

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
COLORADO RIVER COMMISSION
OF NEVADA**

A component unit of the State of Nevada

Las Vegas, Nevada

**For the
FISCAL YEAR ENDED JUNE 30, 2009**

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

STATE OF NEVADA

JIM GIBBONS

Governor

CATHERINE CORTEZ MASTO

Attorney General

KIM WALLIN

Controller

KATE MARSHALL

Treasurer

ROSS MILLER

Secretary of State

COLORADO RIVER COMMISSION

GEORGE F. OGILVIE III

Chairman

ACE I. ROBISON

Vice Chairman

BERLYN D. MILLER

Commissioner

MARYBEL BATJER

Commissioner

TOM COLLINS

Commissioner

DUNCAN R. MCCOY

Commissioner

LOIS TARKANIAN

Commissioner

COMMISSION STAFF

GEORGE M. CAAN

Executive Director

JAMES D. SALO

Deputy Executive Director

GAIL A. BATES

Energy Services Manager

DOUGLAS N. BEATTY

Chief, Finance and Administration

McCLAIN PETERSON

Natural Resources Manager

CRAIG N. PYPER

Hydropower Program Manager

ROBERT D. REESE

Assistant Director Engineering & Operation

**COLORADO RIVER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009**

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JIM GIBBONS, *Governor*
GEORGE F. OGILVIE III, *Chairman*
ACE I. ROBISON, *Vice Chairman*
GEORGE M. CAAN, *Executive Director*

STATE OF NEVADA



MARYBEL BATJER, *Commissioner*
TOM COLLINS, *Commissioner*
DUNCAN R. MCCOY, *Commissioner*
BERLYN D. MILLER, *Commissioner*
LOIS TARKANIAN, *Commissioner*

COLORADO RIVER COMMISSION OF NEVADA

November 9, 2009

Honorable Chairman and Members of the Colorado River Commission of Nevada

It is a pleasure for us to present the Comprehensive Annual Financial Report (CAFR) of the Colorado River Commission (the Commission) for the year ended June 30, 2009, prepared by the financial and administrative division staff. This CAFR is published to fulfill state law and bond covenants requiring such within six months of the close of each fiscal year. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. The Commission's internal controls have been developed with the assistance of the State of Nevada Controller's office. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Piercy Bowler Taylor & Kern, Certified Public Accountants and Business Advisors, audited the Commission's fiscal 2009 financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Commission's basic financial statements for the fiscal year ended June 30, 2009, are fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented in the financial section of this report.

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

THE COMMISSION

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

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

Name	Initial Appointment	Current Term
George F. Ogilvie III, Chairman	2007	7/01/07 – 6/30/10
Ace I. Robison, Vice Chairman	2004	7/1/08 – 6/30/11
Marybel Batjer	2005	7/1/08 – 6/30/11
Honorable Tom Collins, Clark County Commissioner	2009	7/1/09 – 6/30/10 *
Honorable Duncan R. McCoy, Boulder City Councilman	2009	9/7/09 – 6/30/10 *
Berlyn D. Miller	2009	8/28/09 – 6/30/12
Honorable Lois Tarkanian, Las Vegas City Councilwoman	2007	7/1/09 – 6/30/10 *

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

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

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

Power. Nevada's allocation of hydropower from Hoover, Parker and Davis Dams, the Colorado River Storage Project, and the Salt Lake City Area Integrated Project is purchased by the Commission from the federal government and sold to several contracting entities in southern Nevada, including three rural electrification associations, one municipal and one investor-owned utility and an industrial complex in Henderson, Nevada. The Commission also seeks and contracts for available capacity and energy from alternative sources in order to meet the needs of the entities it serves. The Commission is also responsible for developing power delivery facilities and providing power, including hydropower to the new water treatment facilities being constructed by SNWA. Under Nevada law the Commission's customer base is limited to its' currently existing customers (including power load to serve the water needs of SNWA members).

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

Overall, Nevada grew by an estimated 88,404 persons or 3.2% from 2008 to 2009, as reported by the State Demographer. This compares to 2.6% growth over the previous year. Clark County's growth has almost stopped after experiencing record growth rates

for many years. For much of the decade, the County grew at rates in excess of 5%. The estimated growth for the current year is less than 1%. The County encompasses 7,927 square miles, an area larger than the entire state of New Jersey. It includes five incorporated cities: Las Vegas, Henderson, North Las Vegas, Boulder City, and Mesquite; fourteen unincorporated towns; one school district; four library districts; one urban and two rural fire districts; one sanitation district; one urban and three rural water districts; and eleven judicial townships. The County's population for 2009 is estimated to be 1,975,587, which represents approximately 69% of the State's population (estimated to be approximately 2,878,288). Current projections place the County population at 2,148,122 in 2010 and 2,666,119 in 2020. Both projections represent a decrease in the expected growth from the previous demographic report. The U.S. Census Bureau projects the County population to reach over 4,000,000 in about 2030, which is over double the population that existed in 2000. The State has been experiencing serious financial concerns as economic indicators in the State and County declined through most of 2009, but recent indicators show slowing of the decline and indicate that the State and local governments have taken steps to decrease expenditures to maintain balanced budgets. Of major concern is the County's reported unemployment rate, estimated to be 12.3% for 2009 a steep increase from the 6.6% reported in 2008 and 4.8% reported in 2007. Despite the overall economic downturn the revenues of the Commission have been steady, and are projected to remain so over the next year. This is primarily due to the nature of Commission resources and the very low cost of those resources to its customers.

Long-Term Financial Planning. Financial management monitors the fund balance of the Commission's general fund to ensure adequate reserves to fund ongoing operations. State and Commission regulations provide the flexibility to adjust water administrative revenues with each budget cycle, and to change power administrative charges with six months notice to the customers. Acceptable fund balance and cash levels are maintained with annual internal review and, during the budget cycle (each even numbered year), are reviewed with the customers in budget preparation meetings. Due to the pass through nature of the Commission's enterprise funds, ending funding balances are not monitored for adequate levels. Cash flow is monitored for these funds, as each month's billings reflect actual revenue requirements for the month. Risk for these funds revolves around the inherent enterprise risk of the Commission's customers.

