

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, 2001**

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

STATE OF NEVADA

KENNY C. GUINN

Governor

FRANKIE SUE DEL PAPA

Attorney General

KATHY AUGUSTINE

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, 2001**

TABLE OF CONTENTS

	<u>Page</u>
 <i>INTRODUCTORY SECTION</i>	
Title page	I
Table of contents	III
Letter of transmittal	VII
Introduction	XVI
Commission activities	XVII
Accounting system	XIX
Personnel	XX
Organization chart	XXV
 <i>FINANCIAL SECTION</i>	
Independent auditors' report on financial statements and supplemental information	3
 General purpose financial statements:	 <u>Exhibit</u>
Combined balance sheet – all fund types and account groups	1 8
Combined statement of revenues, expenditures, and changes in fund balances – all governmental fund types	2 10
Combined statement of revenues, expenditures, and changes in fund balances – budget (non-GAAP budgetary basis) and actual (legal basis) – all governmental fund types	3 11
Combined statement of revenues, expenses, and changes in retained earnings – all proprietary fund types	4 12
Combined statement of cash flows – all proprietary fund types	5 14
Notes to financial statements	19

**COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2001**

TABLE OF CONTENTS (continued)

	Statement or <u>Schedule</u>	<u>Page</u>
<i>FINANCIAL SECTION (continued)</i>		
Supplemental Information:		
Combining, individual fund and account group statements:		
<i>General fund:</i>		
Comparative balance sheets	A-1	37
Comparative statements of revenues, expenditures, and changes in fund balances	A-2	38
Schedule of revenues, expenditures and changes in fund balance – budget (non-GAAP budgetary basis) and actual (legal basis)	A-3	39
<i>Special revenue funds:</i>		
Combining balance sheet	B-1	43
Combining statement of revenues, expenditures, and changes in fund balances	B-2	44
<i>Research and development fund:</i>		
Statement of revenues, expenditures and changes in fund balances – budget and actual	B-3	45
<i>Fort Mohave development fund:</i>		
Statement of revenues, expenditures and changes in fund balances – budget and actual	B-4	46
<i>Enterprise funds:</i>		
Combining balance sheet	C-1	50
Combining statement of revenues, expenditures, and changes in retained earnings	C-2	52
Combining statement of cash flows	C-3	54
Schedule of cash receipts and disbursements – restricted	C-4	56
<i>Power marketing fund:</i>		
Comparative balance sheets	C-5	58
Statement of revenues, expenses and changes in retained earnings – budget and actual	C-6	60
Comparative statements of cash flows	C-7	62
<i>Power delivery fund:</i>		
Comparative balance sheets	C-8	64
Statement of revenues, expenses and changes in Retained earnings (deficit) – budget and actual	C-9	65
Comparative statements of cash flows	C-10	66

**COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2001**

TABLE OF CONTENTS (continued)

	<u>Statement or Schedule</u>	<u>Page</u>
<i>FINANCIAL SECTION (continued)</i>		
Supplemental Information (continued):		
<i>General fixed assets account group:</i>		
Schedule of general fixed assets – by source	D-1	69
Schedule of changes in general fixed assets – by function and activity	D-2	70
<i>Other Supplemental Schedules:</i>		
Combined schedule of unrestricted cash receipts and disbursements - all funds	E-1	73
Combined schedule of bonds and contracts payable - all funds	E-2	74
Debt service requirements to maturity	E-3	75
	<u>Table</u>	
<i>STATISTICAL SECTION (unaudited):</i>		
Expenditures by function – last ten fiscal years	1	79
Revenues by source – last ten fiscal years	2	80
Schedule of insurance in force	3	81
<i>ADDITIONAL REPORT OF INDEPENDENT AUDITORS:</i>		
Independent auditors' report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>		85

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

STATE OF NEVADA



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

COLORADO RIVER COMMISSION OF NEVADA

December 5, 2001

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, 2001. 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 1,425,723, which represents approximately 69% of the total state population (estimated to be approximately 2,065,610). Current projections place the county population at 1,836,859 in 2010 and 2,173,843 in 2020.

There were two new casino/resort projects completed in 2001. These two new projects, along with existing property expansion projects, resulted in the addition of approximately 3,000 new rooms. This room growth, when added to the existing base provides a current county room inventory of over 127,000 rooms.

While new resort construction has slowed, overall construction has remained steady, primarily as 'catch up' construction (schools, roads, infrastructure) continues. The increase in population has slowed with new residents (drivers license count) in November reported as 5,508 while the number of new residents in November of 2000 was 6,075. Gaming revenues had been flat during most of the year with very modest increases anticipated by year-end. The anticipated economic outlook overall was very flat. With the events of September 11, 2001 and the decline in the national economy, Las Vegas has seen some changes to the expected economic picture. Unemployment rates moved up from levels around 5.0% to approximately 6.7% by November. Gaming revenue declined approximately 8.5% in Clark County for November. Air passenger counts were down 37.1% in the last month, with gasoline sales also down 11.2%. The economic picture for 2002 is very flat.

However, as the federal government continues to move to stimulate the national economy, and as people begin to reconsider travel plans to stay within the United States, the tourism industry is expected to recover at least as well as the national economy. The expected visitor volume for 2001 is over 36.7 million visitors with no expected material decrease anticipated in the next year.

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.

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. Contracts and agreements to implement the banking arrangement are currently under negotiation.

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 supporting the development and implementation of Interim Surplus Criteria. This new operating strategy will provide a fifteen year window for California to reduce its reliance on Colorado river water to its legal entitlement of 4.4 million acre feet

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 have been 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, has been constructed jointly with Nevada Power Company). The project was put in operation shortly after the end of the fiscal year.

Since February of 1998 the Commission has been providing electrical power to the new water treatment facilities being constructed by the Southern Nevada Water Authority. The Commission has been providing up to 125 MW of power with a value between \$40,000,000 and \$50,000,000.

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. To this end, the Commission, along with its hydropower customers, continues to work with the federal government to effectively and efficiently manage the operations of the hydropower projects. In addition, the Commission completed a bond refunding of the outstanding Hoover Bonds which provided cost savings to the project and its participants of over \$20,000,000 over the life of the bonds.

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. Already, we have seen a number of industry shakeups, including the bankruptcy of the nation's largest electric marketer, Enron. In addition, the Commission has been working closely with one of its own customers that has recently experienced its own bankruptcy. 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 2001 legislature as it reviewed and updated statutes dealing with the de-regulation of the electric industry in Nevada. Through the combined effort of the Colorado River Commission and the Southern Nevada Water Authority the legislature passed and the Governor signed Senate Bill 211, which allows the Commission to extend electric service to Southern Nevada Water Authority member agencies for their water and wastewater loads. As a result the Colorado River Commission is evaluating the economics of providing power to the SNWA members including assessing the renewable resources in the overall Commission portfolio of electric resources.

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 2003. The Commission has also been heavily involved in discussions related to the Mexican Delta.

FINANCIAL INFORMATION

General governmental activity of the Commission is recorded in the general fund on the Commission's comprehensive annual financial report.

Revenues of the Commission general fund totaled \$1,666,911 in 2000-01, \$339,246 less than the \$2,006,157 realized in 1999-00. The net decrease in revenues was a result of decreases in available hydropower resources on which the administrative fee is charged, and a decrease in the water administrative charges due to unexpended balances in that account at the end of fiscal 2000. The power charge is a fixed charge per kilowatt-hour, and was increased at the end of the fiscal year 1998. The water administrative charge is based on an advance funding mechanism, with over collections corrected in the following year. In addition to these two direct revenue charges, the general fund receives reimbursements from other Commission funds for work performed related to activities of those funds. These reimbursements are primarily for labor charges as all personnel related charges are recorded in the general fund.

