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, 2014

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

STATE OF NEVADA

BRIAN SANDOVAL
Governor

CATHERINE CORTEZ MASTO
Attorney General

KIM WALLIN
Controller

KATE MARSHALL
Treasurer

ROSS MILLER
Secretary of State

COLORADO RIVER COMMISSION

GEORGE F. OGILVIE III
Chairman

BERLYN D. MILLER
Vice Chairman

BOB COFFIN
Commissioner

J. BRIN GIBSON
Commissioner

DUNCAN R. MCCOY
Commissioner

PUOY K. PREMSRIRUT
Commissioner

STEVE SISOLAK
Commissioner

COMMISSION STAFF

JAYNE HARKINS
Executive Director

JAMES D. SALO
Deputy Executive Director

GAIL A.BATES
Energy Services Manager

DOUGLAS N. BEATTY
Chief, Finance and Administration

Natural Resources Manager

CRAIG N. PYPER
Hydropower Program Manager

ROBERT D. REESE
Assistant Director Engineering & Operation

COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

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December 15, 2014

Honorable Chairman and
Members of the
Colorado River Commission of Nevada

It is a pleasure for us to present the Comprehensive Annual Financial Report (CAFR) of the Colorado River Commission of Nevada (the Commission) for the year ended June 30, 2014, prepared by the finance and administrative division staff. This CAFR is published to fulfill state law and bond covenants requiring such within six months of the close of each fiscal year. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. The Commission's internal controls have been developed with the assistance of the State of Nevada Controller's office. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Piercy Bowler Taylor and Kern, Certified Public Accountants and Business Advisors, audited the Commission's fiscal 2014 basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Commission's basic financial statements for the fiscal year ended June 30, 2014, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (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.

THE COMMISSION

The Commission has broad statutory authority to establish policy for the management of the State of Nevada's (the State or Nevada) allocation of power and water resources from the Colorado River. As a state agency, it comprises a discretely presented component unit of the State for financial reporting purposes. Basic financial information presented herein is also included in the State'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 (SNWA). 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 Commission are:

Name	Initial Appointment	Current Term
George F. Ogilvie III, Chairman	2007	7/01/13 – 6/30/16
Berlyn D. Miller, Vice Chairman	2009	7/01/12 – 6/30/15
Honorable Bob Coffin Las Vegas City Councilman	2011	7/01/14 – 6/30/15 *
J. Brin Gibson	2011	7/01/14 – 6/30/17
Honorable Duncan R. McCoy, Boulder City Councilman	2009	7/01/14 – 6/30/15 *
Puoy K. Premsrirut	2013	07/01/14 – 6/30/17
Honorable Steve Sisolak, Clark County Commissioner	2013	7/01/14 – 6/30/15 *

The Commission is responsible for the acquisition, management, utilization and development of designated water and electric power 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 has the authority to make and enter into compacts or contracts and cooperate with other entities, states, and/or 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 SNWA. Interest income earned from investments by the State Treasurer also 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 City 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

* 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.

for developing power delivery facilities and providing power, including hydropower to SNWA's treatment facilities. The Commission's customer base is limited by law to its current existing customers (including the power load to serve the water needs of SNWA member agencies) and those who will receive a hydropower allocation under certain allocation processes currently underway.

Water. The Commission represents Nevada's interests on all state and interstate matters dealing with the management, operation 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 in the Lower Basin; the other six Colorado River Basin states consisting of Arizona, California, Colorado, New Mexico, Utah, and Wyoming; and SNWA 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 and drought contingency plans continues to be the principal focus of the Commission.

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 County). Although the resources of the Colorado River are allocated to the State, the primary area served by the Commission is the County. The majority of the Commission's revenues and activities occur in the County.

The County encompasses 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.

After experiencing record growth rates for many years, the County's population increase rate halted, with declines in population reported in 2010 and 2011 (-2.5% and -1.4% respectively). The October 1, 2014, report of the State Demographer indicates that the County's population for 2014 (2,051,946) represents approximately 72.5% of the State's estimated 2014 population of 2,828,794 (this percentage remains virtually unchanged from the prior year's percentage). Current projections forecast the County population to be 2,069,967 in 2015 and 2,151,890 in 2020. Nevada's estimated 2013 population was 2,031,723, with the 2014 estimated population being 2,051,946. This reflects an increase of 20,223 or 1.0%. This compares to an overall 1.0% increase reported for both 2012 and 2013 (a 1.4% decrease was reported for 2011). The current demographic estimate indicates continued growth over the next several years at a rate of just less than 1% annually. The report projects the State population to reach approximately 3,329,074 in 2033.

The State experienced serious financial concerns as economic indicators in the State and County declined over the last several years, however indicators since 2012 show some increases. During this period state and local governments have taken steps to decrease expenditures to maintain balanced budgets. On November 21, 2014, the Nevada Department of Employment, Training, and Rehabilitation reported the 45th consecutive month decline (dating back to February 2011) in Nevada's unemployment rate. The reported rate was 7.1%, down from 9.4% reported in October of 2013. The Las Vegas-Paradise MSA unemployment rate (encompassing the County) was reported at 6.8%, a drop of 2.8% relative to the 2013 rate. Over the whole period the revenues of the Commission have been stable, and are projected to remain

so over the next year. This is primarily due to the nature of Commission resources and the very low cost of those resources to its customers.

Long-Term Financial Planning. The financial management group monitors the fund balance of the Commission's general fund to ensure adequate reserves to fund ongoing operations. State and Commission regulations provide the flexibility to adjust water administrative revenues with each budget cycle, and to change power administrative charges with advance notice to the customers. Acceptable fund balance and cash levels are maintained with an annual internal review and, during the budget cycle (each even numbered year), are reviewed with the customers in budget preparation meetings. Due to the pass through nature of the Commission's enterprise funds, ending funding balances are not monitored for adequate levels. Cash flow is monitored for these funds, as each month's billings reflect actual revenue requirements for the month. Risk for these funds revolves around the inherent enterprise risk of the Commission's customers.

To ensure ongoing revenues, the Commission monitors the creditworthiness of its customer and vendor base. As a significant portion of the customer base is governmental in nature, the risk of financial failure is not significant. For the customers that are not governmental based, the Commission requires deposits against power purchases in amounts determined annually by staff. These deposits are generally in the form of letters of credit issued by financial institutions acceptable to the Commission and the State Treasurer, and are at a minimum equal to three months of average power purchases by the customer. The Commission operates in close concert with all of its customers. The Commission's Energy Services group staff members are housed full-time at the SNWA offices and all customers have internet access to Commission records and operational information including real time power purchasing and invoicing amounts.

Cash in all funds is deposited in the State Treasurer's account, and the Treasurer acts as the exclusive financial institution for the Commission. 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 is not significant and is not used in budgeting and cash needs analysis.

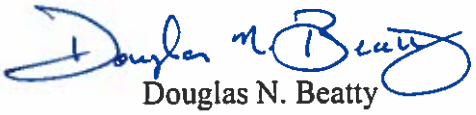
Market Risk Management. The Commission has adopted an extensive risk management policy in line with current best electric power practices. A combined risk management committee has been established between the Commission and the SNWA. This committee establishes risk parameters, policies and procedures acceptable to both agencies. While the risk management committee policy is binding on all activities related to the SNWA, the Commission applies these policies to all power procurement activities in-so-far as they can be applied.

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 comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the 37th consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. 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.

Jayne Harkins, P.E.
Executive Director



Douglas N. Beatty
Division Chief, Finance & Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Colorado River Commission of Nevada

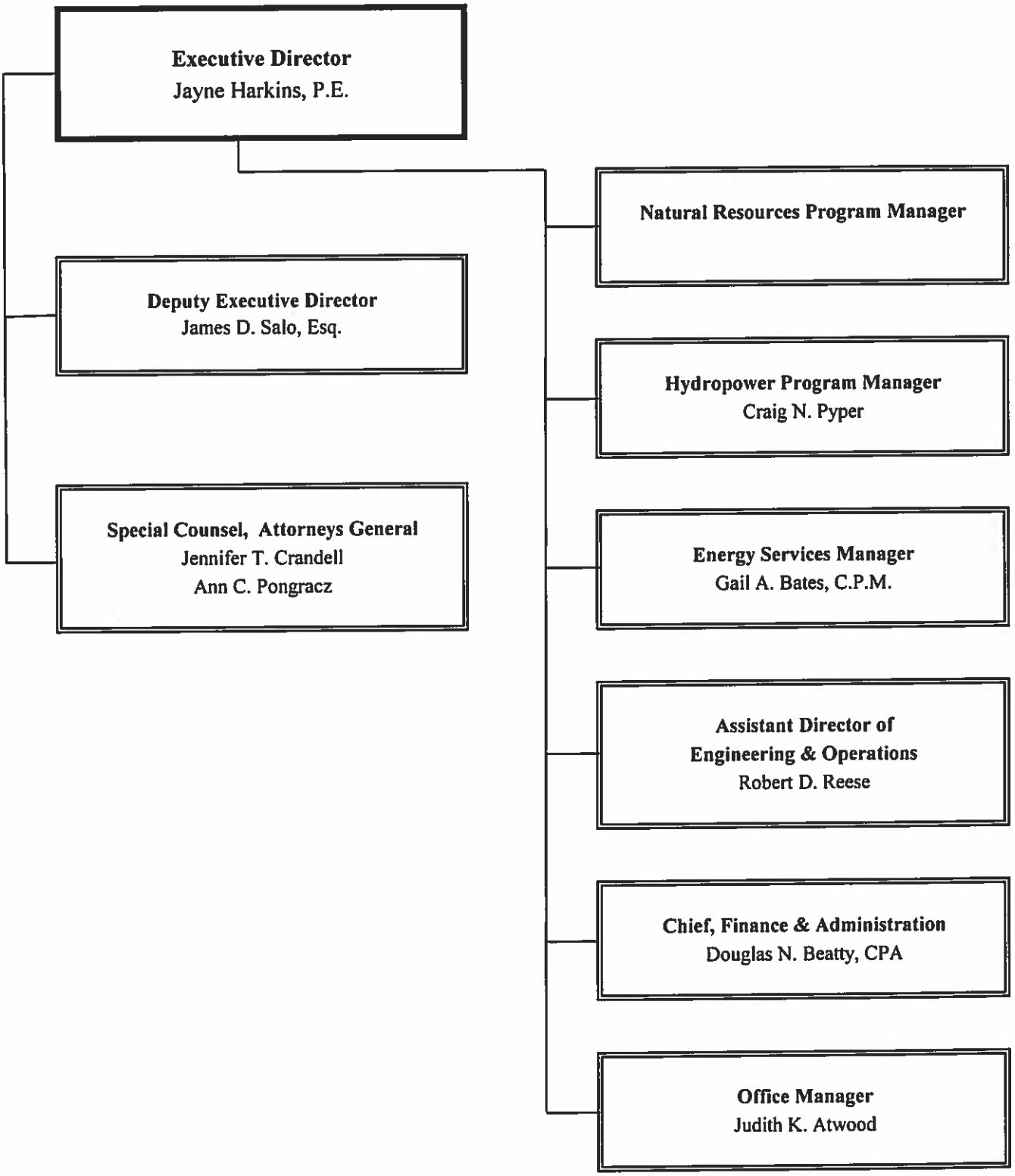
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Colorado River Commission of Nevada

Functional Organization



FINANCIAL SECTION

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P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

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

Honorable Chairman and Members of the Colorado River Commission of Nevada
Colorado River Commission
Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Colorado River Commission (the Commission) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 15, 2014.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the Commission, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
December 15, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report (CAFR) of the Colorado River Commission (the Commission) presents management's overall analysis of financial activities for the fiscal year ended June 30, 2014. 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 exceed its liabilities at the close of the fiscal year by $7,816,196 (net position).

