

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM A
FOR MEETING OF DECEMBER 8, 2020**

SUBJECT:

Roll Call/Conformance to Open Meeting Law.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

Announcement of actions taken to conform to the Open Meeting Law will be reported at the meeting.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM B
FOR MEETING OF DECEMBER 8, 2020**

SUBJECT:

Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.)

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM C
FOR MEETING OF DECEMBER 8, 2020**

SUBJECT:

For Possible Action: Approval of minutes of the December 10, 2019 meeting.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

Staff recommends the Commission approve the minutes of the December 10, 2019 meeting.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

The minutes of the December 10, 2019 meeting is enclosed for your review.

The Colorado River Commission of Nevada (Commission) Financial and Audit Subcommittee (Subcommittee) meeting was held at 2:44 p.m. on Tuesday, December 10, 2019 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 3100, Las Vegas, Nevada.

SUBCOMMITTEE COMMISSIONERS IN ATTENDANCE

Subcommittee Chairwoman	Kara J. Kelley
Subcommittee Vice Chairwoman	Marilyn Kirkpatrick
Subcommittee Commissioner	Dan H. Stewart

DEPUTY ATTORNEY(S) GENERAL

Special Counsel, Attorney General	Christine Guerci
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COMMISSION STAFF IN ATTENDANCE

Deputy Executive Director	Eric Witkoski
Senior Assistant Director	Sara Price
Chief of Finance and Administration	Douglas N. Beatty
Senior Energy Accountant	Gail L. Benton
Assistant Director of Energy Information Systems	Kaleb Hall
Office Manager	Gina L. Goodman
Administrative Assistant IV	Kira Bakke

OTHERS PRESENT; REPRESENTING

Eide Bailly LLP	Chris Whetman
Eide Bailly LLP	Shawn Kintaudi

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF DECEMBER 10, 2019**

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The Colorado River Commission of Nevada (Commission) Financial and Audit Subcommittee (Subcommittee) meeting was called to order by Commission Vice Chairwoman Kelley at 2:44 p.m.

A. Conformance to Open Meeting Law.

Deputy Executive Director Eric Witkoski confirmed that the meeting was posted in compliance with the Open Meeting Law.

B. Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)

Subcommittee Chairwoman Kelley asked if there were any comments from the public. There were none.

C. For Possible Action: Approval of minutes of the December 11, 2018 meeting.

Subcommittee Vice Chairwoman Kirkpatrick moved for approval of the minutes. The motion was seconded by Subcommittee Chairwoman Kelley and approved by a unanimous vote.

D. For Information Only: Discussion and Review of the draft Audit for FY2019 including but not limited to, update of audit related activities, potential issues with the timely completion of the audit and discussion of any audit findings

Chief of Finance and Administration Douglas Beatty explained the draft audit (see Attachment A) issued by the Eide Bailly auditors, the reports issued by the auditors related to the audited financial statement, as well as Staff's proposed response to the audit finding and recommendation.

As discussed at the last meeting of the Subcommittee in December of 2018, there were two audit items that resulted in a major finding. These were called the Legal Requirements entry and the Net Operating Loss entry, which are designed to reflect the reality of CRCNV contracts in that the Commission cannot make a profit on the sale of power. In the course of conferences with the auditing team from Eide Bailly, Staff has attempted to streamline the final entries process and now makes only one entry.

The auditors were able to provide Staff with guidance as the entry was created. There were no issues with the entry this year.

Mr. Beatty explained that there were three instances of error this year, with two of them relating to fiscal year (FY) 2018. The items relating to FY 2018 were material and are drove the findings of FY 2019.

The finding in the report is worded similarly to the finding of FY 2018, but the underlying reason for the finding is different for FY 2019, having to do with holdover items in FY 2018.

Vice Chairwoman Kirkpatrick asked the representatives from Eide Bailly to clarify how items might be negative in one fiscal year and positive in the next.

Eide Bailly's Senior Manager Chris Whetman answered that in this case, the item is accrued as a liability and shown as an expense in one year, and then is paid the subsequent year.

Mr. Beatty went on to explain that there was initially some confusion in terms of the coding of Personnel items and that Staff was working to elucidate this process to avoid issues in the future.

Vice Chairwoman Kirkpatrick asked whether the Subcommittee and others involved in auditing processes should be aware that calculation of severance pay needs to be found as a liability.

Mr. Whetman answered in the affirmative; that if severance is payable, it needs to be accrued for.

Chairwoman Kelley asked for clarification on the issue of an invoice being paid in the subsequent fiscal year after the closing of the previous, and whether that happens regularly.

Mr. Whetman answered that it is a regular occurrence, and that many companies will estimate the amount of the invoice for auditing purposes.

Mr. Beatty explained that in this case, the invoice in question cannot typically be estimated due to accounting issues within the company issuing the invoice.

Mr. Whetman then gave his review of Eide Bailly's reports. He stated that Staff's financial statements are in compliance with accounting standards. He explained that the first report also highlights the correction of an error in the prior accounting period.

Mr. Whetman explained Eide Bailly's second report, which states that Staff is in compliance with laws and regulations. This report also covers over financial reporting and Eide Bailly's finding on internal controls based on audit adjustments made.

The final report that Mr. Whitman discussed was a review of responsibilities under Eide Bailly's auditing standards, an explanation of the result of their audit, significant accounting policies (to which there were no significant changes,) significant accounting estimates (such as post-employment benefit plans, actuarial accrual of liabilities, and pension plans,) and that there were no significant difficulties encountered during the audit.

Vice Chairwoman Kirkpatrick expressed congratulations to Staff and Eide Bailly auditors for their cooperation and hard work.

Chairwoman Kelley asked for clarification on Note 15 in the report; the adjustment to the salaries.

Mr. Beatty answered that that the expense was reported on the balance sheet rather than the income statement and should have been noticed in FY 2018.

Chairwoman Kelley asked if there were any further comments or questions from the Subcommittee. There were none.

The Financial and Audit Subcommittee directed Staff to bring Eide Bailly's report to the next meeting of the Colorado River Commission in February of 2020.

E. Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken)

Subcommittee Chairwoman Kelley asked if there were any comments or questions from the public. There were none.

F. Comments and questions from the Commission members.

Subcommittee Chairwoman Kelley asked if there were any other comments or questions from the commission members. There were none.

G. Selection of next possible meeting date.

The next meeting is to be determined.

H. Adjournment.

The meeting was adjourned at 3:11 p.m.

Eric Witkoski, Deputy Executive Director

APPROVED:

Kara J. Kelley, Subcommittee Chairwoman

**COLORADO RIVER COMMISSION OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

FINDING 2019-A**Financial Close and Reporting Process**

Criteria:	Governmental entities are required to follow generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board. Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation of financial statements to ensure that the GAAP financial statements are free from material errors.
Condition:	During our audit, we identified material accounting adjustments that were not identified by the Commission's existing controls over the financial close and reporting process.
Cause:	The Commission's controls over the financial close and reporting process were not sufficiently designed to be able to identify all material adjustments needed on a timely basis.
Effect:	The absence of certain controls over the preparation of financial statements increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, on a timely basis.
Recommendation:	We recommend that management periodically assess risk and identify areas that are more susceptible to misstatement due to error or complexity, and enhance the controls over those areas with respect to the financial close and reporting process.
Management's Response:	



Independent Auditor's Report

To the Members of the Colorado River Commission of Nevada
Colorado River Commission
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Colorado River Commission of Nevada (the Commission), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Commission as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund and the Research and Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 15 to the financial statements, certain errors resulting in understatement of amounts previously reported for expenditures in the general fund as of June 30, 2018, were discovered during the audit. Accordingly, an adjustment has been made to fund balance of the general fund and net position of governmental activities as of June 30, 2018, to correct the error. Our opinion is not modified with respect to that matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for the OPEB liability, and pension trend data on pages 5 through 15 and 135 through 167 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and pension and OPEB trend data, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section and statistical section shown on pages XX through XX and XX through XX are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

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

EB Signature

Las Vegas, Nevada

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

To the Members of the Colorado River Commission of Nevada
Colorado River Commission
Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Colorado River Commission of Nevada (the Commission) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated XXXXXXXXXX.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider deficiency **2019-A** described in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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 or other matters that are required to be reported under *Government Auditing Standards*.