To ensure ongoing revenues, the Commission monitors the creditworthiness of its customer and vendor base. As a significant portion of the customer base is governmental in nature the risk of financial failure is not significant. For the customers that are not governmental based, the Commission requires deposits against power purchases in amounts determined by staff annually. These deposits are generally in the form of letters of credit issued by financial institutions acceptable to the Commission and the State Treasurer, and are at a minimum equal to three months of average power purchases by the customer. The Commission operates in close concert with all of its customers. Certain staff members are housed full-time at the SNWA offices, all customers have internet access to Commission records and operational information including power purchasing and invoicing amounts in real time.

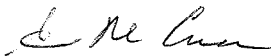
Cash in all funds is deposited in the State Treasurer's account, and the Treasurer acts as the exclusive financial institution for the Commission. Interest income is received from the State Treasurer on all Commission cash. The Commission has no direct control over the investing activities of these resources.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

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

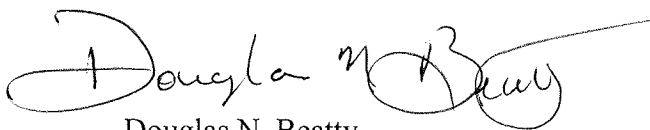
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 32nd consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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



George M. Caan
Executive Director



Douglas N. Beatty
Division Chief, Finance & Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Colorado River Commission of Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

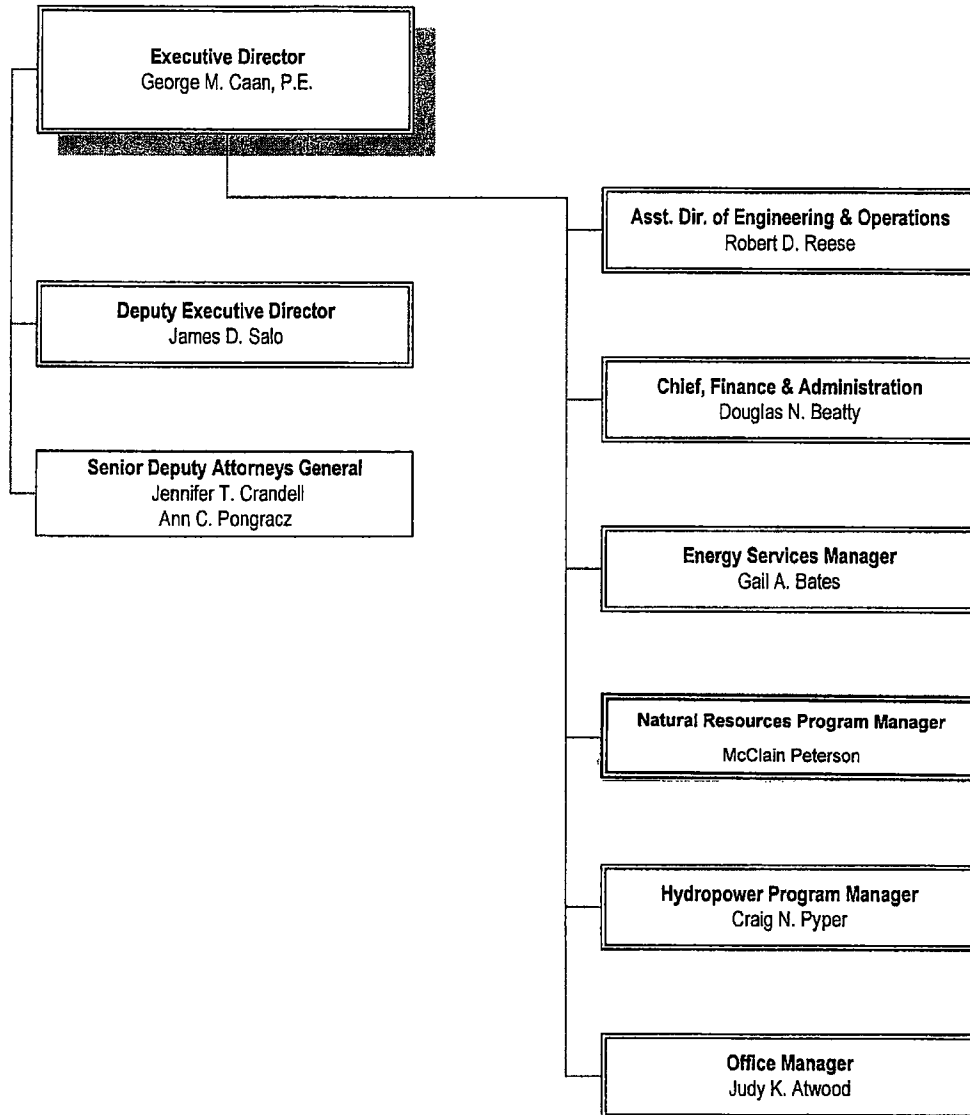
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Colorado River Commission of Nevada Functional Organization



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**FINANCIAL
SECTION**

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**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Colorado River Commission of Nevada (the Commission), a component unit of the State of Nevada as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respect, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2009, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 7 through 15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and therefore, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


November 9, 2009

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**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the comprehensive annual financial report of the Colorado River Commission (Commission) presents management's overall analysis of financial activities for the fiscal year ended June 30, 2009. This information will provide a more complete picture of Commission activities when read in conjunction with the financial statements, notes to the financial statements and letter of transmittal.

