COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
COLORADO RIVER COMMISSION
OF NEVADA

A component unit of the State of Nevada

Las Vegas, Nevada

For the
FISCAL YEAR ENDED JUNE 30, 2016

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

STATE OF NEVADA

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Governor

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Attorney General

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Secretary of State

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Vice Chairman

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Commissioner

MARILYN KIRKPATRICK
Commissioner

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Commissioner

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Deputy Executive Director

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Energy Services Manager

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Chief, Finance and Administration

ANGELA K. SLAUGHTER
Natural Resources Manager

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Hydropower Program Manager

ROBERT D. REESE
Assistant Director Engineering & Operation

COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS (continued)

COLORADO RIVER COMMISSION
OF NEVADA

November 17, 2016

Honorable Chairwoman and
Members of the
Colorado River Commission of Nevada

It is a pleasure for us to present the Comprehensive Annual Financial Report (CAFR) of the Colorado River Commission of Nevada (the Commission) for the year ended June 30, 2016, prepared by the financial and administrative division staff. This CAFR is published to fulfill state law and bond covenants requiring such within six months of the close of each fiscal year. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. The Commission's internal controls have been developed with the assistance of the State of Nevada Controller's office. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Piercy Bowler Taylor and Kern, Certified Public Accountants and Business Advisors, audited the Commission's fiscal 2016 basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Commission are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Commission's basic financial statements for the fiscal year ended June 30, 2016, 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.

555 E. Washington Avenue, Suite 3100, Las Vegas, Nevada 89101-1065
Phone: (702) 486-2670
Fax: (702) 486-2695
http://crc.nv.gov

THE COMMISSION

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

The Commission is governed by seven commissioners, four of whom, including the 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:

Name	Initial Appointment	Current Term
Puoy K. Premsrirut, **Chairwoman**	2013	7/01/14 – 6/30/17
Honorable Duncan R. McCoy, Boulder City Councilman **Vice-Chairman**	2009	7/01/16 – 6/30/17 *
Kara J. Kelley	2015	1/21/15 – 6/30/17
Honorable Marilyn Kirkpatrick, Clark County Commissioner	2016	7/01/16 – 6/30/18 *
Honorable Steve Sisolak, Clark County Commissioner	2013	7/01/16 – 6/30/18 *
Daniel H. Stewart	2016	7/01/16 – 6/30/19
Cody T. Winterton	2015	7/13/15 – 6/30/18

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.

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

Activities of the Commission are funded from revenue received from power and water contractors. An administrative charge 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, the Colorado River Storage Project, and the Salt Lake City Area Integrated Project is purchased by the Commission from the federal government and sold to several contracting entities in southern Nevada, including three rural electrification associations, one municipal and one investor-owned utility, and an industrial complex near 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. The Commission's customer base is limited by state law to its current existing customers (including the power load to serve the water needs of SNWA member agencies) and those who received a hydropower allocation under certain allocation processes.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

The County encompasses 7,927 square miles, an area larger than the entire state of New Jersey. It includes five incorporated cities: Las Vegas, Henderson, North Las Vegas, Boulder City, and Mesquite; fourteen unincorporated towns; one school district; four library districts; one urban and two rural fire districts; one sanitation district; one urban and three rural water districts; and eleven judicial townships.

After experiencing record growth rates for many years, Clark County's population increase rate halted, with declines in population reported in 2009 through 2011. Beginning in 2012 the population began again to increase at very moderate rates. The current Five-Year Report of the State Demographer indicates that the County's estimated 2016 population of 2,107,031 represents approximately 72.6% of the State's 2016 population (virtually unchanged from the prior year's percentage). Current projections forecast the County population to be 2,107,031 in 2016 and 2,164,799 in 2019. Nevada's estimated 2016 population was 2,900,442, with the 2015 estimated population being 2,871,934. This reflects an increase of 28,508 or 1.0%. This compares to an overall 1.0% increase reported in 2012, 2013, 2014 and 2015 (a 1.4% decrease was reported for 2011). The current demographic estimate indicates continued growth over the next several years at a rate of approximately 1% annually. The 2014 Twenty-Year Report projects the State population to reach approximately 3,329,074 in 2033.

The State experienced financial concerns as economic indicators in the State and County declined over the last several years, however indicators since 2012 show some increases. During this period state and local governments have taken steps to decrease expenditures to maintain balanced budgets. On October 19, 2016 the Nevada Department of Employment, Training, and Rehabilitation reported that Nevada's September seasonally-adjusted unemployment was 5.8%. This continues the trend of rates below 7% for the first time in seven years. The rate fell below 7% in 2015 for the first time. The report indicated that the Clark County September rate was 5.6%. Over this period, the revenues of the Commission have been stable, and are projected to remain so over the next biennium. This is primarily due to the nature of Commission resources and the very low cost of those resources to its customers.

Long-Term Financial Planning. The financial management group monitors the fund balance of the Commission's general fund to ensure adequate reserves to fund ongoing operations. State and Commission regulations provide the flexibility to adjust water administrative revenues with each budget cycle, and to change power administrative charges with advance notice to the customers. Acceptable fund balance and cash levels are maintained with an annual internal review and, during the budget cycle (each even numbered year), are reviewed with the customers in budget preparation meetings. Due to the pass through nature of the Commission's enterprise funds, ending 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 a significant portion of the customer base is governmental in nature, the risk of financial failure is not significant. For the customers that are not governmental based, the Commission requires deposits against power purchases in amounts determined annually by staff. These deposits are generally in the form of letters of credit issued by financial institutions acceptable to the Commission and the State Treasurer, and are at a minimum equal to three months of average power purchases by the customer. The Commission operates in close concert with all of its customers. The Commission's Energy Services group staff members are housed full-time at the SNWA offices and all customers have access to Commission records and operational information including real time power purchasing and invoicing amounts.

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

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

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 39th consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

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

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

Jayne Harkins

Jayne Harkins, P.E.
Executive Director

Douglas N. Beatty

Douglas N. Beatty
Division Chief, Finance & Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

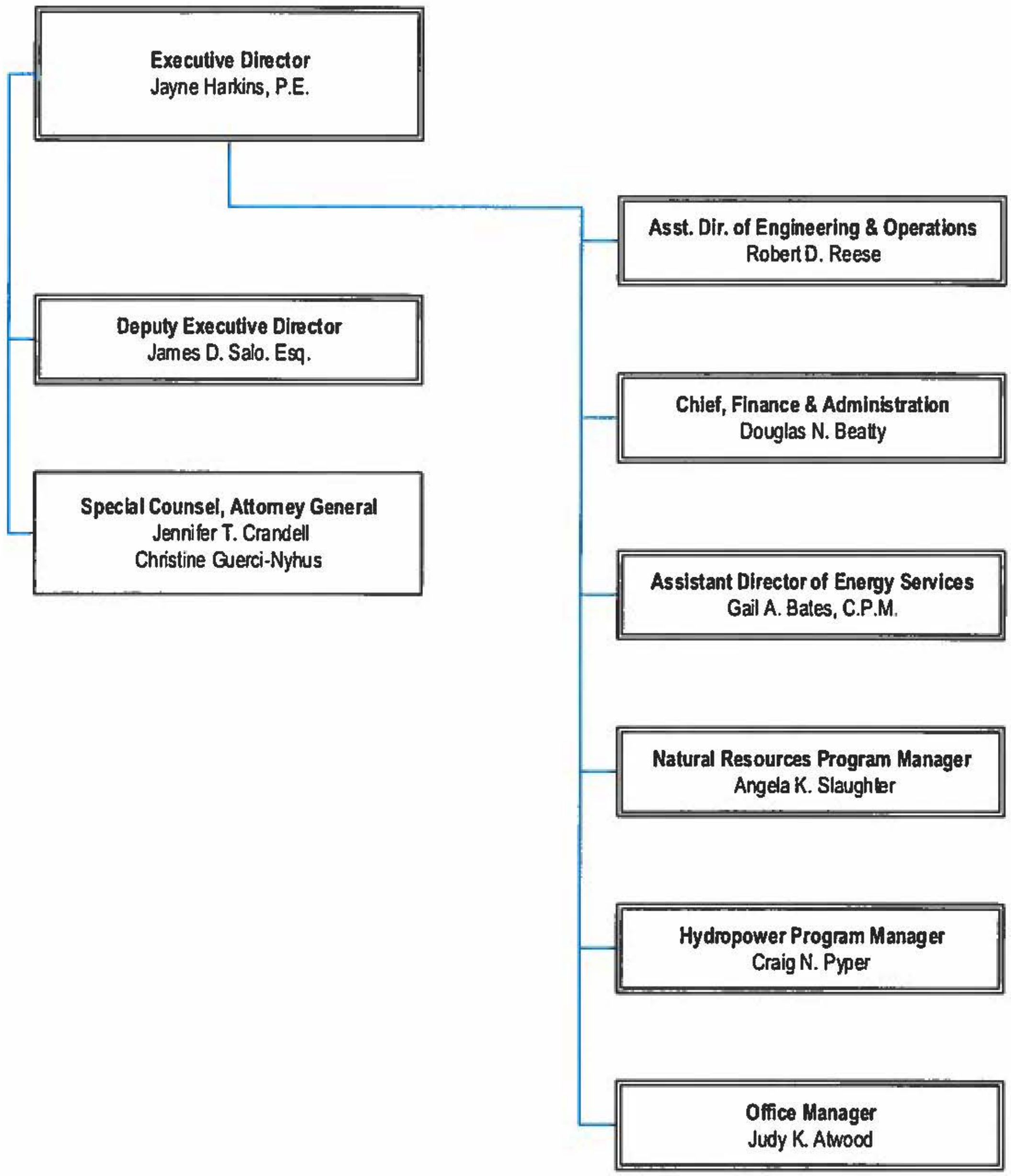
Colorado River Commission of Nevada

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Jeffrey R. Emer

Executive Director/CEO


Executive Director
Jayne Harkins, P.E.
Deputy Executive Director
James D. Salo. Esq.
Special Counsel, Attorney General
Jennifer T. Crandell
Christine Guerci-Nyhus
Asst. Dir. of Engineering & Operations
Robert D. Reese
Chief, Finance & Administration
Douglas N. Beatty
Assistant Director of Energy Services
Gail A. Bates, C.P.M.
Natural Resources Program Manager
Angela K. Slaughter
Hydropower Program Manager
Craig N. Pyper
Office Manager
Judy K. Atwood

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FINANCIAL
SECTION

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PBTK
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Colorado River Commission (the Commission), a component unit of the State of Nevada, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

6100 Elton Avenue, Ste. 1000 • Las Vegas, Nevada 89107 • 702-384-1120 • fax 702-870-2474 • pbtk.com

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and proportionate share of the collective net pension liability information and proportionate share of statutorily required pension contribution information, on pages 7-17 and 49-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
November 17, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report (CAFR) of the Colorado River Commission of Nevada (the Commission) presents management's overall analysis of financial activities for the fiscal year ended June 30, 2016. This information will provide a more complete picture of Commission activities when read in conjunction with the financial statements, notes to the financial statements and letter of transmittal.

