



**COLORADO**

**Colorado Water  
Conservation Board**

Department of Natural Resources

1313 Sherman Street, Room 718  
Denver, CO 80203

P (303) 866-3441  
F (303) 866-4474

Jared Polis, Governor

Dan Gibbs, DNR Executive Director

Rebecca Mitchell, CWCB Director

**TO:** Colorado Water Conservation Board Members

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

**DATE:** November 17-18, 2021 Board Meeting

**AGENDA ITEM:** 5a. Financial Matters - Construction Fund and Severance Tax PBF  
Annual Financial Statements

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**This is an informational item only. No Board action is required.**

The Colorado Water Conservation Board entered into a contract with CliftonLarsonAllen, LLP in September 2021 to prepare Compilation Reports of the CWCB Construction Fund (CF) and Severance Tax Perpetual Base Fund (STPBF) Financial Statements.

The CF and STPBF CWCB Executive Summaries and Comparative Financial Statements for the Fiscal Years 2021, 2020, and 2019 are attached for informational purposes only.

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





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**TO:** Colorado Water Conservation Board Members

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

**DATE:** November 17, 2021

**AGENDA ITEM:** 5a. Annual Financial Statements - Construction Fund & Severance Tax

---

**This is an informational item only. No Board action is required.**

The Colorado Water Conservation Board (CWCB) has contracted with a responsible 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.

CWCB entered into a contract with CliftonLarsonAllen, LLP in September 2021 to complete the work outlined in the Scope of Work for the Reports during the 2021 bidding process.

The CF and STPBF CWCB Comparative Financial Statements for the Fiscal Years 2021, 2020, and 2019 are attached for informational purposes only.

**Attachments:**

1. CWCB Construction Fund Financial Statements
2. CWCB Severance Tax Perpetual Base Fund Financial Statements



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

**FINANCIAL STATEMENTS  
June 30, 2021, 2020 and 2019**

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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, 2021, 2020 and 2019 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 25, 2021



**COLORADO WATER CONSERVATION BOARD**  
**CONSTRUCTION FUND**  
**STATEMENTS OF NET POSITION**  
**June 30, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 296,897,736	\$ 252,825,973	\$ 283,879,067
Restricted cash held in escrow	713,833	2,246,853	19,324,282
Interest receivable on loans	3,163,121	4,159,215	3,596,420
Loans receivable	<u>9,460,564</u>	<u>15,201,162</u>	<u>8,608,531</u>
Total current assets	<u>310,235,254</u>	<u>274,433,203</u>	<u>315,408,300</u>
<b>NONCURRENT ASSETS</b>			
Loans receivable - long-term - net of allowance for uncollectible account of \$754,372 in 2021, \$728,894 in 2020 \$728,894, in 2019	236,780,368	236,366,798	226,467,108
Interest receivable - long term	2,999,453	1,088,081	1,825,627
Investment in joint venture	42,061,015	39,814,162	37,315,479
Water rights	<u>34,496,778</u>	<u>34,702,524</u>	<u>34,702,524</u>
Total noncurrent assets	<u>316,337,614</u>	<u>311,971,565</u>	<u>300,310,738</u>
 Total assets	 <u>\$ 626,572,868</u>	 <u>\$ 586,404,768</u>	 <u>\$ 615,719,038</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,841,793	\$ 1,418,970	\$ 3,813,862
Total liabilities	<u>3,841,793</u>	<u>1,418,970</u>	<u>3,813,862</u>
<b>NET POSITION</b>			
Designated			
Designated for water rights	34,496,778	34,702,524	34,702,524
Designated for water storage rights	42,774,848	42,061,015	56,639,761
Designated for loans	236,780,368	237,454,878	228,292,735
Designated for authorized projects under contract	116,354,331	64,725,431	77,452,150
Designated for authorized projects not under contract	103,902,108	174,353,400	174,469,972
Designated for TABOR	-	33,000,000	-
Undesignated	<u>88,422,642</u>	<u>(1,311,450)</u>	<u>40,348,034</u>
Total net position	<u>622,731,075</u>	<u>584,985,798</u>	<u>611,905,176</u>
 Total liabilities and net position	 <u>\$ 626,572,868</u>	 <u>\$ 586,404,768</u>	 <u>\$ 615,719,038</u>