Financial Highlights

- ❖ The assets of the Commission exceeded its liabilities at the close of the fiscal year by \$8,270,437 (net assets).
- ❖ The cost of electric service provided to the Southern Nevada Water Authority (SNWA) through the Power Delivery Fund decreased when compared to the prior fiscal year. The decrease can be attributed to decreases in market power costs, and decreasing power load as the economic downturn and home foreclosures have reduced demand.
- ❖ The cost of electric service provided to the customers of the Power Marketing Fund has decreased by 26% when compared to the prior fiscal year. This is a direct result of the economic downturn as a significant portion of the customers of this fund are manufacturing operations. These customers have seen declines in operations in line with overall economic indicators. As the Commission purchases for monthly production needs the overall cost of power has decreased.
- ❖ Overall, the electric power resources available from the Commission remain competitively priced and reasonably stable. The total cost associated with all of the Commission's electric power resources for both enterprise funds in 2009 was \$67,953,430 which represents a decrease of \$18,270,021 from the prior fiscal year.
- ❖ Power administrative revenues in the Commission's general fund decreased by \$129,158 for the current fiscal year, which represents a 10% decrease. The decrease is also directly attributable to the decrease in production by the Power Marketing Fund customers. The deliverable Hydropower remained at levels experienced in the prior fiscal year. Water revenues in the general fund decreased by \$264,564. The decrease is due to decreased activity related to water issues and consolidation of water and environmental staff assignments designed to streamline the natural resource function of the Commission. The net expenditures of the general fund increased by \$162,350. This increase relates to salary expenses which increased by \$196,830, a 6% increase. As the salary costs represent approximately 70% of the total expenditures, it is the largest component cost, and the major

administrative cost for the Commission. The net result of the fiscal year's water and hydropower activities provided the Commission with a healthy carry forward balance in the general fund of \$2,545,592 which is a decrease of \$37,052 from fiscal 2008. This represents a decrease of less than 2% for the fiscal year.

Overview of the Financial Statements

The Commission is a special-purpose government entity. It is empowered primarily to administer the Colorado River water resources given to the State by the Federal Government, and to provide electric power resources to specific legislatively approved entities. The water resources have been allocated to a regional governmental entity, SNWA, and the power resources are provided mostly to governmental or quasi-governmental entities with a limited number of industrial end users grandfathered in to the Commission's service authority. Thus, the enterprise funds have a statutorily limited customer base. The Commission is not empowered to seek or serve any additional entities. The water function is not intended to serve as an enterprise-type activity, and is accounted for in the Commission's general fund. The electric power function, while not intended to generate a profit, is accounted for through the use of two enterprise funds. One of the funds (the Power Delivery Fund) records the transactions related to the Commission's major customer, SNWA. The resources of this fund provide electric power for SNWA's water pumping needs. The other enterprise fund (the Power Marketing Fund) records the transactions related to all of the Commission's other power customers, and includes the hydropower resources allocated to the State. These resources are generated from Federal Hydropower Projects (Hoover Dam, Parker Dam, and others) on the Colorado River. In addition to these funds, the Commission administers a special revenue type governmental fund to account for research and development projects.

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

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

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

The *statement of activities* presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related

cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The functions reported on the Commission's basic financial statements are principally supported by user fees and charges. The water-related activities are supported by an administrative fee assessed on SNWA, and the power-related activities are supported through administrative charges assessed as part of the sale of electric resources. Land and other activities are funded through specific contractual charges assessed on the benefiting entity.

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

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

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

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

The Commission maintains two proprietary (enterprise) funds, both of which are also considered major funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. These funds provide the same type of information as the government-wide financial statements, but in more detail. The Commission adopts an annual budget for all funds. A budgetary comparison is provided in this report.

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

Government-wide Financial Analysis

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

Colorado River Commission's Net Assets						
	Governmental Activities			Business-type Activities		
	2009	2008	Change	2009	2008	Change
Current assets	\$ 4,058,249	\$ 5,121,591	\$ (1,063,342)	\$21,995,770	\$27,562,070	\$(5,566,300)
Non-current restricted cash				10,497,773	9,577,142	920,631
Capital assets	33,762	14,045	19,717	90,234,973	99,721,583	(9,486,610)
Total assets	4,092,011	5,135,636	(1,043,625)	122,728,516	136,860,795	(14,132,279)
Current liabilities	832,623	2,012,826	(1,180,203)	20,858,219	29,470,974	(8,612,755)
Long-term bonds				98,570,000	104,060,000	(5,490,000)
Bond related charges				(4,447,707)	(4,795,510)	347,803
Other noncurrent liabilities	80,036	17,956	62,080	2,656,919	2,903,724	(246,805)
Total liabilities	912,659	2,030,782	(1,118,123)	117,637,431	131,639,188	(14,001,757)
Net assets:						
Invested in capital assets						
net of related debt	33,762	14,045	19,717	(3,967,588)	(3,850,234)	(117,354)
Restricted				713,088	716,319	(3,231)
Unrestricted	3,145,590	3,090,809	54,781	8,345,585	8,355,522	(9,937)
Total net assets	\$ 3,179,352	\$ 3,104,854	\$ 74,498	\$ 5,091,085	\$ 5,221,607	\$ (130,522)

Note that the total assets in the governmental funds decreased from the previous year, with the majority of the decrease reflected in the current assets. This was due to a decrease of approximately \$1,090,000 in collateral for loaned securities. Total assets in the business-type funds also decreased from the previous year. This was due to a decrease of approximately \$2,800,000 in collateral for loaned securities and a decrease of approximately \$6,700,000 in receivables, both a part of the current asset decreases, and reductions in net capital assets reflecting depreciation expenses. The cash balances in both funds remained stable with a decrease of \$13,024 in the governmental funds and an increase of \$678,952 in the enterprise funds. The overall picture represents the economic situation for the producing customers of the Commission and the decrease in water related activities.