Colorado River Commission's Response to the Finding

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

EB Signature

Las Vegas, Nevada

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To the Governing Body of the
Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the financial statements of Colorado River Commission of Nevada (the Commission) as of and for the year ended June 30, 2019 and have issued our report thereon dated XXXXXXXXXXXX. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated August 21, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding a material weakness in controls identified during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated XXXXXXXXXXXX.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Other postemployment benefit plans' actuarial accrued liabilities
- Pension plans' actuarial accrued liabilities

We evaluated the key factors and assumptions used to develop the estimates described above in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting The Commission's financial statements relate to the disclosures associated with the defined benefit pension plan and the other post-employment benefits. These are sensitive because they represent a significant percentage of the liabilities presented on the statement of net position.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

Adjusting Journal Entries JE # 13			
To defer revenues associated with CREDA Membership fees assessed to customers in FY19 (for which cash was collected), but for services provided in FY20.			
296-4490-00-4510	CREDA MEMBERSHIP PASS-THROUGH	19,302.00	
296-4490-00-2800	wate Deferred revenue		19,302.00
Total		19,302.00	19,302.00
Adjusting Journal Entries JE # 14			
To recognize a liability from NV Energy for services provided prior to year-end.			
502-4501-10-7310	Power Purchases	120,955.00	
502-4501-00-2000	Accounts Payable		120,955.00
Total		120,955.00	120,955.00
Adjusting Journal Entries JE # 18			
To further true up the NOL entry as a result of the additional power purchases expense recognized from AJE 14.			
502-4501-00-2500	Advances from Customers	120,955.00	
502-4501-00-4041	Power Sales		120,955.00
Total		120,955.00	120,955.00
Adjusting Journal Entries JE # 20			
To correct fund 296 beginning fund balance and CY expenses for cumulative impact of 2018 posting error trued-up in CY.			
296-4490-00-2550	FB - Unreserved	81,636.39	
296-4490-04-7020	OPERATING SUPPLIES	26,557.04	
296-4490-04-7020	OPERATING SUPPLIES	11,854.30	
296-4490-04-7020	wate Operating Supplies	21,841.54	
96-4490-01-5100	POWE Salaries		79,583.21
96-4490-01-5100	WATE Salaries		62,306.06
Total		141,889.27	141,889.27

Adjusting Journal Entries JE # 21

Client proposed entry to correct cost allocation and due to/from accounts.

296-4490-00-4235	COST ALLOC REIMBURSEMENT FROM B/A 4501	11,188.45	
502-4502-00-1220	Other Fund Receivable	11,188.45	
296-4490-00-2220	Other fund payable		11,188.45
502-4501-10-7399	Cost Allocations		5,806.15
502-4501-10-7399	Cost Allocations		5,382.30
Total		22,376.90	22,376.90

Adjusting Journal Entries JE # 22

To true up NOL entry based on AJE #21 for fund 502

502-4501-00-4041	Power Sales	11,188.00	
502-4501-00-2500	Advances from Customers		11,188.00
Total		11,188.00	11,188.00

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Reclassifying Journal Entries JE # 12

To record prepaid expense for services to be provided by Caseware in FY20.

B-296-4490-00-1901-El Prepaid Expense	9,200.00	
296-4490-00-1000 Cash W/ Treasurer		9,200.00
Total	9,200.00	9,200.00

Reclassifying Journal Entries JE # 15

To record cash received relating to customer deposit liability that will be offset against future invoices assessed in FY20.

502-4501-00-1000 Cash W/ Treasurer	93,183.00	
EB-502-4501-00-2300 Customer Deposits		93,183.00
Total	93,183.00	93,183.00

Reclassifying Journal Entries JE # 16

To reclassify the cash reconciling item associated with interest income received subsequent to year-end to interest receivable.

296-4490-00-1230 Interest Receivable	11,214.00	
3-4497-00-1230 LCRMS Interest Receivable	63,447.00	
502-4501-00-1230 Interest Receivable	6,893.00	
505-4502-00-1230 Interest Receivable	15,922.00	
EB-502-6147-00-1230 Interest Receivable	1,274.00	
EB-502-6148-00-1230 Interest Receivable	139.00	
EB-505-6138-00-1230 Interest Receivable	345.00	
EB-505-6140-00-1230 Interest Receivable	110.00	
EB-505-6141-00-1230 Interest Receivable	1,119.00	
EB-505-6142-00-1230 Interest Receivable	4,377.00	
EB-505-6144-00-1230 Interest Receivable	292.00	
EB-505-6146-00-1230 Interest Receivable	485.00	
EB-505-6149-00-1230 Interest Receivable	5,010.00	
296-4490-00-1000 Cash W/ Treasurer		11,214.00
3-4497-00-1000 LCRMS CASH W/TREASURER		63,447.00
502-4501-00-1000 Cash W/ Treasurer		6,893.00
502-6147-00-1000 Cash W/ Treasurer		1,274.00
502-6148-00-1000 Cash W/ Treasurer		139.00
505-4502-00-1000 Cash W/ Treasurer		15,922.00
505-6138-00-1000 Cash w/ Treasurer		345.00
505-6140-00-1000 Cash w/Treasurer		110.00
505-6141-00-1000 Cash w/Treasurer		1,119.00
505-6142-00-1000 Cash W/ Treasurer		4,377.00
505-6144-00-1000 Cash W/ Treasurer		292.00
505-6146-00-1000 Cash W/ Treasurer		485.00
505-6149-00-1000 Cash W/ Treasurer		5,010.00
505-6143-00-2555 RE Unreserved		
Total	110,627.00	110,627.00

Reclassifying Journal Entries JE # 17

To reclassify amounts due to a customer (Tronox) out of accounts payable and into payables to customers.

505-4502-00-2000 Accounts Payable	285,415.00	
505-4502-00-2600 Payable to Customers		285,415.00
Total	285,415.00	285,415.00

Reclassifying Journal Entries JE # 19

To reclassify power purchase credit to power sales to capture net impact of 2018 recording error relating to NV Energy credits.

505-4502-00-4041	Power Sales	793,936.00	
505-4502-10-7310	Power Purchases		793,936.00
Total		793,936.00	793,936.00

Reclassifying Journal Entries JE # 23

To correct 2019 posting error in fund 502 relating to correction of 2018 error.

502-4501-10-7399	Cost Allocations	81,636.00	
502-4501-00-4041	Power Sales		81,636.00
Total		81,636.00	81,636.00

All identified errors were corrected by management. Accordingly, there are no uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated XXXXXXXX, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Colorado River Commission of Nevada, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Colorado River Commission of Nevada's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Commission's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the

other information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Modification of the Auditor’s Report

We have made the following modification to our auditor’s report relating to the correction of an error:

Correction of Error

As discussed in Note 15 to the financial statements, certain errors resulting in understatement of amounts previously reported for expenditures in the general fund as of June 30, 2018, were discovered during the audit. Accordingly, an adjustment has been made to fund balance of the general fund and net position of governmental activities as of June 30, 2018, to correct the error. Our opinion is not modified with respect to that matter.

This report is intended solely for the information and use of the board of directors and management of Colorado River Commission of Nevada and is not intended to be and should not be used by anyone other than these specified parties.

EB Signature

Las Vegas, Nevada

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Basic Financial Statements
June 30, 2019