See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD  
CONSTRUCTION FUND  
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
Years Ended June 30, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUE</b>			
Interest revenue			
Net investment income	\$ 3,083,916	\$ 4,386,557	\$ 5,729,306
Interest earnings - loans	<u>7,005,388</u>	<u>5,486,413</u>	<u>7,020,952</u>
Total interest revenue	<u>10,089,304</u>	<u>9,872,970</u>	<u>12,750,258</u>
Other revenue			
Mineral lease income	8,042,129	6,154,794	11,140,797
Transfer from Severance Tax PB Fund	10,000,000	10,000,000	10,000,000
Transfer from General Fund	34,000,000	-	-
Service charge on loans	371,204	181,535	94,003
Other	<u>1,106,801</u>	<u>7,127,985</u>	<u>4,787,600</u>
Total other revenue	<u>53,520,134</u>	<u>23,464,314</u>	<u>26,022,400</u>
Total operating revenue	<u>63,609,438</u>	<u>33,337,284</u>	<u>38,772,658</u>
<b>OPERATING EXPENSE</b>			
Interdepartmental operations			
CWCB - Operations	4,524,676	5,224,688	5,744,766
Division of Water Resources	192,448	212,467	211,527
Satellite monitoring	525,902	380,417	379,633
Executive Director's office	501,877	606,538	1,118,855
Attorney General's office	689,354	728,422	651,271
Nonreimbursable investments	<u>19,429,904</u>	<u>53,104,130</u>	<u>21,587,064</u>
Total operating expense	<u>25,864,161</u>	<u>60,256,662</u>	<u>29,693,116</u>
<b>OPERATING INCOME/CHANGE IN NET POSITION</b>	37,745,277	(26,919,378)	9,079,542
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>584,985,798</u>	<u>611,905,176</u>	<u>602,825,634</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 622,731,075</u>	<u>\$ 584,985,798</u>	<u>\$ 611,905,176</u>

See accountants' compilation report.

**SUPPLEMENTARY INFORMATION**



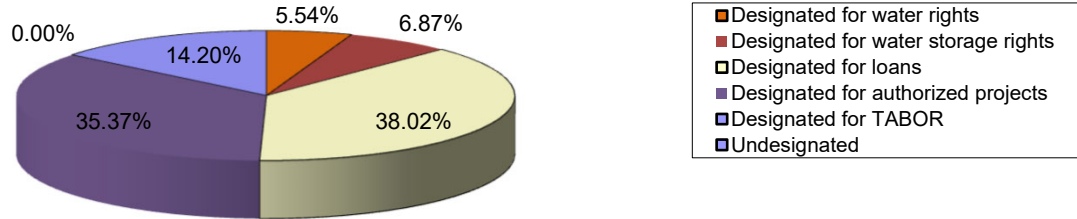
**COLORADO WATER CONSERVATION BOARD  
CONSTRUCTION FUND  
SCHEDULES OF CASH SOURCES AND USES  
Years ended June 30, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CASH SOURCES</b>			
Mineral lease income	\$ 8,042,129	\$ 6,154,794	\$ 11,346,544
Interest received on investments	3,083,916	4,386,557	5,729,306
Interest received on loans	6,090,110	5,661,164	7,418,277
Principal received on loans	28,207,483	14,417,075	12,227,655
Service charge on loans	371,204	181,535	94,003
Transfer from Severance Tax PB Fund	10,000,000	10,000,000	10,000,000
Transfer from General Fund	34,000,000	-	-
Sale of portion of Joint Venture	-	5,221,310	-
Sale of portion of Water Rights	205,746	-	-
Other revenue	1,106,801	1,906,675	4,787,600
	<u>91,107,389</u>	<u>47,929,110</u>	<u>51,603,385</u>
<b>CASH USES</b>			
Loan disbursements to borrowers	22,880,455	30,909,396	18,205,217
Nonreimbursable investments	19,429,904	31,789,209	25,557,123
Interdepartmental operations	4,011,434	7,152,532	8,106,052
Conversion of portion of Joint Venture to LT asset	-	9,131,067	-
Investment in joint venture	2,246,853	17,077,429	22,641,232
	<u>48,568,646</u>	<u>96,059,633</u>	<u>74,509,624</u>
<b>CASH SOURCES IN EXCESS OF CASH USES</b>	42,538,743	(48,130,523)	(22,906,239)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>255,072,826</u>	<u>303,203,349</u>	<u>326,109,588</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 297,611,569</u>	<u>\$ 255,072,826</u>	<u>\$ 303,203,349</u>
<b>TOTAL CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION:</b>			
Cash and cash equivalents	\$ 296,897,736	\$ 252,825,973	\$ 283,879,067
Restricted cash held in escrow	713,833	2,246,853	19,324,282
	<u>\$ 297,611,569</u>	<u>\$ 255,072,826</u>	<u>\$ 303,203,349</u>