Colorado River Commission's Changes in Net Assets

	Governmental Activities			Business-type Activities		
	2009	2008	Change	2009	2008	Change
Revenues:						
Program revenues:						
Administrative charges	\$ 2,214,041	\$ 2,607,763	\$ (393,722)			
Power sales revenue:						
Power marketing				\$ 45,845,877	\$ 55,601,491	\$ (9,755,614)
Power delivery				37,897,186	41,545,441	(3,648,255)
General revenues:						
Investment income	87,325	227,944	(140,619)	183,604	493,005	(309,401)
Multi-Species surcharge	583,162	595,223	(12,061)			
Total revenues	<u>2,884,528</u>	<u>3,430,930</u>	<u>(546,402)</u>	<u>83,926,667</u>	<u>97,639,937</u>	<u>(13,713,270)</u>
Expenses:						
General government	2,810,030	2,730,697	79,333			
Power purchase expenses:						
Power marketing				46,050,417	55,744,898	(9,694,481)
Power delivery				38,006,772	41,981,308	(3,974,536)
Total expenses	<u>2,810,030</u>	<u>2,730,697</u>	<u>79,333</u>	<u>84,057,189</u>	<u>97,726,206</u>	<u>(13,669,017)</u>
Change in net assets	74,498	700,233	(625,735)	(130,522)	(86,269)	(44,253)
Net assets, beginning	3,104,854	2,404,621	700,233	5,221,607	5,307,876	(86,269)
Net assets, ending	<u>\$ 3,179,352</u>	<u>\$ 3,104,854</u>	<u>\$ 74,498</u>	<u>\$ 5,091,085</u>	<u>\$ 5,221,607</u>	<u>\$ (130,522)</u>

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

The governmental activities of the Commission are small in comparison to the capital and power purchasing activities. The Commission's water-related efforts and other minor functions form the bulk of the governmental programs. These activities are funded on a current basis through administrative assessments, and the Commission carries minimal cash balances for these activities. The activities related to the electric power utility function are large and generate millions of dollars in both revenues and expenses. However, as the Commission's contracts for power allow only for recovery of cost (including administrative expenses), these activities do not contribute significant amounts to net assets. In fact, based on timing differences between collections from customers and payment to vendors, the contributions to net assets from these activities may be negative in any given year.

Financial Analysis of Government Funds.

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

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

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

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

Revenues of the Commission's general fund totaled \$2,279,516 in fiscal 2009, \$441,806 less than the \$2,721,322 realized in fiscal 2008. The decrease in revenues was a result of decreased water related activity and decreasing activity of the producing customers which fund the power administrative charge. In addition to these two direct revenue charges, the general fund receives salary and overhead reimbursements from other Commission funds for work performed related to activities of those funds. The reimbursement increased by approximately \$238,000. These reimbursements are for labor charges and overhead expenses. Note that all personnel-related charges are recorded in the general fund.

Funding sources for the Commission's general administrative functions are detailed in the following table:

	2009		2008	
	Amount	Percent	Amount	Percent
Power administrative charge	\$ 1,167,254	22.86%	\$ 1,296,412	24.41%
Water administrative charge	1,046,787	20.50%	1,311,351	24.70%
Interest income	65,475	1.28%	113,559	2.14%
Miscellaneous income				
Total revenues	2,279,516	44.64%	2,721,322	51.25%
Allocated salaries and overhead	2,826,534	55.36%	2,588,797	48.75%
All funding sources	\$ 5,106,050	100.00%	\$ 5,310,119	100.00%

Net expenditures of the general fund totaled \$2,316,568 which is \$162,350 more than the \$2,154,218 expended during fiscal 2008. This was primarily due to increased salary costs in fiscal 2009.

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

	2009	2008	Increase/ (Decrease)
General administration			
Personnel	\$ 3,524,609	\$ 3,327,779	\$ 196,830
Travel	78,536	73,434	5,102
Operating	1,495,515	1,301,572	193,943
Equipment	44,442	40,230	4,212
Total general administration	5,143,102	4,743,015	400,087
Less allocated salaries and overhead	(2,826,534)	(2,588,797)	(237,737)
Net expenditures	\$ 2,316,568	\$ 2,154,218	\$ 162,350

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

Fund	Fund Balance June 30		Increase/ (Decrease)
	2009	2008	
General Fund	\$ 2,545,592	\$ 2,582,644	\$ (37,052)
Research and Development Fund	872,912	732,616	140,296

There were no significant changes to the budget for fiscal 2009. The budget to actual comparisons indicate that the personnel costs overall were below budget, this is due to unfilled positions, and lower than expected outside contractual costs due to a decrease in

directed activity. This is in line with previous fiscal years and reflects the budget process which includes budgeting for all authorized positions and total allowed contract costs which traditionally have never been fully utilized.

The Research and Development Fund records the transactions related to the Lower Colorado River Multi-Species Program. This program is currently underway and this is the second year of operations under the program. Payments related to the program will continue for the next 50 years. The charges to Commission customers are pursuant to contract. The increase in cash reserves is a function of the contracts which provide for the Commission to hold a portion of the collections in an interest bearing account for future federal use on the program.

Capital Assets

The Commission's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$58,547,384 (net of accumulated depreciation). This investment includes the power delivery system, automobiles and equipment (both administrative vehicles and power delivery project utility vehicles) and office furniture. Please refer to Note 5 to the financial statements for more detailed information related to the capital assets of the Commission.

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

	Governmental Activities			Business-type Activities		
	2009	2008	Change	2009	2008	Change
Power transmission system				\$ 58,487,818	\$ 60,503,518	\$ (2,015,700)
Automobiles and equipment	\$ 33,742	\$ 13,806	\$ 19,936	25,804	47,094	(21,290)
Office furniture and fixtures	20	239	(219)			
Total	<u>\$ 33,762</u>	<u>\$ 14,045</u>	<u>\$ 19,717</u>	<u>\$ 58,513,622</u>	<u>\$ 60,550,612</u>	<u>\$ (2,036,990)</u>

Debt Administration

As of June 30, 2009, outstanding long-term obligations of the Commission consisted of the following:

Bond Description	Average Interest Rate (%)	Maturity Date	Balance Outstanding
Hoover Uprating refunding, series 2001	5.4	2017	\$ 6,305,000
Hoover Uprating refunding, series 2002	5.4	2016	33,180,000
Power Delivery refunding series 2005I	4.8	2030	63,940,000
Power Delivery Project, series 1999A	5.5	2030	635,000

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

Litigation and Arbitration

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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COLORADO RIVER COMMISSION

