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, 1999

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

STATE OF NEVADA

KENNY C. GUINN
Governor

FRANKIE SUE DEL PAPA
Attorney General

KATHY AUGUSTINE
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AMANDA M. CYPHERS
Commissioner

LAMOND R. MILLS
Commissioner

BRIAN NIX
Commissioner

ROLAND D. WESTERGARD
Commissioner

MYRNA WILLIAMS
Commissioner

COMMISSION STAFF

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Executive Director

POSITION UNFILLED
Deputy Director

DOUGLAS N. BEATTY
Division Chief Finance and Administration

JAMES H. DAVENPORT
Division Chief Water

POSITION UNFILLED
Division Chief Power

COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 1999

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

STATE OF NEVADA

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

COLORADO RIVER COMMISSION
OF NEVADA

December 3, 1999

Honorable Chairman and
Members of the
Colorado River Commission of Nevada

It is a pleasure for us to present the Colorado River Commission's financial report for the year ended June 30, 1999. It was prepared by the financial and administrative division staff. The Commission is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe the data is accurate in all material aspects; that it is displayed in a manner designed to fairly present the financial position and results of operations, as measured by the financial activity of all Commission funds; and that all disclosures necessary for understanding of the Commission's financial affairs have been included. All funds and accounts utilized in recording the Commission's operations and financial position are included in this report.

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

This report is presented in four sections: introductory, financial, statistical and additional report of independent auditors. The introductory section includes this transmittal letter, the Commission's organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements and schedules. The statistical section includes selected financial information, generally presented on a multi-year basis. The additional report of independent auditors section includes our auditors' report on compliance with laws and regulations, bond covenants and internal control over financial reporting.

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ECONOMIC CONDITION AND OUTLOOK

The area served by the Commission, principally the Clark County area, continues to grow at a steady rate. The county is comprised of 7,927 square miles, an area larger than the entire state of New Jersey. It includes five incorporated cities, thirteen unincorporated towns. There are 24 golf courses and eight state and national parks. It continues to be the fastest growing county in the nation. The County has a current estimated population of 1,299,028, which represents an increase of 72,704 over 1998. The County hosts approximately 60% of the total state population. Population estimates place the county at 1,874,431 in 2010 and 2,408,197 in 2030. Unemployment rates in the Las Vegas area continue to remain relatively low. Assessed property value growth remains strong, at 11.6% for fiscal 2000 to $26.3 billion.

Growth is likely to continue; with new casino/resort projects adding another projected 3,549 rooms in 2000 to the current inventory of over 120,444 rooms. The Las Vegas area currently has a number of the largest hotels in the world. (The Venetian has more than 6,000 rooms; the MGM Grand hotel has over 5,000 rooms.) Overall occupancy rates remain high at 89.2% for the 12-month period ended September 1999. County wide gaming revenues continue to increase for the same period, up 13.5% to $5,305,683,000. There were 5,687 new single-family homes built in the City of Las Vegas, during 1998, which represents about 474 per month. Over 30.6 million travelers visited the area in 1998.

However, while the casino/resort projects add rooms and jobs, the growth in taxable gaming revenues has slowed slightly as has the growth in sales tax revenue. We anticipate that the growth in population will continue at a steady, but somewhat slower rate. The economic outlook will remain strong, with demand for the low-cost water and power resources of the Commission high.

MAJOR INITIATIVES

Water continues to be the most important resource necessary to support the continued growth of the southern portion of the state. To meet the continuing demands of this growing area, the Commission is working with the local water purveyors in southern Nevada in the difficult job of developing new sources of supply on the Colorado River. The Commission has been actively engaged in the search for and development of new resources throughout the fiscal year. Together with the Southern Nevada Water Authority, the Commission is working with the state of Arizona to establish an interstate

water bank. Arizona legislation allows for the in-state storage of an aggregate total of 100,000 acre-feet per year of Colorado River water by the states of Nevada and California. The Central Arizona Project will deliver the water to storage sites within the interior of the state. Recovery of the water by the Southern Nevada Water Authority will be achieved through an exchange mechanism with Arizona. Arizona water users will pump the stored groundwater in lieu of diverting Colorado River water when called upon to do so by Nevada. The resulting unused apportionment in the Colorado River will then be available to Nevada to supplement its existing supplies to meet new water demands projected to occur soon after the turn of the century. In November of 1999 the Secretary of the Interior, as water master of the Colorado River, promulgated new rules and regulations necessary for a banking agreement to be negotiated.

Concurrent with the Arizona banking discussions are discussions concerning strategies to obtain additional Colorado River resources. The discussions have involved many issues including new water management strategies, cooperative conservation programs, other water banking proposals, water transfers and many other potential solutions to the resource needs of all lower Colorado River Basin States.

In addition to our examination of mechanisms to acquire additional water resources the Commission has been actively involved with the other basin states in examining a variety of proposals to assist California water agencies in reducing their diversions of Colorado River to their original allocation of 4.4 million acre feet.

Water quality continues to be of concern to the Commission as our ability to divert Colorado River water for municipal and industrial purposes is directly related to the quality of water returned to Lake Mead for use downstream. To address these issues the Commission serves as a member of the Lake Mead Water Quality Forum, the Colorado River Basin Salinity Control Forum and the Las Vegas Wash Coordination Committee.

In addition to the development of new water resources, the Commission has taken an active role providing power to the new water treatment and transmission facilities being constructed as part of the Southern Nevada Water System.

The project, called the CRC Power Delivery Project, received the approval of the Legislature's Interim Finance Committee to be funded by State Bonds. The authorization was in the amount of $75,000,000 in Revenue Supported, General Obligation Bonds. The first phase of the work, which consisted of the substation and distribution facilities, was funded by the sale of $49,270,000 in Bonds on September 25, 1997 and is now complete. In February of 1999 the first power was supplied to the new facilities over the Commission's system.

Part of the initial bond sale proceeds has been used to fund the design and preliminary activity of the second phase of the Power Delivery System. This phase will include the construction of a high-voltage transmission system linking the substations and distribution facilities to the federal power grid at the Mead Substation in Boulder City. (This project, named the River Mountains Transmission Project, is being constructed

jointly with Nevada Power Company and is expected to be operational in April of 2001. Future phases will be tied to the Authority's construction schedule for the water treatment and transmission facilities.

With respect to our hydropower operations, the Commission continues to be active in ensuring that this important source of low cost power is available to its customers in southern Nevada. This year the Commission, along with its hydropower customers, negotiated an agreement with the Bureau of Reclamation and the Western Area Power Administration to advance funds for the expenses associated with the operation of the Parker and Davis hydropower projects. This agreement allows the Commission oversight on project expenses and an opportunity to ensure cost effective and efficient management of these two important projects.

The future will likely see the emergence of new challenges to Nevada's share of electric power generated from dams on the Colorado River. Restructuring of the electric industry, renewal of power contracts, challenges to the rate structures of hydropower projects and continued emphasis on long term performance and reliability are some of the challenges we will face in the coming years. Given the importance of federal hydropower to Nevada, the Commission will continue to respond to these emerging challenges in order to protect and ensure the availability of low-cost federal hydropower.

The Commission was actively involved in the 1999 legislature as it reviewed and updated statutes dealing with the de-regulation of the electric industry in Nevada. The Colorado River Commission is paying close attention to the effects that de-regulation, and the merger between Nevada Power Company and Sierra Pacific Resources will have on its ability to deliver hydropower and other energy resources to its southern Nevada customers.

Also of important note is the increased activity of the Commission with respect to the environmental concerns of the Colorado River. In a revolutionary attempt to bring together all of the interested parties in the lower basin, the Commission has joined with agencies in our sister states of Arizona and California, and also with representatives of the Bureau of Reclamation, Fish and Wildlife, major environmental groups and Indian tribes, to form the Lower Colorado River Multi-species Conservation Program Steering Committee. This committee is working together to develop an overall habitat program that will provide, in a comprehensive way, for all of the listed and endangered species in the lower Colorado River area. This effort has brought together diverse interests with potential for a long-term solution to environmental concerns, that both restores critical habitat and continues water and power development projects. The current schedule is to have a plan approved for implementation in 2001.

FINANCIAL INFORMATION

General governmental activity of the Commission is recorded in the general fund on the Commission's comprehensive annual financial report. In the state's financial report it is reported in a special revenue fund entitled "Colorado River Commission Fund".

Revenues of the Commission general fund totaled $1,525,289 in 1998-99, $67,350 more than the $1,457,939 realized in 1997-98. The net increase in revenues was a result of an increase in the power administrative charge and a decrease in billings for the water administrative fees. The power charge is a fixed charge per kilowatt-hour, and was increased at the end of the previous fiscal year. The water administrative charge is based on an advance funding mechanism, with over collections corrected in the following year.

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

	1998 - 1999		1997 - 1998	
	Amount	**Percent**	**Amount**	**Percent**
Power administrative charge	$ 1,143,074	49.94%	$ 603,616	19.68%
Water administrative charge	339,633	14.84%	812,249	26.49%
Allocated salaries and overhead	763,733	33.36%	475,837	52.45%
Miscellaneous income	309	0.01%	160	0.01%
Interest income	42,273	1.85%	41,914	1.37%
Total	$ 2,289,022	100.00%	$ 1,933,776	100.00%

Net expenditures (legal basis) of the general fund totaled $1,591,089, which is $89,772 more than the $1,501,317 expended during fiscal 1997-98. Change in levels of expenditures for the preceding year is as follows:

	1998-99	**1997-98**	**Increase Decrease**
General Administration			
Personnel	$ 1,471,573	$ 1,154,269	$ 317,304
Travel	58,959	48,041	10,918
Operating	815,072	763,295	51,777
Equipment	9,218	11,549	-2,331
Total general administration	2,354,822	1,977,154	377,668
Less allocated salaries and overhead Expenditures	763,733	475,837	287,896
Net expenditures	$ 1,591,089	$ 1,501,317	$ 89,772

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

Fund	Fund Balance 6/30/99	Fund Balance 6/30/98	Increase Decrease
General Fund	$ 564,885	$ 630,685	$ -65,800
Research and Development Fund	286,362	272,082	14,280
Ft. Mohave Development Fund	1,435,967	1,351,828	84,139

The Research and Development Fund balance of $286,362 is available for engineering studies, analyses, negotiations and other efforts in protecting the interests of the State in the development of water and power resources.

The Fort Mohave Development Fund balance of $1,435,967 represents unspent money from the sale of land and easements. These funds are available for planning and managing the development of the area. Assembly Bill 494, enacted as Chapter 822, Statutes of Nevada, 1987, establishes priority uses of the money in the fund. It was used first to purchase the remaining land in the transfer area from the federal government. After paying the Commission's administrative expenses related to Fort Mohave, money will be used to pay for state and local capital improvements in accordance with programs proposed by Clark County and approved by the legislature.

The Commission furnishes federal hydropower to the Silver State Power Pool (consisting of Lincoln County Power District, Overton Power District, Valley Electric Association, and Boulder City), Nevada Power Company and some industrial customers in Henderson (collectively referred to as the Basic Management Incorporated group). The combined load of the industrial customers exceeds their total available hydro-energy, and the Commission purchases supplemental energy from several sources to fulfill their needs.