Colorado River Commission of Nevada

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Colorado River Commission of Nevada
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents, unrestricted	\$ 12,992,622	\$ 4,813,643	\$ 17,806,265
Receivables			
Accounts	10,505	1,338,252	1,348,757
Accrued interest	120,540	58,067	178,607
Internal balances	242,746	(242,746)	-
Prepaid items	9,200	530,545	539,745
Current portion of prepaid power	-	1,686,284	1,686,284
Total current assets	<u>13,375,613</u>	<u>8,184,045</u>	<u>21,559,658</u>
Noncurrent assets			
Restricted cash and cash equivalents	-	2,501,597	2,501,597
Capital assets being depreciated, net of accumulated depreciation	16,284	47,131,765	47,148,049
Prepaid power, net of current portion	-	24,624,045	24,624,045
Total noncurrent assets	<u>16,284</u>	<u>74,257,407</u>	<u>74,273,691</u>
Total assets	<u>13,391,897</u>	<u>82,441,452</u>	<u>95,833,349</u>
Deferred Outflows of Resources			
Deferred amounts related to OPEB	69,279	-	69,279
Deferred amounts related to pensions	1,049,737	-	1,049,737
Total deferred outflows of resources	<u>1,119,016</u>	<u>-</u>	<u>1,119,016</u>
Total assets and deferred outflows of resources	<u>\$ 14,510,913</u>	<u>\$ 82,441,452</u>	<u>\$ 96,952,365</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 11,925	\$ 2,802,674	\$ 2,814,599
Accrued payroll	147,586	-	147,586
Unearned revenue	71,988	3,259,843	3,331,831
Payable to customers	-	1,630,529	1,630,529
Customer collateral and other deposits	-	1,187,913	1,187,913
Current portion of accrued compensated absences	282,168	-	282,168
Current portion of bonds payable	-	740,000	740,000
Accrued interest	-	264,356	264,356
Total current liabilities	<u>513,667</u>	<u>9,885,315</u>	<u>10,398,982</u>
Noncurrent liabilities			
Bonds payable, net of current portion	-	26,596,123	26,596,123
Unearned revenue, net of current portion	-	44,206,447	44,206,447
Accrued compensated absences, net of current portion	175,941	-	175,941
Net OPEB liability	2,218,398	-	2,218,398
Net pension liability	5,993,734	-	5,993,734
Total noncurrent liabilities	<u>8,388,073</u>	<u>70,802,570</u>	<u>79,190,643</u>
Deferred Inflows of Resources			
Deferred amounts related to OPEB	148,748	-	148,748
Deferred amounts related to pensions	434,704	-	434,704
Total deferred inflows of resources	<u>583,452</u>	<u>-</u>	<u>583,452</u>
Total liabilities and deferred inflows of resources	<u>9,485,192</u>	<u>80,687,885</u>	<u>90,173,077</u>
Net Position			
Net Investment in Capital Assets	16,284	47,131,765	47,148,049
Restricted for Research and Development	11,199,713	-	11,199,713
Unrestricted	(6,190,276)	(45,378,198)	(51,568,474)
Total net position	<u>5,025,721</u>	<u>1,753,567</u>	<u>6,779,288</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 14,510,913</u>	<u>\$ 82,441,452</u>	<u>\$ 96,952,365</u>

Colorado River Commission of Nevada
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental Activities					
General government	\$ 2,839,717	\$ 2,487,823	\$ (351,894)	\$ -	\$ (351,894)
Research and development	408,828	699,050	290,222	-	290,222
	<u>3,248,545</u>	<u>3,186,873</u>	<u>(61,672)</u>	<u>-</u>	<u>(61,672)</u>
Business-type Activities					
Power marketing	28,220,693	28,186,312	-	(34,381)	(34,381)
Power delivery	15,565,314	15,520,258	-	(45,056)	(45,056)
	<u>43,786,007</u>	<u>43,706,570</u>	<u>-</u>	<u>(79,437)</u>	<u>(79,437)</u>
Total	<u>\$ 47,034,552</u>	<u>\$ 46,893,443</u>	<u>(61,672)</u>	<u>(79,437)</u>	<u>(141,109)</u>
General Revenues					
Investment income			212,331	47,021	259,352
Gain on disposition of property and equipment			-	7,876	7,876
Miscellaneous			61,251	-	61,251
			<u>273,582</u>	<u>54,897</u>	<u>328,479</u>
Change in net position			211,910	(24,540)	187,370
Net position, beginning			4,895,447	1,778,107	6,673,554
Restatement (Note 15)			(81,636)	-	(81,636)
Net position, beginning (as restated)			<u>4,813,811</u>	<u>1,778,107</u>	<u>6,591,918</u>
Net position, ending			<u>\$ 5,025,721</u>	<u>\$ 1,753,567</u>	<u>\$ 6,779,288</u>

Colorado River Commission of Nevada

Balance Sheet

Governmental Funds

June 30, 2019

	<u>General Fund</u>	<u>Research and Development Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 1,843,055	\$ 11,149,567	\$ 12,992,622
Receivables			
Accounts	10,493	12	10,505
Accrued interest	17,720	102,820	120,540
Prepaid items	9,200	-	9,200
Due from Other Funds	<u>242,746</u>	<u>-</u>	<u>242,746</u>
Total assets	<u>\$ 2,123,214</u>	<u>\$ 11,252,399</u>	<u>\$ 13,375,613</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 11,925	\$ -	\$ 11,925
Accrued payroll	147,586	-	147,586
Unearned revenue	<u>19,302</u>	<u>52,686</u>	<u>71,988</u>
Total liabilities	<u>178,813</u>	<u>52,686</u>	<u>231,499</u>
Fund Balances			
Nonspendable - prepaid items	9,200	-	9,200
Restricted for research and development	-	11,199,713	11,199,713
Unassigned	<u>1,935,201</u>	<u>-</u>	<u>1,935,201</u>
Total fund balances	<u>1,944,401</u>	<u>11,199,713</u>	<u>13,144,114</u>
Total liabilities and fund balances	<u>\$ 2,123,214</u>	<u>\$ 11,252,399</u>	
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position			
Amounts reported for governmental activities in the statement of net position are different because			
long-term liabilities that are not due and payable in the current			
period are not reported in the funds.			
Accrued compensated absences		\$ (458,109)	
Net OPEB liability		(2,218,398)	
Net pension liability		<u>(5,993,734)</u>	
			(8,670,241)
Deferred outflows and inflows of resources related to pensions and			
OPEB are applicable to future periods and, therefore, are not			
reported in the funds.			
Deferred inflows of resources related to OPEB		(148,748)	
Deferred inflows of resources related to pensions		(434,704)	
Deferred outflows of resources related to OPEB		69,279	
Deferred outflows of resources related to pensions		<u>1,049,737</u>	
			535,564
Capital outlays to purchase or build capital assets are reported in			
the governmental funds as expenditures. For governmental			
activities, these costs are capitalized in the statement of net position			
and depreciated over their estimated useful lives.			
			<u>16,284</u>
Net position of governmental activities			<u>\$ 5,025,721</u>

Colorado River Commission of Nevada
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Research and Development Special Revenue Fund	Total Governmental Funds
Revenues			
Charges for services	\$ 2,487,823	\$ -	\$ 2,487,823
Investment income	33,969	178,362	212,331
Multi-species surcharge	-	699,050	699,050
Miscellaneous	61,251	-	61,251
Total revenues	<u>2,583,043</u>	<u>877,412</u>	<u>3,460,455</u>
Expenditures			
Current			
General administration	5,445,745	-	5,445,745
Less salaries and overhead recovered by allocation	<u>(2,686,771)</u>	<u>-</u>	<u>(2,686,771)</u>
Net general administration expenditures	2,758,974	-	2,758,974
Multi-species assessment	-	408,828	408,828
Water purchases	12,229	-	12,229
Total expenditures	<u>2,771,203</u>	<u>408,828</u>	<u>3,180,031</u>
Excess (deficiency) of revenues over (under) expenditures and change in fund balances	(188,160)	468,584	280,424
Fund balances, beginning	2,214,197	10,731,129	12,945,326
Restatement (Note 15)	<u>(81,636)</u>	<u>-</u>	<u>(81,636)</u>
Fund balances, beginning (as restated)	2,132,561	10,731,129	12,863,690
Fund balances, ending	<u>\$ 1,944,401</u>	<u>\$ 11,199,713</u>	<u>\$ 13,144,114</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities			
Amounts reported for governmental activities in the statement of activities are different because			
Change in fund balances, governmental funds			\$ 280,424
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were greater than depreciation in the current period.			(5,594)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in accrued compensated absences		(49,743)	
Change in net OPEB liability and related deferred outflows and inflows of resources		37,147	
Change in net pension liability and related deferred outflows and inflows of resources		<u>(50,324)</u>	
			<u>(62,920)</u>
Change in net position of governmental activities			<u>\$ 211,910</u>