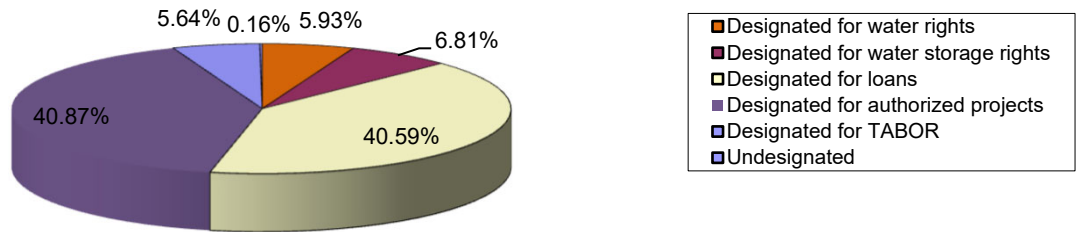
See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD  
CONSTRUCTION FUND  
GRAPHS OF COMPONENTS OF NET POSITION  
June 30, 2021, 2020 and 2019**

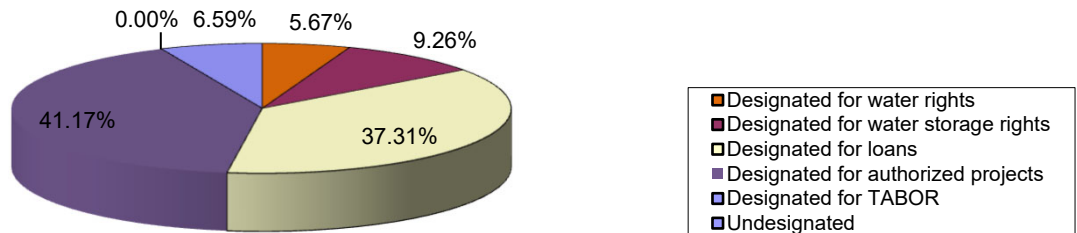
**NET POSITION at June 30, 2021**



**NET POSITION at June 30, 2020**



**NET POSITION at June 30, 2019**



	<u>2021</u>	<u>2020</u>	<u>2019</u>
Designated for water rights	\$ 34,496,778	\$ 34,702,524	\$ 34,702,524
Designated for water storage rights	42,774,848	39,814,162	56,639,761
Designated for loans	236,780,368	237,454,878	228,292,735
Designated for authorized projects	220,256,439	239,078,831	251,922,122
Designated for TABOR	-	33,000,000	-
Undesignated	88,422,642	935,403	40,348,034
<b>Total net position</b>	<b><u>\$ 622,731,075</u></b>	<b><u>\$ 584,985,798</u></b>	<b><u>\$ 611,905,176</u></b>