- Cash balances in the governmental funds increased during the year, from a reported balance of $8,045,855 in fiscal 2013, to $11,109,794 in 2014. This was due to increased contractual collections for habitat reserves in the Research and Development fund. The reserves are part of the Lower Colorado River Multi-Species Conservation Program which is described in more detail in this analysis.

- Both the power revenues and the cost of electric service provided to the Southern Nevada Water Authority (SNWA) through the Power Delivery Fund decreased again this year as the Silver State Energy Association (SSEA – see item below) is now the full service provider for the SNWA. Revenues related to SNWA power purchases dropped from $35,726,333 to $10,292,362, a decrease of $25,433,971. Concurrent with this drop, sales related to non-hydropower, non-SNWA customers, previously recorded in the Power Marketing Fund, amounting to $22,303,208 were recorded in the Power Delivery Fund. The net result of the drop in purchases for SNWA and the recording of non-hydropower non-SNWA purchases in the Power Delivery Fund is a slight decrease in revenues and expenses in the Power Delivery Fund (revenue decrease of $3,130,762) and a large recorded decrease in the Power Marketing Fund (revenue decrease of $13,654,825). The role of the SSEA is further described below.

- Approximately seven years ago the Commission, the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No 1, and the SNWA formed a joint action agency with the goal of aggregating power load requirements and resources to take advantage of economies of scale and to participate collectively in potential electric power projects. The organization is named the Silver State Energy Association (SSEA) and information on the SSEA can be found at www.silverstateenergy.org. The organization has been slowly growing and taking on new roles in the power procurement arena. The SSEA has undertaken a number of projects and recently begun serving the City of Boulder City as a full service provider. This full service provider program reached the next historic milestone in April of 2013. As of the end of that month, the SSEA became the full service provider for the SNWA. It also accomplished the moving of its electric power Balancing Authority from the local utility (Nevada Power dba NV Energy) to the Western Area Power Administration and now records non-hydropower purchases for customers not serviced by the SSEA. This

milestone resulted in a major change to the financial statements of the Commission now and in the future as the purchase and sale of the electric power resources needed to supply the SNWA is now a function of the SSEA and not a part of the Commission. As part of the full service program, Commission personnel will now serve as contract staff for the SSEA. Thus the Power Delivery Fund will provide for activities related to the transmission assets of the Power Delivery Project, for some power purchase and sales activity not related to the SNWA move, and for costs associated with staffing the SSEA but the bulk of the power purchases and sales seen in the past will cease. The levels of activity reported in this fiscal year should be indicative of levels going forward as the bulk of the resource move has now been accomplished.

- Working with its customers, Hoover Dam contractors in Arizona and California and the federal government the Commission sold $29,475,000 in State General Obligation Bond debt to fund the Commission's share of the cost of construction of the visitor's center at Hoover Dam. The cost of construction was funded by the federal government and included in the power rate for hydropower generated at the dam. The construction and related debt was carried at rates over 8% annually. The refinancing of this debt resulted in savings over the life of the debt (22 years) of $28,087,049. The average annual savings will be approximately $887,720 and represents savings of 63% of the refunded par value of the debt. This savings will be incorporated in the rate charged to the customers for Hoover Dam hydropower.

Overview of the Financial Statements

The Commission is a special-purpose government entity. It is empowered primarily to administer the Colorado River water resources allocated to the State of Nevada (the State) 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, 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. Thus, the enterprise funds have a statutorily limited customer base. The Commission was not empowered to seek or serve any additional entities during the fiscal year, but pursuant to Assembly Bill 199 enacted during the 2013 legislative session, will be able to serve new customers a limited amount of hydropower (approximately 11 megawatts) from Hoover Dam for a 50 year period beginning in 2017. This power will be available as part of a 5% reduction in power allocations to existing customers pursuant to Federal Legislation. The authorization related to new customers is limited to only the small hydropower energy pool created at Hoover Dam. 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 (the power delivery fund) records the transactions related to the Commission's major customer, SNWA. The resources of this fund provide electric power for SNWA's water pumping needs. The other enterprise fund (the Power Marketing Fund) records transactions related to the purchase and sale of hydropower resources allocated to the State. These resources are generated from Federal Hydropower Projects (Hoover Dam, Parker Dam, and others) on the Colorado River. In addition to these funds, the Commission administers one special revenue type governmental fund to account for special projects.

The 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 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 Commission's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 Commission's net position changed during the most recent fiscal year. All changes in net position 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 basic financial statements are principally supported by user fees and charges. The water-related activities are supported by an administrative fee assessed on SNWA, and the power-related activities are supported through administrative charges assessed as part of the sale of electric resources. Land acquisition and other activities are funded through specific contractual charges assessed on the benefiting entity.

Fund financial statements. A fund is a self-balancing group 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 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 fund financial statements 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 only two governmental funds, the general fund and the research and development fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances for the general fund and the special revenue fund. Only the general fund is considered a major fund.

The Commission maintains two proprietary (enterprise) funds, both of which are considered major 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 for the two governmental funds.

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

Colorado River Commission's Net Position

	Governmental Activities			Business-type Activities		
	2014	2013	Change	2014	2013	Change
Current assets	$11,472,222	$8,732,573	$2,739,649	$19,964,058	$16,997,928	$ 2,966,130
Non-current restricted cash and cash equivalents.				9,694,940	8,863,006	831,934
Capital assets	7,673	10,925	(3,252)	86,291,980	64,820,705	21,471,275
Deferred outflows				2,377,149		2,377,149
Total assets and deferred outflows	11,479,895	8,743,498	2,736,397	118,328,127	90,681,639	27,646,488
Current liabilities	502,198	442,910	59,288	28,195,566	23,088,589	5,106,977
Long-term bonds				93,162,365	66,164,990	26,997,375
Other noncurrent liabilities	131,697	130,394	1,303			
Total liabilities	633,895	573,304	60,591	121,357,931	89,253,579	32,104,352
Net position:						
Net investment in capital assets	7,673	10,925	(3,252)	1,728,620	3,854,233	(2,125,613)
Restricted	8,125,768	5,203,611	2,922,157	712,019	711,215	804
Unrestricted	2,712,559	2,955,658	(243,099)	(5,470,443)	(3,137,388)	(2,333,055)
Total net position	$10,846,000	$8,170,194	$2,675,806	$ (3,029,804)	$ 1,428,060	$(4,457,864)

Note that the total assets in the governmental funds increased from the previous year, with the majority of the increase reflected in the current assets. This was due primarily to a significant increase to cash reserves in the research and development fund. The reserve in this fund is a contractual based reserve designed for future use in the Lower Colorado River Multi-species Conservation Program (LCRMSCP). This reserve should build for the next few years until needed for program purposes. Total assets in the business-type funds increased from the previous year. The most significant portion of the increase reflects an increase in prepaid assets due to the sale of bonds during the fiscal year. The sale increased the prepaid power asset by over $23,000,000. In addition there was a substantial increase in operating cash, primarily in the Power Delivery Project Fund, which reflects additional cash reserves to increase working capital. The cash reserves reflected in the prior fiscal year were lower than usual due to timing issues related to the power billings. There were other smaller increases in restricted cash, again related to the sale of bonds, and increases in receivables and other assets reflective of normal operations.

The Commission has a significant amount of capital assets in its enterprise funds. The acquisition or construction of these assets has been fully funded through the issuance of General Obligation Revenue Supported Bonds. 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. Also, in the early years of the asset life, when depreciation is higher than the underlying debt service, there will be a negative investment in capital assets. However, all things being equal, at the end of the asset life and debt term, the net investment should be zero.

Colorado River Commission's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2014	2013	Change	2014	2013	Change
Revenues:						
Program revenues:						
Administrative charges	$ 2,200,221	$ 2,397,406	$ (197,185)			
Multi-species surcharge	3,000,783	1,741,478	1,259,305			
Power sales revenue:						
Power marketing				$ 27,386,283	$ 41,041,108	$ (13,654,825)
Power delivery				32,595,571	35,726,333	(3,130,762)
General revenues:						
Investment income	14,672	29,285	(14,613)	12,063	78,478	(66,415)
Miscellaneous	55,587		55,587	4,065		4,065
Total revenues	5,271,263	4,168,169	1,103,094	59,997,982	76,845,919	(16,847,937)
Expenses:						
General government	2,595,457	2,058,890	536,567			
Power purchase expenses:						
Power marketing				27,386,283	41,041,108	(13,654,825)
Power delivery				36,891,400	39,959,001	(3,067,601)
Total expenses	2,595,457	2,058,890	536,567	64,277,683	81,000,109	(16,722,426)
Change in net assets	2,675,806	2,109,279	566,527	(4,279,701)	(4,154,190)	(125,511)
Net position, beginning	8,170,194	6,060,915	2,109,279	1,428,060	5,582,250	(4,154,190)
Net position, adjustment				(178,163)		(178,163)
Net position, ending	$ 10,846,000	$ 8,170,194	$ 2,675,806	$ (3,029,804)	$ 1,428,060	$ (4,457,864)

The governmental activities of the Commission are small in comparison to the capital and power purchasing activities. The Commission's water-related efforts and other 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. Governmental fund expenses increased from prior year based on increases in activity for the current year. There were no requests to fund program needs within the LCRMSCP program, the State continued to decrease expenses through salary reductions and a mandatory furlough program.

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 position from these activities may be negative in any given year.

Financial Analysis of Government Funds.

The 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 Controller related to revenue and expense transactions. These downloads are imported into a computerized reporting system for financial report preparation 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, accounting principles generally accepted in the United States applicable to government units. The Commission is not subject to regulation by federal or state utility regulatory bodies.

Revenues of the Commission's general fund totaled $2,414,925 in fiscal 2013, $139,149 more than the $2,275,776 realized in fiscal 2014. The decrease in revenues was a result of decreased water related activity. The Commission's revenue sources include water and power administrative billings. In addition to these two direct revenue charges, the general fund receives salary and overhead reimbursements from other Commission funds for work performed related to activities of those funds. Note that all personnel-related charges are recorded in the general fund.

Funding sources for the Commission's general administrative functions are detailed in the following table:

	2014		2013	
	Amount	Percent	Amount	Percent
Power administrative charge	$1,140,050	23.70%	$1,167,674	22.84%
Water administrative charge	1,060,171	22.04%	1,229,732	24.05%
Interest income	19,968	0.42%	17,519	0.34%
Miscellaneous income	55,587	1.16%		
Total revenues	2,275,776	47.32%	2,414,925	47.23%
Allocated salaries and overhead	2,533,636	52.68%	2,697,801	52.77%
All funding sources	$4,809,412	100.00%	$5,112,726	100.00%

Net expenditures of the general fund totaled $2,529,432 which is $540,372 more than the $1,989,060 expended during fiscal 2013. This increase can be attributed to increases in personnel related charges and increased activity related to contracts with outside consultants.