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents, unrestricted	\$ 3,652,871	\$ 1,249,116	\$ 4,901,987
Receivables:			
Accounts	118,052	14,242,811	14,360,863
Accrued interest	15,668	48,850	64,518
Due from other funds*	271,658		
Current portion of prepaid power		5,633,028	5,633,028
Prepaid other		821,965	821,965
Total current assets	<u>4,058,249</u>	<u>21,995,770</u>	<u>25,782,361</u>
Noncurrent assets:			
Restricted cash and cash equivalents		10,497,773	10,497,773
Capital assets:			
Depreciable property and equipment, net	33,762	58,513,622	58,547,384
Construction in progress		369,802	369,802
Prepaid power, net of current portion		31,351,549	31,351,549
Total noncurrent assets	<u>33,762</u>	<u>100,732,746</u>	<u>100,766,508</u>
Total assets	<u>\$ 4,092,011</u>	<u>\$ 122,728,516</u>	<u>\$ 126,548,869</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 206,945	\$ 9,213,215	\$ 9,420,160
Deferred revenue	432,800	131,816	564,616
Payable to customers		600,816	600,816
Customer collateral and other deposits		3,813,518	3,813,518
Current portion of accrued compensated absences	192,878		192,878
Current portion of bonds payable		5,490,000	5,490,000
Unamortized bond discount		(1,646)	(1,646)
Unamortized deferred refunding charge		(347,803)	(347,803)
Unamortized bond premium		246,805	246,805
Due to other funds*		271,658	
Accrued interest		1,439,840	1,439,840
Total current liabilities	<u>832,623</u>	<u>20,858,219</u>	<u>21,419,184</u>
Noncurrent liabilities:			
Bonds payable, net of current portion		98,570,000	98,570,000
Unamortized deferred refunding charge		(4,447,707)	(4,447,707)
Unamortized bond premium		2,656,919	2,656,919
Accrued compensated absences, net of current portion	80,036		80,036
Total noncurrent liabilities	<u>80,036</u>	<u>96,779,212</u>	<u>96,859,248</u>
Total liabilities	<u>912,659</u>	<u>117,637,431</u>	<u>118,278,432</u>
NET ASSETS			
Invested in capital assets, net of related debt	33,762	(3,967,588)	(3,933,826)
Restricted for certain operations and maintenance		713,088	713,088
Unrestricted	3,145,590	8,345,585	11,491,175
Total net assets	<u>3,179,352</u>	<u>5,091,085</u>	<u>8,270,437</u>
Total liabilities and net assets	<u>\$ 4,092,011</u>	<u>\$ 122,728,516</u>	<u>\$ 126,548,869</u>

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

COLORADO RIVER COMMISSION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Governmental Activities	Business-type Activities	
Functions/Programs					
Governmental activities:					
General government	\$ 2,810,030	\$ 2,214,041	\$ (595,989)		\$ (595,989)
Business-type activities:					
Power marketing	46,050,417	45,845,877		\$ (204,540)	(204,540)
Power delivery	38,006,772	37,897,186		(109,586)	(109,586)
	<u>84,057,189</u>	<u>83,743,063</u>		<u>(314,126)</u>	<u>(314,126)</u>
Total	<u>\$ 86,867,219</u>	<u>\$ 85,957,104</u>	<u>(595,989)</u>	<u>(314,126)</u>	<u>(910,115)</u>
General revenues:					
Investment income			87,325	183,604	270,929
Multi-species surcharge			583,162		583,162
			<u>670,487</u>	<u>183,604</u>	<u>854,091</u>
Change in net assets			74,498	(130,522)	(56,024)
Net assets, beginning			<u>3,104,854</u>	<u>5,221,607</u>	<u>8,326,461</u>
Net assets, ending			<u>\$ 3,179,352</u>	<u>\$ 5,091,085</u>	<u>\$ 8,270,437</u>

COLORADO RIVER COMMISSION

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General Fund</u>	<u>Nonmajor Governmental Fund Research and Development Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,788,410	\$ 864,461	\$ 3,652,871
Receivables:			
Accounts	76,293	41,759	118,052
Accrued interest	11,961	3,707	15,668
Due from other funds	271,658		271,658
Total assets	<u>\$ 3,148,322</u>	<u>\$ 909,927</u>	<u>\$ 4,058,249</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 169,930	\$ 37,015	\$ 206,945
Deferred revenue	432,800		432,800
Total liabilities	<u>602,730</u>	<u>37,015</u>	<u>639,745</u>
Fund balances:			
Unreserved, undesignated reported in:			
General fund	2,545,592		2,545,592
Special revenue fund		872,912	872,912
Total fund balances	<u>2,545,592</u>	<u>872,912</u>	<u>3,418,504</u>
Total liabilities and fund balances	<u>\$ 3,148,322</u>	<u>\$ 909,927</u>	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds	33,762
Long-term liabilities that are not due and payable in the current period are not reported in the funds	<u>(272,914)</u>
Net assets of governmental activities	<u>\$ 3,179,352</u>

COLORADO RIVER COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Nonmajor Governmental Fund Research and Development Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Charges for services	\$ 2,214,041		\$ 2,214,041
Investment income	65,475	\$ 21,850	87,325
Multi-Species surcharge		583,162	583,162
Total revenues	<u>2,279,516</u>	<u>605,012</u>	<u>2,884,528</u>
EXPENDITURES			
Current:			
General administration	5,074,506		5,074,506
Less salaries and overhead recovered by allocation	<u>(2,826,534)</u>		<u>(2,826,534)</u>
Net general administration expenditures	2,247,972		2,247,972
Multi-species assessment		443,603	443,603
Investment expenditure	68,596	21,113	89,709
Total expenditures	<u>2,316,568</u>	<u>464,716</u>	<u>2,781,284</u>
Change in fund balances	(37,052)	140,296	103,244
Fund balances, beginning	<u>2,582,644</u>	<u>732,616</u>	<u>3,315,260</u>
Fund balances, ending	<u>\$ 2,545,592</u>	<u>\$ 872,912</u>	<u>\$ 3,418,504</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, total governmental funds	\$ 103,244
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 (\$7,704) was less than capital outlays in the current period.	19,717
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	<u>(48,463)</u>
Change in net assets of governmental activities	<u>\$ 74,498</u>