Colorado River Commission of Nevada
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual
General Fund
Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Power administrative charge	\$ 1,074,752	\$ 1,074,752	\$ 1,025,858	\$ (48,894)
Water charges	2,394,157	2,394,157	1,461,965	(932,192)
Investment income	27,593	27,593	33,969	6,376
Miscellaneous	55,776	55,776	61,251	5,475
Total revenues	<u>3,552,278</u>	<u>3,552,278</u>	<u>2,583,043</u>	<u>(969,235)</u>
Expenditures				
Current				
General government				
Personnel services	5,018,143	5,018,143	4,097,092	921,051
Travel				
Out-of-state	59,839	63,839	51,528	12,311
In-state	25,641	25,641	13,119	12,522
Operating				
Rent and insurance	141,687	141,687	144,206	(2,519)
Dues and registration fees	67,977	67,977	61,246	6,731
Contractual services	816,865	816,865	226,436	590,429
Other	253,162	253,357	271,223	(17,866)
Legal	554,498	554,498	555,470	(972)
Equipment, furniture and software	54,532	54,532	25,425	29,107
Water purchases	13,717	13,717	12,229	1,488
Total expenditures	<u>7,006,061</u>	<u>7,010,256</u>	<u>5,457,974</u>	<u>1,552,282</u>
Less salaries and overhead recovered by allocation	<u>(3,040,876)</u>	<u>(3,040,876)</u>	<u>(2,686,771)</u>	<u>(354,105)</u>
Net expenditures	<u>3,965,185</u>	<u>3,969,380</u>	<u>2,771,203</u>	<u>1,198,177</u>
Excess (deficiency) of revenues over (under) expenditures and change in fund balance	(412,907)	(417,102)	(188,160)	228,942
Fund balance, beginning	2,421,632	2,662,036	2,214,197	(447,839)
Restatement (Note 15)	-	-	(81,636)	(81,636)
Fund balance, beginning (as restated)	<u>2,421,632</u>	<u>2,662,036</u>	<u>2,132,561</u>	<u>(529,475)</u>
Fund balance, ending	<u>\$ 2,008,725</u>	<u>\$ 2,244,934</u>	<u>\$ 1,944,401</u>	<u>\$ (300,533)</u>

Colorado River Commission of Nevada
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and
Actual Research and Development Special Revenue Fund
Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment income	\$ 121,591	\$ 240,183	\$ 178,362	\$ (61,821)
Multi-species surcharge	751,339	751,339	699,050	(52,289)
Total revenues	<u>872,930</u>	<u>991,522</u>	<u>877,412</u>	<u>(114,110)</u>
Expenditures				
Multi-species assessment	973,302	973,302	408,828	564,474
Net expenditures	<u>973,302</u>	<u>973,302</u>	<u>408,828</u>	<u>564,474</u>
Excess (deficiency) of revenues over (under) expenditures and change in fund balance	(100,372)	18,220	468,584	450,364
Fund balance, beginning	<u>8,035,476</u>	<u>9,013,983</u>	<u>10,731,129</u>	<u>1,717,146</u>
Fund balance, ending	<u>\$ 7,935,104</u>	<u>\$ 9,032,203</u>	<u>\$ 11,199,713</u>	<u>\$ 2,167,510</u>

Colorado River Commission of Nevada
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
Assets			
Current Assets			
Cash and cash equivalents, unrestricted	\$ 3,215,835	\$ 1,597,808	\$ 4,813,643
Receivables			
Accounts	573,287	764,965	1,338,252
Accrued interest	44,078	13,989	58,067
Prepaid items	484,075	46,470	530,545
Current portion of prepaid power	1,686,284	-	1,686,284
Total current assets	6,003,559	2,423,232	8,426,791
Noncurrent Assets			
Restricted cash and cash equivalents	2,179,678	321,919	2,501,597
Capital assets			
Power transmission system, net	7,205,007	39,739,837	46,944,844
Automobiles and equipment, net	-	186,921	186,921
Prepaid power, net of current portion	24,624,045	-	24,624,045
Total non current assets	34,008,730	40,248,677	74,257,407
Total assets	\$ 40,012,289	\$ 42,671,909	\$ 82,684,198
Liabilities			
Current Liabilities			
Accounts payable	\$ 1,859,608	\$ 943,066	\$ 2,802,674
Unearned revenue	1,489,280	1,770,563	3,259,843
Payable to customers	345,204	1,285,325	1,630,529
Customer collateral and other deposits	1,094,730	93,183	1,187,913
Current portion of bonds payable	740,000	-	740,000
Due to other funds	4,538	238,208	242,746
Accrued interest	264,356	-	264,356
Total current liabilities	5,797,716	4,330,345	10,128,061
Noncurrent Liabilities			
Bonds payable, net of current portion	26,596,123	-	26,596,123
Unearned revenue	6,142,236	38,064,211	44,206,447
Total noncurrent liabilities	32,738,359	38,064,211	70,802,570
Total liabilities	38,536,075	42,394,556	80,930,631
Net Position			
Net investment in capital assets	7,205,007	39,926,758	47,131,765
Unrestricted	(5,728,793)	(39,649,405)	(45,378,198)
Total net position	1,476,214	277,353	1,753,567
Total liabilities and net position	\$ 40,012,289	\$ 42,671,909	\$ 82,684,198

Colorado River Commission of Nevada
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities Enterprise Funds		Totals
	Power Marketing	Power Delivery	
Operating Revenues			
Power sales	\$ 28,186,312	\$ 15,520,258	\$ 43,706,570
Operating Expenses			
Power purchases	25,941,015	10,816,730	36,757,745
Prepaid power advances	1,684,284	-	1,684,284
Depreciation	317,868	1,720,682	2,038,550
General administration	277,526	3,027,902	3,305,428
Total operating expenses	<u>28,220,693</u>	<u>15,565,314</u>	<u>43,786,007</u>
Operating income (loss)	(34,381)	(45,056)	(79,437)
Nonoperating Revenues (Expenses)			
Gain on disposition of property and equipment	-	7,876	7,876
Investment income	15,903	31,118	47,021
Change in Net Position	(18,478)	(6,062)	(24,540)
Net Position, Beginning	<u>1,494,692</u>	<u>283,415</u>	<u>1,778,107</u>
Net Position, Ending	<u>\$ 1,476,214</u>	<u>\$ 277,353</u>	<u>\$ 1,753,567</u>

Colorado River Commission of Nevada
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
Cash Flows from Operating Activities			
Cash received from customers	\$ 24,278,996	\$ 14,513,143	\$ 38,792,139
Cash paid for goods and services	<u>(26,136,898)</u>	<u>(13,484,213)</u>	<u>(39,621,111)</u>
Net cash provided (used) by operating activities	<u>(1,857,902)</u>	<u>1,028,930</u>	<u>(828,972)</u>
Cash Flows from Noncapital Financing Activities			
Cash used for debt service:			
Principal	(730,000)	-	(730,000)
Interest	<u>(1,062,535)</u>	<u>-</u>	<u>(1,062,535)</u>
Net cash used by noncapital financing activities	<u>(1,792,535)</u>	<u>-</u>	<u>(1,792,535)</u>
Cash Flows from Investing Activities			
Acquisition of capital assets	-	(76,441)	(76,441)
Proceeds received on sale of capital assets	-	7,876	7,876
Interest received	<u>(4,063)</u>	<u>27,282</u>	<u>23,219</u>
Net cash used by investing activities	<u>(4,063)</u>	<u>(41,283)</u>	<u>(45,346)</u>
Net change in cash and cash equivalents (restricted and unrestricted)	(3,654,500)	987,647	(2,666,853)
Cash and Cash Equivalents, Beginning	<u>9,050,013</u>	<u>932,080</u>	<u>9,982,093</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,395,513</u>	<u>\$ 1,919,727</u>	<u>\$ 7,315,240</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities			
Operating loss	\$ (34,381)	\$ (45,056)	\$ (79,437)
Depreciation	317,868	1,720,682	2,038,550
Gain on sale of capital assets	-	(7,876)	(7,876)
Amortization of prepaid power	1,809,516	-	1,809,516
Amortization of unearned revenue - power transmission	(283,488)	(1,675,628)	(1,959,116)
Amortization of bond premiums and discounts	5,995	-	5,995
(Increase) decrease in operating assets			
Accounts receivable	(437,887)	(130,906)	(568,793)
Prepaid items	(168,682)	(7,514)	(176,196)
Increase (decrease) in operating liabilities			
Accounts payable	248,877	294,893	543,770
Unearned revenue	57,352	55,982	113,334
Payable to customers	(1,092,476)	754,429	(338,047)
Customer collateral and other deposits	(2,279,490)	(3,116)	(2,282,606)
Due to other funds	1,449	73,040	74,489
Accrued interest	<u>(2,555)</u>	<u>-</u>	<u>(2,555)</u>
Net cash provided (used) by operating activities	<u>\$ (1,857,902)</u>	<u>\$ 1,028,930</u>	<u>\$ (828,972)</u>

Note 1 - Summary of Significant Accounting Policies**Reporting Entity**

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

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

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

Basis of Presentation, Measurement Focus, and Basis of Accounting**Basis of Presentation**

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

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

Government-wide financial statements: The statement of net position and the statement of activities display information on all of the activities of the Commission. Eliminations have been made where appropriate to minimize the double counting of internal activities. These statements distinguish between the Commission's *governmental* and *business-type* activities. Governmental activities generally are financed through inter-governmental revenues and other exchange transactions. Business-type activities are financed primarily by fees charged to external parties.