Change in levels of expenditures from the preceding year is as follows:

	2014	2013	Increase/ (Decrease)
Personnel	$ 3,499,577	$ 3,376,929	$ 122,648
Travel	57,671	77,396	(19,725)
Operating	1,493,099	1,218,893	274,206
Equipment	12,721	13,643	(922)
Total expenditures	5,063,068	4,686,861	376,207
Less allocated salaries and overhead	(2,533,636)	(2,697,801)	164,165
Net expenditures	$ 2,529,432	$ 1,989,060	$ 540,372

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

Fund	Fund Balance June 30		Increase/
	2014	2013	(Decrease)
General Fund	$ 3,051,126	$ 3,304,782	$ (253,656)
Research and Development Fund	8,125,768	5,203,611	2,922,157

There were no significant changes to the budget for fiscal 2014. The budget to actual comparisons indicate that the personnel costs overall were below budget, this is due to unfilled positions, and the continuation of mandatory furloughs. Outside contractual costs, while higher this year than last year, were still below budgeted amounts, resulting in lower operating costs than budgeted. This is in line with previous fiscal years and reflects the budget process which includes budgeting for all authorized positions and total allowed contract costs, which traditionally have never been fully utilized.

The research and development fund records the transactions related to the LCRMSCP. The goals of the program are to work toward the recovery of listed species through habitat and species conservation and attempt to reduce the likelihood of additional species listings under the Endangered Species Act. The program will also accommodate current water diversions and power production and optimize opportunities for future water and power development. This program is a 50-year program and this is the sixth year of the program. In accordance with the funding contracts, current payments related to the program are now depositing substantial amounts into a reserve account for use related to species habitat in the future. This will continue for the next few years until appropriate expenditures will be directed by the United States Bureau of Reclamation.

Capital Assets

The Commission's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to $48,433,042 (net of accumulated depreciation). This investment includes the power delivery system, automobiles and equipment (both administrative vehicles and power delivery project utility vehicles) and office furniture. Please refer to Note 5 to the financial statements for more detailed information related to the capital assets of the Commission.

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

	Governmental Activities			Business-type Activities		
	2014	2013	Change	2014	2013	Change
Power transmission system				$48,409,318	$50,425,018	$(2,015,700)
Automobiles and equipment	$7,673	$10,925	$(3,252)	16,051	25,178	(9,127)
Total	$7,673	$10,925	$(3,252)	$48,425,369	$50,450,196	$(2,024,827)

Debt Administration

At June 30, 2014, outstanding long-term obligations of the Commission consisted of the following:

Bond Description	Average Interest Rate (%)	Maturity Date	Balance Outstanding
Power delivery refunding, series 2005I	4.8	2030	$47,755,000
Hoover uprating refunding, series 2011B	5.0	2017	5,545,000
Hoover uprating refunding series 2012E	5.4	2016	13,110,000
Hoover visitor center refunding, series 2014E	3.8	2044	29,475,000

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;

however, they have always been, and will continue to be, self-supporting debt payable from revenues from the sale of power. Please refer to Note 7 to the financial statements for more detailed information related to debt activity of the Commission.

Additional Information

This financial report is designed to provide a general overview of the 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, Suite 3100, Las Vegas, NV 89101. In addition, the Commission maintains a website that provides additional information on all issues discussed in this analysis, on many other programs and projects of the Commission, and information related to customers and staff contacts. The website address is http://crc.nv.gov.

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BASIC FINANCIAL STATEMENTS

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COLORADO RIVER COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents, unrestricted	$ 11,109,794	$ 1,793,873	$ 12,903,667
Receivables:			
Accounts	166,187	11,886,366	12,052,553
Accrued interest	17,548	9,195	26,743
Internal balances*	178,693		
Prepaid expenses		117,999	117,999
Current portion of prepaid power		6,156,625	6,156,625
Total current assets	11,472,222	19,964,058	31,257,587
Noncurrent assets:			
Restricted cash and cash equivalents		9,694,940	9,694,940
Capital assets:			
Depreciable property and equipment, net	7,673	48,425,369	48,433,042
Prepaid power, net of current portion		37,866,611	37,866,611
Total noncurrent assets	7,673	95,986,920	95,994,593
Total assets	11,479,895	115,950,978	127,252,180
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges		2,377,149	2,377,149
Total assets and deferred outflows of resources	$ 11,479,895	$ 118,328,127	$ 129,629,329
LIABILITIES			
Current liabilities:			
Accounts payable	$ 295,328	$ 4,661,731	$ 4,957,059
Unearned revenue		147,593	147,593
Payable to customers		14,647,248	14,647,248
Customer collateral and other deposits		2,577,277	2,577,277
Current portion of accrued compensated absences	206,870		206,870
Current portion of bonds payable		4,804,000	4,804,000
Internal balances*		178,693	
Accrued interest		1,179,024	1,179,024
Total current liabilities	502,198	28,195,566	28,519,071
Noncurrent liabilities:			
Bonds payable, net of current portion		93,162,365	93,162,365
Accrued compensated absences, net of current portion	131,697		131,697
Total noncurrent liabilities	131,697	93,162,365	93,294,062
Total liabilities	633,895	121,357,931	121,813,133
NET POSITION			
Net investment in capital assets	7,673	1,728,620	1,736,293
Restricted for certain operations and maintenance		712,019	712,019
Restricted for research and development	8,125,768		8,125,768
Unrestricted	2,712,559	(5,470,443)	(2,757,884)
Total net position	10,846,000	(3,029,804)	7,816,196
Total liabilities and net position	$ 11,479,895	$ 118,328,127	$ 129,629,329

* All internal balances are eliminated in the total column. Accordingly, total balances will not foot.

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Business-type Activities	Total
Governmental activities:					
General government	$ 2,522,127	$ 2,200,221	$ (321,906)		$ (321,906)
Research and development	73,330	3,000,783	2,927,453		2,927,453
	2,595,457	5,201,004	2,605,547		2,605,547
Business-type activities:					
Power marketing	27,386,283	27,386,283			
Power delivery	36,891,400	32,595,571		$ (4,295,829)	(4,295,829)
	64,277,683	59,981,854		(4,295,829)	(4,295,829)
Total	$ 66,873,140	$ 65,182,858	2,605,547	(4,295,829)	(1,690,282)
General revenues:					
Investment income			14,672	12,063	26,735
Gain on disposal of assets				4,065	4,065
Miscellaneous			55,587		55,587
			70,259	16,128	86,387
Change in net position			2,675,806	(4,279,701)	(1,603,895)
Net position, beginning:					
As previously reported			8,170,194	1,428,060	9,598,254
Adjustment				(178,163)	(178,163)
As adjusted			8,170,194	1,249,897	9,420,091
Net position, ending			$ 10,846,000	$ (3,029,804)	$ 7,816,196

See notes to financial statements.

COLORADO RIVER COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Research and Development Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 3,049,164	$ 8,060,630	$ 11,109,794
Receivables:			
Accounts	113,782	52,405	166,187
Accrued interest	4,815	12,733	17,548
Due from other funds	178,693		178,693
Total assets	$ 3,346,454	$ 8,125,768	$ 11,472,222
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 295,328		$ 295,328
Fund balances:			
Unassigned	3,051,126		3,051,126
Restricted for research and development		$ 8,125,768	8,125,768
Total fund balances	3,051,126	8,125,768	11,176,894
Total liabilities and fund balances	$ 3,346,454	$ 8,125,768	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds			7,673
Long-term liabilities that are not due and payable in the current period are not reported in the funds:			
Compensated absences			(338,567)
Net position of governmental activities			$ 10,846,000

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, 2014

	General Fund	Research and Development Special Revenue Fund	Total Governmental Funds
REVENUES			
Charges for services	$ 2,200,221		$ 2,200,221
Investment income (loss)	19,968	$ (5,296)	14,672
Multi-species surcharge		3,000,783	3,000,783
Miscellaneous	55,587		55,587
Total revenues	2,275,776	2,995,487	5,271,263
EXPENDITURES			
Current:			
General administration	5,047,994		5,047,994
Less salaries and overhead recovered by allocation	(2,533,636)		(2,533,636)
Net general administration expenditures	2,514,358		2,514,358
Water purchases	15,074		15,074
Other		73,330	73,330
Total expenditures	2,529,432	73,330	2,602,762
Excess (deficiency) of revenues over (under) expenditures and change in fund balances	(253,656)	2,922,157	2,668,501
Fund balances, beginning	3,304,782	5,203,611	8,508,393
Fund balances, ending	$ 3,051,126	$ 8,125,768	$ 11,176,894

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:

Change in fund balances, governmental funds	$ 2,668,501
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 depreciation was greater than capital outlays in the current period.	(3,252)
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:	
Change in accrued compensated absences	10,557
Change in net position of governmental activities	$ 2,675,806

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Power administrative charge	$ 1,300,627	$ 1,300,627	$ 1,140,050	$ (160,577)
Water charges	1,510,383	1,510,383	1,060,171	(450,212)
Investment income	5,727	10,209	19,968	9,759
Miscellaneous			55,587	55,587
Total revenues	2,816,737	2,821,219	2,275,776	(545,443)
EXPENDITURES				
Current:				
General administration:				
Personnel services	4,257,178	4,257,178	3,499,577	757,601
Travel:				
Out-of-state	99,625	99,625	57,671	41,954
In-state	4,746	11,029	9,446	1,583
Operating:				
Rent	126,271	126,271	132,301	(6,030)
Dues and registration fees	64,223	64,223	65,207	(984)
Contractual services	680,400	680,400	554,005	126,395
Other	309,101	309,171	260,069	49,102
Legal	455,547	455,497	456,997	(1,500)
Equipment, furniture and software	74,386	79,386	12,721	66,665
Water purchases	15,134	15,134	15,074	60
Total expenditures	6,086,611	6,097,914	5,063,068	1,034,846
Less salaries and overhead recovered by allocation	(2,750,573)	(2,751,073)	(2,533,636)	(217,437)
Net expenditures	3,336,038	3,346,841	2,529,432	817,409
Deficiency of revenues under expenditures and change in fund balance	(519,301)	(525,622)	(253,656)	271,966
Fund balance, beginning	238,171	(59,931)	3,304,782	3,364,713
Fund balance, ending	$ (281,130)	$ (585,553)	$ 3,051,126	$ 3,636,679

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
ASSETS			
Current assets:			
Cash and cash equivalents, unrestricted	$ 664,514	$ 1,129,359	$ 1,793,873
Receivables:			
Accounts	9,299,365	2,587,001	11,886,366
Accrued interest	7,201	1,994	9,195
Prepaid expenses	117,999		117,999
Current portion of prepaid power	6,156,625		6,156,625
Total current assets	16,245,704	3,718,354	19,964,058
Noncurrent assets:			
Restricted cash and cash equivalents	8,316,533	1,378,407	9,694,940
Capital assets:			
Power transmission system, net		48,409,318	48,409,318
Automobiles and equipment, net		16,051	16,051
Prepaid power, net of current portion	37,866,611		37,866,611
Total noncurrent assets	46,183,144	49,803,776	95,986,920
Total assets	62,428,848	53,522,130	115,950,978
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges	394,540	1,982,609	2,377,149
Total assets and deferred outflows of resources	$ 62,823,388	$ 55,504,739	$ 118,328,127
LIABILITIES:			
Current liabilities:			
Accounts payable	$ 1,543,751	$ 3,117,980	$ 4,661,731
Unearned revenue	147,593		147,593
Payable to customers		14,647,248	14,647,248
Customer collateral and other deposits	2,502,727	74,550	2,577,277
Current portion of bonds payable	4,715,965	88,035	4,804,000
Due to other funds	4,704	173,989	178,693
Accrued interest	612,290	566,734	1,179,024
Total current liabilities	9,527,030	18,668,536	28,195,566
Noncurrent liabilities:			
Bonds payable, net of current portion	44,571,042	48,591,323	93,162,365
Total liabilities	54,098,072	67,259,859	121,357,931
NET POSITION:			
Net investment in capital assets		1,728,620	1,728,620
Restricted for certain operations and maintenance	712,019		712,019
Unrestricted	8,013,297	(13,483,740)	(5,470,443)
Total net position	8,725,316	(11,755,120)	(3,029,804)
Total liabilities and net position	$ 62,823,388	$ 55,504,739	$ 118,328,127

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
OPERATING REVENUES:			
Power sales	$ 27,386,283	$ 32,595,571	$ 59,981,854
OPERATING EXPENSES:			
Power purchases	21,313,675	28,934,483	50,248,158
Prepaid power advances	5,124,135		5,124,135
Depreciation		2,024,827	2,024,827
General administration	948,473	3,665,153	4,613,626
Total operating expenses	27,386,283	34,624,463	62,010,746
Operating loss		(2,028,892)	(2,028,892)
NONOPERATING REVENUES (EXPENSES):			
Gain on disposal of assets		4,065	4,065
Investment income (loss)	18,859	(6,796)	12,063
Interest expense		(2,266,937)	(2,266,937)
Change in net position	18,859	(4,298,560)	(4,279,701)
Net position, beginning:			
As previously reported	8,884,620	(7,456,560)	1,428,060
Adjustment	(178,163)		(178,163)
As adjusted	8,706,457	(7,456,560)	1,249,897
Net position, ending	$ 8,725,316	$ (11,755,120)	$ (3,029,804)

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 27,408,402	$ 34,085,859	$ 61,494,261
Cash paid for goods and services	(22,464,608)	(31,007,114)	(53,471,722)
Net cash provided by operating activities	4,943,794	3,078,745	8,022,539
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Proceeds from bonds	29,475,000		29,475,000
Interest paid (charged to prepaid power)	(633,148)		(633,148)
Proceeds from bonds (charged to prepaid power)	(28,784,878)		(28,784,878)
Principal payments reimbursed on bonds payable (charged to prepaid power)	(3,975,000)		(3,975,000)
Net cash used in noncapital financing activities	(3,918,026)		(3,918,026)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Interest paid		(2,174,193)	(2,174,193)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	15,360		15,360
Net increase in cash and cash equivalents (Retricted and unrestricted)	1,041,128	904,552	1,945,680
Cash and cash equivalents, beginning	7,939,919	1,603,214	9,543,133
Cash and cash equivalents, ending	$ 8,981,047	$ 2,507,766	$ 11,488,813
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating loss		$ (2,028,892)	$ (2,028,892)
Depreciation		2,024,827	2,024,827
Amortization of prepaid power	$ 5,124,135		5,124,135
(Increase) decrease in operating assets:			
Accounts receivable	(538,430)	(684,491)	(1,222,921)
Prepaid expenses	(117,999)		(117,999)
Increase (decrease) in operating liabilities:			
Accounts payable	(82,508)	1,783,876	1,701,368
Unearned revenue	25,608		25,608
Customer collateral and other deposits	534,941	60,571	595,512
Due to other funds	(1,953)	(251,925)	(253,878)
Payable to customers		2,174,779	2,174,779
Net cash provided by operating activities	$ 4,943,794	$ 3,078,745	$ 8,022,539

See notes to financial statements.

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 the State of Nevada's interests in the water and power resources available from the Colorado River.

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 (Nevada or the State), is also an integral part of that reporting entity. There are no other entities for which the Commission is financially accountable, thus requiring them to be reported as component units of the Commission.

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

B. Basis of presentation, measurement focus, and basis of accounting

Basis of presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) applicable to government units as prescribed by the Governmental Accounting Standards Board (GASB), principally GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended, along with related pronouncements. 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.

The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect certain reported amounts and disclosures, some of which may require revisions in future periods. Accordingly, actual results could differ from these estimates and assumptions.

Government-wide financial statements: The statement of net position and the statement of activities display information on all of the activities of the Commission. Eliminations have been made where appropriate to minimize the double counting of internal activities. These statements distinguish between the Commission's *governmental* and *business-type* activities. Governmental activities generally are financed through inter-governmental revenues and other exchange transactions. Business-type activities are financed primarily by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to that particular program or function. Certain indirect costs are included in the program expense reported for individual functions and 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. Any 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 of proprietary funds 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 Authority (SNWA).

Measurement focus and basis of accounting

Government-wide and proprietary fund financial statements. The government-wide and proprietary fund financial statements are prepared 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. For the year ended June 30, 2014, there were 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.

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 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.

It is the Commission's policy to use restricted resources first when both restricted and unrestricted (unassigned) resources are available for use, and then unrestricted (unassigned) resources as 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 (Notes 3 and 4). 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 financial instruments specified in Section 355.170 of Nevada Revised Statutes (NRS). 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 Commission had no outstanding securities lending transactions as of June 30, 2014.

Deposit values reflect 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" (Note 6).

Since sales are made only to customers who are known to have acceptable credit and no bad debts have ever been sustained, an allowance for uncollectible accounts is not considered to be necessary.

Prepaid power

The Commission has participated with the State in funding (Note 7) the improvement and renovation ("uprating") of the electrical power generation plant and visitors' center at Hoover Dam, which supplies the majority of the power sold through the power marketing fund. These costs are to 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 asset, prepaid expense.

Restricted cash and cash equivalents

The various resources that are limited as to use by bond covenants for debt service, operation and maintenance (O&M), and capital improvement and construction (acquisition) are classified as restricted cash and cash equivalents (Note 4). Net position is restricted to the extent restricted assets exceed related liabilities.

Capital assets

Purchased or constructed capital assets (Note 5) are recorded at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. The capitalization threshold is $5,000.

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. However, during the fiscal year ended June 30, 2014, none of the total

interest expense incurred by the Commission ($2,900,085) was capitalized.

Capital assets of the Commission are depreciated using the straight-line method over their useful lives currently estimated as follows:

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

Compensated absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and 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 accompanying government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

2. Stewardship, compliance, and accountability

Budgetary information

Biennial budgets are adopted on a basis consistent with the accounting policies applied for financial reporting purposes by the Commission under 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. There were no encumbrances outstanding at the beginning or 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 State's Director of Administration submits proposed operating budgets to the Nevada Budget Division covering the biennium beginning the following July 1. 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, each budget year. The biennium budgets are transmitted to the State Legislature no later than the 10th day of the legislative 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 by budget categories (personnel services, travel in-state, travel out-of-state, operating expenses, and capital outlay for the general fund; and general and administrative and intergovernmental for the special revenue fund).

Management of the Commission cannot amend any budget categories. However, the 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 State Legislature's Interim Finance Committee.

Bond covenants

Following is a brief summary of the covenants included in the bond resolutions (Notes 4 and 7) of the enterprise funds:

The Commission is required to charge purchasers of services 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 payment.

Classes of users – The power marketing fund serves two classes of users, retail utility customers and industrial customers. The power delivery fund serves the SNWA 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, 2014, 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 2014.

3. Cash deposits:

At June 30, 2014, the Commission's carrying amount ("book value") of restricted and unrestricted cash and cash equivalents was $22,598,607 and the State Treasurer's balance was $22,929,289. These deposits with the Treasurer are not categorized as to credit risk, but are fully insured by the FDIC or collateralized by the State's financial institutions.

4. Restricted cash and cash equivalents:

Cash and cash equivalents restricted at June 30, 2014, by bond covenants or contractual agreements are summarized as follows:

	Power Marketing Fund	Power Delivery Fund
Restricted for:		
Debt service	$ 3,490,463	
Construction reserve		$ 1,302,957
Reserve for revenue insufficiency	2,526,544	
Cash held by contractual agreement	2,299,526	75,450
Total restricted	$ 8,316,533	$ 1,378,407

5. Capital assets:

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Office equipment	$ 110,927		$ 25,282	$ 85,645
Office furniture and fixtures	28,539			28,539
Automobiles	128,517			128,517
Total capital assets being depreciated	267,983		25,282	242,701
Less accumulated depreciation for:				
Office equipment	110,927		25,282	85,645
Office furniture and fixtures	28,539			28,539
Automobiles	117,592	$ 3,252		120,844
Total accumulated depreciation	257,058	3,252	25,282	235,028
Governmental activities capital assets, net	$ 10,925	$ (3,252)		$ 7,673
Business-type activities:				
Capital assets being depreciated:				
Power transmission system	$ 75,722,481			$ 75,722,481
Office equipment	65,089			65,089
Automobiles	191,646			191,646
Total capital assets being depreciated	75,979,216			75,979,216
Less accumulated depreciation for:				
Power transmission system	25,297,463	$ 2,015,700		27,313,163
Office equipment and automobiles	231,557	9,127		240,684
Total accumulated depreciation	25,529,020	2,024,827		27,553,847
Business-type actvities capital assets, net	$ 50,450,196	$ (2,024,827)		$ 48,425,369

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 3,252
Business-type activities:	
Power delivery	2,024,827
Total depreciation expense	$ 2,028,079

6. Balances due to/from other funds

The composition of interfund balances, representing the net of short-term working capital advances and repayments, as of June 30, 2014, was as follows:

	Due from	Due to
Funds:		
General	$ 178,693	
Power marketing		$ 4,704
Power delivery		173,989
	$ 178,693	$ 178,693

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 the facility.

In April 2005, the Commission sold the $65,300,000 Series 2005I bonds. Proceeds from these bonds were used to advance refund substantial portions of the Series 1997A and 1999A bonds. The bonds mature annually on September 15, 2008 through 2030, with interest payable semi-annually on March 15 and September 15 at the annual rates of 4.75% to 5%.

The Series 2005I bonds principal and interest payments are being made by a significant customer of the Commission as partial payment for power delivery services. In September 2011, this customer advance refunded $10,305,000 of these bonds through an agent. The bonds issued by the agent for this refunding are not obligations of the Commission and, consequently, the Commission's debt has been reduced by this amount with a corresponding addition to the liability to the customer for power delivery services.

In November 2011, the Commission sold the $5,545,000 Series 2011B General Obligation Refunding bonds. Proceeds from these bonds were used to advance refund the Series 2001 bonds. The bonds mature on October 1, 2017, with interest payable semi-annually on April 1 and October 1 at the annual rate of 5%. The reacquisition price exceeded the net carrying amount of the old debt by $48,469. This amount is being netted against the new debt and amortized over the life of the new debt issue.

In July 2012, the Commission sold the $17,085,000 Series 2012E General Obligation Refunding bonds. Proceeds from these bonds were used to advance refund the Series 2002 bonds. The bonds mature on October 1, 2016, with interest payable semi-annually on April 1 and October 1 at the annual rates of 4% to 5%. The reacquisition price was less than the net carrying amount of the old debt by $171,598. This amount is being included with the new debt and amortized over the life of the new debt issue.

On March 12, 2014, because of delays in determining a final allocation of shared costs, interim bonds of $28,425,000 were issued to fund the Commission's expected share of the cost of construction of the visitor's center at Hoover Dam, with expenditures charged to prepaid power (Note 1.C). In June 2014, the Commission sold the $29,475,000 Series 2014E General Obligation Refunding bonds, proceeds from which were used to fully refund the interim bonds. These bonds mature annually on October 1, 2015 through 2043, with interest payable semi-annually on October 1 and April 1 at the annual rates of .50% to 4.25%.

The Commission has provided to a third-party borrower conduit debt with an outstanding balance of $151,055,000 as of June 30, 2014. Pursuant to an agreement with the third-party borrower, the Commission has no obligation for the debt.

