

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM E
FOR MEETING OF MARCH 8, 2022**

SUBJECT:

For Possible Action: Consideration of and possible acceptance of the Commission's *Annual Comprehensive Financial Report* for the Fiscal Year Ended June 30, 2021 and a report or comments from the Finance and Audit Subcommittee members regarding the report.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

Enclosed is a copy of the Commission's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021 and related documents for the fiscal year ended June 30, 2021. Staff will provide report at the meeting.



COLORADO RIVER COMMISSION OF NEVADA

A COMPONENT UNIT OF THE STATE OF NEVADA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**FOR THE YEAR ENDED
JUNE 30, 2021**

COLORADO RIVER COMMISSION OF
NEVADA

A COMPONENT UNIT OF THE STATE OF NEVADA

ANNUAL COMPREHENSIVE FINANCIAL
REPORT

FOR THE YEAR ENDED
JUNE 30, 2021

PREPARED BY
FINANCE AND ADMINISTRATION DIVISION
LAS VEGAS, NEVADA

COLORADO RIVER COMMISSION OF NEVADA

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COLORADO RIVER COMMISSION OF NEVADA

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INTRODUCTORY SECTION

COLORADO RIVER COMMISSION OF NEVADA

ELECTED AND APPOINTED OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2021

STATE OF NEVADA

Steve Sisolak
Governor

AARON FORD
Attorney General

CATHERINE BYRNE
Controller

ZACH CONINE
Treasurer

BARBARA CEGAVSKE
Secretary of State

COLORADO RIVER COMMISSION

PUOY K. PREMSRIRUT
Chairwoman

KARA J. KELLEY
Vice Chairwoman

CODY T. WINTERTON
Commissioner

MARILYN KIRKPATRICK
Commissioner

DAN H. STEWART
Commissioner

ALLEN J. PULIZ
Commissioner

JUSTIN JONES
Commissioner

COMMISSION STAFF

ERIC P. WITKOSKI
Executive Director

SARA A. PRICE
Senior Assistant Director

GAIL A. BATES
Assistant Director Hydropower Energy Operations

DOUGLAS N. BEATTY
Division Chief, Finance and Administration

ANGELA K. SLAUGHTER
Natural Resources Manager

ROBERT D. REESE
Assistant Director Engineering and Operations

STATE OF NEVADA

STEVE SISOLAK, *Governor*
PUOY K. PREMSRIRUT, *Chairwoman*
KARA J. KELLEY, *Vice Chairwoman*
ERIC WITKOSKI, *Executive Director*



JUSTIN JONES, *Commissioner*
MARILYN KIRKPATRICK, *Commissioner*
ALLEN J. PULIZ, *Commissioner*
DAN H. STEWART, *Commissioner*
CODY T. WINTERTON, *Commissioner*

**COLORADO RIVER COMMISSION
OF NEVADA**

December 20, 2021

To the Honorable Chairwoman, and Members of the Colorado River Commission of Nevada:

It is a pleasure for us to present the Annual Comprehensive Financial Report of the Colorado River Commission of Nevada (Commission) for the year ended June 30, 2021, prepared by the financial and administrative division staff. This report is published to fulfill State of Nevada (State) law and bond covenants requiring such within six months of the close of each fiscal year. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that was established for this purpose. The Commission's controls have been developed in accordance with the State Controller's office State-wide internal control system. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the basic financial statements are free of any material misstatements.

Moss Adams, LLP, Certified Public Accountants and Business Advisors audited the Commission's basic financial statements for the year ended June 30, 2021. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Commission are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Commission's basic financial statements for the fiscal year ended June 30, 2021, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (GAAP). The independent auditors' report is presented in the financial section of this report.

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

Profile of the Government

The Commission has broad statutory authority to establish policy for the management of the State's allocation of power and water resources from the Colorado River. As a State agency, it comprises a discretely presented component unit of the State for financial reporting purposes. Basic financial information presented herein is also included in the State's Annual Comprehensive Financial Report.

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

The members of the Commission are:

<u>Name</u>	<u>Initial Appointment</u>	<u>Current Term</u>
Puoy K. Premsrirut, Chairwoman	2013	July 1, 2020, to June 30, 2023
Kara J. Kelley Vice Chairwoman	2015	July 1, 2020, to June 30, 2023
Cody T. Winterton	2015	July 1, 2019, to June 30, 2021**
Honorable Marilyn Kirkpatrick Clark County Commissioner	2016	July 16, 2020, to June 30, 2022*
Honorable Dan H. Stewart City of Henderson Councilman	2016	July 16, 2020, to June 30, 2022*
Allen J. Puliz	2019	September 1, 2019, to June 30, 2022
Honorable Justin Jones Clark County Commissioner	2020	July 16, 2020, to June 30, 2022*

* Designates those Commissioners appointed by the SNWA who have terms that are subject to reappointment and continuation of their service as Directors of SNWA. ** Designates those Commissioners appointed by the Governor who have terms that are extended by NRS232A.020(2).

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

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

Power

Nevada's allocation of hydropower from Hoover, Parker and Davis Dams, and the Salt Lake City Area Integrated Project is purchased by the Commission from the federal government and sold to several contracting entities in southern Nevada, including three rural electrification associations, one municipal and one investor-owned utility, and an industrial complex in Henderson, Nevada. The Commission also seeks and contracts for available capacity and energy from alternative sources in order to meet the needs of the entities it serves. The Commission is also responsible for developing power delivery facilities and providing power, including hydropower, to SNWA's treatment facilities and the Basic Industrial Complex in Henderson, Nevada. The Commission's customer base is set forth in NRS 704.787. The customers include an industrial complex, the SNWA and its member agencies (for water and wastewater pumping) and other customers who qualify for and receive a specific allocation under the Hoover Power Allocation Act of 2011 and other hydropower processes.

Water

The Commission represents Nevada's interests in interstate matters involving the Colorado River with the SNWA. The Commission and the SNWA work directly with the U.S. Bureau of Reclamation, the other six Colorado River Basin states consisting of Arizona, California, Colorado, New Mexico, Utah, and Wyoming and other water users on the river. The activities include negotiating new water supplies, identifying new operating strategies, balancing water use with a water supply, and developing new mechanisms for interstate water transfers and drought contingency plans. These activities are the focus of the Commission.

Factors affecting Financial Condition

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

Clark County (the County) and Local Economy

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

The Clark County encompasses 7,927 square miles. It includes five incorporated cities: Las Vegas, Henderson, North Las Vegas, Boulder City, and Mesquite; fourteen unincorporated towns; one school district; four library districts; one urban and two rural fire districts; one sanitation district; one urban and three rural water districts; and eleven judicial townships.

Clark County's population continues to increase at a moderate rate following declines in population reported in 2009 through 2011. The most current certified population estimate (as certified by the State Governor) indicates that Clark County's 2021 population is 2,342,885, a modest 1% increase from 2020's estimated population of 2,320,107. Clark County's population represents approximately 73.7% of the State's 2021 population (estimated at 3,175,715), virtually unchanged from prior year's percentage. Current projections forecast the County population to be 2,380,692 in 2022 and 2,425,745 in 2023. The current demographic estimate indicates continued growth over the next two years also at a rate of approximately 1.7% annually.

The State experienced serious financial declines in 2020 due to the COVID-19 pandemic. On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. Subsequently Nevada Governor Steve Sisolak issued a Declaration of Emergency on March 12, 2020, and ordered a shutdown of all nonessential businesses for 30 days on March 18, 2020, which extended through May 31, 2020. Casinos, the lifeblood of Clark County's economic engine, began reopening in early June of 2020.

On October 21, 2021, the Nevada Department of Employment, Training, and Rehabilitation reported that statewide employment increased by 4,400 from the prior month. Still, jobs remain below typical levels but have increased by 84,100 jobs since September 2020. The increase in employment over the year reflects the rebound in jobs as COVID-19 related restrictions have been lifted and the economy recovers. The total employment level in the state is 1,349,300. The State's unemployment rate in September was 7.5%, down slightly from 7.7% in August and down 5.5% from September of 2020. Las Vegas employment increased by 2,400 jobs (up 0.2%) since August 2021, which represents an increase of 69,300 jobs (7.7%) since September 2020. Nevada and Las Vegas's gaming industry shows strong signs of recovery.

Casinos on the Las Vegas Strip set an all-time quarterly record during the third quarter of 2021 by collecting \$2.1 billion in gambling revenue, according to numbers reported by the Nevada Gaming Control Board. In addition, the Strip beat the previous record of \$1.8 billion, set during the fourth quarter of 2006. With events coming back and strong demands for entertainment, the Las Vegas economy is benefiting from a streak of an influx of gambling revenue. Statewide, Nevada is also continuing to hit records. In September 2021, the state collected \$1.2 billion in gaming revenue, marking the seventh consecutive month of \$1 billion-plus in revenue. Also, gambling revenue increased 9.4% in September over the same month in 2019.

In addition, the Las Vegas merger and acquisition market has been relatively active within the last six months. In March 2021, Las Vegas Sands Corp. agreed to sell its Venetian resort to Apollo Global Management Inc. in a \$6.25 billion transaction. In September 2021, the Blackstone Group agreed to sell The Cosmopolitan of Las Vegas in a \$5.65 billion deal. MGM Resorts International agreed to purchase the resort's operations for \$1.625 billion, and a group of buyers that includes a Blackstone real estate investment trust will buy the underlying real estate of the Cosmopolitan.

Over this period, the revenues of the Commission have been relatively stable, and are projected to remain so over the next biennium. The major impact to the Commission has been related to its industrial customer base. These customers have suffered decreases in product demand due to the pandemic and have subsequently reduced projected power purchases. However, the Commission's power resources continue to be among the lowest cost resources available to its customers, so the total impact of reduced demand is not projected to materially impact the Commission's revenues over the biennium.

Long-term Financial Planning

The financial management division monitors the fund balance of the Commission's general fund to ensure adequate reserves to fund ongoing operations. State and Commission regulations provide the flexibility to adjust water administrative revenues with each budget cycle and to change power administrative charges with advance notice to the customers.

Acceptable fund balance and cash levels are maintained with an annual internal review and, during the budget cycle (each even numbered year), are reviewed with the customers in budget preparation meetings. Due to the pass-through nature of the Commission's enterprise funds, ending fund balances are not monitored for adequate levels. Cash flow is monitored for these funds, as each month's billings reflect actual revenue requirements for the month. Risk for these funds revolves around the inherent enterprise risk of the Commission's customers.

To ensure ongoing revenues, the Commission monitors the creditworthiness of its customer and vendor base. As most of the customer base is governmental in nature, the risk of financial failure is not significant. For the customers that are not governmental based, the Commission requires deposits against power purchases in amounts determined annually by staff. These deposits are cash with one customer providing a letter of credit issued by a financial institution acceptable to the Commission and the State Treasurer. The deposits are equal to at least three months of average power purchases by the customer or a greater amount as determined by the Commission.

The Commission operates in close concert with all its customers. Some staff members of the Commission's Energy Services group are housed full-time at the SNWA offices, and all customers have access to Commission records and operational information, including real time power purchasing and invoicing amounts.

Cash in all funds is deposited in the State Treasurer's account and the Treasurer acts as the exclusive financial institution for the Commission. Interest income is received from the State Treasurer on all Commission cash. The Commission has no direct control over the investing activities of these resources. Interest income is not significant and is not used in budgeting and cash needs analysis.

Market Risk Management

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 45th consecutive year that the Commission has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

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

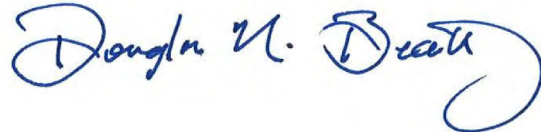
Acknowledgements

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

Respectfully submitted,



Eric Witkoski
Executive Director



Douglas N. Beatty
Division Chief, Finance and Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Colorado River Commission of Nevada

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

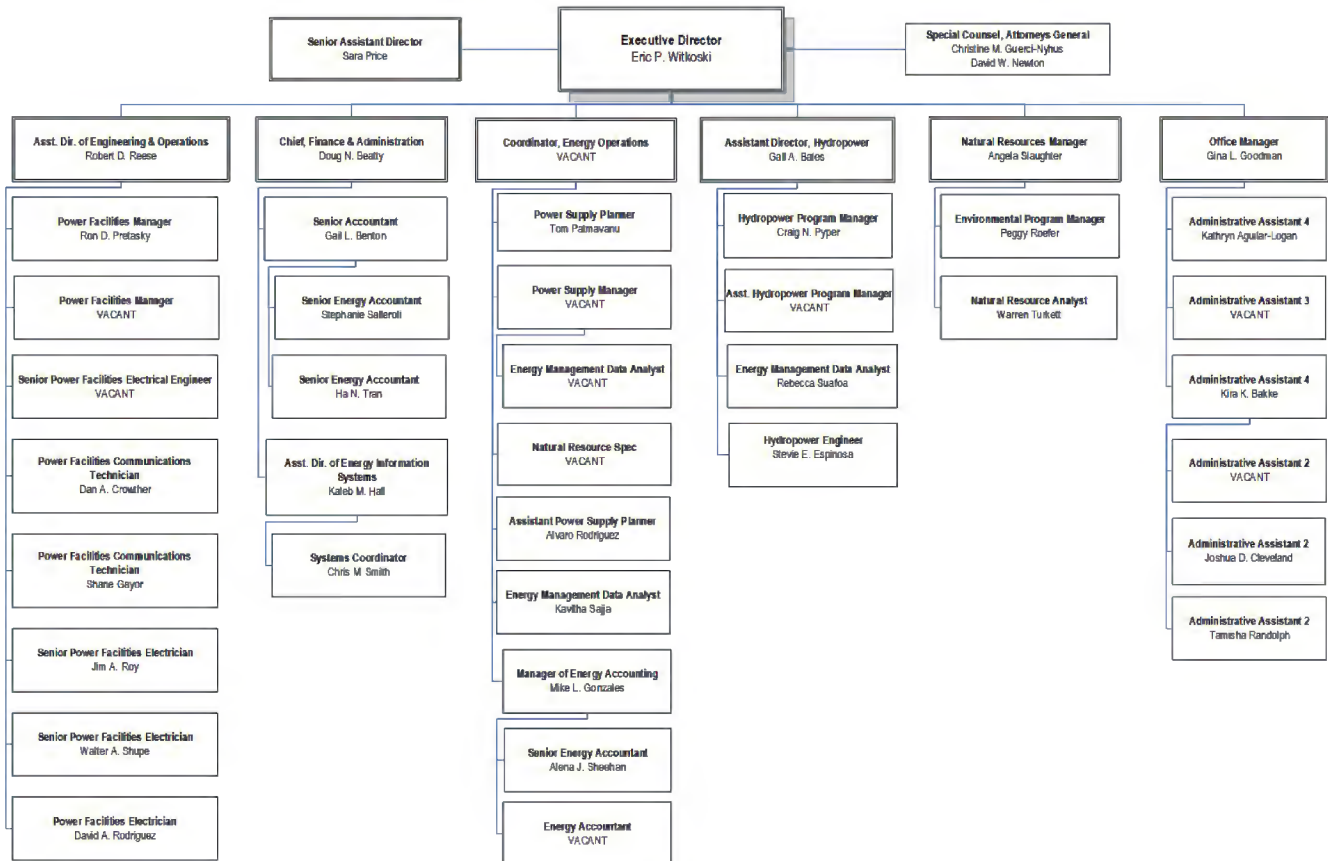
Christopher P. Morill

Executive Director/CEO

COLORADO RIVER COMMISSION OF NEVADA

ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2021



FINANCIAL SECTION

Report of Independent Auditors

Board of Commissioners
Colorado River Commission of Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Colorado River Commission of Nevada (the Commission'), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Commission as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund and the Research and Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
December 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

COLORADO RIVER COMMISSION OF NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2021

This section of the Annual Comprehensive Financial Report of the Colorado River Commission of Nevada (the Commission) presents management's overall analysis of financial activities for the fiscal year ended June 30, 2021. This information will provide a more complete picture of Commission activities when read in conjunction with the basic financial statements, notes to the basic financial statements and letter of transmittal.