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

	2000 - 2001		1999 - 2000	
	Amount	Percent	Amount	Percent
Power administrative charge	\$ 960,533	37.61%	\$ 1,060,870	38.91%
Water administrative charge	639,067	25.02%	903,326	33.13%
Miscellaneous income	0	0.00%	1,410	0.05%
Interest income	67,311	2.64%	40,551	1.49%
Total Revenues	<u>1,666,911</u>	<u>65.27%</u>	<u>2,006,157</u>	<u>73.58%</u>
Allocated salaries and overhead	887,009	34.73%	720,467	26.42%
All Funding Sources	<u>2,553,920</u>	<u>100.00%</u>	<u>\$ 2,726,624</u>	<u>100.00%</u>

Net expenditures (legal basis) of the general fund totaled \$1,639,862, which is \$83,605 more than the \$1,556,257 expended during fiscal 1999-00. This was primarily due to the increase in personnel and related costs. Change in levels of expenditures for the preceding year is as follows:

	2000-01	1999-00	Increase Decrease
General Administration			
Personnel	\$ 1,549,699	\$ 1,425,704	\$ 123,995
Travel	66,693	59,036	7,657
Operating	837,988	684,713	153,275
Equipment	72,491	107,271	-34,780
Total general administration	2,526,871	2,276,724	250,147
Less allocated salaries and overhead	887,009	720,467	166,542
Net expenditures	\$ 1,639,862	\$ 1,556,257	\$ 83,605

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
	2001	2000	
General Fund	\$ 1,041,833	\$ 1,014,785	\$ 27,048
Research and Development Fund	344,463	300,652	43,811
Ft. Mohave Development Fund	1,652,526	1,519,451	133,075

The Research and Development Fund balance of \$344,463 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 \$1,652,526 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, 2001, 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	46,425,000
9-15-97	State g.o. bonds	5.6	9-15-27	48,455,000
9-15-99	State g.o. bonds	5.6	2/1/29	25,730,000
Various	Various compensated absences	N/A	N/A	164,235

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.

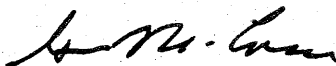
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of achievement for excellence in financial reporting to the Commission for its financial report for the fiscal year ended June 30, 2000. In order to be awarded a certificate of achievement, a governmental 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-fourth 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 2001 financial statements were audited by Piercy, Bowler, Taylor and Kern, Certified Public Accountants. The auditors' reports are included in the body of this report.

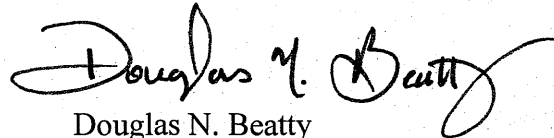
Adequate internal controls are necessary to provide reasonable assurances that assets are guarded against loss and financial records and financial statements are reliable. We believe the Commission's internal controls provide these assurances. Budget control is maintained by the State Budget Division. 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, 2000

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.



Imelda Cuervo
President

Jeffrey L. Esser
Executive Director

INTRODUCTION



THE COMMISSION

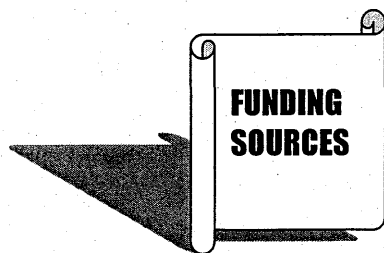
The Colorado River Commission of Nevada is governed by seven commissioners four of whom, including the chairman, are appointed by the Governor, with the remaining three appointed by the Southern Nevada Water Authority. The Commission office is located in Las Vegas, Nevada. Commissioners are required 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:

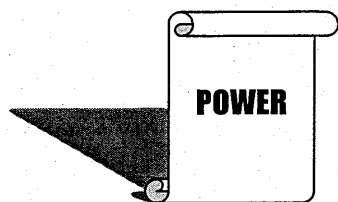
<u>Name</u>	<u>Initial Appointment</u>	<u>Current Term</u>
Richard W. Bunker, Chairman	1993	7/01/01 – 6/30/04
Jay D. Bingham, Vice Chairman	1997	7/1/00 – 6/30/03
Honorable Shari Buck, North Las Vegas Councilwoman	2000	7/1/01 – 6/30/02 *
Lamond R. Mills	1996	7/1/99 – 6/30/02
Honorable Brian Nix, Boulder City Councilman	1999	7/1/01 – 6/30/02 *
Roland D. Westergard	1996	7/1/99 – 6/30/02
Honorable Myrna Williams, Clark County Commissioner	1999	7/1/01 – 6/30/02 *

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

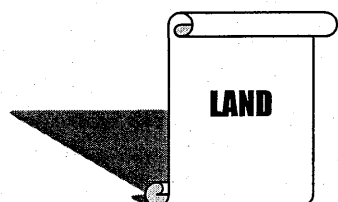


Activities of the Commission are funded from revenue received from power and water contractors. An administrative charge is included in power sales to provide funding for power related activities. Water administrative cost reimbursements are received from the Southern Nevada Water Authority. Interest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

COMMISSION ACTIVITIES



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

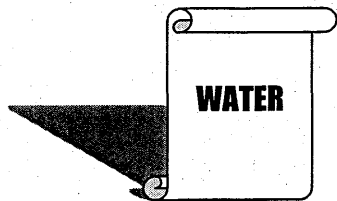


As a result of special legislation passed by Congress and the State of Nevada, the Commission was empowered to purchase from the federal government, on behalf of the state, approximately 105,000 acres in the Eldorado Valley directly south of Boulder City, and approximately 15,000 acres in the Fort Mohave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

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

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

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



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

The Commission has executed several individual contracts for diversion and use of a relatively minor portion of Nevada's total annual 300,000 acre-feet consumptive use allocation from the Colorado River. Deliveries are made 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

- Executive Director – George M. Caan, PE
- Executive Deputy Director – Gail A. Bates
- Special Assistant to the Director – Vacant
- Senior Energy Accountant – Mike Gonzales
- Renewable Energy Program Manager – Eric Dominguez

Power Division

- Division Chief – Bill Miller

Power Delivery Project

- Project Manager – David Luttrell (Contract Position)
- Assistant Director Engineering & Operations – Robert Reese
- Power Facilities Manager – Vacant
- Power Facilities Electrician – Terry Stueland
- Power Facilities Communications Technician – James Breesman
- Power Facilities Engineer – Ron Pretasky
- Power Facilities Electrician – Vacant
- Power Supply Manager – Vacant
- Power Supply Planner – Tom Patmavanu
- Assistant Power Supply Planner – Vacant

Hydropower Operations

Chief Power Marketing Administrator – Malvin R. Ware
Power Marketing Administrator – Craig Pyper
Power Program Officer III – Joseph Dabrowski
Power Program Officer II – Neil Biggs

Water Division

Division Chief – James H. Davenport
Natural Resource Specialist – McClain Peterson
Engineering Technician IV – Vacant

Finance

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

Administrative Services

Office Manager – Deanna Bruno
Administrative Assistant II – Brenda Haymore
Administrative Assistant II – Vickie Dismukes
Administrative Assistant II – Colleen Green
Administrative Assistant I – Kathleen Kunkel
Administrative Aide – Jackie Ward
Administrative Aide – Maggie Carrillo

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.

**FINANCIAL
SECTION**

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, 2001, 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 auditing standards generally accepted in the United States 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, 2001, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States.

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 has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The letter of transmittal and the statistical section listed in the foregoing 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. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Piercy, Bowler, Taylor & Kern

November 1, 2001

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.