COLORADO RIVER COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Power administrative charge	\$ 1,321,606	\$ 1,347,371	\$ 1,167,254	\$ (180,117)
Water charges	2,528,406	2,528,406	1,046,787	(1,481,619)
Investment income	81,000	81,000	65,475	(15,525)
Total revenues	<u>3,931,012</u>	<u>3,956,777</u>	<u>2,279,516</u>	<u>(1,677,261)</u>
EXPENDITURES				
Current:				
General administration:				
Personnel services	5,384,737	5,265,389	3,524,609	1,740,780
Travel:				
Out-of-state	65,519	65,519	63,369	2,150
In-state	25,932	25,932	15,167	10,765
Water purchases	50,000	50,000	15,889	34,111
Operating:				
Rent	147,450	147,450	143,370	4,080
Dues and registration fees	138,408	138,408	80,201	58,207
Contractual services	887,500	887,500	390,198	497,302
Other	399,277	398,480	304,160	94,320
Legal	493,101	493,101	493,101	
Equipment, furniture and software	113,071	110,652	44,442	66,210
Investment expenditures			68,596	(68,596)
Total expenditures	<u>7,704,995</u>	<u>7,582,431</u>	<u>5,143,102</u>	<u>2,439,329</u>
Less salaries and overhead recovered by allocation	<u>(4,186,493)</u>	<u>(4,187,213)</u>	<u>(2,826,534)</u>	<u>(1,360,679)</u>
Net expenditures	<u>3,518,502</u>	<u>3,395,218</u>	<u>2,316,568</u>	<u>1,078,650</u>
Change in fund balance	412,510	561,559	(37,052)	(598,611)
Fund balance, beginning	<u>1,407,103</u>	<u>351,493</u>	<u>2,582,644</u>	<u>2,231,151</u>
Fund balance, ending	<u>\$ 1,819,613</u>	<u>\$ 913,052</u>	<u>\$ 2,545,592</u>	<u>\$ 1,632,540</u>

COLORADO RIVER COMMISSION

**BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2009**

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
ASSETS			
Current assets:			
Cash and cash equivalents, unrestricted	\$ 476,868	\$ 772,248	\$ 1,249,116
Receivables:			
Accounts	7,613,678	6,629,133	14,242,811
Accrued interest	36,877	11,973	48,850
Current portion of prepaid power	5,633,028		5,633,028
Prepaid other		821,965	821,965
Total current assets	<u>13,760,451</u>	<u>8,235,319</u>	<u>21,995,770</u>
Noncurrent assets:			
Restricted cash and cash equivalents	9,017,602	1,480,171	10,497,773
Capital assets:			
Power transmission system, net		58,487,818	58,487,818
Automobiles and equipment, net		25,804	25,804
Construction in progress		369,802	369,802
Prepaid power, net of current portion	31,351,549		31,351,549
Total noncurrent assets	<u>40,369,151</u>	<u>60,363,595</u>	<u>100,732,746</u>
Total assets	<u>\$ 54,129,602</u>	<u>\$ 68,598,914</u>	<u>\$ 122,728,516</u>

(Continued)

COLORADO RIVER COMMISSION

BALANCE SHEET (CONTINUED)

PROPRIETARY FUNDS

JUNE 30, 2009

	Business-type Activities Enterprise Funds		
	Power Marketing	Power Delivery	Totals
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 1,419,435	\$ 7,793,780	\$ 9,213,215
Deferred revenue	131,816		131,816
Payable to customers		600,816	600,816
Customer collateral and other deposits	3,813,518		3,813,518
Current portion of bonds payable	3,415,000	2,075,000	5,490,000
Unamortized bond discount		(1,646)	(1,646)
Unamortized deferred refunding charge		(347,803)	(347,803)
Unamortized bond premium		246,805	246,805
Due to other funds	15,480	256,178	271,658
Accrued interest	530,580	909,260	1,439,840
Total current liabilities	<u>9,325,829</u>	<u>11,532,390</u>	<u>20,858,219</u>
Noncurrent liabilities:			
Bonds payable, net of current portion	36,070,000	62,500,000	98,570,000
Unamortized deferred refunding charge	(1,455,404)	(2,992,303)	(4,447,707)
Unamortized bond premium	1,346,453	1,310,466	2,656,919
Total noncurrent liabilities	<u>35,961,049</u>	<u>60,818,163</u>	<u>96,779,212</u>
Total liabilities	<u>45,286,878</u>	<u>72,350,553</u>	<u>117,637,431</u>
NET ASSETS:			
Invested in capital assets, net of related debt		(3,967,588)	(3,967,588)
Restricted for certain operations and maintenance	713,088		713,088
Unrestricted	8,129,636	215,949	8,345,585
Total net assets	<u>8,842,724</u>	<u>(3,751,639)</u>	<u>5,091,085</u>
Total liabilities and net assets	<u>\$ 54,129,602</u>	<u>\$ 68,598,914</u>	<u>\$ 122,728,516</u>

COLORADO RIVER COMMISSION

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009**

	Business-type Activities		Totals
	Power Marketing	Power Delivery	
OPERATING REVENUES:			
Power sales	\$ 45,845,877	\$ 37,897,186	\$ 83,743,063
OPERATING EXPENSES:			
Power purchases	39,074,570	28,878,860	67,953,430
Prepaid power advances	6,399,207		6,399,207
Depreciation		2,036,989	2,036,989
General administration	372,100	3,887,362	4,259,462
Total operating expenses	45,845,877	34,803,211	80,649,088
Operating income		3,093,975	3,093,975
NONOPERATING REVENUES (EXPENSES):			
Investment income	145,879	37,725	183,604
Interest expense	(204,540)	(3,203,561)	(3,408,101)
Change in net assets	(58,661)	(71,861)	(130,522)
Net assets, beginning	8,901,385	(3,679,778)	5,221,607
Net assets, ending	\$ 8,842,724	\$ (3,751,639)	\$ 5,091,085