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

Business-type activities:			
Power delivery refunding, series 2005I	2008-2030	4.75 to 5%	47,755,000
General obligation refunding series 2011B	2011-2017	5.00%	5,545,000
General obligation refunding series 2012E	2012-2016	4 to 5%	13,110,000
General obligation refunding series 2014E	2015-2043	.50 to 4.25%	29,475,000
			$ 95,885,000

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

Year Ending June 30,	Business-type Activities Principal	Interest
2015	4,150,000	$ 3,922,798
2016	4,785,000	3,957,158
2017	7,920,000	3,658,958
2018	9,020,000	3,253,620
2019	3,920,000	2,959,948
2020-2024	22,170,000	12,135,471
2025-2029	24,075,000	6,698,434
2030-2034	6,130,000	3,508,560
2035-2039	6,465,000	2,237,731
2040-2044	7,250,000	795,813
Total	$ 95,885,000	$ 43,128,491

Changes in long-term obligations

Changes in long-term obligations during the year-ended June 30, 2014, are summarized below:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Current
Governmental activities:					
Accrued compensated absences	$ 349,124	$ 281,898	$ 292,455	$ 338,567	$ 206,870
Business-type activities:					
General obligation bonds	70,385,000	29,475,000	3,975,000	95,885,000	4,150,000
Unamortized bond premium	2,915,210		659,994	2,255,216	659,994
Unamortized bond discount		(173,851)		(173,851)	(5,994)
Total	$ 73,649,334	$ 29,583,047	$ 4,927,449	$ 98,304,932	$ 5,010,870

The liability for accrued compensated absences is paid from the general fund.

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. 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; and natural disasters. 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 insurance deductible.

The United States has been experiencing a widespread recession accompanied by declines in residential real estate sales, mortgage lending and related construction activity, higher energy costs and other inflationary trends and weakness in the commercial and investment banking systems, and is engaged in a war, all of which are likely to continue to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the Nevada economy and the Commission's operations cannot be predicted at this time but may be substantial.

Through the State Treasurer, the Commission may carry cash and cash equivalents on deposit with financial institutions in excess of federally insured limits, and the risk of losses related to such concentrations may be increasing as a result of the economic instability discussed in the foregoing paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, is not subject to estimation at this time.

10. Commitments and contingencies

Litigation

The Commission may from time to time be a party in various litigation matters. It is management's opinion, based upon advice from legal counsel, that the risk of financial losses to the Commission from such litigation, if any, will not have a material adverse effect on the Commission's future financial position, results of operations or cash flows. Accordingly, no provision has been made for any such losses.

The Commission does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

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 (called "arbitrage"), 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 no amount is due. Future calculations might result in adjustments to this determination.

11. 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 based on a percentage of final salary for each year of credited service up to a maximum of 90% 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 13.25% of their salary and the Commission contributing 12.5%, or, under the employer paid option, taking a 13.25% reduction in gross pay with the Commission contributing 25.75% of salary to PERS.

Contribution rates are established by State statute and provide for yearly increases until such time as the actuarially determined unfunded liability of PERS is reduced to zero. The required contribution, which was paid in full by the Commission, for fiscal years 2012-2014 was as follows:

Year Ended	Contribution Rates Regular Members		Covered Payroll		Annual Required Contribution Paid in Full by the Commission	
June 30,	Employer	Employer/ Employee	Employer	Employer/ Employee	Employer	Employer/ Employee
2012	23.75%	12.50%/12.25%	$ 1,488,149	$ 998,086	$ 475,700	$124,761/122,265
2013	23.75%	12.50%/12.25%	1,532,731	988,196	485,078	121,054
2014	25.75%	12.50%/13.25%	1,378,610	969,618	483,467	128,474

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
(775) 687-4200

12. Other Postemployment Benefits

Plan Description - The State Retirees Health and Welfare Benefits Fund, Public Employees' Benefits Program (PEBP) of the State of Nevada (Retirees Fund) was created in 2007 by the Nevada Legislature to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of State retirees. The Retirees' Fund is a multiple-employer, cost-sharing defined postemployment benefit plan with several participating employers, and is administered by the Board of Public Employees' Benefits Program of the State of Nevada. The Retirees' Fund provides benefits other than pensions to eligible retirees and their dependents through the payment of subsidies to the PEBP. PEBP administers a group health and life insurance program for covered employees, both active and retired, of the State, and certain other participating public employers within the State, including the Commission. Nevada Administrative Code (NAC) 287.530 establishes this benefit upon the retiree. All State public employees who retire with at least five years of public service and who have State service are eligible to receive benefits from the Retirees' Fund. State service is defined as employment with any State agency, the Nevada System of Higher Education and any State Board or Commission. A portion of the monthly premiums are deducted from pension checks and paid to the PEBP. The cost varies depending on which health plan the retiree chooses, as well as the amount of subsidy they receive.

Implementation of GASB 45 – This Statement was implemented prospectively by the State beginning with the fiscal year ended June 30, 2008. Legislation effective July 1, 2007, amended the NRS making various changes regarding the management of the PEBP. NRS 287.0436 established an irrevocable trust fund, the Retiree's Fund, for the purpose of providing retirement benefits other than a pension. The Retirees' Fund issues a stand-alone financial report that includes financial statements and required supplementary information. The State reports the Retiree's Fund as a trust fund. The Retirees' Fund financial report may be obtained from the PEBP at the following address:

Public Employees' Benefits Program
901 South Stewart Street, Suite 1001
Carson City, NV 89701

Contributions and Funding Policy – NRS 287.046 establishes a subsidy to pay the contributions for the persons retired from the State. Contributions to the Retirees' Fund are paid by the State through an assessment of actual payroll paid by each State entity. For the period from July 1, 2013 through June 30, 2014, the rate assessed was .0243% of annual covered payroll. The assessment is based on an amount prescribed by the State Legislature. For the years ended June 30, 2014, 2013, and 2012, the Commission contributed $60,263, $65,695, and $50,879, respectively, to the plan. These contributions equaled 100% of the required contributions each year.

13. Joint Venture

The Commission is a member of the Silver State Energy Association (SSEA). SSEA was established as a joint venture through an interlocal agreement among the member agencies (Members), which, in addition to the Commission, include the City of Boulder City, Lincoln Power District No. 1, Overton Power District No. 5 and the SNWA.

SSEA is an association of public agencies with the common goal of jointly planning, developing, owning and operating power resources to meet their own needs and those of their customers. The economies of scale produced by the SSEA offer improved project development opportunities and power purchasing capabilities, the sharing of resources and expertise, and the opportunity for jointly managed energy needs.

As appropriate projects are selected for development, the Members involved in each project enter into a project service agreement (PSA) indicating each participating Member's allocation of project costs.

The business and other affairs of the SSEA are conducted by a Board of Directors consisting of one director appointed by each Member. The appointed director may, but need not be, a member of the governing body of the Member.

Financial information regarding SSEA can be obtained by writing or emailing at:

Manager of Energy Services for the
Colorado River Commission
P.O. Box 99956, MS 115
Las Vegas, NV 89193-9956

The Silver State Energy Association (SSEA) website is www.silverstateenergy.org/.

14. Prior Period Adjustment

In fiscal year 2014, the Commission implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which required costs of debt issuance to be reported as period costs. Previously, such costs were reported as assets and amortized over the life of the debt. Consequently, the Commission reduced the net position at July 1, 2013, of the Power Marketing Fund by $178,163 and eliminated the previously recorded asset.

15. Subsequent Events

Management has performed a search for, and determined there were no events subsequent to June 30, 2014, requiring accounting recognition or disclosure through December 15, 2014, which was the date these financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

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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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Net investment income (loss)	$ 29,607	$ 21,033	$ (5,296)	$ (26,329)
Multi-species surcharge	1,428,752	3,000,784	3,000,783	(1)
Total revenues	1,458,359	3,021,817	2,995,487	(26,330)
EXPENDITURES				
Multi-species assessment	500,000	500,000		500,000
Other			73,330	(73,330)
	500,000	500,000	73,330	426,670
Excess of revenues over expenditures and change in fund balance	958,359	2,521,817	2,922,157	400,340
Fund balance, beginning	2,156,616	1,270,175	5,203,611	3,933,436
Fund balance, ending	$ 3,114,975	$ 3,791,992	$ 8,125,768	$ 4,333,776

COLORADO RIVER COMMISSION

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE*
JUNE 30, 2014 AND 2013

	2014	2013
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Office equipment	$ 85,645	$ 110,927
Office furniture and fixtures	28,539	28,539
Automobiles	128,517	128,517
Total governmental funds capital assets	$ 242,701	$ 267,983
Investment in governmental funds capital assets by source - general fund	$ 242,701	$ 267,983

*All governmental fund capital assets are used in the general government function.

COLORADO RIVER COMMISSION

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

FOR THE YEAR ENDED JUNE 30, 2014

	Capital Assets July 1, 2013	Additions	Deletions	Capital Assets June 30, 2014
GENERAL GOVERNMENT:				
Office equipment	$ 110,927	$ -	$ 25,282	$ 85,645
Office furniture and fixtures	28,539			28,539
Automobiles	128,517			128,517
Total capital assets	$ 267,983	$ -	$ 25,282	$ 242,701

*All governmental fund capital assets are used in the general government function.

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STATISTICAL SECTION

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STATISTICAL SECTION

(UNAUDITED)

This section of the Commission's comprehensive annual financial report presents detailed information as a context for the user's understanding of the entity in conjunction with the financial statements, note disclosures, and required supplementary information. The information contained in this section is designed to aid in analyzing trends and in determining the Commission's overall financial health and operating strategies.

The statistical section includes information that management has determined to be helpful to the user in the following general areas:

Financial Trends

These schedules contain information to help the financial statement user understand how the Commission's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the financial statement user understand the relative contribution of each of the Commission's customers to revenues and to make assessments on the ability to continue to generate that revenue

Debt Capacity

These schedules present information to help the financial statement user assess the current levels of Commission debt and the ability to issue additional debt in the future

Demographic and Economic Information

These schedules provide demographic and economic indicators to help the financial statement user understand the general environment in which the Commission's financial activities take place.

Operating Information

These schedules contain information about the Commission's operations and resources available to provide the services and perform the activities it has been given by the State to fulfill.

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COLORADO RIVER COMMISSION

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (UNAUDITED) **Table 1**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	$ 7,673	$ 10,925	$ 19,196	$ 35,121	$ 46,102	$ 33,762	$ 14,045	$ 97,911	$ 118,006	$ 109,064
Restricted for research and development	8,125,768	5,203,611	3,468,550	2,139,130						
Unrestricted	2,712,559	2,955,658	2,573,169	1,924,972	2,916,470	3,145,590	3,090,809	2,306,710	10,934,221	9,292,022
Total governmental activities net position	$ 10,846,000	$ 8,170,194	$ 6,060,915	$ 4,099,223	$ 2,962,572	$ 3,179,352	$ 3,104,854	$ 2,404,621	$ 11,052,227	$ 9,401,086
Business-type activities										
Net investment in capital assets	$ 1,728,620	$ 3,854,233	$ 5,979,847	$ (4,219,164)	$ (4,270,307)	$ (3,967,588)	$ (3,850,234)	$ (3,661,965)		
Restricted for operations and maintenance	712,019	711,215	711,014	710,738	710,482	713,088	716,319	717,664	$ 716,284	$ 713,004
Unrestricted	(5,470,443)	(3,137,388)	(1,108,611)	8,484,670	8,372,383	8,345,585	8,355,522	8,252,177	4,716,772	5,345,387
Total business-type activities net position	$ (3,029,804)	$ 1,428,060	$ 5,582,250	$ 4,976,244	$ 4,812,558	$ 5,091,085	$ 5,221,607	$ 5,307,876	$ 5,433,056	$ 6,058,391
Total entity-wide										
Net investment in capital assets	$ 1,736,293	$ 3,865,158	$ 5,999,043	$ (4,184,043)	$ (4,224,205)	$ (3,933,826)	$ (3,836,189)	$ (3,564,054)	$ 118,006	$ 109,064
Restricted	8,837,787	5,914,826	4,179,564	2,849,868	710,482	713,088	716,319	717,664	716,284	713,004
Unrestricted	(2,757,884)	(181,730)	1,464,558	10,409,642	11,288,853	11,491,175	11,446,331	10,558,887	15,650,993	14,637,409
Total entity-wide net position	$ 7,816,196	$ 9,598,254	$ 11,643,165	$ 9,075,467	$ 7,775,130	$ 8,270,437	$ 8,326,461	$ 7,712,497	$ 16,485,283	$ 15,459,477