**COLORADO RIVER COMMISSION
COMBINED BALANCE SHEET –
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

COLORADO RIVER COMMISSION

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	Governmental Fund Types		Proprietary Fund Type	Account Groups		(EXHIBIT 1 Totals andum Only)
	General	Special Revenue	Enterprise	General Fixed Assets	General Long-term Obligations	20	me 30, 2000
ASSETS AND OTHER DEBITS							
Cash, unrestricted	\$ 902,721	\$ 1,908,452	\$ 31,637,481			\$ 34,	\$ 4,148,502
Receivables:							
Accounts	100,358		25,198,649			25,	3,800,755
Accrued interest	11,796	25,455	670,218				609,635
Due from other funds	941,334	65,837	2,709,438			3,	544,528
Collateral for loaned securities			957,234				
Prepaid power, current portion			3,030,962			3,	5,397,032
Restricted cash			24,978,006			24,	37,539,796
Fixed assets			67,875,872	\$ 253,190		68,	58,363,237
Deferred charges			522,134				554,407
Prepaid power, noncurrent			40,898,519			40,	39,679,047
Amount to be provided for future compensated absences					\$ 164,235		141,455
TOTAL ASSETS AND OTHER DEBITS	\$ 1,956,209	\$ 1,999,744	\$ 198,478,513	\$ 253,190	\$ 164,235	\$ 202,	\$ 150,778,394

(Continued)

COLORADO RIVER COMMISSION

COMBINED BALANCE SHEET (CONTINUED)
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

EXHIBIT 1

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types		Proprietary Fund Type	Account Groups		(Totals Indum Only)
	General	Special Revenue	Enterprise	General Fixed Assets	General Long-term Obligations	200	
LIABILITIES:							ne 30, 2000
Accounts payable	\$ 203,123		\$ 20,968,352			\$ 21,1	\$ 2,267,424
Due to other funds	711,253	\$ 2,755	1,421,746			2,1	345,728
Payable from restricted assets:							
Accounts payable			6,363,757			6,3	4,770,716
Contract retentions payable			2,337,154			2,3	3,052,408
Payable to customers			27,905,705			27,9	24,956
Bonds payable within 1 year			3,365,000			3,3	3,095,000
Due to other funds			1,580,854			1,5	198,799
Accrued interest			1,709,413			1,7	1,212,567
Obligations unders securities lending			957,234			9	
Arbitrage rebate payable			357,190			3	357,190
General obligation bonds payable, noncurrent			124,125,000			124,1	127,490,000
Unamortized bond discount			(893,825)			(8) (960,843)
Advance from customer			4,241,722			4,2	3,725,812
Accrued compensated absences					\$ 164,235	1	141,455
Total liabilities	914,376	2,755	194,439,302		164,235	195,4	145,721,212
EQUITY AND OTHER CREDITS:							
Investment in general fixed assets				\$ 253,190		2	203,894
Retained earnings:							
Reserved for operation and maintenance			676,520			6	659,565
Unreserved			3,362,691			3,3	1,358,835
Fund balances:							
Unreserved	1,041,833	1,996,989				3,0	2,834,888
Total equity and other credits	1,041,833	1,996,989	4,039,211	253,190		7,2	5,057,182
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 1,956,209	\$ 1,999,744	\$ 198,478,513	\$ 253,190	\$ 164,235	\$ 202,8	\$ 150,778,394

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, 2001**

EXHIBIT 2

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Special Revenue	2000	
REVENUES:				
Power administrative charge	\$ 960,533		\$ 0,533	\$ 1,060,870
Water charges	639,067		9,067	903,326
Investment income	67,311	\$ 140,598	7,909	125,104
Miscellaneous	-	37,990	7,990	25,800
Total revenues	<u>1,666,911</u>	<u>178,588</u>	<u>5,499</u>	<u>2,115,100</u>
EXPENDITURES:				
Current:				
General administration	2,506,320	1,702	8,022	2,267,802
Less salaries and overhead recovered by allocation	(887,009)		(7,009)	(720,468)
Net general administration expenditures	<u>1,619,311</u>	<u>1,702</u>	<u>1,013</u>	<u>1,547,334</u>
Water purchases	20,551		0,551	20,093
Total expenditures	<u>1,639,862</u>	<u>1,702</u>	<u>1,564</u>	<u>1,567,427</u>
EXCESS OF REVENUES OVER EXPENDITURES	27,049	176,886	3,935	547,673
FUND BALANCES, JULY 1	<u>1,014,784</u>	<u>1,820,103</u>	<u>4,887</u>	<u>2,287,215</u>
FUND BALANCES, JUNE 30	<u>\$ 1,041,833</u>	<u>\$ 1,996,989</u>	<u>\$ 8,822</u>	<u>\$ 2,834,888</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, 2001**

EXHIBIT 3

	General Fund			Special Re		Funds	
	Budget	Actual (Legal Basis)	Variance- Favorable (Unfavorable)	Budget	Ac (Lega	s)	Variance- Favorable (Unfavorable)
REVENUES:							
Power administrative charges	\$ 1,020,372	\$ 960,533	\$ (59,839)				
Water charges	1,690,673	639,067	(1,051,606)				
Investment income	41,914	67,311	25,397	\$ 116,145	\$	98	\$ 24,453
Miscellaneous	-	-	-	191,042		90	(153,052)
Total revenues	<u>2,752,959</u>	<u>1,666,911</u>	<u>(1,086,048)</u>	<u>307,187</u>		88	<u>(128,599)</u>
EXPENDITURES:							
Current:							
General adminstration, net of allocation	2,588,392	1,619,311	969,081	348,367		02	346,665
Water purchases	30,827	20,551	10,276				
Total expenditures	<u>2,619,219</u>	<u>1,639,862</u>	<u>979,357</u>	<u>348,367</u>		02	<u>346,665</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	133,740	27,049	(106,691)	(41,180)		86	218,066
FUND BALANCES, JULY 1	<u>1,021,884</u>	<u>1,014,784</u>	<u>(7,100)</u>	<u>1,836,252</u>	<u>1,</u>	03	<u>(16,149)</u>
FUND BALANCES, JUNE 30	<u>\$ 1,155,624</u>	<u>\$ 1,041,833</u>	<u>\$ (113,791)</u>	<u>\$ 1,795,072</u>	<u>\$ 1,</u>	89	<u>\$ 201,917</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, 2001

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000

EXHIBIT 4

	Proprietary Fund Types	
	Enterprise	
	2001	2000
OPERATING REVENUES:		
Power sales	\$ 149,441,472	\$ 29,628,918
Miscellaneous service	-	895,040
Total operating revenues	149,441,472	30,523,958
OPERATING EXPENSES:		
Power purchases	141,497,209	22,854,090
Amortization of prepaid power	5,397,032	5,464,871
Depreciation	1,132,133	1,132,133
General administration	1,732,231	1,031,281
Total operating expenses	149,758,605	30,482,375
OPERATING INCOME (LOSS)	(317,133)	41,583
NONOPERATING REVENUES (EXPENSES):		
Investment income	2,375,724	738,148
Interest expense	(37,781)	
NET INCOME	2,020,810	779,731
RETAINED EARNINGS, JULY 1	2,018,401	1,238,670
RETAINED EARNINGS, JUNE 30	\$ 4,039,211	\$ 2,018,401

See notes to financial statements.

**COLORADO RIVER COMMISSION
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000**

COLORADO RIVER COMMISSION

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2001

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000

EXHIBIT 5

	Proprietary Fund Types	
	Enterprise	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 155,834,479	\$ 28,491,958
Cash paid for goods and services	(124,394,503)	(23,817,891)
Net cash provided by operating activities	<u>31,439,976</u>	<u>4,674,067</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest paid and charged to prepaid power	(3,509,205)	(3,642,105)
Principal payments on bonds and federal obligation	(2,280,000)	(2,150,000)
Net cash used in noncapital financing activities	<u>(5,789,205)</u>	<u>(5,792,105)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Advances from customers	515,913	783,616
Bond proceeds (payments)	(815,000)	25,730,000
Interest paid and capitalized to construction in progress	(2,775,686)	(92,846)
Acquisition of property, plant and equipment	(7,271,208)	(9,467,295)
Net cash provided by (used in) capital financing activities	<u>(10,345,981)</u>	<u>16,953,476</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>2,236,550</u>	<u>1,611,080</u>
NET INCREASE IN CASH (RESTRICTED AND UNRESTRICTED)	17,541,340	17,446,517
CASH, JULY 1	<u>39,074,147</u>	<u>21,627,630</u>
CASH, JUNE 30	<u>\$ 56,615,487</u>	<u>\$ 39,074,147</u>

(Continued)

COLORADO RIVER COMMISSION

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000**

EXHIBIT 5

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	
	<u>2001</u>	<u>2000</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (317,133)	\$ 41,583
Depreciation	1,132,133	1,132,133
Amortization of prepaid power	5,397,032	5,464,871
Increase in accounts receivable	(21,487,743)	(1,799,819)
Increase (decrease) in operating liabilities:		
Accounts payable and contract retentions	18,743,440	125,186
Due to/from other funds	91,498	(57,706)
Payable to customers	<u>27,880,749</u>	<u>(232,181)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 31,439,976</u>	<u>\$ 4,674,067</u>

See notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

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 discretely presented 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 (see Note 13):

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-balancing 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, 2001

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

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 include construction-in-progress, which in the same manner as all other enterprise fund fixed assets will be depreciated over the estimated useful lives (10 to 50 years) of its identifiable components when placed in service using the straight line method.

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.

Obligations of proprietary funds to purchase electrical power under forward contracts are not recognized until the electrical power is deliverable.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

1. Summary of significant accounting policies (continued):

D. Budget and Budgetary Accounting (continued)

Governmental Funds:

- (a) Prior to September 1 of each even-numbered year, the director submits proposed operating budgets to the Nevada Budget division covering 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 2000-2001.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

1. Summary of significant accounting policies (continued):

D. Budget and Budgetary Accounting (continued)

services not received by fiscal year end, which are considered an expenditure of the current period solely for budgetary purposes.

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. Although this basis differs from GAAP, there are no encumbrances outstanding at the beginning and end of the year.

Budgeted amounts for final 2000-2001 are as originally adopted or amended by the Commission, the Nevada Director of Administration or the Interim Finance Committee. Individual amendments during fiscal 2000-2001 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 in funding the improvement and renovation ("uprating") of the electrical power generation plant at Hoover Dam (Note 5), which supplies a portion 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, 2001

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.

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. These data have been derived from the Commission's audited financial statements for the prior year. Detailed comparative data (i.e., presentation of prior year totals by fund type) and certain disclosures have not been presented for fiscal 1999-2000, 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 2001 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 (Treasurer). At June 30, 2001, cash on deposit was as follows:

Carrying Value	Treasurer's Balance
<u>\$ 59,426,468</u>	<u>\$ 60,414,673</u>

State statutes permit the Treasurer to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Treasurer has contracted with a third party securities lending agent (Agent) to lend the Treasurer's U.S. government securities portfolio. The Agent lends securities of the type on loan for collateral in the form of cash or other securities at 102% of the loaned securities fair value, plus accrued interest. The collateral for the loans is maintained at 102%. Securities on loan as of June 30, 2001, are unclassified as to custodial credit risk. At June 30, 2001, the Treasurer has no credit risk exposure to borrowers because the amounts the Treasurer owes the

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2001

2. Cash deposits: (continued)

borrowers exceed the amounts the borrowers owe the Treasurer. The contract with the Agent

requires it to indemnify the Treasurer if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or if the borrower fails to pay the Treasurer for income distributions by the securities' issuers while the securities are on loan.

All open securities loans can be terminated on demand by either the Treasurer or the borrower. All term securities loans can be terminated with five days notice by either the Treasurer or the borrower. Cash collateral is invested in accordance with the investment guidelines approved for the Treasurer. The Treasurer cannot pledge or sell collateral securities received unless the borrower defaults.

For purposes of valuing the underlying securities invested in the collateral

investment pool, they are commingled with all of the securities invested by the State of Nevada. The fair value of the underlying securities at June 30, 2001, attributed to the Commission, is \$939,290.

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, 2001, are summarized as follows:

Restricted for:

Debt service
Construction reserve
Reserve for revenue insufficiency

Total restricted assets

Power Delivery Fund	Power Marketing Fund
\$ 3,000,249	
11,968,255	\$ 9,348,795
660,707	
<u>\$ 15,629,211</u>	<u>\$ 9,348,795</u>

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2001

4. Changes in fixed assets:

Changes in fixed assets during 2000-2001 were as follows:

	Balance July 1, 2000	Additions	Retirements	Balance June 30, 2001
General fixed assets account group:				
Office equipment	\$ 112,219	\$ 54,591		\$ 166,810
Office furniture and fixtures	1,165			1,165
Automobiles	63,750	21,465		85,215
Total general fixed assets	<u>\$ 177,134</u>	<u>\$ 76,056</u>	<u>\$ -</u>	<u>\$ 253,190</u>
Enterprise fund fixed assets:				
Power transmission system	\$ 44,760,554			\$ 44,760,554
Accumulated depreciation	(1,132,133)	(1,132,133)		(2,264,266)
	43,628,421	(1,132,133)		42,496,288
Construction work in progress	14,322,430	11,057,154		25,379,584
	<u>\$ 57,950,851</u>	<u>\$ 9,925,021</u>	<u>\$ -</u>	<u>\$ 67,875,872</u>

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.

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

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

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

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2001

5. Long-term debt (continued):

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, 2001
General obligation bonds:			
Hoover uprating, series 1987B	1987-2017	6 to 10.75%	\$ 6,880,000
Hoover uprating refunding, series 1992	1992-2016	6 to 6.6%	46,425,000
Power deliver bonds, series 1997A	2000-2027	4.25 to 7%	48,455,000
Power deliver bonds, series 1999A	2002-2030	4.5 to 6.5%	25,730,000
			<u>127,490,000</u>
Accrued compensated absences			164,235
			<u>127,654,235</u>
Less current portion			<u>(3,365,000)</u>
			<u><u>\$ 124,289,235</u></u>

Changes in long-term debt during fiscal 2001 are summarized below:

	July 1, 2000	Additions	Retirements	June 30, 2001
General obligation bonds	\$ 130,585,000		\$ 3,095,000	\$ 127,490,000
Accrued compensated absences	<u>141,455</u>	<u>22,780</u>		<u>164,235</u>
Total	<u>\$ 130,726,455</u>	<u>\$ 22,780</u>	<u>\$ 3,095,000</u>	<u>\$ 127,654,235</u>

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2001

5. Long-term debt (continued):

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

Fiscal Years Ending June 30:

2002	\$ 10,715,522
2003	8,279,962
2004	8,321,317
2005	8,352,451
2006	8,478,402
Thereafter	<u>193,423,320</u>
Total	<u>\$ 237,570,974</u>
Principal	\$ 127,490,000
Interest	<u>110,080,974</u>
Total	<u>\$ 237,570,974</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, 2001, 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, 2001

7. Other required fund disclosures:

A. Interfund Receivable and Payable Balances

Interfund receivable and payable balances at June 30, 2001, were:

	Receivables	Payables
Funds:		
General fund	\$ 941,334	\$ 711,254
Special revenue funds:		
Research and development	55,026	2,756
Ft. Mohave Valley development	10,811	
Power Marketing fund	2,403,250	1,421,746
Power Delivery fund	306,189	1,580,854
	<u>\$ 3,716,610</u>	<u>\$ 3,716,610</u>

B. Interest Incurred in Enterprise Funds

Interest incurred and capitalized for the year ended June 30, 2001, for the Power Delivery Fund and the Power Marketing Fund was \$2,775,686 and \$3,509,205, 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, 2001

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 1999-2001 was as follows:

Year Ending	Contribution Rate		Covered Payroll		Annual Required Contribution Paid by the Commission	
	Regular Members					
	Employer	Employer/ Employee	Employer	Employer/ Employee	Employer	Employer/ Employee
June 30						
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
2001	18.75%	9.75%	496,670	749,425	92,751	73,069

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

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

9. Bond covenants:

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

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

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

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

Other – Other requirements of the bond covenants include maintaining bond funds in separate depository accounts with the State Treasurer, and an audit of the Commission's financial statements by an independent certified public accountant. During the fiscal year ended June 30, 2001, the Commission complied with all requirements of the bond covenants.

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2001

10. Commitments and contingencies:

Construction-in-progress – As of June 30, 2001, the Commission's management estimates that construction-in-progress will require an additional outlay of approximately \$10,000,000 to bring the related projects to completion.

Forward Contracts – The Commission has entered into forward contracts to purchase electrical power at a specified time in the future at a guaranteed price. The Commission enters into these contracts to help plan power costs for the year and to protect itself against an increase in market prices.

It is possible that the market price before or at the specified time to purchase electrical power may be lower than the price at which the Commission is committed to buy. This would reduce the value of the contract. The Commission could sell the forward contract at a loss, or if it were to continue to hold the contract, the Commission may make a termination payment to the counterparty to cancel its obligation under the contract and then buy electrical power on the open market.

The Commission is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty should the Commission have to procure electrical power on the open market.

One of the counterparties has filed for bankruptcy protection under chapter 11, the effects of which on the counterparty's ability to fulfill its contracts cannot be determined.

All of the Commission's power customers are contractually obligated for electrical power purchased or sold on their behalf by the Commission. The customers may either pay or receive contract payments directly, or reimburse or be reimbursed by the Commission. These contracts are generally "take or pay" contracts, meaning that the customer is required to make or receive payment regardless of whether or not the power is actually delivered.