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

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

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

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

The Commission reports the following major governmental funds:

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

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

Additionally, the Commission reports the following major enterprise funds:

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

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

Measurement Focus and Basis of Accounting

Government-wide and proprietary fund financial statements. The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. For the year ended June 30, 2019, there were no non-exchange transactions (those for which the Commission gives, or receives, value without directly receiving, or giving, equal value in exchange) reported in the accompanying financial statements.

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

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

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

Assets, Liabilities, and Equity**Cash Equivalents**

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

State statutes authorize the Treasurer to invest the Commission's deposits in certain obligations of the United States of America, or its agencies or instrumentalities, and of state and local governments, as well as other financial instruments specified in Section 355.170 of Nevada Revised Statutes (NRS). The Treasurer is also permitted by statute to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Commission had no outstanding securities lending transactions as of June 30, 2019.

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

Receivables and Payables

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

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

Prepaid Power

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

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

Restricted Cash and Cash Equivalents

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

Capital Assets

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

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

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

<u>Governmental Activities</u>	<u>Years</u>
Office equipment	5
Office furniture and fixtures	5
Automobiles	4 – 6
<u>Business-type Activities</u>	<u>Years</u>
Power transmission systems	10 – 50
Office equipment	5
Automobiles	4 – 6

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

Compensated Absences

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

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to future periods; and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statement of net position reports 1) unamortized bond refunding charges, 2) the changes in proportion and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, 3) the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over five years, and 4) contributions for pensions and OPEB made subsequent to the measurement date, which will be recognized in the subsequent year.

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

Unearned Revenue

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

Long-term Obligations

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

Fund Equity or Net Position

In the fund financial statements, governmental funds report five classifications of fund balance. Nonspendable are amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted is the result of constraints placed on assets that are externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. Committed are amounts set aside by formal action of the Commission's members. Formal Commission action is also required to modify or rescind an established commitment. Assigned is the result of constraints on amounts imposed by the government's intent to be used for specific purposes, but are neither restricted nor committed.

In the government-wide statements, equity is classified as net position and displayed in the following three components:

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

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

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

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

Note 2 - Stewardship, Compliance, and Accountability**Budgetary Information**

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

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

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

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

Budgetary Information

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

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

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

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

During the fiscal year ended June 30, 2019, the Commission complied with all requirements of the bond covenants.

Note 3 - Cash Deposits

At June 30, 2019, the Commission's carrying amount of restricted and unrestricted cash and cash equivalents was \$20,307,862. These deposits with the Treasurer are not categorized as to credit risk, but are fully insured by the FDIC or collateralized by the State's financial institutions. Securities used as such collateral must total 102 percent of the deposits with each financial institution.

Note 4 - Restricted Cash and Cash Equivalents

Cash and cash equivalents restricted at June 30, 2019, by bond covenants or contractual agreements are summarized as follows:

Restricted for:	
Debt service	\$ 1,025,795
Reserve for revenue insufficiency	299,528
Cash held by contractual agreement	<u>1,176,274</u>
Total restricted	<u><u>\$ 2,501,597</u></u>

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital assets being depreciated				
Office equipment	\$ 49,672	\$ -	\$ 4,298	\$ 45,374
Office furniture and fixtures	26,739	-	1,165	25,574
Automobiles	109,877	-	-	109,877
Total capital assets being depreciated	186,288	-	5,463	180,825
Less accumulated depreciation				
Office equipment	49,672	-	4,298	45,374
Office furniture and fixtures	26,739	-	1,165	25,574
Automobiles	87,999	5,594	-	93,593
Total accumulated depreciation	164,410	5,594	5,463	164,541
Capital assets, net	\$ 21,878	\$ (5,594)	\$ -	\$ 16,284
Business-type Activities				
Capital assets being depreciated				
Power transmission system	\$ 88,278,263	\$ -	\$ -	\$ 88,278,263
Office equipment	92,190	7,900	59,407	40,683
Automobiles	372,575	68,541	51,700	389,416
Total capital assets being depreciated	88,743,028	76,441	111,107	88,708,362
Less accumulated depreciation				
Power transmission system*	39,339,922	1,993,496	-	41,333,418
Office equipment	89,931	2,259	59,407	32,783
Automobiles	219,301	42,795	51,700	210,396
Total accumulated depreciation	39,649,154	2,038,550	111,107	41,576,597
Capital assets, net	\$ 49,093,874	\$ (1,962,109)	\$ -	\$ 47,131,765

*The fiscal year 2018 balance for accumulated depreciation related to the power transmission systems for the power delivery fund was adjusted in the business-type activities to correct a depreciation calculation error, which impacted beginning accumulated depreciation and beginning unearned revenue balances by \$36,397. This adjustment had a zero net effect to total net position.

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities</u>	
General government	\$ 5,594
<u>Business-type Activities</u>	
Power marketing	317,868
Power delivery	<u>1,720,682</u>
	<u>\$ 2,044,144</u>

Note 6 - Balances Due to/from Other Funds

The composition of interfund balances, representing the net of short-term working capital advances and repayments, as of June 30, 2019, was as follows:

<u>Funds</u>	<u>Due From</u>	<u>Due To</u>
General	\$ -	\$ 242,746
Power marketing	4,538	-
Power delivery	<u>238,208</u>	<u>-</u>
	<u>\$ 242,746</u>	<u>\$ 242,746</u>

Note 7 - Unearned Revenue

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

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

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

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

\$46,165,560 of the total unearned revenue balance at June 30, 2019 relates to construction and facilities and is being amortized over various useful lives as determined during construction for Phase I, Phase II and River Mountains, and over an average life of the 39.5 years for the Basic Step-down Yard. The remaining balance in unearned revenue primarily relates to amounts received for services not yet rendered as of June 30, 2019.

Future amortization of Unearned Revenue relating to construction and facilities will be recognized as follows:

2020	\$ 1,959,115
2021	1,959,115
2022	1,959,115
2023	1,959,115
2024	1,959,115
2025 - 2029	9,723,276
2030 - 2034	9,688,355
2035 - 2039	9,090,521
2040 - 2044	4,924,173
2045 - 2049	2,580,692
2050 - 2052	362,968
	<u>\$ 46,165,560</u>

During the year ended June 30, 2019, the Commission recognized total revenue of \$1,959,115 related to the amortization of construction and facilities unearned revenue.

Note 8 - Long-term Debt

General Obligation Bonds

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

On March 12, 2014, because of delays in determining a final allocation of shared costs, interim bonds of \$28,425,000 were issued to fund the Commission's expected share of the cost of construction of the visitor's center at Hoover Dam, with expenditures charged to prepaid power. In June 2014, the Commission sold the \$29,475,000 Series 2014E General Obligation Refunding bonds, proceeds from which were used to pay off the interim bonds. These bonds mature annually on October 1, 2015 through 2043, with interest payable semi-annually on October 1 and April 1 at annual rates of .50% to 4.25%.

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

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

<u>Business-type Activities</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding at June 30, 2019</u>
General obligation refunding series 2014E	2015 - 2043	0.50 to 4.25%	<u>\$ 27,480,000</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 740,000	\$ 1,049,840	\$ 1,789,840
2021	755,000	1,033,573	1,788,573
2022	770,000	1,014,880	1,784,880
2023	800,000	993,670	1,793,670
2024	815,000	970,653	1,785,653
2025 - 2029	4,490,000	4,420,690	8,910,690
2030 - 2034	5,395,000	3,491,104	8,886,104
2035 - 2039	6,465,000	2,237,731	8,702,731
2040 - 2044	7,250,000	795,812	8,045,812
	<u>\$ 27,480,000</u>	<u>\$ 16,007,953</u>	<u>\$ 43,487,953</u>

Changes in Long-term Obligations

Changes in long-term obligations during the year ended June 30, 2019, are summarized below:

	<u>Balance July 01, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Current</u>
Governmental Activities					
Accrued compensated absences	\$ 408,365	\$ 232,336	\$ 182,592	\$ 458,109	\$ 282,168
Business-type Activities					
General obligation bonds	28,210,000	-	730,000	27,480,000	740,000
Unamortized bond discount	(149,872)	-	(5,995)	(143,877)	-
Total	<u>\$ 28,468,493</u>	<u>\$ 232,336</u>	<u>\$ 906,597</u>	<u>\$ 27,794,232</u>	<u>\$ 1,022,168</u>

Accrued compensated absences are paid from the general fund.