COLORADO RIVER COMMISSION

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Business-type Activities		
	Enterprise Funds		
	Power Marketing	Power Delivery	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 48,310,782	\$ 42,775,108	\$ 91,085,890
Cash paid for goods and services	(42,216,427)	(37,513,470)	(79,729,897)
Net cash provided by operating activities	<u>6,094,355</u>	<u>5,261,638</u>	<u>11,355,993</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interest paid (charged to prepaid power)	(2,178,631)		(2,178,631)
Principal payments on bonds payable (charged to prepaid power)	(3,240,000)		(3,240,000)
Net cash used in noncapital financing activities	<u>(5,418,631)</u>		<u>(5,418,631)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Interest paid		(3,139,645)	(3,139,645)
Principal payments on bonds payable		(1,960,000)	(1,960,000)
Acquisition of property, plant and equipment	(43,537)	(104,516)	(148,053)
Net cash used in capital financing activities	<u>(43,537)</u>	<u>(5,204,161)</u>	<u>(5,247,698)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	156,550	37,278	193,828
Other	(204,540)		(204,540)
Net cash provided by (used in) investing activities	<u>(47,990)</u>	<u>37,278</u>	<u>(10,712)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (RESTRICTED AND UNRESTRICTED)	584,197	94,755	678,952
CASH AND CASH EQUIVALENTS, BEGINNING	<u>8,910,273</u>	<u>2,157,664</u>	<u>11,067,937</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 9,494,470</u>	<u>\$ 2,252,419</u>	<u>\$ 11,746,889</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income		\$ 3,093,975	\$ 3,093,975
Depreciation		2,036,991	2,036,991
Amortization of prepaid power	\$ 6,399,207		6,399,207
(Increase) decrease in operating assets:			
Accounts receivable	1,676,229	5,008,417	6,684,646
Due from other funds	12,776		12,776
Other		(821,965)	(821,965)
Increase (decrease) in operating liabilities:			
Accounts payable	(2,925,093)	(3,985,686)	(6,910,779)
Deferred revenue	131,816		131,816
Due to other funds	10,744	60,403	71,147
Payable to customers	788,676	(130,497)	658,179
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,094,355</u>	<u>\$ 5,261,638</u>	<u>\$ 11,355,993</u>

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NOTES TO FINANCIAL STATEMENTS

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COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies:

A. Reporting entity

The Colorado River Commission (the Commission) is responsible for managing 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 (the State), is also an integral part of that reporting entity. There are no other entities for which the Commission is financially accountable, and thus requiring them to be reported as component units of the Commission.

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

B. Basis of presentation and measurement focus, 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 Service Commission.

Government-wide financial statements: The statement of net assets and the statement of activities display information on all of the activities of the overall government. 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 taxes, inter-governmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund financial statements: The fund financial statements provide information about the Commission's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2009

statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The Commission reports the *general fund* as its only major governmental fund. The general fund is the Commission's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Commission reports the following major enterprise funds:

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

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

Measurement focus, 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, 2009, there are no nonexchange 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.

As permitted under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*, the Commission has elected not to follow private-sector guidance for accounting and financial reporting standards issued after November 30, 1989, in reporting business-type activities in enterprise funds.

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 fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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 resources are available for use, and then unrestricted resources as needed.

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2009

C. 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. 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, 2009.

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

Receivables and payables

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

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

Prepaid power

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

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), capital improvement and construction (acquisition) are classified as restricted cash and cash equivalents on the balance sheet and statement of net assets. Net assets are restricted to the extent restricted assets exceed related liabilities.

Capital assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. However, during the fiscal year ended June 30, 2009, none of the total interest expense incurred by the Commission of \$5,305,610 was capitalized

COLORADO RIVER COMMISSION

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

and included as part of the cost of assets under construction.

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

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

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.

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

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. However, there were no encumbrances outstanding at the beginning and end of the year. Although budgets are adopted on a biennial basis, each year is treated separately, and unexpended budget authorizations lapse at each year end.

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

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

COLORADO RIVER COMMISSION

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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 \$25,000 in the aggregate, of the respective budget categories. Any changes exceeding 10% or \$25,000 require approval of the Legislature’s Interim Finance Committee.

Bond covenants

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

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

Monthly transfers for debt service – A debt service account is required to ensure payment of interest and principal when due. Transfers are made each month from revenues to provide 1/6 of the next semiannual interest payment and 1/12 of the annual bond maturity 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 Southern Nevada Water System 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, 2009, the Commission complied with all requirements of the bond covenants.

Excess of expenditures over appropriations

No net budget amounts were exceeded in any category during fiscal year 2008-2009.

3. Cash deposits:

At June 30, 2009, the Commission’s carrying amount (“book value”) of restricted and unrestricted cash and cash equivalents was \$15,399,760 and the State Treasurer’s balance was \$16,415,318. These deposits with the Treasurer are not categorized as to credit risk.

4. Restricted cash and cash equivalents:

Cash and cash equivalents restricted at June 30, 2009, by bond covenants or contractual agreements are summarized as follows:

	Power Marketing Fund	Power Delivery Fund
Restricted for:		
Debt service	\$ 3,091,830	
Construction reserve		\$ 1,480,171
Reserve for revenue insufficiency	2,089,963	
Cash held by contractual agreement	3,835,809	
	<hr/>	
Total restricted	<u>\$ 9,017,602</u>	<u>\$ 1,480,171</u>

COLORADO RIVER COMMISSION

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

5. Capital assets:

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 122,119		\$ 11,192	\$ 110,927
Office furniture and fixtures	28,539			28,539
Automobiles	144,257	\$ 27,420	16,456	155,221
Total capital assets being depreciated	<u>294,915</u>	<u>27,420</u>	<u>27,648</u>	<u>294,687</u>
Less accumulated depreciation for:				
Office equipment	121,643	476	11,192	110,927
Office furniture and fixtures	28,301	218		28,519
Automobiles	130,925	7,010	16,456	121,479
Total accumulated depreciation	<u>280,869</u>	<u>7,704</u>	<u>27,648</u>	<u>260,925</u>
Governmental activities capital assets, net	<u>\$ 14,046</u>	<u>\$ 19,716</u>	<u>\$ -</u>	<u>\$ 33,762</u>
Business-type activities:				
Capital assets being depreciated:				
Power transmission system	\$ 75,722,481			\$ 75,722,481
Office equipment	69,784		\$ 4,696	65,088
Automobiles	175,957			175,957
Capital assets not being depreciated:				
Construction in progress	265,286	\$ 104,516		369,802
Total capital assets	<u>76,233,508</u>	<u>104,516</u>	<u>4,696</u>	<u>76,333,328</u>
Less accumulated depreciation for:				
Power transmission system	15,218,963	2,015,700		17,234,663
Office equipment and automobiles	198,648	21,289	4,696	215,241
Total accumulated depreciation	<u>15,417,611</u>	<u>2,036,989</u>	<u>4,696</u>	<u>17,449,904</u>
Business-type activities capital assets, net	<u>\$ 60,815,897</u>	<u>\$ (1,932,473)</u>	<u>\$ -</u>	<u>\$ 58,883,424</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 7,704
Business-type activities:	
Power delivery	<u>2,036,989</u>
Total depreciation expense	<u>\$ 2,044,693</u>