Financial Highlights

- The assets of the Commission's two governmental funds exceed the liabilities at the close of the fiscal year by $6,423,811 (net position). However, the restricted fund balance related to the Research and Development Fund is $9,882,973. Thus the Commission's General Fund's portion of the net position is ($3,459,162). This is an increase in net position for the Commission's General Fund of $739,526 from the net position of ($4,198,688) in fiscal 2015.

- The net position in the enterprise funds decreased this year by $2,287,753 from $1,127,342 to ($1,160,411) as expected due to depreciation and interest expense.

- Cash balances in the governmental funds increased during the year, from a reported balance of $11,901,462 in fiscal 2015, to $12,686,671 in 2016. This was due to scheduled contractual collections of reserves in the Research and Development fund for habitat conservation and a full year of Power Administrative charges (charges were suspended for part of the year in fiscal 2015). The reserves are part of the Lower Colorado River Multi-Species Conservation Program which is described in more detail in this analysis.

- Revenues from the power administrative charge increased substantially as compared to the last fiscal year as the revenues were billed for the full fiscal year.

- Both the power revenues and the cost of electric service provided to the Commission's customers decreased this year due to decreased demand from the customers as the Silver State Energy Association (SSEA – see item below) now provides full service electric resources for customers who previously received non-hydropower resources from the Commission. Revenues and power costs of the Hydropower resources of the Commission remained consistent with the past year. Revenues related to power purchases dropped from $55,645,061 in fiscal 2015 to $45,741,400 in fiscal 2016, a decrease of $9,903,661 (17.8% decrease). Correspondingly, expenses related to power purchases also dropped from $43,389,559 to $35,480,925, a decrease of $7,908,634 (18.2% decrease). We expect the power revenues and purchases to continue to drop over the next few years as the customer load and base for the Commission stabilizes. The role of the SSEA is further described below.

- Approximately seven years ago the Commission, the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No 1, and the Southern Nevada Water Authority formed a joint action agency with the goal of aggregating power load requirements and resources to take advantage of economies of scale and to participate collectively in potential electric power projects. The organization is named the Silver State Energy Association (SSEA) and information on the SSEA can be found at www.silverstateenergy.org. The organization has been slowly growing and taking on new roles in the power procurement arena. The SSEA has undertaken a number of projects. SSEA first began serving the City of Boulder City as a full service provider. In April of 2013 the SSEA became the full service provider for the Southern Nevada Water Authority (SNWA). This milestone resulted in a major change to the financial statements of the Commission now and in the future as the purchase and sale of the electric power resources needed to supply the Southern Nevada Water Authority will now be a function of the SSEA and not a part of the Commission. As part of the full service program, Commission personnel will now serve as contract staff for the SSEA. Thus the Power Delivery Fund will provide for activities related to the transmission assets of the Power Delivery Project, for some power purchase and sales activity not related to the SNWA move, and for costs associated with staffing the SSEA but the bulk of the power purchases and sales seen in the past will cease. The levels of activity reported in this fiscal year should be indicative of levels going forward as the bulk of the resource move has now been accomplished.

Overview of the Financial Statements

The Commission is a special-purpose State of Nevada (the State) 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 a regional governmental entity, SNWA, and the power resources are provided mostly to governmental or quasi-governmental entities with a limited number of industrial end users grandfathered in to the Commission's service authority. Thus, the enterprise funds have a statutorily limited customer base. The Commission was not empowered to seek or serve any additional entities during the fiscal year, but pursuant to Assembly Bill 199 enacted during the 2013 legislative session, will be able to serve new customers a limited amount of hydropower (approximately 21 megawatts) from Hoover Dam beginning in 2017. This power was made available as part of a 5% reduction in power allocations to existing customers pursuant to Federal Legislation. The authorization related to new customers is limited to only the small hydropower energy pool created at Hoover Dam. The water function is not intended to serve as an enterprise-type activity, and is accounted for in the Commission's general fund. The electric power function, while not intended to generate a profit, is accounted for through the use of two enterprise funds. One of the funds (the power delivery fund) records the transactions related to the Commission's major customer, SNWA. The resources of this fund provide electric power for SNWA's water pumping needs. The other enterprise fund (the Power Marketing Fund) records 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 Dam, and others) on the Colorado River. In addition to these funds, the Commission administers one special revenue type governmental fund to account for special projects.

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

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

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

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

The functions reported on the Commission's basic financial statements are principally supported by user fees and charges. The water-related activities are supported by an administrative fee assessed on SNWA, and the power-related activities are supported through administrative charges assessed as part of the sale of electric resources. 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 of the funds of the Commission can be divided into two categories: governmental and proprietary funds.

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

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

The Commission maintains only two governmental funds, the general fund and the research and development fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances for the general fund and the special revenue fund. Only the general fund is considered a major fund. Fund data for the remaining special revenue fund is provided in this report.

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. These funds provide the same type of information as the government-wide financial statements, but in more detail. The Commission adopts an annual budget for all funds. A budgetary comparison is provided in this report for the two governmental funds.

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

Government-wide Financial Analysis

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

Colorado River Commission's Net Position						
	Governmental Activities			Business-type Activities		
	2016	2015	Change	2016	2015	Change
Current assets:	$13,530,439	$12,317,200	$1,213,239	$ 18,685,874	$19,983,578	$(1,297,704)
Non-current restricted cash and cash equivalents				8,900,397	9,381,172	(480,775)
Capital assets	2,102	4,887	(2,785)	79,196,288	87,360,074	(8,163,786)
Deferred Outflows	577,115	524,901	52,214	163,767	279,153	(115,386)
Total assets and deferred outflows	14,109,656	12,846,988	1,262,668	106,946,326	117,003,977	(10,057,651)
Current liabilities:	892,656	943,422	(50,766)	15,392,005	15,597,267	(205,262)
Long-term bonds				34,024,134	39,220,078	(5,195,944)
Net Pension liability	5,597,589	4,997,140	600,449			
Other noncurrent liabilities	139,961	137,128	2,833	58,690,598	61,059,290	(2,368,692)
Deferred amounts, pension	1,055,639	1,430,464	(374,825)			
Total liabilities and deferred inflows	7,685,845	7,508,154	177,691	108,106,737	115,876,635	(7,769,898)
Net position:						
Net investment in capital assets	2,102	4,887	(2,785)	52,621,510	46,451,402	6,170,108
Restricted	9,882,973	9,537,522	345,451	714,403	712,991	1,412
Unrestricted	(3,461,264)	(4,203,575)	742,311	(54,496,324)	(46,037,051)	(8,459,273)
Total net position	$ 6,423,811	$ 5,338,834	$1,084,977	$ (1,160,411)	$ 1,127,342	$(2,287,753)

Note that the total assets in the governmental funds increased from the previous year, with the majority of the increase reflected in the current assets. This was due primarily to an increase to cash reserves in the research and development fund and increased Hydropower Administrative revenues over last year. The reserves in the research and development fund are contractually based and are designed for future use in the Lower Colorado River Multi-species Conservation Program (LCRMSCP). This reserve should build for the next few years until needed for program purposes.

Total assets in the business-type funds decreased from the previous year. The most significant portion of the decrease reflects the decrease in the prepaid power balance with a decrease in capital assets due to depreciation.

The Commission has a significant amount of capital assets in its enterprise funds. The acquisition or construction of these assets has been fully funded through the issuance of General Obligation Revenue Supported Bonds. The contracts with Commission customers provide for collections equal to the bond debt payments only. The Commission does not include depreciation expense in its charges for power. This means that the net assets related to capital investment will never be significant for the Commission's enterprise funds, no matter the cost of the assets. Also, in the early years of the asset life, when depreciation is higher than the underlying debt service, there will be a negative investment in capital assets. However, all things being equal, at the end of the asset life and debt term, the net investment should be zero.

Colorado River Commission's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2016	2015	Change	2016	2015	Change
Revenues:						
Program revenues:						
Administrative charges	$3,000,450	$1,374,176	$1,626,274			
Power sales revenue:						
Power marketing				$24,497,733	$24,861,738	$ (364,005)
Power delivery				21,243,667	30,783,323	(9,539,656)
General revenues:						
Investment income (loss)	91,125	202,937	(111,812)	55,182	(2,021,294)	2,076,476
Multi-species surcharge	668,686	1,263,002	(594,316)			
Miscellaneous	55,776	67,653	(11,877)	8,984		8,984
Total revenues	3,816,037	2,907,768	908,269	45,805,566	53,623,767	(7,818,201)
Expenses:						
General government	2,731,060	2,637,347	93,713			
Power purchase expenses:						
Power marketing				24,815,601	25,179,606	(364,005)
Power delivery				23,277,718	30,619,864	(7,342,146)
Total expenses	2,731,060	2,637,347	93,713	48,093,319	55,799,470	(7,706,151)
Change in net assets	1,084,977	270,421	814,556	(2,287,753)	(2,175,703)	(112,050)
Net position, beginning	5,338,834	10,846,000	(5,507,166)	1,127,342	(3,029,804)	4,157,146
Net position, adjustment		(5,777,587)	5,777,587		6,332,849	(6,332,849)
Net position, ending	$6,423,811	$5,338,834	$1,084,977	$(1,160,411)	$ 1,127,342	$(2,287,753)

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 cash balances for these activities. Governmental fund revenues increased this year from last year due to the reinstatement of the Hydropower Administrative charge which was suspended for part of the year in fiscal 2015 to reduce the cash balance related to this charge to minimal levels. Governmental expenses increased from prior year only slightly and reflect overall increases in goods and services only.

The activities related to the electric power utility function are large and generate millions of dollars in both revenues and expenses. However, as the Commission's contracts for power allow only for recovery of cost (including administrative expenses), these activities do not contribute significant amounts to net 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, 2016, both the revenues and expenses of the Power Delivery Fund decreased substantially due to the continued migration of non-hydropower service to the SSEA and some overall decreases in demand for the remaining non-hydropower load. The hydropower load served by the Power Marketing Fund remained consistent with past years.

Financial Analysis of Government Funds.

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

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

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

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

	2016		2015	
	Amount	Percent	Amount	Percent
Power administrative charge	$ 1,141,701	20.12%	$ 220,817	5.55%
Water administrative charge	1,858,749	32.76%	1,153,359	29.00%
Investment income	20,298	0.36%	54,185	1.36%
Miscellaneous income	55,776	0.98%	67,653	1.70%
Total revenues	3,076,524	54.22%	1,496,014	37.61%
Allocated salaries and overhead	2,597,763	45.78%	2,481,664	62.39%
All funding sources	$ 5,674,287	100.00%	$ 3,977,678	100.00%

Revenues of the Commission's general fund totaled $1,496,014 in fiscal 2015, $1,580,510 less than the $3,076,524 realized in fiscal 2016. Again, the bulk of the increase is from the Hydropower Administrative charge reinstatement, while the Water charge increased somewhat based on increased activity levels. Investment income decreased as the cash balances dropped due to fiscal 2015 Hydropower charge suspension.

A comparison of Revenues changes from the prior fiscal year is detailed below:

	2016	2015	Change
Power administrative charge	$ 1,141,701	$ 220,817	$ 920,884
Water administrative charge	1,858,749	1,153,359	705,390
Investment income	20,298	54,185	(33,887)
Miscellaneous income	55,776	67,653	(11,877)
Total Revenues	$ 3,076,524	$ 1,496,014	$ 1,580,510

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

	2016	2015	Change
Personnel	$ 3,645,052	$3,418,753	$ 226,299
Travel	90,296	48,244	42,052
Operating	1,025,203	1,483,911	(458,708)
Equipment	16,683	36,933	(20,250)
Total expenditures	4,777,234	4,987,841	(210,607)
Less allocated salaries and overhead	(2,597,763)	(2,481,664)	(116,099)
Net expenditures	$ 2,179,471	$2,506,177	$ (326,706)

Net expenditures of the general fund totaled $2,179,471 which is $326,706 less than the $2,506,177 expended during fiscal 2015. The overall decrease can be attributed to decreases in operating charges, specifically outside contract charges as a number of the tasks utilizing these consultants decreased in fiscal 2016.

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

Fund	Fund Balance June 30		
	2016	2015	Change
General Fund	$2,938,016	$ 2,040,963	$ 897,053
Research and Development Fund	9,882,973	9,537,521	345,452

There were no significant changes to the budget for fiscal 2016. The budget to actual comparisons for the Commission's governmental funds is detailed below:

	2016 Authorized Budget			
	Original	**Final**	**Actual**	**Variance**
General Fund:				
Revenues:				
Power Administrative Charge	$ 1,739,639	$1,739,639	$ 1,141,701	$ (597,938)
Water Charges	2,311,984	2,311,984	1,858,749	(453,235)
Investment Income	10,209	10,209	20,298	10,089
Miscellaneous	52,845	52,845	55,776	2,931
Total Revenues	$ 4,114,677	$4,114,677	$ 3,076,524	$(1,038,153)
Expenses:				
Personnel Services	$ 4,811,381	$4,811,381	$ 3,645,052	$ 1,166,329
Travel	79,214	104,714	90,296	14,418
General Operating Costs	406,969	406,969	495,156	(88,187)
Contractual Services	964,191	964,191	82,770	881,421
Legal Costs	980,402	980,402	433,560	546,842
Equipment and Software	38,170	38,170	16,683	21,487
Water Purchases	15,074	15,074	13,717	1,357
Total Expenditures	$ 7,295,401	$ 7,320,901	4,777,234	2,543,667
Cost Allocation	(2,955,484)	(2,955,484)	(2,597,763)	(357,721)
Net Expenditures	$ 4,339,917	$ 4,365,417	$ 2,179,471	$ 2,185,946

Review of revenue budget to actual comparisons show both administrative charges were below budget. The hydropower administrative charge was projected based on average water year lake levels, however, as the drought continues and the lake levels, primarily at Lake Mead, continued to drop, actual power generation did not meet projections. In addition, the power revenues included projections of customer power demand, which, while recovering from the recent economic downturn, also did not meet projections. The water charges were estimated to include significant utilization of outside consultants. During the fiscal year these contract services were not needed and as the water charge is a pass-through charge, the billings were reduced to reflect this.

Review of expenditures shows that personnel costs overall were below budget. The significant positive variances were in personnel; this is due to unfilled positions; outside contractual costs, which were significantly below budgeted amounts due to less activity relating to river related functions that would have required the use of outside experts. In addition, an error in calculating the pooled charges to the Commission for assigned Deputy Attorneys General resulted in the budgeted amount being significantly more than the actual charges for assigned personnel. The cost allocation amount also reflects unfilled positions.

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 tenth 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 habitat 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 are pursuant to contract.

There were no changes to this budget for fiscal 2016 as detailed below:

	2016 Authorized Budget			
	Original	**Final**	**Actual**	**Variance**
Research & Development Fund				
Revenues:				
Investment Income	$ 48,310	$ 48,310	$ 70,827	$ 22,517
Multi-Species Surcharge	688,441	688,441	668,686	(19,755)
Total Revenues	$ 736,751	$ 736,751	$ 739,513	$ 2,762
Expenses:				
Multi Species Assessment	$ 1,109,805	$ 1,109,805	$ 394,061	$ 715,744
Total Expenditures	$ 1,109,805	$ 1,109,805	$ 394,061	$ 715,744

The only significant variance is in the expenditure budget which included an anticipated call on the program reserves kept in this fund. There were no calls on the reserve.

Capital Assets

The Commission's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to $52,623,612 (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. Please refer to Note 5 to the financial statements for more detailed information related to the capital assets of the Commission.

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

	Governmental Activities			Business-type Activities		
	2016	2015	Change	2016	2015	Change
Power transmission system				$ 52,549,933	$ 54,870,096	$ (2,320,163)
Automobiles and equipment	$2,102	$4,888	$(2,786)	71,577	57,785	13,792
Total	$2,102	$4,888	$(2,786)	$ 52,621,510	$ 54,927,881	$ (2,306,371)

Debt Administration

As of June 30, 2016, outstanding long-term obligations of the Commission consisted of the following:

Bond Description	Average Interest Rate (%)	Maturity Date	Balance Outstanding
Hoover uprating refunding, series 2011B	5.0	2017	$ 5,545,000
Hoover uprating refunding series 2012E	4.5	2016	4,595,000
Hoover visitor center, series 2014E	3.8	2043	29,055,000

All of the Commission's outstanding bonds are both general obligation and revenue supported (double-barreled) bonds. The Hoover visitor center bonds are taxable bonds; all other bonds are tax exempt. The bonds are backed by the full faith and credit of the State; however, they have always been, and will continue to be, self-supporting debt payable from revenues from the sale of power. Please refer to Note 7 to the financial statements for more detailed information related to debt activity of the Commission.

Litigation and Arbitration

The Commission is not involved in any litigation at this time.

Additional Information

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

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BASIC FINANCIAL STATEMENTS

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COLORADO RIVER COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents, unrestricted	$ 12,686,671	$ 1,840,400	$ 14,527,071
Receivables:			
Accounts	595,959	9,373,426	9,969,385
Accrued interest	20,683	16,161	36,844
Internal balances*	227,126		
Prepaid items		413,655	413,655
Current portion of prepaid power		7,042,232	7,042,232
Total current assets	13,530,439	18,685,874	31,989,187
Noncurrent assets:			
Restricted cash and cash equivalents		8,900,397	8,900,397
Capital assets:			
Depreciable property and equipment, net	2,102	52,621,510	52,623,612
Prepaid power, net of current portion		26,574,778	26,574,778
Total noncurrent assets	2,102	88,096,685	88,098,787
Total assets	13,532,541	106,782,559	120,087,974
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges		163,767	163,767
Deferred amounts related to pensions	577,115		577,115
Total assets and deferred outflows of resources	14,109,656	106,946,326	120,828,856
LIABILITIES			
Current liabilities:			
Accounts payable	306,662	2,292,646	2,599,308
Unearned revenue	402,788	2,913,299	3,316,087
Payable to customers		1,813,635	1,813,635
Customer collateral and other deposits		2,554,211	2,554,211
Current portion of accrued compensated absences	183,206		183,206
Current portion of bonds payable		5,195,946	5,195,946
Internal balances*		227,126	
Accrued interest		395,142	395,142
Total current liabilities	892,656	15,392,005	16,057,535
Noncurrent liabilities:			
Bonds payable, net of current portion		34,024,134	34,024,134
Unearned revenue, net of current portion		58,690,598	58,690,598
Accrued compensated absences, net of current portion	139,961		139,961
Net pension liability	5,597,589		5,597,589
Total noncurrent liabilities	5,737,550	92,714,732	98,452,282
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,055,639		1,055,639
Total liabilities and deferred inflows of resources	7,685,845	108,106,737	115,565,456
NET POSITION			
Net investment in capital assets	2,102	52,621,510	52,623,612
Restricted contractually for certain operations and maintenance		714,403	714,403
Restricted for research and development	9,882,973		9,882,973
Unrestricted	(3,461,264)	(54,496,324)	(57,957,588)
Total net position	6,423,811	(1,160,411)	5,263,400
Total liabilities, deferred inflows of resources and net position	$ 14,109,656	$ 106,946,326	$ 120,828,856

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

See notes to financial statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

		Program Revenues	Net (Expenses) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental activities:					
General government	$ 2,336,999	$ 3,000,450	$ 663,451		$ 663,451
Research and development	394,061	668,686	274,625		274,625
	2,731,060	3,669,136	938,076		938,076
Business-type activities:					
Power marketing	24,815,601	24,497,733		$ (317,868)	(317,868)
Power delivery	23,277,768	21,243,667		(2,034,101)	(2,034,101)
	48,093,369	45,741,400		(2,351,969)	(2,351,969)
Total	$ 50,824,429	$ 49,410,536	938,076	(2,351,969)	(1,413,893)
General revenues:					
Investment income			91,125	55,232	146,357
Gain on disposal of assets				8,984	8,984
Miscellaneous			55,776		55,776
			146,901	64,216	211,117
Change in net position			1,084,977	(2,287,753)	(1,202,776)
Net position, beginning			5,338,834	1,127,342	6,466,176
Net position, ending			$ 6,423,811	$ (1,160,411)	$ 5,263,400

See notes to financial statements.

COLORADO RIVER COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Research and Development Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 2,871,843	$ 9,814,828	$ 12,686,671
Receivables:			
Accounts	543,823	52,136	595,959
Accrued interest	4,674	16,009	20,683
Due from other funds	227,126		227,126
Total assets	$ 3,647,466	$ 9,882,973	$ 13,530,439
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 306,662		$ 306,662
Unearned revenue	402,788		402,788
Total liabilities	709,450		709,450
Fund balances:			
Unassigned	2,938,016		2,938,016
Restricted for research and development		$ 9,882,973	9,882,973
Total fund balances	2,938,016	9,882,973	12,820,989
Total liabilities and fund balances	$ 3,647,466	$ 9,882,973	

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds		2,102
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
Accrued compensated absences	$ (323,167)	
Net pension liability	(5,597,589)	
Deferred inflows of resources related to pensions	(1,055,639)	
Deferred outflows of resources related to pensions	577,115	
		(6,399,280)
Net position of governmental activities		$ 6,423,811

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Research and Development Special Revenue Fund	Total Governmental Funds
REVENUES			
Charges for services	$ 3,000,450		$ 3,000,450
Investment income	20,298	$ 70,827	91,125
Multi-species surcharge		668,686	668,686
Miscellaneous	55,776		55,776
Total revenues	3,076,524	739,513	3,816,037
EXPENDITURES			
Current:			
General administration	4,763,517		4,763,517
Less salaries and overhead recovered by allocation	(2,597,763)		(2,597,763)
Net general administration expenditures	2,165,754		2,165,754
Multi-species assessment		394,061	394,061
Water purchases	13,717		13,717
Total expenditures	2,179,471	394,061	2,573,532
Excess of revenues over expenditures and change in fund balances	897,053	345,452	1,242,505
Fund balances, beginning	2,040,963	9,537,521	11,578,484
Fund balances, ending	$ 2,938,016	$ 9,882,973	$ 12,820,989

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

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

Change in fund balances, governmental funds		$ 1,242,505
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation was greater than capital outlays in the current period.		(2,786)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued compensated absences	$ 18,668	
Change in net pension liability and related deferred outflows and inflows of resources	(173,410)	
		(154,742)
Change in net position of governmental activities		$ 1,084,977

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Power administrative charge	$ 1,739,639	$ 1,739,639	$ 1,141,701	$ (597,938)
Water charges	2,311,984	2,311,984	1,858,749	(453,235)
Investment income	10,209	10,209	20,298	10,089
Miscellaneous	52,845	52,845	55,776	2,931
Total revenues	4,114,677	4,114,677	3,076,524	(1,038,153)
EXPENDITURES				
Current:				
General government:				
Personnel services	4,811,381	4,811,381	3,645,052	1,166,329
Travel:				
Out-of-state	67,090	90,090	74,493	15,597
In-state	12,124	14,624	15,803	(1,179)
Operating:				
Rent and insurance	129,716	129,716	133,488	(3,772)
Dues and registration fees	60,742	60,742	79,137	(18,395)
Contractual services	964,191	964,191	82,770	881,421
Other	216,511	216,511	282,531	(66,020)
Legal	980,402	980,402	433,560	546,842
Equipment, furniture and software	38,170	38,170	16,683	21,487
Water purchases	15,074	15,074	13,717	1,357
Total expenditures	7,295,401	7,320,901	4,777,234	2,543,667
Less salaries and overhead recovered by allocation	(2,955,484)	(2,955,484)	(2,597,763)	(357,721)
Net expenditures	4,339,917	4,365,417	2,179,471	2,185,946
Excess (deficiency) of revenues over (under) expenditures and change in fund balance	(225,240)	(250,740)	897,053	1,147,793
Fund balance, beginning	2,622,162	1,997,930	2,040,965	43,035
Fund balance, ending	$ 2,396,922	$ 1,747,190	$ 2,938,018	$ 1,190,828

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
ASSETS			
Current assets			
Cash and cash equivalents, unrestricted	$ 809,930	$ 1,030,470	$ 1,840,400
Receivables			
Accounts	8,496,366	877,060	9,373,426
Accrued interest	14,583	1,578	16,161
Prepaid items	375,504	38,151	413,655
Current portion of prepaid power	7,042,232		7,042,232
Total current assets	16,738,615	1,947,259	18,685,874
Noncurrent assets			
Restricted cash and cash equivalents	8,874,543	25,854	8,900,397
Capital assets			
Power transmission system, net	8,158,611	44,377,918	52,536,529
Automobiles and equipment, net		84,981	84,981
Prepaid power, net of current portion	26,574,778		26,574,778
Total noncurrent assets	43,607,932	44,488,753	88,096,685
Total assets	60,346,547	46,436,012	106,782,559
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges	163,767		163,767
Total assets and deferred outflows of resources	60,510,314	46,436,012	106,946,326
LIABILITIES:			
Current liabilities			
Accounts payable	1,327,810	964,836	2,292,646
Current portion of unearned revenue	789,943	2,123,356	2,913,299
Payable to customers		1,813,635	1,813,635
Customer collateral and other deposits	2,549,931	4,280	2,554,211
Current portion of bonds payable	5,195,946		5,195,946
Due to other funds	9,076	218,050	227,126
Accrued interest	395,142		395,142
Total current liabilities	10,267,848	5,124,157	15,392,005
Noncurrent liabilities:			
Bonds payable, net of current portion	34,024,134		34,024,134
Unearned revenue, net of current portion	6,992,699	51,697,899	58,690,598
Total noncurrent liabilities	41,016,833	51,697,899	92,714,732
Total liabilities	51,284,681	56,822,056	108,106,737
NET POSITION:			
Net investment in capital assets	8,158,611	44,462,899	52,621,510
Restricted contractually for certain operations and maintenance	714,403		714,403
Unrestricted	352,619	(54,848,943)	(54,496,324)
Total net position	9,225,633	(10,386,044)	(1,160,411)
Total liabilities and net position	$ 60,510,314	$ 46,436,012	$ 106,946,326

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
OPERATING REVENUES:			
Power sales	$ 24,497,733	$ 21,243,667	$ 45,741,400
OPERATING EXPENSES:			
Power purchases	17,549,763	17,931,162	35,480,925
Prepaid power advances	6,477,381		6,477,381
Depreciation	317,868	2,034,051	2,351,919
General administration	470,589	3,312,505	3,783,094
Total operating expenses	24,815,601	23,277,718	48,093,319
Operating loss	(317,868)	(2,034,051)	(2,351,919)
NONOPERATING REVENUES (EXPENSES):			
Gain on disposal of assets		8,984	8,984
Investment income	49,747	5,485	55,232
Interest expense		(50)	(50)
Change in net assets	(268,121)	(2,019,632)	(2,287,753)
Net position, beginning	9,493,754	(8,366,412)	1,127,342
Net position, ending	$ 9,225,633	$ (10,386,044)	$ (1,160,411)

See notes to financial statements.

COLORADO RIVER COMMISSION

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 24,427,359	$ 22,466,438	$ 46,893,797
Cash paid for goods and services	(18,170,207)	(22,600,513)	(40,770,720)
Net cash provided by (used in) operating activities	6,257,152	(134,075)	6,123,077
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interest paid (charged to prepaid power)	(1,124,258)		(1,124,258)
Principal payments reimbursed on bonds payable (charged to prepaid power)	(5,350,963)		(5,350,963)
Net cash used in noncapital financing activities	(6,475,221)		(6,475,221)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Interest paid		(50)	(50)
Acquisition of property, plant and equipment		(65,341)	(65,341)
Other		8,984	8,984
Net cash used in capital financing activities		(56,407)	(56,407)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	47,955	5,518	53,473
Net change in cash and cash equivalents (restricted and unrestricted)	(170,114)	(184,964)	(355,078)
Cash and cash equivalents, beginning	9,854,587	1,241,288	11,095,875
Cash and cash equivalents, ending	$ 9,684,473	$ 1,056,324	$ 10,740,797

	Power Marketing	Power Delivery	Totals
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating loss	$ (317,868)	$ (2,034,051)	$ (2,351,919)
Depreciation	317,868	2,034,051	2,351,919
Amortization of prepaid power	6,477,381		6,477,381
(Increase) decrease in operating assets:			
Accounts receivable	654,692	1,472,080	2,126,772
Prepaid items	(134,292)	(2,468)	(136,760)
Increase (decrease) in operating liabilities:			
Accounts payable	(19,204)	(1,225,063)	(1,244,267)
Unearned revenue	(18,244)	(2,082,737)	(2,100,981)
Customer collateral and other deposits	(706,822)	(134,406)	(841,228)
Due to other funds	3,641	5,091	8,732
Payable to customers		1,833,428	1,833,428
Net cash provided by (used in) operating activities	$ 6,257,152	$ (134,075)	$ 6,123,077

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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1. Summary of significant accounting policies:

Reporting entity

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

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

All of 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.

Basis of presentation, measurement focus, and basis of accounting

Basis of presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) applicable to government units as prescribed by the Governmental Accounting Standards Board (GASB), principally GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended, along with related pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission is not subject to regulation by federal or state utility regulatory bodies such as the Federal Energy Regulatory Commission or the Nevada Public 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 of the activities of the Commission. Eliminations have been made where appropriate to minimize the double counting of internal activities. These statements distinguish between the Commission's *governmental* and *business-type* activities. Governmental activities generally are financed through inter-governmental revenues and other exchange transactions. Business-type activities are financed primarily by fees charged to external parties.

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

Fund financial statements: The fund financial statements provide information about the Commission's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as 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 *general fund* as its only major governmental fund. The general fund is the Commission's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Commission reports the following major enterprise funds:

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

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

Measurement focus and basis of accounting

Government-wide and proprietary fund financial statements. The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. For the year ended June 30, 2016, 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.

It is the Commission's policy to use restricted resources first when both restricted and unrestricted (unassigned) resources are available for use, and then unrestricted (unassigned) resources as needed.

Assets, liabilities, and equity

Cash equivalents

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

State statutes authorize the Treasurer to invest the Commission's deposits in certain obligations of the United States of America, or its agencies or instrumentalities, and of state and local governments, as well as other financial instruments specified in Section 355.170 of Nevada Revised Statutes (NRS). The Treasurer is also permitted by statute to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Commission had no outstanding securities lending transactions as of June 30, 2016.

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

Receivables and payables

All outstanding balances between funds are reported as "due to/from other funds" (Note 6).

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

Prepaid power

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

Restricted cash and cash equivalents

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

Capital assets

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

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

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

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

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) Comprehensive Annual 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.

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) unamortized bond refunding charges, 2) 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, and 3) contributions made subsequent to the measurement date, which will be recognized in the subsequent year.

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, and 2) the net difference between projected and actual earnings on investments, which will be amortized over five years.

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.

2. Stewardship, compliance, and accountability

Budgetary information

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

Prior to September 1 of each even-numbered year, the State's Director of Administration submits proposed operating budgets to the Nevada Budget Division covering the biennium beginning the following July 1. After review of the budgets by the Nevada Budget Division between September 1 and November 15, hearings involving the Commission, the Director of Administration and the Governor are held between November 15 and December 22, each budget year. The biennium budgets are transmitted to the State Legislature no later than the 10th day of the legislative session held in odd-numbered years and, before adjourning, the Legislature enacts the budgets.
Net expenditures of the general fund (gross expenditures less amounts allocated to other funds) are controlled by budget categories (personnel services, travel in-state, travel out-of-state, operating expenses, and capital outlay for the general fund; and general and administrative and intergovernmental for the special revenue fund).

Management of the Commission cannot amend any budget categories. However, the Director of Administration is authorized to approve requests for changes in the budget involving transfers between expenditure categories not exceeding 10% of originally budgeted expenditures, or $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.

Bond covenants

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

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

Monthly transfers for debt service – A debt service account is required to ensure payment of interest and principal when due. Transfers are made each month from revenues to provide 1/6 of the next semiannual interest payment and 1/12 of the annual bond 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, 2016, the Commission complied with all requirements of the bond covenants.

3. Cash deposits:

At June 30, 2016, the Commission's carrying amount ("book value") of restricted and unrestricted cash and cash equivalents was $23,427,468 and the State Treasurer's balance was $23,464,082. These deposits with the Treasurer are not categorized as to credit risk, but are fully insured by the FDIC or collateralized by the State's financial institutions.

4. Restricted cash and cash equivalents:

Cash and cash equivalents restricted at June 30, 2016, by bond covenants or contractual agreements are summarized as follows:

Restricted for:	
Debt service	$ 4,156,393
Reserve for revenue insufficiency	2,434,914
Cash held by contractual agreement	2,309,090
Total restricted	$ 8,900,397

5. Capital assets:

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental activities				
Capital assets being depreciated				
Office equipment	$ 85,645			$ 85,645
Office furniture and fixtures	28,539			28,539
Automobiles	108,527			108,527
Total capital assets being depreciated	222,711			222,711
Less accumulated depreciation				
Office equipment	85,645			85,645
Office furniture and fixtures	28,539			28,539
Automobiles	103,639	$ 2,786		106,425
Total accumulated depreciation	217,823	2,786		220,609
Capital assets, net	$ 4,888	$ 2,786)		$ 2,102

	Beginning Balances	Increase	Decrease	Ending Balances
Business-type activities				
Capital assets being depreciated				
Power transmission system	$ 88,278,265			$ 88,278,265
Office equipment	92,190			92,190
Automobiles	219,651	50,361	26,821	243,191
Total capital assets being depreciated	88,590,106	50,361	26,821	88,613,648
Less accumulated depreciation				
Power transmission system	33,408,169	2,333,568		35,741,736
Office equipment	73,214	5,572		78,786
Automobiles	180,842	12,779	22,007	171,614
Total accumulated depreciation	33,662,225	2,351,919	22,007	35,992,138
Capital assets, net	$ 54,927,881	$ 2,301,557)	$ 4,814	$ 52,621,510

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	$ 2,786
Business-type activities	
Power marketing	317,868
Power delivery	2,034,051
	$ 2,354,705

6. Balances due to/from other funds

The composition of interfund balances, representing the net of short-term working capital advances and repayments, as of June 30, 2016, was as follows:

Funds	Due from	Due to
General	$ 227,126	
Power marketing		$ 9,076
Power delivery		218,050
	$ 227,126	$ 227,126

7. Long-term debt:

General Obligation Bonds

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

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

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

In June 2015, this customer refunded the remaining balance of the 2005I bonds, in the amount of $47,755,000, with the issuance of new bonds which are not obligations of the Commission and, consequently, the Commission's debt was eliminated and a corresponding addition to unearned revenue was recorded. No economic gain or loss was recorded in conjunction with this refunding.

In November 2011, the Commission sold the $5,545,000 Series 2011B General Obligation Refunding bonds. Proceeds from these bonds were used to advance refund the Series 2001 bonds. The bonds mature on October 1, 2017, with interest payable semi-annually on April 1 and October 1 at the annual rate of 5%.
In July 2012, the Commission sold the $17,085,000 Series 2012E General Obligation Refunding bonds. Proceeds from these bonds were used to advance refund the Series 2002 bonds. The bonds mature on October 1, 2016, with interest payable semi-annually on April 1 and October 1 at the annual rates of 4% to 5%.

On March 12, 2014, because of delays in determining a final allocation of shared costs, interim bonds of $28,425,000 were issued to fund the Commission's expected share of the cost of construction of the visitor's center at Hoover Dam, with expenditures charged to prepaid power (Note 1). 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 the annual rates of .50% to 4.25%.

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

	Maturity Dates	Interest Rates	Outstanding at June 30, 2016
Business-type activities			
General obligation refunding series 2011B	2011 - 2017	5.00%	$ 5,545,000
General obligation refunding series 2012E	2012 - 2016	4.00 to 5.00%	4,595,000
General obligation refunding series 2014E	2015 - 2043	0.50 to 4.25%	29,055,000
			$ 39,195,000

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

Year Ending June 30,	Principal	Interest
2017	$ 5,015,000	$ 1,464,645
2018	5,970,000	1,208,182
2019	730,000	1,062,535
2020	740,000	1,049,840
2021	755,000	1,033,573
2022 - 2026	4,085,000	4,840,835
2027 - 2031	4,825,000	4,084,605
2032 - 2036	5,845,000	3,026,887
2037 - 2041	6,700,000	1,678,325
2042 - 2044	4,530,000	293,888
Total	$ 39,195,000	$ 19,743,315

Changes in long-term obligations

Changes in long-term obligations during the year-ended June 30, 2016, are summarized below:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Current
Governmental activities					
Accrued compensated absences	$ 341,835	$ 183,777	$ 202,445	$ 323,167	$ 183,206
Net pension liability	4,997,140	1,123,860	523,411	5,597,589	
Business-type activities					
General obligation bonds	43,980,000		4,785,000	39,195,000	5,015,000
Unamortized bond premium	758,899		571,959	186,940	186,940
Unamortized bond discount	(167,856)		(5,996)	(161,860)	(5,994)
Total	$ 49,910,018	$ 1,307,637	$ 6,076,819	$ 45,140,836	$ 5,379,152

Accrued compensated absences and the net pension liability are paid from the general fund.

The Commission has provided to a third-party borrower conduit debt, related to the water treatment and transmission assets transferred to the third party on January 1, 1996, with an outstanding balance of $3,405,000 as of June 30, 2016. Pursuant to an agreement with the third-party borrower, the Commission has no obligation for the debt.

8. Segment information

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

9. Risk management

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

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

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

10. Commitments and contingencies

Litigation

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

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

Arbitrage Rebate Requirement

The federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the Commission. Under this Act, an amount may be required to be rebated to the United States Treasury (called "arbitrage"), for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in adjustments to this determination.

11. 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.

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. 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. 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 other 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 five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as police/fire accredited 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.

The authority for 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.

PERS's basic funding policy provides for periodic contributions at a level pattern of cost as a 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 fiscal year ended June 30, 2015, the required employer/employee matching rate was 13.25% for regular and 20.75% for police/fire members. The EPC rate was 25.75% for regular and 40.50% for police/fire members.

Effective July 1, 2015, the required contribution rates for regular members are 14.5% and 28% for employer/employee matching and EPC, respectively. The required contribution rates for police/fire members remained the same.

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PER's website, www.nvpers.org under publications.

PERS collective net pension liability was measured as of June 30, 2015, 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 review completed in 2013), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2015
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%, including inflation
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

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, 2015:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 3.5%.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. 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 that assumption, PERS's fiduciary net position at June 30, 2015, 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 (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

The Commission's proportionate share of the net pension liability at year end, calculated using the discount rate of 8.00%, 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 (7.00%) or 1% higher (9.00%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	$ 8,529,605	$ 5,597,589	$ 3,159,413

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Comprehensive Annual Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Commission's proportionate share (amount) of the collective net pension liability was $5,597,589, which represents 0.30324% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ended June 30, 2015, 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 combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015.

For the year ended June 30, 2016, the Commission's pension expense was $749,034 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		$ 421,036
Net difference between projected and actual earnings on investments		303,203
Changes in proportion and differences between actual contributions and proportionate share of contributions		331,400
Contributions subsequent to measurement date	$ 577,115	

At June 30, 2015, the average expected remaining service life was 6.70 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $577,115 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions, excluding the changes in proportion and differences between actual contributions and proportionate share of contributions, will be recognized in pension expense as follows:

Years ending June 30,	
2017	$ (225,040)
2018	(225,040)
2019	(225,040)
2020	42,283
2021	(69,586)
2022	(21,816)

Changes in the Commission's net pension liability were as follows:

Net pension liability, beginning of year	$ 4,997,140
Pension expense	749,034
Employer contributions	(523,411)
Change net deferred outflows and inflows	374,826
Net pension liability, end of year	$ 5,597,589

At June 30, 2016, $37,024 payable to PERS, equal to the June 2016 required contribution, was included in accounts payable.

12. Other Postemployment Benefits

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

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

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

Contributions and Funding Policy – NRS 287.046 establishes a subsidy to pay the contributions for the persons retired from the State. Contributions to the Retirees' Fund are paid by the State through an assessment of actual payroll paid by each State entity. For the period from July 1, 2015 through June 30, 2016, the rate assessed was .0213 of annual covered payroll. The assessment is based on an amount prescribed by the State Legislature. For the years ended June 30, 2016, 2015, and 2014, the Commission contributed $66,092, $65,679, and $60,263, respectively, to the plan. These contributions equaled 100% of the required contributions each year.

13. Joint Venture

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

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

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

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

Financial information regarding SSEA can be obtained by writing:

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

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

14. Subsequent Events

Management has performed a search for, and determined there were no events subsequent to June 30, 2016, requiring accounting recognition or disclosure through November 17, 2016, which was the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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COLORADO RIVER COMMISSION

Proportionate Share of the Collective Net Pension Liability Information
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
For the Fiscal Year Ended June 30, 2015 and Prior Nine Fiscal Years*

Valuation Date	Proportion of the collective net pension liability	Proportionate share of the collective net pension liability (asset)	Covered-employee payroll	Proportionate share of the collective net pension liability as a percentage of covered-employee payroll	PERS fiduciary net position as a percentage of the total pension liability
2014	0.04795%	$ 6,305,091	$ 2,348,229	268.50410%	76.31210%
2015	0.04795	4,997,140	2,531,235	197.41904	75.12612

* 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 the information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

COLORADO RIVER COMMISSION

Proportionate Share of Statutorily Required Contribution Information
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
For the Fiscal Year Ended June 30, 2015 and Prior Nine Fiscal Years*

Valuation Date	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2014	$ 527,504	$ 527,504	$ -0-	$ 2,348,299	22.46324%
2015	507,091	507,091	-0-	2,531,235	20.03334
2016	523,411	523,411	-0-	2,575,317	20.32414

* 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 the information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

OTHER SUPPLEMENTARY INFORMATION

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COLORADO RIVER COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RESEARCH AND DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Net investment income	$ 48,310	$ 48,310	$ 70,827	$ 22,517
Multi-species surcharge	688,441	688,441	668,686	(19,755)
Total revenues	736,751	736,751	739,513	2,762
EXPENDITURES				
Multi-species assessment	1,109,805	1,109,805	394,061	715,744
Excess (deficiency) of revenues over (under) expenditures and change in fund balance	(373,054)	(373,054)	345,452	718,506
Fund balance, beginning	9,261,646	9,542,661	9,537,521	(5,140)
Fund balance, ending	$ 8,888,592	$ 9,169,607	$ 9,882,973	$ 713,366

See notes to financial statements.

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STATISTICAL SECTION

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STATISTICAL SECTION

(UNAUDITED)

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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COLORADO RIVER COMMISSION

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (UNAUDITED)

Table 1

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	$ 2,102	$ 4,887	$ 7,673	$ 10,925	$ 19,196	$ 35,121	$ 46,102	$ 33,762	$ 14,045	$ 97,911
Restricted for research and development	9,882,973	9,537,522	8,125,768	5,203,611	3,468,550	2,139,130				
Unrestricted	(3,461,264)	(4,203,575)	2,712,559	2,955,658	2,573,169	1,924,972	2,916,470	3,145,590	3,090,809	2,306,710
Total governmental activities net position	$ 6,423,811	$ 5,338,834	$ 10,846,000	$ 8,170,194	$ 6,060,915	$ 4,099,223	$ 2,962,572	$ 3,179,352	$ 3,104,854	$ 2,404,621
Business-type activities										
Net investment in capital assets	$ 52,621,510	$ 46,451,402	$ 1,728,620	$ 3,854,233	$ 5,979,847	$ (4,219,164)	$ (4,270,307)	$ (3,967,588)	$ (3,850,234)	$ (3,661,965)
Restricted for operations and maintenance	714,403	712,991	712,019	711,215	711,014	710,738	710,482	713,088	716,319	717,664
Unrestricted	(54,496,324)	(46,037,051)	(5,470,443)	(3,137,388)	(1,108,611)	8,484,670	8,372,383	8,345,585	8,355,522	8,252,177
Total business-type activities net position	$ (1,160,411)	$ 1,127,342	$ (3,029,804)	$ 1,428,060	$ 5,582,250	$ 4,976,244	$ 4,812,558	$ 5,091,085	$ 5,221,607	$ 5,307,876
Total entity-wide										
Net investment in capital assets	$ 52,623,612	$ 46,456,289	$ 1,736,293	$ 3,865,158	$ 5,999,043	$ (4,184,043)	$ (4,224,205)	$ (3,933,826)	$ (3,836,189)	$ (3,564,054)
Restricted	10,597,376	10,250,513	8,837,787	5,914,826	4,179,564	2,849,868	710,482	713,088	716,319	717,664
Unrestricted	(57,957,588)	(50,240,626)	(2,757,884)	(181,730)	1,464,558	10,409,642	11,288,853	11,491,175	11,446,331	10,558,887
Total entity-wide net position	$ 5,263,400	$ 6,466,176	$ 7,816,196	$ 9,598,254	$ 11,643,165	$ 9,075,467	$ 7,775,130	$ 8,270,437	$ 8,326,461	$ 7,712,497

COLORADO RIVER COMMISSION

CHANGES IN NET POSITION
(Accrual basis of accounting)

LAST TEN FISCAL YEARS (UNAUDITED) **Table 2**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities										
General government	$ 2,731,060	$ 2,637,347	$ 2,595,457	$ 2,058,890	$ 1,901,012	$ 2,306,101	$ 3,275,830	$ 2,810,030	$ 2,730,697	$ 12,208,192
Business-type activities										
Power marketing	24,815,601	25,179,606	27,386,283	41,041,108	40,490,639	41,483,124	40,226,984	46,050,417	55,744,898	57,473,246
Power delivery	23,277,768	32,812,396	36,891,400	39,959,001	46,921,205	45,904,714	41,633,751	38,006,772	10,678,035	15,783,971
Total business-type activities expenses	48,093,369	57,992,002	64,277,683	81,000,109	87,411,844	87,387,838	81,860,735	84,057,189	66,422,933	73,257,217
Total entity-wide expenses	$ 50,824,429	$ 60,629,349	$ 66,873,140	$ 83,058,999	$ 89,312,856	$ 89,693,939	$ 85,136,565	$ 86,867,219	$ 69,153,630	$ 85,465,409
Program revenues										
Governmental activities										
Charges for services										
Power administrative charge	$ 1,141,701	$ 220,817	$ 1,140,050	$ 1,167,674	$ 1,259,804	$ 1,219,897	$ 1,121,162	$ 1,167,254	$ 1,296,412	$ 1,323,837
Water charges	1,858,749	1,153,359	1,060,171	1,229,732	1,169,246	752,854	1,285,018	1,046,787	1,311,351	888,720
Multi-species surcharge	668,686	1,263,002	3,000,783	1,741,478	1,362,759	1,375,160	625,814	583,162	595,223	547,450
Total governmental activities program revenues	3,669,136	2,637,178	5,201,004	4,138,884	3,791,809	3,347,911	3,031,994	2,797,203	3,202,986	2,760,007
Business-type activities										
Charges for services										
Power sales										
Power marketing	24,497,733	24,861,738	27,386,283	41,041,108	40,374,094	41,436,582	40,217,943	45,845,877	55,601,491	57,246,095
Power delivery	21,243,667	30,783,323	32,595,571	35,726,333	47,562,794	46,077,938	41,711,572	37,897,186	10,242,168	15,130,974
	45,741,400	55,645,061	59,981,854	76,767,441	87,936,888	87,514,520	81,929,515	83,743,063	65,843,659	72,377,069
Total entity-wide program revenues	$ 49,410,536	$ 58,282,239	$ 65,182,858	$ 80,906,325	$ 91,728,697	$ 90,862,431	$ 84,961,509	$ 86,540,266	$ 69,046,645	$ 75,137,076

COLORADO RIVER COMMISSION

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

LAST TEN FISCAL YEARS (UNAUDITED) **Table 2**

	Fiscal Year 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net expense										
Governmental activities	$ 938,076	$ (169)	$ 2,605,547	$ 2,079,994	$ 528,038	$ (333,350)	$ (869,650)	$ (595,989)	$ (122,933)	$ (9,995,635)
Business-type activities	(2,351,969)	(2,346,941)	(4,295,829)	(4,232,668)	525,044	126,682	68,780	(314,126)	(579,274)	(880,148)
Total entity-wide net expense	$ (1,413,893)	$ (2,347,110)	$ (1,690,282)	$ (2,152,674)	$ 1,053,082	$ (206,668)	$ (800,870)	$ (910,115)	$ (702,207)	$ (10,875,783)
General revenues and other changes in net position										
Governmental activities										
Investment income	$ 91,125	$ 202,937	$ 14,672	$ 29,285	$ 29,677	$ 12,432	$ 27,057	$ 87,325	$ 227,944	$ 773,632
Miscellaneous	55,776	67,653	55,587		41,218	82,409				26,947
Total governmental activities	146,901	270,590	70,259	29,285	70,895	94,841	27,057	87,325	227,944	800,579
Business-type activities										
Investment income	55,232	171,238	12,063	78,478	12,635	2,841	22,495	183,604	493,005	754,968
Abandonment loss							(369,802)			
Miscellaneous	8,984		4,065		68,327	34,163				
Total business-type activities	64,216	171,238	16,128	78,478	80,962	37,004	(347,307)	183,604	493,005	754,968
Total entity-wide	$ 211,117	$ 441,828	$ 86,387	$ 107,763	$ 151,857	$ 131,845	$ (320,250)	$ 270,929	$ 720,949	$ 1,555,547
Change in net position										
Governmental activities	$ 1,084,977	$ 270,421	$ 2,675,806	$ 2,109,279	$ 598,933	$ (238,509)	$ (842,593)	$ (508,664)	$ 105,011	$ (9,195,056)
Business-type activities	(2,287,753)	(2,175,703)	(4,279,701)	(4,154,190)	606,006	163,686	(278,527)	(130,522)	(86,269)	(125,180)
Total entity-wide	$ (1,202,776)	$ (1,905,282)	$ (1,603,895)	$ (2,044,911)	$ 1,204,939	$ (74,823)	$ (1,121,120)	$ (639,186)	$ 18,742	$ (9,320,236)

COLORADO RIVER COMMISSION

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

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

	Fiscal Year 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General fund										
Unassigned	$ 2,938,016	$ 2,040,963	$ 3,051,126	$ 3,304,782	$ 2,878,917	$ 2,222,770	$ 2,398,074	$ 2,545,592	$ 2,582,644	$ 2,015,540
All other governmental funds										
Restricted										$ 182,131
Reported in special revenue funds:										
Fort Mohave Development										(14,162)
Research and Development	$ 9,882,973	$ 9,537,522	$ 8,125,768	$ 5,203,611	$ 3,468,550	$ 2,139,130	$ 827,864	$ 872,912	$ 732,616	377,679
Total all other governmental funds	$ 9,882,973	$ 9,537,522	$ 8,125,768	$ 5,203,611	$ 3,468,550	$ 2,139,130	$ 827,864	$ 872,912	$ 732,616	$ 545,648

COLORADO RIVER COMMISSION

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

LAST TEN FISCAL YEARS (UNAUDITED) **Table 4**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Charges for services	$ 3,000,450	$ 1,374,176	$ 2,200,221	$ 2,397,406	$ 2,429,050	$ 1,972,751	$ 2,406,180	$ 2,214,041	$ 2,607,763	$ 2,212,557
Investment income	91,125	202,937	14,672	29,285	29,677	12,432	27,057	87,325	227,944	773,632
Multi-species surcharge	668,686	1,263,002	3,000,783	1,741,478	1,362,759	1,375,160	625,814	583,162	595,223	547,451
Miscellaneous	55,776	67,653	55,587		41,218	82,409				26,947
Total revenues	3,816,037	2,907,768	5,271,263	4,168,169	3,862,704	3,442,752	3,059,051	2,884,528	3,430,930	3,560,587
Expenditures										
General administration	2,165,754	2,491,039	2,514,358	1,974,816	1,812,067	2,267,200	2,768,497	2,232,083	2,180,003	11,502,549
Multi-species assessment	394,061						459,851	443,603	441,215	405,803
Water purchases	13,717	15,138	15,074	14,244	15,134	14,270	15,277	15,889	15,411	15,393
Other	-	-	73,330	18,183	49,936	25,318	7,992	89,709	40,230	292,577
Total expenditures	2,573,532	2,506,177	2,602,762	2,007,243	1,877,137	2,306,788	3,251,617	2,781,284	2,676,859	12,216,322
Excess (deficiency) of revenue over (under) expenditures and net changes in fund balances	$ 1,242,505	$ 401,591	$ 2,668,501	$ 2,160,926	$ 1,985,567	$ 1,135,964	$ (192,566)	$ 103,244	$ 754,071	$ (8,655,735)

COLORADO RIVER COMMISSION

PRINCIPAL REVENUE PAYERS

LAST TEN FISCAL YEARS (UNAUDITED)

Table 5

Customer	F/Y 2016 Water Administrative Charges	F/Y 2016 Power Administrative Charges	F/Y 2016 (1) LCRMSCP Charges	F/Y 2016 Power Marketing Revenues	F/Y 2016 Power Delivery Revenues	F/Y 2016 Total
Southern Nevada Water Authority	$ 1,119,777	$ 18,307	$ 654,833	$ 1,818,577	$ 10,746,757	$ 14,358,251
Basic Water Company	7,748	4,711	26,937	971,078	-	1,010,474
Timet Metals Corporation	-	47,415	64,915	3,540,405	7,773,265	11,426,000
Olin Chlor Alkaline (formerly Pioneer)	-	28,118			10,179,620	10,207,738
Chemical Lime Company	-	348	1,212	50,624	-	52,184
Tronox, LLC	-	16,234	58,140	1,782,435	-	1,856,809
American Pacific Corporation	-	11,264	18,842	769,119	2,083,681	2,882,906
Lincoln County Power District No 1	-	12,025	40,772	1,319,698	-	1,372,495
Overton Power District #5	-	9,197	32,815	1,998,238	-	2,040,250
Valley Electric Association	-	13,429	36,691	2,589,390	-	2,639,510
NV Energy (formerly Nevada Power Company)	-	55,456	285,473	8,893,103	-	9,234,032
City of Boulder City	-	4,313	42,372	1,129,071	-	1,175,756
Las Vegas Valley Water District	5,976			-	-	5,976
City of Henderson	19,070	-		-	-	19,070
Raw water sales (2)	787	-		-	-	787
Other power sales (3)	-	-	-	-	-	
Total	$ 1,153,358	$ 220,817	$ 1,263,002	$ 24,861,738	$ 30,783,323	$ 58,282,238

Customer	(4) F/Y 2015 Total	(4) F/Y 2014 Total	(4) F/Y 2013 Total	(4) F/Y 2012 Total	(4) F/Y 2011 Total	(4) F/Y 2010 Total	(4) F/Y 2009 Total	(4) F/Y 2008 Total	(4) F/Y 2007 Total
Southern Nevada Water Authority	$ 12,165,718	$ 15,461,521	$ 39,874,221	$ 51,300,955	$ 49,486,766	$ 83,298,697	$ 40,881,604	$ 13,306,629	$ 16,925,120
Basic Water Company	1,010,474	927,791	762,502	675,012	775,087	53,516	1,131,591	1,119,996	958,905
Timet Metals Corporation	11,426,000	12,140,825	8,644,733	8,467,095	6,257,186	219,602	11,549,026	13,527,584	9,700,300
Olin Chlor Alkaline (formerly Pioneer)	10,207,738	11,692,303	7,932,926	7,733,604	8,752,522	160,464	10,453,427	17,225,025	17,312,427
Chemical Lime Company	52,184	60,153	60,431	53,158	62,531	3,305	65,921	81,741	90,499
Tronox, LLC	1,856,809	1,869,709	1,777,310	1,698,155	1,760,750	134,319	1,466,649	1,827,270	1,594,947
American Pacific Corporation	2,882,906	3,454,082	2,467,512	2,461,818	2,627,688	88,143	2,460,584	4,215,683	4,655,125
Lincoln County Power District No 1	1,372,495	1,531,438	1,700,354	1,684,446	1,728,892	98,341	1,538,006	1,339,248	1,360,833
Overton Power District #5	2,040,250	2,453,914	2,301,447	2,534,041	2,562,159	96,390	2,286,563	3,038,977	3,021,368
Valley Electric Association	2,639,510	3,094,859	2,632,025	2,493,361	2,671,367	116,804	3,142,087	3,118,421	3,004,013
NV Energy (formerly Nevada Power Company)	9,234,032	11,217,704	11,497,753	11,306,542	10,607,889	567,906	10,404,959	9,218,722	9,289,897
City of Boulder City	1,175,756	1,251,852	1,204,679	1,294,400	3,588,478	98,075	1,139,321	1,001,428	1,757,733
Las Vegas Valley Water District	5,976	6,044	6,669	6,293	6,301	-	-	534	697
City of Henderson	19,070	19,831	17,961	19,143	16,804	19,810	20,563	17,986	18,635
Raw water sales (2)	787	832	802	674	17,939	13,513	966	7,400	7,824
Other power sales (3)		-	-	-	17,276	-	-	-	5,438,813
Total	$ 56,089,705	$ 65,182,858	$ 80,881,325	$ 91,728,697	$ 90,939,635	$ 84,968,885	$ 86,541,267	$ 69,046,644	$ 75,137,136

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

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

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

(4) The current year details are provided to allow the user to see the relative amounts of revenue sources to the Commission paid by the classes of customers Only totals will be compared for past fiscal periods as inclusion of detail would make the table unreadable For additional detail please see the annual financial report for the specific year at the Commission website at crc nv gov

COLORADO RIVER COMMSIION

RATIOS OF OUTSTANDING DEBT

LAST TEN FISCAL YEARS (UNAUDITED)

Table 6

Fiscal Year	General Obligation Refunding Series 2014E	General Obligation Refunding Series 2012E	General Obligation Refunding Series 2011B	Power Delivery Refunding Series 20051	Power Uprating Refunding Series 2002	Hoover Uprating Refunding Series 2001	Power Delivery Series 1999A	Power Delivery Series 1997	Unamortized Premium	Unamortized Discount	Unamortized Adjustments	Total Outstanding Debt	Charges for Services	Revenue to Debt Ratio	Debt as a Percentage of Personal Income	Debt per Capita In Dollars
2007				$ 65,300,000	$ 36,420,000	$ 6,305,000	$ 1,805,000	$ 1,135,000	$ 3,397,334	$ (19,976)	$ (5,491,118)	$ 108,851,240	$ 75,137,076	. 0.69	1.46%	$ 2,727
2008				65,300,000	36,420,000	6,305,000	1,235,000		3,150,529	(9,543)	(5,143,314)	107,257,672	69,046,645	0.64	1.44%	2,620
2009				63,940,000	33,180,000	6,305,000	635,000		2,903,724	(1,646)	(4,795,510)	102,166,568	86,540,266	0.85	1.37%	2,539
2010				62,500,000	29,765,000	6,305,000			2,656,917		(4,447,707)	96,779,210	84,961,509	0.88	1.30%	2,621
2011				60,330,000	26,165,000	6,305,000			2,410,113		(4,099,904)	91,110,209	90,862,431	1.00	1.22%	2,468
2012			$ 5,545,000	47,755,000	22,370,000				2,620,239		(3,319,228)	74,971,011	91,728,697	1.22	1.00%	1,986
2013		$ 17,085,000	5,545,000	47,755,000					2,915,211		(2,859,522)	70,440,689	80,906,325	1.15	0.94%	1,786
2014	$ 29,475,000	13,110,000	5,545,000	47,755,000					2,255,216	(173,851)		97,966,365	65,182,858	0.67	1.31%	2,498
2015	29,475,000	8,960,000	5,545,000						758,899	(167,856)		44,571,043	58,282,239	1.31	0.60%	1,094
2016	29,055,000	4,595,000	5,545,000						186,940	(161,860)		39,220,080	49,410,536	1.26	0.53%	930

Generally, debt of the Colorado River Commission is allowed under the natural resource provisions of the State. As such, the debt is not subject to the debt limit as provided in the State constitution. However, each debt issuance and its corresponding project must be specifically authorized by the State Legislature either during a full session (in the odd numbered years) or 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.

For additional information related to the Commission's debt see footnote 7 in the Notes to the Financial Statements.

COLORADO RIVER COMMISSION

AVAILABLE REVENUE DEBT COVERAGE

LAST TEN FISCAL YEARS (UNAUDITED)

Table 7

					Debt Service			
Fiscal Year	Gross Revenues	Less: Operating Expenses	Add: Depreciation	Net Available Revenues	Principal	Interest	Total	Coverage (1)
2007	$ 75,137,076	$ 81,652,254	$ 2,064,375	$ (4,450,803)	$ 1,420,000	$ 5,517,972	$ 6,937,972	(0.64)
2008	69,046,645	65,577,632	2,041,430	5,510,443	1,420,000	5,517,972	6,937,972	0.79
2009	86,540,266	80,649,088	2,036,989	7,928,167	1,705,000	5,579,181	7,284,181	1.09
2010	84,961,509	78,825,046	2,031,355	8,167,818	5,200,000	5,305,610	10,505,610	0.78
2011	90,862,431	84,460,101	2,030,633	8,432,963	5,770,000	4,791,950	10,561,950	0.80
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

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

COLORADO RIVER COMMISSION

DEMOGRAPHIC STATISTICS

CLARK COUNTY, NEVADA (1)

LAST TEN FISCAL YEARS (UNAUDITED) — Table 8

Year	Population (2)	Personal Income (in thousands) (3)	Per Capita Income (3)	Total Labor Force (4)	Unemployment Rate (4)
2007	1,954,319	$ 74,630,629	$ 39,915	950,468	4.5%
2008	1,967,716	74,494,913	40,939	983,657	6.3%
2009	1,952,040	70,129,464	40,243	969,122	11.8%
2010	1,968,831	70,428,593	36,931	986,342	13.8%
2011	1,967,722	71,777,369	36,918	995,209	13.4%
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%

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

(2) Source: Nevada State Demographer.

(3) Source: U.S. Bureau of Economic Analysis. For calendar year ended during fiscal year.

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

COLORADO RIVER COMMISSION
PRINCIPAL EMPLOYERS
CLARK COUNTY, NEVADA [1]
DECEMBER 31, 2016 AND 2007 (UNAUDITED)

Table 9

	December 31, 2016		
Employeer	Employees[2]	Percentage of Total Employment	Rank
Clark County School District	30,000 to 39,999	3.57%	1
Clark County, Nevada	8,000 to 8,499	0.89%	2
MGM Grand Hotel/ Casino	8,000 to 8,499	0.84%	3
Wynn Las Vegas	8,000 to 8,499	0.84%	4
Bellagio LLC	7,500 to 7,999	0.79%	5
Mandalay Bay Resort & Casino	7,000 to 7,499	0.74%	6
ARIA Resort & Casino	7,000 to 7,499	0.74%	7
Caesars Palace	5,000 to 5,499	0.54%	8
University of Nevada, Las Vegas	5,000 to 5,499	0.54%	9
Las Vegas Metropolitan Police Department	4,500 to 4,999	0.48%	10

	December 31, 2007		
	Employees	Percentage of Total Employment	Rank
Clark County School District	30,000 to 39,999	3.81%	1
Clark County, Nevada	15,000 to 15,499	1.63%	2
Bellagio LLC	9,000 to 9,499	1.01%	3
MGM Grand Hotel/ Casino	8,500 to 8,999	0.95%	4
Wynn Las Vegas	8,500 to 8,999	0.95%	5
Mandalay Bay Resort & Casino	6,500 to 6,999	0.74%	6
University of Nevada, Las Vegas	6,000 to 6,499	0.68%	7
Caesars Palace	5,500 to 5,999	0.63%	8
Las Vegas Metropolitan Police Department	5,500 to 5,999	0.63%	9
Mirage Casino Hotel	5,000 to 5,499	0.57%	10

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

Source: Nevada Department of Employment.

