

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, 2000**

*Prepared by the Finance and Administration Division
under the supervision of
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**COLORADO RIVER COMMISSION
COMBINED BALANCE SHEET –
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

COLORADO RIVER COMMISSION

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

EXHIBIT 1

	Governmental Fund Types		Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Enterprise	General Fixed Assets	General Long-term Obligations	June 30,	
						2000	1999
ASSETS AND OTHER DEBITS							
Cash, unrestricted	\$ 817,755	\$ 1,796,395	\$ 1,534,353			\$ 4,148,502	\$ 3,077,627
Receivables:							
Accounts	89,849		3,710,906			3,800,755	2,059,210
Accrued interest	13,855	26,955	568,824			609,635	303,446
Due from other funds	543,185		1,343			544,528	1,522,588
Prepaid power, current portion			5,397,032			5,397,032	5,464,009
Restricted cash			37,539,796			37,539,796	21,022,697
Fixed assets			58,159,343	\$ 203,894		58,363,237	48,047,294
Deferred charges			554,407			554,407	586,679
Prepaid power, noncurrent			39,679,047			39,679,047	41,434,814
Amount to be provided for future compensated absences					\$ 141,455	141,455	153,513
TOTAL ASSETS AND OTHER DEBITS	\$ 1,464,644	\$ 1,823,350	\$ 147,145,051	\$ 203,894	\$ 141,455	\$ 150,778,394	\$ 123,671,877

(Continued)

COLORADO RIVER COMMISSION

COMBINED BALANCE SHEET (CONTINUED)
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

EXHIBIT 1

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types		Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Enterprise	General Fixed Assets	General Long-term Obligations	June 30,	
						2000	1999
LIABILITIES:							
Accounts payable	\$ 111,536	\$ 50	\$ 2,155,838			\$ 2,267,424	\$ 2,353,753
Due to other funds	338,323	3,198	4,208			345,728	1,358,630
Payable from restricted assets:							
Accounts payable			4,770,716			4,770,716	1,563,366
Contract retentions payable			3,052,408			3,052,408	2,471,689
Advance from local government			24,956			24,956	257,137
Bonds payable within 1 year			3,095,000			3,095,000	2,150,000
Due to other funds			198,799			198,799	163,958
Accrued interest			1,212,567			1,212,567	1,681,693
Arbitrage rebate payable			357,190			357,190	285,177
Deferred income							285,852
General obligation bonds payable, noncurrent			127,490,000			127,490,000	104,855,000
Unamortized bond discount			(960,843)			(960,843)	(703,625)
Advance from customer			3,725,812			3,725,812	3,101,605
Accrued compensated absences					\$ 141,455	141,455	153,513
Total liabilities	449,859	3,248	145,126,651		141,455	145,721,213	119,977,749
EQUITY AND OTHER CREDITS:							
Investment in general fixed assets				\$ 203,894		203,894	168,245
Retained earnings:							
Reserved for operation and maintenance			659,565			659,565	617,183
Unreserved			1,358,835			1,358,835	621,486
Fund balances:							
Unreserved	1,014,785	1,820,103				2,834,888	2,287,215
Total equity and other credits	1,014,785	1,820,103	2,018,400	203,894		5,057,182	3,694,128
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 1,464,644	\$ 1,823,350	\$ 147,145,052	\$ 203,894	\$ 141,455	\$ 150,778,394	\$ 123,671,877

See notes to financial statements.

COLORADO RIVER COMMISSION

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

EXHIBIT 2

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Special Revenue	2000	1999
REVENUES:				
Power administrative charge	\$ 1,060,870		\$ 1,060,870	\$ 1,143,074
Water charges	903,326		903,326	339,633
Investment income	40,551	\$ 84,553	125,104	139,280
Miscellaneous	1,410	24,390	25,800	134,954
Total revenues	<u>2,006,157</u>	<u>108,943</u>	<u>2,115,100</u>	<u>1,756,940</u>
EXPENDITURES:				
Current:				
General adminstration	2,256,632	11,170	2,267,802	2,466,021
Less salaries and overhead recovered by allocation	(720,467)		(720,467)	(763,733)
Net general administration expenditures	<u>1,536,164</u>	<u>11,170</u>	<u>1,547,334</u>	<u>1,702,288</u>
Water purchases	20,093		20,093	22,032
Total expenditures	<u>1,556,257</u>	<u>11,170</u>	<u>1,567,427</u>	<u>1,724,321</u>
EXCESS OF REVENUES OVER EXPENDITURES	449,900	97,773	547,673	32,620
FUND BALANCES, JULY 1	<u>564,885</u>	<u>1,722,329</u>	<u>2,287,215</u>	<u>2,254,595</u>
FUND BALANCES, JUNE 30	<u>\$ 1,014,785</u>	<u>\$ 1,820,103</u>	<u>\$ 2,834,888</u>	<u>\$ 2,287,215</u>

See notes to financial statements.

COLORADO RIVER COMMISSION

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (LEGAL BASIS)
ALL GOVERNMENTAL FUND TYPES (NOTE 6)
FOR THE YEAR ENDED JUNE 30, 2000**

EXHIBIT 3

	General Fund			Special Revenue Funds		
	Budget	Actual (Legal Basis)	Variance- Favorable (Unfavorable)	Budget	Actual (Legal Basis)	Variance- Favorable (Unfavorable)
REVENUES:						
Power administrative charges	\$ 1,055,768	\$ 1,060,870	\$ 5,102			
Water charges	1,678,806	903,326	(775,480)			
Investment income	41,914	40,551	(1,363)	\$ 99,706	\$ 84,553	\$ (15,153)
Miscellaneous	-	1,410	1,410	191,042	24,390	(166,652)
Total revenues	<u>2,776,488</u>	<u>2,006,157</u>	<u>(770,331)</u>	<u>290,748</u>	<u>108,943</u>	<u>(181,805)</u>
EXPENDITURES:						
Current:						
General administration, net of allocation	2,383,907	1,536,164	847,743	280,206	11,170	269,036
Water purchases	27,157	20,093	7,064			
Total expenditures	<u>2,411,064</u>	<u>1,556,257</u>	<u>854,807</u>	<u>280,206</u>	<u>11,170</u>	<u>269,036</u>
EXCESS OF REVENUES OVER EXPENDITURES	365,424	449,900	84,476	10,542	97,773	87,231
FUND BALANCES, JULY 1	<u>850,152</u>	<u>564,885</u>	<u>(285,267)</u>	<u>1,827,130</u>	<u>1,722,329</u>	<u>(104,801)</u>
FUND BALANCES, JUNE 30	<u>\$ 1,215,576</u>	<u>\$ 1,014,785</u>	<u>\$ (200,791)</u>	<u>\$ 1,837,672</u>	<u>\$ 1,820,103</u>	<u>\$ (17,569)</u>

See notes to financial statements.

COLORADO RIVER COMMISSION

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2000

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

EXHIBIT 4

	Proprietary Fund Types	
	Enterprise	
	2000	1999
OPERATING REVENUES:		
Power sales	\$ 29,628,918	\$ 26,711,758
Miscellaneous service	895,040	827,558
Total operating revenues	30,523,958	27,539,316
OPERATING EXPENSES:		
Power purchases	22,854,090	21,277,865
Amortization of prepaid power	5,464,871	5,950,058
Depreciation	1,132,133	
General administration	1,031,281	917,603
Total operating expenses	30,482,375	28,145,526
OPERATING INCOME (LOSS)	41,583	(606,210)
NONOPERATING REVENUES:		
Investment income	738,148	833,568
NET INCOME	779,731	227,358
RETAINED EARNINGS, JULY 1	1,238,669	1,011,311
RETAINED EARNINGS, JUNE 30	\$ 2,018,400	\$ 1,238,669

See notes to financial statements.

**COLORADO RIVER COMMISSION
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999**

COLORADO RIVER COMMISSION

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2000

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

EXHIBIT 5

	Proprietary Fund Types	
	Enterprise	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 28,491,958	\$ 28,032,202
Cash paid for goods and services	(23,817,891)	(23,046,058)
Net cash provided by operating activities	<u>4,674,067</u>	<u>4,986,144</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest paid and charged to prepaid power	(3,642,105)	(3,767,505)
Principal payments on bonds and federal obligation	(2,150,000)	(2,030,000)
Net cash used in noncapital financing activities	<u>(5,792,105)</u>	<u>(5,797,505)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Advance from customer	783,616	686,989
Bond proceeds	25,730,000	
Interest paid and capitalized to construction in progress	(92,846)	
Acquisition of property, plant and equipment	(9,467,295)	(10,275,324)
Net cash provided by (used in) capital financing activities	<u>16,953,476</u>	<u>(9,588,335)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>1,611,079</u>	<u>1,414,150</u>
NET INCREASE (DECREASE) IN CASH (RESTRICTED AND UNRESTRICTED)	17,446,517	(8,985,545)
CASH, JULY 1	<u>21,627,630</u>	<u>30,613,176</u>
CASH, JUNE 30	<u>\$ 39,074,147</u>	<u>\$ 21,627,631</u>

(Continued)

COLORADO RIVER COMMISSION

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2000

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

EXHIBIT 5

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	
	<u>2000</u>	<u>1999</u>
RECONCILATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 41,583	\$ (606,210)
Depreciation	1,132,133	
Amortization of prepaid power	5,464,871	5,950,058
(Increase) decrease in accounts receivable	(1,799,819)	235,749
Increase (decrease) in operating liabilities:		
Accounts payable and contract retentions	125,186	(928,362)
Due to/from other funds	(57,706)	77,772
Advance from local government	(232,181)	257,137
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,674,067</u>	<u>\$ 4,986,144</u>

See notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2000

1. Summary of significant accounting policies:

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

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

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

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission is not subject to regulation by federal or state utility regulatory bodies such as the Federal Energy Regulatory

Commission or the Nevada Public Service Commission.

