COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COLORADO RIVER COMMISSION OF NEVADA

A component unit of the State of Nevada

Las Vegas, Nevada

For the
FISCAL YEAR ENDED JUNE 30, 2002

Prepared by the Finance and Administration Division
under the supervision of
Douglas N. Beatty, Division Chief

STATE OF NEVADA

KENNY C. GUINN
Governor

FRANKIE SUE DEL PAPA
Attorney General

KATHY AUGUSTINE
Controller

BRIAN K. KROLICKI
Treasurer

DEAN HELLER
Secretary of State

COLORADO RIVER COMMISSION

RICHARD W. BUNKER
Chairman

JAY D. BINGHAM
Vice Chairman

SHARI BUCK
Commissioner

LAMOND R. MILLS
Commissioner

BRIAN NIX
Commissioner

ROLAND D. WESTERGARD
Commissioner

MYRNA WILLIAMS
Commissioner

COMMISSION STAFF

GEORGE M. CAAN
Executive Director

GAIL A. BATES
Deputy Director

DOUGLAS N. BEATTY
Division Chief Finance and Administration

JAMES H. DAVENPORT
Division Chief Water

BILL MILLER
Division Chief Power

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KENNY C. GUINN, *Governor*
RICHARD W. BUNKER, *Chairman*
JAY D. BINGHAM, *Vice Chairman*
GEORGE M. CAAN, *Executive Director*

STATE OF NEVADA

SHARI BUCK, *Commissioner*
LAMOND R. MILLS, *Commissioner*
BRYAN NIX, *Commissioner*
ROLAND D. WESTERGARD, *Commissioner*
MYRNA WILLIAMS, *Commissioner*

COLORADO RIVER COMMISSION
OF NEVADA

December 10, 2002

Honorable Chairman and
Members of the
Colorado River Commission of Nevada

It is a pleasure for us to present the Colorado River Commission's financial report for the year ended June 30, 2002. The financial and administrative division staff prepared this Comprehensive Annual Financial Report. The Commission is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe the data is accurate in all material aspects; that it is displayed in a manner designed to fairly present the financial position and results of operations, as measured by the financial activity of all Commission funds; and that all disclosures necessary for understanding of the Commission's financial affairs have been included. All funds and accounts utilized in recording the Commission's operations and financial position are included in this report.

Piercy, Bowler, Taylor and Kern, Certified Public Accountants audited the Commission's fiscal 2002 financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Commission's financial statements for the fiscal year ended June 30, 2002, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented in the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Commission's MD&A is presented in the financial section of this report.

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This report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and other such material as may be useful in understanding the Commission. The financial section includes the auditors' report and the financial statements, which present fairly the financial position, results of operations, and cash flows for the fiscal year. Also included is an auditors' bond compliance letter, budget comparisons, and other information necessary for presentation purposes. The statistical section includes selected financial information, generally presented on a multi-year basis.

THE COMMISSION

The Colorado River Commission has broad statutory authority to establish policy for the management of Nevada's allocation of power and water resources from the Colorado River and development of designated land in southern Nevada. As a state agency, it comprises a discrete component unit of the State for financial reporting purposes. Information presented herein is included in the State of Nevada's comprehensive annual financial report.

The Commission is governed by seven commissioners four of whom, including the chairman, are appointed by the Governor, with the remaining three appointed by the Southern Nevada Water Authority. Commissioners are required to have a general knowledge of the development of the Colorado River and its tributaries within Nevada, as well as the rights of Nevada pertaining to the resources and benefits of the Colorado River. The members of the Colorado River Commission are:

Name	Initial Appointment	Current Term
Richard W. Bunker, Chairman	1993	7/01/01 – 6/30/04
Jay D. Bingham, Vice Chairman	1997	7/1/00 – 6/30/03
Honorable Shari Buck, North Las Vegas Councilwoman	2000	7/1/02 – 6/30/03 *
Lamond R. Mills	1996	7/1/02 – 6/30/05
Honorable Brian Nix, Boulder City Councilman	1999	7/1/02 – 6/30/03 *
Roland D. Westergard	1996	7/1/02 – 6/30/05
Honorable Myrna Williams, Clark County Commissioner	1999	7/1/02 – 6/30/03 *

* Designates those commissioners appointed by the SNWA who have terms that are subject to annual reappointment and continuation of their service as directors of SNWA

The Commission is responsible for the acquisition, management, utilization and development of designated water, electric power and land resources of the state. It is empowered to receive, protect, safeguard and hold in trust all rights, interests and benefits in and to the waters of the Colorado River and such power generated thereon to which Nevada is entitled. The Commission may make compacts or contracts and cooperate with other entities, states, and the federal government in fulfilling its statutory responsibilities. The Commission's main office is located in Las Vegas, Nevada.

Activities of the Commission are funded from revenue received from power and water contractors. An administrative charge is included in power sales to provide funding for power related activities. Water administrative cost reimbursements are received from the Southern Nevada Water Authority. Interest income earned from investments by the State Treasurer contributes to revenues. The Commission does not request or receive any state tax allocations or federal funds to support its administrative and operating functions.

Power. Nevada's allocation of hydropower from Hoover, Parker and Davis Dams, the Colorado River Storage Project, and the Salt Lake Area Integrated Project is purchased by the Commission from the federal government and sold to several contracting entities in southern Nevada including three rural electrification associations, one municipal and one investor-owned utility and an industrial complex in Henderson, Nevada. The Commission also seeks and contracts for available capacity and energy from alternative sources in order to meet the needs of the entities it serves. The Commission is also responsible for developing power delivery facilities and providing power to the new water treatment facilities being constructed by the Southern Nevada Water Authority.

Water. The Colorado River Commission represents Nevada's interests on all state and interstate matters dealing with the management, operations and administration of the water resources of the Colorado River. The Commission works directly with the U.S. Bureau of Reclamation, representing the Secretary of the Interior as the water master of the Colorado River; the other six Colorado River Basin states consisting of Arizona, California, Colorado, New Mexico, Utah and Wyoming; and the Southern Nevada Water Authority and other water users in southern Nevada. Negotiating new water supplies, identifying new operating strategies, which balance water use with water supply, and developing new mechanisms for interstate water transfers continue to be the principal focus of the Commission.

Land. As a result of special legislation passed by Congress and the State of Nevada, the Commission purchased approximately 15,000 acres in the Fort Mohave Valley (at the southern tip of the state) from the federal government. About 4,000 acres have been sold to various entities, leaving approximately 9,000 acres available for development, depending upon the availability of water.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the environment within which the Commission provides service.

Clark County. The area served by the Commission, principally the Clark County area, continues to grow at a steady rate. The county is comprised of 7,927 square miles, an area larger than the entire state of New Jersey. It includes five incorporated cities: Las Vegas, Henderson, North Las Vegas, Boulder City, and Mesquite; fourteen unincorporated towns; one school district; four library districts; one urban and two rural fire districts; one sanitation district; one urban and three rural water districts; and eleven judicial townships. The County has a current estimated population of 1,425,723, which represents approximately 69% of the total state population (estimated to be approximately 2,065,610). Current projections place the county population at 1,836,859 in 2010 and 2,173,843 in 2020.

With the events of September 11, 2001 and the decline in the national economy, Las Vegas has seen some changes to the expected economic picture. Unemployment rates moved up while gaming revenue declined for the first few months of 2002. The anticipated economic outlook overall has been very flat.

However, as the federal government continues to move to stimulate the national economy, and as people begin to reconsider travel plans to stay within the United States, the tourism industry is expected to recover at least as well as the national economy. We anticipate that the growth in population will continue at a steady, but somewhat slower rate, with similar increases in visitor and gaming volume. The economic outlook will remain at least as strong as any other area of the country, with demand for the low-cost water and power resources of the Commission high.

New Business. The State Legislature approved Senate Bill 211 authorizing the Commission to serve the additional electric power requirements of the water and wastewater member agencies of the SNWA. To date the Commission has been exploring the economic incentives to these organizations to move their loads to CRC service and attempting to accomplish all of the necessary groundwork for the addition of those loads. Because of the current state of the electric utility industry, and the challenges associated with physical restraints of the transmission system in Southern Nevada this process is moving slower than the Commission would like. However, we are committed to serving all of the eligible customers where the economics of the transactions bring the greatest benefit to the citizens of Nevada.

Cash Management. Cash in all funds is deposited in the State Treasurer's account. Interest income is received from the State Treasurer on all Commission cash. The Commission has no direct control over the investing activities of these resources. Interest income and cash balances have been adjusted for unrealized losses on investments.