The State of Nevada self-insures against certain property and liability claims. The State's risk management division manages a self-insurance fund for group health insurance, and an insurance premium fund to provide fidelity insurance, property insurance and worker's compensation. The State's comprehensive annual financial report provides more information relative to the State's risk management activities.

As of June 30, 1999, outstanding long-term obligations of the Commission consisted of the following:

Date of Issue Or Incurrence	Type of Debt	Average Interest Rate(%)	Last Payment Due	Balance Outstanding
5-1-87	State g.o. bonds	7.9	10-1-17	$ 6,880,000
3-25-92	State g.o. bonds	6.3	10-1-16	50,855,000
9-15-97	State g.o. bonds	5.6	9-15-27	49,270,000
Various	Various compensated absences	N/A	N/A	153,513

OTHER INFORMATION

The Commission's general obligation (g.o.) bonds are rated Aa by Moody's Investors Service and AA by Standard and Poor's Corporation. Although all Commission debt is a general obligation of the State of Nevada, it has always been, and will continue to be, self-supporting debt payable from revenues from the sale of power.

Cash in all funds is deposited in the State Treasurer's account. Interest income is received from the State Treasurer on all Commission cash. Income from investment of cash restricted for construction is deposited in the acquisition funds and is used to finance the related construction.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of achievement for excellence in financial reporting to the Commission for its financial report for the fiscal year ended June 30, 1998. In order to be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. This is the twenty-second consecutive year the Commission has received this recognition. A certificate of achievement is valid for a period of one year only. We believe this current report continues to conform to certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Commission's 1999 financial statements were audited by Piercy, Bowler, Taylor and Kern, Certified Public Accountants. The auditors' reports are included in the body of this report.

Adequate internal accounting controls are necessary to provide reasonable assurances that assets are guarded against loss and financial records and financial statements are reliable. We believe the Commission's internal accounting controls provide these assurances. Budget control is maintained by the State Budget Division. No vouchers are processed for payment unless adequate budget authority exists.

The preparation of this report could not have been accomplished without the dedicated and competent services of the entire Commission staff. The planning and conducting of the Commission's financial operations have been carried out in a responsible and progressive manner under your guidance and direction.

Sincerely,

George M. Caan
Executive Director

Douglas N. Beatty
Chief, Finance & Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Colorado River Commission of Nevada

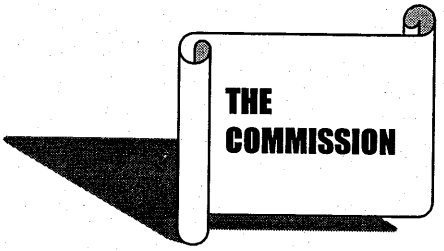
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1998

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

Gary Brueck
President

Jeffrey L. Esser
Executive Director

INTRODUCTION



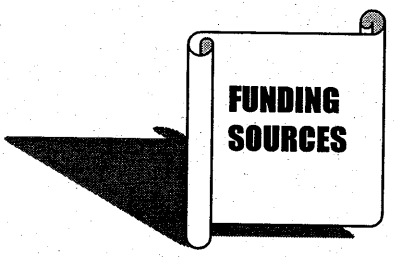
The Colorado River Commission of Nevada is governed by seven commissioners four of whom, including the chairman are appointed by the governor, with the remaining three appointed by the Southern Nevada Water Authority. The Commission office is located in Las Vegas, Nevada. Commissioners are required to 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 Commission appoints an executive director who is responsible for carrying out its policies.

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

The members of the Colorado River Commission are:

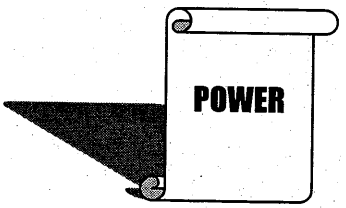
Name	Initial Appointment	Current Term
Richard W. Bunker, Chairman	1993	7/28/98 – 6/30/01
Jay D. Bingham, Vice Chairman	1997	7/18/97 – 6/30/00
Honorable Amanda M. Cyphers, City of Henderson Councilwoman	1997	7/1/99 – 6/30/00 *
Lamond R. Mills	1996	7/1/99 – 6/30/02
Honorable Brian Nix, Boulder City Councilman	1999	7/1/99 – 6/30/00 *
Roland D. Westergard	1996	7/1/99 – 6/30/02
Honorable Myrna Williams, Clark County Commissioner	1999	7/1/99 – 6/30/00 *

* - 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.

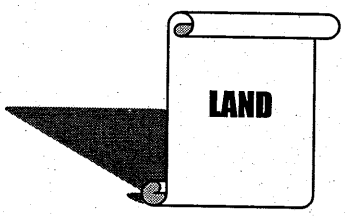


Activities of the Commission are funded from revenue received from power and water contractors. An administrative charge of .744 mills per kilowatt-hour is included in power sales. Administrative cost reimbursements are received from the Southern Nevada Water Authority. Interest income earned from investments by the State Treasurer contributes to revenues. The Commission does not request or receive any state tax allocations or federal funds to support its administrative and operating functions.

COMMISSION ACTIVITIES



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

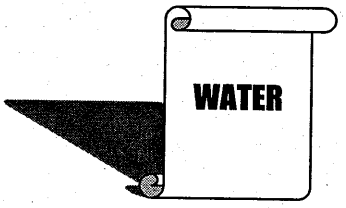


As a result of special legislation passed by Congress and the State of Nevada, the Commission was empowered to purchase from the federal government, on behalf of the state, approximately 105,000 acres in the Eldorado Valley directly south of Boulder City, and approximately 15,000 acres in the Fort Mohave Valley at the southern tip of the state.

During 1995, the Commission completed negotiations with the federal government at the request of Boulder City for the purchase of the Eldorado Valley. In July 9, 1995 the Commission purchased and then immediately resold the land to Boulder City at cost upon receipt from the federal government. Boulder City dedicated the majority of the land to Clark County for use as an endangered species preserve. The dry lake area, currently popular as a recreation site, will continue to be available for public use. While the legislature had approved the sale of up to $2,000,000 in general obligation or revenue bonds for the purpose of acquiring Eldorado Valley, the Commission did not issue any bonds for this transaction.

The Commission has purchased all of the approximately 14,000 available acres in the Fort Mohave Valley. About 4,000 acres have been sold or optioned to various entities, including a utility company for an electric generation plant site, three private developers, and the Boy Scouts of America for a camping and recreational area, leaving approximately 9,000 acres available for development, depending upon the availability of water.

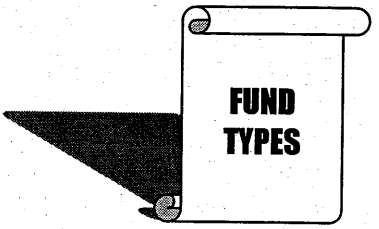
The 1987 Nevada legislature adopted AB 494, which recognizes the demands for public facilities created by the sale and development of state land. The law requires the Colorado River Commission, among other things, to follow established priorities for the use of money in the Fort Mohave Valley Development Fund. This fund accrues revenue from the sale of state land in the Fort Mohave transfer area. AB 494 also authorizes certain grants from the fund for public facilities. Any remaining money shall be used to pay for state and local capital improvements in accordance with programs proposed by Clark County and approved by the legislature.



The Colorado River Commission represents Nevada's interests on all state and interstate matters dealing with the management, operations and administration of the water resources of the Colorado River. The importance of these resources is clear: Colorado River water constitutes over 80% of the municipal and industrial water supply used in southern Nevada. The Commission works directly with the U.S. Bureau of Reclamation, representing the Secretary of the Interior as the water master of the Colorado River; the other six Colorado River Basin states consisting of Arizona, California, Colorado, New Mexico, Utah and Wyoming; and the Southern Nevada Water Authority and other water users in southern Nevada. Negotiating new water supplies, identifying new operating strategies, which balance water use with water supply, and developing new mechanisms for interstate water transfers continue to be the principal focus of the Commission.

The Commission has executed several individual contracts for diversion and use of a relatively minor portion of Nevada's total annual 300,000 acre-feet consumptive use allocation from the Colorado River. Deliveries are made though various small facilities other than the major facilities operated by the Southern Nevada Water Authority. The major contractor is an industrial complex in Henderson. The next largest water user of the small water contractors is the Big Bend Water District, a subdivision of Clark County government, which serves Laughlin, Nevada. The remaining small contractors are individuals located along the Colorado River south of Davis Dam. Water is sold to these small contractors at cost plus an administrative charge at varying unit rates depending upon the individual contract.

ACCOUNTING SYSTEM

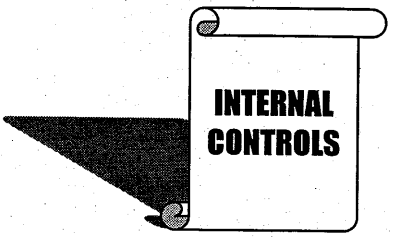


The Commission has established the following funds and account groups:

Governmental fund types:
General fund
Special revenue funds:
1. Research and Development fund
2. Fort Mohave Valley Development fund

Proprietary fund types:
1. Power Marketing fund
2. Power Delivery Project fund

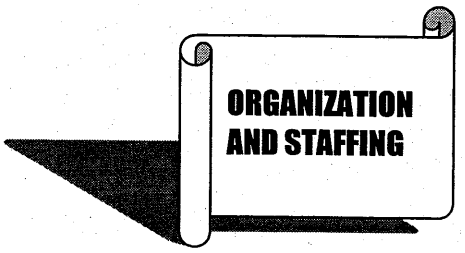
Account groups:
1. General fixed assets
2. General long-term obligations



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. The Commission maintains computerized revenue, expense, general journals and a general ledger. As more fully explained in note 1 to the financial statements, the accounting policies of the Commission conform to, and its financial statements have been prepared in accordance with, generally accepted accounting principles (GAAP) applicable to government units. The Governmental Accounting Standards Board (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. However, the Commission is adapting its chart of accounts and accounting procedures for the Power Delivery Project fund (an enterprise fund) to generally follow Federal Energy Regulatory Commission guidelines to the extent legally and practically possible.

PERSONNEL



The Commission is divided into three functional areas: power, water, land and administration. The power area consists of two organizational units, the hydropower operations group and the Power Delivery Project group. The hydropower operations group is responsible for purchasing, scheduling and billing hydropower to the Commission's eleven hydropower customers. The Power Delivery Project group is organized to design, construct and operate the transmission and distribution system being constructed for the Southern Nevada Water Authority. The water division is responsible for working with intra and interstate groups to enhance Nevada's ability to obtain reliable and affordable future water supplies. The land and administration functions are accomplished through the work of the executive and financial/administrative divisions. The deputy director in the executive division is responsible for the land holding of the Commission in Laughlin. The finance/administrative division is responsible for financing, accounting, purchasing, data processing and operating the local area network (LAN). In addition to these line divisions, there is an environmental program manager reporting to the director. The environmental program manager is responsible for the Commission's participation in environmental issues including the Lower Colorado River Multi-Species Conservation Program (LCRMSCP).