Following is a summary of significant policies:

A. Fund Accounting

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

Governmental Funds

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

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

1. Summary of significant accounting policies (continued):

A. Fund Accounting (continued)

Proprietary Funds

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

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

B. Fixed Assets and Long-term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement

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

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

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

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

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

1. Summary of significant accounting policies (continued):

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

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

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

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

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

C. Basis of Accounting

The term, "basis of accounting", refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the

measurements made, regardless of the measurement focus applied.

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

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

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

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

Governmental Funds:

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

1. Summary of significant accounting policies (continued):

D. Budget and Budgetary Accounting (continued)

ing the biennium beginning the following July 1.

- (b) After review of the budgets by the Nevada Budget Division between September 1 and November 15, hearings involving the Commission, the Director of Administration and the governor are held between November 15 and December 22.
- (c) The biennium budgets are transmitted to the Legislature no later than the 10th day of the session held in odd numbered years.
- (d) Before adjourning, the Legislature legally enacts the budgets.
- (e) Net expenditures of the general fund (gross expenditures less amounts allocated to other funds) are controlled to budget categories (personnel services, travel instate, travel out-of-state, operating expenses, and capital outlay for the general fund; and general and administrative, purchase of land and intergovernmental for the special revenue funds). The account captions reported in the separate budgetary statements is the lowest level at which appropriations are adopted for the special revenue funds. The net amount budgeted for each category may not be exceeded. Management of the Commission cannot amend any budget categories. However, the Nevada Director of Administration is authorized to approve requests for changes in the budget involving transfers between expenditure

categories not exceeding 10% of originally budgeted expenditures, or \$25,000 in the aggregate, of the respective budget categories. Any changes exceeding 10% or \$25,000 require approval of the Legislature's Interim Finance Committee.

No net budgeted amounts were exceeded in any category during fiscal 1999-2000.

Proprietary Funds:

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

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

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

1. Summary of significant accounting policies (continued):

D. Budget and Budgetary Accounting (continued)

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

Budgeted amounts for final 1999-2000 are as originally adopted or amended by the Commission, the Nevada Director of Administration or the Interim Finance Committee. Individual amendments during fiscal 1999-2000 were not material in relation to original authorizations.

E. Encumbrances

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

F. Allocation of Administrative Salaries and Overhead

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

G. Accounts Receivable

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

H. Restricted Assets

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

I. Other Assets

The Commission has participated with the State (Note 5) in funding the improvement and renovation ("uprating") of the electrical power generation plant at Hoover Dam, which supplies the majority of the power sold through the Power Marketing Fund. These costs will be reimbursed in the form of power as the related debt amortizes over an extended period of time. The estimated value of power to be received during the next fiscal year is reclassified as a current prepaid expense in the fund.

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

1. Summary of significant accounting policies (continued):

J. Unamortized Debt Expense

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

K. Accrued Unpaid Compensated Absences

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

L. Comparative Data

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

reclassified to conform to the 1999 presentation.

M. Total Columns

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

2. Cash deposits:

All cash (restricted and unrestricted) is deposited with the state treasurer. At June 30, 2000, cash on deposit was as follows:

Carrying Value	Treasurer's Balance
\$ 41,688,298	\$ 42,051,179

3. Restricted assets:

The various debt service, operation and maintenance (O&M), capital improvement and construction (acquisition) funds required by bond covenants and the federal repayment contract are recorded as restricted assets on the enterprise fund's balance sheet. These restricted assets are established either from bond proceeds or retained earnings. Retained earnings are reserved to the extent restricted assets established from retained earnings exceed related restricted liabilities. The restrictions upon these assets at June 30, 2000, are summarized as follows:

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

3. Restricted assets (continued):

	Power Delivery Fund	Power Marketing Fund
Restricted for:		
Debt service	\$ 2,541,805	\$ 2,699,741
Construction reserve	20,277,700	11,378,160
Reserve for revenue insufficiency		642,390
Total restricted assets	\$ 22,819,505	\$ 14,720,291

4. Changes in fixed assets:

Changes in fixed assets during 1999-2000 were as follows:

	Balance July 1, 1999	Additions	Retirements	Balance June 30, 2000
General fixed assets account group:				
Office equipment	\$ 128,395	\$ 10,475	\$ 15,690	\$ 123,180
Office furniture and fixtures	1,165			1,165
Automobiles	38,685			38,685
Total general fixed assets	\$ 168,245	\$ 10,475	\$ 15,690	\$ 163,030
Enterprise fund fixed assets:				
Power transmission system		\$ 44,760,554		\$ 44,760,554
Accumulated depreciation		(1,132,133)		(1,132,133)
		43,628,421		43,628,421
Construction work in progress	\$ 47,593,872	11,489,112	\$ 44,760,554	14,322,430
	\$ 47,593,872	\$ 55,117,533	\$ 44,760,554	\$ 57,950,851

5. Long-term debt:

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

debt margin, because it was incurred to obtain the benefits of a natural resource.

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

5. Long-term debt (continued):

Interest is payable semi-annually on April 1 and October 1.

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

General obligation bonds (Power Delivery Project Bonds, series September 15, 1997) in the amount of \$49,270,000 were sold in 1997. Proceeds were used to finance the costs of acquiring, constructing and equipping certain electric power transmission and distribution facilities to serve the planned expansion of the Southern Nevada Water System. The bonds

mature annually on September 15 from 2000 through 2027. Interest rates vary from 4.25 to 7% per annum. Interest is payable semi-annually on March 15 and September 15.

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

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

	Maturity Dates	Interest Rates	Outstanding June 30, 2000
General obligation bonds:			
Hoover upgrading, series 1987B	1987-2017	6 to 10.75%	\$ 6,880,000
Hoover upgrading refunding, series 1992	1992-2016	6 to 6.6%	48,705,000
Power deliver bonds, series 1997A	2000-2027	4.25 to 7%	49,270,000
Power deliver bonds, series 1999A	2002-2030	4.5 to 6.5%	25,730,000
			<u>130,585,000</u>
Accrued compensated absences			141,455
			<u>130,726,455</u>
Less current portion			<u>(3,095,000)</u>
			<u><u>\$ 127,631,455</u></u>

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

5. Long-term debt (continued):

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

	July 1, 1998	Additions	Retirements	June 30, 1999
General obligation bonds	\$ 107,005,000	\$ 25,730,000	\$ 2,150,000	\$ 130,585,000
Accrued compensated absences	153,513		12,058	141,455
Total	<u>\$ 107,158,513</u>	<u>\$ 25,730,000</u>	<u>\$ 2,162,058</u>	<u>\$ 130,726,455</u>

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

Fiscal Years Ending June 30:

2001	\$ 10,627,016
2002	10,715,522
2003	8,279,962
2004	8,321,317
2005	8,352,451
Thereafter	<u>201,901,722</u>
Total	<u>\$ 248,197,990</u>
Principal	\$ 130,585,000
Interest	<u>117,612,990</u>
Total	<u>\$ 248,197,990</u>

On December 12, 1996, the Commission advance refunded term bonds in Series 1992 with face value of \$17,235,000. The principal balance payable on the refunded bonds at June 30, 2000, was \$17,235,000.

6. Budgetary basis of accounting

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

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

7. Other required fund disclosures:

A. Interfund Receivable and Payable Balances

Interfund receivable and payable balances at June 30, 2000, were:

Funds:

General fund

Special revenue funds:

Research and development

Ft. Mohave Valley development

Power Marketing fund

Power Delivery fund

Receivables	Payables
\$ 543,185	\$ 338,323
	3,198
244	4,208
1,099	198,799
<u>\$ 544,528</u>	<u>\$ 544,528</u>

B. Interest Incurred in Enterprise Funds

Interest incurred and capitalized for the year ended June 30, 2000, for the Power Marketing Fund and the Power Delivery Fund was \$3,642,105 and \$786,940, respectively.

payment options for these benefits are available. Regular members of the system receive full benefits upon retirement at:

Age 65 with at least 5 years of service

Age 60 with 10 or more years of service

Any age with 30 or more years of service

8. Defined benefit pension plan:

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

PERS provides pension, survivor, death and disability benefits, which are determined by State statute. Various

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

8. Defined benefit pension plan (continued):

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

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

The required contribution for fiscal years ending in 1998-2000 was as follows:

Year Ending	Contribution Rate		Covered Payroll	Annual Required Contribution Paid by the Commission		
	Regular Members					
June 30	Employer	Employer/ Employee	Employer	Employer/ Employee	Employer	Employer/ Employee
1998	18.75%	10.00%	\$ 460,463	\$ 449,563	\$ 86,316	\$ 44,965
1999	18.75%	10.00%	604,157	536,302	113,279	53,630
2000	18.75%	9.75%	506,340	406,917	76,297	49,443

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

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

required to be deposited in reserve accounts.

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

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

9. Bond covenants:

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

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

Bond covenants (continued):

Other – Other requirements of the bond covenants include maintaining bond funds in separate depository accounts with the State Treasurer, and an audit of the Commission's financial statements by an independent certified public accountant. During the fiscal year ended June 30, 1999, the Commission complied with all requirements of the bond covenants.

9. Contingency:

Arbitrage Rebate Requirement – The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the Commission. Under this requirement, an amount equal to the sum of the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and any income earned on such excess is required to be rebated to the United States Treasury, in order that interest on the bonds qualify for exclusion from gross income for federal income tax purposes. Temporary regulations implementing the rebate requirement were released by the Internal Revenue Service on May 12, 1989. Rebateable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of that date indicates that \$357,190 is due and, therefore, recorded as a liability at June 30, 2000. Future calculations

might result in adjustments to this determination.

10. Risk management:

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

11. New accounting pronouncements:

Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34) becomes effective for the Commission, and management expects to adopt it, for the Commission's fiscal year ending June 30, 2002. GASB 34 establishes accounting and financial reporting standards for general purpose external financial reporting by state and local governments. The statement also establishes specific standards for the basic financial statements, a management's discussion and analysis (MD&A), and certain required supplementary information other than MD&A. The Commission has not yet determined the impact on the general-purpose financial statements related to the adoption of this statement.

**FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS
AND
GENERAL FIXED ASSETS
ACCOUNT GROUP**

**GENERAL FUND
(A-1 through A-3)**

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

COLORADO RIVER COMMISSION

GENERAL FUND

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2000 AND 1999**

A-1

	2000	1999
ASSETS		
Cash	\$ 817,755	\$ 714,457
Receivables:		
Accounts	89,849	95,723
Accrued interest	13,855	30,581
Due from other funds	<u>543,185</u>	<u>706,902</u>
 Total assets	 <u><u>\$ 1,464,644</u></u>	 <u><u>\$ 1,547,663</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 111,536	\$ 149,227
Due to other funds	338,323	547,698
Deferred income		<u>285,852</u>
Total liabilities	<u>449,859</u>	<u>982,777</u>
 FUND BALANCE - unreserved	 <u>1,014,785</u>	 <u>564,885</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 1,464,644</u></u>	 <u><u>\$ 1,547,663</u></u>

COLORADO RIVER COMMISSION

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

A-2

	2000	1999
REVENUES:		
Power administrative charge	\$ 1,060,870	\$ 1,143,074
Water charges	903,326	339,633
Investment income	40,551	42,273
Miscellaneous	1,410	309
Total revenues	<u>2,006,157</u>	<u>1,525,289</u>
EXPENDITURES:		
Current:		
General administration		
Personnel services:		
Salaries	1,151,239	1,169,667
Employee benefits	274,465	301,906
Travel:		
Out-of-state	53,424	53,471
In-state	5,612	5,488
Operating:		
Water purchases	20,093	22,032
Office supplies and expense	14,835	13,398
Printing and copying	6,500	3,730
Insurance	8,300	4,964
Contractual services	197,640	260,175
Legal	231,575	226,793
Equipment repairs	3,430	3,840
Rent	83,107	84,209
Vehicle operation	1,664	1,961
Postage	6,006	7,583
Telephone	25,166	28,542
Dues and registration	64,248	34,845
Publications	5,668	3,355
Professional services	588	315
Miscellaneous	15,894	119,330
Equipment, furniture and software	107,271	9,218
Total expenditures	<u>2,276,724</u>	<u>2,354,821</u>
Less allocated salaries and overhead	<u>(720,467)</u>	<u>(763,733)</u>
Net expenditures	<u>1,556,257</u>	<u>1,591,088</u>
EXCESS (DEFICIENCY) OF EXPENDITURES OVER (UNDER) REVENUES	449,900	(65,800)
FUND BALANCE, JULY 1	<u>564,885</u>	<u>630,685</u>
FUND BALANCE, JUNE 30	<u>\$ 1,014,785</u>	<u>\$ 564,885</u>

COLORADO RIVER COMMISSION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (LEGAL BASIS) FOR THE YEAR ENDED JUNE 30, 2000

A-3

	Budget	Actual (Legal Basis)	Variance Favorable (Unfavorable)
REVENUES:			
Power administrative charge	\$ 1,055,768	\$ 1,060,870	\$ 5,102
Water charges	1,678,806	903,326	(775,480)
Investment income	41,914	40,551	(1,363)
Miscellaneous	-	1,410	1,410
Total revenues	<u>2,776,488</u>	<u>2,006,157</u>	<u>(770,331)</u>
EXPENDITURES:			
Current:			
General administration			
Personnel services	1,936,756	1,425,704	511,052
Travel:			
Out-of-state	101,327	53,424	47,903
In-state	11,197	5,612	5,585
Operating:			
Water purchases	27,157	20,093	7,064
Insurance	2,700	8,300	(5,600)
Legal	231,485	231,575	(90)
Miscellaneous		15,894	(15,894)
Other operating	1,085,171	408,852	676,319
Equipment, furniture and software	82,191	107,271	(25,080)
Total expenditures	<u>3,477,984</u>	<u>2,276,724</u>	<u>1,201,260</u>
Less allocated salaries and overhead	<u>(1,066,920)</u>	<u>(720,467)</u>	<u>(346,453)</u>
Net expenditures	<u>2,411,064</u>	<u>1,556,257</u>	<u>854,807</u>
EXCESS OF REVENUES OVER EXPENDITURES	365,424	449,900	84,476
FUND BALANCE, JULY 1	<u>850,152</u>	<u>564,885</u>	<u>(285,267)</u>
FUND BALANCE, JUNE 30	<u>\$ 1,215,576</u>	<u>\$ 1,014,785</u>	<u>\$ (200,791)</u>

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

Two special revenue funds have been established by the Commission.

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

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

COLORADO RIVER COMMISSION**SPECIAL REVENUE FUNDS****COMBINING BALANCE SHEET****JUNE 30, 2000 WITH COMPARATIVE TOTALS FOR JUNE 30, 1999****B-1**

	Research and Development	Ft. Mohave Valley Development	Totals	
			2000	1999
ASSETS				
Cash	\$ 296,212	\$ 1,500,183	\$ 1,796,395	\$ 1,758,237
Receivables:				
Accounts				52,400
Accrued interest	4,440	22,515	26,955	
Due from other funds				20,697
TOTAL ASSETS	<u>\$ 300,652</u>	<u>\$ 1,522,698</u>	<u>\$ 1,823,350</u>	<u>\$ 1,831,334</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ 50	\$ 50	\$ 104,800
Due to other funds		3,198	3,198	4,205
Total liabilities		<u>3,248</u>	<u>3,248</u>	<u>109,005</u>
FUND BALANCES - Unreserved	<u>\$ 300,652</u>	<u>1,519,451</u>	<u>1,820,103</u>	<u>1,722,329</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 300,652</u>	<u>\$ 1,522,698</u>	<u>\$ 1,823,350</u>	<u>\$ 1,831,334</u>

COLORADO RIVER COMMISSION**SPECIAL REVENUE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2000****WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999****B-2**

	Research and Development	Ft. Mohave Valley Development	Totals	
			2000	1999
REVENUES:				
Investment income	\$ 14,290	\$ 70,264	\$ 84,553	\$ 97,007
Miscellaneous	-	24,390	24,390	134,645
Total revenues	14,290	94,654	108,943	231,651
EXPENDITURES:				
Current:				
General administration	-	11,170	11,170	133,232
EXCESS OF REVENUES OVER EXPENDITURES	14,290	83,484	97,773	98,419
FUND BALANCES, JULY 1	286,362	1,435,967	1,722,329	1,623,910
FUND BALANCES, JUNE 30	<u>\$ 300,652</u>	<u>\$ 1,519,451</u>	<u>\$1,820,103</u>	<u>\$ 1,722,329</u>

COLORADO RIVER COMMISSION**RESEARCH AND DEVELOPMENT FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2000****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1999****B-3**

	2000		Variance	1999
	Budget	Actual	Favorable (Unfavorable)	Actual
REVENUES:				
Investment income	\$ 16,235	\$ 14,290	\$ (1,945)	\$ 18,308
Power surcharge	166,652		(166,652)	
Miscellaneous	63,175	-	(63,175)	110,254
Total revenues	246,062	14,290	(231,772)	128,562
EXPENDITURES:				
Current, general administration	234,833	-	234,833	114,282
EXCESS OF REVENUES OVER EXPENDITURES	11,229	14,290	3,061	14,280
FUND BALANCE, JULY 1	391,163	286,362	(104,801)	272,082
FUND BALANCE, JUNE 30	\$ 402,392	\$ 300,652	\$ (101,740)	\$ 286,362

COLORADO RIVER COMMISSION**FT. MOHAVE VALLEY DEVELOPMENT FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2000****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1999****B-4**

	2000		Variance	1999
	Budget	Actual	Favorable (Unfavorable)	Actual
REVENUES:				
Investment income	\$ 83,471	\$ 70,264	\$ (13,207)	\$ 78,699
Miscellaneous	24,390	24,390		24,390
Total revenues	107,861	94,654	(13,207)	103,089
EXPENDITURES:				
Current:				
General administration	45,373	11,170	34,203	18,950
EXCESS OF REVENUES OVER EXPENDITURES	62,488	83,484	20,996	84,139
FUND BALANCE, JULY 1	1,435,967	1,435,967		1,351,828
FUND BALANCE, JUNE 30	<u>\$ 1,498,455</u>	<u>\$ 1,519,451</u>	<u>\$ 20,996</u>	<u>\$ 1,435,967</u>

**ENTERPRISE FUNDS
(C-1 through C-10)**

Two enterprise funds have been established by the Commission.

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

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

**COLORADO RIVER COMMISSION
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2000
WITH COMPARATIVE TOTALS FOR JUNE 30, 1999**

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2000 WITH COMPARATIVE TOTALS FOR JUNE 30, 1999

C-1

ASSETS	Power Marketing Fund	Power Delivery Fund	Totals	
			2000	1999
Current assets:				
Cash	\$ 1,279,170	\$ 255,183	\$ 1,534,353	\$ 604,933
Receivables:				
Accounts	3,710,906		3,710,906	1,911,087
Accrued interest	221,386	347,439	568,824	272,864
Due from other funds	244	1,099	1,343	794,989
Prepaid power	5,397,032		5,397,032	5,464,009
	10,608,738	603,721	11,212,459	9,047,883
Restricted cash	14,720,291	22,819,505	37,539,796	21,022,697
Property, plant and equipment:				
Power transmission system, net		43,628,421	43,628,421	
Construction in progress		14,530,922	14,530,922	47,879,049
Deferred charges:				
Unamortized debt charge on refunding bonds	554,407		554,407	586,679
Prepaid power, net of current portion	39,679,047		39,679,047	41,434,814
TOTAL ASSETS	\$ 65,562,482	\$ 81,582,569	\$ 147,145,051	\$ 119,971,122

(Continued)

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2000 WITH COMPARATIVE TOTALS FOR JUNE 30, 1999