One of the Commission's power customers has also filed chapter 11 and it appears likely that this customer will contest one of its forward contracts with the Commission. Although the failure on the part of the customer to honor this contract could result in a possible loss to the Commission of nearly \$20,000,000, it is not possible to determine the outcome of this 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 Act, an amount may be 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 in 1989. Rebatable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of that date indicates that approximately \$360,000 is due and, therefore, recorded as a liability at June 30, 2001. Future calculations might result in adjustments to this determination.

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2001

11. Risk management:

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

12. Segment information:

Segment information for the fiscal year ended June 30, 2001, is as follows:

	Power Marketing Fund	Power Delivery Fund
Operating revenues	\$ 128,647,319	\$ 20,794,153
Depreciation expense		1,132,133
Operating loss		317,133
Net income	1,923,478	97,333
Property, plant, equipment and construction in progress:		
Additions and adjustments		11,057,154
Net working capital	32,226,751	9,586,877
Total assets	111,666,969	86,811,545
Bonds and other long- term liabilities:		
Payable from operating revenues	57,546,722	73,291,175
Payable from restricted assets	26,678,521	14,532,787
Total equity	5,051,628	(1,012,417)

13. 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.

14. Subsequent events:

On October 4, 2001, the Commission sold \$6,305,000 State of Nevada, Colorado River Commission, general obligation (limited tax) (revenue supported), Hoover uprating refunding bonds, series 2001, to refund on a current basis, the outstanding obligations of the Hoover uprating series 1987B bonds.

On October 19, 2001, the Commission entered into a forward purchase agreement to sell \$36,420,000 State of Nevada, Colorado River Commission, general obligation (limited tax) (revenue supported), Hoover uprating refunding bonds, series 2002. The bonds, to be delivered on July 9, 2002, will be used to refund the remaining obligations of the Hoover uprating refunding series 1992 bonds, pursuant to the call provisions of those obligations.

On September 11, 2001, the United States was subjected to extensive terrorist attacks likely to have far-reaching effects on economic activity in the country for an indeterminate period. The near- and long-term impact on the southern Nevada economy and the Commission's operations cannot be predicted at this time, but may be substantial.

**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.

COLORADO RIVER COMMISSION

GENERAL FUND

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2001 AND 2000**

A-1

	2001	2000
ASSETS		
Cash	\$ 902,721	\$ 817,755
Receivables:		
Accounts	100,358	89,849
Accrued interest	11,796	13,855
Due from other funds	941,334	543,185
Total assets	<u>\$ 1,956,209</u>	<u>\$ 1,464,644</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 203,123	\$ 111,536
Due to other funds	711,253	338,323
Total liabilities	<u>914,376</u>	<u>449,859</u>
FUND BALANCE - unreserved	<u>1,041,833</u>	<u>1,014,785</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,956,209</u>	<u>\$ 1,464,644</u>

COLORADO RIVER COMMISSION**GENERAL FUND****COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000****A-2**

	2001	2000
REVENUES:		
Power administrative charge	\$ 960,533	\$ 1,060,870
Water charges	639,067	903,326
Investment income	67,311	40,551
Miscellaneous	-	1,410
Total revenues	<u>1,666,911</u>	<u>2,006,157</u>
EXPENDITURES:		
Current:		
General administration		
Personnel services:		
Salaries	1,248,115	1,151,239
Employee benefits	301,584	274,465
Travel:		
Out-of-state	58,156	53,424
In-state	8,537	5,612
Operating:		
Water purchases	20,551	20,093
Office supplies and expense	14,540	14,835
Printing and copying	5,746	6,500
Insurance	8,553	8,300
Contractual services	193,688	197,640
Legal	388,936	231,575
Equipment repairs	1,151	3,430
Rent	86,594	83,107
Vehicle operation	3,725	1,664
Postage	5,452	6,006
Telephone	29,311	25,166
Dues and registration	69,653	64,248
Publications	4,794	5,668
Professional services	315	588
Miscellaneous	4,979	15,894
Equipment, furniture and software	<u>72,491</u>	<u>107,271</u>
Total expenditures	<u>2,526,871</u>	<u>2,276,725</u>
Less allocated salaries and overhead	<u>(887,009)</u>	<u>(720,467)</u>
Net expenditures	<u>1,639,862</u>	<u>1,556,258</u>
EXCESS OF REVENUES OVER EXPENDITURES	27,049	449,899
FUND BALANCE, JULY 1	<u>1,014,784</u>	<u>564,885</u>
FUND BALANCE, JUNE 30	<u>\$ 1,041,833</u>	<u>\$ 1,014,784</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, 2001**

A-3

	Budget	Actual (Legal Basis)	Variance Favorable (Unfavorable)
REVENUES:			
Power administrative charge	\$ 1,020,372	\$ 960,533	\$ (59,839)
Water charges	1,690,673	639,067	(1,051,606)
Investment income	41,914	67,311	25,397
Total revenues	<u>2,752,959</u>	<u>1,666,911</u>	<u>(1,086,048)</u>
EXPENDITURES:			
Current:			
General administration			
Personnel services	2,157,652	1,549,699	607,953
Travel:			
Out-of-state	102,645	58,156	44,489
In-state	11,609	8,537	3,072
Operating:			
Water purchases	30,827	20,551	10,276
Insurance	2,700	8,553	(5,853)
Legal	387,836	388,936	(1,100)
Miscellaneous		4,979	(4,979)
Other	1,004,595	414,969	589,626
Equipment, furniture and software	87,002	72,491	14,511
Total expenditures	<u>3,784,866</u>	<u>2,526,871</u>	<u>1,257,995</u>
Less allocated salaries and overhead	<u>(1,165,647)</u>	<u>(887,009)</u>	<u>(278,638)</u>
Net expenditures	<u>2,619,219</u>	<u>1,639,862</u>	<u>979,357</u>
EXCESS OF REVENUES OVER EXPENDITURES	133,740	27,049	(106,691)
FUND BALANCE, JULY 1	<u>1,021,884</u>	<u>1,014,784</u>	<u>(7,100)</u>
FUND BALANCE, JUNE 30	<u>\$ 1,155,624</u>	<u>\$ 1,041,833</u>	<u>\$ (113,791)</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, 2001 WITH COMPARATIVE TOTALS FOR JUNE 30, 2000

B-1

	Research and Development	Ft. Mohave Valley Development	Totals	
			2001	2000
ASSETS				
Cash	\$ 328,820	\$ 1,579,632	\$ 1,908,452	\$ 1,796,395
Receivables:				
Accounts				
Accrued interest	4,832	20,623	25,455	26,956
Due from other funds	10,811	55,026	65,837	
TOTAL ASSETS	<u>\$ 344,463</u>	<u>\$ 1,655,281</u>	<u>\$ 1,999,744</u>	<u>\$ 1,823,351</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable				\$ 50
Due to other funds		\$ 2,755	\$ 2,755	3,198
Total liabilities		<u>2,755</u>	<u>2,755</u>	<u>3,248</u>
FUND BALANCES - Unreserved	<u>\$ 344,463</u>	<u>1,652,526</u>	<u>1,996,989</u>	<u>1,820,103</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 344,463</u>	<u>\$ 1,655,281</u>	<u>\$ 1,999,744</u>	<u>\$ 1,823,351</u>

COLORADO RIVER COMMISSION**SPECIAL REVENUE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES****FOR THE YEAR ENDED JUNE 30, 2001****WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000****B-2**

	Research and Development	Ft. Mohave Valley Development	Totals	
			2001	2000
REVENUES:				
Investment income	\$ 23,810	\$ 116,788	\$ 140,598	\$ 84,554
Miscellaneous	20,001	17,989	37,990	24,390
Total revenues	43,811	134,777	178,588	108,944
EXPENDITURES:				
Current:				
General administration	-	1,702	1,702	11,170
EXCESS OF REVENUES OVER EXPENDITURES	43,811	133,075	176,886	97,774
FUND BALANCES, JULY 1	300,652	1,519,451	1,820,103	1,722,329
FUND BALANCES, JUNE 30	<u>\$ 344,463</u>	<u>\$ 1,652,526</u>	<u>\$ 1,996,989</u>	<u>\$ 1,820,103</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, 2001****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2000****B-3**