The Commission has provided to a third-party borrower conduit debt, related to the water treatment and transmission assets transferred to the third party on January 1, 1996, with an outstanding balance of \$1,175,000 as of June 30, 2019. Pursuant to an agreement with the third-party borrower, the Commission has no obligation for the debt.

Note 9 - Risk Management

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

Note 10 - Commitments and Contingencies**Litigation**

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

Arbitrage Rebate Requirement

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

Note 11 - Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

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

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

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

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

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

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

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

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

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

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

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

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

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

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

Effective July 1, 2015, the required contribution rates for regular members was 14.5% and 28% for employer/employee matching and EPC, respectively.

PERS collective net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

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

Inflation Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.5%
Productivity Pay Increase	0.5%
Consumer Price Index	2.75%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service
	Rates include inflation and productivity increases
Other Assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

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

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

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

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

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The Following target asset allocation policy was adopted as of June 30, 2018:

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

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

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on the assumption, PERS's fiduciary net position at June 30, 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 9,140,203	\$ 5,993,734	\$ 3,379,203

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

The Commission's proportionate share (amount) of the collective net pension liability was \$5,993,734 which represents 0.04395% of the collective net pension liability, which is a decrease from the previous year's proportionate share of 0.04412%. Contributions for employer pay dates within the fiscal year ended June 30, 2018, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their employer contributions relative to the total employer contributions for all employers for the period ended June 30, 2018.

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

For the year ended June 30, 2019, the Commission's pension expense was \$472,548 and its reported deferred outflows and inflows of resources related to pensions were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 187,767	\$ 278,212
Changes of assumptions or other inputs	315,832	-
Net difference between projected and actual earnings on investments	-	28,536
Changes in proportion and differences between actual contributions and proportionate share of contributions	123,096	127,956
Contributions subsequent to measurement date	423,042	-
	<u>\$ 1,049,737</u>	<u>\$ 434,704</u>

At June 30, 2018, the average expected remaining service life was 6.22 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$423,042 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years ending June 30,</u>	
2020	\$ 123,748
2021	22,794
2022	(88,637)
2023	78,189
2024	52,213
2025	3,684

Note 12 - Employee Benefit Plans –

Plan Description – The employees of the Commission participate in a cost-sharing, multiple-employer, defined benefit postemployment plan administered by the Board of the Public Employees' Benefits Program of the State of Nevada (PEBP). NRS 287.023 provides officers and employees eligible to be covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287 the option upon retirement to cancel or continue any such coverage. The cost to administer the program is financed through the contributions and investment earnings of the plan. The PEBP Board is granted the authority to establish and amend the benefit terms of the program. (NRS 287.043) PEBP issues a publicly available financial report that includes financial statements and the required supplementary information for the plan. That report may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701.

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

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

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

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

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

Contributions - The State allocates funds for payment of current and future post-employment benefits other than pensions as a percentage of budgeted payrolls to all State agencies. The required contribution rate for employers, as a percentage of covered payroll, for the fiscal year ended June 30, 2018 was 0.0240. For the year ended June 30, 2019, these payments totaled \$69,279 for the Commission.

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB- the Commission's net OPEB liability was measured as of July 1, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of January 1, 2018, which was then adjusted using roll-back procedures to determine the liability at the measurement date of July 1, 2017. The Commission's proportion of the net OPEB liability was based on the Commission's share of contributions to PEBP relative to the total contributions of all participating employers. At June 30, 2019 the Commission's proportion was 0.1675 percent.

For the year ended June 30, 2019, the Commission recognized OPEB expense of \$118,034. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 148,473
Net difference between projected and actual earnings	-	275
Contributions subsequent to the measurement date	69,279	-
Total	<u>\$ 69,279</u>	<u>\$ 148,748</u>

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

Deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date in the amount of \$69,279 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ (39,348)
2021	(39,348)
2022	(39,348)
2023	<u>(30,704)</u>
Total	<u>\$ (148,748)</u>

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

Inflation Rate	2.50%
Salary Increases	0.50% productivity pay increase, 2.73% average promotional and merit salary increase for Regular, 3.7% for Police & Fire
Investment Rate of Return	3.87%
Healthcare Cost Trend Rates	7.5% initial, 4.50% ultimate

Mortality rates for healthy individuals were based on the RP-2000 combined healthy mortality projected to 2014 with scale AA, set back one year for females. Mortality rates for disabled individuals were based on the RP-2000 disabled retiree mortality projected to 2014 with scale AA, set forward 3 years.

The actuarial assumptions used in the June 30, 2019 valuation were based upon certain demographic and other actuarial assumptions as recommended by the actuary, in conjunction with the State and guidance from the GASB statement.

Discount Rate - The discount rate basis under GASB 75 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The assets in the trust as of June 30, 2018 are less than the expected benefit payments in the first year; therefore, the crossover period is assumed to be in the first year, which provides additional support for continuing the discount rate at the 20-Year Municipal Bond Index rate. The discount rate used to measure the total OPEB liability was 3.87%.

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

Sensitivity of the OPEB liabilities to changes in the discount rate - The following presents the net OPEB liabilities of the plans, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

1% Decrease in Discount Rate 2.87%	Current Discount Rate Rate 3.87%	1% Increase in Discount Rate 4.87%
\$ 2,444,282	\$ 2,218,398	\$ 2,022,087

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

1% Decrease in Healthcare Costs Trend Rate	Current Healthcare Costs Trend Rate	1% Increase in in Healthcare Costs Trend Rate
\$ 2,069,250	\$ 2,218,398	\$ 2,394,476

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

Note 13 - Joint Venture

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

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

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

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

Colorado River Commission of Nevada

Notes to Financial Statements

Year Ended June 30, 2019

Financial information regarding SSEA can be obtained by writing:

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

The SSEA website is www.silverstateenergy.org/.

Note 14 - Related Party

The Commission is governed by seven commissioners, three of whom are appointed by the Southern Nevada Water Authority (SNWA) and four, including the board Chair, appointed by the Governor. The Commission and SNWA do not share staff members or members of management. The SNWA, a local governmental organization, is also one of the Commission's principal revenue payers (see Table 5). In fiscal 2019, the Commission received revenues from the SNWA for power and water resources but made no payments to the SNWA for any purpose. The SNWA publishes a Comprehensive Annual Financial Report which can be seen on their website at SNWA.com. In addition, the Commission's capacities work with other public entities, SNWA, other states, and various governmental entities in fulfilling its statutory responsibilities; however, no other entity has representatives on the board. In fiscal 2019, SNWA accounted for revenue of \$11,758,064.

Note 15 - Prior Period Restatement

A posting error occurred in 2018 which resulted in the understatement of expenses in the general fund and governmental activities. A restatement has been recorded to correct the impact of this error as follows:

	<u>Governmental Activities</u>	<u>Total</u>
Net position at June 30, 2018, as previously reported	\$ 4,895,447	6,673,554
Restatement	<u>(81,636)</u>	<u>(81,636)</u>
Net position at July 1, 2018, as restated	<u>\$ 4,813,811</u>	<u>\$ 6,591,918</u>
	<u>General Fund</u>	<u>Governmental Funds</u>
Fund balance at June 30, 2018, as previously reported	\$ 2,214,197	12,945,326
Restatement	<u>(81,636)</u>	<u>(81,636)</u>
Fund balance at July 1, 2018, as restated	<u>\$ 2,132,561</u>	<u>\$ 12,863,690</u>

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM D
FOR MEETING OF DECEMBER 8, 2020**

SUBJECT:

For Possible Action: Discussion, review and possible acceptance of the draft Financial Audit for Fiscal Year 2020 including but not limited to, update of audit related activities, potential issues with the timely completion of the audit and discussion of any audit findings.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

Staff will provide an update at the meeting.

DRAFT Basic Financial Statements June 30, 2020 (Attached).