See accountants' compilation report

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

**FINANCIAL STATEMENTS  
June 30, 2021, 2020 and 2019**

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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, 2021, 2020 and 2019 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  
October 25, 2021



**COLORADO WATER CONSERVATION BOARD  
SEVERANCE TAX PERPETUAL BASE FUND  
STATEMENTS OF NET POSITION  
Years Ended June 30, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 140,569,743	\$ 196,363,336	\$ 207,858,239
Interest receivable on loans	3,941,864	3,977,391	3,502,006
Loans receivable	<u>8,886,950</u>	<u>7,847,499</u>	<u>6,339,050</u>
Total current assets	<u>153,398,557</u>	<u>208,188,226</u>	<u>217,699,295</u>
<b>NONCURRENT ASSETS</b>			
Loans receivable - long-term	<u>263,576,816</u>	<u>259,639,482</u>	<u>221,054,555</u>
Total noncurrent assets	<u>263,576,816</u>	<u>259,639,482</u>	<u>221,054,555</u>
Total assets	<u>\$ 416,975,373</u>	<u>\$ 467,827,708</u>	<u>\$ 438,753,850</u>
<b>NET POSITION</b>			
Designated			
Designated for loans	\$ 263,576,816	\$ 259,639,482	\$ 221,054,555
Designated for authorized projects under contract	51,566,961	30,405,198	52,314,558
Designated for authorized projects not under contract	95,189,407	101,038,273	54,161,761
Designated for transfer to construction fund	-	10,000,000	10,000,000
Designated reserve for joint budget committee	-	-	-
Designated for transfer to loan guarantee fund	-	45,500,000	-
Undesignated	<u>6,642,189</u>	<u>21,244,755</u>	<u>101,222,976</u>
Total net position	<u>416,975,373</u>	<u>467,827,708</u>	<u>438,753,850</u>
Total liabilities and net position	<u>\$ 416,975,373</u>	<u>\$ 467,827,708</u>	<u>\$ 438,753,850</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, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUE</b>			
Interest revenue			
Net investment income	\$ 1,625,111	\$ 3,881,409	\$ 4,206,854
Interest earnings - loans	<u>6,047,084</u>	<u>5,981,565</u>	<u>5,236,258</u>
Total interest revenue	<u>7,672,195</u>	<u>9,862,974</u>	<u>9,443,112</u>
Other revenue			
Transfers from general and other funds	-	-	30,000,000
Severance tax	<u>(3,024,530)</u>	<u>29,210,884</u>	<u>60,431,541</u>
Total other revenue	<u>(3,024,530)</u>	<u>29,210,884</u>	<u>90,431,541</u>
Total operating revenue	<u>4,647,665</u>	<u>39,073,858</u>	<u>99,874,653</u>
<b>OPERATING EXPENSES</b>			
Transfers to Construction Fund	10,000,000	10,000,000	10,000,000
Transfers to general and other funds	<u>45,500,000</u>	<u>-</u>	<u>14,000,000</u>
	<u>55,500,000</u>	<u>10,000,000</u>	<u>24,000,000</u>
<b>OPERATING INCOME (LOSS) / CHANGE IN NET POSITION</b>	(50,852,335)	29,073,858	75,874,653
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>467,827,708</u>	<u>438,753,850</u>	<u>362,879,197</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 416,975,373</u>	<u>\$ 467,827,708</u>	<u>\$ 438,753,850</u>

See accountants' compilation report.