	2001		Variance	2000
	Budget	Actual	Favorable (Unfavorable)	Actual
REVENUES:				
Investment income	\$ 16,235	\$ 23,810	\$ 7,575	\$ 14,290
Power surcharge	166,652		(166,652)	
Miscellaneous	63,175	20,001	(43,174)	-
Total revenues	<u>246,062</u>	<u>43,811</u>	<u>(202,251)</u>	<u>14,290</u>
EXPENDITURES:				
Current, general administration	<u>234,833</u>	<u>-</u>	<u>234,833</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	11,229	43,811	32,582	14,290
FUND BALANCE, JULY 1	<u>303,316</u>	<u>300,652</u>	<u>(2,664)</u>	<u>286,362</u>
FUND BALANCE, JUNE 30	<u>\$ 314,545</u>	<u>\$ 344,463</u>	<u>\$ 29,918</u>	<u>\$ 300,652</u>

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, 2001****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2000****B-4**

	2001		Variance	2000
	Budget	Actual	Favorable (Unfavorable)	Actual
REVENUES:				
Investment income	\$ 99,910	\$ 116,788	\$ 16,878	\$ 70,264
Miscellaneous	24,390	17,989	(6,401)	24,390
Total revenues	124,300	134,777	10,477	94,654
EXPENDITURES:				
Current:				
General administration	113,534	1,702	111,832	11,170
EXCESS OF REVENUES OVER EXPENDITURES	10,766	133,075	122,309	83,484
FUND BALANCE, JULY 1	1,532,936	1,519,451	(13,485)	1,435,967
FUND BALANCE, JUNE 30	<u>\$ 1,543,702</u>	<u>\$ 1,652,526</u>	<u>\$ 108,824</u>	<u>\$ 1,519,451</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, 2001
WITH COMPARATIVE TOTALS FOR JUNE 30, 2000**

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR JUNE 30, 2000

C-1

ASSETS	Power Marketing Fund	Power Delivery Fund	Totals	
			2001	2000
Current assets:				
Cash	\$ 28,260,596	\$ 3,376,885	\$ 31,637,481	\$ 1,534,353
Receivables:				
Accounts	19,669,136	5,529,513	25,198,649	3,710,907
Accrued interest	511,088	159,130	670,218	568,824
Due from other funds	2,403,249	306,189	2,709,438	1,343
Collateral for loaned securities	742,073	215,161	957,234	
Prepaid power	3,030,962		3,030,962	5,397,032
	54,617,104	9,586,878	64,203,982	11,212,459
Restricted cash	15,629,211	9,348,795	24,978,006	37,539,796
Property, plant and equipment:				
Power transmission system, net		42,496,288	42,496,288	43,628,421
Construction in progress		25,379,584	25,379,584	14,530,922
Deferred charges:				
Unamortized debt charge on refunding bonds	522,134		522,134	554,407
Prepaid power, net of current portion	40,898,519		40,898,519	39,679,047
TOTAL ASSETS	\$ 111,666,968	\$ 86,811,545	\$ 198,478,513	\$ 147,145,052

(Continued)

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR JUNE 30, 2000

C-1

LIABILITIES AND FUND EQUITY	Power Marketing Fund	Power Delivery Fund	Totals	
			2001	2000
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 20,968,352		\$ 20,968,352	\$ 2,155,838
Due to other funds	1,421,746		1,421,746	4,208
	<u>22,390,098</u>		<u>22,390,098</u>	<u>2,160,046</u>
Payable from restricted assets:				
Accounts payable		\$ 6,363,757	6,363,757	4,770,716
Contract retentions payable		2,337,154	2,337,154	3,052,408
Payable to customers	24,333,090	3,572,615	27,905,705	24,956
Bonds payable (within 1 year)	2,410,000	955,000	3,365,000	3,095,000
Due to other funds		1,580,854	1,580,854	198,799
Accrued interest	1,603,358	106,055	1,709,413	1,212,567
Obligations under securities lending	742,073	215,161	957,234	
Arbitrage rebate payable		357,190	357,190	357,190
	<u>29,088,521</u>	<u>15,487,786</u>	<u>44,576,307</u>	<u>12,711,636</u>
Long-term debt:				
Advance from State of Nevada general obligation bonds payable	50,895,000	73,230,000	124,125,000	127,490,000
Unamortized discount on bonds		(893,825)	(893,825)	(960,843)
Advance for Basic substation	4,241,722		4,241,722	3,725,812
	<u>55,136,722</u>	<u>72,336,175</u>	<u>127,472,897</u>	<u>130,254,969</u>
TOTAL LIABILITIES	<u>106,615,341</u>	<u>87,823,961</u>	<u>194,439,302</u>	<u>145,126,651</u>
FUND EQUITY:				
Retained earnings:				
Reserved for operation and maintenance	676,520		676,520	659,566
Unreserved	4,375,107	(1,012,416)	3,362,691	1,358,835
	<u>5,051,627</u>	<u>(1,012,416)</u>	<u>4,039,211</u>	<u>2,018,401</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 111,666,968</u>	<u>\$ 86,811,545</u>	<u>\$ 198,478,513</u>	<u>\$ 147,145,052</u>

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2001**

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000

C-2

	Power Marketing Fund	Power Delivery Fund	Totals	
			2001	2000
OPERATING REVENUES:				
Power sales	\$ 128,647,319	\$20,794,153	\$ 149,441,472	\$ 29,628,918
Miscellaneous service				895,040
Total operating revenues	<u>128,647,319</u>	<u>20,794,153</u>	<u>149,441,472</u>	<u>30,523,958</u>
OPERATING EXPENSES:				
Power purchases	122,951,505	18,545,704	141,497,209	22,854,090
Prepaid power advances	5,397,032		5,397,032	5,464,871
Depreciation		1,132,133	1,132,133	1,132,133
General administration	298,782	1,433,449	1,732,231	1,031,281
Total operating expenses	<u>128,647,319</u>	<u>21,111,286</u>	<u>149,758,605</u>	<u>30,482,375</u>
OPERATING INCOME (LOSS)		(317,133)	(317,133)	41,583
NONOPERATING REVENUES (EXPENSES):				
Investment income	1,952,766	422,958	2,375,724	738,148
Interest expense	(29,289)	(8,492)	(37,781)	
NET INCOME	1,923,477	97,333	2,020,810	779,731
RETAINED EARNINGS, JULY 1	<u>3,128,150</u>	<u>(1,109,749)</u>	<u>2,018,401</u>	<u>1,238,670</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 5,051,627</u>	<u>\$ (1,012,416)</u>	<u>\$ 4,039,211</u>	<u>\$ 2,018,401</u>

**COLORADO RIVER COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000**

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2001

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000

C-3

	Power Marketing Fund	Power Delivery Fund	Totals	
			2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 137,022,179	\$ 18,812,300	\$ 155,834,479	\$ 28,491,958
Cash paid for goods and services	(105,492,314)	(18,902,189)	(124,394,503)	(23,817,891)
Net cash provided by (used in) operating activities	<u>31,529,865</u>	<u>(89,889)</u>	<u>31,439,976</u>	<u>4,674,067</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interest paid and charged to prepaid power	(3,509,205)		(3,509,205)	(3,642,105)
Principal payments on bonds and federal obligation	(2,280,000)		(2,280,000)	(2,150,000)
Net cash used in noncapital financing activities	<u>(5,789,205)</u>		<u>(5,789,205)</u>	<u>(5,792,105)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Advance from customer	515,913		515,913	783,616
Bond proceeds (payments)		(815,000)	(815,000)	25,730,000
Interest paid and capitalized to construction in progress		(2,775,686)	(2,775,686)	(92,846)
Acquisition of property, plant and equipment		(7,271,208)	(7,271,208)	(9,467,295)
Net cash provided by (used in) capital financing activities	<u>515,913</u>	<u>(10,861,894)</u>	<u>(10,345,981)</u>	<u>16,953,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	<u>1,633,775</u>	<u>602,775</u>	<u>2,236,550</u>	<u>1,611,080</u>
NET INCREASE (DECREASE) IN CASH (RESTRICTED AND UNRESTRICTED)	<u>27,890,348</u>	<u>(10,349,008)</u>	<u>17,541,340</u>	<u>17,446,517</u>
CASH, JULY 1	<u>15,999,459</u>	<u>23,074,688</u>	<u>39,074,147</u>	<u>21,627,630</u>
CASH, JUNE 30	<u>\$ 43,889,807</u>	<u>\$ 12,725,680</u>	<u>\$ 56,615,487</u>	<u>\$ 39,074,147</u>