Financial Highlights

The assets and deferred outflows of the Commission's governmental activities exceed the liabilities and deferred inflows at the close of the fiscal year by \$5,879,071 (net position). However, the restricted fund balance related to the research and development fund was \$12,080,900; thus, the Commission's general fund's portion of the net position was (\$6,201,829).

The net position in the business-type activities and proprietary (enterprise) funds decreased this year by \$125,006 from \$1,804,518 to \$1,679,512. The net position was expected to remain relatively stable as there were no significant power market changes or changes in programs during the year.

Cash balances in the governmental funds increased during the year, from a reported balance of \$14,192,971 in the year ended June 30, 2020, to \$14,304,319 in the year ended June 30, 2021. This was due to scheduled contractual collections of reserves in the research and development fund for habitat conservation. The reserves are part of the Lower Colorado River Multi-Species Conservation Program (LCRMSCP), which is described in more detail later in this analysis. Cash in the research and development fund increased by \$307,150 while cash in the general fund decreased by \$195,802.

Total power sales and the total cost of electric service provided to the Commission's customers decreased significantly this year, due primarily to decreases in power sales to the Commission's industrial customers. These decreases represent a depressed demand for the products of the industries resulting from the COVID-19 pandemic. Additional decreases to resources provided to the Commission's hydropower customers represent the decreased hydrology on the Colorado River as the drought continues. Analysis of each fund individually indicates that:

Power marketing fund revenues decreased slightly from the prior year due to decreased hydropower production. Power revenues in this fund decreased from \$28,060,731 in the year ended June 30, 2020, to \$27,017,114 in the year ended June 30, 2021. This represents a 3.72% decrease.

Power operating expenses in the Power Marketing Fund decreased from \$28,095,112 to \$27,051,495 from the year ended June 30, 2020, to the year ended June 30, 2021. This represents a 3.71% decrease. Depreciation, general administrative charges and prepaid power advances remained relatively constant.

Revenues of the power delivery fund decreased from \$16,047,305 in the year ended June 30, 2020, to \$9,082,731 in the year ended June 30, 2021. This decrease is the result of a decline in production at the Commission's industrial customer complex as described above. Power Delivery operating costs also experienced a corresponding decrease from \$16,101,489 to \$9,148,849 for the same time period. We expect the power revenues and purchases to remain at the current level over the next year as market increases in demand for the industrial products are not expected to return in the short term. The decline in projected Commission resources was limited to purchases from power market suppliers. All available hydropower resources will continue to be marketed to our customers.

The Commission has been impacted by the COVID-19 pandemic in that its staff is primarily working from home, all basin state travel and other related costs have not yet returned to normal levels at this time. The relatively flat resource load is expected to continue for a minority of our customers in the next two years as discussed above. The Commission will continue to supply customer load as needed and will pass the cost of the purchased power to its customers at total cost, including administrative costs. In general, the revenues and costs of the Commission have reduced slightly, but reserve levels remain within acceptable levels and will be monitored as needed to ensure the continuing operations of the Commission. In general, the financial position of the Commission has improved over the past year as the increase in administrative fees restored the level of cash reserves.

The Silver State Energy Association (SSEA) was formed as a joint action agency with the goal of aggregating power load requirements and resources to take advantage of economies of scale and to participate collectively in potential electric power projects. Members of the SSEA includes the Commission, the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No. 1 and the Southern Nevada Water Authority (SNWA). More information about SSEA may be found at www.silverstateenergy.org. Commission personnel continue to serve as contract staff for the SSEA. Power sales and costs related to the SSEA activity are not reported by the Commission. These activities are reported by the SSEA in its financial statements.

Overview of the Financial Statements

The Commission is a special-purpose State of Nevada (the State or Nevada) government entity. It is empowered primarily to administer the Colorado River water resources allocated to the State by the Federal Government and to provide electric power resources to specific legislatively approved entities. Through the Commission, most of the water resources have been allocated to SNWA, a regional governmental entity. The power resources are provided mostly to governmental or quasi-governmental entities and a limited number of industrial end users grandfathered into the Commission's service authority. Thus, the enterprise funds have a statutorily limited but generally stable customer base. The water function is not intended to serve as an enterprise-type activity and is accounted for in the Commission's general fund. The electric power function, contractually not intended to generate a profit, is accounted for through the use of two enterprise funds. The power marketing fund records the transactions related to the purchase and sale of hydropower resources allocated to the State. These resources are generated from Federal Hydropower Projects (Hoover Dam, Parker-Davis Dam, and others) on the Colorado River. In addition to these funds, the Commission maintains one special revenue fund to account for the LCRMSCP.

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

Government-wide Financial Statements

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

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

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

The functions reported on the Commission's basic financial statements are principally supported by user fees and charges. The water-related activities are supported by an administrative fee assessed on SNWA and the power-related activities are supported through administrative charges assessed as part of the sale of electric resources. Environmental activities are supported through administrative fees assessed on the SNWA and on hydropower customers.

Fund Financial Statements

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

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

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

The Commission maintains two governmental funds, the general fund and the research and development fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for both funds. However, only the general fund is considered a major fund.

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

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

Notes to the Basic Financial Statements

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

Government-wide Financial Analysis

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

Summary Statement of Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Change	2021	2020	Change
Assets						
Current	\$ 14,668,533	\$ 14,532,309	\$ 136,224	\$ 7,863,755	\$ 8,148,844	\$ (285,089)
Noncurrent						
Restricted				2,608,606	2,602,818	5,788
Capital assets, net	44,550	10,690	33,860	43,152,138	45,162,047	(2,009,909)
Other				23,114,437	23,863,942	(749,505)
Total assets	<u>14,713,083</u>	<u>14,542,999</u>	<u>170,084</u>	<u>76,738,936</u>	<u>79,777,651</u>	<u>(3,038,715)</u>
Deferred outflows of resources	<u>1,237,553</u>	<u>1,204,667</u>	<u>32,886</u>			
Liabilities						
Current	779,154	768,080	11,074	9,688,093	9,878,684	(190,591)
Noncurrent	<u>8,747,905</u>	<u>8,442,635</u>	<u>305,270</u>	<u>65,371,331</u>	<u>68,094,449</u>	<u>(2,723,118)</u>
Total liabilities	<u>9,527,059</u>	<u>9,210,715</u>	<u>316,344</u>	<u>75,059,424</u>	<u>77,973,133</u>	<u>(2,913,709)</u>
Deferred inflows of resources	<u>544,506</u>	<u>703,413</u>	<u>(158,907)</u>			
Net position						
Net investment in capital assets	44,550	10,690	33,860	43,152,138	45,162,047	(2,009,909)
Restricted	12,080,900	11,810,958	269,942			
Unrestricted	<u>(6,246,379)</u>	<u>(5,988,110)</u>	<u>(258,269)</u>	<u>(41,472,626)</u>	<u>(43,357,529)</u>	<u>1,884,903</u>
Total net position	<u>\$ 5,879,071</u>	<u>\$ 5,833,538</u>	<u>\$ 45,533</u>	<u>\$ 1,679,512</u>	<u>\$ 1,804,518</u>	<u>\$ (125,006)</u>

Note that the total assets in the governmental activities increased from the previous year, with the majority of the change reflected in an increase in cash, as expected due to collections of cash reserves in the research and development fund. These reserves are contractually restricted for use only in the Lower Colorado River Multi-species Conservation Program (LCRMSCP). This reserve should continue to build for the next few years until needed for program purposes.

Total assets in the business-type activities and proprietary funds decreased from the previous year. The decrease reflects the depreciation and amortization expense.

Summary Changes in Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Change	2021	2020	Change
Revenues						
Program revenues						
Charges for services	\$ 3,062,382	\$ 3,633,384	\$ (571,002)	\$ 36,020,045	\$ 44,108,036	\$ (8,087,991)
General revenues						
Investment income (loss)	(40,986)	382,851	(423,837)	(30,927)	139,516	(170,443)
Gain on disposal of capital assets		2,806	(2,806)	6,420		6,420
Miscellaneous	66,463	67,385	(922)	79,800		79,800
Total revenues	<u>3,087,859</u>	<u>4,086,426</u>	<u>(998,567)</u>	<u>36,075,338</u>	<u>44,247,552</u>	<u>(8,172,214)</u>
Expenses						
General government	2,611,950	2,853,053	(241,103)			
Research and development	430,376	425,556	4,820			
Power marketing				27,051,495	28,095,112	(1,043,617)
Power delivery				9,148,849	16,101,489	(6,952,640)
Total expenses	<u>3,042,326</u>	<u>3,278,609</u>	<u>(236,283)</u>	<u>36,200,344</u>	<u>44,196,601</u>	<u>(7,996,257)</u>
Change in net position before transfers	45,533	807,817	(762,284)	(125,006)	50,951	(175,957)
Transfers						
Change in net positions	45,533	807,817	(762,284)	(125,006)	50,951	(175,957)
Net position, beginning of year	<u>5,833,538</u>	<u>5,025,721</u>	<u>807,817</u>	<u>1,804,518</u>	<u>1,753,567</u>	<u>50,951</u>
Net position, end of year	<u>\$ 5,879,071</u>	<u>\$ 5,833,538</u>	<u>\$ 45,533</u>	<u>\$ 1,679,512</u>	<u>\$ 1,804,518</u>	<u>\$ (125,006)</u>

The governmental activities of the Commission are small in comparison to the capital and power purchasing activities. The Commission's water-related efforts and hydropower support activities form the bulk of the governmental programs. These activities are funded on a current basis through administrative assessments and the Commission carries minimal necessary cash balances for these activities. Governmental fund revenues decreased slightly this year from the prior year due to decreased hydrology and related hydropower production. Governmental expenses also experienced insignificant decreases for the year. This was due to decreased activity as the programs related to the Colorado River have not fully returned to pre-COVID-19 pandemic levels.

The activities related to the electric power utility function are large and generate millions of dollars in both revenues and expenses. However, as the Commission's contracts for power allow only for recovery of cost in the enterprise funds, these activities do not contribute significant amounts to net position. In fact, based on timing differences between collections from customers and payment to vendors, the contributions to net position from these activities may be negative in any given year. For the fiscal year ended June 30, 2021, revenues and expenses of the power funds decreased significantly due to declines in Commission customer resource needs.

Governmental Funds Financial Analysis

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

The Commission downloads data from the Controller related to revenue and expense transactions. These downloads are imported into a computerized reporting system for financial report preparation purposes. As more fully explained in the notes to the basic financial statements, the accounting policies of the Commission conform to, and its financial statements have been prepared in accordance with, accounting principles generally accepted in the United States (GAAP) applicable to government units.

The Commission is not subject to regulation by federal or state utility regulatory bodies. General governmental activity of the Commission is recorded in the general fund.

Funding sources for the Commission's general fund administrative functions are detailed below:

General Fund Administrative Funding Sources						
	2021		2020		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues						
Power administrative charges	\$ 1,442,134	27.77 %	\$ 1,589,854	26.36 %	\$ (147,720)	(9.29)%
Water charges	887,537	17.09 %	1,323,145	21.94 %	(435,608)	(32.92)%
Investment income (loss)	(8,594)	(0.17)%	66,435	1.10 %	(75,029)	(112.94)%
Miscellaneous	66,463	1.28 %	67,385	1.12 %	(922)	(1.37)%
Total revenues	<u>2,387,540</u>	<u>45.97 %</u>	<u>3,046,819</u>	<u>50.51 %</u>	<u>(659,279)</u>	<u>(21.64)%</u>
Salaries and overhead recovered by allocation	<u>2,805,677</u>	<u>54.03 %</u>	<u>2,985,122</u>	<u>49.49 %</u>	<u>(179,445)</u>	<u>(6.01)%</u>
Total funding sources	<u>\$ 5,193,217</u>	<u>100.00 %</u>	<u>\$ 6,031,941</u>	<u>100.00 %</u>	<u>\$ (838,724)</u>	<u>(13.90)%</u>

Revenues in the Commission's general fund totaled \$2,387,540 for the year ended June 30, 2021, \$659,279 less than the \$3,046,819 realized in the year ended June 30, 2020. The decrease is a result of a decrease in water administrative charge as reserve levels were adequate for operations during the fiscal year. Allocated salaries and overhead decreased as a result of personnel loss during the year.

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

General Fund Expenditures			
	2021	2020	Change
Expenditures			
Personnel services	\$ 3,988,999	\$ 4,309,102	\$ (320,103)
Travel, out-of-state	821	36,246	(35,425)
Travel, in-state		2,509	(2,509)
Rent and insurance	152,901	114,123	38,778
Dues and registration fees	60,052	75,161	(15,109)
Contractual services	175,085	175,603	(518)
Legal	539,381	609,464	(70,083)
Water purchases	14,518	13,258	1,260
Equipment, furniture and fixtures, non-capitalized	35,204	89,109	(53,905)
Equipment, furniture and fixtures, capitalized	45,556		45,556
Other	286,671	272,338	14,333
Total expenditures	<u>5,299,188</u>	<u>5,696,913</u>	<u>(397,725)</u>
Salaries and overhead recovered by allocation	<u>(2,805,677)</u>	<u>(2,985,122)</u>	<u>179,445</u>
Net expenditures	<u>\$ 2,493,511</u>	<u>\$ 2,711,791</u>	<u>\$ (218,280)</u>

Note: Certain immaterial prior year amounts have been reclassified to agree to the current year presentation.

Allocated salary and overhead are collected and paid by the enterprise fund for the cost incurred by the general fund.

Net expenditures for the year ended June 30, 2021, in the general fund totaled \$2,493,511, which is \$218,280 less than the \$2,711,791 expended during the year ended June 30, 2020. The decrease can be attributed to decreases in personnel costs due to retirements and reductions in staff.

Research and Development Special Revenue Fund
Summary Financial Information

	2021	2020	Change
Total assets	\$ 12,141,489	\$ 11,869,721	\$ 271,768
Total liabilities	60,589	58,763	1,826
Total fund balance, end of year	12,080,900	11,810,958	269,942
Total revenues	700,318	1,036,801	(336,483)
Total expenditures	430,376	425,556	4,820

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

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

Fund Balances - Governmental Funds			
	2021	2020	Change
General Fund	\$ 2,176,266	\$ 2,282,237	\$ (105,971)
Research and Development Special Revenue Fund	12,080,900	11,810,958	269,942

General Fund Budgetary Information

There were no significant changes to the budget for the year ended June 30, 2021. The budget to actual comparisons for the Commission's governmental funds is detailed below:

Summary of Selected General Fund Budget and Actual Information				
	Original Budget	Final Budget	Actual	Variance
Total revenues	\$ 4,634,106	\$ 4,634,106	\$ 2,387,540	\$ (2,246,566)
Total expenditures	4,629,161	4,669,591	2,493,511	2,176,080
Total fund balance, end of year	2,236,644	2,196,214	2,176,266	(19,948)

Review of revenue budget to actual comparisons show both administrative charges were below budget. The hydropower administrative charge was projected based on anticipated administrative expenditures. The water charges were estimated to include significant utilization of outside consultants. Anticipated contract services were not fully utilized, and water administrative cash reserves were adequate, the billings were reduced to reflect this.

Review of expenditures indicates that personnel costs overall were below budget. The significant positive variances were in personnel; this is due to budgeting unfilled positions at maximum salary levels and loss of staff during the year; outside contractual costs, which were below budgeted amounts due to less activity relating to river related functions that would have required the use of outside experts. The cost allocation amount also reflects budgeted position levels that were not utilized at that level.