The staff and positions of the Commission are:

Executive Division
- Director – George M. Caan, PE
- Deputy Director – Vacant
- Special Assistant to the Director – Gail VanDormolen

Power Delivery Project
- Project Manager – David Luttrell (Contract Position)
- Power Facilities Manager – Vacant
- Power Electronics Technician – Robert (Bob) Reese
- Power Communications Systems Supervisor – James N. Bresemann
- Power Supply Manager – William (Bill) Miller

Hydropower Operations
- Division Chief – Vacant
- Chief Power Marketing Administrator – Malvin R. Ware
- Power Program Oficer III – Craig Pyper
- Power Marketing Administrator – Bobi Templeton
- Power Marketing Specialist – David L. White

Water Division
Division Chief – James H. Davenport
Engineering Technician – Vacant

Finance
Division Chief – Douglas N. Beatty, CPA
Accountant II – Patricia Zach
Accountant Technician I – Celta Hannig
LAN Administrator – T. Darlene Hite

Administrative Services
Management Assistant IV – Deanna Bruno
Management Assistant II – Brenda Haymore
Management Assistant II – Darlene Finney
Management Assistant I – Joan Bechtloff
Management Assistant I – Joan Huebsch
Management Assistant I – Vacant
Management Assistant I – Vacant
Administrative Aide – Jackie Ward
Administrative Aide – Kathleen Kunkel

Environmental Program Manager – Phil Lehr, PE

The Nevada Attorney General provides legal counsel to the Commission. Two deputy attorneys general have been assigned to the Commission. Gerald A. Lopez and Terri Ann Williams are currently assigned to the Commission. The deputies are located at the Commission office and provide full-time legal counsel to the Commission and staff.

The following biographical sketches summarize the education levels, experience and other qualifications of Commission senior administrative, professional and supervisory staff.

Executive Director: Since May of 1996 George M. Caan has served as the Executive Director of the Colorado River Commission. Mr. Caan graduated in 1980 from the Massachusetts Institute of Technology with a Bachelor of Science in Mechanical Engineering. He received a Master of Business Administration from Northeastern University in 1983. He has been an active participant in numerous professional and academic forums, speaking on issues dealing with water resources, power management and environmental stewardship. Mr. Caan is a registered professional mechanical engineer in Nevada and Washington. From 1985 until joining the Commission in May of 1996, Mr. Caan worked at the Washington State Energy Office (WSEO) in Olympia, Washington, completing his tenure as its Deputy Director. At WSEO, Mr. Caan was responsible for managing the day-to-day operations of the

office with a staff of 150 and an annual budget of $25 million. He was involved in the many energy policy issues arising out of the changes to Columbia River Operations and the Bonneville Power Administration. Prior to joining the Energy Office, Mr. Caan was the energy manager for the City of Boston.

Water Division Chief: James H. Davenport received his Juris Doctorate from Willamette University College of Law, Salem, Oregon in 1977. He is licensed to practice law in Nevada and Washington State and is a member of the bars of the Supreme Court of the United States, the Supreme Courts of Washington and Nevada, the United States Court of Appeals for the Ninth Circuit, the United States Court of Federal Claims and the United States District Courts of Western and Eastern Washington and Nevada. He has served as Assistant Attorney General for the State of Washington, Associate Counsel to the Environment and Public Works Committee of the United States Senate, Special Deputy Attorney General to the State of Nevada regarding siting of high-level nuclear waste repositories and now Deputy Attorney General and counsel to the Colorado River Commission of Nevada. He is a contributing author to *Powell on Real Property* and *Cavitch in Business Organizations* (both published by Matthew Bender) on various subjects including land use and zoning, clean air, clean water, water rights, Superfund, solid waste hazardous waste, radioactive materials regulation and disposal, international law of the sea, energy, and administrative law. His public practice has included eminent domain, public lands management, nuclear facilities licensing, contracts negotiation and administration, personnel administration and statutory compliance. His private practice has included environmental compliance, defense of eminent domain, permitting, commercial leasing, real estate transactions and financing, and hospital administration. His clerkships included the United States Attorney for the District of Oregon, the Attorney General of the State of Washington and the Judiciary Committee of the Oregon State Legislature.

Hydropower Division Chief: This position is currently vacant.

Financial and Administrative Division Chief: Douglas N. Beatty received a BS degree from the University of Utah in December of 1983, majoring in Accounting. He spent four years with the Las Vegas office of a national public accounting firm and received his Certified Public Accounting certificate in January of 1986. In 1988, he left public accounting to take the assistant financial manager position with the Commission. In 1991 he was promoted to the Division Chief position.

Mr. Beatty is a member of the American Institute of Certified Public Accountants and the Nevada Society of Certified Public Accountants. He has served on the State and Local Government Committee for the Nevada Society and is an active member of the Government Finance Officers Association.

Deputy Attorneys General: Gerald A. Lopez received a BA degree in history and languages in 1964 and an MA degree in international affairs in 1965 from Florida State University. After serving four years as an Air Force intelligence officer, which included

duty in Vietnam, Mr. Lopez returned to Florida State University to study law. He received a Juris Doctorate degree in 1973. During his three years in law school, Mr. Lopez worked part-time for the Florida legislature drafting legislation and codifying the state statutes. He was admitted to the Florida bar in October of 1973. In September of that year, Mr. Lopez moved to Carson City to begin nearly ten years of work for the Nevada Legislative Counsel Bureau. In September 1975, he was admitted to the state bar of Nevada. Mr. Lopez served first as a deputy legislative counsel and later as a principal deputy. He trained and supervised bill drafters and legal indexers. He drafted and reviewed legislation and operated the bill conflict control system. He had overall responsibility for codifying the state law in *Nevada Revised Statutes* and state regulations in the *Nevada Administrative Code*. He also drafted legal opinions, engaged in legal research, defended legislative agencies in a civil rights action brought by state prisoners, and conducted the staff work of several interim legislative studies. Mr. Lopez left the Legislative Counsel Bureau in August 1983 to take his present position as a deputy attorney general (IV) with the State of Nevada. In that position, Mr. Lopez serves as legal counsel to the Colorado River Commission of Nevada.

Terri Ann Williams received a BA degree in political science in 1980 from the University of California at Riverside. She received her Juris Doctorate degree in 1983 from the Southwestern University School of Law at Los Angeles, California. She worked as a judicial law clerk for the Honorable John F. Mendoza in the Eighth Judicial District Court, Department V from 1985 through 1987. She then served as a law clerk for the City of Las Vegas during 1987. In 1995, Terri worked as a Deputy City Attorney for the City of Las Vegas until 1997 serving in both the civil division and criminal division. While serving as Deputy City Attorney she represented the City in litigation, was responsible for the drafting of legal opinions, ordinances, regulations and many contracts. She also worked extensively on public works contracts and represented the department in all litigations and arbitrations and handled condemnation cases. She served as a criminal prosecutor in the Las Vegas Municipal Court, and drafted criminal legislation for the Nevada Legislature. In 1997, she left the City to work for the State of Nevada as a Deputy Attorney General. She has served in a number of capacities for the State during this time, including representing the State Department of Taxation, Division of Financial Institutions, and has served as counsel to various State boards and commissions. She accepted the assignment to the Colorado River Commission in August of 1999.

PB T&K PIERCY, BOWLER, TAYLOR & KERN

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A Professional Corporation

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the general purpose financial statements of the Colorado River Commission of Nevada, a component unit of the State of Nevada, as of and for the year ended June 30, 1999, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the management of the Colorado River Commission of Nevada. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Colorado River Commission of Nevada, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental combining and individual fund and account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Colorado River Commission of Nevada. Such information for 1999 has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The Year 2000 supplemental information on page 74 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Boards. We have applied certain limited procedures which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 1999, on our consideration of the Commission's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Piercy, Bowler, Taylor & Kern

November 22, 1999

6100 Elton Avenue Suite 1000 Las Vegas, Nevada 89107

COMBINED STATEMENTS
("LIFTABLE" GENERAL PURPOSE FINANCIAL STATEMENTS)

The combined statements, consisting of Exhibits 1 through 5, and the notes to the financial statements comprise the Commission's general purpose financial statements (GPFS). The GPFS present aggregate data for all Commission funds by fund type and account group plus notes which, together, are essential to fair presentation in conformity with generally accepted accounting principles. The GPFS provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. The GPFS also serve as an introduction to the more detailed statements and schedules that follow.

COLORADO RIVER COMMISSION
COMBINED BALANCE SHEET –
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

COLORADO RIVER COMMISSION

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

EXHIBIT 1

	Governmental Fund Types		Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
						June 30,	
ASSETS AND OTHER DEBITS	General	Special Revenue	Enterprise	General Fixed Assets	General Long-term Obligations	1999	1998
Cash, unrestricted	$ 714,457	$ 1,758,237	$ 604,933			$ 3,077,627	$ 3,731,978
Receivables:							
Accounts	95,723	52,400	1,911,087			2,059,210	2,336,139
Accrued interest	30,581		272,864			303,446	518,626
Due from other funds	706,902	20,697	794,989			1,522,588	801,328
Prepaid power, current portion			5,464,009			5,464,009	5,174,294
Restricted cash			21,022,697			21,022,697	28,975,864
Fixed assets			47,879,049	$ 168,245		48,047,294	40,264,210
Deferred charges			586,679			586,679	618,952
Prepaid power, noncurrent			41,434,814			41,434,814	43,905,260
Amount to be provided for future compensated absences					$ 153,513	153,513	94,787
TOTAL ASSETS AND OTHER DEBITS	$ 1,547,663	$ 1,831,334	$ 119,971,122	$ 168,245	$ 153,513	$ 123,671,877	$ 126,421,438

(Continued)

COLORADO RIVER COMMISSION

COMBINED BALANCE SHEET (CONTINUED)
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

EXHIBIT 1

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types		Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
						June 30,	
	General	Special Revenue	Enterprise	General Fixed Assets	General Long-term Obligations	1999	1998
LIABILITIES:							
Accounts payable	$ 149,227	$ 104,800	$ 2,099,726			$ 2,353,753	$ 3,231,098
Due to other funds	547,698	4,205	806,727			1,358,630	801,328
Payable from restricted assets:							
Accounts payable			1,563,366			1,563,366	4,099,319
Contract retentions payable			2,471,689			2,471,689	2,337,154
Advance from local government			257,137			257,137	
Bonds payable within 1 year			2,150,000			2,150,000	2,030,000
Due to other funds			163,958			163,958	
Accrued interest			1,681,693			1,681,693	1,712,143
Arbitrage rebate payable			285,177			285,177	
Deferred income	285,852					285,852	
General obligation bonds payable, noncurrent			104,855,000			104,855,000	107,005,000
Unamortized bond discount			(703,625)			(703,625)	(743,373)
Advance from customer			3,101,605			3,101,605	2,414,616
Accrued compensated absences					$ 153,513	153,513	94,787
Total liabilities	982,777	109,005	118,732,454		153,513	119,977,749	122,982,072
EQUITY AND OTHER CREDITS:							
Investment in general fixed assets				$ 168,245		168,245	173,460
Retained earnings:							
Reserved for operation and maintenance			617,183			617,183	727,353
Unreserved			621,486			621,486	283,958
Fund balances:							
Unreserved	564,885	1,722,329				2,287,215	2,254,595
Total equity and other credits	564,885	1,722,329	1,238,669	168,245		3,694,128	3,439,366
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	$ 1,547,663	$ 1,831,334	$ 119,971,122	$ 168,245	$ 153,513	$ 123,671,877	$ 126,421,438

See notes to financial statements.

COLORADO RIVER COMMISSION

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED JUNE 30, 1999

EXHIBIT 2

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Special Revenue	1999	1998
REVENUES:				
Power administrative charge	$ 1,143,074		$ 1,143,074	$ 603,616
Water charges	339,633		339,633	812,249
Interest	42,273	$ 97,007	139,280	141,620
Miscellaneous	309	134,645	134,954	254,377
Total revenues	1,525,289	231,651	1,756,940	1,811,862
EXPENDITURES:				
Current:				
General adminstration	2,332,789	133,232	2,466,021	2,171,349
Less salaries and overhead recovered by allocation	(763,733)		(763,733)	(475,837)
Net general administration expenditures	1,569,056	133,232	1,702,288	1,695,512
Water purchases	22,032		22,032	20,164
Total expenditures	1,591,088	133,232	1,724,321	1,715,676
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURE	(65,800)	98,419	32,620	96,186
FUND BALANCE, JULY 1	630,685	1,623,910	2,254,595	2,158,409
FUND BALANCE, JUNE 30	$ 564,885	$ 1,722,329	$ 2,287,215	$ 2,254,595

See notes to financial statements.

COLORADO RIVER COMMISSION

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (LEGAL BASIS) ALL GOVERNMENTAL FUND TYPES (NOTE 6) FOR THE YEAR ENDED JUNE 30, 1999

EXHIBIT 3

	General Fund			Special Revenue Funds		
	Budget	Actual (Legal Basis)	Variance-Favorable (Unfavorable)	Budget	Actual (Legal Basis)	Variance-Favorable (Unfavorable)
REVENUES:						
Power administrative charges	$ 845,813	$ 1,143,074	$ 297,261			
Water charges	1,629,803	339,633	(1,290,170)			
Interest	150,000	42,273	(107,727)	$ 125,000	$ 97,007	$ (27,993)
Miscellaneous	479,666	309	(479,357)	184,390	134,645	(49,745)
Total revenues	3,105,282	1,525,289	(1,579,993)	309,390	231,651	(77,739)
EXPENDITURES:						
Current:						
General adminstration	2,987,195	1,569,056	1,418,139	1,578,557	133,232	1,445,325
Water purchases	26,330	22,032	4,298			
Total expenditures	3,013,525	1,591,088	1,422,437	1,578,557	133,232	1,445,325
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	91,757	(65,800)	(157,557)	(1,269,167)	98,419	1,367,586
FUND BALANCES, JULY 1	630,464	630,685	221	1,790,562	1,623,910	(166,652)
FUND BALANCES, JUNE 30	$ 722,221	$ 564,885	$ (157,336)	$ 521,395	$ 1,722,329	$ 1,200,934

See notes to financial statements.

COLORADO RIVER COMMISSION

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS ALL PROPRIETARY FUND TYPES FOR THE YEAR ENDED JUNE 30, 1999 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

EXHIBIT 4

	Proprietary Fund Types	
	Enterprise	
	1999	1998
OPERATING REVENUES:		
Power sales	$ 26,872,596	$ 24,899,198
Miscellaneous service	827,558	
Total operating revenues	27,700,154	24,899,198
OPERATING EXPENSES:		
Power purchases	21,277,865	20,296,527
Prepaid power advances	5,950,058	4,602,671
General administration	917,603	
Total operating expenses	28,145,526	24,899,198
OPERATING LOSS	(445,373)	
NONOPERATING REVENUES (EXPENSES):		
Interest income	833,569	136,772
Reimbursements	(160,839)	(215,807)
Total nonoperating revenues (expenses)	672,730	(79,035)
NET INCOME (LOSS)	227,358	(79,035)
RETAINED EARNINGS, JULY 1	1,011,311	1,090,346
RETAINED EARNINGS, JUNE 30	$ 1,238,669	$ 1,011,311

See notes to financial statements.

COLORADO RIVER COMMISSION
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

COLORADO RIVER COMMISSION

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998 **EXHIBIT 5**

	Proprietary Fund Types	
	Enterprise	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 28,032,202	$ 24,680,261
Cash paid for goods and services	(23,046,058)	(18,246,716)
Net cash provided by operating activities	4,986,144	6,433,545
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest capitalized to prepaid power	(3,767,505)	(5,281,002)
Principal payments on bonds and federal obligation	(2,030,000)	(1,995,000)
Other		127,271
Net cash used in noncapital financing activities	(5,797,505)	(7,148,731)
CASH FLOWS FROM CAPITAL FINANACING ACTIVITIES:		
Advance from customer	686,989	1,745,379
Bond proceeds		49,270,000
Repayment of advances from local government		(7,740,691)
Acquisition of property, plant and equipment	(10,275,324)	(30,593,193)
Net cash provided by (used in) capital financing activities	(9,588,335)	12,681,495
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	1,414,150	759,776
Other		(215,807)
Net cash provided by investing activities	1,414,150	543,969
NET INCREASE (DECREASE) IN CASH (RESTRICTED AND UNRESTRICTED)	(8,985,546)	12,510,278
CASH, JULY 1	30,613,176	18,102,898
CASH, JUNE 30	$ 21,627,630	$ 30,613,176

(Continued)

COLORADO RIVER COMMISSION

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998 **EXHIBIT 5**

	Proprietary Fund Types	
	Enterprise	
	1999	1998
RECONCILATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (606,210)	
Amortization of prepaid power	5,950,058	$ 5,925,656
Decrease in accounts receivable	235,749	95,538
Increase (decrease) in operating liabilities:		
Accounts payable and contract retentions	(928,362)	727,001
Due to/from other funds	77,772	(175)
Advance from local government	257,137	
Deferred income		(314,475)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,986,144	$ 6,433,545

See notes to financial statements.

NOTES TO
FINANCIAL STATEMENTS

1. Summary of significant accounting policies:

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

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

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

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to government units. The Governmental Accounting Standards Board (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.

Following is a summary of significant policies:

A. Fund Accounting

The accounts of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balance accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. The Commission's financial resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Commission's five funds are grouped into two generic fund types and three fund categories in the accompanying financial statements as follows:

Governmental Funds

General Fund – This fund is used to account for the Commission's general administrative activities. In the State's comprehensive annual financial report, it is included as a special revenue fund entitled "Colorado River Commission Fund."

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

1. **Summary of significant accounting policies (continued):**

A. Fund Accounting (continued)

Proprietary Funds

Enterprise Funds – All of the Commission's proprietary funds are enterprise funds. The Power Marketing Fund is a public utility, financed and operated in a manner similar to private business enterprises. The newly established Power Delivery Fund is used to account for the construction and operation of power transmission equipment for the Southern Nevada Water System. It is intended that the costs of providing electrical power on a continuing basis be financed or recovered through user charges. Periodic determination of revenues earned, expenses incurred and net income is appropriate for capital maintenance, public policy, management control, accountability and compliance with debt covenants.

In implementing GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Commission elected not to adopt pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

B. Fixed Assets and Long-term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a reporting period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation is provided on general fixed assets. All fixed assets are valued at historical cost. The Commission does not acquire or own buildings or public domain ("infrastructure") assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-term Obligations Account Group, not in governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to

1. **Summary of significant accounting policies (continued):**

B. Fixed Assets and Long-term Liabilities (continued)

exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Instead, they are reported as liabilities in the General Long-term Obligations Account Group.

Proprietary funds use a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the balance sheet. Reported fund equity (net assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net assets.

The enterprise fund fixed assets consist entirely of construction-in-progress, which will be depreciated over the estimated useful lives of its identifiable components when placed in service.

The enterprise funds service their own long-term obligations. Long-term obligations presented in the General Long-term Obligations Account Group are serviced from the general fund.

C. Basis of Accounting

The term, "basis of accounting", refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for under GAAP using a modified accrual basis of accounting. Accordingly, revenues are recognized when they become measurable and available as net current assets, that is, when they become "susceptible to accrual." All general and special revenue fund revenues of the Commission billed in July for services or commodities furnished through June 30, are considered "susceptible to accrual." Also under the modified accrual basis of accounting in use, expenditures are recognized generally when the related fund liability is incurred. Exceptions to this general rule are principal and interest on general long-term obligations, which are recognized only when due.

Proprietary funds are accounted for under GAAP using a full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when they are incurred. Unbilled enterprise fund service receivables are recorded at year end if any accrued debt service reserve requirements or operation and maintenance expenses at year end have not been billed to customers.

D. Budget and Budgetary Accounting (see also Note 6)

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

Governmental Funds:

(a) Prior to September 1 of each even-numbered year, the director submits proposed operating budgets to the Nevada Budget division cover-

1. **Summary of significant accounting policies (continued):**

D. Budget and Budgetary Accounting (continued)

ing the biennium beginning the following July 1.

(b) 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.

(c) The biennium budgets are transmitted to the Legislature no later than the 10th day of the session held in odd numbered years.

(d) Before adjourning, the Legislature legally enacts the budgets.

(e) Net expenditures of the general fund (gross expenditures less amounts allocated to other funds) are controlled to budget categories (personnel services, travel instate, travel out-of-state, operating expenses, and capital outlay for the general fund; and general and administrative, purchase of land and intergovernmental for the special revenue funds). The account captions reported in the separate budgetary statements is the lowest level at which appropriations are adopted for the special revenue funds. The net amount budgeted for each category may not be exceeded. Management of the Commission cannot amend any budget categories. However, the Nevada Director of Administration is authorized to approve requests for changes in the budget involving transfers between expenditure categories not exceeding 10% of originally budgeted expenditures, or $25,000 in the aggregate, of the respective budget categories. Any changes exceeding 10% or $25,000 require approval of the Legislature's Interim Finance Committee.

No net budgeted amounts were exceeded in any category during fiscal 1998-99.

Proprietary (Enterprise) Funds:

The same budgetary procedures outlined above for governmental funds are utilized for the enterprise funds; however, all expenses are budgeted under one category, operating expenses. The amount budgeted for each enterprise fund equals estimated revenues for each year of the biennium.

Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds. Formal budgetary integration is not employed for the enterprise fund and that budget is utilized as management guidelines.

Budgets for the general, special revenue and enterprise funds are adopted on a basis consistent with GAAP with the exception of encumbrances (Note 1E) for goods and services not received by fiscal year end, which are considered an expenditure of the current period solely for budgetary purposes.

1. **Summary of significant accounting policies (continued):**

D. Budget and Budgetary Accounting (continued)

Although biennium budgets are adopted, each year is treated separately thereunder, and unexpended budget authorizations lapse at every year end. Actual amounts in the budgetary comparison statements are presented on a budgetary basis. Because this basis differs from GAAP, a reconciliation between the budgetary and GAAP basis is presented in Note 6.

Budgeted amounts for final 1998-99 are as originally adopted or amended by the Commission, the Nevada Director of Administration or the Interim Finance Committee. Individual amendments during fiscal 1998-99 were not material in relation to original authorizations.

E. Encumbrances

Encumbrance accounting (wherein purchase orders, contracts, and other commitments are recorded to reserve a corresponding portion of fund balances) is employed as an extension of formal budgetary integration in the general and special revenue funds. For financial statement purposes, however, under GAAP, encumbrances outstanding at June 30, for which the goods or services have not been received, do not result in current expenditure recognition in the financial statements but are considered as expenditures in the following fiscal year.

F. Allocation of Administrative Salaries and Overhead

Appropriate portions of the Commission's administrative expenditures recorded in the general fund are allocated monthly to other special revenue and enterprise funds. Allocations are based upon time records maintained by all administrative and professional personnel. Allocations are recorded as expenditures or expenses in the proper fund and as a reduction of expenditures in the general fund.

G. Accounts Receivable

No provision is considered necessary or made for uncollectible accounts receivable.

H. Restricted Assets

Specific "funds" required by bond covenants and the reserves required or allowed by the federal repayment contract are accounted for as restricted assets within an enterprise fund.

I. Other Assets

The Commission has participated with the State (Note 5) in funding the improvement and renovation ("uprating") of the electrical power generation plant at Hoover Dam, which supplies the majority of the power sold through the Power Marketing Fund. These costs will be reimbursed in the form of power 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 reclassified as a current prepaid expense in the fund.

1. **Summary of significant accounting policies (continued):**

J. Unamortized Debt Expense

Debt expense, including discounts, representing costs incurred in connection with the sale of bonds, is amortized over the life of the bonds using the bonds outstanding method, which approximates the interest method.

K. Accrued Unpaid Compensated Absences

Amounts of vested vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term obligations account group. No expenditure is reported for these amounts. No liability is recorded for unvested accumulated rights to receive sick pay benefits.

L. Comparative Data

Comparative totals data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Commission's financial position and operations. Detailed comparative data (*i.e.*, presentation of prior year totals by fund type) and certain disclosures have not been presented for fiscal 1998-99, since their inclusion would make the statements unduly complex and difficult to read. Accordingly, this presentation of the prior year's data does not purport to present financial position, results of operations, or cash flows of the enterprise funds for the prior year in accordance with GAAP. Certain amounts in the Commission's prior year's financial data have been reclassified to conform to the 1999 presentation.

M. Total Columns

Total columns are captioned "Memorandum Only." Data in these columns are not necessary to present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. **Cash deposits:**

All cash (restricted and unrestricted) is deposited with the state treasurer. At June 30, 1999, cash on deposit was as follows:

Carrying Value	Treasurer's Balance
$ 24,100,324	$ 24,364,946

3. **Restricted assets:**

The various debt service, operation and maintenance (O&M), capital improvement and construction (acquisition) funds required by bond covenants and the federal repayment contract are recorded as restricted assets on the enterprise fund's balance sheet. These restricted assets are established either from bond proceeds or retained earnings. Retained earnings are reserved to the extent restricted assets established from retained earnings exceed related restricted liabilities. The restrictions upon these assets at June 30, 1999, are summarized as follows:

3. Restricted assets (continued):

	Power Delivery Fund	Power Marketing Fund
Restricted for:		
Debt service	$ 1,813,256	$ 3,098,867
Construction reserve	4,453,150	11,048,501
Reserve for revenue insufficiency		608,923
Total restricted assets	$ 6,266,406	$ 14,756,291

4. Changes in fixed assets:

Changes in fixed assets during 1998-99 were as follows:

	Balance July 1, 1998	Additions	Retirements	Balance June 30, 1999
General fixed assets account group:				
Office equipment	$ 133,610	$ 10,475	$ 15,690	$ 128,395
Office furniture and fixtures	1,165			1,165
Automobiles	38,685			38,685
Total general fixed assets	$ 173,460	$ 10,475	$ 15,690	$ 168,245
Enterprise fund fixed assets:				
Construction work in progress	$ 40,090,750	$ 7,503,122		$ 47,593,872

5. Long-term debt:

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

General obligation bonds (series May 1, 1987B) in the amount of $79,800,000 were sold in 1987, to provide the money needed to fund the State's share of the cost of financing the uprating of electrical generating facilities at Hoover Dam. The bonds mature annually on October 1 through 2017. Interest rates vary from 6.0 to 10.75% per annum. Interest is payable semi-annually on April 1 and October 1.

5. **Long-term debt (continued):**

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

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

Long-term debt obligations outstanding at year end are summarized as follows:

	Maturity Dates	Interest Rates	Outstanding June 30, 1999
General obligation bonds:			
Hoover uprating, series 1987B	1987-2017	6 to 10.75%	$ 6,880,000
Hoover uprating refunding, series 1992	1992-2016	6 to 6.6%	50,855,000
Power deliver bonds, series 1997A	2000-2027	4.25 to 7%	49,270,000
			107,005,000
Accured compensated absences			153,513
			107,158,513
Less current portion			(2,150,000)
			$ 105,008,513

Changes in long-term debt during fiscal 1999 are summarized below:

	July 1, 1998	Additions	Retirements	June 30, 1999
General obligation bonds	$ 109,035,000		$ 2,030,000	$ 107,005,000
Accrued compensated absences	94,787	$ 58,726		153,513
Total	$ 109,129,787	$ 58,726	$ 2,030,000	$ 107,158,513

5. **Long-term debt (continued):**

Total debt service requirements (including interest) to maturity are as follows:

Fiscal Years Ending June 30:		
2000	$	8,380,820
2001		9,172,545
2002		9,163,301
2003		6,683,366
2004		6,683,096
Thereafter		162,566,652
Total	$	202,649,780
Principal	$	107,005,000
Interest		95,644,780
Total	$	202,649,780

Refunded Debt

On December 12, 1996, the Commission advance refunded term bonds in Series 1992 with face value of $17,235,000. The principal balance payable on the refunded bonds at June 30, 1999, was $17,235,000.

6. **Budgetary Basis of Accounting**

The combined statement of revenue, expenditures, encumbrances, and changes in fund balances – budget and actual – has been prepared on the budgetary basis of accounting. This basis differs from GAAP because of the inclusion of unexpended encumbrances with reported expenditures.

There were no encumbrances outstanding at the beginning or end of the current year.

7. **Other required fund disclosures:**

   A. **Interfund Receivable and Payable Balances**

   Interfund receivable and payable balances at June 30, 1999, were:

	Receivables	Payables
Funds:		
General fund	$ 706,902	$ 547,698
Special revenue funds:		
Research and development	3,483	
Ft. Mohave Valley development	17,214	4,205
Power Marketing fund	710,215	806,727
Power Delivery fund	84,774	163,958
	$ 1,522,588	$ 1,522,588

   B. **Interest Incurred in Enterprise Funds**

   Interest incurred and capitalized for the year ended June 30, 1999, for the Power Marketing Fund and the Power Delivery Fund was $3,737,055 and $2,588,715, respectively.

8. **Defined benefit pension plan:**

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

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

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

   Retirement benefits, payable monthly for life, are equal to 2 ½% of their final average salary for each year of credited service up to a maximum of 90 percent if hired before July 1, 1985, and up to a maximum of 75% if hired on or after that date. Final average salary is the employee's average compensation for the 36 consecutive months of highest compensation. Benefits fully vest on reaching 5 years of service. Vested employees who have the necessary years of credited service, but have not attained the required age, may retire at any age with the benefit actuarially reduced by 2% of the unmodified

8. Defined benefit pension plan (continued):

benefit for each year the member is under the appropriate retirement age.

Employees have the option of either contributing 10% of their salary, which is matched by the Commission, or, under the employer paid option, taking a 9.5% reduction in gross pay with the Commission contributing 18.75% of salary to PERS.

Contribution rates are established by state statute and provide for yearly increases of up to 1% until such time as the actuarially determined unfunded liability of PERS is reduced to zero.

The required contribution for fiscal years ending in 1997-1999 was as follows:

Year Ending	Contribution Rate Regular Members		Covered Payroll		Annual Required Contribution Paid by the Commission	
June 30	Employer	Employer/ Employee	Employer	Employer/ Employee	Employer	Employer/ Employee
1997	18.75%	10.00%	$ 395,355	$ 446,846	$ 73,949	$ 44,685
1998	18.75%	10.00%	460,463	449,563	86,316	44,965
1999	18.75%	10.00%	604,157	536,302	113,279	53,630

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

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

9. Bond covenants:

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

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

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

Classes of Users – The Power Marketing fund serves two classes of users, retail utility customers and industrial customers. The Power Delivery fund serves the Southern Nevada Water System and their 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, 1999, the Commission complied with all requirements of the bond covenants.

10. Contingency:

Arbitrage Rebate Requirement – The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the Commission. Under this requirement, an amount equal to the sum of the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and any income earned on such excess is required to be rebated to the United States Treasury, in order that interest on the bonds qualify for exclusion from gross income for federal income tax purposes. Temporary regulations implementing the rebate requirement were released by the Internal Revenue Service on May 12, 1989. Rebatable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of that date indicates that $285,177 is due and, therefore, recorded as a liability at June 30, 1999. Future calculations might result in adjustments to this determination.

11. Risk management:

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

12. Subsequent event:

On September 15, 1999, the Commission sold $25,730,000 State of Nevada, Colorado River Commission, General Obligation (Limited Tax) (Revenue Supported), Power Delivery Project Bonds, Series 1999A. The bonds are to finance the costs of acquiring, constructing and equipping certain electric power transmission and distribution facilities to serve the planned expansion of the Southern Nevada Water System.

COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS

GENERAL FUND
(A-1 through A-3)

The general fund is used to record all general administrative activity (personnel services, travel, operating and equipment and furniture expenditures) of the Commission not directly attributable to power marketing, power delivery, land activities or research and development. Revenues consist of an administrative charge on power and water sales, power delivery charges and interest income. By law, the general fund is recorded in the State Comprehensive Annual Financial Report as a special revenue fund entitled, "Colorado River Commission" fund.

COLORADO RIVER COMMISSION

GENERAL FUND

COMPARATIVE BALANCE SHEETS
JUNE 30, 1999 AND 1998 **A-1**

	1999	1998
ASSETS		
Cash	$ 714,457	$ 403,435
Receivables:		
Accounts	95,723	102,530
Accrued interest	30,581	7,846
Due from other funds	706,902	793,829
Total assets	$ 1,547,663	$ 1,307,640
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 149,227	$ 78,820
Due to other funds	547,698	598,135
Deferred income	285,852	
Total liabilities	982,777	676,955
FUND BALANCE - unreserved	564,885	630,685
TOTAL LIABILITIES AND FUND BALANCE	$ 1,547,663	$ 1,307,640

COLORADO RIVER COMMISSION

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998 **A-2**

	1999	1998
REVENUES:		
Power administrative charge	$ 1,143,074	$ 603,616
Water charges	339,633	812,249
Interest	42,273	41,914
Miscellaneous	309	160
Total revenues	1,525,289	1,457,939
EXPENDITURES:		
Current:		
General administration		
Personnel services:		
Salaries	1,169,667	928,901
Employee benefits	301,906	225,368
Travel:		
Out-of-state	53,471	42,591
In-state	5,488	5,450
Operating:		
Water purchases	22,032	20,164
Office supplies and expense	13,398	9,328
Printing and copying	3,730	2,524
Insurance	4,964	5,510
Contractual services	260,175	238,526
Legal	226,793	236,071
Equipment repairs	3,840	3,871
Rent	84,209	73,037
Vehicle operation	1,961	2,287
Postage	7,583	5,678
Telephone	28,542	21,418
Dues and registration	34,845	34,828
Publications	3,355	13,744
Professional services	315	1,702
Miscellaneous	119,330	94,607
Equipment, furniture and software	9,218	11,549
Total expenditures	2,354,821	1,977,154
Less allocated salaries and overhead	(763,733)	(475,837)
Net expenditures	1,591,088	1,501,317
EXCESS OF EXPENDITURES OVER REVENUES	(65,800)	(43,378)
FUND BALANCE, JULY 1	630,685	674,063
FUND BALANCE, JUNE 30	$ 564,885	$ 630,685

COLORADO RIVER COMMISSION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (LEGAL BASIS) FOR THE YEAR ENDED JUNE 30, 1999

A-3

	Budget	Actual (Legal Basis)	Variance Favorable (Unfavorable)
REVENUES:			
Power administrative charge	$ 845,813	$ 1,143,074	$ 297,261
Water charges	1,629,803	339,633	(1,290,170)
Interest	150,000	42,273	(107,727)
Miscellaneous	479,666	309	(479,357)
Total revenues	3,105,282	1,525,289	(1,579,993)
EXPENDITURES:			
Current:			
General administration			
Personnel services	1,522,174	1,471,572	50,602
Travel:			
Out-of-state	68,072	53,471	14,601
In-state	6,457	5,488	969
Operating:			
Water purchases	26,330	22,032	4,298
Insurance	2,700	4,964	(2,264)
Legal	223,036	226,793	(3,757)
Miscellaneous	97,631	119,330	(21,699)
Other operating	1,064,625	441,951	622,674
Equipment, furniture and software	2,500	9,218	(6,718)
Total expenditures	3,013,525	2,354,821	658,704
Less allocated salaries and overhead		(763,733)	763,733
Net expenditures	3,013,525	1,591,088	1,422,437
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	91,757	(65,800)	(157,557)
FUND BALANCE, JULY 1	630,464	630,685	221
FUND BALANCE, JUNE 30	$ 722,221	$ 564,885	$ (157,336)

SPECIAL REVENUE FUNDS
(B-1 through B-4)

Two special revenue funds have been established by the Commission.

The research and development fund is used to record the costs of engineering studies, analyses, negotiations and other efforts in protecting the interests of the state in the development and acquisition of power. The administrative charge collected from power contractors plus interest income provide the necessary revenues to maintain this fund.

The Ft. Mohave Valley development fund is used to record sales and purchases of land and other related income and expenditures.

COLORADO RIVER COMMISSION

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 1999 WITH COMPARATIVE TOTALS FOR JUNE 30, 1998 B-1

	Research and Development	Ft. Mohave Valley Development	Totals 1999	Totals 1998
ASSETS				
Cash	$ 335,279	$ 1,422,958	$ 1,758,237	$ 1,691,231
Receivables:				
Accounts	52,400		52,400	86,773
Accrued interest				25,554
Due from other funds	3,483	17,214	20,697	5,741
TOTAL ASSETS	$ 391,162	$ 1,440,172	$ 1,831,334	$ 1,809,299
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 104,800		$ 104,800	$ 166,651
Due to other funds		$ 4,205	4,205	18,738
Total liabilities	104,800	4,205	109,005	185,389
FUND BALANCES - Unreserved	286,362	1,435,967	1,722,329	1,623,910
TOTAL LIABILITIES AND FUND BALANCES	$ 391,162	$ 1,440,172	$ 1,831,334	$ 1,809,299

COLORADO RIVER COMMISSION

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 1999 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998 **B-2**

	Research and Development	Ft. Mohave Valley Development	Totals 1999	Totals 1998
REVENUES:				
Interest	$ 18,308	$ 78,699	$ 97,007	$ 99,706
Miscellaneous	110,254	24,390	134,645	254,217
Total revenues	128,562	103,089	231,651	353,923
EXPENDITURES:				
Current:				
General administration	114,282	18,950	133,232	214,359
EXCESS OF REVENUES OVER EXPENDITURES	14,280	84,139	98,419	139,564
FUND BALANCE JULY 1	272,082	1,351,828	1,623,910	1,484,346
FUND BALANCE JUNE 30	$ 286,362	$ 1,435,967	$1,722,329	$ 1,623,910

COLORADO RIVER COMMISSION

RESEARCH AND DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 1999 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1998 **B-3**

	1999			
	Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
REVENUES:				
Interest	$ 25,000	$ 18,308	$ (6,692)	$ 16,235
Power surcharge	160,000		(160,000)	
Miscellaneous		110,254	110,254	229,827
Total revenues	185,000	128,562	(56,438)	246,062
EXPENDITURES:				
Current, general administration	258,099	114,282	143,817	168,986
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(73,099)	14,280	87,379	77,076
FUND BALANCE JULY 1	438,734	272,082	(166,652)	195,006
FUND BALANCE JUNE 30	$ 365,635	$ 286,362	$ (79,273)	$ 272,082

COLORADO RIVER COMMISSION

FT. MOHAVE VALLEY DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 1999 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1998 **B-4**

	1999			
	Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
REVENUES:				
Interest	$ 100,000	$ 78,699	$ (21,301)	$ 83,471
Miscellaneous	24,390	24,390		24,390
Total revenues	124,390	103,089	(21,301)	107,861
EXPENDITURES:				
Current:				
General administration	1,320,458	18,950	1,301,508	45,373
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,196,068)	84,139	1,280,207	62,488
FUND BALANCE JULY 1	1,351,828	1,351,828	-	1,289,340
FUND BALANCE JUNE 30	$ 155,760	$ 1,435,967	$ 1,280,207	$ 1,351,828

ENTERPRISE FUNDS
(C-1 through C-9)

Two enterprise funds have been established by the Commission.

The Power Marketing Fund is used to record purchases and sales of electrical power from the Hoover Dam generating facilities and other power marketing related activities.

The Power Delivery Fund is used to account for the construction and operation of electric power transmission and distribution facilities to initially serve the planned expansion of the Southern Nevada Water System.

COLORADO RIVER COMMISSION
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 1999 WITH COMPARATIVE TOTALS FOR JUNE 30, 1998 **C-1**

ASSETS	Power Marketing Fund	Power Delivery Fund	Totals 1999	Totals 1998
Current assets:				
Cash	$ 604,933		$ 604,933	$ 1,637,312
Receivables:				
Accounts	1,911,087		1,911,087	2,146,836
Accrued interest	272,864		272,864	485,226
Due from other funds	710,216	$ 84,774	794,989	1,758
Prepaid power	5,464,009		5,464,009	5,174,294
	8,963,109	84,774	9,047,883	9,445,426
Restricted cash	14,756,291	6,266,406	21,022,697	28,975,864
Property, plant and equipment:				
Construction in progress	159,410	47,719,639	47,879,049	40,090,750
Deferred charges:				
Unamortized debt charge on refunding bonds	586,679		586,679	618,952
Prepaid power, net of current portion	41,434,814		41,434,814	43,905,260
TOTAL ASSETS	$ 65,900,304	$ 54,070,818	$ 119,971,122	$ 123,036,252

(Continued)

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 1999 WITH COMPARATIVE TOTALS FOR JUNE 30, 1998 **C-1**

LIABILITIES AND FUND EQUITY	Power Marketing Fund	Power Delivery Fund	Totals 1999	Totals 1998
LIABILITIES:				
Current liabilities:				
Accounts payable	$ 2,099,726		$ 2,099,726	$ 2,985,627
Due to other funds	806,727		806,727	21,377
	2,906,453		2,906,453	3,007,004
Payable from restricted assets:				
Accounts payable		$ 1,563,366	1,563,366	4,099,319
Contract retentions payable		2,471,689	2,471,689	2,337,154
Advance from local government		257,137	257,137	
Bonds payable (within 1 year)	2,150,000		2,150,000	2,030,000
Due to other funds		163,958	163,958	163,078
Accrued interest	926,651	755,042	1,681,693	1,712,143
Arbitrage rebate payable		285,177	285,177	
	3,076,651	5,496,369	8,573,020	10,341,694
Long-term debt:				
Advance from State of Nevada general obligation bonds payable	55,585,000	49,270,000	104,855,000	107,005,000
Unamortized discount on bonds		(703,625)	(703,625)	(743,373)
Advance for Basic substation	3,101,605		3,101,605	2,414,616
	58,686,605	48,566,375	107,252,980	108,676,243
TOTAL LIABILITIES	64,669,710	54,062,744	118,732,454	122,024,941
FUND EQUITY:				
Retained earnings:				
Reserved for operation and maintenance	617,183		617,183	727,353
Unreserved	613,411	8,074	621,486	283,958
	1,230,595	8,074	1,238,669	1,011,311
TOTAL LIABILITIES AND FUND EQUITY	$ 65,900,304	$ 54,070,818	$ 119,971,122	$ 123,036,252

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998 **C-2**

	Power Marketing Fund	Power Delivery Fund	Totals 1999	Totals 1998
OPERATING REVENUES:				
Power sales	$ 26,872,596		$ 26,872,596	$ 24,899,198
Miscellaneous service		$ 827,558	827,558	
Total operating revenues	26,872,596	827,558	27,700,154	24,899,198
OPERATING EXPENSES:				
Power purchases	21,277,865		21,277,865	20,296,527
Prepaid power advances	5,950,058		5,950,058	4,602,671
General administration	90,045	827,558	917,603	
Total operating expenses	27,317,968	827,558	28,145,526	24,899,198
OPERATING LOSS	(445,373)		(445,373)	
NONOPERATING REVENUES (EXPENSES):				
Interest income	825,495	8,074	833,569	136,772
Reimbursements	(160,839)		(160,839)	(215,807)
Total nonoperating revenues (expenses)	664,656	8,074	672,730	(79,035)
NET INCOME (LOSS)	219,284	8,074	227,358	(79,035)
RETAINED EARNINGS, JULY 1	1,011,311		1,011,311	1,090,346
RETAINED EARNINGS, JUNE 30	$ 1,230,595	$ 8,074	$ 1,238,669	$ 1,011,311

COLORADO RIVER COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998 **C-3**

	Power Marketing Fund	Power Delivery Fund	Totals 1999	Totals 1998
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 26,947,508	$ 1,084,695	$ 28,032,202	$ 24,680,261
Cash paid for goods and services	(22,219,381)	(826,678)	(23,046,058)	(18,246,716)
Net cash provided by operating activities	4,728,127	258,017	4,986,144	6,433,545
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interest capitalized to prepaid power	(3,767,505)		(3,767,505)	(5,281,002)
Principal payments on bonds and federal obligation	(2,030,000)		(2,030,000)	(1,995,000)
Other				127,271
Net cash used in noncapital financing activities	(5,797,505)		(5,797,505)	(7,148,731)
CASH FLOWS FROM CAPITAL FINANACING ACTIVITIES:				
Advance from customer	686,989		686,989	1,745,379
Bond proceeds				49,270,000
Repayment of advances from local government				(7,740,691)
Acquisition of property, plant and equipment	-	(10,275,324)	(10,275,324)	(30,593,193)
Net cash provided by (used in) capital financing activitie	686,989	(10,275,324)	(9,588,335)	12,681,495
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	775,786	638,365	1,414,150	759,776
Other				(215,807)
Net cash provided by investing activities	775,786	638,365	1,414,150	543,969
NET INCREASE (DECREASE) IN CASH (RESTRICTED AND UNRESTRICTED)	393,397	(9,378,942)	(8,985,546)	12,510,278
CASH, JULY 1	14,967,828	15,645,348	30,613,176	18,102,898
CASH, JUNE 30	$ 15,361,225	$ 6,266,406	$ 21,627,630	$ 30,613,176

(Continued)

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998 **C-3**

	Power Marketing Fund	Power Delivery Fund	Totals 1999	Totals 1998
RECONCILATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating loss	$ (606,210)		$ (606,210)	
Amortization of prepaid power	5,950,058		5,950,058	$ 5,925,656
Decrease in accounts receivable	235,749		235,749	95,538
Increase (decrease) in operating liabilities:				
Accounts payable and contract retentions	(928,362)		(928,362)	727,001
Due to/from other funds	76,892	$ 880	77,772	(175)
Advance from local government		257,137	257,137	
Deferred income				(314,475)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,728,127	$ 258,017	$ 4,986,144	$ 6,433,545

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -
RESTRICTED ACCOUNTS REQUIRED BY BOND RESOLUTIONS AND CONTRACTS
FOR THE YEAR ENDED JUNE 30, 1999

C-4

	Power Marketing Fund							
	General Operating Funds	Debt Service	All Purpose Reserve	Insufficiency Reserve	Basic Substation Fund	Hoover Acquisition Fund	Power Delivery Fund	Total
CASH RECEIPTS:								
Power sales and charges	$26,506,848				$ 440,658		$1,084,695	$28,032,201
Interest	9,861	$ 96,262	$ 427,587	$ 42,410	141,526	$ 58,140	638,365	1,414,151
Transfers in		7,321,301			686,989			8,008,290
Total cash receipts	26,516,709	7,417,563	427,587	42,410	1,269,173	58,140	1,723,060	37,454,642
CASH DISBURSEMENTS:								
Payments for goods and services	22,219,379						826,678	23,046,057
Capital improvements							10,275,324	10,275,324
Transfers out	5,329,709	96,262	427,587			1,306,904		7,160,462
Reimbursements				160,840				160,840
Principal payments		2,030,000						2,030,000
Interest payments capitalized to prepaid power		3,767,505						3,767,505
Total cash disbursements	27,549,088	5,893,767	427,587	160,840	-	1,306,904	11,102,002	46,440,188
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,032,379)	1,523,796	-	(118,430)	1,269,173	(1,248,764)	(9,378,942)	(8,985,546)
CASH, JULY 1	1,637,312	1,575,071	7,440,326	727,353	2,123,282	1,464,484	15,645,348	30,613,176
CASH, JUNE 30	$ 604,933	$3,098,867	$7,440,326	$ 608,923	$3,392,455	$ 215,720	$6,266,406	$21,627,630

COLORADO RIVER COMMISSION
POWER MARKETING FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1999 AND 1998

COLORADO RIVER COMMISSION

POWER MARKETING FUND

COMPARATIVE BALANCE SHEETS
JUNE 30, 1999 AND 1998 **C-5**

	1999	1998
ASSETS		
Current assets:		
Cash	$ 604,933	$ 1,637,312
Receivables:		
Accounts	1,911,087	2,146,836
Accrued interest	272,864	223,155
Due from other funds	710,216	1,758
Prepaid power	5,464,009	5,174,294
	8,963,109	9,183,355
Restricted cash	14,756,291	13,330,516
Property, plant and equipment:		
Construction in progress	159,410	159,410
Deferred charges:		
Unamortized debt charge on refunding bonds	586,679	618,952
Prepaid power, net of current portion	41,434,814	43,905,260
TOTAL ASSETS	$ 65,900,304	$ 67,197,493

(Continued)

COLORADO RIVER COMMISSION

POWER MARKETING FUND

COMPARATIVE BALANCE SHEETS (CONTINUED)
JUNE 30, 1999 AND 1998 **C-5**

LIABILITIES AND FUND EQUITY	1999	1998
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 2,099,726	$ 2,985,627
Due to other funds	806,727	21,377
	2,906,453	3,007,004
Payable from restricted assets:		
Accounts payable		42,461
Bonds payable (within 1 year)	2,150,000	2,030,000
Accrued interest	926,651	957,101
	3,076,651	3,029,562
Long-term debt:		
Advance from State of Nevada general obligation bonds payable	55,585,000	57,735,000
Advance for Basic substation	3,101,605	2,414,616
	58,686,605	60,149,616
TOTAL LIABILITIES	64,669,710	66,186,182
FUND EQUITY:		
Retained earnings:		
Reserved for operation and maintenance	617,183	727,353
Unreserved	613,411	283,958
	1,230,595	1,011,311
TOTAL LIABILITIES AND FUND EQUITY	$ 65,900,304	$ 67,197,493

COLORADO RIVER COMMISSION

POWER MARKETING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 1999 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1998 **C-6**

	1999			
	Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
OPERATING REVENUES:				
Power sales	$ 47,009,284	$ 26,872,596	$ (20,136,688)	$ 24,899,198
OPERATING EXPENSES:				
Power purchases	46,027,987	21,277,865	24,750,122	20,296,527
Miscellaneous expenses	29,100	6,040,103	(6,011,003)	4,602,671
Total operating expenses	46,057,087	27,317,968	18,739,119	24,899,198
OPERATING INCOME (LOSS)	952,197	(445,373)	(1,397,570)	
NONOPERATING REVENUES (EXPENSES)				
Interest income	600,000	825,495	225,495	136,772
Reimbursements		(160,839)	(160,839)	(215,807)
Total nonoperating revenues (expenses)	600,000	664,656	64,656	(79,035)
NET INCOME (LOSS)	1,552,197	219,284	(1,332,913)	(79,035)
RETAINED EARNINGS, JULY 1	243,319	1,011,311	767,992	1,090,346
RETAINED EARNINGS, JUNE 30	$ 1,795,516	$ 1,230,595	$ (564,921)	$ 1,011,311

COLORADO RIVER COMMISSION
POWER MARKETING FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

COLORADO RIVER COMMISSION

POWER MARKETING FUND

COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998 C-7

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 26,947,508	$ 24,680,261
Cash paid for goods and services	(22,219,381)	(18,246,716)
Net cash provided by operating activities	4,728,127	6,433,545
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest capitalized to prepaid power	(3,767,505)	(5,281,002)
Principal payments on bonds and federal obligation	(2,030,000)	(1,995,000)
Other		127,271
Net cash used in noncapital financing activities	(5,797,505)	(7,148,731)
CASH FLOWS FROM CAPITAL FINANACING ACTIVITIES:		
Advance from customer	686,989	1,745,379
Acquisition of property, plant and equipment		(116,949)
Net cash provided by capital financing activities	686,989	1,628,430
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	775,786	759,776
Other		(215,807)
Net cash provided by investing activities	775,786	543,969
NET INCREASE IN CASH (RESTRICTED AND UNRESTRICTED)	393,397	1,457,213
CASH, JULY 1	14,967,828	13,510,615
CASH, JUNE 30	$ 15,361,225	$ 14,967,828

(Continued)

COLORADO RIVER COMMISSION

POWER MARKETING FUND

COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998 C-7

	1999	1998
RECONCILATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (606,210)	
Amortization of prepaid power	5,950,058	$ 5,925,656
Decrease in accounts receivable	235,749	95,538
Increase (decrease) in operating liabilities:		
Accounts payable and contract retentions	(928,362)	727,001
Due to/from other funds	76,892	(175)
Deferred income		(314,475)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,728,127	$ 6,433,545

COLORADO RIVER COMMISSION

POWER DELIVERY FUND

COMPARATIVE BALANCE SHEETS
JUNE 30, 1999 AND 1998 **C-8**

	1999	1998
ASSETS		
Current assets:		
Accrued interest		$ 262,071
Due from other funds	$ 84,774	
	84,774	262,071
Restricted cash	6,266,406	15,645,348
Property, plant and equipment:		
Construction in progress	47,719,639	39,931,340
TOTAL ASSETS	$ 54,070,818	$ 55,838,759
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Payable from restricted assets:		
Accounts payable and contracts payable	$ 1,563,366	$ 4,056,858
Contract retentions payable	2,471,689	2,337,154
Advance from local government	257,137	
Due to other funds	163,958	163,078
Accrued interest	755,042	755,042
Arbitrage rebate payable	285,177	
	5,496,369	7,312,132
Long-term debt:		
Advance from State of Nevada general obligation bonds payable	49,270,000	49,270,000
Unamortized discount on bonds payable	(703,625)	(743,373)
TOTAL LIABILITIES	54,062,744	55,838,759
FUND EQUITY:		
Retained earnings	8,074	
TOTAL LIABILITIES AND FUND EQUITY	$ 54,070,818	$ 55,838,759

COLORADO RIVER COMMISSION

POWER DELIVERY FUND

COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998 C-9

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,084,695	
Cash paid for goods and services	(826,678)	
Net cash provided by operating activities	$ 258,017	
CASH FLOWS FROM CAPITAL FINANACING ACTIVITIES:		
Bond proceeds		$ 49,270,000
Repayment of advances from local government		(7,740,691)
Payments for construction in progress	(10,275,324)	(30,476,244)
Net cash provided by (used in) capital financing activities	(10,275,324)	11,053,065
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	638,365	
NET INCREASE (DECREASE) IN CASH	(9,378,942)	11,053,065
RESTRICTED CASH, JULY 1	15,645,348	4,592,283
RESTRICTED CASH, JUNE 30	$ 6,266,406	$ 15,645,348
RECONCILATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ -	
Due to/from other funds	880	
Advance from local government	257,137	
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 258,017	

GENERAL FIXED ASSETS ACCOUNT GROUP (D-1 and D-2)

Fixed assets (equipment, furniture, fixtures and automobiles) purchased with general fund resources are recorded in the general fixed assets account group and not as assets of the general fund. They do not represent financial resources available for expenditure, but are items for which financial resources have been used and for which accountability is maintained. The general fixed assets account group is a management control and accountability listing of the Commission's general fixed assets – those assets not employed in enterprise fund activities – balanced by an account showing the sources from which such assets were financed.

COLORADO RIVER COMMISSION

SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE

JUNE 30, 1999 **D-1**

GENERAL FIXED ASSETS:	
Equipment:	
Office equipment	$ 128,395
Office furniture and fixtures	1,165
Automobiles	38,685
TOTAL GENERAL FIXED ASSETS	$ 168,245
INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE - General fund	$ 168,245

COLORADO RIVER COMMISSION

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 1999 **D-2**

	General Fixed Assets July 1, 1998	Additions	Retirements	General Fixed Assets June 30, 1999
GENERAL GOVERNMENT:				
Colorado River Commission:				
Office equipment	$ 133,610	$ 10,475	$ 15,690	$ 128,395
Office furniture and fixtures	1,165			1,165
Automobiles	38,685			38,685
TOTAL GENERAL FIXED ASSETS	$ 173,460	$ 10,475	$ 15,690	$ 168,245

SCHEDULES
(Supplemental Financial Information and Data)

The following supplemental financial information is included as additional analytical data.

COLORADO RIVER COMMISSION

COMBINED SCHEDULE OF UNRESTRICTED CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS

FOR THE YEAR ENDED JUNE 30, 1999 **E-1**

	July 1, 1998	Receipts	Disbursements	June 30, 1999
GENERAL FUND	$ 403,435	$ 1,882,140	$ 1,571,118	$ 714,457
SPECIAL REVENUE FUNDS:				
Research and Development	341,887	169,568	176,176	335,279
Ft. Mohave Valley Development	1,349,344	107,054	33,440	1,422,958
ENTERPRISE FUNDS:				
Power Marketing	1,637,312	26,516,709	27,549,088	604,933
TOTAL - ALL FUNDS	$ 3,731,978	$ 28,675,471	$29,329,822	$ 3,077,627
DEPOSITORY:				
Petty cash				$ 250
Nevada State Treasurer				3,077,377
TOTAL				$ 3,077,627

COLORADO RIVER COMMISSION

COMBINED SCHEDULE OF BONDS AND CONTRACTS PAYABLE
ALL FUNDS

FOR THE YEAR ENDED JUNE 30, 1999

E-2

	Interest Rates	Interest Payment Dates	Issue Date	Final Maturity Date	Annual Serial Payments	Authorized	Issued	Retired	Outstanding
GENERAL OBLIGATION (REVENUE SUPPORTED) BONDS:									
Hoover uprating, series 1987B	6.0 to 10.75%	4/1; 10/1	5/1/87	10/1/17	$1,530,000 to 6,880,000	$ 79,500,000	$ 79,500,000	$ 72,620,000	$ 6,880,000
Hoover uprating refunding, 1992 series	6.0 to 6.6%	4/1; 10/1	4/1/92	10/1/16	370,000 to 6,170,000	72,310,000	72,310,000	21,455,000	$ 50,855,000
Power Delivery Project Bonds, series 1997A	4.25 to 7.0%	9/15; 3/15	9/15/97	9/15/27	815,000 to 3,235,000	49,270,000	49,270,000		$ 49,270,000
Total general obligation debt						$ 201,080,000	$ 201,080,000	$ 94,075,000	$ 107,005,000

COLORADO RIVER COMMISSION

DEBT SERVICE REQUIREMENTS TO MATURITY

FOR THE YEARS ENDING JUNE 30, 2000 THROUGH 2028 **E-3**

	Series 1987B	Series 1992	Series 1997A	Total All Funds
2000	$ 412,800	$ 5,379,305	$ 2,588,715	$ 8,380,820
2001	412,800	5,376,405	3,383,340	9,172,545
2002	412,800	5,365,705	3,384,796	9,163,301
2003	412,800	2,883,405	3,387,161	6,683,366
2004	412,800	2,883,405	3,386,891	6,683,096
2005	412,800	2,883,405	3,379,275	6,675,480
2006	412,800	2,883,405	3,381,713	6,677,918
2007	412,800	2,883,405	3,378,962	6,675,167
2008	412,800	3,430,043	3,367,238	7,210,081
2009	412,800	6,416,755	3,364,987	10,194,542
2010	412,800	6,409,105	3,374,962	10,196,867
2011	412,800	6,400,367	3,368,462	10,181,629
2012	412,800	6,394,405	3,368,712	10,175,917
2013	412,800	6,389,918	3,364,525	10,167,243
2014	412,800	6,387,905	3,365,008	10,165,713
2015	412,800	6,376,900	3,360,353	10,150,053
2016	412,800	6,372,795	3,360,403	10,145,998
2017	412,800	6,373,610	3,355,268	10,141,678
2018	7,086,400		3,355,098	10,441,498
2019			3,350,138	3,350,138
2020			3,350,150	3,350,150
2021			3,344,387	3,344,387
2022			3,342,587	3,342,587
2023			3,339,356	3,339,356
2024			3,334,431	3,334,431
2025			3,332,419	3,332,419
2026			3,327,925	3,327,925
2027			3,325,556	3,325,556
2028			3,319,919	3,319,919
	$ 14,516,800	$ 91,490,243	$ 96,642,737	$ 202,649,780

COLORADO RIVER COMMISSION

THE YEAR 2000 ISSUE
JUNE 30, 1999

The "Year 2000 Issue" is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Colorado River Commission's operations.

The Commission has two critical electronic data processing areas. The first area is the power delivery system that is utilized for the operation of the two substations. This system consists of a wide area network running three SCADA systems and polling programmable logic controllers. The second area consists of a local area network that is tasked with the administrative duties of the Commission's offices, including accounting functions.

The Commission has taken a proactive approach in addressing any potential problems. The systems have been closely examined and the following steps have been taken:

- Assessment, including inventory determination and project planning.
- Renovation and remediation, consisting of hardware and software upgrades.
- Contingency planning, which is the creation, review and modification of contingency plans.
- Testing, which includes State of Nevada and local testing, as well as, participation in joint testing with Western Systems Coordinating Council (WSCC) and the North American Reliability Council (NARC), to be continued as part of the ongoing disaster recovery program.

All of the above project phases were completed by in-house personnel and through use of normal five-year technology planned replacements; therefore, no additional monies were expended on the "Year 2000 Issue" as of June 30, 1999.

Because of the unprecedented nature of the "Year 2000 Issue", its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. The Commission cannot assure that it is or will be Year 2000 ready, that the Commission's remediation efforts will be successful in whole or in part, or that parties with whom the Commission does business will be year 2000 ready.

In accordance with the "Year 2000 Information and Readiness Disclosure Act of 1998", Public Law 105-271, 112 Stat. 2386 (the "Act"), the Colorado River Commission hereby designates the year 2000 statements in this document as a "Year 2000 Readiness Disclosure", with the full intention of pursuing all rights and protections it is entitled to assert under the Act. Also, such statements do not waive immunity under Nevada Revised Statutes 41.0321.

STATISTICAL SECTION
(Not covered by auditors' report)

COLORADO RIVER COMMISSION

EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS (NOT COVERED BY AUDITORS' REPORT) **Table 1**

Years	General Administration (1)	Power and Water Purchases	Research and Development	Ft. Mohave Development	Southern Nevada Water System (2) Operation Maintenance	Southern Nevada Water System (2) Debt Service	Total
1989-90	$ 442,229 (3)	$ 17,488,194	$ 4,783	$ 2,060,026	$ 25,934,706	$ 13,993,280	$ 59,923,218
1990-91	603,622 (3)	18,091,608	3,334	194,862	28,717,169	16,748,572	64,359,167
1991-92	557,018 (3)	22,729,814	13,155	1,425,430	31,441,964	14,846,249	71,013,630
1992-93	578,925 (3)	22,052,142	312,479	2,518,283	31,104,383	15,257,935	71,824,147
1993-94	662,045 (3)	24,526,546	191,470	15,616	35,334,770	15,456,001	76,186,448
1994-95	569,303 (3)	20,633,171	161,904	1,268,737	35,967,162	16,853,360	75,453,637
1995-96	552,248 (3)	17,557,676	353,892	1,128,322	14,616,221	9,154,819	43,363,178
1996-97	1,514,564 (3)	19,494,973	260,048	2,221,076			23,490,661
1997-98	1,501,317 (3)	20,296,527	168,986	45,373			22,012,203
1998-99	1,591,088 (3)	21,277,865	114,282	18,950			23,002,186

(1) General Fund - Expenditures are net after salary and averhead allocations to other funds.

(2) Water Treatment and Water Transmission funds combined. Fiscal year 1995-96 is only through December 31, 1995, after which the system was transferred to the Southern Nevada Water Authority.

(3) Expenditures shown are on a legal basis.

COLORADO RIVER COMMISSION

REVENUES BY SOURCE

LAST TEN FISCAL YEARS (NOT COVERED BY AUDITORS' REPORT) **Table 2**

Years	Water Development Charge - General Fund	Administrative Charge		Power and Water Sales	Interest Income (1)	Land Sales (2)	Water System Operating Revenues (3)	Total
		General Fund	Research and Development Fund					
1989-90		$ 436,102	$ 19,950	$ 21,390,896	$ 376,387	$ 4,895,538	$ 32,772,200	$ 59,891,073
1990-91		440,323	20,149	22,947,249	504,451		36,519,538	60,431,710
1991-92		207,403	202,523	23,993,467	371,196		39,443,873	64,218,462
1992-93	$ 224,246	209,127	202,526	28,424,687	169,029		41,020,637	70,250,252
1993-94	254,666	359,445	259,757	31,564,355	102,445		45,167,068	77,707,736
1994-95	275,300	454,585	165,803	27,705,888	160,234	4,908,279	48,158,882	81,828,971
1995-96	46,724	438,780	83,011	24,556,298	334,265		20,696,808	46,155,886
1996-97	1,057,058	413,764	96,423	24,720,367	206,814			26,494,426
1997-98	812,249	603,616		24,899,198	141,620			26,456,683
1998-99	339,633	1,143,074		26,872,596	139,280			28,494,582

(1) General fund and all special revenue funds.

(2) Ft. Mohave Valley Development Fund and Eldorado Valley Development Fund.

(3) Water treatment and water transmission fund combined. Fiscal year 1995-96 is only through December 31, 1995, after which the system was transferred to the Southern Nevada Water Authority.

COLORADO RIVER COMMISSION

SCHEDULE OF INSURANCE IN FORCE

JUNE 30, 1999 (NOT COVERED BY AUDITORS' REPORT) **Table 3**

Type of Coverage	Expiration Date	Details of Coverage
Property and contents	7/1/99	All risks (with specific exclusions) on State-owned buildings and contents in leased buildings. $1,000 deductible per occurrence. Buildings and contents at replacement cost. Employees' personal property if used in performance of the job.
Employee Dishonesty Bond	7/1/99	Blanket dishonesty bond for State of Nevada employees. $500,000 limit. $75,000 deductible per occurrence.

ADDITIONAL REPORT OF INDEPENDENT AUDITORS

PB T&K PIERCY, BOWLER, TAYLOR & KERN

Certified Public Accountants & Business Advisors
A Professional Corporation

Telephone: (702) 384-1120
Fax: (702) 870-2474

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

Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the general purpose financial statements of the Colorado River Commission of Nevada (the Commission), as of and for the year ended June 30, 1999, and have issued our report thereon dated November 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants (including the bond resolutions and ordinances of the General Obligation Hoover Uprating Bonds, Series May 1, 1987B, the General Obligation Hoover Uprating Bonds, 1992 series, and the Power Delivery Project Bonds, Series September 15, 1997A), noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Piercy, Bowler, Taylor & Kern

November 22, 1999

6100 Elton Avenue Suite 1000 Las Vegas, Nevada 89107