51,603,385</u>	<u>111,035,305</u>	<u>98,150,590</u>
CASH USES			
Loan disbursements to borrowers	18,205,217	10,924,097	25,347,322
Nonreimbursable investments	25,557,123	13,225,016	11,606,538
Interdepartmental operations	8,106,052	7,901,501	6,735,125
Investment in joint venture	22,641,232	23,519,274	1,677,529
	<u>74,509,624</u>	<u>55,569,888</u>	<u>45,366,514</u>
CASH SOURCES IN EXCESS OF CASH USES	(22,906,239)	55,465,417	52,784,076
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>326,109,588</u>	<u>270,644,171</u>	<u>217,860,095</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 303,203,349</u>	<u>\$ 326,109,588</u>	<u>\$ 270,644,171</u>
TOTAL CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION:			
Cash and cash equivalents	\$ 283,879,067	\$ 283,421,890	\$ 228,493,405
Restricted cash held in escrow	19,324,282	42,687,698	42,150,766
	<u>\$ 303,203,349</u>	<u>\$ 326,109,588</u>	<u>\$ 270,644,171</u>

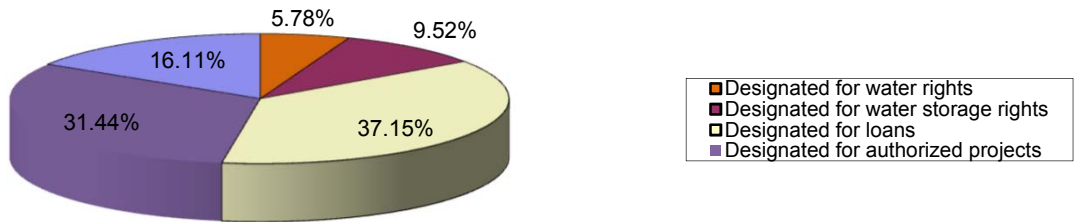
See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND
GRAPHS OF COMPONENTS OF NET POSITION
June 30, 2019, 2018 and 2017**

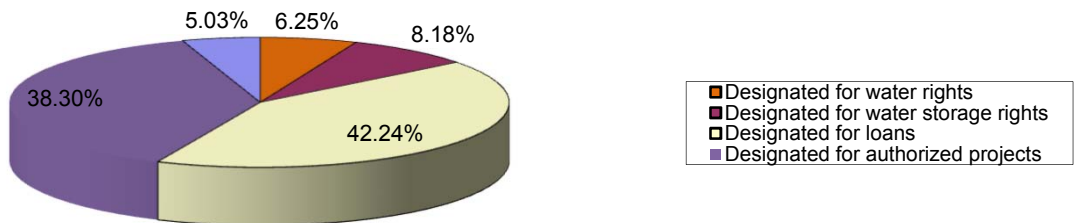
NET POSITION at June 30, 2019



NET POSITION at June 30, 2018



NET POSITION at June 30, 2017



	<u>2019</u>	<u>2018</u>	<u>2017</u>
Designated for water rights	\$ 34,702,524	\$ 34,908,271	\$ 35,114,017
Designated for water storage rights	56,639,761	57,361,945	45,980,958
Designated for loans	228,292,735	223,920,538	237,271,878
Designated for authorized projects	251,922,122	189,501,931	215,174,482
Undesignated	40,348,034	97,132,949	28,245,084
Total net position	<u>\$ 611,905,176</u>	<u>\$ 602,825,634</u>	<u>\$ 561,786,419</u>

See accountants' compilation report

CWCB SEVERANCE TAX PERPETUAL BASE FUND EXECUTIVE SUMMARY

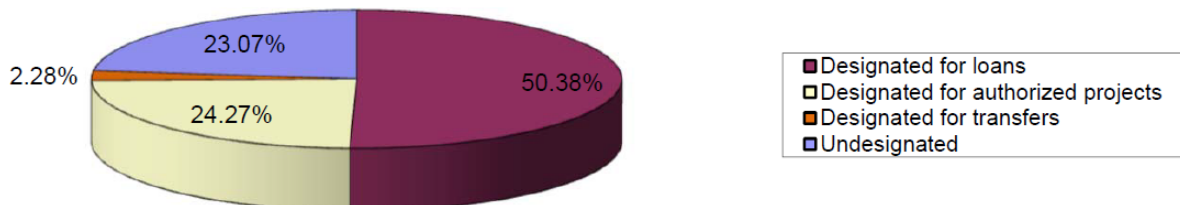
For the year ending June 30, 2019, the Severance Tax Perpetual Base Fund (STPBF) had an increase of \$75.8M in the net position. This is due in large part to a correction to the transfer of funds from loan guarantee fund, which should have been presented in 2018 but wasn't. The balance in net position is comprised of those assets that are designated for loans, projects under contract, projects not under contract, those restricted for transfers, and those that are undesignated. The designated balance at year-end was \$337.6M; this is a \$8.4M decrease in designated assets from the prior year.

During 2019, the STPBF disbursed approximately \$75M to entities in the form of low interest rate loan contracts to aid in the protection and development of the waters of the State of Colorado. The three largest recipients of funds for the fiscal year were Centennial Water and Sanitation District, Central Colorado Water Conservation District and Pueblo Conservancy District. These three loans account for approximately 66% of the total loan disbursements for the year ending June 30, 2019.

Interest revenue and other revenue increased by approximately \$59.6M from \$40.3M in 2018 to \$99.9M in 2019. This is due in large part to a correction to the transfer of funds from loan guarantee fund, which should have been presented in 2018 but wasn't.

Overall, the STPBF ended in a good position with \$101.2M in funds available for new project loans and other expenses.

NET POSITION at June 30, 2019



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

**FINANCIAL STATEMENTS
June 30, 2019, 2018 and 2017**

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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, Severance Tax Perpetual Base Fund, which comprise the statements of net position as of June 30, 2019, 2018 and 2017 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, 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.

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, 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.

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 19, 2019

COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX PERPETUAL BASE FUND
STATEMENTS OF NET POSITION
June 30, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 207,858,239	\$ 200,496,794	\$ 277,273,026
Interest receivable on loans	3,502,006	1,772,768	1,659,035
Loans receivable	<u>6,339,050</u>	<u>6,097,050</u>	<u>5,989,679</u>
Total current assets	<u>217,699,295</u>	<u>208,366,612</u>	<u>284,921,740</u>
NONCURRENT ASSETS			
Loans receivable - long-term	<u>221,054,555</u>	<u>154,512,585</u>	<u>124,278,710</u>
Total noncurrent assets	<u>221,054,555</u>	<u>154,512,585</u>	<u>124,278,710</u>
 Total assets	 <u>\$ 438,753,850</u>	 <u>\$ 362,879,197</u>	 <u>\$ 409,200,450</u>
LIABILITIES			
Payable due to Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,700,000</u>
	<u>-</u>	<u>-</u>	<u>10,700,000</u>
NET POSITION			
Designated			
Designated for loans	221,054,555	154,512,585	124,278,710
Designated for authorized projects under contract	52,314,558	87,947,424	90,394,209
Designated for authorized projects not under contract	54,161,761	89,526,303	74,708,765
Designated for transfer to construction fund	10,000,000	14,000,000	25,000,000
Designated for transfer to water supply reserve fund	-	-	10,000,000
Designated for transfer to loan guarantee fund	-	-	30,000,000
Undesignated	<u>101,222,976</u>	<u>16,892,885</u>	<u>44,118,766</u>
Total net position	<u>438,753,850</u>	<u>362,879,197</u>	<u>398,500,450</u>
 Total liabilities and net position	 <u>\$ 438,753,850</u>	 <u>\$ 362,879,197</u>	 <u>\$ 409,200,450</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, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPERATING REVENUE			
Interest revenue			
Net investment income	\$ 4,206,854	\$ 4,145,912	\$ 2,849,789
Interest earnings - loans	<u>5,236,258</u>	<u>3,051,120</u>	<u>2,429,287</u>
Total interest revenue	<u>9,443,112</u>	<u>7,197,032</u>	<u>5,279,076</u>
Other revenue			
Transfers from general and other funds	30,000,000	-	-
Severance tax	<u>60,431,541</u>	<u>33,106,715</u>	<u>16,237,336</u>
Total other revenue	<u>90,431,541</u>	<u>33,106,715</u>	<u>16,237,336</u>
Total operating revenue	<u>99,874,653</u>	<u>40,303,747</u>	<u>21,516,412</u>
OPERATING EXPENSES			
Transfers to Construction Fund	10,000,000	39,200,000	10,700,000
Transfers to general and other funds	<u>14,000,000</u>	<u>36,725,000</u>	<u>-</u>
	<u>24,000,000</u>	<u>75,925,000</u>	<u>10,700,000</u>
OPERATING INCOME (LOSS) / CHANGE IN NET POSITION	75,874,653	(35,621,253)	10,816,412
NET POSITION - BEGINNING OF YEAR	<u>362,879,197</u>	<u>398,500,450</u>	<u>387,684,038</u>
NET POSITION - END OF YEAR	<u>\$ 438,753,850</u>	<u>\$ 362,879,197</u>	<u>\$ 398,500,450</u>

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

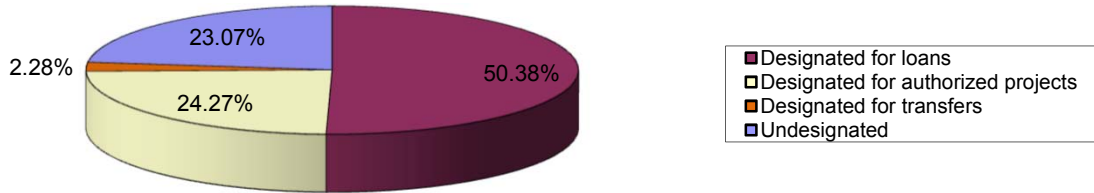
**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX PERPETUAL BASE FUND
SCHEDULES OF CASH SOURCES AND USES
Years Ended June 30, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
CASH SOURCES			
Severance tax	\$ 60,431,541	\$ 33,106,715	\$ 16,237,336
Interest received on investments	4,206,854	4,145,912	2,849,789
Interest received on loans	3,507,020	2,937,387	2,762,756
Principal received on loans	8,373,637	6,894,827	19,132,113
Special bills	30,000,000	-	-
	<u>106,519,052</u>	<u>47,084,841</u>	<u>40,981,994</u>
CASH USES			
Loan disbursements to borrowers	75,157,607	37,236,073	3,201,240
Special bills	24,000,000	86,625,000	-
	<u>99,157,607</u>	<u>123,861,073</u>	<u>3,201,240</u>
CASH SOURCES IN EXCESS (SHORT) OF CASH USES	7,361,445	(76,776,232)	37,780,754
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>200,496,794</u>	<u>277,273,026</u>	<u>239,492,272</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 207,858,239</u></u>	<u><u>\$ 200,496,794</u></u>	<u><u>\$ 277,273,026</u></u>

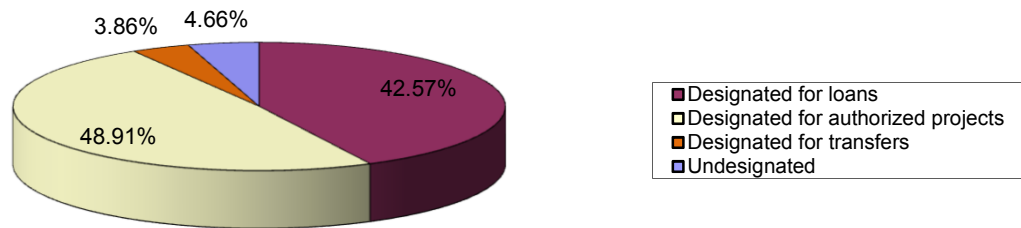
See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD
SEVERANCE TAX PERPETUAL BASE FUND
GRAPHS OF COMPONENTS OF NET POSITION
June 30, 2019, 2018 and 2017**

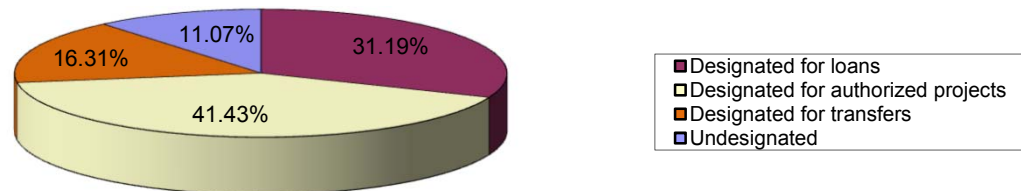
NET POSITION at June 30, 2019



NET POSITION at June 30, 2018



NET POSITION at June 30, 2017



	2019	2018	2017
Designated for loans	\$ 221,054,555	\$ 154,512,585	\$ 124,278,710
Designated for authorized projects	106,476,319	177,473,727	165,102,974
Designated for transfers	10,000,000	14,000,000	65,000,000
Undesignated	101,222,976	16,892,885	44,118,766
Total net position	\$ 438,753,850	\$ 362,879,197	\$ 398,500,450

See accountants' compilation report