(Continued)

COLORADO RIVER COMMISSION

ENTERPRISE FUNDS

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000

C-3

	Power Marketing Fund	Power Delivery Fund	Totals	
			2001	2000
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)		\$ (317,133)	\$ (317,133)	\$ 41,583
Depreciation		1,132,133	1,132,133	1,132,133
Amortization of prepaid power	\$ 5,397,032		5,397,032	5,464,871
Increase in accounts receivable	(15,958,230)	(5,529,513)	(21,487,743)	(1,799,819)
Increase (decrease) in operating liabilities:				
Accounts payable and contract retentions	18,743,440		18,743,440	125,186
Due to/from other funds	(985,467)	1,076,965	91,498	(57,706)
Payable to customers	24,333,090	3,547,659	27,880,749	(232,181)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 31,529,865</u>	<u>\$ (89,889)</u>	<u>\$ 31,439,976</u>	<u>\$ 4,674,067</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, 2001**

C-4

	Power Marketing Fund						Power Delivery Fund		
	General Operating Funds	Debt Service	All Purpose Reserve	Insufficiency Reserve	Basic Substation Fund	Hoover Acquisition Fund	General Operating Funds	Project Bond Fund	Total
CASH RECEIPTS									
Power sales and charges	\$ 137,022,179				\$ 655,925		\$ 22,017,563		\$ 159,695,667
Interest	71,065	\$ 78,043	\$ 212,077	\$ 18,317	105,676	\$ 13,801	6,328	\$ 622,661	1,127,968
Transfers in		6,011,671				290,120		7,238,132	13,539,923
Total cash receipts	137,093,244	6,089,714	212,077	18,317	761,601	303,921	22,023,891	7,860,793	174,363,558
CASH DISBURSEMENTS									
Payments for goods and services	105,492,314						18,902,189		124,394,503
Capital Improvements					245,691			20,786,076	21,031,767
Transfers out	4,619,504		212,077			229,736		545,427	5,606,744
Principle Payments		2,280,000							2,280,000
Interest payments		3,509,206							3,509,206
Total cash disbursements	110,111,818	5,789,206	212,077	-	245,691	229,736	18,902,189	21,331,503	156,822,220
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	26,981,426	300,508	-	18,317	515,910	74,185	3,121,702	(13,470,710)	17,541,338
CASH, JULY 1	1,279,170	2,699,741	7,440,326	642,390	3,725,811	212,023	255,183	22,819,505	39,074,149
CASH, JUNE 30	\$ 28,260,596	\$ 3,000,249	\$ 7,440,326	\$ 660,707	\$ 4,241,721	\$ 286,208	\$ 3,376,885	\$ 9,348,795	\$ 56,615,487

**COLORADO RIVER COMMISSION
POWER MARKETING FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2001 AND 2000**

COLORADO RIVER COMMISSION**POWER MARKETING FUND****COMPARATIVE BALANCE SHEETS
JUNE 30, 2001 AND 2000****C-5**

	2001	2000
ASSETS		
Current assets:		
Cash	\$ 28,260,596	\$ 1,279,170
Receivables:		
Accounts	19,669,136	3,710,906
Accrued interest	511,088	221,386
Due from other funds	2,403,249	244
Collateral for loaned assets	742,073	
Prepaid power	3,030,962	5,397,032
	54,617,104	10,608,738
Restricted cash	15,629,211	14,720,290
Deferred charges:		
Unamortized debt charge on refunding bonds	522,134	554,407
Prepaid power, net of current portion	40,898,519	39,679,047
TOTAL ASSETS	<u>\$ 111,666,968</u>	<u>\$ 65,562,482</u>

(Continued)

COLORADO RIVER COMMISSION**POWER MARKETING FUND****COMPARATIVE BALANCE SHEETS (CONTINUED)**
JUNE 30, 2001 AND 2000**C-5**

LIABILITIES AND FUND EQUITY	2001	2000
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 20,968,352	\$ 2,155,837
Due to other funds	1,421,746	4,208
	<u>22,390,098</u>	<u>2,160,045</u>
Payable from restricted assets:		
Accounts payable		69,075
Payable to customers	24,333,090	
Bonds payable (within 1 year)	2,410,000	2,280,000
Accrued interest	1,603,358	894,401
Obligations under securities lending	742,073	
	<u>29,088,521</u>	<u>3,243,476</u>
Long-term debt:		
Advance from State of Nevada general obligation bonds payable	50,895,000	53,305,000
Advance for Basic substation	4,241,722	3,725,812
	<u>55,136,722</u>	<u>57,030,812</u>
TOTAL LIABILITIES	<u>106,615,341</u>	<u>62,434,333</u>
FUND EQUITY:		
Retained earnings:		
Reserved for operation and maintenance	676,520	659,565
Unreserved	4,375,107	2,468,584
	<u>5,051,627</u>	<u>3,128,149</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 111,666,968</u>	<u>\$ 65,562,482</u>

COLORADO RIVER COMMISSION

POWER MARKETING FUND

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2000

C-6

	2001		Variance	2000
	Budget	Actual	Favorable (Unfavorable)	Actual
OPERATING REVENUES:				
Power sales	\$186,205,088	\$128,647,319	\$ (57,557,769)	\$ 29,628,918
OPERATING EXPENSES:				
Power purchases	185,312,000	122,951,505	62,360,495	22,854,090
Amortization of prepaid power		5,397,032	(5,397,032)	
Miscellaneous expenses		298,782	(298,782)	5,601,112
Total operating expenses	185,312,000	128,647,319	56,664,681	28,455,202
OPERATING INCOME	893,088		893,088	1,173,716
NONOPERATING REVENUES (EXPENSES):				
Investment income	89,143	1,952,766	1,863,623	723,838
Interest expense		(29,289)	(29,289)	
NET INCOME	982,231	1,923,477	941,246	1,897,554
RETAINED EARNINGS, JULY 1	1,811,731	3,128,150	1,316,419	1,230,596
RETAINED EARNINGS, JUNE 30	\$ 2,793,962	\$ 5,051,627	\$ 2,257,665	\$ 3,128,150

**COLORADO RIVER COMMISSION
POWER MARKETING FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

COLORADO RIVER COMMISSION**POWER MARKETING FUND****COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000****C-7**

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 137,022,179	\$ 27,829,099
Cash paid for goods and services	(105,492,314)	(22,957,692)
Net cash provided by operating activities	<u>31,529,865</u>	<u>4,871,407</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest paid and charged to prepaid power	(3,509,205)	(3,642,105)
Principal payments on bonds and federal obligation	(2,280,000)	(2,150,000)
Net cash used in noncapital financing activities	<u>(5,789,205)</u>	<u>(5,792,105)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Advance from customer	<u>515,913</u>	<u>783,616</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>1,633,775</u>	<u>775,317</u>
NET INCREASE IN CASH (RESTRICTED AND UNRESTRICTED)	27,890,348	638,235
CASH, JULY 1	<u>15,999,459</u>	<u>15,361,224</u>
CASH, JUNE 30	<u>\$ 43,889,807</u>	<u>\$ 15,999,459</u>

(Continued)

COLORADO RIVER COMMISSION

POWER MARKETING FUND

**COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

C-7

	2001	2000
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income		\$ 1,173,716
Amortization of prepaid power	\$ 5,397,032	5,464,871
Increase in accounts receivable	(15,958,230)	(1,799,819)
Increase (decrease) in operating liabilities:		
Accounts payable and contract retentions	18,743,440	125,186
Due to/from other funds	(985,467)	(92,547)
Advances from customers	24,333,090	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 31,529,865</u>	<u>\$ 4,871,407</u>

COLORADO RIVER COMMISSION

POWER DELIVERY FUND

COMPARATIVE BALANCE SHEETS

JUNE 30, 2001 AND 2000

C-8

	2001	2000
ASSETS		
Current assets:		
Cash	\$ 3,376,885	\$ 255,183
Accounts receivable	5,529,513	
Accrued interest	159,130	347,439
Due from other funds	306,189	1,099
Collateral for loaned assets	215,161	
	<u>9,586,878</u>	<u>603,721</u>
Restricted cash	9,348,795	22,819,505
Property, plant and equipment:		
Power transmission system, net	42,496,288	43,628,421
Construction in progress	<u>25,379,584</u>	<u>14,530,922</u>
TOTAL ASSETS	<u><u>\$ 86,811,545</u></u>	<u><u>\$ 81,582,569</u></u>
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Payable from restricted assets:		
Accounts payable and contracts payable	\$ 6,363,757	\$ 4,701,642
Contract retentions payable	2,337,154	3,052,408
Payable to customers	3,572,615	24,956
Current portion of long-term debt	955,000	815,000
Due to other funds	1,580,854	198,799
Accrued interest	106,055	318,166
Obligations under securities lending	215,161	
Arbitrage rebate payable	<u>357,190</u>	<u>357,190</u>
	15,487,786	9,468,161
Long-term debt:		
Advance from State of Nevada general obligation bonds payable	73,230,000	74,185,000
Unamortized discount on bonds payable	<u>(893,825)</u>	<u>(960,843)</u>
TOTAL LIABILITIES	87,823,961	82,692,318
FUND EQUITY:		
Retained earnings (deficit)	<u>(1,012,416)</u>	<u>(1,109,749)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 86,811,545</u></u>	<u><u>\$ 81,582,569</u></u>

COLORADO RIVER COMMISSION

POWER DELIVERY FUND

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS (DEFICIT) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2000**

C-9

	2001			
	Budget	Actual	Variance Favorable (Unfavorable)	2000 Actual
OPERATING REVENUES:				
Power sales	\$ 70,845,349	\$ 20,794,153	\$ (50,051,196)	
Miscellaneous service				\$ 895,040
	<u>70,845,349</u>	<u>20,794,153</u>	<u>(50,051,196)</u>	<u>895,040</u>
OPERATING EXPENSES:				
Power purchases	70,826,015	18,545,704	52,280,311	
Depreciation		1,132,133	(1,132,133)	1,132,133
General administration	66,825	1,433,449	(1,366,624)	895,040
	<u>70,892,840</u>	<u>21,111,286</u>	<u>49,781,554</u>	<u>2,027,173</u>
OPERATING LOSS	(47,491)	(317,133)	(269,642)	(1,132,133)
NONOPERATING REVENUES (EXPENSES):				
Investment income		422,958	422,958	14,310
Interest expense		(8,492)	(8,492)	
NET INCOME (LOSS)	(47,491)	97,333	144,824	(1,117,823)
RETAINED EARNINGS (DEFICIT), JULY 1	<u>47,491</u>	<u>(1,109,749)</u>	<u>(1,157,240)</u>	<u>8,074</u>
RETAINED EARNINGS (DEFICIT), JUNE 30	<u>\$ -</u>	<u>\$ (1,012,416)</u>	<u>\$ (1,012,416)</u>	<u>\$ (1,109,749)</u>

COLORADO RIVER COMMISSION**POWER DELIVERY FUND****COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000****C-10**

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 18,812,300	\$ 662,859
Cash paid for goods and services	(18,902,189)	(860,199)
Net cash used in operating activities	<u>(89,889)</u>	<u>(197,340)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Bond proceeds (payments)	(815,000)	25,730,000
Interest paid and capitalized to construction in progress, net	(2,775,686)	(92,846)
Payments for construction in progress	(7,271,208)	(9,467,295)
Net cash provided by (used in) capital financing activities	<u>(10,861,894)</u>	<u>16,169,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>602,775</u>	<u>835,763</u>
NET INCREASE (DECREASE) IN CASH (RESTRICTED AND UNRESTRICTED)	(10,349,008)	16,808,282
CASH, JULY 1	<u>23,074,688</u>	<u>6,266,406</u>
CASH, JUNE 30	<u>\$ 12,725,680</u>	<u>\$ 23,074,688</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (317,133)	\$ (1,132,133)
Depreciation	1,132,133	1,132,133
Accounts receivable	(5,529,513)	
Due to/from other funds	1,076,965	34,841
Advance from local government	<u>3,547,659</u>	<u>(232,181)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (89,889)</u>	<u>\$ (197,340)</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, 2001

D-1

GENERAL FIXED ASSETS:

Equipment:

Office equipment	\$ 166,810
Office furniture and fixtures	1,165
Automobiles	<u>85,215</u>

TOTAL GENERAL FIXED ASSETS	<u>\$ 253,190</u>
----------------------------	-------------------

INVESTMENT IN GENERAL FIXED ASSETS

BY SOURCE - General fund	<u>\$ 253,190</u>
--------------------------	-------------------

COLORADO RIVER COMMISSION**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS -
BY FUNCTION AND ACTIVITY****FOR THE YEAR ENDED JUNE 30, 2001****D-2**

	General Fixed Assets July 1, 2000	Additions	Retirements	General Fixed Assets June 30, 2001
GENERAL GOVERNMENT:				
Office equipment	\$ 112,219	\$ 54,591	\$ -	\$ 166,810
Office furniture and fixtures	1,165			1,165
Automobiles	63,750	21,465		85,215
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 177,134</u>	<u>\$ 76,056</u>	<u>\$ -</u>	<u>\$ 253,190</u>

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, 2001****E-1**

	July 1, 2000	Receipts	Disbursements	June 30, 2001
GENERAL FUND	\$ 817,755	\$ 1,260,312	\$ 1,175,346	\$ 902,721
SPECIAL REVENUE FUNDS:				
Research and Development	296,212	32,608		328,820
Ft. Mohave Valley Development	1,500,183	81,643	2,194	1,579,632
ENTERPRISE FUNDS:				
Power Marketing	1,279,170	137,093,244	110,111,818	28,260,596
Power Delivery	<u>255,183</u>	<u>22,023,891</u>	<u>18,902,189</u>	<u>3,376,885</u>
 TOTAL - ALL FUNDS	 <u>\$ 4,148,503</u>	 <u>\$160,491,698</u>	 <u>\$130,191,547</u>	 <u>\$34,448,654</u>
 DEPOSITORY:				
Petty cash				\$ 250
Nevada State Treasurer				<u>34,448,404</u>
 TOTAL				 <u>\$34,448,654</u>

COLORADO RIVER COMMISSION

**COMBINED SCHEDULE OF BONDS AND CONTRACTS PAYABLE
ALL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2001

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	25,885,000	46,425,000
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	815,000	48,455,000
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>\$ 99,320,000</u>	<u>\$ 127,490,000</u>

COLORADO RIVER COMMISSION

DEBT SERVICE REQUIREMENTS TO MATURITY

FOR THE YEARS ENDING JUNE 30, 2002 THROUGH 2030

E-3

	Series 1987B	Series 1992	Series 1997A	Series 1999A	Total All Funds
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>\$ 13,691,200</u>	<u>\$ 80,734,533</u>	<u>\$ 90,670,682</u>	<u>\$ 52,474,559</u>	<u>\$ 237,570,974</u>

**STATISTICAL
SECTION
(UNAUDITED)**

COLORADO RIVER COMMISSION

EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS (UNAUDITED)

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	
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
2000-01	1,639,862 (3)	141,497,209		1,702			143,138,773

(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 (UNAUDITED)

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					
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
2000-01	639,067	960,533		149,441,472	207,909			151,248,982

(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, 2001 (UNAUDITED)

Table 3

Type of Coverage	Expiration Date	Details of Coverage
Property and contents	7/1/01	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	7/1/01	Blanket dishonesty bond for State of Nevada employees. \$500,000 limit. \$75,000 deductible per occurrence.

**ADDITIONAL REPORT
OF
INDEPENDENT AUDITORS**

**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, 2001, and have issued our report thereon dated November 1, 2001. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants (including the bond resolutions and ordinances of the General Obligation Hoover Uprating Bonds, Series May 1, 1987B, the General Obligation Hoover Uprating Bonds, 1992 series, and the Power Delivery Project Bonds, Series September 15, 1997A 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.

Percy, Bowler, Taylor & Kern

November 1, 2001