COLORADO RIVER COMMISSION

CHANGES IN NET POSITION
(Accrual basis of accounting)

LAST TEN FISCAL YEARS (UNAUDITED) Table 2

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
General government	$ 2,595,457	$ 2,058,890	$ 1,901,012	$ 2,306,101	$ 3,275,830	$ 2,810,030	$ 2,730,697	$ 12,208,192	$ 2,641,024	$ 2,253,266
Business-type activities										
Power marketing	27,386,283	41,041,108	40,490,639	41,483,124	40,226,984	46,050,417	55,744,898	57,473,246	62,986,316	70,038,951
Power delivery	36,891,400	39,959,001	46,921,205	45,904,714	41,633,751	38,006,772	10,678,035	15,783,971	58,929,523	37,159,924
Total business-type activities expenses	64,277,683	81,000,109	87,411,844	87,387,838	81,860,735	84,057,189	66,422,933	73,257,217	121,915,839	107,198,875
Total entity-wide expenses	$ 66,873,140	$ 83,058,999	$ 89,312,856	$ 89,693,939	$ 85,136,565	$ 86,867,219	$ 69,153,630	$ 85,465,409	$ 124,556,863	$ 109,452,141
Program revenues										
Governmental activities										
Charges for services										
Power administrative charge	$ 1,140,050	$ 1,167,674	$ 1,259,804	$ 1,219,897	$ 1,121,162	$ 1,167,254	$ 1,296,412	$ 1,323,837	$ 1,310,371	$ 1,049,704
Water charges	1,060,171	1,229,732	1,169,246	752,854	1,285,018	1,046,787	1,311,351	888,720	1,603,826	1,015,940
Multi-species surcharge	3,000,783	1,741,478	1,362,759	1,375,160	625,814	583,162	595,223	547,450	525,144	17,584
Total governmental activities program revenues	5,201,004	4,138,884	3,791,809	3,347,911	3,031,994	2,797,203	3,202,986	2,760,007	3,439,341	2,083,228
Business-type activities										
Charges for services										
Power sales										
Power marketing	27,386,283	41,041,108	40,374,094	41,436,582	40,217,943	45,845,877	55,601,491	57,246,095	62,764,886	64,003,861
Power delivery	32,595,571	35,726,333	47,562,794	46,077,938	41,711,572	37,897,186	10,242,168	15,130,974	57,900,598	36,513,222
Total business-type activities program revenues	59,981,854	76,767,441	87,936,888	87,514,520	81,929,515	83,743,063	65,843,659	72,377,069	120,665,484	100,517,083
Total entity-wide program revenues	$ 65,182,858	$ 80,906,325	$ 91,728,697	$ 90,862,431	$ 84,961,509	$ 86,540,266	$ 69,046,645	$ 75,137,076	$ 124,104,825	$ 102,600,311

(Continued)

COLORADO RIVER COMMISSION

CHANGES IN NET POSITION (Continued)
(Accrual basis of accounting)

LAST TEN FISCAL YEARS (UNAUDITED) Table 2

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net expense										
Governmental activities	$ 2,605,547	$ 2,079,994	$ 528,038	$ (333,350)	$ (869,650)	$ (595,989)	$ (122,933)	$ (9,995,635)	$ 273,173	$ (187,622)
Business-type activities	(4,295,829)	(4,232,668)	525,044	126,682	68,780	(314,126)	(579,274)	(880,148)	(1,250,355)	(6,681,792)
Total entity-wide net expense	$ (1,690,282)	$ (2,152,674)	$ 1,053,082	$ (206,668)	$ (800,870)	$ (910,115)	$ (702,207)	$ (10,875,783)	$ (977,182)	$ (6,869,414)
General revenues and other changes in net position										
Governmental activities										
Investment income	$ 14,672	$ 29,285	$ 29,677	$ 12,432	$ 27,057	$ 87,325	$ 227,944	$ 773,632	$ 786,729	$ 46,142
Land sales										13,000,000
Miscellaneous	55,587		41,218	82,409				26,947	66,095	24,390
Transfers										(6,000,000)
Total governmental activities	70,259	29,285	70,895	94,841	27,057	87,325	227,944	800,579	852,824	7,070,532
Business-type activities										
Investment income	12,063	78,478	12,635	2,841	22,495	183,604	493,005	754,968	625,020	356,172
Abandonment loss					(369,802)					
Miscellaneous	4,065		68,327	34,163						
Transfers										6,000,000
Total business-type activities	16,128	78,478	80,962	37,004	(347,307)	183,604	493,005	754,968	625,020	6,356,172
Total entity-wide	$ 86,387	$ 107,763	$ 151,857	$ 131,845	$ (320,250)	$ 270,929	$ 720,949	$ 1,555,547	$ 1,477,844	$ 13,426,704
Change in net position										
Governmental activities	$ 2,675,806	$ 2,109,279	$ 598,933	$ (238,509)	$ (842,593)	$ (508,664)	$ 105,011	$ (9,195,056)	$ 1,125,997	$ 6,882,910
Business-type activities	(4,279,701)	(4,154,190)	606,006	163,686	(278,527)	(130,522)	(86,269)	(125,180)	(625,335)	(325,620)
Total entity-wide	$ (1,603,895)	$ (2,044,911)	$ 1,204,939	$ (74,823)	$ (1,121,120)	$ (639,186)	$ 18,742	$ (9,320,236)	$ 500,662	$ 6,557,290

COLORADO RIVER COMMISSION

FUND BALANCES, GOVERNMENTAL FUNDS
(Modified accrual basis of accounting)

LAST TEN FISCAL YEARS (UNAUDITED) **Table 3**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General fund										
Unassigned	$ 3,051,126	$ 3,304,782	$ 2,878,917	$ 2,222,770	$ 2,398,074	$ 2,545,592	$ 2,582,644	$ 2,015,540	$ 2,130,668	$ 1,117,428
All other governmental funds										
Restricted								$ 182,131	$ 182,131	$ 4,550
Reported in special revenue funds:										
Fort Mohave Development								(14,162)	8,705,291	8,242,169
Research and Development	$ 8,125,768	$ 5,203,611	$ 3,468,550	$ 2,139,130	$ 827,864	$ 872,912	$ 732,616	377,679	198,834	184,256
Total all other governmental funds	$ 8,125,768	$ 5,203,611	$ 3,468,550	$ 2,139,130	$ 827,864	$ 872,912	$ 732,616	$ 545,648	$ 9,086,256	$ 8,430,975

COLORADO RIVER COMMISSION

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(Modified accrual basis of accounting)

LAST TEN FISCAL YEARS (UNAUDITED) Table 4

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Charges for services	$ 2,200,221	$ 2,397,406	$ 2,429,050	$ 1,972,751	$ 2,406,180	$ 2,214,041	$ 2,607,763	$ 2,212,557	$ 2,914,197	$ 2,065,644
Investment income	14,672	29,285	29,677	12,432	27,057	87,325	227,944	773,632	786,729	46,142
Multi-species surcharge	3,000,783	1,741,478	1,362,759	1,375,160	625,814	583,162	595,223	547,451	525,144	17,584
Land sales										13,000,000
Miscellaneous	55,587		41,218	82,409				26,947	66,095	24,390
Total revenues	5,271,263	4,168,169	3,862,704	3,442,752	3,059,051	2,884,528	3,430,930	3,560,587	4,292,165	15,153,760
Expenditures										
General administration	2,514,358	1,974,816	1,812,067	2,267,200	2,768,497	2,232,083	2,180,003	11,502,549	1,998,993	2,206,332
Multi-species assessment					459,851	443,603	441,215	405,803	389,269	13,035
Water purchases	15,074	14,244	15,134	14,270	15,277	15,889	15,411	15,393	18,017	20,401
Intergovernmental										
Other	73,330	18,183	49,936	25,318	7,992	89,709	40,230	292,577	217,365	
Total expenditures	2,602,762	2,007,243	1,877,137	2,306,788	3,251,617	2,781,284	2,676,859	12,216,322	2,623,644	2,239,768
Excess (deficiency) of revenue over (under) expenditures	2,668,501	2,160,926	1,985,567	1,135,964	(192,566)	103,244	754,071	(8,655,735)	1,668,521	12,913,992
Other financing sources (uses)										
Transfers out									6,000,000	
Net changes in fund balances	$ 2,668,501	$ 2,160,926	$ 1,985,567	$ 1,135,964	$ (192,566)	$ 103,244	$ 754,071	$ (8,655,735)	$ 7,668,521	$ 12,913,992

COLORADO RIVER COMMISSION

PRINCIPAL REVENUE PAYERS

JUNE 30, 2014 with total comparisons for 2013,2012, 2011, 2010, 2009, 2008, 2007 and 2006 (UNAUDITED) **Table 5**

Customer	F/Y 2014 Water Administrative Charges	F/Y 2014 Power Administrative Charges	F/Y 2014 (1) LCRMSCP Charges	F/Y 2014 Power Marketing Revenues	F/Y 2014 Power Delivery Revenues	F/Y 2014 Total	(4) F/Y 2013 Total	(4) F/Y 2012 Total	(4) F/Y 2011 Total	(4) F/Y 2010 Total	(4) F/Y 2009 Total	(4) F/Y 2008 Total	(4) F/Y 2007 Total	(4) F/Y 2006 Total
Southern Nevada Water Authority	$ 1,026,646	$ 68,116	$ 2,294,953	$ 1,779,444	$ 10,292,362	$ 15,461,521	$ 39,874,221	$ 51,300,955	$ 49,486,766	$ 83,298,697	$ 40,881,604	$ 13,306,629	$ 16,925,120	$ 61,399,486
Basic Water Company	6,818	19,622	28,398	872,953	-	927,791	762,502	675,012	775,087	53,516	1,131,591	1,119,996	958,905	638,342
Timet Metals Corporation	-	247,792	97,413	3,670,859	8,124,761	12,140,825	8,644,733	8,467,095	6,257,186	219,602	11,549,026	13,527,584	9,700,300	10,218,016
Olin Chlor Alkaline (formerly Pioneer)	-	183,497		(324,964)	11,833,770	11,692,303	7,932,926	7,733,604	8,752,522	160,464	10,453,427	17,225,025	17,312,427	21,826,569
Chemical Lime Company	-	1,554	1,375	57,224	-	60,153	60,431	53,158	62,531	3,305	65,921	81,741	90,499	87,458
Tronox, LLC	-	73,913	65,917	1,729,879	-	1,869,709	1,777,310	1,698,155	1,760,750	134,319	1,466,649	1,827,270	1,594,947	889,720
American Pacific Corporation	-	67,167	27,588	1,014,649	2,344,678	3,454,082	2,467,512	2,461,818	2,627,688	88,143	2,460,584	4,215,683	4,655,125	5,647,039
Lincoln County Power District No. 1	-	46,620	45,474	1,439,344	-	1,531,438	1,700,354	1,684,446	1,728,892	98,341	1,538,006	1,339,248	1,360,833	1,134,141
Overton Power District #5	-	60,267	39,861	2,353,786	-	2,453,914	2,301,447	2,534,041	2,562,159	96,390	2,286,563	3,038,977	3,021,368	4,019,864
Valley Electric Association	-	68,149	50,283	2,976,427	-	3,094,859	2,632,025	2,493,361	2,671,367	116,804	3,142,087	3,118,421	3,004,013	3,650,590
NV Energy (formerly Nevada Power Company)	-	279,659	305,862	10,632,183	-	11,217,704	11,497,753	11,306,542	10,607,889	567,906	10,404,959	9,218,722	9,289,897	8,527,374
City of Boulder City	-	23,694	43,659	1,184,499	-	1,251,852	1,204,679	1,294,400	3,588,478	98,075	1,139,321	1,001,428	1,757,733	955,528
Las Vegas Valley Water District	6,044			-	-	6,044	6,669	6,293	6,301	-	-	534	697	9,117
City of Henderson	19,831	-		-	-	19,831	17,961	19,143	16,804	19,810	20,563	17,986	18,635	15,935
Raw water sales (2)	832	-		-	-	832	802	674	17,939	13,513	966	7,400	7,824	7,540
Other power sales (3)	-	-	-	-	-	-	-	-	17,276	-	-	-	5,438,813	4,795,106
Total	$ 1,060,171	$ 1,140,050	$ 3,000,783	$ 27,386,283	$ 32,595,571	$ 65,182,858	$ 80,881,325	$ 91,728,697	$ 90,939,635	$ 84,968,885	$ 86,541,267	$ 69,046,644	$ 75,137,136	$ 123,821,825