C-1

LIABILITIES AND FUND EQUITY	Power Marketing Fund	Power Delivery Fund	Totals	
			2000	1999
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 2,155,838		\$ 2,155,838	\$ 2,099,726
Due to other funds	4,208		4,208	806,727
	<u>2,160,046</u>		<u>2,160,046</u>	<u>2,906,453</u>
Payable from restricted assets:				
Accounts payable	69,074	\$ 4,701,642	4,770,716	1,563,366
Contract retentions payable		3,052,408	3,052,408	2,471,689
Advance from local government		24,956	24,956	257,137
Bonds payable (within 1 year)	2,280,000	815,000	3,095,000	2,150,000
Due to other funds		198,799	198,799	163,958
Accrued interest	894,401	318,166	1,212,567	1,681,693
Arbitrage rebate payable		357,190	357,190	285,177
	<u>3,243,476</u>	<u>9,468,161</u>	<u>12,711,637</u>	<u>8,573,020</u>
Long-term debt:				
Advance from State of Nevada general obligation bonds payable	53,305,000	74,185,000	127,490,000	104,855,000
Unamortized discount on bonds		(960,843)	(960,843)	(703,625)
Advance for Basic substation	3,725,812		3,725,812	3,101,605
	<u>57,030,812</u>	<u>73,224,157</u>	<u>130,254,969</u>	<u>107,252,980</u>
TOTAL LIABILITIES	<u>62,434,333</u>	<u>82,692,318</u>	<u>145,126,651</u>	<u>118,732,454</u>
FUND EQUITY:				
Retained earnings:				
Reserved for operation and maintenance	659,565		659,565	617,183
Unreserved	2,468,584	(1,109,749)	1,358,835	621,486
	<u>3,128,150</u>	<u>(1,109,749)</u>	<u>2,018,400</u>	<u>1,238,669</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 65,562,483	\$ 81,582,569	\$ 147,145,052	\$ 119,971,122

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999**

C-2

	Power Marketing Fund	Power Delivery Fund	Totals	
			2000	1999
OPERATING REVENUES:				
Power sales	\$ 29,628,918	\$ -	\$ 29,628,918	\$ 26,711,758
Miscellaneous service		895,040	895,040	827,558
Total operating revenues	29,628,918	895,040	30,523,958	27,539,316
OPERATING EXPENSES:				
Power purchases	22,854,090		22,854,090	21,277,865
Prepaid power advances	5,464,871		5,464,871	5,950,058
Depreciation		1,132,133	1,132,133	
General administration	136,241	895,040	1,031,281	917,603
Total operating expenses	28,455,202	2,027,173	30,482,375	28,145,526
OPERATING INCOME (LOSS)	1,173,716	(1,132,133)	41,583	(606,210)
NONOPERATING REVENUES:				
Investment income	723,838	14,310	738,148	833,568
NET INCOME (LOSS)	1,897,554	(1,117,823)	779,731	227,358
RETAINED EARNINGS, JULY 1	1,230,595	8,074	1,238,669	1,011,311
RETAINED EARNINGS, JUNE 30	\$ 3,128,150	\$ (1,109,749)	\$ 2,018,400	\$ 1,238,669

**COLORADO RIVER COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999**

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2000

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

C-3

	Power Marketing Fund	Power Delivery Fund	Totals	
			2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 27,829,099	\$ 662,859	\$ 28,491,958	\$ 28,032,202
Cash paid for goods and services	(22,957,692)	(860,199)	(23,817,891)	(23,046,058)
Net cash provided by (used in) operating activities	4,871,407	(197,340)	4,674,067	4,986,144
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interest paid and charged to prepaid power	(3,642,105)		(3,642,105)	(3,767,505)
Principal payments on bonds and federal obligation	(2,150,000)		(2,150,000)	(2,030,000)
Net cash used in noncapital financing activities	(5,792,105)		(5,792,105)	(5,797,505)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Advance from customer	783,616		783,616	686,989
Bond proceeds		25,730,000	25,730,000	
Interest paid and capitalized to construction in progress		(92,846)	(92,846)	
Acquisition of property, plant and equipment		(9,467,295)	(9,467,295)	(10,275,324)
Net cash provided by (used in) capital financing activities	783,616	16,169,860	16,953,476	(9,588,335)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	775,317	835,763	1,611,079	1,414,150
NET INCREASE (DECREASE) IN CASH (RESTRICTED AND UNRESTRICTED)	638,235	16,808,282	17,446,517	(8,985,546)
CASH, JULY 1	15,361,225	6,266,406	21,627,630	30,613,176
CASH, JUNE 30	<u>\$ 15,999,459</u>	<u>\$ 23,074,688</u>	<u>\$ 39,074,147</u>	<u>\$ 21,627,630</u>

(Continued)

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999**

C-3

	Power Marketing Fund	Power Delivery Fund	Totals	
			2000	1999
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,173,716	\$ (1,132,133)	\$ 41,583	\$ (606,210)
Depreciation		1,132,133	1,132,133	
Amortization of prepaid power	5,464,871		5,464,871	5,950,058
(Increase) decrease in accounts receivable	(1,799,819)		(1,799,819)	235,749
Increase (decrease) in operating liabilities:				
Accounts payable and contract retentions	125,186		125,186	(928,362)
Due to/from other funds	(92,547)	34,841	(57,706)	77,772
Advance from local government		(232,181)	(232,181)	257,137
Deferred income				
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 4,871,407</u>	<u>\$ (197,340)</u>	<u>\$ 4,674,067</u>	<u>\$ 4,986,144</u>

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -
RESTRICTED ACCOUNTS REQUIRED BY BOND RESOLUTIONS AND CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2000

C - 4

	Power Marketing Fund						Power Delivery Fund		Total
	General Operating Funds	Debt Service	All Purpose Reserve	Insufficiency Reserve	Basic Substation Fund	Hoover Acquisition Fund	General Operating Funds	Project Bond Fund	
CASH RECEIPTS									
Power sales and charges	\$ 27,829,099				\$ 783,616		\$ 662,859		\$ 29,275,574
Bond proceeds								\$ 25,730,000	25,730,000
Interest	98,210	\$ 119,454	\$ 336,149	\$ 33,467	168,906	\$ 19,131	16,149	819,614	1,611,080
Transfers in		5,392,979					436,374		5,829,353
Total cash receipts	27,927,309	5,512,433	336,149	33,467	952,522	19,131	1,115,382	26,549,614	62,446,007
CASH DISBURSEMENTS									
Payments for goods and services	22,957,692						860,199		23,817,891
Capital Improvements								9,467,295	9,467,295
Transfers out	4,295,380	119,454	336,149		619,166	22,828		436,374	5,829,351
Principle Payments		2,150,000							2,150,000
Interest payments		3,642,105						92,846	3,734,951
Total cash disbursements	27,253,072	5,911,559	336,149	-	619,166	22,828	860,199	9,996,515	44,999,488
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	674,237	(399,126)	-	33,467	333,356	(3,697)	255,183	16,553,099	17,446,519
CASH, JULY 1	604,933	3,098,867	7,440,326	608,923	3,392,455	215,720		6,266,406	21,627,630
CASH, JUNE 30	\$ 1,279,170	\$ 2,699,741	\$ 7,440,326	\$ 642,390	\$ 3,725,811	\$ 212,023	\$ 255,183	\$ 22,819,505	\$ 39,074,149

**COLORADO RIVER COMMISSION
POWER MARKETING FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2000 AND 1999**

COLORADO RIVER COMMISSION**POWER MARKETING FUND****COMPARATIVE BALANCE SHEETS****JUNE 30, 2000 AND 1999****C-5**

	2000	1999
ASSETS		
Current assets:		
Cash	\$ 1,279,170	\$ 604,933
Receivables:		
Accounts	3,710,906	1,911,087
Accrued interest	221,386	272,864
Due from other funds	244	710,216
Prepaid power	<u>5,397,032</u>	<u>5,464,009</u>
	10,608,738	8,963,109
Restricted cash	14,720,290	14,756,291
Property, plant and equipment:		
Construction in progress		159,410
Deferred charges:		
Unamortized debt charge on refunding bonds	554,407	586,679
Prepaid power, net of current portion	<u>39,679,047</u>	<u>41,434,814</u>
TOTAL ASSETS	<u>\$ 65,562,482</u>	<u>\$ 65,900,304</u>

(Continued)

COLORADO RIVER COMMISSION**POWER MARKETING FUND****COMPARATIVE BALANCE SHEETS (CONTINUED)****JUNE 30, 2000 AND 1999****C-5**

LIABILITIES AND FUND EQUITY	2000	1999
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 2,155,838	\$ 2,099,726
Due to other funds	4,208	806,727
	<u>2,160,046</u>	<u>2,906,453</u>
Payable from restricted assets:		
Accounts payable	69,074	
Bonds payable (within 1 year)	2,280,000	2,150,000
Accrued interest	894,401	926,651
	<u>3,243,476</u>	<u>3,076,651</u>
Long-term debt:		
Advance from State of Nevada general obligation bonds payable	53,305,000	55,585,000
Advance for Basic substation	3,725,812	3,101,605
	<u>57,030,812</u>	<u>58,686,605</u>
 TOTAL LIABILITIES	 <u>62,434,333</u>	 <u>64,669,710</u>
FUND EQUITY:		
Retained earnings:		
Reserved for operation and maintenance	659,565	617,183
Unreserved	2,468,584	613,411
	<u>3,128,150</u>	<u>1,230,595</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 65,562,483</u>	 <u>\$ 65,900,304</u>

COLORADO RIVER COMMISSION

POWER MARKETING FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
RETAINED EARNINGS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2000**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1999

C-6

	2000		Variance Favorable (Unfavorable)	1999 Actual
	Budget	Actual		
OPERATING REVENUES:				
Power sales	\$ 47,009,284	\$ 29,628,918	\$ (17,380,366)	\$ 26,711,758
OPERATING EXPENSES:				
Power purchases	46,027,987	22,854,090	23,173,897	21,277,865
Miscellaneous expenses	29,100	5,601,112	(5,572,012)	6,040,103
Total operating expenses	46,057,087	28,455,202	17,601,885	27,317,968
OPERATING INCOME (LOSS)	952,197	1,173,716	221,519	(606,210)
NONOPERATING REVENUES:				
Investment income	600,000	723,838	123,838	825,495
NET INCOME	1,552,197	1,897,554	345,357	219,284
RETAINED EARNINGS, JULY 1	243,319	1,230,595	987,276	1,011,311
RETAINED EARNINGS, JUNE 30	\$ 1,795,516	\$ 3,128,150	\$ 1,332,634	\$ 1,230,595

**COLORADO RIVER COMMISSION
POWER MARKETING FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999**

COLORADO RIVER COMMISSION

POWER MARKETING FUND

**COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999**

C-7

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 27,829,099	\$ 26,947,508
Cash paid for goods and services	(22,957,692)	(22,219,381)
Net cash provided by operating activities	<u>4,871,407</u>	<u>4,728,127</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest paid and charged to prepaid power	(3,642,105)	(3,767,505)
Principal payments on bonds and federal obligation	(2,150,000)	(2,030,000)
Net cash used in noncapital financing activities	<u>(5,792,105)</u>	<u>(5,797,505)</u>
CASH FLOWS FROM CAPITAL FINANACING ACTIVITIES:		
Advance from customer	<u>783,616</u>	<u>686,989</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>775,317</u>	<u>775,786</u>
NET INCREASE IN CASH (RESTRICTED AND UNRESTRICTED)	638,235	393,397
CASH, JULY 1	<u>15,361,225</u>	<u>14,967,828</u>
CASH, JUNE 30	<u>\$ 15,999,459</u>	<u>\$ 15,361,225</u>

(Continued)

COLORADO RIVER COMMISSION

POWER MARKETING FUND

**COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999**

C-7

	2000	1999
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,173,716	\$ (606,210)
Amortization of prepaid power	5,464,871	5,950,058
(Increase) decrease in accounts receivable	(1,799,819)	235,749
Increase (decrease) in operating liabilities:		
Accounts payable and contract retentions	125,186	(928,362)
Due to/from other funds	(92,547)	76,892
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,871,407</u>	<u>\$ 4,728,127</u>

COLORADO RIVER COMMISSION**POWER DELIVERY FUND****COMPARATIVE BALANCE SHEETS
JUNE 30, 2000 AND 1999****C-8**

	2000	1999
ASSETS		
Current assets:		
Cash	\$ 255,183	
Accrued interest	347,439	
Due from other funds	1,099	\$ 84,774
	<u>603,721</u>	<u>84,774</u>
Restricted cash	22,819,505	6,266,406
Property, plant and equipment:		
Power transmission system, net	43,628,421	
Construction in progress	14,530,922	47,719,639
	<u>58,159,343</u>	<u>47,719,639</u>
TOTAL ASSETS	<u>\$ 81,582,569</u>	<u>\$ 54,070,818</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Payable from restricted assets:		
Accounts payable and contracts payable	\$ 4,701,642	\$ 1,563,366
Contract retentions payable	3,052,408	2,471,689
Current portion of long-term debt	815,000	
Advance from local government	24,956	257,137
Due to other funds	198,799	163,958
Accrued interest	318,166	755,042
Arbitrage rebate payable	357,190	285,177
	<u>9,468,161</u>	<u>5,496,369</u>
Long-term debt:		
Advance from State of Nevada general obligation bonds payable	74,185,000	49,270,000
Unamortized discount on bonds payable	(960,843)	(703,625)
	<u>73,224,157</u>	<u>48,566,375</u>
TOTAL LIABILITIES	82,692,318	54,062,744
FUND EQUITY:		
Retained earnings (deficit)	(1,109,749)	8,074
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 81,582,569</u>	<u>\$ 54,070,818</u>

COLORADO RIVER COMMISSION

POWER DELIVERY FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
RETAINED EARNINGS (DEFICIT) - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2000

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1999

C-9

	2000		Variance	1999
	Budget	Actual	Favorable (Unfavorable)	Actual
OPERATING REVENUES:				
Miscellaneous service		\$ 895,040	\$ 895,040	\$ 827,558
OPERATING EXPENSES:				
Depreciation		1,132,133	(1,132,133)	
General administration	\$ 157,534	895,040	(737,506)	827,558
	<u>157,534</u>	<u>2,027,173</u>	<u>(1,869,639)</u>	<u>827,558</u>
OPERATING INCOME	(157,534)	(1,132,133)	(974,599)	-
NONOPERATING REVENUES:				
Investment income	-	14,310	14,310	8,074
NET INCOME (LOSS)	(157,534)	(1,117,823)	(960,289)	8,074
RETAINED EARNINGS, JULY 1	<u>217,719</u>	<u>8,074</u>	<u>(209,645)</u>	<u>-</u>
RETAINED EARNINGS (DEFICIT), JUNE 30	<u>\$ 60,185</u>	<u>\$ (1,109,749)</u>	<u>\$ (1,169,934)</u>	<u>\$ 8,074</u>

COLORADO RIVER COMMISSION**POWER DELIVERY FUND****COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999****C-10**

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 662,859	\$ 1,084,695
Cash paid for goods and services	(860,199)	(826,678)
Net cash provided by (used in) operating activities	<u>(197,340)</u>	<u>258,017</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Bond proceeds	25,730,000	
Interest paid and capitalized to construction in progress	(92,846)	
Payments for construction in progress	(9,467,295)	(10,275,324)
Net cash provided by (used in) capital financing activities	<u>16,169,860</u>	<u>(10,275,324)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>835,763</u>	<u>638,365</u>
NET INCREASE (DECREASE) IN CASH (RESTRICTED AND UNRESTRICTED)	16,808,282	(9,378,942)
CASH, JULY 1	<u>6,266,406</u>	<u>15,645,348</u>
CASH, JUNE 30	<u>\$ 23,074,688</u>	<u>\$ 6,266,406</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating loss	\$ (1,132,133)	
Depreciation	1,132,133	
Due to/from other funds	34,841	\$ 880
Advance from local government	(232,181)	257,137
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (197,340)</u>	<u>\$ 258,017</u>

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

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

COLORADO RIVER COMMISSION

SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE

JUNE 30, 2000

D-1

GENERAL FIXED ASSETS:

Equipment:

Office equipment	\$ 138,979
Office furniture and fixtures	1,165
Automobiles	<u>63,750</u>

TOTAL GENERAL FIXED ASSETS

\$ 203,894

INVESTMENT IN GENERAL FIXED ASSETS

BY SOURCE - General fund

\$ 203,894

COLORADO RIVER COMMISSION**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS -
BY FUNCTION AND ACTIVITY****FOR THE YEAR ENDED JUNE 30, 2000****D-2**

	General Fixed Assets July 1, 1999	Additions	Retirements	General Fixed Assets June 30, 2000
GENERAL GOVERNMENT:				
Colorado River Commission:				
Office equipment	\$ 128,395	\$ 60,271	\$ 49,687	\$ 138,979
Office furniture and fixtures	1,165			1,165
Automobiles	38,685	25,065		63,750
	<u>168,245</u>	<u>85,336</u>	<u>49,687</u>	<u>203,894</u>
TOTAL GENERAL FIXED ASSETS	\$ 168,245	\$ 85,336	\$ 49,687	\$ 203,894

SCHEDULES
(Supplemental Financial Information and Data)

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

COLORADO RIVER COMMISSION**COMBINED SCHEDULE OF UNRESTRICTED CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS****FOR THE YEAR ENDED JUNE 30, 2000****E-1**

	July 1, 1999	Receipts	Disbursements	June 30, 2000
GENERAL FUND	\$ 714,457	\$ 1,906,622	\$ 1,803,324	\$ 817,755
SPECIAL REVENUE FUNDS:				
Research and Development	335,279	65,733	104,800	296,212
Ft. Mohave Valley Development	1,422,958	89,353	12,128	1,500,183
ENTERPRISE FUNDS:				
Power Marketing	604,933	29,424,034	28,749,797	1,279,170
Power Delivery		1,115,382	860,199	255,183
TOTAL - ALL FUNDS	<u>\$ 3,077,627</u>	<u>\$ 32,601,124</u>	<u>\$31,530,248</u>	<u>\$ 4,148,503</u>
DEPOSITORY:				
Petty cash				\$ 250
Nevada State Treasurer				<u>4,148,253</u>
TOTAL				<u>\$ 4,148,503</u>

COLORADO RIVER COMMISSION

COMBINED SCHEDULE OF BONDS AND CONTRACTS PAYABLE
ALL FUNDS

FOR THE YEAR ENDED JUNE 30, 2000

E-2

	Interest Rates	Interest Payment Dates	Issue Date	Final Maturity Date	Annual Serial Payments	Authorized	Issued	Retired	Outstanding
GENERAL OBLIGATION (REVENUE SUPPORTED) BONDS:									
Hoover uprating, series 1987B	6.0 to 10.75%	4/1; 10/1	5/1/87	10/1/17	\$1,530,000 to 6,880,000	\$ 79,500,000	\$ 79,500,000	\$ 72,620,000	\$ 6,880,000
Hoover uprating refunding, 1992 series	6.0 to 6.6%	4/1; 10/1	4/1/92	10/1/16	370,000 to 6,170,000	72,310,000	72,310,000	23,605,000	48,705,000
Power Delivery Project Bonds, series 1997A	4.25 to 7.0%	9/15; 3/15	9/15/97	9/15/27	815,000 to 3,235,000	49,270,000	49,270,000		49,270,000
Power Delivery Project Bonds, series 1999A	4.5 to 6.5%	9/15; 3/15	10/13/99	9/15/29	100,000 to 7,345,000	25,730,000	25,730,000		25,730,000
Total general obligation debt						<u>\$ 226,810,000</u>	<u>\$ 226,810,000</u>	<u>\$ 96,225,000</u>	<u>\$ 130,585,000</u>

COLORADO RIVER COMMISSION

DEBT SERVICE REQUIREMENTS TO MATURITY

FOR THE YEARS ENDING JUNE 30, 2001 THROUGH 2030

E-3

	Series 1987B	Series 1992	Series 1997A	Series 1999A	Total All Funds
2001	\$ 412,800	\$ 5,376,405	\$ 3,383,340	\$ 1,454,471	\$ 10,627,016
2002	412,800	5,365,705	3,384,796	1,552,221	10,715,522
2003	412,800	2,883,405	3,387,161	1,596,596	8,279,962
2004	412,800	2,883,405	3,386,891	1,638,221	8,321,317
2005	412,800	2,883,405	3,379,275	1,676,971	8,352,451
2006	412,800	2,883,405	3,381,713	1,800,484	8,478,402
2007	412,800	2,883,405	3,378,962	1,922,696	8,597,863
2008	412,800	3,430,043	3,367,238	1,916,621	9,126,702
2009	412,800	6,416,755	3,364,987	1,908,596	12,103,138
2010	412,800	6,409,105	3,374,962	1,903,459	12,100,326
2011	412,800	6,400,367	3,368,462	1,896,046	12,077,675
2012	412,800	6,394,405	3,368,712	1,885,896	12,061,813
2013	412,800	6,389,918	3,364,525	1,897,646	12,064,889
2014	412,800	6,387,905	3,365,008	1,886,711	12,052,424
2015	412,800	6,376,900	3,360,353	1,893,241	12,043,294
2016	412,800	6,372,795	3,360,403	1,886,906	12,032,904
2017	412,800	6,373,610	3,355,268	1,887,681	12,029,359
2018	7,086,400		3,355,098	1,885,706	12,327,204
2019			3,350,138	1,880,344	5,230,482
2020			3,350,150	1,881,281	5,231,431
2021			3,344,387	1,878,844	5,223,231
2022			3,342,587	1,873,031	5,215,618
2023			3,339,356	1,873,563	5,212,919
2024			3,334,431	1,870,156	5,204,587
2025			3,332,419	1,862,813	5,195,232
2026			3,327,925	1,861,250	5,189,175
2027			3,325,556	1,855,188	5,180,744
2028			3,319,919	1,854,344	5,174,263
2029				1,848,438	1,848,438
2030				899,609	899,609
	<u>\$ 14,104,000</u>	<u>\$ 86,110,938</u>	<u>\$ 94,054,022</u>	<u>\$ 53,929,030</u>	<u>\$ 248,197,990</u>

STATISTICAL SECTION
(Not covered by auditors' reports)

COLORADO RIVER COMMISSION

EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS (NOT COVERED BY AUDITORS' REPORTS)

Table 1

Years	General Administration (1)	Power and Water Purchases	Research and Development	Ft. Mohave Development	Southern Nevada Water System (2)		Total
					Operation Maintenance	Debt Service	
1990-91	\$ 603,622 (3)	\$ 18,091,608	\$ 3,334	\$ 194,862	\$ 28,717,169	\$ 16,748,572	\$ 64,359,167
1991-92	557,018 (3)	22,729,814	13,155	1,425,430	31,441,964	14,846,249	71,013,630
1992-93	578,925 (3)	22,052,142	312,479	2,518,283	31,104,383	15,257,935	71,824,147
1993-94	662,045 (3)	24,526,546	191,470	15,616	35,334,770	15,456,001	76,186,448
1994-95	569,303 (3)	20,633,171	161,904	1,268,737	35,967,162	16,853,360	75,453,637
1995-96	552,248 (3)	17,557,676	353,892	1,128,322	14,616,221	9,154,819	43,363,178
1996-97	1,514,564 (3)	19,494,973	260,048	2,221,076			23,490,661
1997-98	1,501,317 (3)	20,296,527	168,986	45,373			22,012,203
1998-99	1,591,088 (3)	21,277,865	114,282	18,950			23,002,186
1999-00	1,556,257 (3)	22,854,090	-	11,170			24,421,517

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

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

(3) Expenditures shown are on a legal basis.

COLORADO RIVER COMMISSION

REVENUES BY SOURCE

LAST TEN FISCAL YEARS (NOT COVERED BY AUDITORS' REPORTS)

Table 2

Years	Water Development Charge - General Fund	Administrative Charge		Power and Water Sales	Interest Income (1)	Land Sales (2)	Water System Operating Revenues (3)	Total
		General Fund	Research and Development Fund					
1990-91		\$ 440,323	\$ 20,149	\$ 22,947,249	\$ 504,451		\$ 36,519,538	\$ 60,431,710
1991-92		207,403	202,523	23,993,467	371,196		39,443,873	64,218,462
1992-93	\$ 224,246	209,127	202,526	28,424,687	169,029		41,020,637	70,250,252
1993-94	254,666	359,445	259,757	31,564,355	102,445		45,167,068	77,707,736
1994-95	275,300	454,585	165,803	27,705,888	160,234	4,908,279	48,158,882	81,828,971
1995-96	46,724	438,780	83,011	24,556,298	334,265		20,696,808	46,155,886
1996-97	1,057,058	413,764	96,423	24,720,367	206,814			26,494,426
1997-98	812,249	603,616		24,899,198	141,620			26,456,683
1998-99	339,633	1,143,074		26,872,596	139,280			28,494,582
1999-00	903,326	1,060,870		29,628,918	125,104			31,718,218

(1) General fund and all special revenue funds.

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

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

COLORADO RIVER COMMISSION

SCHEDULE OF INSURANCE IN FORCE

JUNE 30, 2000 (NOT COVERED BY AUDITORS' REPORTS)

Table 3

Type of Coverage	Expiration Date	Details of Coverage
Property and contents	7/1/00	All risks (with specific exclusions) on State-owned buildings and contents in leased buildings. \$1,000 deductible per occurrence. Buildings and contents at replacement cost. Employees' personal property if used in performance of the job.
Employee Dishonesty Bond	7/1/00	Blanket dishonesty bond for State of Nevada employees. \$500,000 limit. \$75,000 deductible per occurrence.

ADDITIONAL REPORT OF INDEPENDENT AUDITORS



PIERCY, BOWLER, TAYLOR & KERN

Certified Public Accountants & Business Advisors
A Professional Corporation

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

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

Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the general purpose financial statements of the Colorado River Commission of Nevada (the Commission), as of and for the year ended June 30, 2000, and have issued our report thereon dated November 17, 2000. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants (including the bond resolutions and ordinances of the General Obligation Hoover Upgrading Bonds, Series May 1, 1987B, the General Obligation Hoover Upgrading Bonds, 1992 series, and the Power Delivery Project Bonds, Series September 15, 1997A and Series September 15, 1999A), noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Piercy, Bowler, Taylor & Kern

November 17, 2000

STATE OF NEVADA

KENNY C. GUINN

Governor

FRANKIE SUE DEL PAPA

Attorney General

KATHY AUGUSTINE

Controller

BRIAN K. KROLICKI

Treasurer

DEAN HELLER

Secretary of State

COLORADO RIVER COMMISSION

RICHARD W. BUNKER

Chairman

JAY D. BINGHAM

Vice Chairman

SHARI BUCK

Commissioner

LAMOND R. MILLS

Commissioner

BRIAN NIX

Commissioner

ROLAND D. WESTERGARD

Commissioner

MYRNA WILLIAMS

Commissioner

COMMISSION STAFF

GEORGE M. CAAN

Executive Director

GAIL A. BATES

Deputy Director

DOUGLAS N. BEATTY

Division Chief Finance and Administration

JAMES H. DAVENPORT

Division Chief Water

BILL MILLER

Division Chief Power

**COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2000**

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**COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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**COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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KENNY C. GUINN, *Governor*

STATE OF NEVADA

SHARI BUCK, *Commissioner*

RICHARD W. BUNKER, *Chairman*

LAMOND R. MILLS, *Commissioner*

JAY D. BINGHAM, *Vice Chairman*

BRYAN NIX, *Commissioner*

GEORGE M. CAAN, *Director*

ROLAND D. WESTERGARD, *Commissioner*

MYRNA WILLIAMS, *Commissioner*



COLORADO RIVER COMMISSION OF NEVADA

December 10, 2000

Honorable Chairman and Members of the Colorado River Commission of Nevada

It is a pleasure for us to present the Colorado River Commission's financial report for the year ended June 30, 2000. It was prepared by the financial and administrative division staff. The Commission is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe the data is accurate in all material aspects; that it is displayed in a manner designed to fairly present the financial position and results of operations, as measured by the financial activity of all Commission funds; and that all disclosures necessary for understanding of the Commission's financial affairs have been included. All funds and accounts utilized in recording the Commission's operations and financial position are included in this report.

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

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

ECONOMIC CONDITION AND OUTLOOK

The area served by the Commission, principally the Clark County area, continues to grow at a steady rate. The county is comprised of 7,927 square miles, an area larger than the entire state of New Jersey. It includes five incorporated cities: Las Vegas, Henderson, North Las Vegas, Boulder City, and Mesquite; fourteen unincorporated towns; one school district; four library districts; one urban and two rural fire districts; one sanitation district; one urban and three rural water districts; and eleven judicial townships. The County has a current estimated population of 1,321,319, which represents approximately 68% of the total state population (estimated to be approximately 1,965,000). Current projections place the county population at 1,836,859 in 2010 and 2,492,684 in 2030.

While the number of new casino/resort projects scheduled for completion in the near future has decreased from prior years, overall growth has continued at a strong pace. Las Vegas continues to be one of the fastest growing cities in America, with between 4,000 and 8,000 people moving into the area each month.

In addition to the population growth, tourism continues to thrive. With an annual average temperature of over 66 degrees and more than 212 clear days each year, Las Vegas is an ideal vacation destination. The Las Vegas area currently has a number of the largest hotels in the world (for example, the MGM Grand Hotel has over 5,000 rooms), with an inventory of over 120,444 rooms available. Las Vegas hosted over 33.8 million people in 1999 and gaming revenue in Clark County surpassed \$7.2 billion. It is estimated that more than 35.5 million people have visited Las Vegas in 2000. More than 30 million passengers arrive and depart through McCarran International Airport's gates each year, ranking the facility among the 10 busiest in the world.

We anticipate that the growth in population will continue at a steady, but somewhat slower rate, with similar increases in visitor and gaming volume. The economic outlook will remain strong, with demand for the low-cost water and power resources of the Commission high. And under current electric power markets, the Commission is well situated to provide power resources at very competitive rates.