## **SUPPLEMENTARY INFORMATION**



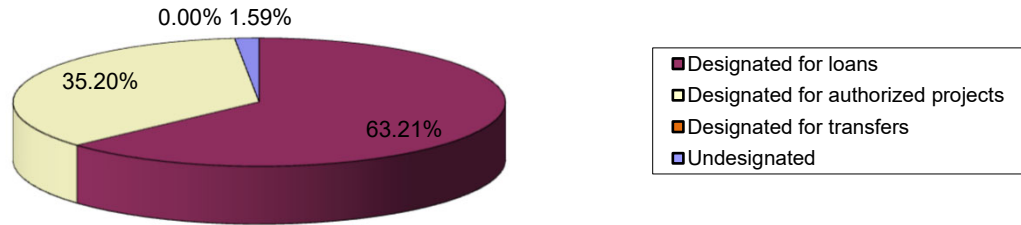
**COLORADO WATER CONSERVATION BOARD  
SEVERANCE TAX PERPETUAL BASE FUND  
SCHEDULES OF CASH SOURCES AND USES  
Years Ended June 30, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CASH SOURCES</b>			
Severance tax	\$ (3,024,530)	\$ 29,210,884	\$ 60,431,541
Interest received on investments	1,625,111	3,881,409	4,206,854
Interest received on loans	6,082,611	5,506,180	3,507,020
Principal received on loans	16,522,111	7,266,221	8,373,637
Special bills	-	-	30,000,000
	<u>21,205,303</u>	<u>45,864,695</u>	<u>106,519,052</u>
<b>CASH USES</b>			
Loan disbursements to borrowers	21,498,896	47,359,598	75,157,607
Special bills	55,500,000	10,000,000	24,000,000
	<u>76,998,896</u>	<u>57,359,598</u>	<u>99,157,607</u>
<b>CASH SOURCES IN EXCESS (SHORT) OF CASH USES</b>	(55,793,593)	(11,494,903)	7,361,445
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>196,363,336</u>	<u>207,858,239</u>	<u>200,496,794</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 140,569,743</u>	<u>\$ 196,363,336</u>	<u>\$ 207,858,239</u>

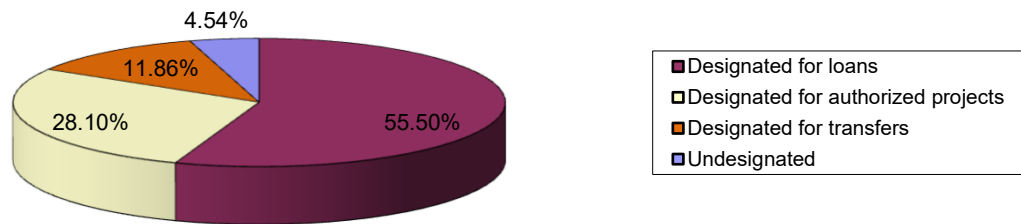
See accountants' compilation report.

**COLORADO WATER CONSERVATION BOARD  
SEVERANCE TAX PERPETUAL BASE FUND  
GRAPHS OF COMPONENTS OF NET POSITION  
June 30, 2021, 2020 and 2019**

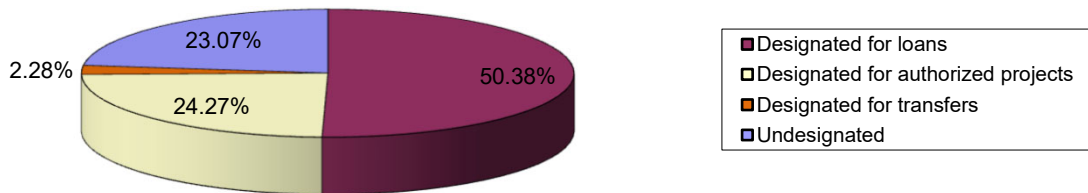
**NET POSITION at June 30, 2021**



**NET POSITION at June 30, 2020**



**NET POSITION at June 30, 2019**



	<b>2021</b>	<b>2020</b>	<b>2019</b>
Designated for loans	\$ 263,576,816	\$ 259,639,482	\$ 221,054,555
Designated for authorized projects	146,756,368	131,443,471	106,476,319
Designated for transfers	-	55,500,000	10,000,000
Undesignated	6,642,189	21,244,755	101,222,976
<b>Total net position</b>	<b>\$ 416,975,373</b>	<b>\$ 467,827,708</b>	<b>\$ 438,753,850</b>

See accountants' compilation report