(1) LCRMSCP charges are the charges for the Lower Colorado River Multi-Species Conservation Program. These charges are for the State of Nevada's participation in this species recovery program. The revenues collected from the water and power customers are paid to the federal government for the conservation program. Note that the Southern Nevada Water Authority also pays an additional charge directly to the federal government not collected by the Commission.

(2) Raw water sales include administrative charges on a number of very small water user contracts.

(3) Other power sales category includes customer excess electric power resold on the market to various entities.

(4) Comparison totals are provided for the past eight years due to the changes in Commission activities pursuant to legislative action making older comparisons not relevant to ongoing operations. Total comparisons will be added each year until ten years of data are accumulated. The current year details are provided to allow the user to see the relative amounts of revenue sources to the Commission paid by the classes of customers. Only totals will be compared for past fiscal periods as inclusion of detail would make the table unreadable. For additional detail please see the annual financial report for the specific year at the Commission website at: crc.nv.gov

COLORADO RIVER COMMISSION

RATIOS OF OUTSTANDING DEBT

LAST TEN FISCAL YEARS (UNAUDITED) **Table 6**

Fiscal Year	General Obligation Refunding Series 2014E	General Obligation Refunding Series 2012E	General Obligation Refunding Series 2011B	Power Delivery Refunding Series 2005I	Power Uprating Refunding Series 2002	Hoover Uprating Refunding Series 2001	Power Delivery Series 1999A	Power Delivery Series 1997	Total Outstanding Debt	Charges for Services	Revenue to Debt Ratio	Debt as a Percentage of Personal Income	Debt per Capita In Dollars
2005				$ 65,300,000	$ 36,420,000	$ 6,305,000	$ 2,735,000	$ 3,245,000	$ 114,005,000	$ 102,600,311	0.90	1.78%	$ 3,072
2006				65,300,000	36,420,000	6,305,000	2,345,000	2,215,000	112,585,000	124,104,825	1.10	1.63%	2,949
2007				65,300,000	36,420,000	6,305,000	1,805,000	1,135,000	110,965,000	75,137,076	0.68	1.52%	2,838
2008				65,300,000	36,420,000	6,305,000	1,235,000		109,260,000	69,046,645	0.63	1.47%	2,813
2009				63,940,000	33,180,000	6,305,000	635,000		104,060,000	86,540,266	0.83	1.54%	2,977
2010				62,500,000	29,765,000	6,305,000			98,570,000	84,961,509	0.86	1.46%	2,843
2011				60,330,000	26,165,000	6,305,000			92,800,000	90,862,431	0.98	1.32%	2,601
2012			$ 5,545,000	47,755,000	22,370,000				75,670,000	91,728,697	1.21	1.07%	2,106
2013		$ 17,085,000	5,545,000	47,755,000					70,385,000	80,906,325	1.15	0.94%	1,878
2014	$ 29,475,000	13,110,000	5,545,000	47,755,000					95,885,000	65,182,858	0.68	1.26%	2,560

Generally, debt of the Colorado River Commission is allowed under the natural resource provisions of the State. As such, the debt is not subject to the debt limit as provided in the State constitution. However, each debt issuance and its corresponding project must be specifically authorized by the State Legislature either during a full session (in the odd numbered years) or though the Interim Finance Committee (a committee composed of legislators that meets as necessary to accommodate State needs when not in regular session). Although it is possible that the Commission may issue debt that would not be considered natural resource debt, such debt would impact the State debt limit and would also have to be approved by the Legislature. Such debt has never been issued by the Commission and will not be pursued in the foreseeable future.

COLORADO RIVER COMMISSION

AVAILABLE REVENUE DEBT COVERAGE

LAST TEN FISCAL YEARS (UNAUDITED)

Table 7

Fiscal Year	Gross Revenues	Less: Operating Expenses	Add: Depreciation	Net Available Revenues	Debt Service			Coverage [1]
					Principal	Interest	Total	
2005	$ 102,600,311	$ 105,445,842	$ 2,061,753	$ (783,778)	$ 1,225,000	$ 6,487,791	$ 7,712,791	(0.10)
2006	124,104,825	120,712,590	2,064,492	5,456,728	1,420,000	5,517,972	6,937,972	0.79
2007	75,137,076	81,652,254	2,064,375	(4,450,803)	1,420,000	5,517,972	6,937,972	(0.64)
2008	69,046,645	65,577,632	2,041,430	5,510,443	1,705,000	5,579,181	7,284,181	0.76
2009	86,540,266	80,649,088	2,036,989	7,928,167	5,200,000	5,305,610	10,505,610	0.75
2010	84,961,509	78,825,046	2,031,355	8,167,818	5,770,000	4,791,950	10,561,950	0.77
2011	90,862,431	84,460,101	2,030,633	8,432,963	5,490,000	5,012,438	10,502,438	0.80
2012	91,728,697	84,921,105	2,024,827	8,832,419	6,065,000	4,416,732	10,481,732	0.84
2013	80,906,325	78,792,267	2,024,826	4,138,884	4,005,000	3,242,334	7,247,334	0.57
2014	65,182,858	62,010,746	2,024,827	5,196,939	3,975,000	3,279,188	7,254,188	0.72

(1) Water and power customers are contractually obligated to provide revenues sufficient to cover all operation and maintenance expenses except depreciation, plus all principal and interest requirements on outstanding debt. Operating losses, accumulated deficits and negative coverage ratios are the result of not charging for certain recorded expenses; *i.e.* depreciation, amortization of debt and pre-operational expenses. As annual requirements of debt principal progressively increase annual revenues are expected to exceed recorded expenses, because principal payments are recorded as reductions of long-term debt rather than expenses. The losses, deficits and negative coverage ratios are expected to be progressively reduced and finally eliminated as the annual retirement of debt principal increase. Note that operating expenses for fiscal 2007 include $9,500,000 in expenses to transfer the Fort Mohave Development Fund monies to Clark County, Nevada.

COLORADO RIVER COMMISSION

DEMOGRAPHIC STATISTICS

CLARK COUNTY, NEVADA [1]

LAST TEN FISCAL YEARS (UNAUDITED)

Table 8

Year	Population [2]	Personal Income (in thousands) [3]	Per Capita Income [3]	Total Labor Force [4]	Unemployment Rate [4]
2005	1,796,380	$ 64,181,422	$ 37,109	875,710	4.3%
2006	1,874,837	68,874,056	38,183	915,440	4.3%
2007	1,954,319	73,040,160	39,105	936,950	4.7%
2008	1,967,716	74,279,798	38,842	968,980	6.3%
2009	1,952,040	67,781,415	34,950	986,350	12.4%
2010	1,968,831	67,738,308	34,668	970,653	15.3%
2011	1,967,722	70,289,097	35,680	991,963	14.4%
2012	1,988,855	70,652,760	35,927	992,403	11.2%
2013	2,024,676	74,886,428	37,487	991,851	9.7%
2014	2,031,723	75,957,337	37,457	990,009	7.9%

(1) The Colorado River Commission (Commission) is primarily a wholesale provider of electric power and only holds in trust the rights of the State of Nevada to the waters of the Colorado River. The Commission thus does not serve (except in limited capacity) end users of either water or power. In addition the customers served by the Commission are statutorily, not geographically defined. However, the principal area served by the customers of the Commission is the area encompassed by Clark County, Nevada. This presentation is provided to give some limited demographic information to the reader. For complete information on the demographic makeup of Clark County the reader is directed to the County's website at http://www.co.clark.nv.us/. Information on water treatment, delivery and purveyor information can be obtained at the Southern Nevada Water Authority's website at http://www.snwa.com/. Additional demographic information for the state can be obtained from the State of Nevada website at http://www.nv.gov/.

(2) Source: Nevada State Demographer.

(3) Source: U.S. Bureau of Economic Analysis.

(4) Source: Nevada Department of Employment Training and Rehabilitation, Clark County.

COLORADO RIVER COMMISSION
PRINCIPAL EMPLOYERS
CLARK COUNTY, NEVADA [1]
JUNE 30, 2014 and 2005 (UNAUDITED)

Table 9

	June 30, 2014			June 30, 2005		
Employer	Employees[2]	Percentage of Total Employment	Rank	Employees	Percentage of Total Employment	Rank
Clark County School District	30,000 to 39,999	3.54%	1	30,000 to 39,999	4.00%	1
Clark County	8,500 to 8,999	0.88%	2	9,000 to 9,499	1.06%	2
Wynn Las Vegas	8,000 to 8,499	0.83%	3			
Bellagio LLC	8,000 to 8,499	0.83%	4	8,500 to 8,999	1.00%	3
MGM Grand Hotel/ Casino	8,000 to 8,499	0.83%	5	7,500 to 7,999	0.88%	4
ARIA Resort & Casino	7,500 to 7,999	0.78%	6			
Mandalay Bay Resort & Casino	7,000 to 7,499	0.73%	7	7,500 to 7,999	0.88%	5
Caesars Palace	6,000 to 6,499	0.63%	8	4,500 to 4,999	0.54%	8
University of Nevada, Las Vegas	5,000 to 5,499	0.53%	9	4,500 to 4,999	0.54%	9
Las Vegas Metropolitan Police Department	4,500 to 4,999	0.48%	10	4,500 to 4,999	0.54%	10
Mirage Casino-Hotel	4,500 to 4,999	0.48%	11	5,000 to 5,499	0.60%	6
State of Nevada				5,000 to 5,499	0.60%	7

(1) The Colorado River Commission (Commission) is primarily a wholesale provider of electric power and only holds in trust the rights of the State of Nevada to the waters of the Colorado River. The Commission thus does not serve (except in limited capacity) end users of either water or power. In addition the customers served by the Commission are statutorily not geographically defined. However, the principal area served by the customers of the Commission is the area encompassed by Clark County, Nevada. This presentation is provided to give some limited demographic information to the reader. For complete information on the demographic makeup of Clark County the reader is directed to the County's website at http://www.co.clark.nv.us/. Information on water treatment, delivery and purveyor information can be obtained at the Southern Nevada Water Authority's website at http://www.snwa.com/. Additional demographic information, including information from the Nevada Department of Employment Training and Rehabilitation can be obtained from the State of Nevada website at http://www.nv.gov/.