Risk Management. The Commission, as an agency of the State, participates in the State's risk management program. The State of Nevada self-insures against certain property and liability claims. The State's risk management division manages a self-insurance fund for group health insurance, and an insurance premium fund to provide fidelity insurance, property insurance and worker's compensation. The Commission pays its fair share of the activities of the program as prescribed by the State. The State's comprehensive annual financial report provides more information relative to risk management activities.

Pension benefits. The Nevada Public Employee Retirement System (PERS) is a cost-sharing multiple employer defined benefit plan covering essentially all of the employees of state and local Nevada governments. Employees of the Commission are eligible to participate upon employment. Note 12 in the Notes to Financial Statements discusses the plan specifics. In addition to providing pension benefits, the Commission provides certain health care benefits for retired employees. All of the Commission's employees may become eligible if they reach normal retirement age while working for the Commission.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of achievement for excellence in financial reporting to the Commission for its financial report for the fiscal year ended June 30, 2001. The certificate of achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

This is the twenty-fifth consecutive year the Commission has received this recognition. A certificate of achievement is valid for a period of one year only. We believe this current report continues to conform to certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of this report could not have been accomplished without the services of the entire staff of the Commission. We would like to express our appreciation to all members of the staff. We would also like to express our thanks to the Commission members for their interest and support in planning and conducting the financial affairs in a responsible and professional manner.

George M. Caan
Executive Director

Douglas N. Beatty
Chief, Finance & Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Colorado River Commission of Nevada

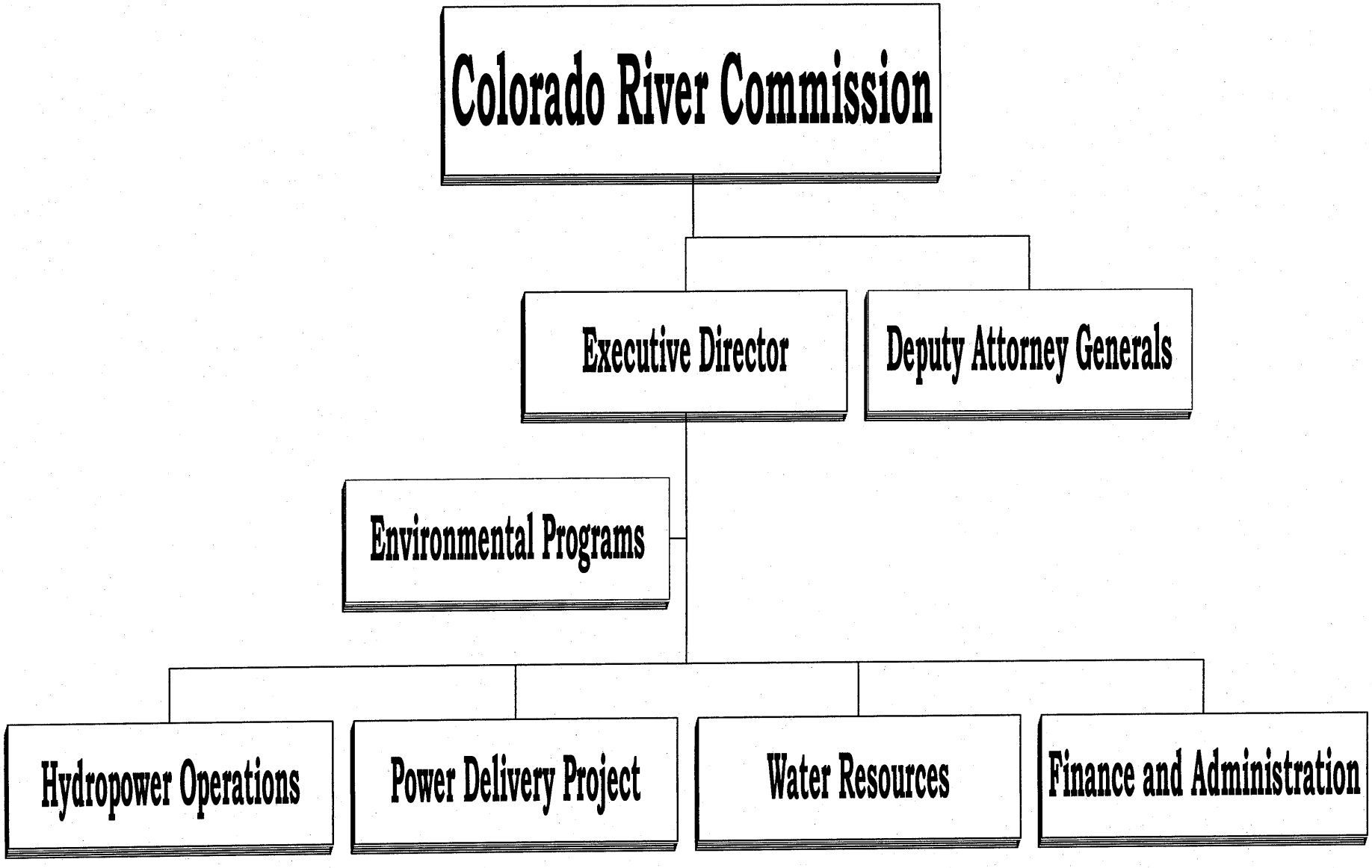
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CRC Functional Organization



FINANCIAL SECTION

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PBTK
PIERCY BOWLER TAYLOR & KERN
Certified Public Accountants
Business Advisors

A member of
Horwath International

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information which collectively comprise the Colorado River Commission of Nevada, (the Commission) a component unit of the State of Nevada, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the management of the Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted or audit in accordance with auditing standards generally accepted in the United States, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activates, each major fund and the aggregate remaining fund information of the Commission, as of June 30, 2002, and the results of its operations and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 1, the Commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, for the year ended June 30, 2002.

The management's discussion and analysis on pages 7 to 14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2002, on our consideration of the Commission's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Piercy, Bowler, Taylor & Kern

November 22, 2002

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Colorado River Commission's annual financial report presents the analysis of the Commission's financial performance during the fiscal year that ended on June 30, 2002. This information will provide a more complete picture of Commission activities when read in conjunction with the financial statements, notes to the financial statements and letter of transmittal.

Financial Highlights

- The assets of the Commission exceeded its liabilities at the close of the fiscal year by $11,324,615 (net assets). Of this amount, $10,447,493 (unrestricted net assets) may be used to fund the operations of the Commission.

- The Commission's total net assets increased by $4,330,545 for the current fiscal year.

- At the end of the fiscal year the Commission's unreserved fund balance in the general fund decreased by $310,096 from the prior year. This was the result of decreased water administrative billings which reduced accumulated balances.

Overview of the Financial Statements

The Commission is a special purpose government entity. It is empowered primarily to administer the Colorado River water resources given to the State of Nevada by the Federal Government, and to provide electric power resources to specific legislatively approved entities. The water resources have been allocated to a regional governmental entity, the Southern Nevada Water Authority (SNWA), and the power resources are provided mostly to governmental or quasi-governmental entities with a limited number of industrial end users grandfathered in to the Commission's service authority. The water function is not intended to serve as an enterprise type activity and is accounted for in the Commission's general fund. The electric power function, while not intended to generate a profit, is accounted for through the use of two enterprise funds. One of the funds (Power Delivery Project Fund) records the transactions related to the Commission's major customer, the SNWA. The resources of this fund provide electric power for the SNWA's water pumping needs. The other enterprise fund (Power Marketing Fund) records the transactions related to all of the Commission's other power customers, and includes the hydropower resources allocated to the State. These resources are from Federal Hydropower Projects (Hoover Dam, Parker Dam, and others) on the Colorado River. In addition to these funds, the Commission administers two special revenue type governmental funds to account for land and research and development projects.

The Colorado River Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Colorado River Commission's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Colorado River Commission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The functions reported on the Commission's financial statements are principally supported by user fees and charges. The water related activities are supported by an administrative fee assessed on the SNWA and the power related activities are supported through administrative charges assessed as part of the sale of electric resources. Land and other activities are funded through specific contractual charges assessed on the benefiting entity.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

The Commission maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the special revenue funds. Only the general fund is considered a major fund and the two special revenue funds are combined into a single aggregate presentation. Individual fund data for the two special revenue funds is provided in the combining statements in this report.

The Commission maintains two proprietary funds, both are considered major funds and both are enterprise funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. These funds provide the same type of information as the government-wide financial statements, but in more detail.