Basic Financial Statements
June 30, 2020

Colorado River Commission of Nevada

DRAFT

Colorado River Commission of Nevada
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents, unrestricted	\$ 14,192,971	\$ 4,241,760	\$ 18,434,731
Receivables			
Accounts	15,560	1,921,600	1,937,160
Accrued interest	79,466	32,511	111,977
Internal balances	227,765	(227,765)	-
Prepaid items	16,547	494,454	511,001
Current portion of prepaid power	-	1,686,284	1,686,284
Total current assets	14,532,309	8,148,844	22,681,153
Noncurrent Assets			
Restricted cash and cash equivalents	-	2,602,818	2,602,818
Capital assets being depreciated, net of accumulated depreciation	10,690	45,162,047	45,172,737
Prepaid power, net of current portion	-	23,863,942	23,863,942
Total noncurrent assets	10,690	71,628,807	71,639,497
Total assets	14,542,999	79,777,651	94,320,650
Deferred Outflows of Resources			
Deferred amounts related to OPEB	121,517	-	121,517
Deferred amounts related to pensions	1,083,150	-	1,083,150
Total deferred outflows of resources	1,204,667	-	1,204,667
Total assets and deferred outflows of resources	\$ 15,747,666	\$ 79,777,651	\$ 95,525,317
Liabilities			
Current Liabilities			
Accounts payable	\$ 198,888	\$ 2,785,214	\$ 2,984,102
Accrued payroll	181,463	-	181,463
Unearned revenue	58,763	3,154,988	3,213,751
Payable to customers	-	1,726,683	1,726,683
Customer collateral and other deposits	-	1,196,235	1,196,235
Current portion of accrued compensated absences	328,966	-	328,966
Current portion of bonds payable	-	755,000	755,000
Accrued interest	-	260,564	260,564
Total current liabilities	768,080	9,878,684	10,646,764
Noncurrent Liabilities			
Bonds payable, net of current portion	-	25,847,118	25,847,118
Unearned revenue, net of current portion	-	42,247,331	42,247,331
Accrued compensated absences, net of current portion	189,443	-	189,443
Net OPEB liability	2,267,165	-	2,267,165
Net pension liability	5,986,027	-	5,986,027
Total noncurrent liabilities	8,442,635	68,094,449	76,537,084
Deferred Inflows of Resources			
Deferred amounts related to OPEB	137,733	-	137,733
Deferred amounts related to pensions	565,680	-	565,680
Total deferred inflows of resources	703,413	-	703,413
Total liabilities and deferred inflows of resources	9,914,128	77,973,133	87,887,261
Net Position			
Net investment in capital assets	10,690	45,162,047	45,172,737
Restricted for research and development	11,810,958	-	11,810,958
Unrestricted	(5,988,110)	(43,357,529)	(49,345,639)
Total net position	5,833,538	1,804,518	7,638,056
Total liabilities, deferred inflows of resources and net position	\$ 15,747,666	\$ 79,777,651	\$ 95,525,317

Colorado River Commission of Nevada
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental Activities					
General government	\$ 2,853,053	\$ 2,912,999	\$ 59,946	\$ -	\$ 59,946
Research and development	425,556	720,385	294,829	-	294,829
	<u>3,278,609</u>	<u>3,633,384</u>	<u>354,775</u>	<u>-</u>	<u>354,775</u>
Business-type Activities					
Power marketing	28,095,112	28,060,731	-	(34,381)	(34,381)
Power delivery	16,101,489	16,047,305	-	(54,184)	(54,184)
	<u>44,196,601</u>	<u>44,108,036</u>	<u>-</u>	<u>(88,565)</u>	<u>(88,565)</u>
Total	<u>\$ 47,475,210</u>	<u>\$ 47,741,420</u>	<u>354,775</u>	<u>(88,565)</u>	<u>266,210</u>
General Revenues					
Investment income			382,851	139,516	522,367
Gain on disposition of property and equipment			2,806	-	2,806
Miscellaneous			67,385	-	67,385
			<u>453,042</u>	<u>139,516</u>	<u>592,558</u>
Change in net position			807,817	50,951	858,768
Net position, beginning			<u>5,025,721</u>	<u>1,753,567</u>	<u>6,779,288</u>
Net position, ending			<u>\$ 5,833,538</u>	<u>\$ 1,804,518</u>	<u>\$ 7,638,056</u>

Colorado River Commission of Nevada

Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Research and Development Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 2,389,299	\$ 11,803,672	\$ 14,192,971
Receivables			
Accounts	15,560	-	15,560
Accrued interest	13,417	66,049	79,466
Prepaid Items	16,547	-	16,547
Due from Other Funds	227,765	-	227,765
Total assets	<u>\$ 2,662,588</u>	<u>\$ 11,869,721</u>	<u>\$ 14,532,309</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 198,888	\$ -	\$ 198,888
Accrued payroll	181,463	-	181,463
Unearned revenue	-	58,763	58,763
Total liabilities	<u>380,351</u>	<u>58,763</u>	<u>439,114</u>
Fund Balances			
Nonspendable - prepaid items	16,547	-	16,547
Restricted for research and development	-	11,810,958	11,810,958
Unassigned	2,265,690	-	2,265,690
Total fund balances	<u>2,282,237</u>	<u>11,810,958</u>	<u>14,093,195</u>
Total liabilities and fund balances	<u>\$ 2,662,588</u>	<u>\$ 11,869,721</u>	
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position			
Amounts reported for governmental activities in the statement of net position are different because			
long-term liabilities that are not due and payable in the current			
period are not reported in the funds.			
Accrued compensated absences		\$ (518,409)	
Net OPEB liability		(2,267,165)	
Net pension liability		(5,986,027)	
			(8,771,601)
Deferred outflows and inflows of resources related to pensions and			
OPEB are applicable to future periods and, therefore, are not			
reported in the funds.			
Deferred inflows of resources related to OPEB		(137,733)	
Deferred inflows of resources related to pensions		(565,680)	
Deferred outflows of resources related to OPEB		121,517	
Deferred outflows of resources related to pensions		1,083,150	
			501,254
Capital outlays to purchase or build capital assets are reported in			
the governmental funds as expenditures. For governmental			
activities, these costs are capitalized in the statement of net position			
and depreciated over their estimated useful lives.			
			<u>10,690</u>
Net position of governmental activities			<u>\$ 5,833,538</u>

Colorado River Commission of Nevada
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General Fund	Research and Development Special Revenue Fund	Total Governmental Funds
Revenues			
Charges for services	\$ 2,912,999	\$ -	\$ 2,912,999
Investment income	66,435	316,416	382,851
Multi-species surcharge	-	720,385	720,385
Miscellaneous	67,385	-	67,385
Total revenues	3,046,819	1,036,801	4,083,620
Expenditures			
Current			
General administration	5,683,653	-	5,683,653
Less salaries and overhead recovered by allocation	(2,985,122)	-	(2,985,122)
Net general administration expenditures	2,698,531	-	2,698,531
Multi-species assessment	-	425,556	425,556
Water purchases	13,258	-	13,258
Total expenditures	2,711,789	425,556	3,137,345
Other financing sources			
Proceed from the sale of asset	2,806	-	2,806
Excess (deficiency) of revenues over (under) expenditures and change in fund balances	337,836	611,245	949,081
Fund balances, beginning	1,944,401	11,199,713	13,144,114
Fund balances, ending	\$ 2,282,237	\$ 11,810,958	\$ 14,093,195
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities			
Amounts reported for governmental activities in the statement of activities are different because			
Change in fund balances, governmental funds			\$ 949,081
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense was greater than capital outlays in the current period.			(5,594)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in accrued compensated absences		(60,301)	
Change in net OPEB liability and related deferred outflows and inflows of resources		14,486	
Change in net pension liability and related deferred outflows and inflows of resources		(89,855)	
			(135,670)
Change in net position of governmental activities			\$ 807,817