MAJOR INITIATIVES

Water continues to be the most important resource necessary to support the continued growth of the southern portion of the state. To meet the continuing demands of this growing area, the Commission is working with the local water purveyors in southern Nevada in the difficult job of developing new sources of supply on the Colorado River.

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

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

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

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

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

The project, called the CRC Power Delivery Project, received the approval of the Legislature's Interim Finance Committee to be funded by State Bonds. The authorization was in the amount of \$75,000,000 in Revenue Supported, General Obligation Bonds. The first phase of the work, which consisted of the substation and distribution facilities, was funded by the sale of \$49,270,000 in Bonds on September 25, 1997, and is now complete. In February 1998, the first power was supplied to the new facilities over the Commission's system.

The sale of the second phase bonds was completed on September 15, 1999. On that date the Commission sold \$27,730,000 in Revenue Supported, General Obligation Bonds to

continue with the next phase of the project. Bond sale proceeds will be used to fund the construction of a high-voltage transmission system linking the substations and distribution facilities to the power grid at the Mead Substation in Boulder City. (This project, named the River Mountains Transmission Project, is being constructed jointly with Nevada Power Company and is expected to be operational in April of 2001. Future phases will be tied to the Authority's construction schedule for the water treatment and transmission facilities.)

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

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

The Commission was actively involved in the 1999 legislature as it reviewed and updated statutes dealing with the de-regulation of the electric industry in Nevada. With the implementation of the de-regulation currently on hold, the Colorado River Commission will pay close attention to any decisions made during the upcoming legislative session and the effects that de-regulation, and the merger between Nevada Power Company and Sierra Pacific Resources will have on its ability to deliver hydropower and other energy resources to its southern Nevada customers.

Also important to note is the increased activity of the Commission with respect to the environmental concerns of the Colorado River. In a revolutionary attempt to bring together all of the interested parties in the lower basin, the Commission has joined with agencies in our sister states of Arizona and California, and also with representatives of the Bureau of Reclamation, Fish and Wildlife, major environmental groups and Native American tribes, to form the Lower Colorado River Multi-Species Conservation Program Steering Committee. This committee is working together to develop an overall habitat program that will provide, in a comprehensive way, for all of the listed and endangered species in the lower Colorado River area. This effort has brought together diverse interests with potential for a long-term solution to environmental concerns, that both restores critical habitat and continues water and power development projects. The current schedule is to have a plan approved in 2002.

FINANCIAL INFORMATION

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

Revenues of the Commission general fund totaled \$2,006,157 in 1998-99, \$480,868 more than the \$1,525,289 realized in 1998-99. The net increase in revenues was a result of increased billings for the water administrative fees, and a decrease in the power administrative charge revenues. The power charge is a fixed charge per kilowatt-hour, and was increased at the end of the fiscal 1998. The water administrative charge is based on an advance funding mechanism, with over collections corrected in the following year.

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

	1999 - 2000		1998 - 1999	
	Amount	Percent	Amount	Percent
Power administrative charge	\$ 1,060,870	38.91%	\$ 1,143,074	49.94%
Water administrative charge	903,326	33.13%	339,633	14.84%
Allocated salaries and overhead	720,467	26.42%	763,733	33.36%
Miscellaneous income	1,410	0.05%	309	0.01%
Interest income	40,551	1.49%	42,273	1.85%
All Funding Sources	\$ 2,726,624	100.00%	\$ 2,289,022	100.00%

Net expenditures (legal basis) of the general fund totaled \$1,556,257, which is \$34,832 less than the \$1,591,089 expended during fiscal 1998-99. Change in levels of expenditures for the preceding year is as follows:

	1999-00	1998-99	Increase Decrease
General Administration			
Personnel	\$ 1,425,704	\$ 1,471,573	\$ -45,869
Travel	59,036	58,959	77
Operating	684,713	815,072	-130,359
Equipment	107,271	9,218	98,053
Total general administration	2,276,724	2,354,822	-78,098
Less allocated salaries and overhead	720,467	763,733	-43,266
Net expenditures	\$ 1,556,257	\$ 1,591,089	\$ -34,832

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

Fund	Fund Balance June 30		Increase Decrease
	2000	1999	
General Fund	\$ 1,014,785	\$ 564,885	\$ 449,900
Research and Development Fund	300,652	286,362	14,290
Ft. Mohave Development Fund	1,519,451	1,435,967	83,484

The Research and Development Fund balance of \$300,652 is available for engineering studies, analyses, negotiations and other efforts in protecting the interests of the State in the development of water and power resources.

The Fort Mohave Development Fund balance of \$1,519,451 represents unspent money from the sale of land and easements. These funds are available for planning and managing the development of the area. Assembly Bill 494, enacted as Chapter 822, Statutes of Nevada, 1987, establishes priority uses of the money in the fund. It was used first to purchase the remaining land in the transfer area from the federal government. After paying the Commission's administrative expenses related to Fort Mohave, money will be used to pay for state and local capital improvements in accordance with programs proposed by Clark County and approved by the legislature.

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

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

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

Date of Issue or Incurrence	Type of Debt	Average Interest Rate(%)	Last Payment Due	Balance Outstanding
5-1-87	State g.o. bonds	7.9	10-1-17	\$ 6,880,000
3-25-92	State g.o. bonds	6.3	10-1-16	48,705,000
9-15-97	State g.o. bonds	5.6	9-15-27	49,270,000
9-15-99	State g.o. bonds	5.6	2/1/29	25,730,000
Various	Various compensated absences	N/A	N/A	141,455

OTHER INFORMATION

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

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


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of achievement for excellence in financial reporting to the Commission for its financial report for the fiscal year ended June 30, 1999. In order to be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. This is the twenty-third consecutive year the Commission has received this recognition. A certificate of achievement is valid for a period of one year only. We believe this current report continues to conform to certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

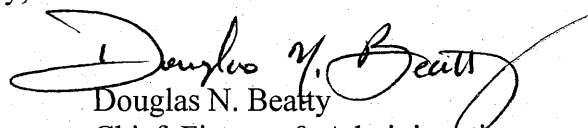
The Commission's fiscal 2000 financial statements were audited by Piercy, Bowler, Taylor and Kern, Certified Public Accountants. The auditors' reports are included in the body of this report.

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

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

Sincerely,


George M. Caan
Executive Director


Douglas N. Beatty
Chief, Finance & Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Colorado River Commission of Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

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



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

INTRODUCTION



THE COMMISSION

The Colorado River Commission of Nevada is governed by seven commissioners four of whom, including the chairman, are appointed by the Governor, with the remaining three appointed by the Southern Nevada Water Authority. The Commission office is located in Las Vegas, Nevada. Commissioners are required to have a general knowledge of the development of the Colorado River and its tributaries within Nevada, as well as the rights of Nevada pertaining to the resources and benefits of the Colorado River. The Commission appoints an executive director who is responsible for carrying out its policies.

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

The members of the Colorado River Commission are:

<u>Name</u>	<u>Initial Appointment</u>	<u>Current Term</u>
Richard W. Bunker, Chairman	1993	7/28/98 – 6/30/01
Jay D. Bingham, Vice Chairman	1997	7/1/00 – 6/30/03
Honorable Amanda M. Cyphers, City of Henderson Councilwoman	1997	7/1/99 – 6/30/00 *
Lamond R. Mills	1996	7/1/99 – 6/30/02
Honorable Brian Nix, Boulder City Councilman	1999	7/1/99 – 6/30/00 *
Roland D. Westergard	1996	7/1/99 – 6/30/02
Honorable Myrna Williams, Clark County Commissioner	1999	7/1/99 – 6/30/00 *

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



FUNDING SOURCES

Activities of the Commission are funded from revenue received from power and water contractors. An administrative charge of 0.744 mills per kilowatt-hour is included in power sales. Administrative cost reimbursements are received from the Southern Nevada Water Authority. Interest income earned from investments by the State Treasurer contributes to revenues. The Commission does not request or receive any state tax allocations or federal funds to support its administrative and operating functions.

COMMISSION ACTIVITIES



POWER

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



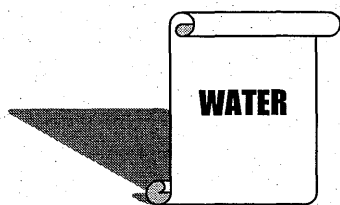
LAND

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

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

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

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



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

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

ACCOUNTING SYSTEM



FUND TYPES

The Commission has established the following funds and account groups:

Governmental fund types:

General fund

Special revenue funds:

1. Research and Development fund
2. Fort Mohave Valley Development fund

Proprietary fund types:

1. Power Marketing fund
2. Power Delivery Project fund

Account groups:

1. General fixed assets
2. General long-term obligations



INTERNAL CONTROLS

All cash receipts and disbursements are processed and recorded by the State Controller. Budgetary and cash control is imposed by the controller on the general and special revenue funds. Cash control is required for the enterprise funds. The Commission maintains computerized revenue, expense, general journals and a general ledger. As more fully explained in note 1 to the financial statements, the accounting policies of the Commission conform to, and its financial statements have been prepared in accordance with, generally accepted accounting principles applicable to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

PERSONNEL



ORGANIZATION AND STAFFING

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

The staff and positions of the Commission are:

Executive Division

Director – George M. Caan, PE
Deputy Director – Gail A. Bates
Special Assistant to the Director – Vacant

Power Division

Division Chief – Bill Miller

Power Delivery Project

Project Manager – David Luttrell (Contract Position)
Power Facilities Manager – Vacant
Assistant Power Facilities Manager – Robert Reese
Power Electronics Technician – Terry Stueland
Power Communications Systems Supervisor – Vacant
Power Supply Manager – Tom Patmavanu
Assistant Power Supply Manager - Vacant

Hydropower Operations

Chief Power Marketing Administrator – Malvin R. Ware
Power Program Officer III – Craig Pyper

Power Program Officer II – Joseph Dabrowski
Power Marketing Administrator - Vacant

Water Division

Division Chief – James H. Davenport
Water Resources Manager - Vacant
Engineering Technician – Vacant

Finance

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

Administrative Services

Management Assistant IV – Deanna Bruno
Management Assistant II – Brenda Haymore
Management Assistant II – Darlene Finney
Management Assistant I – Joan Bechtloff
Management Assistant I – Timothy Clemens
Management Assistant I – Vickie Dismukes
Management Assistant I – Vacant
Administrative Aide – Jackie Ward
Administrative Aide – Kathleen Kunkel

Environmental Program Manager – Phil Lehr, PE

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



EXPERIENCE AND QUALIFICATIONS

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

Executive Director: Since May 1996, George M. Caan has served as the Executive Director of the Colorado River Commission. Mr. Caan graduated in 1980 from the Massachusetts Institute of Technology with a Bachelor of Science in Mechanical Engineering. He received a Master of Business Administration from Northeastern University in 1983. He has been an active participant in numerous professional and academic forums, speaking on issues dealing with water resources, power management

and environmental stewardship. Mr. Caan is a registered professional mechanical engineer in Nevada and Washington. From 1985 until joining the Commission, Mr. Caan worked at the Washington State Energy Office (WSEO) in Olympia, Washington, completing his tenure as its Deputy Director. At WSEO, Mr. Caan was responsible for managing the day-to-day operations of the office with a staff of 150 and an annual budget of \$25 million. He was involved in the many energy policy issues arising out of the changes to Columbia River Operations and the Bonneville Power Administration. Prior to joining the Energy Office, Mr. Caan was the energy manager for the City of Boston.

Deputy Director: Gail A. Bates graduated in 1989 from the University of Santa Clara with a BS in Electrical Engineering. Gail has 10 years of experience in the electrical utility industry in various areas including transmission planning, power systems operations and rates and regulatory affairs.

She joined the Colorado River Commission in July 1999, as a Special Assistant to the Director. She assumed the role of Deputy Director in March 2000. Her specific duties include monitoring and participating in state and federal regulatory proceedings dealing with the restructuring of the electric utility industry and all proceedings that could impact the rates for electrical service in the state; serving as the alternate to the Executive Director in all aspects of the Power Delivery Project; working with federal and regional agencies to protect the reliability and control costs of federal hydropower.

From 1989 until joining the Commission, Gail worked for Nevada Power Company. Her engineering experience includes conducting technical studies of various high voltage transmission alternatives and serving on various industry technical committees. Her experience in the rates and regulatory area includes conducting cost-of-service studies, preparing portions of rate cases, and providing expert testimony before the Federal Energy Regulatory Commission and the Public Utilities Commission of the State of Nevada.

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

administration, personnel administration and statutory compliance. His private practice has included environmental compliance, defense of eminent domain, permitting, commercial leasing, real estate transactions and financing, and hospital administration. His clerkships included the United States Attorney for the District of Oregon, the Attorney General of the State of Washington and the Judiciary Committee of the Oregon State Legislature.

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

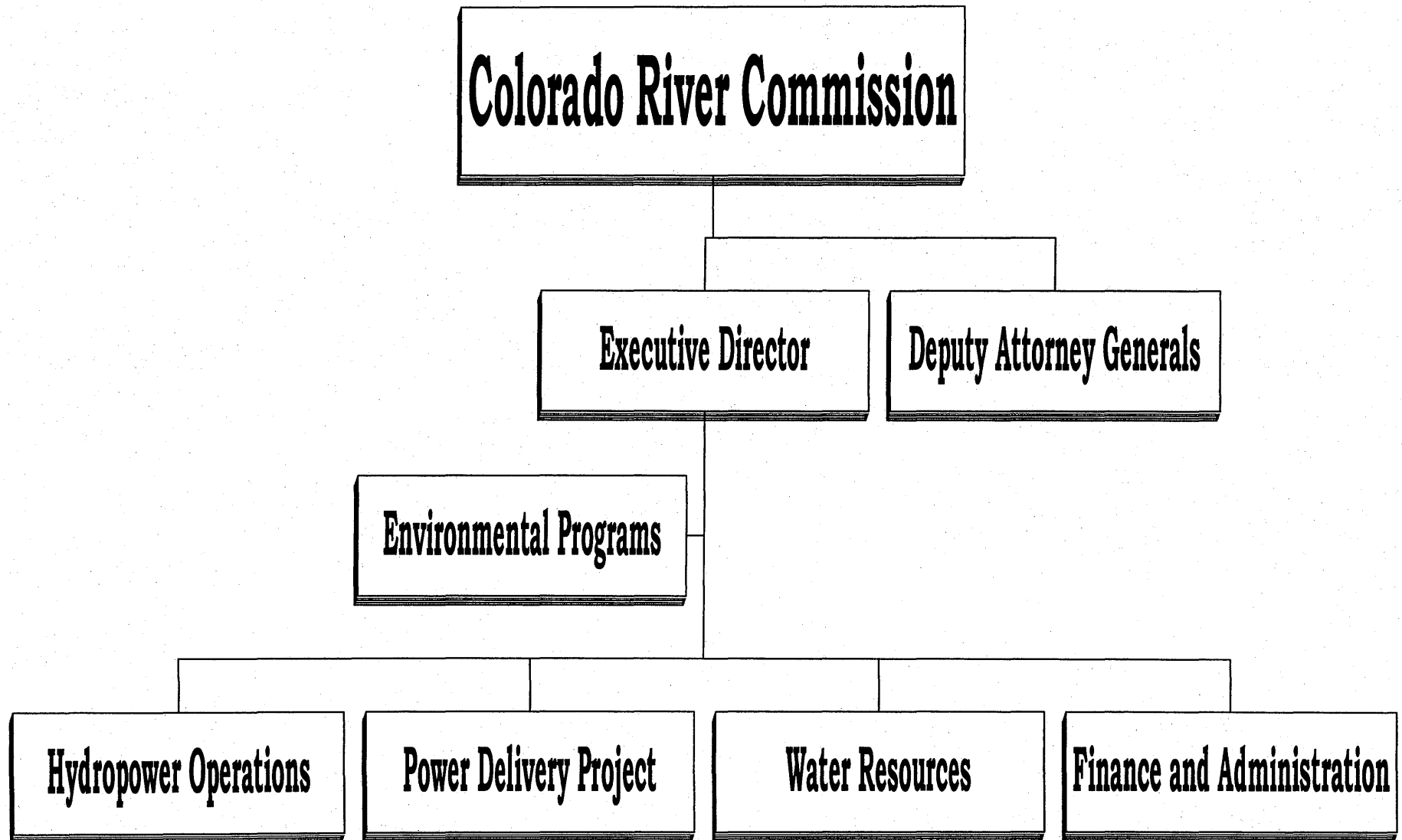
Mr. Beatty is a member of the American Institute of Certified Public Accountants and the Nevada Society of Certified Public Accountants. He has served on the State and Local Government Committee for the Nevada Society and is an active member of the Government Finance Officers Association.

Deputy Attorneys General: Gerald A. Lopez received a BA degree in history and languages in 1964 and an MA degree in international affairs in 1965 from Florida State University. After serving four years as an Air Force intelligence officer, which included duty in Vietnam, Mr. Lopez returned to Florida State University to study law. He received a Juris Doctorate degree in 1973. During his three years in law school, Mr. Lopez worked part-time for the Florida legislature drafting legislation and codifying the state statutes. He was admitted to the Florida bar in October of 1973. In September of that year, Mr. Lopez moved to Carson City to begin nearly ten years of work for the Nevada Legislative Counsel Bureau. In September 1975, he was admitted to the state bar of Nevada. Mr. Lopez served first as a deputy legislative counsel and later as a principal deputy. He trained and supervised bill drafters and legal indexers. He drafted and reviewed legislation and operated the bill conflict control system. He had overall responsibility for codifying the state law in *Nevada Revised Statutes* and state regulations in the *Nevada Administrative Code*. He also drafted legal opinions, engaged in legal research, defended legislative agencies in a civil rights action brought by state prisoners, and conducted the staff work of several interim legislative studies. Mr. Lopez left the Legislative Counsel Bureau in August 1983 to take his present position as a deputy attorney general (IV) with the State of Nevada. In that position, Mr. Lopez serves as legal counsel to the Colorado River Commission of Nevada.

Terri Ann Williams received a BA degree in political science in 1980 from the University of California at Riverside. She received her Juris Doctorate degree in 1983 from the Southwestern University School of Law at Los Angeles, California. She worked as a judicial law clerk for the Honorable John F. Mendoza in the Eighth Judicial District Court, Department V from 1985 through 1987. She then served as a law clerk for the City of Las Vegas during 1987. In 1995, Terri worked as a Deputy City Attorney for the City of Las Vegas until 1997 serving in both the civil division and criminal division.

While serving as Deputy City Attorney she represented the City in litigation, was responsible for the drafting of legal opinions, ordinances, regulations and many contracts. She also worked extensively on public works contracts and represented the department in all litigations and arbitrations and handled condemnation cases. She served as a criminal prosecutor in the Las Vegas Municipal Court, and drafted criminal legislation for the Nevada Legislature. In 1997, she left the City to work for the State of Nevada as a Deputy Attorney General. She has served in a number of capacities for the State during this time, including representing the State Department of Taxation, Division of Financial Institutions, and has served as counsel to various State boards and commissions. She accepted the assignment to the Colorado River Commission in August of 1999.

CRC Functional Organization



**FINANCIAL
SECTION**



PIERCY, BOWLER, TAYLOR & KERN

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the general purpose financial statements of the Colorado River Commission of Nevada, a component unit of the State of Nevada, as of and for the year ended June 30, 2000, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the management of the Colorado River Commission of Nevada. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Colorado River Commission of Nevada, as of June 30, 2000, and the results

of its operations and the cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental combining and individual fund and account group financial statements and schedules, A-1 through E-3, listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Colorado River Commission of Nevada. Such information for 2000 has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2000, on our consideration of the Commission's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Piercy, Bowler, Taylor & Kern

November 17, 2000

**COMBINED STATEMENTS
("LIFTABLE" GENERAL PURPOSE FINANCIAL STATEMENTS)**

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