The Commission adopts an annual budget for all funds. A budgetary comparison is provided in this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and fund financial statements.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. Increases or decreases in the net assets may, over time be an indicator of improving or deteriorating health of the entity. However, this must be evaluated with other factors, some of which are detailed below.

Colorado River Commission's Net Assets

	Governmental Activities			Business-type Activities		
	2002	2001	Change	2002	2001	Change
Current and other assets	$ 5,109,769	$ 3,955,956	$1,153,813	$ 93,237,141	$ 64,203,983	$29,033,158
Other assets	170,115	253,190	-83,075	130,838,815	134,274,532	-3,435,717
Total assets	5,279,884	4,209,146	1,070,738	224,075,956	198,478,515	25,597,441
Long-term liabilities	171,184	164,235	6,949	121,959,659	127,472,898	-5,513,239
Other liabilities	2,336,954	917,133	1,419,822	93,563,426	66,966,408	26,597,018
Total liabilities	2,508,138	1,081,368	1,426,771	215,523,085	194,439,306	21,083,779
Net assets:						
Invested in capital assets, net of related debt	170,115	253,190	-83,075			
Restricted				707,007	676,520	30,487
Unrestricted	2,601,629	2,874,588	-272,958	7,845,864	3,362,689	4,483,175
Total net assets	$ 2,771,744	$ 3,127,778	-$356,033	$ 8,552,871	$ 4,039,209	$4,513,662

The Commission has a significant amount of capital assets in the enterprise funds. These assets have been fully funded through the issuance of General Obligation Revenue Supported Bonds. The contracts with Commission customers provide for collections equal to the bond debt payments only. The Commission does not include depreciation expense in its charges for power. This means that the net assets related to capital investment will never be significant for the Commission's enterprise funds, no matter the cost of the assets. It is possible that in the early years of the asset life, when depreciation is higher than the underlying debt service, that there may be a negative investment in capital assets. All things being equal, at the end of the asset and debt life the net investment should be zero. The Commission's primary net asset value will be related to operating and restricted cash balances. At the current time, the net capital assets of the power funds are equal to zero. This is because most of the assets are very new, and the full value of the debt remains.

The governmental activities of the Commission are small in comparison to the capital and power purchasing activities. The Commission's water related efforts, some small land activities, and other minor functions form the bulk of the governmental programs. These activities are funded on a current basis through administrative assessments and the Commission carries minimal cash balances for these activities. The activities related to the electric power utility function are large and generate millions of dollars in both revenues and expenses. However, as the Commission's contracts for power allow only for recovery of cost (including administrative expenses), these activities do not contribute significant amounts to net assets. In fact, based on timing differences between collections from customers and payment to vendors, the contributions to net assets from these activities may be negative in any given year. The following chart demonstrates the contribution from these two revenue sources:

Colorado River Commission's Changes in Net Assets

	Governmental Activities			Business-type Activities		
	2002	2001	Change	2002	2001	Change
Revenues:						
Program revenues:						
Administrative charges	$1,534,329	$1,599,600	-$65,271			
Power sales revenue:						
Power marketing				$135,200,158	$128,647,319	$6,552,839
Power delivery				26,766,833	20,794,153	5,972,680
General revenues:						
Investment income	122,439	207,909	-85,470	2,897,930	2,375,723	522,207
Miscellaneous income	48,781	37,990	10,791			
Total revenues	1,705,549	1,845,499	-139,950	164,864,921	151,817,195	13,047,726
Expenses:						
General government	1,888,664	1,588,288	300,376			
Power purchase expenses:						
Power marketing				135,697,615	128,676,607	7,021,008
Power delivery				24,653,645	21,119,778	3,533,867
Total expenses	1,888,664	1,588,288	300,376	160,351,260	149,796,385	10,554,875
Change in net assets	-183,115	257,211	-440,326	4,513,661	2,020,810	2,492,851
Net assets June 30, 2001	$2,954,860	$2,697,649	$257,211	$4,039,210	$2,018,399	$2,020,811
Net assets June 30, 2002	$2,771,745	$2,954,860	-$183,115	$8,552,871	$4,039,209	$4,513,662

Financial Analysis of Government Funds.

The Colorado River Commission uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All cash receipts and disbursements are processed and recorded by the State Controller. Budgetary and cash control is imposed by the controller on the general and special revenue funds. Cash control is required for the enterprise funds. No vouchers are processed for payment unless adequate budget authority exists.

The Commission downloads data from the State Controller related to revenue and expense transactions. These downloads are imported into a computerized general ledger for reporting purposes. As more fully explained in note 1 to the financial statements, the accounting policies of the Commission conform to, and its financial statements have been prepared in accordance with, generally accepted accounting principles applicable to government units.

The Commission is not subject to regulation by federal or state utility regulatory bodies. However, the Commission is adapting its chart of accounts and accounting procedures for the Power Delivery Project fund (an enterprise fund) to generally follow Federal Energy Regulatory Commission guidelines to the extent legally and practically possible.

General governmental activity of the Commission is recorded in the general fund on the Commission's comprehensive annual financial report.

Revenues of the Commission general fund totaled $1,564,898 in 2001-02, $102,013 less than the $1,666,911 realized in 2002-01. The net decrease in revenues was a result of a decrease in billings for the water administrative fee to reduce accumulated balances from the last fiscal year. In addition to these two direct revenue charges, the general fund receives reimbursements from other Commission funds for work performed related to activities of those funds. These reimbursements are for labor charges and overhead expenses. Note that all personnel related charges are recorded in the general fund.

Funding sources for the Commission's general administrative functions were as follows:

	2001 - 2002		2000 - 2001	
	Amount	**Percent**	**Amount**	**Percent**
Power administrative charge	$ 983,039	35.11%	$ 960,533	37.61%
Water administrative charge	551,290	19.69%	639,067	25.02%
Miscellaneous income	0	0.00%	0	0.00%
Interest income	30,569	1.09%	67,311	2.64%
Total Revenues	1,564,898	55.89%	1,666,911	65.27%
Allocated salaries and overhead	1,234,937	44.11%	887,009	34.73%
All Funding Sources	$ 2,799,835	100.00%	$ 2,553,920	100.00%

Net expenditures of the general fund totaled $1,874,994, which is $235,132 more than the $1,639,862 expended during fiscal 2000-01. This was primarily due to the increase in personnel and related costs. Change in levels of expenditures for the preceding year is as follows:

	2001-02	2000-01	Increase/ Decrease
General Administration			
Personnel	$ 2,080,522	$ 1,549,699	$ 530,823
Travel	67,778	66,693	1,085
Operating	915,256	837,988	77,268
Equipment	46,375	72,491	-26,116
Total general administration	3,109,931	2,526,871	583,060
Less allocated salaries and overhead	1,234,937	887,009	347,928
Net expenditures	$ 1,874,994	$ 1,639,862	$ 235,132

Unreserved fund balances in the general fund and special revenue funds at year-end compared to the previous year were:

	Fund Balance June 30		Increase/
Fund	**2002**	**2001**	**Decrease**
General Fund	$ 731,737	$ 1,041,833	$ -310,096
Research and Development Fund	344,463	270,232	74,231
Ft. Mohave Development Fund	1,652,526	1,770,844	-118,318

The Research and Development Fund balance of $344,463 is available for engineering studies, analyses, negotiations and other efforts in protecting the interests of the State in the development of water and power resources. Note that no new revenue is collected in this fund unless it is under a specific contract for a specific project.

The Fort Mohave Development Fund balance of $1,652,526 represents unspent money from the sale of land and easements. These funds are available for planning and managing the development of the area. Assembly Bill 494, enacted as Chapter 822, Statutes of Nevada, 1987, provides that any remaining fund balances in the Fort Mohave Development Fund can be used by Clark County for infrastructure needs in the Laughlin Nevada area. Unless the Commission sells additional land in the Fort Mohave transfer area there will be no new revenues for this fund. At the present time there are no land sales anticipated. The County may draw this fund balance to near zero at any time for any approved capital improvement project.

Capital Assets

The Commission's investment in capital assets for its governmental and business type activities as of June 30, 2002 amounts to $74,668,311 (net of accumulated depreciation). This investment includes the power delivery system, automobiles (both administrative vehicles and power delivery project utility vehicles) and office furniture and equipment.

Colorado River Commission's Capital Assets
(net of depreciation)

	Governmental Activities			Business-type Activities		
	2002	2001	Change	2002	2001	Change
Power Transmission System				$ 70,026,429	$ 42,496,288	$27,530,141
Automobiles and related	$ 82,751	$ 22,879	$59,872	42,816	-	42,816
Office Equipment	73,811	66,138	7,673			
Office Furniture and Fixtures	13,553	-	13,553			
Construction in Progress				4,428,951	25,379,584	-20,950,633
Total	$ 170,115	$ 89,017	$81,098	$ 74,498,196	$ 67,875,872	$6,622,324

During the fiscal year the second phase of the Power Delivery System project and the River Mountains Project were completed and put into service. This leaves two capital projects still under construction, the SNWS Improvements project, which will rehabilitate certain of the electric power components of the SNWA's older water treatment system, and the Basic Substation project, which will rebuild the substation, which serves the Commission's industrial customers. Note that the Commission has nearly completed its part of the Basic Substation project with the industries' portion to soon be complete. Once finished, the whole project will be turned over to the Commission for ownership and operation and maintenance purposes.

Debt Administration

As of June 30, 2002 outstanding long-term obligations of the Commission consisted of the following:

Bond Description	Average Interest Rate(%)	Maturity Date	Balance Outstanding
Hoover Uprating refunding, series 1992	6.3	2016	$ 44,015,000
Hoover Uprating refunding, series 2001	5.4	2017	6,305,000
Power Delivery Project, series 1997A	5.6	2027	47,600,000
Power Delivery Project, series 1999A	5.5	2030	25,630,000

All of the Commission's outstanding bonds are both general obligation and revenue supported (double-barreled) bonds. The bonds are backed by the full faith and credit of the State of Nevada, however they have always been, and will continue to be, self-supporting debt payable from revenues from the sale of power.

The Commission refunded some of the Hoover related debt in the fiscal year resulting in a reduction of annual payments. In addition, the Commission agreed to refund the remaining balance of the 1992 Hoover refunding bonds in the next fiscal year when they become callable. This will also result in a reduction of annual debt service payments. The refunding was undertaken based on the favorable market interest rates during the period. At this time, the Commission does not foresee any additional refunding, nor does it intend to seek any further bond authorization from the State in the next two years.

Requests for Information

This financial report is designed to provide a general overview of the Colorado River Commission's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Division Chief, Finance and Administration, Colorado River Commission, 555 East Washington Avenue, Las Vegas, NV, 89101. In addition, the Commission maintains a website that provides additional information and contacts. The website address is http//www.state.nv.us/Colorado_river/.

BASIC FINANCIAL STATEMENTS

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COLORADO RIVER COMMISSION

STATEMENT OF NET ASSETS
JUNE 30, 2002

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash, unrestricted	$ 2,608,452	$ 44,765,951	$ 47,374,403
Receivables:			
Accounts	121,480	13,481,906	13,603,386
Accrued interest	19,347	439,676	459,023
Due from other funds (internal balances are eliminated in the total column)	979,728	1,281,667	
Collateral for loaned securities	1,380,762	31,579,344	32,960,106
Current portion of prepaid power		1,688,597	1,688,597
Total current assets	5,109,769	93,237,141	96,085,515
Noncurrent assets:			
Restricted cash		14,649,675	14,649,675
Capital assets:			
Depreciable buildings, property and equipment, net	170,115	70,069,245	70,239,360
Construction in progress		4,428,951	4,428,951
Prepaid power, net of current portion		41,690,944	41,690,944
Total noncurrent assets	170,115	130,838,815	131,008,930
Total assets	$ 5,279,884	$ 224,075,956	$ 227,094,445
LIABILITIES			
Current liabilities:			
Accounts payable	$ 198,886	$ 13,945,358	$ 14,144,244
Obligations under securities lending	1,380,762		1,380,762
Due to other funds (internal balances are eliminated in the total column)	757,307	524,960	
Total current liabilities	2,336,954	14,470,318	15,525,005
Payable from restricted assets:			
Accounts payable		2,002,783	2,002,783
Contract retentions payable		376,993	376,993
Payable to customers		40,796,979	40,796,979
Bonds payable within 1 year		1,045,000	1,045,000
Due to other funds (internal balances are eliminated in the total column)		979,127	
Accrued interest		1,989,282	1,989,282
Obligations under securities lending		31,579,344	31,579,344
Arbitrage rebate payable		323,600	323,600
Total payable from restricted assets		79,093,108	78,113,981
Noncurrent liabilities:			
General obligation bonds payable, noncurrent		122,505,000	122,505,000
Unamortized bond discount		(859,423)	(859,423)
Unamortized deferred refunding charge		(692,812)	(692,812)
Unamortized bond premium		218,518	218,518
Advance from customer		788,376	788,376
Accrued compensated absences	171,184		171,184
Total noncurrent liabilities	171,184	121,959,659	122,130,843
Total liabilities	2,508,138	215,523,085	215,769,829
NET ASSETS			
Invested in capital assets, net of related debt	170,115		170,115
Restricted for certain operations and maintenance		707,007	707,007
Unrestricted	2,601,629	7,845,864	10,447,493
Total net assets	2,771,744	8,552,871	11,324,615
Total liabilities and net assets	$ 5,279,882	$ 224,075,956	$ 227,094,444

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expenses) Revenue and Changes in Net Assets: Governmental Activities	Business-type Activities	Total
Governmental activities:					
General government	$ 1,888,664	$ 1,534,329	$ (354,335)		$ (354,335)
Business-type activities:					
Power marketing	135,697,615	135,200,158		$ (497,457)	(497,457)
Power delivery	24,653,645	26,766,833		2,113,188	2,113,188
	160,351,260	161,966,991		1,615,731	1,615,731
Total	$ 162,239,924	$ 163,501,320	(354,335)	1,615,731	1,261,396
General revenues:					
Investment income			122,439	2,897,929	3,020,368
Miscellaneous			48,781		48,781
			171,220	2,897,929	3,069,149
Change in net assets			(183,115)	4,513,661	4,330,545
Net assets, beginning			2,954,859	4,039,210	6,994,069
Net assets, ending			$ 2,771,744	$ 8,552,871	$ 11,324,615

See notes to financial statements.

COLORADO RIVER COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 576,661	$ 2,031,791	$ 2,608,452
Receivables:			
Accounts	121,480		121,480
Accrued interest	4,177	15,170	19,347
Collateral for loaned assets	305,148	1,075,614	1,380,762
Due from other funds	979,728		979,728
Total assets	$ 1,987,194	$ 3,122,575	$ 5,109,769
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 194,761	$ 4,125	$ 198,886
Obligations under securities lending	305,148	1,075,614	1,380,762
Due to other funds	755,547	1,760	757,307
Total liabilities	1,255,456	1,081,498	2,336,954
Fund balances:			
Unreserved	731,737	2,041,076	2,772,813
Total liabilities and fund balances	$ 1,987,193	$ 3,122,575	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	170,115
Long-term liabilities that are not due and payable in the current period are not not reported in the funds	(171,184)
Net assets of governmental activities	$ 2,771,744

See notes to financial statements

COLORADO RIVER COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2002

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Charges for services	$ 1,534,329		$ 1,534,329
Investment income	30,569	$ 91,870	122,439
Miscellaneous		48,781	48,781
Total revenues	1,564,898	140,651	1,705,549
EXPENDITURES			
Current:			
General administration	3,089,070	96,564	3,185,634
Less salaries and overhead recovered by allocation	(1,234,937)		(1,234,937)
Net general administration expenditures	1,854,133	96,564	1,950,697
Water purchases	20,861		20,861
Total expenditures	1,874,994	96,564	1,971,558
Excess (deficiency) of revenues over (under) expenditures	(310,096)	44,087	(266,009)
Fund balances, beginning	1,041,833	1,996,989	3,038,822
Fund balances, ending	$ 731,737	$ 2,041,076	$ 2,772,813

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Amounts reported for governmental activities in the statement of activities are different because:

Deficiency of revenues under expenditures, total governmental funds	$ (266,009)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlays exceeded depreciation in the current period.	89,843
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(6,949)
Change in net assets of governmental activities	$ (183,115)

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Power administrative charge	$ 1,060,870	$ 1,060,870	$ 983,039	$ (77,831)
Water charges	1,168,719	1,168,719	551,290	(617,429)
Investment income	47,900	47,900	30,569	(17,331)
Total revenues	2,277,489	2,277,489	1,564,898	(712,591)
EXPENDITURES				
Current:				
General administration				
Personnel services	2,262,204	2,262,204	2,080,522	181,682
Travel:				
Out-of-state	75,000	75,000	64,620	10,380
In-state	6,564	6,564	3,158	3,406
Operating:				
Water purchases	50,000	50,000	20,861	29,139
Insurance	3,000	3,000	9,257	(6,257)
Legal	316,543	318,172	319,384	(1,212)
Other	1,119,907	1,119,907	565,754	554,153
Equipment, furniture and software	28,373	28,373	46,375	(18,002)
Total expenditures	3,861,591	3,863,220	3,109,931	753,289
Less salaries and overhead recovered by allocation	(766,647)	(766,647)	(1,234,937)	468,290
Net expenditures	3,094,944	3,096,573	1,874,994	1,221,579
Excess of expenditures over revenues	(817,455)	(819,084)	(310,096)	508,988
Fund balance, beginning	1,039,647	1,039,647	1,041,833	2,186
Fund balance, ending	$ 222,192	$ 220,563	$ 731,737	$ 511,174

See notes to financial statements.

COLORADO RIVER COMMISSION

BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2002

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
ASSETS			
Current assets:			
Cash	$ 42,762,425	$ 2,003,526	$ 44,765,951
Receivables:			
Accounts	12,750,699	731,207	13,481,906
Accrued interest	384,600	55,076	439,676
Due from other funds	1,248,793	32,874	1,281,667
Collateral for loaned securities	30,548,419	1,030,925	31,579,344
Current portion of prepaid power	1,688,597		1,688,597
	89,383,533	3,853,608	93,237,141
Noncurrent assets:			
Restricted cash	9,401,295	5,248,380	14,649,675
Capital assets:			
Power transmission system, net		70,026,429	70,026,429
Automobiles and equipment, net		42,816	42,816
Construction in progress		4,428,951	4,428,951
Prepaid power, net of current portion	41,690,944		41,690,944
TOTAL ASSETS	$ 140,475,772	$ 83,600,184	$ 224,075,956

(Continued)

COLORADO RIVER COMMISSION

BALANCE SHEET
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2002

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
LIABILITIES:			
Current liabilities:			
Accounts payable	$ 13,945,358		$ 13,945,358
Due to other funds	524,960		524,960
	14,470,318		14,470,318
Payable from restricted assets:			
Accounts payable		$ 2,002,783	2,002,783
Contract retentions payable		376,993	376,993
Payable to customers	36,722,112	4,074,867	40,796,979
Bonds payable within 1 year		1,045,000	1,045,000
Due to other funds		979,127	979,127
Accrued interest	833,816	1,155,466	1,989,282
Obligations under securities lending	30,548,419	1,030,925	31,579,344
Arbitrage rebate payable		323,600	323,600
	68,104,347	10,988,761	79,093,108
Noncurrent liabilities:			
Advance from State of Nevada general obligation bonds payable	50,320,000	72,185,000	122,505,000
Unamortized discount on bonds		(859,423)	(859,423)
Unamortized deferred refunding charge	(692,812)		(692,812)
Unamortized premium on bonds	218,518		218,518
Advance from customer	788,376		788,376
	50,634,082	71,325,577	121,959,659
TOTAL LIABILITIES	133,208,747	82,314,338	215,523,085
NET ASSETS:			
Restricted for certain operations and maintenance	707,007		707,007
Unrestricted	6,560,018	1,285,846	7,845,864
TOTAL NET ASSETS	7,267,025	1,285,846	8,552,871
TOTAL LIABILITIES AND NET ASSETS	$ 140,475,772	$ 83,600,184	$ 224,075,956

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	Business -type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
OPERATING REVENUES:			
Power sales	$ 135,200,158	$ 26,766,833	$ 161,966,991
OPERATING EXPENSES:			
Power purchases	132,034,759	21,606,725	153,641,484
Prepaid power advances	3,104,482		3,104,482
Depreciation		1,319,306	1,319,306
General administration	60,917	1,658,457	1,719,374
Total operating expenses	135,200,158	24,584,488	159,784,645
OPERATING INCOME		2,182,345	2,182,345
NONOPERATING REVENUES (EXPENSES):			
Investment income	2,712,855	185,074	2,897,929
Interest expense	(497,457)	(69,157)	(566,614)
CHANGE IN NET ASSETS	2,215,398	2,298,262	4,513,660
TOTAL NET ASSETS, BEGINNING	5,051,627	(1,012,416)	4,039,211
TOTAL NET ASSETS, ENDING	$ 7,267,025	$ 1,285,846	$ 8,552,871

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	Business -type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 154,507,618	$ 32,067,391	$ 186,575,009
Cash paid for goods and services	(138,861,002)	(27,692,694)	(166,553,696)
Net cash provided by operating activities	15,646,616	4,374,697	20,021,313
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Proceeds from refunding bonds	6,381,148		6,381,148
Interest paid and charged to prepaid power	(3,352,391)		(3,352,391)
Bonds refunded	(6,880,000)		(6,880,000)
Principal payments on bonds	(2,410,000)		(2,410,000)
Net cash used in noncapital financing activities	(6,261,243)		(6,261,243)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Repayments to customers	(3,453,346)		(3,453,346)
Bond payments		(955,000)	(955,000)
Interest paid and capitalized to contruction in progress		(5,847,977)	(5,847,977)
Acquisition of property, plant and equipment		(3,257,427)	(3,257,427)
Net cash used in capital financing activities	(3,453,346)	(10,060,404)	(13,513,750)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	2,341,887	219,972	2,561,860
NET INCREASE (DECREASE) IN CASH (RESTRICTED AND UNRESTRICTED)	8,273,913	(5,465,735)	2,808,179
CASH, BEGINNING	43,889,807	12,725,680	56,615,487
CASH, ENDING	$ 52,163,720	$ 7,259,945	$ 59,423,666
RECONCILATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income		$ 2,182,345	$ 2,182,345
Depreciation		1,319,306	1,319,306
Amortization of prepaid power	$ 3,104,482		3,104,482
Decrease in accounts receivable	6,918,437	4,798,306	11,716,743
Increase (decrease) in operating liabilities:			
Accounts payable and contract retentions	(7,022,996)	(4,099,099)	(11,122,095)
Due to/from other funds	257,670	(328,412)	(70,742)
Payable to customers	12,389,022	502,252	12,891,274
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 15,646,616	$ 4,374,697	$ 20,021,313

See notes to financial statements

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NOTES TO FINANCIAL STATEMENTS

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1. Summary of significant accounting policies:

A. Reporting entity

The Colorado River Commission (the Commission) is responsible for managing Nevada's interests in the water and power resources available from the Colorado River. The Commission also owns land for future development in the Ft. Mohave valley in southern Nevada.

Seven commissioners have broad statutory authority to govern the Commission, which constitutes the reporting entity. The Commission, as a component unit of the State of Nevada (the State), is also an integral part of that reporting entity.

All the Commission's cash receipts and disbursements are processed and recorded by the State Controller. Budgetary and cash controls are imposed by the State Controller on the Commission's general and special revenue funds, while other State-imposed cash control requirements apply only to the Commission's enterprise funds. The Commission maintains its own revenue, expense and general journals and a general ledger.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to government units as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* which was adopted in the current fiscal year, along with related pronouncements. Accordingly, fund balances as of July 1, 2001, have been retroactively restated, as necessary to conform to the provisions of GASB Statement No. 34. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission is not subject to regulation by federal or state utility regulatory bodies such as the Federal Energy Regulatory Commission or the Nevada Public Service Commission.

B. Basis of presentation, basis of accounting

Basis of presentation

Government-wide financial statements: The statement of net assets and the statement of activities display information on all of the activities of the overall government. Eliminations have been made where appropriate to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Commission. Governmental activities generally are financed through taxes, inter-governmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Commission. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to that particular program or function. Any indirect

expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues consist of charges paid by the recipients of services offered by the programs. Revenues that are not classified as program revenues, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the Commission's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues include investment earnings and revenues resulting from ancillary activities.

The Commission reports the *general fund* as its only major governmental fund. The general fund is the Commission's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Commission reports the following major enterprise funds:

Power marketing enterprise fund. This fund operates as a public utility and accounts for the activities of providing electrical power generated at a federal facility to its customers.

Power delivery enterprise fund. This fund is used to account for the construction and operation of power transmission equipment for the Southern Nevada Water System.

Measurement focus, basis of accounting

Government-wide and proprietary fund financial statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. There are no nonexchange transactions – those for which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange – reported in the accompanying financial statements.

The Commission has elected not to follow private-sector guidance for accounting and financial reporting issued after November 30, 1989, in reporting business-type activities in enterprise funds.

Governmental fund financial statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, principally charges for services and investment income, are susceptible to accrual and, therefore, recognized when measurable and available. Revenues are considered to be available if they are collected within sixty days after year-end. Expenditures generally are recorded when the related

fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Assets, liabilities, and equity

Cash equivalents

The Commission's restricted and unrestricted cash is deposited with the State Treasurer (the Treasurer) in a fund similar to an external investment pool. Because the amounts deposited with the Treasurer are sufficiently liquid to permit withdrawals in the form of cash at any time without prior notice or penalty, they are deemed to be cash equivalents.

State statutes authorize the Treasurer to invest the Commission's deposits in certain obligations of the United States of America or its agencies or instrumentalities and of state and local governments, as well as other instruments specified in section 355.170 of Nevada Revised Statutes. The Treasurer is also permitted by statute to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The fair value of the underlying securities attributed to the Commission is reported as a current asset, "collateral for loaned securities," and an offsetting current liability payable from restricted assets, "obligations under securities lending."

Deposits include unrealized gains and losses on invested funds as reported by the Treasurer.

Receivables and payables

All outstanding balances between funds are reported as "due to/from other funds."

All trade receivables are shown net of any appropriate allowance for uncollectibles.

Prepaid power

The Commission has participated with the State (Note 7) in funding the improvement and renovation ("uprating") of the electrical power generation plant at Hoover Dam, which supplies the majority of the power sold through the Power Marketing Fund. These costs will be reimbursed in the form of power consumption and charged to expense as the related debt amortizes over an extended period of time. The estimated value of power to be received during the next fiscal year is classified as a current prepaid expense in the fund.

Restricted cash equivalents

The various debt service, operation and maintenance (O&M), capital improvement and construction (acquisition) funds limited as to use by bond covenants are classified as restricted cash equivalents on the balance sheet. Restricted assets are provided either from bond proceeds or retained earnings. Retained earnings are reserved to the extent restricted assets exceed related liabilities.

Capital assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Commission during the current fiscal year was $8,397,382. Of this amount $5,065,830 was included as part of the cost of capital assets under construction in connection with the power transmission system construction project.

Capital assets of the Commission are depreciated using the straight-line method over the following estimated useful lives:

	Years
Governmental activities:	
Office equipment	5
Office furniture and fixtures	5
Automobiles	4-6
Business-like activities:	
Power transmission systems	10-50

Compensated absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Commission does not have a vesting policy that requires it to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide, proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of any applicable unamortized premium, discount or refunding charges.

2. Stewardship, compliance, and accountability

Budgetary information

Biennial budgets are adopted on a basis consistent with GAAP except that encumbrances for goods and services not received by fiscal year end are considered expenditures of the current period solely for budgetary purposes. This basis differs from GAAP; however, there are no encumbrances outstanding at the beginning and end of the year. Although budgets are adopted on a biennial basis, each year is treated separately and unexpended budget authorizations lapse at each year-end.

Prior to September 1 of each even-numbered year, the director submits proposed operating budgets to the Nevada Budget Division covering the

biennium beginning the following July1. After review of the budgets by the Nevada Budget Division between September 1 and November 15, hearings involving the Commission, the Director of Administration and the governor are held between November 15 and December 22. The biennium budgets are transmitted to the Legislature no later than the 10th day of the session held in odd numbered years and, before adjourning, the Legislature enacts the budgets.

Net expenditures of the general fund (gross expenditures less amounts allocated to other funds) are controlled to budget categories (personnel services, travel instate, travel out-of-state, operating expenses, and capital outlay for the general fund; and general and administrative, purchase of land and intergovernmental for the special revenue funds).

Management of the Commission cannot amend any budget categories. However, the Nevada Director of Administration is authorized to approve requests for changes in the budget involving transfers between expenditure categories not exceeding 10% of originally budgeted expenditures, or $25,000 in the aggregate, of the respective budget categories. Any changes exceeding 10% or $25,000 require approval of the Legislature's Interim Finance Committee.

Bond covenants

Following is a brief summary of the covenants included in the bond resolutions of the enterprise funds:

The Commission is required to charge purchasers of service and all users of the state facilities sufficient amounts to cover all operation and maintenance expenses (except depreciation), all debt service requirements, and any amounts required to be deposited in reserve accounts.

Monthly transfers for Debt Service – A debt service account is required to ensure payment of interest and principal when due. Transfers are made each month from revenues to provide 1/6 of the next semiannual interest payment and 1/12 of the annual bond maturity.

Classes of Users – The Power Marketing fund serves two classes of users, retail utility customers and industrial customers. The Power Delivery fund serves the Southern Nevada Water System and its customers.

Other – Other requirements of the bond covenants include maintaining bond funds in separate depository accounts with the State Treasurer, and an audit of the Commission's financial statements by an independent certified public accountant. During the fiscal year ended June 30, 2002, the Commission complied with all requirements of the bond covenants.

Excess of expenditures over appropriations

No net budget amounts were exceeded in any category during fiscal year 2001-2002.

3. Cash deposits

At year-end, the Commission's carrying amount ("book value") of restricted and unrestricted cash deposits was $62,023,828 and the Treasurer's balance was $61,419,057. These deposits with the Treasurer are not categorized as to credit risk.

4. Restricted cash

Cash restricted at June 30, 2002, by bond covenants is summarized as follows:

	Power Marketing Fund	Power Delivery Fund
Restricted for:		
Debt service	$ 7,446,292	
Construction reserve	1,247,996	$ 5,248,380
Reserve for revenue insufficiency	707,007	
Total restricted assets	$ 9,401,295	$ 5,248,380

5. Capital assets:

Capital asset activity for the year ended June 30, 2002 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Office equipment	$ 175,409	$ 58,979	$ 9,169	$ 225,219
Office furniture and fixtures	1,165	27,374		28,539
Automobiles	76,616	84,422		161,038
Total capital assets being depreciated	253,190	170,775	9,169	414,796
Less accumulated depreciation for:				
Office equipment	(109,271)	(42,137)		(151,408)
Office furniture and fixtures	(1,165)	(13,821)		(14,986)
Automobiles	(53,737)	(24,550)		(78,287)
Total accumulated depreciation	(164,173)	(80,508)	-	(244,681)
Governmental activities capital assets, net	$ 89,017	$ 90,267	$ 9,169	$ 170,115

Business-type activities:				
Capital assets not being depreciated:				
Construction in progress (Note 10)	$ 25,379,584	$ 9,846,850	$ 30,797,483	$ 4,428,951
Capital assets being depreciated:				
Power transmission system	44,760,554	28,837,322		73,597,876
Office equipment		28,601		28,601
Automobiles		40,563		40,563
Total capital assets being depreciated	44,760,554	28,906,486	-	73,667,040
Less accumulated depreciation for:				
Power transmission system	(2,264,266)	(1,307,181)		(3,571,447)
Office equipment		(20,794)		(20,794)
Automobiles		(5,554)		(5,554)
Total accumulated depreciation	(2,264,266)	(1,333,529)	-	(3,597,795)
Business-type activities capital assets, net	$ 67,875,872	$ 37,419,807	$ 30,797,483	$ 74,498,196

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 71,764
Business-type activities:	
Power transmission system	1,333,529
Total depreciation expense	$ 1,403,293

6. Balances due to/from other funds

The composition of interfund balances, representing the net of short-term advances and repayments, as of June 30, 2002, is as follows:

	Due From	Due To
Funds:		
General	$ 979,728	$ 739,272
Research and development		1,760
Power marketing	1,232,517	524,960
Power delivery	32,874	979,127
	$ 2,245,119	$ 2,245,119

7. Long-term debt:

General Obligation Bonds

Section 3 of Article 9 of the Nevada State Constitution limits public debt to 2% of the State's assessed valuation. The legislature may authorize debt that is not subject to the foregoing limitation to protect and preserve, or obtain the benefits of, any of its property or natural resources. The bonded debt incurred to fund the State's share of the cost of uprating electrical generating facilities at Hoover Dam does not affect the legal debt margin, because it was incurred to obtain the benefits of a natural resource.

General obligation bonds (series May 1, 1987B) in the amount of $79,800,000 were sold in 1987, to provide the money needed to fund the State's share of the cost of financing the uprating of electrical generating facilities at Hoover Dam. The bonds mature annually on October 1 through 2017. Interest rates range from 6.0 to 10.75% per annum. Interest is payable semi-annually on April 1 and October 1. During the year ended June 30, 2002, this bond issue was in-substance defeased using the proceeds from the issuance, on November 1, 2001, of the Series 2001 State of Nevada Colorado River Commission General Obligation (Limited Tax) Hoover Uprating Refunding Bonds (the Series 2001 bonds).

General obligation bonds (Hoover Uprating Bonds 1992 Series) in the

amount of $72,310,000 were sold in 1992. Proceeds were used to advance refund $65,845,000 of the 1987B Hoover uprating bonds which amount is still outstanding. The bonds mature annually on October 1 through 2016. Interest rates range from 6.0 to 6.6% per annum. Interest is payable semi-annually on April 1 and October 1.

General obligation bonds (Power Delivery Project Bonds, series September 15, 1997) in the amount of $49,270,000 were sold in 1997. Proceeds were used to finance the costs of acquiring, constructing and equipping certain electric power transmission and distribution facilities to serve the planned expansion of the Southern Nevada Water System. The bonds mature annually on September 15 from 2000 through 2027. Interest rates range from 4.25 to 7% per annum. Interest is payable semi-annually on March 15 and September 15.

On September 15, 1999, the Commission sold $27,730,000 State of Nevada, Colorado River Commission, General Obligation (Limited Tax) (Revenue Supported), Power Delivery Project Bonds, Series 1999A. The bonds are to finance the costs of acquiring, constructing and equipping certain electric power transmission and distribution facilities to serve the planned expansion of the Southern Nevada Water System. The bonds mature annually on September 15 from 2002 through 2030. Interest rates range from 4.5 to 6.5% per annum. Interest is payable semi-annually on March 15 and September 15.

On November 1, 2001, the Commission sold the $6,305,000 Series 2001 bonds. Proceeds from these bonds were used to advance refund the Series May 1, 1987B bonds. The bonds mature on October 1, 2017, with interest payable semi annually on April 1 and October 1 at the rate of 5.375% per annum.

General obligation bonds outstanding at year end are summarized as follows:

	Maturity Dates	Interest Rates	Outstanding June 30, 2002
Business-type activities:			
Hoover uprating refunding, series 1992	1992-2016	6 to 6.6%	$ 44,015,000
Power deliver bonds, series 1997A	2000-2027	4.25 to 7%	47,600,000
Power deliver bonds, series 1999A	2002-2030	4.5 to 6.5%	25,630,000
Hoover uprating refunding, series 2001	2017	5.38%	6,305,000
			$ 123,550,000

Annual debt service requirements to maturity for all long-term debt consisting of general obligation bonds are as follows:

Year Ending June 30	Business-type Activities Principal	Interest
2003	$ 1,045,000	$ 7,161,056
2004	1,135,000	7,112,411
2005	1,225,000	7,053,545
2006	1,420,000	6,984,495
2007	1,620,000	6,903,957
2008-2012	26,445,000	30,655,124
2013-2017	45,970,000	20,188,336
2018-2022	16,180,000	10,131,013
2023-2027	20,990,000	4,992,658
2028-2030	7,520,000	402,310
Total	$ 123,550,000	$ 101,584,905

Advance and current refundings

In 1996, the Commission advance refunded term bonds in Series 1992 with face value of $17,235,000, which amount was repaid in total with proceeds from the Series 2002 bonds sold on July 9, 2002.

On November 1, 2001, the Commission refunded the Series May 1, 1987B bonds with face value of $6,880,000. The reacquisition price exceeded the net carrying amount of the old debt by $59,760. This amount is being netted against the new debt and amortized over the life of the new debt issue, which is the same as the remaining life of the refunded debt.

Changes in long-term obligations

Changes in long-term obligations during fiscal 2002 are summarized below:

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Current
Governmental activities:					
Accrued compensated absences	$ 164,235	$ 6,949		$ 171,184	
Business-type activities:					
General obligation bonds	127,490,000	6,305,000	$ 10,245,000	123,550,000	$ 1,045,000
Unamortized bond premium		230,019	11,501	218,518	15,335
Unamortized bond discount	(893,825)	(153,871)	(42,096)	(1,005,600)	(44,660)
Unamortized refunding charges	(522,135)	(59,760)	(35,260)	(546,635)	(36,256)
Advance from customer	4,241,723	547,600	4,000,947	788,376	
Total	$ 130,479,998	$ 6,875,937	$ 14,180,092	$ 123,175,843	$ 979,419

8. Segment information

The Commission has issued general obligation bonds (in some cases revenue supported) to finance uprating of the electrical generating facilities at Hoover Dam and to finance the costs of acquiring, constructing and equipping electrical power transmission and distribution facilities. Although these bonds have historically been paid from the revenues of the Commission's enterprise funds, the financial position, results of operations and cash flows of these enterprise funds are presented separately in the accompanying proprietary fund financial statements and no additional segment information disclosure is considered necessary.

9. Risk management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions. The Commission participates in the State risk pool and is liable for payment of nominal deductible amounts. The State then becomes responsible for all losses in excess of the nominal deductible.

10. Commitments and contingencies

Construction

As of June 30, 2002, the remaining commitment for construction of phase II of the power transmission system is estimated by management to be approximately $5,000,000. This commitment is being financed by limited tax, revenue supported general obligation bonds of the State of Nevada.

Forward contracts

The Commission has entered into forward contracts to purchase electrical power at a specified time in the future at a guaranteed price. The Commission enters into these contracts to help plan power costs for the year and to protect itself against an increase in market prices.

It is possible that the market price before or at the specified time to purchase electrical power may be lower than the price at which the Commission is committed to buy. This would reduce the value of the contract. The Commission could sell the forward contract at a loss, or if it were to continue to hold the contract, the Commission may make a termination payment to the counterparty to cancel its obligation under the contract and then buy electrical power on the open market.

The Commission is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty should the Commission have to procure electrical power on the open market.

One of the counterparties has filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code, the effects of which on the counterparty's ability to fulfill its contracts cannot be determined.

All of the Commission's power customers are contractually obligated for electrical power purchased or sold on their behalf by the Commission. These are generally "take or pay" contracts, meaning that the customer is required to make or receive payment

regardless of whether or not the power is actually delivered.

One of the Commission's power customers has also filed for protection under Chapter 11 of the Federal Bankruptcy Code and, based upon the plan of reorganization and the customer's explicit and publicly declared intention, it appears likely that the customer will contest its forward contracts with the Commission. Although the failure on the part of the customer to honor its contracts could result in a loss to the Commission of approximately $100,000,000, it is not currently possible to determine the outcome of this contingency.

On September 11, 2001, the United States was subjected to extensive terrorist attacks likely to continue to have far-reaching effects on economic activity in the country for an indeterminate period. The long-term impact on the southern Nevada economy and the Commission's operations cannot be predicted at this time, but may be substantial.

Arbitrage Rebate Requirement

The federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the Commission. Under this Act, an amount may be required to be rebated to the United States Treasury, for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that $323,600 is due and, therefore, recorded as a liability at June 30, 2002. Future calculations might result in adjustments to this determination.

11. Subsequent events

On October 19, 2001, the Commission entered into a forward purchase agreement to sell $36,420,000 State of Nevada, Colorado River Commission, general obligation (limited tax) (revenue supported), Hoover uprating refunding bonds, series 2002. The bonds, delivered on July 9, 2002, were used to refund the remaining obligations of the Hoover uprating refunding series 1992 bonds, pursuant to the call provisions of those obligations.

12. Employee retirement system

All Commission employees participate in the Nevada Public Employees Retirement Systems (PERS), a cost-sharing, multiple-employer, public employee retirement system. PERS was established in 1948 by the State legislature and is governed by the Public Employees Retirement Board whose seven members are appointed by the Governor. The Commission exercises no control over PERS and is not liable for any obligations of the system.

PERS provides pension, survivor, death and disability benefits, which are determined by State statute. Various payment options for these benefits are available. Regular members of the system receive full benefits upon retirement at:

Age 65 with at least 5 years of service
Age 60 with 10 or more years of service
Any age with 30 or more years of service

Retirement benefits, payable monthly for life, are equal to 2 ½% of their final average salary for each year of credited service up to a maximum of 90 percent

if hired before July 1, 1985, and up to a maximum of 75% if hired on or after that date. Final average salary is the employee's average compensation for the 36 consecutive months of highest compensation. Benefits fully vest on reaching 5 years of service. Vested employees who have the necessary years of credited service, but have not attained the required age, may retire at any age with the benefit actuarially reduced by 2% of the unmodified benefit for each year the member is under the appropriate retirement age.

Employees have the option of either contributing 9.75% of their salary, which is matched by the Commission, or, under the employer paid option, taking a 9.5% reduction in gross pay with the Commission contributing 18.75% of salary to PERS.

Contribution rates are established by state statute and provide for yearly increases of up to 1% until such time as the actuarially determined unfunded liability of PERS is reduced to zero. The required contribution for fiscal years ending in 2000-2002 was as follows:

Year Ending	Contribution Rate Regular Members		Covered Payroll		Contribution Paid by the Commission	
June 30	Employer	Employer/ Employee	Employer	Employer/ Employee	Employer	Employer/ Employee
2000	18.75%	9.75%	$ 506,340	$ 406,917	$ 76,297	$ 49,443
2001	18.75%	9.75%	496,670	749,425	92,751	73,069
2002	18.75%	9.75%	513,967	1,128,425	96,369	110,021

PERS issues a comprehensive annual financial report that includes financial statements and required supplementary information of the plan. Those reports may be obtained by contacting them at the following address:

Public Employees Retirement System
of Nevada
693 W. Nye Lane
Carson City, NV 89703-1599
(702) 687-4200

COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES

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COLORADO RIVER COMMISSION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2002

	Special Revenue		Total Nonmajor Governmental Funds
	Ft. Mohave Valley Development	Research and Development	
ASSETS			
Cash	$ 1,759,522	$ 272,269	$ 2,031,791
Accrued interest receivable	13,082	2,088	15,170
Collateral for loaned assets	931,477	144,137	1,075,614
Total assets	$ 2,704,081	$ 418,494	$ 3,122,575
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable		$ 4,125	$ 4,125
Obligations under securities lending	$ 931,477	144,137	1,075,614
Due to other funds	1,760		1,760
Fund balances:			
Unreserved	1,770,844	270,232	2,041,076
Total liabilities and fund balances	$ 2,704,081	$ 418,494	$ 3,122,575

See notes to financial statements.

COLORADO RIVER COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2002

	Special Revenue		Total Nonmajor Governmental Funds
	Ft. Mohave Valley Development	Research and Development	
REVENUES			
Investment income	$ 78,012	$ 13,858	$ 91,870
Miscellaneous	48,781		48,781
Total revenues	126,793	13,858	140,651
EXPENDITURES			
Current:			
General administration	8,475	88,089	96,564
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	118,318	(74,231)	44,087
FUND BALANCES, BEGINNING	1,652,526	344,463	1,996,989
FUND BALANCES, ENDING	$ 1,770,844	$ 270,232	$ 2,041,076

See notes to financial statements.

COLORADO RIVER COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
FT. MOHAVE VALLEY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES			
Investment income	$ 92,514	$ 78,012	$ (14,502)
Miscellaneous	24,390	48,781	24,391
Total revenues	116,904	126,793	9,889
EXPENDITURES			
Current:			
General administration	1,247,900	8,475	1,239,425
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,130,996)	118,318	1,249,314
FUND BALANCE, BEGINNING	1,649,134	1,652,526	3,392
FUND BALANCE, ENDING	$ 518,138	$ 1,770,844	$ 1,252,706

COLORADO RIVER COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL RESEARCH AND DEVELOPMENT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2002

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES			
Investment income	$ 16,952	$ 13,858	$ (3,094)
Power and water surcharge	404,800		(404,800)
Total revenues	421,752	13,858	(407,894)
EXPENDITURES			
Current:			
General administration	404,829	88,089	316,740
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,923	(74,231)	(91,154)
FUND BALANCE, BEGINNING	343,758	344,463	705
FUND BALANCE, ENDING	$ 360,681	$ 270,232	$ (90,449)

COLORADO RIVER COMMISSION

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
JUNE 30, 2002 AND 2001

	2002	2001
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Equipment:		
Office equipment	$ 225,219	$ 175,409
Office furniture and fixtures	28,539	1,165
Automobiles	161,038	76,616
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 414,796	$ 253,190
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE - General fund	$ 414,796	$ 253,190

COLORADO RIVER COMMISSION

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2002

	General Fixed Assets July 1, 2001	Additions	Retirements	General Fixed Assets June 30, 2002
GENERAL GOVERNMENT:				
Office equipment	$ 175,409	$ 58,979	$ 9,169	$ 225,219
Office furniture and fixtures	1,165	27,374		28,539
Automobiles	76,616	84,422		161,038
TOTAL GENERAL FIXED ASSETS	$ 253,190	$ 170,775	$ 9,169	$ 414,796

STATISTICAL SECTION

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COLORADO RIVER COMMISSION

GOVERNMENT-WIDE EXPENSES BY FUNCTION

LAST TEN FISCAL YEARS (UNAUDITED)

Table 1

Years	General Government	Power Marketing	Power Delivery	Water Treatment(1)	Water Transmission(1)	Total
1992-93	$ 3,423,387	$ 28,544,687		$ 10,847,592	$ 30,881,517	$ 73,697,183
1993-94	845,345	31,684,355		11,504,451	34,303,283	78,337,434
1994-95	1,988,851	27,815,888		15,701,265	34,735,980	80,241,984
1995-96	2,033,478	24,686,298		7,510,074	13,140,966	47,370,816
1996-97	4,000,821	24,775,248				28,776,069
1997-98	1,705,627	24,899,198				26,604,825
1998-99	1,783,047	27,317,968	$ 827,558			29,928,573
1999-00	1,470,033	28,455,202	2,027,173			31,952,408
2000-01	1,588,288	128,676,608	21,119,778			151,384,674
2001-02	1,807,732	135,697,615	24,653,645			162,158,992

(1) Fiscal year 1995-96 is only through December 31, 1995, after which the system was transferred to the Southern Nevada Water Authority.

COLORADO RIVER COMMISSION

GOVERNMENT-WIDE REVENUES

LAST TEN FISCAL YEARS (UNAUDITED)

Table 2

Years	Program Revenues: Charges for Services	General Revenues: Unrestricted Investment Earnings	General Revenues: Miscellaneous	Total
1992-93	$ 70,201,223	$ 1,204,977	$ 58,135	$ 71,464,335
1993-94	77,725,291	976,243	25,588	78,727,122
1994-95	76,880,458	1,080,737	3,744,844	81,706,039
1995-96	45,941,621	731,799	74,910	46,748,330
1996-97	26,342,493	340,049	178,608	26,861,150
1997-98	26,099,256	278,392	254,377	26,632,025
1998-99	29,022,023	972,848	134,954	30,129,825
1999-00	32,488,154	863,252	25,800	33,377,206
2000-01	151,041,072	2,583,633	37,990	153,662,695
2001-02	163,501,320	3,020,368	48,781	166,570,469

COLORADO RIVER COMMISSION

GOVERNMENTAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS (UNAUDITED)

Table 3

Years	Charges for Services	Investment Earnings	Miscellaneous	Total
1992-93	$ 635,899	$ 169,030	$ 58,135	$ 863,064
1993-94	873,868	102,445	25,588	1,001,901
1994-95	895,688	160,234	3,744,844	4,800,766
1995-96	568,515	638,047	74,910	1,281,472
1996-97	1,567,245	206,814	178,608	1,952,667
1997-98	1,415,865	141,620	254,377	1,811,862
1998-99	1,482,707	139,280	134,954	1,756,941
1999-00	1,964,196	125,104	25,800	2,115,100
2000-01	1,599,600	207,909	37,990	1,845,499
2001-02	1,534,329	122,439	48,781	1,705,549

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ADDITIONAL REPORT OF INDEPENDENT AUDITORS

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PBTK
PIERCY BOWLER TAYLOR & KERN
Certified Public Accountants
Business Advisors

A member of
Horwath International

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the financial statements of the Colorado River Commission of Nevada (the Commission), as of and for the year ended June 30, 2002, and have issued our report thereon dated November 22, 2002. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants (including the bond resolutions and ordinances of the General Obligation Hoover Uprating Bonds, 1992 series and 2001 series, and the Power Delivery Project Bonds, Series September 15, 1997A and Series September 15, 1999A), noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the Commission's internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the State of Nevada. However, this report is a matter of public record, and its distribution is not limited.

Piercy, Bowler, Taylor & Kern

November 22, 2002

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