Colorado River Commission of Nevada
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual
General Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Power administrative charge	\$ 2,363,229	\$ 2,363,229	\$ 1,589,854	\$ (773,375)
Water charges	2,205,893	2,205,893	1,323,145	(882,748)
Investment income	80,202	80,202	66,435	(13,767)
Miscellaneous	59,347	59,347	67,385	8,038
Total revenues	<u>4,708,671</u>	<u>4,708,671</u>	<u>3,046,819</u>	<u>(1,661,852)</u>
Expenditures				
Current				
General government				
Personnel services	5,306,863	5,306,863	4,309,103	997,760
Travel				
Out-of-state	56,889	56,889	36,289	20,600
In-state	9,485	9,485	2,518	6,967
Operating				
Rent and insurance	146,091	146,091	147,679	(1,588)
Dues and registration fees	71,215	71,215	75,082	(3,867)
Contractual services	759,207	759,207	140,385	618,822
Other	261,880	263,280	274,023	(10,743)
Legal	609,844	609,844	609,465	379
Equipment, furniture and software	159,472	159,472	89,109	70,363
Water purchases	13,255	14,155	13,258	897
Total expenditures	<u>7,394,201</u>	<u>7,396,501</u>	<u>5,696,911</u>	<u>1,699,590</u>
Less salaries and overhead recovered by allocation	<u>(2,725,577)</u>	<u>(2,725,577)</u>	<u>(2,985,122)</u>	<u>259,545</u>
Net expenditures	<u>4,668,624</u>	<u>4,670,924</u>	<u>2,711,789</u>	<u>1,959,135</u>
Other financing sources				
Proceeds from sale of asset	-	-	2,806	2,806
Excess (deficiency) of revenues over (under) expenditures and change in fund balance	40,047	37,747	337,836	300,089
Fund balance, beginning	<u>1,692,571</u>	<u>1,932,745</u>	<u>1,944,401</u>	<u>11,656</u>
Fund balance, ending	<u>\$ 1,732,618</u>	<u>\$ 1,970,492</u>	<u>\$ 2,282,237</u>	<u>\$ 311,745</u>

Colorado River Commission of Nevada
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual
Research and Development Special Revenue Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment income	\$ 185,520	\$ 218,447	\$ 316,416	\$ 97,969
Multi-species surcharge	749,016	749,016	720,385	(28,631)
Total revenues	<u>934,536</u>	<u>967,463</u>	<u>1,036,801</u>	<u>69,338</u>
Expenditures				
Multi-species assessment	978,948	978,948	425,556	553,392
Net expenditures	<u>978,948</u>	<u>978,948</u>	<u>425,556</u>	<u>553,392</u>
Excess (deficiency) of revenues over (under) expenditures and change in fund balance	(44,412)	(11,485)	611,245	622,730
Fund balance, beginning	<u>10,557,285</u>	<u>11,184,879</u>	<u>11,199,713</u>	<u>14,834</u>
Fund balance, ending	<u>\$ 10,512,873</u>	<u>\$ 11,173,394</u>	<u>\$ 11,810,958</u>	<u>\$ 637,564</u>

Colorado River Commission of Nevada

Statement of Net Position

Proprietary Funds

June 30, 2020

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
Assets			
Current Assets			
Cash and cash equivalents, unrestricted	\$ 2,669,070	\$ 1,572,690	\$ 4,241,760
Receivables			
Accounts	886,626	1,034,974	1,921,600
Accrued interest	24,532	7,979	32,511
Prepaid items	444,647	49,807	494,454
Current portion of prepaid power	1,686,284	-	1,686,284
Total current assets	5,711,159	2,665,450	8,376,609
Noncurrent Assets			
Restricted cash and cash equivalents	2,281,098	321,720	2,602,818
Capital assets			
Power transmission system, net	6,887,139	38,064,210	44,951,349
Automobiles and equipment, net	-	210,698	210,698
Prepaid power, net of current portion	23,863,942	-	23,863,942
Total non current assets	33,032,179	38,596,628	71,628,807
Total assets	\$ 38,743,338	\$ 41,262,078	\$ 80,005,416
Liabilities			
Current Liabilities			
Accounts payable	\$ 1,809,537	\$ 975,677	\$ 2,785,214
Unearned revenue	1,429,554	1,725,434	3,154,988
Payable to customers	60,971	1,665,712	1,726,683
Customer collateral and other deposits	1,168,575	27,660	1,196,235
Current portion of bonds payable	755,000	-	755,000
Due to other funds	17,534	210,231	227,765
Accrued interest	260,564	-	260,564
Total current liabilities	5,501,735	4,604,714	10,106,449
Noncurrent Liabilities			
Bonds payable, net of current portion	25,847,118	-	25,847,118
Unearned revenue	5,858,748	36,388,583	42,247,331
Total noncurrent liabilities	31,705,866	36,388,583	68,094,449
Total liabilities	37,207,601	40,993,297	78,200,898
Net Position			
Net investment in capital assets	6,887,139	38,274,908	45,162,047
Unrestricted	(5,351,402)	(38,006,127)	(43,357,529)
Total net position	1,535,737	268,781	1,804,518
Total liabilities and net position	\$ 38,743,338	\$ 41,262,078	\$ 80,005,416

Colorado River Commission of Nevada
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2020

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
Operating Revenues			
Power sales	\$ 28,060,731	\$ 16,047,305	\$ 44,108,036
Operating Expenses			
Power purchases	25,817,589	11,173,479	36,991,068
Prepaid power advances	1,684,284	-	1,684,284
Depreciation	317,867	1,729,815	2,047,682
General administration	275,372	3,198,195	3,473,567
Total operating expenses	<u>28,095,112</u>	<u>16,101,489</u>	<u>44,196,601</u>
Operating income (loss)	(34,381)	(54,184)	(88,565)
Nonoperating Revenues (Expenses)			
Investment income	<u>93,904</u>	<u>45,612</u>	<u>139,516</u>
Change in Net Position	59,523	(8,572)	50,951
Net Position, Beginning	<u>1,476,214</u>	<u>277,353</u>	<u>1,753,567</u>
Net Position, Ending	<u>\$ 1,535,737</u>	<u>\$ 268,781</u>	<u>\$ 1,804,518</u>

Colorado River Commission of Nevada

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2020

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
Cash Flows from Operating Activities			
Cash received from customers	\$ 27,321,652	\$ 14,371,403	\$ 41,693,055
Cash paid for goods and services	(26,090,609)	(14,370,378)	(40,460,987)
Net cash provided (used) by operating activities	<u>1,231,043</u>	<u>1,025</u>	<u>1,232,068</u>
Cash Flows from Noncapital Financing Activities			
Cash used for debt service:			
Principal	(740,000)	-	(740,000)
Interest	(1,049,840)	-	(1,049,840)
Net cash provided (used) by noncapital financing activities	<u>(1,789,840)</u>	<u>-</u>	<u>(1,789,840)</u>
Cash Flows from Investing Activities			
Acquisition of capital assets	-	(77,964)	(77,964)
Proceeds received on sale of capital assets	-	-	-
Investment income received	113,452	51,622	165,074
Net cash provided (used) by investing activities	<u>113,452</u>	<u>(26,342)</u>	<u>87,110</u>
Net change in cash and cash equivalents (restricted and unrestricted)	(445,345)	(25,317)	(470,662)
Cash and Cash Equivalents, Beginning	<u>5,395,513</u>	<u>1,919,727</u>	<u>7,315,240</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,950,168</u>	<u>\$ 1,894,410</u>	<u>\$ 6,844,578</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities			
Operating loss	\$ (34,381)	\$ (54,184)	\$ (88,565)
Depreciation	317,867	1,729,815	2,047,682
Gain on sale of capital assets	-	-	-
Amortization of prepaid power	1,809,943	-	1,809,943
Amortization of unearned revenue - power transmission	(283,488)	(1,675,628)	(1,959,116)
Amortization of bond premiums and discounts	5,995	-	5,995
(Increase) decrease in operating assets			
Accounts receivable	(313,339)	(270,009)	(583,348)
Prepaid items	39,428	(3,338)	36,090
Increase (decrease) in operating liabilities			
Accounts payable	(50,072)	32,611	(17,461)
Unearned revenue	(59,726)	(45,129)	(104,855)
Payable to customers	(284,233)	380,387	96,154
Customer collateral and other deposits	73,845	(65,523)	8,322
Due to other funds	12,996	(27,977)	(14,981)
Accrued interest	(3,792)	-	(3,792)
Net cash provided (used) by operating activities	<u>\$ 1,231,043</u>	<u>\$ 1,025</u>	<u>\$ 1,232,068</u>

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM E
FOR MEETING OF DECEMBER 8, 2020**

SUBJECT:

Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.)

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM F
FOR MEETING OF DECEMBER 8, 2020**

SUBJECT:

Comments and questions from the Commission members.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM G
FOR MEETING OF DECEMBER 8, 2020**

SUBJECT:

Selection of next possible meeting date.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM H
FOR MEETING OF DECEMBER 8, 2020**

SUBJECT:

Adjournment.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND: