



**COLORADO**  
**Colorado Water Conservation Board**  
Department of Natural Resources

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Jared Polis, Governor  
Dan Gibbs, DNR Executive Director  
Rebecca Mitchell, CWCB Director

**TO:** Colorado Water Conservation Board Members

**FROM:** Kirk Russell, P.E., Finance Section Chief  
Lauren Miremont, Finance Manager

**DATE:** November 18-19, 2020 Board Meeting

**AGENDA ITEM:** 5a. Financial Matters - Construction Fund and Severance Tax PBF  
Financial Projections and Cash Management Report

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### Introduction (This is for information only and no action is necessary)

This agenda item provides the Board updated financial information for use in evaluating authorizations utilizing the Construction Fund and the Severance Tax Perpetual Base Fund for loans and non-reimbursable project investments. A Cash Management Report will be distributed at the Board meeting in order to provide current fund balance information. The Report utilizes information prepared by Clifton Larson Allen, LLP, Severance Tax and Federal Mineral Lease projections prepared by the Legislative Council, and interest earnings/repayment schedules prepared by CWCB staff.

### Finance Staff Statement

As of the date of this memo, sufficient unreserved cash is available to fund all the recommended loans and grants that are presented at this Board Meeting. Staff will present options and recommendations available for loan applications for the remainder of this fiscal year.

### Description

The Cash Management Report is used by the Finance Section staff to assure the Board that cash funds are available for the Water Project loans and grants recommended by staff. If the Report indicates that there are insufficient cash funds available for all applications the Board will prioritize project funding based on Financial Policy #12.

The Projections used in this report are based on the best information available and past experience. They include: CWCB operating expenses, non-reimbursable project investments, estimates of new project loans and loan increases, Severance Tax revenue, Federal Mineral Lease revenue, repayment of existing loans and interest from the Treasury.

### Annual Compilation Reports

The CWCB contracts with an independent accounting firm for the purpose of preparing Compilation Reports of the CWCB Construction Fund (CF) and Severance Tax Perpetual Base Fund (STPBF) Financial Statements. These Reports for Fiscal Year 2020 are attached. Staff and a member of the accounting firm will be available at the meeting to answer any questions.

### Attachments:

1. CWCB Construction Fund Executive Summary
2. CWCB Construction Fund Financial Statements
3. CWCB Severance Tax Perpetual Base Fund Executive Summary
4. CWCB Severance Tax Perpetual Base Fund Financial Statements



**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**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<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	274,433,203	315,408,300	337,106,499
<b>NONCURRENT ASSETS</b>			
Loans receivable - long-term - net of allowance for uncollectible account of \$728,894 in 2020, \$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	311,971,565	300,310,738	273,503,056
Total assets	\$ 586,404,768	\$ 615,719,038	\$ 610,609,555
<b>LIABILITIES</b>			
Accounts payable	\$ 1,418,970	\$ 3,813,862	\$ 7,783,921
Total liabilities	1,418,970	3,813,862	7,783,921
<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	584,985,798	611,905,176	602,825,634
Total liabilities and net position	\$ 586,404,768	\$ 615,719,038	\$ 610,609,555

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	<u>5,486,413</u>	<u>7,020,952</u>	<u>6,467,806</u>
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	<u>7,127,985</u>	<u>4,787,600</u>	<u>2,916,302</u>
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	<u>53,104,130</u>	<u>21,587,064</u>	<u>13,921,732</u>
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**

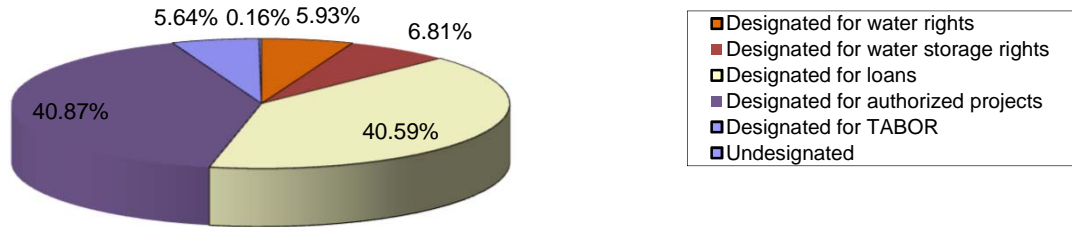
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CASH SOURCES</b>			
Mineral lease income	\$ 6,154,794	\$ 11,346,544	\$ 9,560,689
Interest received on investments	4,386,557	5,729,306	4,512,487
Interest received on loans	5,661,164	7,418,277	6,998,866
Principal received on loans	14,417,075	12,227,655	24,060,832
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 OF CASH USES</b>	(48,130,523)	(22,906,239)	55,465,417
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>303,203,349</u>	<u>326,109,588</u>	<u>270,644,171</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 255,072,826</u>	<u>\$ 303,203,349</u>	<u>\$ 326,109,588</u>
<b>TOTAL CASH AND CASH EQUIVALENTS 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>\$ 255,072,826</u>	<u>\$ 303,203,349</u>	<u>\$ 326,109,588</u>

See accountants' compilation report.

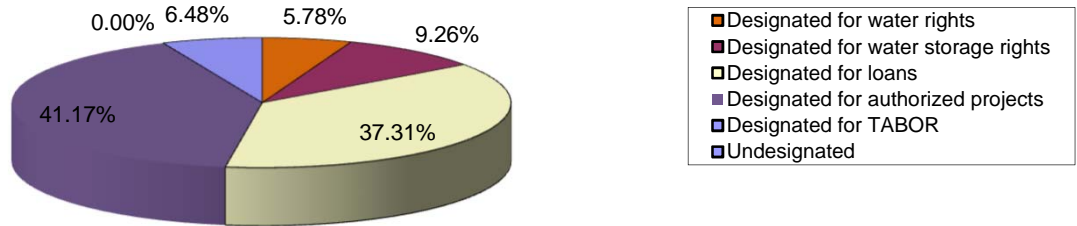


**COLORADO WATER CONSERVATION BOARD  
CONSTRUCTION FUND  
GRAPHS OF COMPONENTS OF NET POSITION  
June 30, 2020, 2019 and 2018**

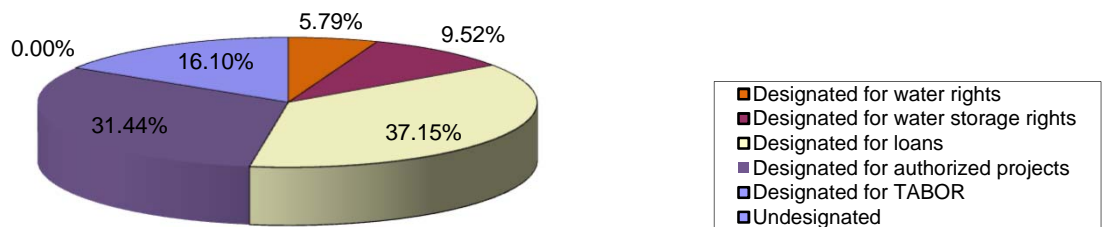
**NET POSITION at June 30, 2020**



**NET POSITION at June 30, 2019**



**NET POSITION at June 30, 2018**



	<u>2020</u>	<u>2020</u>	<u>2019</u>
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
<b>Total net position</b>	<b><u>\$ 584,985,798</u></b>	<b><u>\$ 611,905,176</u></b>	<b><u>\$ 602,825,634</u></b>

See accountants' compilation report

**COLORADO WATER CONSERVATION BOARD  
SEVERANCE TAX PERPETUAL BASE 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, Severance Tax Perpetual Base 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, 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 30, 2020



**COLORADO WATER CONSERVATION BOARD  
SEVERANCE TAX PERPETUAL BASE 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	\$ 196,363,336	\$ 207,858,239	\$ 200,496,794
Interest receivable on loans	3,977,391	3,502,006	1,772,768
Loans receivable	<u>7,847,499</u>	<u>6,339,050</u>	<u>6,097,050</u>
Total current assets	<u>208,188,226</u>	<u>217,699,295</u>	<u>208,366,612</u>
<b>NONCURRENT ASSETS</b>			
Loans receivable - long-term	<u>259,639,482</u>	<u>221,054,555</u>	<u>154,512,585</u>
Total noncurrent assets	<u>259,639,482</u>	<u>221,054,555</u>	<u>154,512,585</u>
 Total assets	 <u>\$ 467,827,708</u>	 <u>\$ 438,753,850</u>	 <u>\$ 362,879,197</u>
<b>NET POSITION</b>			
Designated			
Designated for loans	\$ 259,639,482	\$ 221,054,555	\$ 154,512,585
Designated for authorized projects under contract	30,405,198	52,314,558	87,947,424
Designated for authorized projects not under contract	101,038,273	54,161,761	89,526,303
Designated for transfer to construction fund	10,000,000	10,000,000	14,000,000
Designated reserve for joint budget committee	-	-	-
Designated for transfer to loan guarantee fund	45,500,000	-	-
Undesignated	<u>21,244,755</u>	<u>101,222,976</u>	<u>16,892,885</u>
Total net position	<u>467,827,708</u>	<u>438,753,850</u>	<u>362,879,197</u>
 Total liabilities and net position	 <u>\$ 467,827,708</u>	 <u>\$ 438,753,850</u>	 <u>\$ 362,879,197</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, 2020, 2019 and 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUE</b>			
Interest revenue			
Net investment income	\$ 3,881,409	\$ 4,206,854	\$ 4,145,912
Interest earnings - loans	<u>5,981,565</u>	<u>5,236,258</u>	<u>3,051,120</u>
Total interest revenue	<u>9,862,974</u>	<u>9,443,112</u>	<u>7,197,032</u>
Other revenue			
Transfers from general and other funds	-	30,000,000	-
Severance tax	<u>29,210,884</u>	<u>60,431,541</u>	<u>33,106,715</u>
Total other revenue	<u>29,210,884</u>	<u>90,431,541</u>	<u>33,106,715</u>
Total operating revenue	<u>39,073,858</u>	<u>99,874,653</u>	<u>40,303,747</u>
<b>OPERATING EXPENSES</b>			
Transfers to Construction Fund	10,000,000	10,000,000	39,200,000
Transfers to general and other funds	<u>-</u>	<u>14,000,000</u>	<u>36,725,000</u>
	<u>10,000,000</u>	<u>24,000,000</u>	<u>75,925,000</u>
<b>OPERATING INCOME (LOSS) / CHANGE IN NET POSITION</b>	29,073,858	75,874,653	(35,621,253)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>438,753,850</u>	<u>362,879,197</u>	<u>358,382,819</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 467,827,708</u>	<u>\$ 438,753,850</u>	<u>\$ 362,879,197</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, 2020, 2019 and 2018**

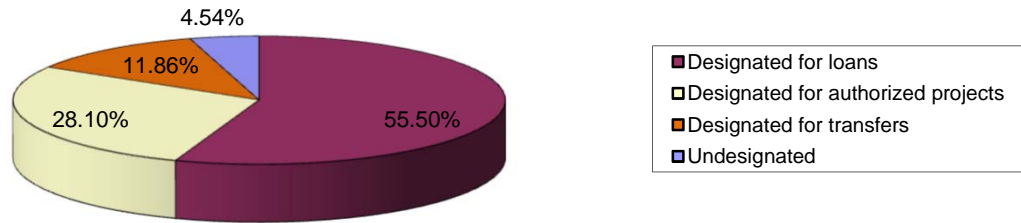
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CASH SOURCES</b>			
Severance tax	\$ 29,210,884	\$ 60,431,541	\$ 33,106,715
Interest received on investments	3,881,409	4,206,854	4,145,912
Interest received on loans	5,506,180	3,507,020	2,937,387
Principal received on loans	7,266,221	8,373,637	6,894,827
Special bills	-	30,000,000	-
	<u>45,864,695</u>	<u>106,519,052</u>	<u>47,084,841</u>
<b>CASH USES</b>			
Loan disbursements to borrowers	47,359,598	75,157,607	37,236,073
Special bills	10,000,000	24,000,000	86,625,000
	<u>57,359,598</u>	<u>99,157,607</u>	<u>123,861,073</u>
<b>CASH SOURCES IN EXCESS (SHORT) OF CASH USES</b>	(11,494,903)	7,361,445	(76,776,232)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>207,858,239</u>	<u>200,496,794</u>	<u>277,273,026</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 196,363,336</u>	<u>\$ 207,858,239</u>	<u>\$ 200,496,794</u>

See accountants' compilation report.

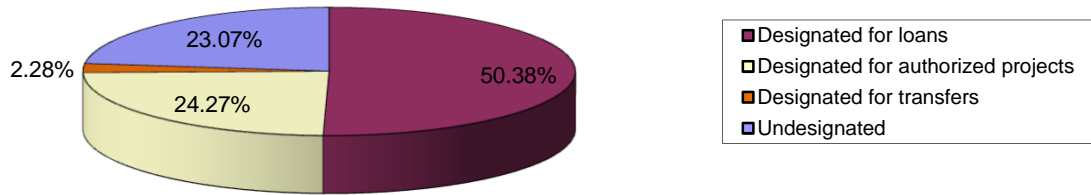


**COLORADO WATER CONSERVATION BOARD  
SEVERANCE TAX PERPETUAL BASE FUND  
GRAPHS OF COMPONENTS OF NET POSITION  
June 30, 2020, 2019 and 2018**

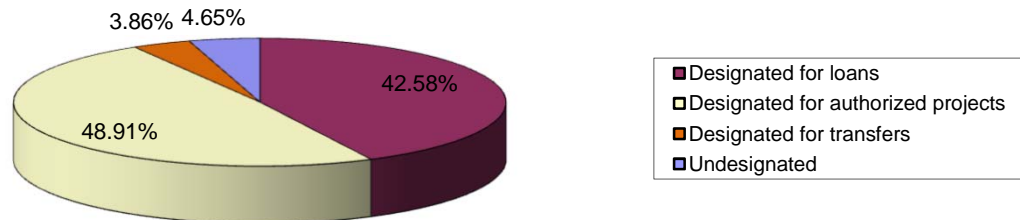
**NET POSITION at June 30, 2020**



**NET POSITION at June 30, 2019**



**NET POSITION at June 30, 2018**



	<b>2020</b>	<b>2019</b>	<b>2018</b>
Designated for loans	\$ 259,639,482	\$ 221,054,555	\$ 154,512,585
Designated for authorized projects	131,443,471	106,476,319	177,473,727
Designated for transfers	55,500,000	10,000,000	14,000,000
Undesignated	21,244,755	101,222,976	16,892,885
Total net position	<u>\$ 467,827,708</u>	<u>\$ 438,753,850</u>	<u>\$ 362,879,197</u>

See accountants' compilation report