Source: Nevada Department of Employment.

(2) Note that Nevada Law prohibits the publishing of exact employment numbers.

COLORADO RIVER COMMISSION

EMPLOYEES BY DEPARTMENT

LAST TEN FISCAL YEARS (UNAUDITED) Table 10

Fiscal Year	Executive and Administrative	Water Department	Hydropower Department	SNWS Energy Services	Power Delivery O & M	Total
2004	13	5	5	9	6	38
2005	15	5	4	9	6	39
2006	15	5	3	9	7	39
2007	13	4	3	9	6	35
2008	13	3	3	9	6	34
2009	15	4	3	9	6	37
2010	13	3	3	9	6	34
2011	13	3	3	9	6	34
2012	13	3	3	9	6	34
2013	14	3	3	8	6	34
2014	13	2	3	8	7	33

COLORADO RIVER COMMISSION

CAPITAL ASSET STATISTICS BY FUNCTION[1]

LAST TEN FISCAL YEARS — **Table 11**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
CRC POWER DELIVERY PROJECT SYSTEM[2]										
Miles of Transmission Lines:										
230-kV overhead lines	34	34	34	34	34	34	34	34	34	34
69-kV overhead lines	5	5	5	5	5	5	5	5	5	5
69-kV underground transmission lines	15	15	15	15	15	15	15	15	15	14
High-Voltage Substations:										
Transmission Substations (230-kV to 69-kV)	2	2	2	2	2	2	2	2	2	2
Distribution Substations (230-kV to 14.4-kV)	3	3	3	3	3	3	3	3	3	3
Distribution Substations (69-kV to 13.8-kV)	6	6	6	6	6	6	6	6	6	6
Distribution Substations (69-kV to 41.6-kV)	6	6	6	6	6	6	6	6	6	6
Total Substations	17	17	17	17	17	17	17	17	17	17
Metered Facilities (SNWA treatment and delivery facilities)[3]	70	70	70	70	70	68	59	50	41	38
Total System Capacity in Megawatts	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
System Support Information:										
Communication Network										
Miles of fiber optic cable	58	58	58	58	58	58	58	58	58	58
Microwave radio sites	3	3	3	3	3	3	3	3	3	3

(1) Note all power related assets are owned by and used in the Power Delivery Fund and are used in the power delivery function.

(2) The Power Delivery System (System) is a dedicated power transmission and delivery system that provides electric power resources to the facilities of the Southern Nevada Water Authority. With a total system capacity of 1,000 megawatts of transformer capacity the System is the 3rd largest transmission and distribution system within the State of Nevada. In addition, the System was designed with 100% redundancy including twin transformers. The System is normally operated at 50% capacity on each of the twin facilities in each substation. In the event of catastrophic failure, the remaining system can fully serve the load while repairs are effected. In addition, the transmission lines are a looped (circular) design allowing for feed to all facilities in either direction in the event of a break somewhere in the loop. This design is provided to ensure reliable delivery of water to the residents of Southern Nevada under almost any circumstances.

(3) In addition to the metered facilities indicated in this table, the staff of the Commission provides operation and maintenance to an additional 10 power related facilities of the SNWA.

COLORADO RIVER COMMISSION

OPERATING INDICATORS

JUNE 30, 2014, 2013, 2012, 2011,2010, 2009, 2008,2007 and 2006 (UNAUDITED)[1] Table 12

	Power Purchases in Megawatt Hours								
	F/Y 2014	F/Y 2013	F/Y 2012	F/Y 2011	F/Y 2010	F/Y 2009	F/Y 2008	F/Y 2007	F/Y 2006
Customer	Total	Total	Total	Total	Total	Total	Total	Total	Total
Southern Nevada Water Authority (2)	$2,321,270	$2,486,443	$2,643,331	$2,637,577	$2,776,341	$2,151,774	$2,202,554	$2,599,998	$3,715,976
Basic Water Company	31,788	29,886	32,010	32,456	30,352	33,865	77,675	36,213	96,370
Timet Metals Corporation	401,072	343,173	368,939	277,949	219,606	343,587	741,855	311,154	610,202
Olin Chlor Alkaline (formerly Pioneer Americas, LLC)	272,761	222,273	237,558	248,713	236,483	193,307	259,847	292,920	311,815
Lhoist North America, Inc. (Fromerly Chemical Lime Co.)	2,516	2,496	2,540	2,948	2,894	3,179	6,782	3,778	7,834
Tronox, LLC	119,634	114,593	112,392	113,884	97,351	117,699	257,916	113,660	167,243
American Pacific Corporation	108,715	89,874	94,495	99,283	97,813	79,975	212,508	121,826	260,936
Lincoln County Power District No. 1	77,581	81,905	90,337	88,844	80,681	83,314	166,604	83,917	164,795
Overton Power District #5	94,964	90,653	101,289	105,334	95,426	91,013	219,304	111,624	255,002
Valley Electric Association	117,806	109,780	114,131	115,119	113,166	121,726	248,682	122,552	261,170
NV Energy (formerly Nevada Power Company)	444,593	435,809	470,882	448,303	393,541	439,276	898,294	462,847	931,246
City of Boulder City	37,851	33,060	46,135	88,723	71,844	43,062	86,716	53,869	82,822
Total	$ 4,030,551	$ 4,039,945	$ 4,314,039	$ 4,259,135	$ 4,215,500	$ 3,701,777	$ 5,378,737	$ 4,314,358	$ 6,865,411

	Power Purchases in Percentages								
	F/Y 2014	F/Y 2013	F/Y 2012	F/Y 2011	F/Y 2010	F/Y 2009	F/Y 2008	F/Y 2007	F/Y 2006
	Total	Total	Total	Total	Total	Total	Total	Total	Total
Southern Nevada Water Authority (2)	57.59%	61.55%	61.26%	61.93%	65.87%	58.13%	40.95%	60.26%	54.14%
Basic Water Company	0.79%	0.74%	0.74%	0.76%	0.72%	0.91%	1.44%	0.84%	1.40%
Timet Metals Corporation	9.95%	8.49%	8.55%	6.53%	5.21%	9.28%	13.79%	7.21%	8.89%
Olin Chlor Alkaline (formerly Pioneer Americas, LLC)	6.77%	5.50%	5.51%	5.84%	5.61%	5.22%	4.83%	6.79%	4.54%
Lhoist North America, Inc. (Fromerly Chemical Lime Co.)	0.06%	0.06%	0.06%	0.07%	0.07%	0.09%	0.13%	0.09%	0.11%
Tronox, LLC	2.97%	2.84%	2.61%	2.67%	2.31%	3.18%	4.80%	2.63%	2.44%
American Pacific Corporation	2.70%	2.22%	2.19%	2.33%	2.32%	2.16%	3.95%	2.82%	3.80%
Lincoln County Power District No. 1	1.92%	2.03%	2.09%	2.09%	1.91%	2.25%	3.10%	1.95%	2.40%
Overton Power District #5	2.36%	2.24%	2.35%	2.47%	2.26%	2.46%	4.08%	2.59%	3.71%
Valley Electric Association	2.92%	2.72%	2.65%	2.70%	2.68%	3.29%	4.62%	2.84%	3.80%
NV Energy (formerly Nevada Power Company)	11.03%	10.79%	10.92%	10.53%	9.34%	11.87%	16.70%	10.73%	13.56%
City of Boulder City	0.94%	0.82%	1.07%	2.08%	1.70%	1.16%	1.61%	1.25%	1.21%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Includes Megawatt Hour purchases for loads of all Commission customers. The Commission owns and operates only one major capital asset. That asset is the Power Delivery System transmission system. The Commission's major power deliveries are accomplished using the system. Comparison totals are provided for the current and past eight years due to the changes in Commission activities pursuant to legislative action making older comparisons not relevant to ongoing operations. Total comparisons will be added each year until ten years of data are accumulated. These total comparisons are anticipated to be indicative of future sales as the Commission's customer base is anticipated to remain relatively stable. It is possible that some additional customers could utilize the Commission for electric power resource, but the remaining probable customers available to the Commission under the changed legislative mandate must be part of the SNWA base and are not anticipated to materially change the reported megawatt useage amounts.

(2) SNWA sales include purchases brokered by CRC employees acting on behalf of the the SSEA to provide continuity of data related to Commission customers.

COLORADO RIVER COMMISSION

RISK MANAGEMENT

JUNE 30, 2014 (UNAUDITED) **Table 13**

Customer	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Collateral Posted	Cash Posted	Other Posted	Estimated Requirement Fiscal 2015
Basic Water Company	$ 142,177	$ 142,178	$ 258,298	$ 183,942	$ 337,066	$ 201,641	$ 149,367	$ 173,867	$ 163,009	$ 201,006	$ 201,006	$ 201,006	$ -	$ 237,115
Titanium Metals Corporation (TIMET)	2,088,503	2,088,503	2,542,400	2,685,984	3,945,963	1,979,587	1,365,778	1,684,321	2,234,054	2,293,921	2,293,921		2,293,921	3,062,094
Olin Chlor Alkaline (Pioneer)	4,335,880	4,423,285	5,291,508	4,328,112	4,701,868	3,388,053	2,540,320	2,217,086	1,755,462	2,251,738	2,251,738	2,251,738	-	2,968,251
Lhoist North America Inc. (Formerly Chemical Lime)	22,312	22,878	22,878	21,984	21,186	16,032	21,186	13,572	14,189	14,404	14,404		14,404	14,810
Tronox, LLC	200,082	200,082	290,232	415,167	431,842	406,215	406,215	440,232	444,940	466,570	466,570		466,570	450,793
American Pacific Corporation	1,200,440	1,200,440	1,392,243	1,163,267	1,085,224	945,817	765,495	649,990	595,928	715,446	715,446		715,446	815,288
* Southern Nevada Water Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Lincoln County Power District No. 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Overton Power District #5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Valley Electric Association	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Nevada Energy (Nevada Power Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Las Vegas Valley Water District	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* City of Boulder City	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* City of Henderson														
* City of Las Vegas														
* City of North Las Vegas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	$ 7,989,394	$ 8,077,366	$ 9,797,559	$ 8,798,456	$ 10,523,149	$ 6,937,345	$ 5,248,361	$ 5,179,068	$ 5,207,582	$ 5,943,085	$ 5,943,085	$ 2,452,744	$ 3,490,341	$ 7,548,351

Nevada Revised Statutes 538.181(2) requires that the Colorado River Commission's power customers, except for a federal or state agency or political subdivision, provide an indemnifying bond or other collateral "in such sum and in such manner as the commission may require, conditioned on the full and faithful performance" of their power contracts. Due to the volatile nature of the electric power markets the commission has determined the collateral requirements for the appropriate customers to be one-fourth of the customer's gross annual purchases as calculated from October 1 through September 30 of each preceding year.

As of June 30, 2014 all of the customers required to post collateral have done so in the amounts required. Two customers have posted cash (for one of these customers, cash collateral is required by specific bilateral contract), all other customers have posted letters of credit or performance bonds as approved by the Nevada State Board of Examiners.

The collateral posting limits the risk inherent in the Commission's utility function and protects the state to the full extent allowed under law.

* Governmental and utility entities are exempt from collateral requirements.

ADDITIONAL REPORT OF INDEPENDENT AUDITORS

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P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Honorable Chairman and Members of the Colorado River Commission of Nevada
Colorado River Commission
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 of the Colorado River Commission (the Commission) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the Commission's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the basic financial statements to enable the design of audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of and for the year ended June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-13 be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
December 15, 2014