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

COLORADO RIVER COMMISSION

EMPLOYEES BY DEPARTMENT

LAST TEN FISCAL YEARS (UNAUDITED) **Table 10**

Fiscal Year	Executive and Administrative	Water Department	Hydropower Department	SNWS Energy Services	Power Delivery O & M	Total
2007	13	4	3	9	6	35
2008	13	3	3	9	6	34
2009	15	4	3	9	6	37
2010	13	3	3	9	6	34
2011	13	3	3	9	6	34
2012	13	3	3	9	6	34
2013	14	3	3	8	6	34
2014	13	2	3	8	7	33
2015	15	1	2	7	7	32
2016	12	3	3	7	7	32

COLORADO RIVER COMMISSION

CAPITAL ASSET STATISTICS BY FUNCTION [1]

LAST TEN FISCAL YEARS (UNAUDITED) **Table 11**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
CRC POWER DELIVERY PROJECT AND BASIC INDUSTRIES SYSTEM [2]										
Miles of Transmission Lines:										
230-kV overhead lines	34	34	34	34	34	34	34	34	34	34
69-kV overhead lines	5	5	5	5	5	5	5	5	5	5
69-kV underground transmission lines	15	15	15	15	15	15	15	15	15	15
High-Voltage Substations:										
Transmission Substations (230-kV to 69-kV)	2	2	2	2	2	2	2	2	2	2
Distribution Substations (230-kV to 14.4-kV)	3	3	3	3	3	3	3	3	3	3
Distribution Substations (69-kV to 13.8-kV)	6	6	6	6	6	6	6	6	6	6
Distribution Substations (69-kV to 41.6-kV)	6	6	6	6	6	6	6	6	6	6
Total Substations	17	17	17	17	17	17	17	17	17	17
Metered Facilities [3]	120	120	107	95	82	70	70	68	59	50
Total System Capacity in Megawatts	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
System Support Information:										
Communication Network										
Miles of fiber optic cable	58	58	58	58	58	58	58	58	58	58
Microwave radio sites	3	3	3	3	3	3	3	3	3	3

(1) Note all power related assets are owned and used in to deliver power to the Commission's customers only.

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

(3) In addition to the metered facilities indicated in this table, Commission staff operates and maintains additional metered facilities of the SNWA.

COLORADO RIVER COMMISSION

OPERATING INDICATORS

LAST TEN FISCAL YEARS (UNAUDITED)

Table 12

Power Purchases in Megawatt Hours

Customer	F/Y 2016 Total	F/Y 2015 Total	F/Y 2014 Total	F/Y 2013 Total	F/Y 2012 Total	F/Y 2011 Total	F/Y 2010 Total	F/Y 2009 Total	F/Y 2008 Total	F/Y 2007 Total
Southern Nevada Water Authority (2)	2,177,152	2,172,526	2,321,270	2,486,443	2,643,331	2,637,577	2,776,341	2,151,774	2,202,554	2,599,998
Basic Water Company	27,754	32,517	31,788	29,886	32,010	32,456	30,352	33,865	77,675	36,213
Timet Metals Corporation	382,280	400,530	401,072	343,173	368,939	277,949	219,606	343,587	741,855	311,154
Olin Chlor Alkaline (formerly Pioneer Americas, LLC)	180,019	243,017	272,761	222,273	237,558	248,713	236,483	193,307	259,847	292,920
Lhoist North America, Inc. (Fromerly Chemical Lime Co)	2,904	2,650	2,516	2,496	2,540	2,948	2,894	3,179	6,782	3,778
Tronox, LLC	121,041	128,496	119,634	114,593	112,392	113,884	97,351	117,699	257,916	113,660
American Pacific Corporation	69,382	97,607	108,715	89,874	94,495	99,283	97,813	79,975	212,508	121,826
Lincoln County Power District No. 1	74,362	85,067	77,581	81,905	90,337	88,844	80,681	83,314	166,604	83,917
Overton Power District #5	90,775	87,381	94,964	90,653	101,289	105,334	95,426	91,013	219,304	111,624
Valley Electric Association	102,225	100,105	117,806	109,780	114,131	115,119	113,166	121,726	248,682	122,552
NV Energy (formerly Nevada Power Company)	412,535	416,850	444,593	435,809	470,882	448,303	393,541	439,276	898,294	462,847
City of Boulder City	37,110	37,951	37,851	33,060	46,135	88,723	71,844	43,062	86,716	53,869
Total	3,677,539	3,804,697	4,030,551	4,039,945	4,314,039	4,259,135	4,215,500	3,701,777	5,378,737	4,314,358

Power Purchases in Percentages

Customer	F/Y 2016 Total	F/Y 2015 Total	F/Y 2014 Total	F/Y 2013 Total	F/Y 2012 Total	F/Y 2011 Total	F/Y 2010 Total	F/Y 2009 Total	F/Y 2008 Total	F/Y 2007 Total
Southern Nevada Water Authority (2)	59.20%	57.08%	57.59%	61.55%	61.26%	61.93%	65.87%	58.13%	40.95%	60.26%
Basic Water Company	0.75%	0.85%	0.79%	0.74%	0.74%	0.76%	0.72%	0.91%	1.44%	0.84%
Timet Metals Corporation	10.39%	10.53%	9.95%	8.49%	8.55%	6.53%	5.21%	9.28%	13.79%	7.21%
Olin Chlor Alkaline (formerly Pioneer Americas, LLC)	4.90%	6.39%	6.77%	5.50%	5.51%	5.84%	5.61%	5.22%	4.83%	6.79%
Lhoist North America, Inc (Fromerly Chemical Lime Co)	0.08%	0.07%	0.06%	0.06%	0.06%	0.07%	0.07%	0.09%	0.13%	0.09%
Tronox, LLC	3.29%	3.38%	2.97%	2.84%	2.61%	2.67%	2.31%	3.18%	4.80%	2.63%
American Pacific Corporation	1.89%	2.57%	2.70%	2.22%	2.19%	2.33%	2.32%	2.16%	3.95%	2.82%
Lincoln County Power District No. 1	2.02%	2.24%	1.92%	2.03%	2.09%	2.09%	1.91%	2.25%	3.10%	1.95%
Overton Power District #5	2.47%	2.30%	2.36%	2.24%	2.35%	2.47%	2.26%	2.46%	4.08%	2.59%
Valley Electric Association	2.78%	2.63%	2.92%	2.72%	2.65%	2.70%	2.68%	3.29%	4.62%	2.84%
NV Energy (formerly Nevada Power Company)	11.22%	10.96%	11.03%	10.79%	10.92%	10.53%	9.34%	11.87%	16.70%	10.73%
City of Boulder City	1.01%	1.00%	0.94%	0.82%	1.07%	2.08%	1.70%	1.16%	1.61%	1.25%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Includes Megawatt Hour purchases for loads of all Commission customers. The Commission owns and operates electric transmission and distribution capital assets for the exclusive use of the SNWA and the Basic Industries complex in Henderson, NV. 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 the changed legislative mandate must be part of the SNWA base and are not anticipated to materially change the reported megawatt usage amounts.

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

COLORADO RIVER COMMISSION

RISK MANAGEMENT

LAST TEN YEARS (UNAUDITED) **Table 13**

Customer	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Collateral Posted	Cash Posted	Other Posted	Estimated Requirement Fiscal 2016
Basic Water Company	$ 258,298	$ 183,942	$ 337,066	$ 201,641	$ 149,367	$ 173,867	$ 163,009	$ 201,006	$ 237,115	$ 236,944	$ 236,944	$ 236,944	$ -	$ 236,944
Titanium Metals Corporation (TIMET)	2,542,400	2,685,984	3,945,963	1,979,587	1,365,778	1,684,321	2,234,054	2,293,921	3,062,094	2,841,318	2,841,318		2,841,318	2,841,318
Olin Chlor Alkaline (Pioneer)	5,291,508	4,328,112	4,701,868	3,388,053	2,540,320	2,217,086	1,755,462	2,251,738	2,968,251	2,260,932	2,260,932	$ 2,260,932	-	2,260,932
Lhoist North America Inc (Formerly Chemical Lime)	22,878	21,984	21,186	16,032	21,186	13,572	14,189	14,404	14,810	17,305	17,305		17,305	17,305
Tronox, LLC	290,232	415,167	431,842	406,215	406,215	440,232	444,940	466,570	450,793	550,515	550,515		550,515	550,515
American Pacific Corporation	1,392,243	1,163,267	1,085,224	945,817	765,495	649,990	595,928	715,446	815,289	772,170	772,170		772,170	772,170
* Southern Nevada Water Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Lincoln County Power District No 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Overton Power District #5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Valley Electric Association	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Nevada Energy (Nevada Power Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* Las Vegas Valley Water District	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* City of Boulder City	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* City of Henderson														
* City of Las Vegas														
* City of North Las Vegas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	$ 9,797,559	$ 8,798,456	$ 10,523,149	$ 6,937,345	$ 5,248,361	$ 5,179,068	$ 5,207,582	$ 5,943,085	$ 7,548,352	$ 6,679,184	$ 6,679,184	$ 2,497,876	$ 4,181,308	$ 6,679,184

Nevada Revised Statutes 538.181(2) requires that the Colorado River 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 for the appropriate customers to be one-fourth of the customer's gross annual purchases as calculated from October 1 through September 30 of each preceding year

As of June 30, 2016 all of the customers required to post collateral have done so in the amounts required. Two customers have posted cash (for one of these customers, cash collateral is required by specific bilateral contract), all other customers have posted letters of credit or performance bonds as approved by the Nevada State Board of Examiners.

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

* Governmental and utility entities are exempt from collateral requirements.

ADDITIONAL REPORT OF INDEPENDENT AUDITORS

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Colorado River Commission (the Commission), a component unit of the State of Nevada, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 17, 2016.

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

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

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

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the Commission, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

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results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
November 17, 2016