Capital Assets

The Commission's investment in capital assets for its governmental and business-type activities as of June 30, 2021, is \$43,196,688 (net of accumulated depreciation). This investment includes the power delivery system, automobiles, and equipment (both administrative vehicles and power delivery project utility vehicles), and office furniture. The depreciable lives related to the Commission's automobiles and equipment are dictated by the policies and standards adopted by the State. The Commission does not have the ability to change the policies and standards related to the depreciable lives or methods on its own.

As of June 30, 2021, the Commission's capital assets consisted of the following:

	Capital assets, net of accumulated depreciation and amortization					
	Governmental Activities			Business-type Activities		
	2021	2020	Change	2021	2020	Change
Power transmission system	\$	\$	\$	\$ 42,957,853	\$ 44,951,349	\$ (1,993,496)
Automobiles and other equipment	44,550	10,690	33,860	194,285	210,698	(16,413)
Total assets	\$ 44,550	\$ 10,690	\$ 33,860	\$ 43,152,138	\$ 45,162,047	\$ (2,009,909)

Please refer to Note 3 to the financial statements for more detailed information related to the capital assets of the Commission.

Debt Administration

As of June 30, 2021, outstanding long-term obligations of the Commission consisted of the following:

	Summary of Outstanding Debt		
	Average Interest Rate	Maturity Date	Outstanding Balance
Hoover Visitor Center, Series 2014E	3.80 %	2043	\$ 25,985,000

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

Please refer to Note 3 to the financial statements for more detailed information related to debt activity of the Commission.

Additional Information

On August 16, 2021, the United States Bureau of Reclamation announced the first-ever shortage on the Colorado River Basin and a Level 1 Shortage Condition at Lake Mead. As a result, beginning in January 2022 and throughout the remainder of this year, the bureau will reduce the water supplies for the three states of Arizona, Nevada and California and the Republic of Mexico. Accordingly, Nevada will lose 7% of its allocation or 21,000 acre-feet of water, but its residents will not feel the shortage because of conservation efforts and alternative water sources. In addition, the bureau plans to draw down water from two reservoirs in Colorado and Utah to maintain the water level necessary for Hoover Dam to generate electric power. Therefore, there is no immediate impact on the sale of hydropower resources allocated to the state and the Commission's ability to generate revenue. However, with the ongoing drought in the Western region and a steady decline in the Colorado River, there might be additional shortage declarations in the future, which could have material adverse effects on the water distribution to Nevada and the hydropower being generated. The Commission is monitoring this matter on an ongoing basis.

This financial report is designed to provide a general overview of the Commission's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Division Chief, Finance and Administration, Colorado River Commission, 555 East Washington Avenue, Suite 3100, Las Vegas, NV 89101. In addition, the Commission maintains a website that provides additional information on all issues discussed in this analysis, on many other programs and projects of the Commission and information related to customers and staff contacts. The website address is <http://crc.nv.gov>.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

COLORADO RIVER COMMISSION OF NEVADA

STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 14,304,319	\$ 3,819,793	\$ 18,124,112
Accounts receivable, net	5,826	1,775,360	1,781,186
Interest receivable	36,216	14,993	51,209
Due from other governments	51,385	307	51,692
Internal balances *	270,787		
Prepaid items		567,018	567,018
Prepaid power		1,686,284	1,686,284
Total current assets	<u>14,668,533</u>	<u>7,863,755</u>	<u>22,261,501</u>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents		<u>2,608,606</u>	<u>2,608,606</u>
Capital assets, net of accumulated depreciation and amortization			
Power transmission system		42,957,853	42,957,853
Automobiles and other equipment	44,550	194,285	238,835
Total capital assets, net of accumulated depreciation and amortization	<u>44,550</u>	<u>43,152,138</u>	<u>43,196,688</u>
Other assets			
Prepaid power		<u>23,114,437</u>	<u>23,114,437</u>
Total noncurrent assets	<u>44,550</u>	<u>68,875,181</u>	<u>68,919,731</u>
Total assets	<u>14,713,083</u>	<u>76,738,936</u>	<u>91,181,232</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	963,009		963,009
Deferred outflows related to other postemployment benefits	274,544		274,544
Total deferred outflows of resources	<u>1,237,553</u>		<u>1,237,553</u>
Total assets and deferred outflows of resources	<u>15,950,636</u>	<u>76,738,936</u>	<u>92,418,785</u>
LIABILITIES			
Current liabilities			
Accounts payable	108,716	2,466,602	2,575,318
Accrued payroll	179,310		179,310
Due to other governments	51,385	307	51,692
Customer payables, collateral and other deposits	4,175	2,653,572	2,657,747
Internal balances *		270,787	
Unearned revenue	67,781	3,270,602	3,338,383
Interest payable		256,223	256,223
Bonds payable		770,000	770,000
Compensated absences	367,787		367,787
Total current liabilities	<u>779,154</u>	<u>9,688,093</u>	<u>10,196,460</u>
Noncurrent liabilities			
Unearned revenue		40,288,217	40,288,217
Bonds and notes payable, net of unamortized premiums and discounts		25,083,114	25,083,114
Compensated absences	220,030		220,030
Net pension liability	6,151,790		6,151,790
Net other postemployment benefits obligation	2,376,085		2,376,085
Total noncurrent liabilities	<u>8,747,905</u>	<u>65,371,331</u>	<u>74,119,236</u>

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
Total liabilities	9,527,059	75,059,424	84,315,696
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	375,761		375,761
Deferred inflows related to other postemployment benefits	168,745		168,745
Total deferred inflows of resources	544,506		544,506
Total liabilities and deferred inflows of resources	10,071,565	75,059,424	84,860,202
NET POSITION			
Net investment in capital assets	44,550	43,152,138	43,196,688
Restricted			
Research and development	12,080,900		12,080,900
Unrestricted	(6,246,379)	(41,472,626)	(47,719,005)
Total net position	\$ 5,879,071	\$ 1,679,512	\$ 7,558,583

* Internal balances are eliminated in consolidation. Accordingly, the amounts reported in the total column have been adjusted to remove internal balances.

COLORADO RIVER COMMISSION OF NEVADA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

FUNCTION/PROGRAM	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Change in Net Position		Total
			Governmental Activities	Business-type Activities	
Governmental activities					
General government	\$ 2,611,950	\$ 2,329,672	\$ (282,278)		\$ (282,278)
Research and development	<u>430,376</u>	<u>732,710</u>	<u>302,334</u>		<u>302,334</u>
Total governmental activities	<u>3,042,326</u>	<u>3,062,382</u>	<u>20,056</u>		<u>20,056</u>
Business-type activities					
Power marketing	27,051,495	27,017,114		(34,381)	(34,381)
Power delivery	<u>9,148,849</u>	<u>9,002,931</u>		<u>(145,918)</u>	<u>(145,918)</u>
Total business-type activities	<u>36,200,344</u>	<u>36,020,045</u>		<u>(180,299)</u>	<u>(180,299)</u>
Total	<u>\$ 39,242,670</u>	<u>\$ 39,082,427</u>	<u>20,056</u>	<u>(180,299)</u>	<u>(160,243)</u>
GENERAL REVENUES					
Investment income (loss)			(40,986)	(30,927)	(71,913)
Gain on disposal of capital assets				6,420	6,420
Miscellaneous			<u>66,463</u>	<u>79,800</u>	<u>146,263</u>
Total general revenues			<u>25,477</u>	<u>55,293</u>	<u>80,770</u>
CHANGE IN NET POSITION			45,533	(125,006)	(79,473)
NET POSITION, BEGINNING OF YEAR			<u>5,833,538</u>	<u>1,804,518</u>	<u>7,638,056</u>
NET POSITION, END OF YEAR			<u>\$ 5,879,071</u>	<u>\$ 1,679,512</u>	<u>\$ 7,558,583</u>

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

COLORADO RIVER COMMISSION OF NEVADA

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2021

	<u>General Fund</u>	Special Revenue Fund <u>Research and Development</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,193,497	\$ 12,110,822	\$ 14,304,319
Accounts receivable, net	5,826		5,826
Interest receivable	5,549	30,667	36,216
Due from other governments	51,385		51,385
Due from other funds	<u>270,787</u>		<u>270,787</u>
Total assets	<u>\$ 2,527,044</u>	<u>\$ 12,141,489</u>	<u>\$ 14,668,533</u>
LIABILITIES			
Accounts payable	\$ 108,716		\$ 108,716
Accrued payroll	179,310		179,310
Due to other governments	51,385		51,385
Customer payables, collateral and other deposits	4,175		4,175
Unearned revenue	<u>7,192</u>	<u>60,589</u>	<u>67,781</u>
Total liabilities	<u>350,778</u>	<u>60,589</u>	<u>411,367</u>
FUND BALANCES			
Nonspendable			
Restricted for			
Research and development		12,080,900	12,080,900
Other	4,227		4,227
Unassigned	<u>2,172,039</u>		<u>2,172,039</u>
Total fund balances	<u>2,176,266</u>	<u>12,080,900</u>	<u>14,257,166</u>
Total liabilities and fund balances	<u>\$ 2,527,044</u>	<u>\$ 12,141,489</u>	<u>\$ 14,668,533</u>

COLORADO RIVER COMMISSION OF NEVADA

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2021**

FUND BALANCES, GOVERNMENTAL FUNDS	\$ <u>14,257,166</u>
Amounts reported in the statement of net position are different because:	
NET POSITION, GOVERNMENTAL ACTIVITIES	\$ <u><u>14,257,166</u></u>

COLORADO RIVER COMMISSION OF NEVADA

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund Research and Development</u>		<u>Total Governmental Funds</u>
REVENUES				
Power administrative charges	\$ 1,442,134	\$	\$	1,442,134
Water charges	887,537			887,537
Multi-species surcharge		732,710		732,710
Investment income (loss)	(8,594)	(32,392)		(40,986)
Miscellaneous	66,463			66,463
Total revenues	<u>2,387,540</u>	<u>700,318</u>		<u>3,087,858</u>
EXPENDITURES				
General government				
Current				
Personnel services	3,988,999			3,988,999
Travel, out-of-state	821			821
Rent and insurance	152,901			152,901
Dues and registration fees	60,052			60,052
Contractual services	175,085			175,085
Legal	539,381			539,381
Water purchases	14,518			14,518
Multi-species assessment		430,376		430,376
Equipment, furniture and fixtures, non-capitalized	35,204			35,204
Other	286,671			286,671
	<u>5,253,632</u>	<u>430,376</u>		<u>5,684,008</u>
Capital outlay				
Equipment, furniture and fixtures, capitalized	45,556			45,556
Salaries and overhead recovered by allocation	<u>(2,805,677)</u>			<u>(2,805,677)</u>
Net expenditures	<u>2,493,511</u>	<u>430,376</u>		<u>2,923,887</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(105,971)</u>	<u>269,942</u>		<u>163,971</u>
CHANGE IN FUND BALANCE	(105,971)	269,942		163,971
FUND BALANCE, BEGINNING OF YEAR	<u>2,282,237</u>	<u>11,810,958</u>		<u>14,093,195</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,176,266</u>	<u>\$ 12,080,900</u>		<u>\$ 14,257,166</u>

COLORADO RIVER COMMISSION OF NEVADA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS	\$ <u>163,971</u>
Amounts reported in the statement of activities are different because:	
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES	\$ <u><u>163,971</u></u>

COLORADO RIVER COMMISSION OF NEVADA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Power administrative charges	\$ 2,302,294	\$ 2,302,294	\$ 1,442,134	\$ (860,160)
Water charges	2,192,263	2,192,263	887,537	(1,304,726)
Investment income (loss)	80,202	80,202	(8,594)	(88,796)
Miscellaneous	<u>59,347</u>	<u>59,347</u>	<u>66,463</u>	<u>7,116</u>
Total revenues	<u>4,634,106</u>	<u>4,634,106</u>	<u>2,387,540</u>	<u>(2,246,566)</u>
EXPENDITURES				
General government				
Current				
Personnel services	5,333,211	5,333,211	3,988,999	1,344,212
Travel, out-of-state	58,939	58,939	821	58,118
Travel, in-state	20,236	20,236		20,236
Rent and insurance	160,430	160,430	152,901	7,529
Dues and registration fees	77,634	77,634	60,052	17,582
Contractual services	761,651	759,901	175,085	584,816
Legal	539,761	539,761	539,381	380
Water purchases	13,255	15,005	14,518	487
Equipment, furniture and fixtures, non-capitalized	76,906	76,906	35,204	41,702
Other	<u>286,083</u>	<u>291,303</u>	<u>286,671</u>	<u>4,632</u>
	<u>7,328,106</u>	<u>7,333,326</u>	<u>5,253,632</u>	<u>2,079,694</u>
Capital outlay				
Equipment, furniture and fixtures, capitalized	17,498	52,708	45,556	7,152
	<u>17,498</u>	<u>52,708</u>	<u>45,556</u>	<u>7,152</u>
Salaries and overhead recovered by allocation	<u>(2,716,443)</u>	<u>(2,716,443)</u>	<u>(2,805,677)</u>	<u>89,234</u>
Net expenditures	<u>4,629,161</u>	<u>4,669,591</u>	<u>2,493,511</u>	<u>2,176,080</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,945</u>	<u>(35,485)</u>	<u>(105,971)</u>	<u>(70,486)</u>
CHANGE IN FUND BALANCE	4,945	(35,485)	(105,971)	(70,486)
FUND BALANCE, BEGINNING OF YEAR	<u>2,231,699</u>	<u>2,231,699</u>	<u>2,282,237</u>	<u>50,538</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,236,644</u>	<u>\$ 2,196,214</u>	<u>\$ 2,176,266</u>	<u>\$ (19,948)</u>

COLORADO RIVER COMMISSION OF NEVADA

RESEARCH AND DEVELOPMENT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Multi-species surcharge	\$ 785,837	\$ 785,837	\$ 732,710	\$ (53,127)
Investment income (loss)	<u>181,558</u>	<u>181,558</u>	<u>(32,392)</u>	<u>(213,950)</u>
Total revenues	<u>967,395</u>	<u>967,395</u>	<u>700,318</u>	<u>(267,077)</u>
EXPENDITURES				
General government				
Current				
Multi-species assessment	<u>1,012,274</u>	<u>1,012,274</u>	<u>430,376</u>	<u>581,898</u>
Total expenditures	<u>1,012,274</u>	<u>1,012,274</u>	<u>430,376</u>	<u>581,898</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(44,879)</u>	<u>(44,879)</u>	<u>269,942</u>	<u>314,821</u>
CHANGE IN FUND BALANCE	(44,879)	(44,879)	269,942	314,821
FUND BALANCE, BEGINNING OF YEAR	<u>11,704,256</u>	<u>11,704,256</u>	<u>11,810,958</u>	<u>106,702</u>
FUND BALANCE, END OF YEAR	<u>\$ 11,659,377</u>	<u>\$ 11,659,377</u>	<u>\$ 12,080,900</u>	<u>\$ 421,523</u>

COLORADO RIVER COMMISSION OF NEVADA

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2021

	Business-type Activities		
	Power Marketing	Power Delivery	Total Enterprise Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,627,588	\$ 1,192,205	\$ 3,819,793
Accounts receivable, net	1,094,619	680,741	1,775,360
Interest receivable	11,539	3,454	14,993
Due from other governments	307		307
Prepaid items	517,211	49,807	567,018
Prepaid power	1,686,284		1,686,284
Total current assets	<u>5,937,548</u>	<u>1,926,207</u>	<u>7,863,755</u>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	<u>2,282,625</u>	<u>325,981</u>	<u>2,608,606</u>
Capital assets, net of accumulated depreciation and amortization			
Power transmission system	6,569,271	36,388,582	42,957,853
Automobiles and other equipment		194,285	194,285
Total capital assets, net of accumulated depreciation and amortization	<u>6,569,271</u>	<u>36,582,867</u>	<u>43,152,138</u>
Other assets			
Prepaid power	<u>23,114,437</u>		<u>23,114,437</u>
Total noncurrent assets	<u>31,966,333</u>	<u>36,908,848</u>	<u>68,875,181</u>
Total assets	<u>37,903,881</u>	<u>38,835,055</u>	<u>76,738,936</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,963,833	502,769	2,466,602
Due to other governments	307		307
Customer payables, collateral and other deposits	1,230,263	1,423,309	2,653,572
Due to other funds	1,643	269,144	270,787
Unearned revenue	1,545,168	1,725,434	3,270,602
Interest payable	256,223		256,223
Bonds payable	770,000		770,000
Total current liabilities	<u>5,767,437</u>	<u>3,920,656</u>	<u>9,688,093</u>
Noncurrent liabilities			
Unearned revenue	5,575,261	34,712,956	40,288,217
Bonds and notes payable, net of unamortized premiums and discounts	25,083,114		25,083,114
Total noncurrent liabilities	<u>30,658,375</u>	<u>34,712,956</u>	<u>65,371,331</u>
Total liabilities	<u>36,425,812</u>	<u>38,633,612</u>	<u>75,059,424</u>
NET POSITION			
Net investment in capital assets	6,569,271	36,582,867	43,152,138
Restricted			
Unrestricted	<u>(5,091,202)</u>	<u>(36,381,424)</u>	<u>(41,472,626)</u>
Total net position	<u>\$ 1,478,069</u>	<u>\$ 201,443</u>	<u>\$ 1,679,512</u>

COLORADO RIVER COMMISSION OF NEVADA

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities		
	Power Marketing	Power Delivery	Total Enterprise Funds
OPERATING REVENUES			
Power sales	\$ 27,017,114	\$ 9,002,931	\$ 36,020,045
Miscellaneous		79,800	79,800
Total operating revenues	<u>27,017,114</u>	<u>9,082,731</u>	<u>36,099,845</u>
OPERATING EXPENSES			
Power purchases	24,774,735	4,416,437	29,191,172
Prepaid power advances	1,684,284		1,684,284
General administration	274,608	2,990,668	3,265,276
Depreciation	317,868	1,741,744	2,059,612
Total operating expenses	<u>27,051,495</u>	<u>9,148,849</u>	<u>36,200,344</u>
Operating loss	<u>(34,381)</u>	<u>(66,118)</u>	<u>(100,499)</u>
NONOPERATING REVENUES			
Investment loss	(23,287)	(7,640)	(30,927)
Gain on capital asset disposition		6,420	6,420
CHANGE IN NET POSITION	(57,668)	(67,338)	(125,006)
NET POSITION, BEGINNING OF YEAR	<u>1,535,737</u>	<u>268,781</u>	<u>1,804,518</u>
NET POSITION, END OF YEAR	<u>\$ 1,478,069</u>	<u>\$ 201,443</u>	<u>\$ 1,679,512</u>

COLORADO RIVER COMMISSION OF NEVADA

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities		
	Power Marketing	Power Delivery	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 26,641,247	\$ 7,681,537	\$ 34,322,784
Cash received from interfund services		58,913	58,913
Cash received from other sources	3,144	79,800	82,944
Cash payments for goods and services	(24,869,591)	(8,150,076)	(33,019,667)
Cash payments for interfund services	(15,891)		(15,891)
Net cash provided by (used in) operating activities	<u>1,758,909</u>	<u>(329,826)</u>	<u>1,429,083</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal payments on debt	(755,000)		(755,000)
Interest payments on debt	(1,033,572)		(1,033,572)
Net cash provided by (used in) noncapital financing activities	<u>(1,788,572)</u>		<u>(1,788,572)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition and construction of capital assets		(49,704)	(49,704)
Proceeds received from disposal of capital assets		6,420	6,420
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment loss received	(10,292)	(3,114)	(13,406)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,955)	(376,224)	(416,179)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,950,168	1,894,410	6,844,578
CASH AND CASH EQUIVALENTS, END OF YEAR			
Cash and cash equivalents, unrestricted	2,627,588	1,192,205	3,819,793
Cash and cash equivalents, restricted	2,282,625	325,981	2,608,606
	<u>\$ 4,910,213</u>	<u>\$ 1,518,186</u>	<u>\$ 6,428,399</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating loss	\$ (34,381)	\$ (66,118)	\$ (100,499)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	317,868	1,741,744	2,059,612
Amortization of prepaid power	1,783,077		1,783,077
Amortization of power transmission unearned revenue	(283,488)	(1,675,627)	(1,959,115)
Amortization of bond premiums and discounts	5,995		5,995
(Increase) decrease in operating assets			
Accounts receivable	(207,993)	354,233	146,240
Due from other governments	3,144		3,144
Prepaid items	(72,564)		(72,564)
Increase (decrease) in operating liabilities			
Accounts payable	154,296	(472,908)	(318,612)
Due to other governments	(3,144)		(3,144)
Customer payables, collateral and other deposits	717	(270,063)	(269,346)
Due to other funds	(15,891)	58,913	43,022
Unearned revenue	115,614		115,614
Accrued interest	(4,341)		(4,341)
Total adjustments	<u>1,793,290</u>	<u>(263,708)</u>	<u>1,529,582</u>
Net cash provided by (used in) operating activities	<u>\$ 1,758,909</u>	<u>\$ (329,826)</u>	<u>\$ 1,429,083</u>

See notes to basic financial statements.

**NOTES TO BASIC
FINANCIAL STATEMENTS**

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Colorado River Commission of Nevada (the Commission) is responsible for managing the State of Nevada's interests in the water and power resources available from the Colorado River.

Seven commissioners have broad statutory authority to govern the Commission, which constitutes the reporting entity. The Commission, as a component unit of the State of Nevada (Nevada or the State), is also an integral part of that reporting entity. There are no other entities for which the Commission is financially accountable, thus requiring them to be reported as a component unit of the Commission.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) applicable to government units as prescribed by the Governmental Accounting Standards Board (GASB), principally GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended, along with related pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission is not subject to regulation by federal or state utility regulatory bodies such as the Federal Energy Regulatory Commission or the Nevada Public Utilities Commission.

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

Government-wide financial statements: The statement of net position and the statement of activities display information on all the activities of the Commission. Eliminations have been made where appropriate to minimize the double counting of internal activities, interfund services provided and used are not eliminated in the process of preparing the government-wide financial statements. These statements distinguish between the Commission's governmental and business-type activities. Governmental activities generally are financed through inter-governmental revenues and other exchange transactions. Business-type activities are financed primarily by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to that particular program or function. Certain indirect costs are included in the program expense reported for individual functions and activities. Program revenues consist of charges paid by the recipients of services offered by the programs. Revenues that are not classified as program revenues are presented as general revenues.

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

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

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

The Commission reports the following major governmental funds:

General fund – The general fund is the Commission's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Research and development fund – This fund is used to account for the Lower Colorado River Multi-Species Conservation Program (LCRMSCP or MSCP), a fifty-year program that provides for Endangered Species Act (ESA) compliance. The program is administered by the United States Bureau of Reclamation (USBR) and the Fish and Wildlife Service. Program costs are paid by the USBR and the States of Nevada, California, and Arizona. Nevada's share of Program funding is paid partially by the Southern Nevada Water Authority (paid directly to the USBR), and partially by the Commission's hydropower customers. The fund accounts for the collection and remittance of the Hydropower customers' portion of the program. In addition, certain program reserves are maintained in the fund for future MSCP needs. These reserves are contractually committed to the MSCP program.

Additionally, the Commission reports the following major enterprise funds:

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

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

Measurement Focus and Basis of Accounting

Government-wide and proprietary fund financial statements: The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. For the year ended June 30, 2021, there were no non-exchange transactions (those for which the Commission gives, or receives, value without directly receiving, or giving, equal value in exchange) reported in the accompanying financial statements.

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, principally charges for services and investment income, are susceptible to accrual and, therefore, recognized when measurable and available. Revenues are considered to be available if they are collected within sixty days after year end. Expenditures generally are recorded when the related liability is incurred, except for principal and interest on general long-term debt, claims and judgments, pension liabilities, and compensated absences, which are recognized as expenditures only when payment is due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Assets and Liabilities

Cash Equivalents

The Commission's restricted and unrestricted cash is deposited with the State Treasurer (the Treasurer) in a fund similar to an external investment pool (Notes 3 and 4). Because the amounts deposited with the Treasurer are sufficiently liquid to permit withdrawals in the form of cash at any time without prior notice or penalty, they are deemed to be cash equivalents.

State statutes authorize the Treasurer to invest the Commission's deposits in certain obligations of the United States of America, or its agencies or instrumentalities, and of state and local governments, as well as other financial instruments specified in Section 355.170 of Nevada Revised Statutes (NRS). The Treasurer is also permitted by statute to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Commission had no outstanding securities lending transactions as of June 30, 2021.

Deposit values reflect unrealized gains and losses on invested funds as reported by the Treasurer.

Receivables and Payables

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

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

Prepaid Power and Other Items

The Commission has participated with the State in funding the improvement and renovation ("uprating") of the electrical power generation plant and visitors' center at Hoover Dam, which supplies the majority of the power sold through the power marketing fund. These costs are to be reimbursed in the form of power consumption and charged to expense over the estimated useful life of 30 years.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

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

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are reported at acquisition value. The capitalization threshold is \$5,000.

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Power transmission system	10-50
Office equipment	5
Automobiles and other equipment	4-6

Estimated useful lives are determined by the State and the Commission has no authority to alter the estimated useful lives prescribed by the State.

Compensated Absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Multiple-employer, Cost-sharing Defined Benefit Pension Plan

The Commission uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Annual Comprehensive Financial Report for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related to PERS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Commission's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Commission's OPEB Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Commission's OPEB Plan. For this purpose, the Commission recognizes benefit payments when due and payable in accordance with the benefit terms and investments are reported at estimated fair value.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to future periods; and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statement of net position reports 1) the changes in proportion and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, 2) the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over five years, and 3) contributions for pensions and OPEB made subsequent to the measurement date, which will be recognized in the subsequent year.

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide statement of net position reports 1) the differences between expected and actual experience and changes of assumptions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, 2) the net difference between projected and actual earnings on investments, which will be amortized over five years, and 3) changes in assumptions or other inputs to the total OPEB liability which are deferred and amortized over the average expected remaining service life of all employees that are provided with health benefits.

Unearned Revenue

Unearned revenue represents advanced funding to the Commission from certain customers for the construction of electric power facilities to provide power for the customer's operations. These facilities are dedicated to the exclusive use of those customers and are the only existing method of delivery of electrical resources for their operations. Recovery of the cost of the facilities is a component of the cost of power resources provided and is being recognized over the life of the assets as the assets are consumed (depreciated).

Long-term Obligations

In the accompanying government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are expensed as incurred.

Net Position

In the government-wide and proprietary fund financial statements net position is displayed in the following three components:

Net Investments in Capital Assets - This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted - The component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation.

Unrestricted - The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not reported in Net Investment in Capital Assets or Restricted Net Position.

Fund Balance

In the governmental fund financial statements fund balance is reported in the following five classifications:

Nonspendable are amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted is the result of constraints placed on assets that are externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Committed are amounts set aside by formal action of the Commission's members. Formal Commission action is also required to modify or rescind an established commitment.

Assigned is the result of constraints on amounts imposed by the government's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned is used for the general fund for any residual amounts not classified in the foregoing four classifications.

Prioritization and Use of Available Resources

When both restricted resources and other resources (*i.e.*, committed, assigned and unassigned) can be used for the same purposes, it is the Commission's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the Commission's policy to use committed resources first, assigned second and unassigned last.

Interfund Activity

During the course of operations, transactions occur between individual funds for goods provided or services rendered. The resulting payables and receivables, which are outstanding at year end, are referred to as due to or from other funds in the fund financial statements. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Use of Estimates

Timely preparation of financial statements in conformity with GAAP requires management to make estimates that affect reported amounts and related disclosures. Actual results could differ significantly from those estimates.

Significant estimates that may change materially in the next year include the 1) net pension liability, 2) obligation for postemployment benefits other than pensions, and 3) deferred inflows and outflows of resources. The useful lives of capital assets are also a significant estimate that may require revision in future periods.

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

Biennial budgets are adopted on a basis consistent with the accounting policies applied for financial reporting purposes by the Commission under GAAP except that encumbrances for goods and services not received by fiscal year end are considered expenditures of the current period solely for budgetary purposes. There were no encumbrances outstanding at the beginning or end of the year. Although budgets are adopted on a biennial basis, each year is treated separately and unexpended budget authorizations lapse at each year end.

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COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Prior to September 1 of each even-numbered year, the State's Director of Administration submits proposed operating budgets to the Nevada Budget Division covering the biennium beginning the following July 1. After review of the budgets by the Nevada Budget Division between September 1 and November 15, hearings involving the Commission, the Director of Administration and the Governor are held between November 15 and December 22, of each budget year. The biennium budgets are transmitted to the State Legislature no later than the 10th day of the legislative session held in odd-numbered years and, for adjourning, the Legislature enacts the budgets.

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

Management of the Commission cannot amend any budget categories. However, the Director of Administration is authorized to approve requests for changes in the budget involving transfers between expenditure categories not exceeding 10% of originally budgeted expenditures, or \$30,000 in the aggregate, of the respective budget categories. Any changes exceeding 10% or \$30,000 require approval of the State Legislature's Interim Finance Committee.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, for the period beginning after June 15, 2021. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting and improve the usefulness of fiduciary activity for assessing the accountability of governments in their role as fiduciaries. Accordingly, the Commission has evaluated and adopted the pronouncement and determined that it will not have a material effect on financial position or changes.

In June 2017, the GASB issued Statement No. 87, Leases for periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Accordingly, the Commission has evaluated the pronouncement and determined that it will not have a material effect on financial position or changes.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, effective for reporting periods beginning after December 15, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Accordingly, the Commission has evaluated the pronouncement and determined that it will not have a material effect on financial position or changes.

In August 2018, the GASB issued Statement No. 90, Major Equity Interests - an amendment of GASB Statements No. 14 and No. 61, effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of major equity interests in legally separate organizations and improve the relevance of financial statement information for certain component units. Accordingly, the Commission has evaluated and adopted the pronouncement and determined that it will not have a material effect on financial position or changes.

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COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations, effective for reporting periods beginning after December 15, 2021. The objectives of this Statement are (1) to clarify the existing definition of conduit debt obligations, (2) to establish that a conduit debt obligation is not a liability of the issuer, (3) to establish standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and (4) to improve required note disclosures. Accordingly, the Commission has evaluated the pronouncement and determined that it will not have a material effect on financial position or changes.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020, effective for reporting periods beginning after June 15, 2021. The exception is the requirements related to the effective date of Statement No. 87, Leases, Implementation Guide 2019-3, Leases, reissuance recoveries, and terminology used to refer to derivative instruments, which are effective upon issuance. The objectives of this Statement are to address a variety of topics and includes specific provisions about the following: (1) the effective date of Statement No. 87, and Implementation Guide No. 2019-3 for interim financial reports, (2) reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit plans; (3) the applicability of Statements No. 73 and No. 74, (4) the applicability of certain requirements of Statement No. 84 to postemployment benefit arrangements; (5) measurement of liabilities related to asset impairment obligations in a government acquisition; (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and (8) terminology used to refer to derivative instruments. Accordingly, the Commission has evaluated the pronouncement and determined that it will not have a material effect on financial position or changes.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates, effective for reporting periods beginning after June 15, 2020. In addition, certain requirements of this Statement will become effective for reporting periods beginning after December 31, 2021, and June 15, 2021. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an interbank offered rate and the removal of the London Interbank Offered Rate as an appropriate benchmark interest rate. Accordingly, the Commission has evaluated the pronouncement and determined that it will not have a material effect on financial position or changes.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and provide guidance for accounting and financial reporting for availability payment arrangements. Accordingly, the Commission has evaluated the pronouncement and determined that it will not have a material effect on financial position or changes.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to define subscription-based information technology arrangements (SBITAs); establish that an SBITA results in a right-to-use subscription asset and a corresponding liability; provide the capitalization criteria for outlays other than subscription payments and require note disclosures regarding an SBITA. The anticipated impact of this pronouncement is uncertain at this time.

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COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for reporting periods beginning after June 15, 2021, except requirements in paragraph 4 and paragraph 5, which are effective upon issuance. The objectives of this Statement are (1) to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board, and the primary government performs the duties that a governing board typically would perform, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefits (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Accordingly, the Commission has evaluated and adopted the pronouncement and determined that it will not have a material effect on financial position or changes.

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, effective immediately. The objective of this Statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. For the Statements above that were impacted by this Statement, the postponed dates are reflected.

In October 2021, the GASB issued Statement No. 98, The Annual Comprehensive Financial Report, effective for reporting periods beginning after December 15, 2021. The objectives of this Statement are to establish the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Accordingly, the Commission has evaluated and early adopted the pronouncement in its current fiscal year financial statement.

Note 3. Detailed Notes on all Funds

Cash Deposits

At June 30, 2021, the Commission's carrying amount of restricted and unrestricted cash and cash equivalents was \$21,439,023. These deposits with the Treasurer are not categorized as to credit risk but are fully insured by the FDIC or collateralized by the State's financial institutions. Securities used as such collateral must total 102% of the deposits with each financial institution.

Restricted Cash and Cash Equivalents

Cash and cash equivalents restricted at June 30, 2021, by bond covenants or contractual agreements are summarized as follows:

Restricted for:	
Debt service	\$ 1,052,393
Reserve for revenue insufficiency	262,948
Cash held by contractual agreement	<u>1,293,265</u>
Total restricted cash and cash equivalents	<u>\$ 2,608,606</u>

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets

For the year ended June 30, 2021, capital asset activity was as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Governmental activities				
Capital assets being depreciated or amortized				
Office furniture and fixtures	\$ 24,854			\$ 24,854
Automobiles and other equipment	<u>127,831</u>	<u>45,556</u>	<u>(16,273)</u>	<u>157,114</u>
Total capital assets being depreciated or amortized	<u>152,685</u>	<u>45,556</u>	<u>(16,273)</u>	<u>181,968</u>
Accumulated depreciation and amortization				
Office furniture and fixtures	(24,854)			(24,854)
Automobiles and other equipment	<u>(117,141)</u>	<u>(11,696)</u>	<u>16,273</u>	<u>(112,564)</u>
Total accumulated depreciation and amortization	<u>(141,995)</u>	<u>(11,696)</u>	<u>16,273</u>	<u>(137,418)</u>
Total governmental activities	<u>\$ 10,690</u>	<u>\$ 33,860</u>	<u>\$</u>	<u>\$ 44,550</u>
Business-type activities				
Capital assets being depreciated or amortized				
Power transmission system	\$ 88,278,265			\$ 88,278,265
Automobiles and other equipment	<u>508,064</u>	<u>49,704</u>	<u>(23,745)</u>	<u>534,023</u>
Total capital assets being depreciated or amortized	<u>88,786,329</u>	<u>49,704</u>	<u>(23,745)</u>	<u>88,812,288</u>
Accumulated depreciation and amortization				
Power transmission system	(43,326,917)	(1,993,496)		(45,320,412)
Automobiles and other equipment	<u>(297,366)</u>	<u>(66,116)</u>	<u>23,745</u>	<u>(339,738)</u>
Total accumulated depreciation and amortization	<u>(43,624,283)</u>	<u>(2,059,612)</u>	<u>23,745</u>	<u>(45,660,150)</u>
Total business-type activities	<u>\$ 45,162,046</u>	<u>\$ (2,009,908)</u>	<u>\$</u>	<u>\$ 43,152,138</u>

For the year ended June 30, 2021, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	<u>\$ 11,696</u>
Business-type activities	
Power marketing	\$ 317,868
Power delivery	<u>1,741,744</u>
Total depreciation expense, business-type activities	<u>\$ 2,059,612</u>

Due To and From Other Funds

At June 30, 2021, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 270,787	\$
Power Marketing Enterprise Fund		1,643
Power Delivery Enterprise Fund		<u>269,144</u>
	<u>\$ 270,787</u>	<u>\$ 270,787</u>

Unearned Revenue

The Commission has recognized two primary liabilities for unearned revenue, one each in the two enterprise funds. One liability is recorded in Power Delivery Project Fund (PDP) and is related to the electric power transformation and transmission facilities serving the SNWA water treatment and distribution facilities at Lake Mead and in Henderson, Nevada. The other liability is recorded in the Power Marketing Fund and is related to the Basic Step-down Yard facilities serving the Commission's retail Hydropower customers at the industrial complex also in Henderson at a different location. These liabilities represent customer advance funding for Commission owned and operated facilities to provide power for their operations.

The PDP facilities were constructed through the issuance of State of Nevada General Obligation Bonds in September of 1997, September of 1999 and in April of 2005. The facilities constructed are dedicated to the SNWA water related assets and are being used to deliver electric power to the water operations. The cost of the facilities in the form of the bond payment obligation was a component of the charges for power as the Commission delivered electricity to the SNWA. In 2011 and again in 2015 the SNWA prepaid the debt obligation and ultimately extinguished the Commission's Bond liability. This extinguishment constituted a prepayment for a portion of the future cost of the electric resources related to facility use as power will be delivered in the future. The Commission recorded the prepayment and recognized the revenue from the prepayment in concert with the depreciation of the physical assets to match the revenue to the related depreciation costs as the facilities are used.

The Basic Step-Down yard facilities were constructed beginning in 1999 through 2002 and were funded through assessments on the retail customers as the facilities were built. Due to the number of customers involved there was no need to issue debt to fund the construction and the project was completed through customer advance funding. The facilities and a liability in the form of unearned revenues were recorded and the depreciation and revenue have been recognized over the life of the assets from the beginning.

At June 30, 2021, \$42,247,331 of the total unearned revenue balance relates to construction and facilities and is being amortized over various useful lives as determined during construction for Phase I, Phase II and River Mountains, and over an average life of the 39.5 years for the Basic Step-down Yard. The remaining balance in unearned revenue primarily relates to amounts received for services not yet rendered as of June 30, 2021.

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COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Unearned revenue at June 30, 2021, will be recognized as follows:

<u>For the Year Ended June 30,</u>			
2022	\$	1,959,115	
2023		1,959,115	
2024		1,959,115	
2025		1,944,655	
2026		1,944,655	
2027 - 2031		9,709,308	
2032 - 2036		9,501,333	
2037 - 2041		7,956,312	
2042 - 2046		3,402,340	
2047 - 2051		1,823,775	
2052 - 2056		<u>87,608</u>	
	\$	<u>42,247,331</u>	

During the year ended June 30, 2021, the Commission recognized total revenue of \$1,959,115 related to the amortization of construction and facilities unearned revenue.

Long-term Liabilities

General Obligation Bonds

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

On March 12, 2014, because of delays in determining a final allocation of shared costs, interim bonds of \$28,425,000 were issued to fund the Commission's expected share of the cost of construction of the visitor's center at Hoover Dam, with expenditures charged to prepaid power. In June 2014, the Commission sold the \$29,475,000 Series 2014E General Obligation Refunding bonds, proceeds from which were used to pay off the interim bonds. These bonds mature annually on October 1, 2015, through 2043, with interest payable semi-annually on October 1 and April 1 at annual rates of 0.25% to 4.25%.

Outstanding long-term debt obligations at June 30, 2021, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2021</u>
Business-type activities				
General Obligation Bonds				
General obligation refunding series 2014E	2015 - 2043	0.25 to 4.25%	\$ <u>29,475,000</u>	\$ <u>25,985,000</u>

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Annual debt service requirements at June 30, 2021, were as follows:

<u>For the Year Ended June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 770,000	\$ 1,014,880
2023	800,000	993,670
2024	815,000	970,653
2025	835,000	945,058
2026	865,000	916,575
2027 - 2031	4,825,000	4,084,605
2032 - 2036	5,845,000	3,026,888
2037 - 2041	6,700,000	1,678,325
2042 - 2046	<u>4,530,000</u>	<u>293,886</u>
	<u>\$ 25,985,000</u>	<u>\$ 13,924,540</u>

Changes in long-term liabilities for the year ended June 30, 2021, was as follows:

	<u>Balance June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences	\$ 518,409	\$ 182,571	\$ (113,163)	\$ 587,817	\$ 367,787
Net pension liability	5,986,027	722,032	(556,269)	6,151,790	
Postemployment benefits other than pensions	<u>2,267,165</u>	<u>298,458</u>	<u>(189,538)</u>	<u>2,376,085</u>	
Total governmental activities	<u>8,771,601</u>	<u>1,203,061</u>	<u>(858,970)</u>	<u>9,115,692</u>	<u>367,787</u>
Business-type activities					
General Obligation Bonds					
General obligation refunding series 2014E	<u>26,740,000</u>		<u>(755,000)</u>	<u>25,985,000</u>	<u>770,000</u>
Total general obligation bonds	<u>26,740,000</u>		<u>(755,000)</u>	<u>25,985,000</u>	<u>770,000</u>
Unamortized bond discounts	<u>(137,881)</u>		<u>5,995</u>	<u>(131,886)</u>	
Total business-type activities	<u>26,602,119</u>		<u>(749,005)</u>	<u>25,853,114</u>	<u>770,000</u>
Total long-term liabilities	<u>\$ 35,373,720</u>	<u>\$ 1,203,061</u>	<u>\$ (1,607,975)</u>	<u>\$ 34,968,806</u>	<u>\$ 1,137,787</u>

The net pension liability, compensated absences and net other postemployment benefits obligation are paid by the general fund.

Arbitrage Rebate Requirement

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term debt obligations. Under this Act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on bonds to qualify for exclusion from gross income for federal income tax purposes. Rebutable arbitrage is computed as of each installment computation date. As of the most recent date, management believes that there is no rebutable arbitrage amount due. Future calculations might result in adjustments to this determination.

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COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Debt Covenants

Following is a summary of the covenants included in the bond resolutions of the enterprise funds: The Commission is required to charge purchasers of services and all users of the State facilities sufficient amounts to cover all operation and maintenance expenses (except depreciation), all debt service requirements, and any amounts required to be deposited in reserve accounts.

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

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

Other – Other requirements of the bond covenants include maintaining bond funds in separate depository accounts with the State Treasurer and an audit of the Commission's financial statements by an independent certified public accountant.

During the fiscal year ended June 30, 2021, the Commission complied with all requirements of the bond covenants.

Note 4. Other Information

Commitments and Contingencies

Risk Management

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

Litigation

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

Multiple-employer, Cost-sharing Defined Benefit Pension Plan

The Commission's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The Commission does not exercise any control over PERS.

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COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits, as required by NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the system on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier, and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579, which for members entering the system before January 1, 2010, is equal to the lesser of:

1. 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or
2. The average percentage increase in the Consumer Price Index (or the PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on the monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both regular and police/fire members become fully vested as to benefits upon completion of five years of service.

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COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

The authority of establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the employer-pay contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

The PERS basic funding policy provides for periodic contributions at a level pattern of cost as of percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the entry age normal cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the year ended June 30, 2021, the required contribution rates for regular members were 15.25% and 29.25% for employer/employee matching and EPC, respectively. Contributions to the pension plan from the Commission were \$440,847 for the year ended June 30, 2021.

PERS collective net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience study for the period July 1, 2012, to June 30, 2016, dated October 16, 2017), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2020
Inflation rate	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Discount rate	7.50%
Productivity pay increase	0.50%
Consumer price index	2.75%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases

At June 30, 2021, mortality rates and projected life expectancies were based on the following:

Mortality rates (Regular and Police/Fire) – For healthy members it is the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount – Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016.

The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members is the Headcount – Weighted RP-2014 Disabled Retiree Table, set forward four years.

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

For pre-retirement members it is the Headcount – Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

The RP-2014 Headcount-Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement.

PERS’s policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following target asset allocation policy was adopted as of June 30, 2020:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42 %	6.60 %
International equity	18 %	7.37 %
Domestic fixed income	30 %	0.36 %
Private markets	5 %	13.41 %
Real Estate	5 %	4.94 %

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 2.75%.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020, and June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on the assumption, PERS’s fiduciary net position at June 30, 2020, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020, and June 30, 2019.

The Commission’s proportionate share of the net pension liability at year end, calculated using the discount rate of 7.50%, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 9,594,414	\$ 6,151,790	\$ 3,289,502

Detailed information about PERS fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website, www.nvpers.org under publications.

The Commission’s proportionate share (amount) of the collective net pension liability was \$6,151,790 which represents 0.04416% of the collective net pension liability, which is an increase from the previous year’s proportionate share of 0.04390%. Contributions for employer pay dates within the fiscal year ended June 30, 2020, were used as the basis for determining each employer’s proportionate share. Each employer’s proportion of the net pension liability is based on their employer contributions relative to the total employer contributions for all employers for the period ended June 30, 2020.

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

For the year ended June 30, 2021, the Commission's pension expense was \$532,111 and its reported deferred outflows and inflows of resources related to pensions were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 191,132	\$ 79,435
Changes of assumptions	172,797	
Net difference between projected and actual earnings on investments		232,389
Changes in proportion and differences between actual contributions and proportionate share of contributions	158,233	63,937
Contributions made subsequent to the measurement date and implicit subsidy paid	<u>440,847</u>	
	<u>\$ 963,009</u>	<u>\$ 375,761</u>

At June 30, 2020, the average expected remaining service life was 6.13 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the actuarial valuation date totaling \$440,847 will be recognized as a reduction of the net pension liability in the year beginning July 1, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ending June 30,</u>	
2022	\$ (61,689)
2023	89,629
2024	59,427
2025	47,113
2026	10,329
Thereafter	<u>1,592</u>
	<u>\$ 146,401</u>

Postemployment Benefits Other Than Pensions (OPEB)

Plan Description – The employees of the Commission participate in a cost-sharing, multiple-employer, defined benefit postemployment plan administered by the Board of the Public Employees' Benefits Program of the State of Nevada (PEBP). NRS 287.023 provides officers and employees eligible to be covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287 the option upon retirement to cancel or continue any such coverage. The cost to administer the program is financed through the contributions and investment earnings of the plan. The PEBP Board is granted the authority to establish and amend the benefit terms of the program. (NRS 287.043).

PEBP issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing:

Public Employee Benefit Plan
901 South Stewart Street, Suite 1001
Carson City, NV 89701

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Benefits Provided - Employees of the Commission, who meet the eligibility requirements for retirement and, at the time of retirement, are participants in the program, have the option upon retirement to continue group insurance pursuant to NAC 287.530. NRS 287.0436 establishes a subsidy to pay an amount toward the cost of the premium or contribution for persons retired from the Commission. Retirees assume any portion of the premium not covered by the State. The current subsidy rates can be found at pebp.state.nv.us. Benefits include health, prescription drug, dental, and life insurance coverage. As required by statute, benefits are determined by the number of years of service at the time of retirement and the individual's initial date of hire. Employees hired after December 31, 2011, are not eligible to receive subsidies to reduce premiums. The following individuals and their dependents are eligible to receive subsidies.

Any PEBP covered retiree with the Commission whose last employer was the state and who:

Was initially hired prior to January 1, 2010, and has at least five years of public service: or

Was initially hired on or after January 1, 2010, but before January 1, 2012, and has at least fifteen years of public service: or

Was initially hired on or after January 1, 2010, but before January 1, 2012, and has at least five years of public service and has a disability: or

Any PEBP covered retiree whose last employer was not the state and who has been continuously covered under PEBP as a retiree since November 30, 2008.

Contributions - The State allocates funds for payment of current and future post-employment benefits other than pensions as a percentage of budgeted payrolls to all State agencies. The required contribution rate for employers, as a percentage of covered payroll, for the fiscal year ended June 30, 2021, was 2.41%. For the year ended June 30, 2021, these payments totaled \$62,775 for the Commission.

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB- the Commission's net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of June 30, 2020. The Commission's proportion of the net OPEB liability was based on the Commission's share of contributions to PEBP relative to the total contributions of all participating employers. At June 30, 2021, the Commission's proportion was 0.15801%.

For the year ended June 30, 2021, the Commission's OPEB expense was \$135,540 and its reported deferred outflows and inflows of resources were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 190,235	\$ 48,062
Net difference between projected and actual earnings on investments		120,683
Contributions made subsequent to the measurement date and implicit subsidy paid	84,309	
	\$ 274,544	\$ 168,745

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Deferred outflows of resources related to pensions resulting from contributions subsequent to the actuarial valuation date totaling \$62,775 will be recognized as a reduction of the net OPEB obligation in the year beginning July 1, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending June 30,		
2022	\$	(19,690)
2023		9,408
2024		18,474
2025		<u>13,298</u>
	<u>\$</u>	<u>21,490</u>

Actuarial Methods and Assumption - The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	January 1, 2020
Inflation rate	2.50%
Investment rate of return	2.21%
Projected salary increases	2.75% average promotional and merit salary

At June 30, 2021, mortality rates and projected life expectancies were based on the following:

Mortality rates for healthy individuals were based on the RP-2019 combined healthy mortality projected to 2020 with scale MP-2019. For healthy post-retirement individuals, same assumptions were used, set forward one year for spouses and beneficiaries. Mortality rates for disabled individuals were based on the RP-2014 disabled retiree mortality projected to 2020 with scale MP-2019, set forward 4 years.

The actuarial assumptions used in the June 30, 2020, valuation was based upon certain demographic and other actuarial assumptions as recommended by the actuary, in conjunction with the State and guidance from the GASB statement.

Discount Rate - The discount rate basis under GASB 75 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The assets in the trust as of June 30, 2020, are less than the expected benefit payments in the first year; therefore, the crossover period is assumed to be in the first year, which provides additional support for continuing the discount rate at the 20-Year Municipal Bond Index rate. The discount rate used to measure the total OPEB liability was 2.21%.

Sensitivity of the OPEB liabilities to changes in the discount rate - The following presents the net OPEB liabilities of the plans, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net other postemployment benefits obligation	\$ 2,137,076	\$ 2,376,085	\$ 2,658,958

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Sensitivity of the OPEB liabilities to changes in the healthcare cost trend rates- The following presents the net OPEB liabilities of the plans, as well as what each plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Rate	Healthcare Cost Rate	1% Increase in Healthcare Cost Rate
Net other postemployment benefits obligation	\$ 2,222,430	\$ 2,376,085	\$ 2,560,033

OPEB plan fiduciary net position - Detailed information about the OPEB plans' fiduciary net position is available in the separately issued audited annual financial statements of the State of Nevada State Retirees' Health and Welfare Benefits Fund, Public Employees' Benefits Program financial report.

Joint Venture

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

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

As appropriate projects are selected for development, the Members involved in each project enter into a project service agreement (PSA) indicating each participating Member's allocation of project costs. Due to statutory limitations on the Commission's customer base, the Commission does not expect to participate financially in any of the projects of the SSEA. Accordingly, the Commission's involvement is limited to providing state-level nonfinancial participation in joint venture activities.

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

Financial information regarding SSEA can be obtained by writing:

Manager of Energy Accounting
Silver State Energy Association
P.O. Box 99956, MS 115
Las Vegas, Nevada 89193-9956

(Continued)

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Related Party

The Commission is governed by seven commissioners, three of whom are appointed by the Southern Nevada Water Authority (SNWA) and four, including the Board Chair, are appointed by the Nevada Governor. The Commission and SNWA do not share staff members or members of management. The SNWA, a local governmental organization, is also one of the Commission's principal revenue payers. For the year ended June 30, 2021, the Commission received revenues from the SNWA for power and water resources of \$12,813,670 but made no payments to the SNWA for any purpose. In addition, the Commission works with other public entities, states, and governmental entities in fulfilling its statutory responsibilities; however, no other entity has representatives on the Commission's Board.

The SNWA publishes an Annual Comprehensive Financial Report which can be seen on their website at SNWA.com.

Subsequent Events

On August 16, 2021, the United States Bureau of Reclamation announced the first-ever shortage on the Colorado River Basin and a Level 1 Shortage Condition at Lake Mead. As a result, beginning in January 2022 and throughout the remainder of this year, the bureau will reduce the water supplies for the three states of Arizona, Nevada, and California, and Mexico. Accordingly, Nevada will lose 7% of its 300,000-acre-foot annual water allocation (21,000 acre-feet of water), but its residents will not feel the shortage because of conservation efforts and alternative water sources. In addition, the bureau plans to draw down water from two reservoirs in Colorado and Utah to maintain the water level necessary for Hoover Dam to generate power. Therefore, there is no immediate impact on the sale of hydropower resources allocated to the State and the Commission's ability to generate revenue. However, with the ongoing drought in the Western region and a steady decline on the Colorado River, there might be additional shortage declarations in the future, which could have material adverse effects on the water distribution to Nevada and related hydropower generation. The Commission is monitoring this matter on an ongoing basis.

**REQUIRED SUPPLEMENTARY
INFORMATION**

COLORADO RIVER COMMISSION OF NEVADA

MULTIPLE-EMPLOYER, COST-SHARING DEFINED BENEFIT PENSION PLAN PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION FOR THE YEAR ENDED JUNE 30, 2021 AND LAST NINE FISCAL YEARS¹

<u>Valuation Date June 30,</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportion of the Collective Net Pension Liability as a Percentage of Covered Payroll</u>	<u>PERS Fiduciary Net Position as a Percentage of Total Pension Liability</u>
2015	0.04795 %	\$ 6,305,091	\$ 2,348,229	268.50 %	76.31 %
2016	0.04795 %	4,997,140	2,531,235	197.42 %	75.13 %
2017	0.04902 %	6,596,117	2,575,317	256.13 %	72.23 %
2018	0.04412 %	5,867,314	2,701,732	217.17 %	74.40 %
2019	0.04395 %	5,993,734	2,856,435	209.83 %	75.21 %
2020	0.04390 %	5,986,027	2,970,488	201.52 %	76.46 %
2021	0.04416 %	6,151,790	2,880,547	213.56 %	77.04 %

1. Information for the multiple-employer, cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As information becomes available, this schedule will ultimately present information for the ten most recent measurement years.

COLORADO RIVER COMMISSION OF NEVADA

MULTIPLE-EMPLOYER, COST-SHARING DEFINED BENEFIT PENSION PLAN STATUTORILY REQUIRED CONTRIBUTION INFORMATION FOR THE YEAR ENDED JUNE 30, 2021 AND LAST NINE FISCAL YEARS¹

<u>For the Year Ended June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the Statutorily Required Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014	\$ 527,504	\$ 527,504	\$	\$ 2,348,229	22.46 %
2015	507,091	507,091		2,531,235	20.03 %
2016	523,411	523,411		2,575,317	20.32 %
2017	395,979	395,979		2,701,732	14.66 %
2018	406,477	406,477		2,856,435	14.23 %
2019	423,042	423,042		2,970,488	14.24 %
2020	460,007	465,000	4,993	3,091,661	15.04 %
2021	439,283	440,847	1,564	2,880,547	15.30 %

1. Information for the multiple-employer, cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As information becomes available, this schedule will ultimately present information for the ten most recent measurement years.

COLORADO RIVER COMMISSION OF NEVADA

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB OBLIGATION INFORMATION FOR THE YEAR ENDED JUNE 30, 2021 AND LAST NINE FISCAL YEARS¹

<u>For the Measurement Year Ended June 30,</u>	<u>Proportion of the Collective Net OPEB Obligation</u>	<u>Proportion of the Collective Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>Proportion of the Collective Net OPEB Obligation as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Net OPEB Obligation</u>
2018	0.17400 %	\$ 2,261,443	\$ 2,891,310	78.22 %	11.33 %
2019	0.16750 %	2,218,398	3,167,417	70.04 %	0.12 %
2020	0.16270 %	2,267,166	3,105,221	73.01 %	0.02 %
2021	0.15801 %	2,376,085	2,880,547	82.49 %	0.03 %

1. Information for Postemployment Benefits Other Than Pension is not available for years prior to the year ended June 30, 2018. As additional information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.

COLORADO RIVER COMMISSION OF NEVADA

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) CONTRACTUALLY REQUIRED CONTRIBUTION INFORMATION FOR THE YEAR ENDED JUNE 30, 2021 AND LAST NINE FISCAL YEARS¹

	Contractually Required Contribution	Contributions in relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 68,235	\$ 66,117	(2,118) \$	2,749,712	2.40 %
2019	52,354	69,279	16,925	3,167,417	2.19 %
2020	72,662	72,662		3,105,221	2.34 %
2021	69,340	69,340		2,880,547	2.41 %

1. Information for Postemployment Benefits Other Than Pension is not available for years prior to the year ended June 30, 2018. As additional information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.
2. The Public Employee Benefit Program is funded on a pay-as-you-go basis; and therefore, the actuary did not determine contributions for this plan.
3. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

COLORADO RIVER COMMISSION OF NEVADA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

Note 1. Multiple-employer, Cost-sharing Defined Benefit Pension Plan

For the year ended June 30, 2021, there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2020.

The actuarial valuation report dated June 30, 2014, was the first valuation for the multiple-employer cost-sharing defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most recent valuations.

Additional information related to multiple-employer, cost-sharing defined benefit pension plan can be found in Notes 1 and 4 to the basic financial statements.

Note 2. Postemployment Benefits Other Than Pensions

For the year ended June 30, 2021, no significant events occurred that affected the benefit provision, size or composition of those covered by the postemployment benefit plans.

Actuarial information for postemployment benefits other than pensions is not available for measurement years prior to the year ended June 30, 2018. As information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

Additional information related to postemployment benefits other than pensions can be found in Notes 1 and 4 to the basic financial statements.

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Colorado River Commission of Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Colorado River Commission of Nevada (the Commission'), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Portland, Oregon
December 20, 2021

STATISTICAL SECTION

COLORADO RIVER COMMISSION OF NEVADA

STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

The information contained in this section is designed to aid in analyzing trends and in determining the Commission's overall financial health and operating strategies and should be read in conjunction with the financial statements, note disclosures, and required supplementary information. This information is presented in the following general areas:

Financial Trends

The following tables contain financial trend information to enable the reader to understand how financial performance has changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances - Governmental Funds
- Changes in Fund Balances - Governmental Funds

Revenue Capacity

The following tables contain revenue capacity information to enable the reader to assess the relative contribution of each of the Commission's customers to revenues and to make assessments on the ability to continue to generate that revenue.

- Principal Revenue Payers

Debt Capacity

The following tables contain debt capacity information to enable the reader to assess the affordability the current level of outstanding debt and the ability to issue additional debt in the future.

- Ratios of Outstanding Debt
- Available Revenue Debt Coverage

Demographic and Economic Information

The following tables contain demographic and economic information to enable the reader to understand the general environment within which financial activities take place.

- Demographic Statistics - Clark County, Nevada
- Principal Employers - Clark County, Nevada

Operating Information

The following tables contain operating information to enable the reader to understand how the information contained in the financial statements, note disclosures, and required supplementary information relates to services provided and activities performed.

- Employees by Department
- Capital Asset Statistics by Function
- Operating Indicators - Power Purchases in Megawatt Hours
- Risk Management

COLORADO RIVER COMMISSION OF NEVADA

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Governmental activities										
Net investment in capital assets	\$ 19,196	\$ 10,925	\$ 7,673	\$ 4,887	\$ 2,102	\$ 21,878	\$ 16,284	\$ 10,690	\$ 44,550	\$ 44,550
Restricted	3,468,550	5,203,611	8,125,768	9,537,522	9,882,973	10,276,431	10,731,129	11,199,713	11,810,958	12,080,900
Unrestricted	2,573,169	2,955,658	2,712,559	(4,203,575)	(3,350,978)	(6,392,441)	(5,857,560)	(6,190,276)	(5,988,110)	(6,246,379)
Total governmental activities	<u>6,060,915</u>	<u>8,170,194</u>	<u>10,846,000</u>	<u>5,338,834</u>	<u>6,534,097</u>	<u>3,883,990</u>	<u>4,895,447</u>	<u>5,025,721</u>	<u>5,833,538</u>	<u>5,879,071</u>
Business-type activities										
Net investment in capital assets	5,979,847	3,854,233	1,728,620	46,451,402	52,621,510	50,398,692	49,057,477	47,131,765	45,162,047	43,152,138
Restricted	711,014	711,215	712,019	712,991	714,403	929,332				
Unrestricted	(1,108,611)	(3,137,388)	(5,470,443)	(46,037,051)	(51,815,787)	(49,660,384)	(47,279,370)	(45,378,198)	(43,357,529)	(41,472,626)
Total business-type activities	<u>5,582,250</u>	<u>1,428,060</u>	<u>(3,029,804)</u>	<u>1,127,342</u>	<u>1,520,126</u>	<u>1,667,640</u>	<u>1,778,107</u>	<u>1,753,567</u>	<u>1,804,518</u>	<u>1,679,512</u>
Primary government										
Net investment in capital assets	5,999,043	3,865,158	1,736,293	46,456,289	52,623,612	50,398,692	49,079,355	47,148,049	45,172,737	43,196,688
Restricted	4,179,564	5,914,826	8,837,787	10,250,513	10,597,376	11,205,763	10,731,129	11,199,713	11,810,958	12,080,900
Unrestricted	1,464,558	(181,730)	(2,757,884)	(50,240,626)	(55,166,765)	(56,052,825)	(53,136,930)	(51,568,474)	(49,345,639)	(47,719,005)
Total primary government	<u>\$ 11,643,165</u>	<u>\$ 9,598,254</u>	<u>\$ 7,816,196</u>	<u>\$ 6,466,176</u>	<u>\$ 8,054,223</u>	<u>\$ 5,551,630</u>	<u>\$ 6,673,554</u>	<u>\$ 6,779,288</u>	<u>\$ 7,638,056</u>	<u>\$ 7,558,583</u>

COLORADO RIVER COMMISSION OF NEVADA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Expenses										
Governmental activities										
General government	\$ 1,901,012	\$ 2,058,890	\$ 2,595,457	\$ 2,637,347	\$ 2,620,776	\$ 3,371,208	\$ 2,323,521	\$ 3,248,545	\$ 3,278,609	\$ 3,042,326
Business-type activities										
Power marketing	40,490,639	41,041,108	27,386,283	25,179,606	24,642,788	25,967,737	28,828,579	28,220,693	28,095,112	27,051,495
Power delivery	46,921,205	39,959,001	36,891,400	32,812,396	23,277,768	15,096,211	14,082,693	15,565,314	16,101,489	9,148,849
Total business-type activities	<u>87,411,844</u>	<u>81,000,109</u>	<u>64,277,683</u>	<u>57,992,002</u>	<u>47,920,556</u>	<u>41,063,948</u>	<u>42,911,272</u>	<u>43,786,007</u>	<u>44,196,601</u>	<u>36,200,344</u>
Total primary government expenses	<u>\$ 89,312,856</u>	<u>\$ 83,058,999</u>	<u>\$ 66,873,140</u>	<u>\$ 60,629,349</u>	<u>\$ 50,541,332</u>	<u>\$ 44,435,156</u>	<u>\$ 45,234,793</u>	<u>\$ 47,034,552</u>	<u>\$ 47,475,210</u>	<u>\$ 39,242,670</u>
Program revenues										
Governmental activities										
Charges for services	\$ 3,791,809	\$ 4,138,884	\$ 5,201,004	\$ 2,637,178	\$ 3,669,136	\$ 2,836,483	\$ 2,998,306	\$ 3,186,873	\$ 3,633,384	\$ 3,062,382
Total governmental activities	<u>3,791,809</u>	<u>4,138,884</u>	<u>5,201,004</u>	<u>2,637,178</u>	<u>3,669,136</u>	<u>2,836,483</u>	<u>2,998,306</u>	<u>3,186,873</u>	<u>3,633,384</u>	<u>3,062,382</u>
Business-type activities										
Charges for services	87,936,888	76,767,441	59,981,854	55,645,061	48,249,124	41,169,782	42,836,695	43,706,570	44,108,036	36,020,045
Total primary government program revenues	<u>\$ 91,728,697</u>	<u>\$ 80,906,325</u>	<u>\$ 65,182,858</u>	<u>\$ 58,282,239</u>	<u>\$ 51,918,260</u>	<u>\$ 44,006,265</u>	<u>\$ 45,835,001</u>	<u>\$ 46,893,443</u>	<u>\$ 47,741,420</u>	<u>\$ 39,082,427</u>
Net (expenses) program revenues										
Governmental activities	\$ 1,890,797	\$ 2,079,994	\$ 2,605,547	\$ (169)	\$ 1,048,360	\$ (534,725)	\$ 674,785	\$ (61,672)	\$ 354,775	\$ 20,056
Business-type activities	525,044	(4,232,668)	(4,295,829)	(2,346,941)	328,568	105,834	(74,577)	(79,437)	(88,565)	(180,299)
Primary government	<u>\$ 2,415,841</u>	<u>\$ (2,152,674)</u>	<u>\$ (1,690,282)</u>	<u>\$ (2,347,110)</u>	<u>\$ 1,376,928</u>	<u>\$ (428,891)</u>	<u>\$ 600,208</u>	<u>\$ (141,109)</u>	<u>\$ 266,210</u>	<u>\$ (160,243)</u>
General revenues and other changes in net position										
Governmental activities										
Investment income (loss)	\$ 29,677	\$ 29,285	\$ 14,672	\$ 202,937	\$ 91,125	\$ 95,846	\$ 278,095	\$ 212,331	\$ 382,851	\$ (40,986)
Miscellaneous	41,218		55,587	67,653	55,778	59,255	58,577	61,251	70,191	66,463
Total governmental activities	<u>70,895</u>	<u>29,285</u>	<u>70,259</u>	<u>270,590</u>	<u>146,903</u>	<u>155,101</u>	<u>336,672</u>	<u>273,582</u>	<u>453,042</u>	<u>25,477</u>
Business-type activities										
Investment income (loss)	12,635	78,478	12,063	171,238	55,232	41,680	185,044	47,021	139,516	(30,927)
Gain on disposal of capital assets			4,065		8,984					6,420
Miscellaneous	68,327									79,800
Total business-type activities	<u>80,962</u>	<u>78,478</u>	<u>16,128</u>	<u>171,238</u>	<u>64,216</u>	<u>41,680</u>	<u>185,044</u>	<u>47,021</u>	<u>139,516</u>	<u>55,293</u>
Total primary government general revenues and other changes in net position	<u>\$ 151,857</u>	<u>\$ 107,763</u>	<u>\$ 86,387</u>	<u>\$ 441,828</u>	<u>\$ 211,119</u>	<u>\$ 196,781</u>	<u>\$ 521,716</u>	<u>\$ 320,603</u>	<u>\$ 592,558</u>	<u>\$ 80,770</u>
Change in net position										
Governmental activities	\$ 1,961,692	\$ 2,109,279	\$ 2,675,806	\$ 270,421	\$ 1,195,263	\$ (379,624)	\$ 1,011,457	\$ 211,910	\$ 807,817	\$ 45,533
Business-type activities	606,006	(4,154,190)	(4,279,701)	(2,175,703)	392,784	147,514	110,467	(32,416)	50,951	(125,006)
Primary government	<u>\$ 2,567,698</u>	<u>\$ (2,044,911)</u>	<u>\$ (1,603,895)</u>	<u>\$ (1,905,282)</u>	<u>\$ 1,588,047</u>	<u>\$ (232,110)</u>	<u>\$ 1,121,924</u>	<u>\$ 179,494</u>	<u>\$ 858,768</u>	<u>\$ (79,473)</u>

COLORADO RIVER COMMISSION OF NEVADA

FUND BALANCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
General fund										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$ 16,547	\$ 4,227
Restricted										
Unassigned	<u>\$ 2,878,917</u>	<u>\$ 3,304,782</u>	<u>\$ 3,051,126</u>	<u>\$ 2,040,963</u>	<u>\$ 2,938,016</u>	<u>\$ 2,325,767</u>	<u>\$ 2,132,561</u>	<u>\$ 1,935,201</u>	<u>\$ 2,265,690</u>	<u>\$ 2,172,039</u>
Other governmental funds										
Restricted	<u>\$ 3,468,550</u>	<u>\$ 5,203,611</u>	<u>\$ 8,125,768</u>	<u>\$ 9,537,522</u>	<u>\$ 9,882,973</u>	<u>\$ 10,276,431</u>	<u>\$ 10,731,129</u>	<u>\$ 11,199,713</u>	<u>\$ 11,810,958</u>	<u>\$ 12,080,900</u>

COLORADO RIVER COMMISSION OF NEVADA

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
REVENUES										
Water charges	\$ 2,429,050	\$ 2,397,406	\$ 2,200,221	\$ 1,374,176	\$ 3,000,450	\$ 2,162,854	\$ 2,371,683	\$ 2,487,823	\$ 2,912,999	\$ 2,329,671
Multi-species surcharge	1,362,759	1,741,478	3,000,783	1,263,002	668,686	673,629	626,623	699,050	720,385	732,710
Investment income (loss)	29,677	29,285	14,672	202,937	91,125	95,846	278,095	212,331	382,851	(40,986)
Miscellaneous	41,218		55,587	67,653	55,778	59,255	58,577	61,251	67,385	66,463
Total revenues	3,862,704	4,168,169	5,271,263	2,907,768	3,816,039	2,991,584	3,334,978	3,460,455	4,083,620	3,087,858
EXPENDITURES										
General administration	1,812,067	1,974,816	2,514,358	2,491,039	2,165,754	2,838,816	2,660,273	2,758,974	2,698,531	2,146,766
Multi-species assessment					394,061	358,618	399,966	408,828	425,556	430,376
Water purchases	15,134	14,244	15,074	15,138	13,717	12,941	13,255	12,229	13,258	14,518
Other	49,936	18,183	73,330							332,227
Total expenditures	1,877,137	2,007,243	2,602,762	2,506,177	2,573,532	3,210,375	3,073,494	3,180,031	3,137,345	2,923,887
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,985,567	2,160,926	2,668,501	401,591	1,242,507	(218,791)	261,484	280,424	946,275	163,971
OTHER FINANCING SOURCES (USES)										
Proceeds from capital asset disposal									2,806	
CHANGE IN FUND BALANCE	\$ 1,985,567	\$ 2,160,926	\$ 2,668,501	\$ 401,591	\$ 1,242,507	\$ (218,791)	\$ 261,484	\$ 280,424	\$ 949,081	\$ 163,971

COLORADO RIVER COMMISSION OF NEVADA

PRINCIPAL REVENUE PAYERS LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Southern Nevada Water Authority	\$ 51,300,955	\$ 39,874,221	\$ 15,461,521	\$ 14,358,251	\$ 12,179,218	\$ 12,203,475	\$ 11,827,537	\$ 11,713,784	\$ 11,850,798	\$ 12,813,670
Basic Water Company	675,012	762,502	927,791	1,010,474	759,596	823,636	935,995	1,043,885	990,984	544,084
Timet Metals Corporation	8,467,095	8,644,733	12,140,825	11,426,000	9,358,046	9,582,350	8,667,540	10,669,394	9,727,386	(826,393) ⁴
Olin Chlor Alkaline (formerly Pioneer)	7,733,604	7,932,926	11,692,303	10,207,738	5,976,246	383,347	330,139	260,497	236,662	122,773
LHOIST (formerly Chemical Lime Company)	53,158	60,431	60,153	52,184	70,022	74,523	89,454	66,033	61,531	37,263
EMD Acquisitions (formerly Tronox, LLC)	1,698,155	1,777,310	1,869,709	1,856,809	2,018,316	1,973,513	2,667,509	1,914,198	2,164,385	418,664
American Pacific Corporation	2,461,818	2,467,512	3,454,082	2,882,906	2,087,232	41,886	1,002	2,173		
Lincoln County Power District No. 1	1,684,446	1,700,354	1,531,438	1,372,495	1,403,957	1,460,670	1,818,072	1,726,867	1,464,654	1,497,393
Overton Power District No.5	2,534,041	2,301,447	2,453,914	2,040,250	2,174,710	2,351,212	2,287,432	2,285,133	2,201,791	3,283,980
Valley Electric Association	2,493,361	2,632,025	3,094,859	2,639,510	2,286,746	3,676,756	3,103,415	3,192,139	4,008,456	3,579,561
NV Energy (formerly Nevada Power Company)	11,306,542	11,497,753	11,217,704	9,234,032	9,814,515	10,134,276	11,182,056	10,590,762	11,041,337	11,547,354
City of Boulder City	1,294,400	1,204,679	1,251,852	1,175,756	1,258,457	1,278,026	1,400,132	1,370,511	1,404,565	1,379,672
Las Vegas Valley Water District	6,293	6,669	6,044	5,976			405,067	462,231	323,486	447,812
City of Henderson	19,143	17,961	19,831	19,070	16,947	16,089	227,417	259,669	259,284	259,291
Clark County School District							167,866	188,645	25,846	(140,744) ⁵
Clark County Water Reclamation District							199,424	231,372	228,509	304,646
City of Las Vegas							193,310	364,096	222,796	219,117
City of North Las Vegas							157,961	205,416	84,458	82,937
City of Mesquite							87,634	115,416	47,849	47,273
University of Nevada-Las Vegas								173,785	11,604	(132,095) ⁵
Tenaska									1,001,276	3,498,975
Western Area Power Administration (WAPA)									411,609	295,456
Raw water sales	¹ 674	802	832	787	6,529	6,506	767	760	814	820
Other power sales	²						85,272	56,676	40,702	(52,817) ⁵
Total	\$ 91,728,697	\$ 80,881,325	\$ 65,182,858	\$ 58,282,238	\$ 49,410,537	\$ 44,006,265	\$ 45,835,001	\$ 46,893,442	\$ 47,810,782	\$ 39,228,692

1. Raw water sales include administrative charges on a number of very small water user contracts.
2. Other power sales category includes Hoover Hydropower sales to four new schedule "D" customers with less than \$100,000 in total sales.
3. The current year details are provided to allow the user to see the relative amounts of revenue sources to the Commission paid by the classes of customers. Only totals will be compared for past fiscal periods as inclusion of detail would make the table unreadable. For additional detail please see the annual financial report for the specific year at the Commission website at: crc.nv.gov.
4. During the fiscal year 2021, a portion of Timet Metals Corporation's hydropower allocation was provided to other eligible customers, resulting in a revenue adjustment. As a result, the continuation of the allocation in future periods may or may not happen.
5. Clark County School District, University of Nevada- Las Vegas, and some "D" customers participated in the California Independent System Operator Corporation (CAISO) Optimization program. The customers contracted with Western Area Power Administration (WAPA) to sell their Hoover D power on the market and receive refunds from the sale of these resources as a credit against the monthly invoices, resulting in a revenue adjustment.

COLORADO RIVER COMMISSION OF NEVADA

RATIOS OF OUTSTANDING DEBT^{1, 2} LAST TEN FISCAL YEARS IN THOUSANDS, EXCEPT PER CAPITA (UNAUDITED)

For the Year Ended June 30,	Power Uprating Refunding Bonds Series 2002	Power Delivery Refunding Bonds Series 2005I	General Obligation Refunding Bonds Series 2011B	General Obligation Refunding Bonds Series 2012E	General Obligation Refunding Bonds Series 2014E	Unamortized Premium	Unamortized Discount	Unamortized Adjustments	Total Debt	Charges for Services
2012	\$ 22,370,000	\$ 47,755,000	\$ 5,545,000	\$	\$	\$ 2,620,239	\$	\$ (3,319,228)	\$ 74,971,011	\$ 90,365,938
2013		47,755,000	5,545,000	17,085,000		2,915,211		(2,859,522)	70,440,689	80,966,325
2014		47,755,000	5,545,000	13,110,000		29,475,000	2,255,216	(173,851)	97,966,365	65,182,858
2015			5,545,000	8,960,000		29,475,000	758,899	(167,856)	44,571,043	58,282,239
2016			5,545,000	4,595,000		29,055,000	186,942	(161,861)	39,220,081	51,918,260
2017			5,545,000			28,635,000		(155,866)	34,024,134	44,006,265
2018						28,210,000		(149,872)	28,060,128	45,835,001
2019						27,480,000		(143,877)	27,336,123	46,893,443
2020						26,740,000		(137,882)	26,602,118	47,741,420
2021						25,985,000		(131,886)	25,853,114	39,082,427

For the Year Ended June 30,	Charges for Services to Total Debt Ratio	Total Debt as a Percentage of Personal Income ³	Total Debt Per Capita ³
2012	1.21	0.97 %	\$ 1,986
2013	1.15	0.91 %	1,786
2014	0.67	1.20 %	2,498
2015	1.31	0.52 %	1,094
2016	1.32	0.44 %	930
2017	1.29		
2018	1.63		
2019	1.72		
2020	1.79		
2021	1.51		

1. Generally, debt of the Colorado River Commission is allowed under the natural resource provisions of the State. As such, the debt is not subject to the debt limit as provided in the State constitution. However, each debt issuance and its corresponding project must be specifically authorized by the State Legislature either during a full session (in odd numbered years) or through the Interim Finance Committee (a committee composed of legislators that meets as necessary to accommodate State needs when not in regular session). Although it is possible that the Commission may issue debt that would not be considered natural resource debt, such debt would impact the State debt limit and would also have to be approved by the Legislature. Such debt has never been issued by the Commission and will not be pursued in the foreseeable future.
2. For addition information related to the Commission's debt see the Note 3 to the basic financial statements.
3. Information for years subsequent to 2016 is not available.

COLORADO RIVER COMMISSION OF NEVADA

AVAILABLE REVENUE DEBT COVERAGE¹ LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,					Debt Service			Coverage
	Gross Revenues	Less Operating Expenses	Add Back Depreciation	Net Available Revenues	Principal	Interest	Total	
2012	\$ 91,728,697	\$ 84,921,105	\$ 2,024,827	\$ 8,832,419	\$ 5,490,000	\$ 5,012,438	\$ 10,502,438	0.84
2013	80,906,325	78,792,267	2,024,826	4,138,884	6,065,000	4,416,732	10,481,732	0.39
2014	65,182,858	62,010,746	2,024,827	5,196,939	4,005,000	3,242,334	7,247,334	0.72
2015	58,282,239	55,799,470	2,346,941	4,829,710	3,975,000	3,279,188	7,254,188	0.67
2016	49,410,536	48,093,319	2,351,919	3,669,136	4,785,000	1,690,220	6,475,220	0.57
2017	44,006,265	41,063,948	2,352,198	5,294,515	5,015,000	1,464,645	6,479,645	0.82
2018	45,835,001	42,911,272	2,034,801	4,958,530	5,970,000	1,208,183	7,178,183	0.69
2019	46,893,443	43,786,007	2,038,550	5,145,986	730,000	1,062,535	1,792,535	2.87
2020	47,741,420	44,196,601	2,047,682	5,592,501	740,000	1,049,840	1,789,840	3.12
2021	39,082,427	36,200,344	2,059,612	4,941,695	755,000	1,033,573	1,788,573	2.76

1. Water and power customers are contractually obligated to provide revenues sufficient to cover all operation and maintenance expenses except depreciation, plus all principal and interest requirements on outstanding debt. Operating losses, accumulated deficits and negative coverage ratios are the result of not charging for certain recorded expenses, such as depreciation, amortization of debt and pre-operational expenses. As annual requirements of debt principal progressively increase, annual revenues are expected to exceed recorded expenses, because principal payments are recorded as reductions of long-term debt rather than expenses. The losses, deficits and negative coverage ratios are expected to be progressively reduced and finally eliminated as the annual retirement of debt principal increase.

COLORADO RIVER COMMISSION OF NEVADA

DEMOGRAPHIC STATISTICS - CLARK COUNTY, NEVADA¹ LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Personal Income			Total Labor Force ⁴	Unemployment
	Population ³	(in thousands) ²	Per Capita Income ²		Rate ⁵
2012	1,988,855	\$ 77,373,382	\$ 37,745	\$ 1,001,608	11.4 %
2013	2,031,723	77,298,937	39,436	1,009,941	9.9 %
2014	2,069,450	81,821,005	39,223	1,023,712	8.2 %
2015	2,118,353	86,305,938	40,742	1,049,522	7.1 %
2016	2,107,031	88,885,102	42,185	1,059,667	6.4 %
2017	2,205,207			1,077,435	5.2 %
2018	2,233,000			1,097,668	4.7 %
2019	2,284,616			1,123,095	4.8 %
2020	2,325,798			1,110,574	17.8 %
2021	2,342,885			1,118,775	7.4 %

1. The Commission is primarily a wholesale provider of electric power and only holds in trust the rights of the State of Nevada to the waters of the Colorado River. The Commission thus does not serve (except in limited capacity) end users of either water or power. In addition, the customers served by the Commission are statutorily, not geographically defined. However, the principal area served by the customers of the Commission is the area encompassed by Clark County, Nevada. This presentation is provided to give some limited demographic information to the reader. For complete information on the demographic makeup of Clark County the reader is directed to the Clark County website at <http://www.co.clark.nv.us/>. Information on water treatment, delivery and purveyor information can be obtained at the Southern Nevada Water Authority website at <http://www.snwa.com/>. Additional demographic information for the State can be obtained from the State of Nevada website at <http://www.nv.gov/>.
2. Information for years subsequent to 2016 is not available.
3. Source: State of Nevada Department of Taxation, Five-year Population projection for Nevada, Clark County.
4. Source: Nevada Department of Employment Training, and Rehabilitation, Clark County. The total labor force was as of September 2021, the most current period on the report.
5. Source: University of Nevada Las Vegas, Center for Business and Economic Research, Economic Data - Las Vegas, Clark County. The unemployment rate was as of September 2021, the most current period on the report.

COLORADO RIVER COMMISSION OF NEVADA

PRINCIPAL EMPLOYERS - CLARK COUNTY, NEVADA^{1,2} CURRENT AND NINE YEARS AGO (UNAUDITED)

Taxpayer	2021 ³		2012 ⁴	
	Average Percentage of Total Clark County Employment		Average Percentage of Total Clark County Employment	
	Employees ⁵	%	Employees ⁵	%
Clark County School District	40,000	3.95 %	30,000 to 39,999	4.07 %
MGM Resort International	30,000	2.96 %	7,500 to 7,999	0.90 %
Caesars Entertainment	20,000	1.98 %		
Clark County, Nevada	20,000	1.98 %	7,500 to 7,999	0.90 %
Nellis Air Force Base	16,000	1.58 %		
Wynn Resorts	10,000	0.99 %	7,500 to 7,999	0.90 %
Amazon	10,000	0.99 %		
Las Vegas Sands	9,000	0.89 %		
Red Rock Resorts	8,000	0.79 %		
Boyd Gaming	6,000	0.59 %		
Bellagio, LLC			7,500 to 7,999	0.90 %
Aria Resort & Casino, LLC			7,000 to 7,499	0.84 %
Mandalay Bay Resort and Casino			6,000 to 6,499	0.73 %
Las Vegas Metropolitan Police			5,500 to 5,999	0.67 %
University of Nevada, Las Vegas			5,500 to 5,999	0.67 %
Caesar's Palace			5,000 to 5,499	0.61 %
Total percentage for principal employers		16.70 %		11.19 %
Total employment in Clark County	1,011,892		859,388	

1. The Commission is primarily a wholesale provider of electric power and only holds in trust the rights of the State of Nevada to the waters of the Colorado River. The Commission thus does not serve (except in limited capacity) end users of either water or power. In addition, the customers served by the Commission are statutorily, not geographically defined. However, the principal area served by the customers of the Commission is the area encompassed by Clark County, Nevada. This presentation is provided to give some limited demographic information to the reader. For complete information on the demographic makeup of Clark County the reader is directed to the Clark County website at <http://www.co.clark.nv.us/>. Information on water treatment, delivery and purveyor information can be obtained at the Southern Nevada Water Authority website at <http://www.snwa.com/>. Additional demographic information for the State can be obtained from the State of Nevada website at <http://www.nv.gov/>.
2. In 2018 Nevada Department of Employment Training and Rehabilitation changed the way top employers are reported by dispersing inter-company employment into single entities; and therefore, the current year data is not comparable to the date presented for nine years ago.
3. Source: Applied analysis. Due to change in methodology, the 2021 data may not be comparable to prior years.
4. Source: Nevada Department of Employment, Training, and Rehabilitation, Clark County.
5. Nevada Law prohibits the publishing of exact employment numbers.
6. Source: Nevada Department of Employment, Training, and Rehabilitation, Clark County. Total employment numbers represent averages for the first quarter of each year shown above.

COLORADO RIVER COMMISSION OF NEVADA

**EMPLOYEES BY DEPARTMENT¹
LAST TEN FISCAL YEARS
(UNAUDITED)**

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Department										
Executive and Administrative	13	13	13	15	12	13	14	14	13	13
Water	3	3	2	1	3	3	3	3	3	3
Hydropower	3	3	3	2	3	3	3	3	4	4
SNWS Energy Services	9	9	8	7	7	8	8	8	7	5
Power Delivery O & M	6	6	7	7	7	7	7	7	7	7
Total employees by department	<u>34</u>	<u>34</u>	<u>33</u>	<u>32</u>	<u>32</u>	<u>34</u>	<u>35</u>	<u>35</u>	<u>34</u>	<u>32</u>

1. Source: The Commission's internal human resources system.

COLORADO RIVER COMMISSION OF NEVADA

CAPITAL ASSET STATISTICS BY FUNCTION^{1, 2} LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Power Delivery Project and Basic Industries System ³										
High-Voltage Substations										
Transmission Substations (230-kV to 69-kV)	2	2	2	2	2	2	2	2	2	2
Distribution Substations (230-kV to 14.4-kV)	3	3	3	3	3	3	3	3	3	3
Distribution Substations (69-kV to 13.8-kV)	6	6	6	6	6	6	6	6	6	6
Distribution Substations (69-kV to 41.6-kV)	6	6	6	6	6	6	6	6	6	6
Total High-Voltage Substations	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
Miles of Transmission Lines										
230-kV overhead lines	34	34	34	34	34	34	34	34	34	34
69-kV overhead lines	5	5	5	5	5	5	5	5	5	5
69-kV underground transmission lines	15	15	15	15	15	15	15	15	15	15
System Support Information										
Communication Network										
Miles of fiber optic cable	58	58	58	58	58	58	58	58	58	58
Microwave radio sites	3	3	3	3	3	3	3	3	3	3
Metered Facilities ⁴	70	82	95	107	120	120	120	120	120	120
Total System Capacity in Megawatts	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

1. Source: The Commission's power delivery system.
2. All power related assets are owned and used to deliver power to the Commission's customers only.
3. The Power Delivery System (System) is a dedicated power transmission and delivery system that provides electric power resources to the facilities of the Southern Nevada Water Authority. With a total system capacity of 1,000 megawatts of transformer capacity, the System is the 3rd largest transmission and distribution system within the State of Nevada. The System was designed with 100% redundancy including twin transformers. The System is normally operated at 50% capacity on each of the twin facilities in each substation. In the event of catastrophic failure, the remaining system can fully serve the load while repairs are affected. In addition, the transmission lines are a looped (circular) design allowing for feed to all facilities in either direction in the event of a break somewhere in the loop. This design is provided to ensure reliable delivery of water to the residents of Southern Nevada under almost any circumstances. Power facilities dedicated to the Basic Industries provide power to the industrial complex located in Henderson. The total capacity of the Basic Industries system is 150 Megawatts.
4. In addition to the metered facilities indicated in this table, Commission staff operates and maintains the metered facilities of the Southern Nevada Water Authority.

COLORADO RIVER COMMISSION OF NEVADA

OPERATING INDICATORS - POWER PURCHASES IN MEGAWATT HOURS^{1, 2} LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	
Southern Nevada Water Authority	3	2,643,331	2,486,443	2,321,270	2,172,526	2,177,152	2,253,405	2,322,323	2,311,808	2,248,303	1,419,572
Basic Water Company		32,010	29,886	31,788	32,517	27,754	26,685	19,621	16,133	29,600	23,708
Timet Metals Corporation		368,939	343,173	401,072	400,530	382,280	349,788	203,008	180,665	335,640	54,175
Olin Chlor Alkaline (formerly Pioneer)		237,558	222,273	272,761	243,017	180,019	9,242	5,080	2,921	5,868	5,000
LHOIST (formerly Chemical Lime Company)		2,540	2,496	2,516	2,650	2,904	2,964	2,773	2,636	2,789	2,715
EMD Acquisitions (formerly Tronox, LLC)		112,392	114,593	119,634	128,496	121,041	108,027	104,453	103,340	92,540	86,193
American Pacific Corporation		94,495	89,874	108,715	97,607	69,382	2				
Lincoln County Power District No. 1		90,337	81,905	77,581	85,067	74,362	68,127	76,200	81,009	74,602	84,418
Overton Power District #5		101,289	90,653	94,964	87,381	90,775	89,471	83,214	84,033	83,092	130,587
Valley Electric Association		114,131	109,780	117,806	100,105	102,225	137,139	119,611	109,553	133,694	132,363
NV Energy (formerly Nevada Power Company)		470,882	435,809	444,593	416,850	412,535	379,049	390,373	384,667	362,275	421,474
City of Boulder City		46,135	33,060	37,851	37,951	37,110	36,336	36,240	36,171	35,333	37,128
Las Vegas Valley Water District								11,680	14,923	14,075	16,152
City of Henderson								7,269	9,292	8,792	10,058
Clark County School District								3,960	5,010	4,757	5,457
Clark County Water Reclamation District								3,960	8,912	8,432	9,646
City of Las Vegas								7,464	9,542	9,028	10,328
City of North Las Vegas								2,323	2,964	2,805	3,209
City of Mesquite								1,305	1,690	1,590	1,813
University of Nevada-Las Vegas								3,692	4,671	4,435	5,088
Small Hoover Schedule "D" customers	4						1,039	1,314	1,248	1,429	
Total		<u>4,314,039</u>	<u>4,039,945</u>	<u>4,030,551</u>	<u>3,804,697</u>	<u>3,677,539</u>	<u>3,460,235</u>	<u>3,405,588</u>	<u>3,371,254</u>	<u>3,458,898</u>	<u>2,460,513</u>

1. Source: The Commission's power purchasing group.

2. Includes megawatt hour purchases for loads of all Commission customers. The Commission owns and operates electric transmission and distribution capital assets for the exclusive use of the Southern Nevada Water Authority (SNWA) and the Basic Industries complex in Henderson, Nevada. The Commission's major power deliveries are accomplished using these systems. These total comparisons are anticipated to be indicative of future sales as the Commission's customer base is anticipated to remain relatively stable. It is possible that some additional customers could utilize the Commission for electric power resource, but the remaining probable customers available to the Commission under a legislative mandate must be part of the SNWA customer base and are not anticipated to materially change the reported megawatt usage amounts.

3. SNWA sales include water purveyor related purchases brokered by Commission employees acting on behalf of the Silver State Energy Association to provide continuity of data related to Commission customers.

4. Small Hoover Schedule "D" customers include six customers, contracted in fiscal 2018, with megawatt hours under 3,000 and total sales under \$100,000.

COLORADO RIVER COMMISSION OF NEVADA

RISK MANAGEMENT^{1,2} LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Basic Water Company	\$ 173,867	\$ 163,009	\$ 201,006	\$ 237,115	\$ 236,944	\$ 180,079	\$ 206,701	\$ 192,164	\$ 270,984	\$ 275,212
Timet Metals Corporation	1,684,321	2,234,054	2,293,921	3,062,094	2,841,318	2,133,149	2,364,560	2,330,005	2,693,081	2,002,197
Olin Chlor Alkaline (formerly Pioneer)	2,217,086	1,755,462	2,251,738	2,968,251	2,260,932	115,011	98,232	83,237	77,024	67,641
LHOIST (formerly Chemical Lime Company)	13,572	14,189	14,404	14,810	17,305	18,064	23,097	18,884	18,974	21,079
Tronox, LLC	440,632	444,940	466,570	450,793	550,515	508,162	508,630			
EMD Acquisitions								750,000	750,000	750,000
American Pacific Corporation	649,990	595,928	715,446	815,289	772,170					
Total	\$ 5,179,468	\$ 5,207,582	\$ 5,943,085	\$ 7,548,352	\$ 6,679,184	\$ 2,954,465	\$ 3,201,220	\$ 3,374,290	\$ 3,810,063	\$ 3,116,129
							Total Collateral Posted	Cash Collateral Posted	Other Colateral Posted	Estimated Collateral Requirement for the Year Ended June 30, 2022
Basic Water Company							\$ 275,212	\$ 275,212	\$	\$ 169,906
Timet Metals Corporation							2,002,197		2,002,197	371,177
Olin Chlor Alkaline (formerly Pioneer)							67,641	67,641		51,097
LHOIST (formerly Chemical Lime Company)							21,079	21,079		18,800
Tronox, LLC										
EMD Acquisitions							750,000	750,000		706,082
American Pacific Corporation										
Total							\$ 3,116,129	\$ 1,113,932	\$ 2,002,197	\$ 1,317,062

1. Nevada Revised Statutes 538.181(2) requires that the Commission's power customers, except a federal or state agency or political subdivision, provide an indemnifying bond or other collateral "in such sum and in such manner as the commission may require, conditioned on the full and faithful performance" of their power contracts. Due to the volatile nature of the electric power markets the Commission has determined the collateral requirements to be one-fourth of the customer's gross annual purchases as calculated from October 1 through September 30 of each preceding year. Posted collateral limits the risk inherent in the Commission's utility functions and protects the state to the full extent allowed under law. All customers have posted cash, letters of credit or performance bonds as approved by the Nevada State Board of Examiners.
2. Governmental and utility entities are exempt from collateral requirements.