COLORADO RIVER COMMISSION

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009, is as follows:

Funds:	Due from	Due to
General	\$ 271,658	
Power marketing		\$ 15,480
Power delivery		256,178
	<u>\$ 271,658</u>	<u>\$ 271,658</u>

7. Long-term debt:

General Obligation Bonds

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

In 1999, the Commission sold the \$27,730,000 State of Nevada, Colorado River Com-mission, General Obligation (Limited Tax) (Revenue Supported), Power Delivery Project Bonds, Series 1999A. The bonds were to finance the costs of acquiring, constructing and equipping certain electric power transmission and distribution facilities to serve the planned expansion of the Southern Nevada Water System. The bonds mature annually on September 15, 2003 through 2030. Annual interest rates range from 4.5 to 6.5%. Interest is payable semi-annually on March 15 and September 15.

In 2001, the Commission sold the \$6,305,000 Series 2001 bonds. Proceeds from these bonds were used to advance refund the Series 1987B bonds. The bonds mature on October 1, 2017, with interest payable semi-annually on April 1 and October 1 at the annual rate of 5.375%.

In 2002, the Commission sold the \$36,420,000 Series 2002 bonds. Proceeds from these bonds, along with other available funds, were used to advance refund the Series 1992 bonds. The bonds mature annually on October 1, 2008 through 2016, with interest payable semi-annually on April 1 and October 1 at the annual rate of 5.375%.

In April 2005, the Commission sold the \$65,300,000 Series 2005I bonds. Proceeds from these bonds were used to advance refund substantial portions of the Series 1997A and 1999A bonds. The bonds mature annually on September 15, 2008 through 2029, with interest payable semi-annually on March 15 and September 15 at the annual rates of 4.75% and 5%.

For the Series 1999A and 2005I bonds the principal and interest payments are being made by a significant customer of the Commission as partial payment for power delivery services.

The Commission has provided to a third-party borrower conduit debt with an outstanding balance of \$131,225,000 as of June 30, 2009. Pursuant to an agreement with the third-party borrower, the Commission has no obligation for the debt.

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

COLORADO RIVER COMMISSION

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

	Maturity Dates	Interest Rates	Outstanding June 30, 2009
Business-type activities:			
Power delivery bonds, series 1999A	2003-2030	4.5 to 6.5%	\$ 635,000
Hoover uprating refunding, series 2001	2017	5.375%	6,305,000
Hoover uprating refunding, series 2002	2008-2016	5.375%	33,180,000
Power delivery refunding, series 2005I	2008-2030	4.75 to 5%	63,940,000

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

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2010	\$ 5,490,000	\$ 5,091,366
2011	5,770,000	4,791,950
2012	6,065,000	4,482,209
2013	6,400,000	4,155,959
2014	6,735,000	3,812,144
2015-2019	34,990,000	13,297,588
2020-2024	18,290,000	7,072,856
2025-2029	19,585,000	2,277,744
2030	735,000	17,456
Total	\$ 104,060,000	\$ 44,999,272

Changes in long-term obligations

Changes in long-term obligations during the year-ended June 30, 2009, are summarized below:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Current
Governmental activities:					
Accrued compensated absences	\$ 224,451	\$ 198,552	\$ 150,089	\$ 272,914	\$ 192,878
Business-type activities:					
General obligation bonds	109,260,000		5,200,000	104,060,000	5,490,000
Unamortized bond premium	3,150,539		246,815	2,903,724	246,805
Unamortized bond discount	(9,543)		(7,897)	(1,646)	(1,646)
Unamortized refunding charges	(5,143,314)		(347,804)	(4,795,510)	(347,803)
Total	\$ 107,482,133	\$ 198,552	\$ 5,241,203	\$ 102,439,482	\$ 5,580,234

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2009

8. Segment information

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

9. Risk management

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

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

Through the State Treasurer, the Commission may carry cash and cash equivalents on deposit with financial institutions in excess of federally insured limits, and the risk of losses related to such concentrations may be increasing as a result of recent economic developments discussed in the foregoing paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, is not subject to estimation at this time.

10. Commitments and contingencies

Litigation

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

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

Arbitrage Rebate Requirement

The federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the Commission. Under this Act, an amount may be required to be rebated to the United States Treasury (called "arbitrage"), for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable

COLORADO RIVER COMMISSION

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in adjustments to this determination.

11. Employee retirement system

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

PERS provides pension, survivor, death and disability benefits, which are determined by State statute. Various payment options for these benefits are available. Regular members of the system receive full benefits upon retirement at:

- Age 65 with at least 5 years of service
- Age 60 with 10 or more years of service
- Any age with 30 or more years of service

Retirement benefits, payable monthly for life, are equal to 2.67% of their final average salary for each year of credited service up to a maximum of 90% if hired before July 1, 1985, and up to a maximum of 75% if hired on or after that date. Final average salary is the employee's average compensation for the 36 consecutive months of highest compensation. Benefits fully vest on reaching 5 years of service. Vested employees who have the necessary years of credited service, but have not attained the required age, may retire at any age with the benefit actuarially reduced by 2% of the unmodified benefit for each year the member is under the appropriate retirement age.

Employees have the option of either contributing 9.75% of their salary and the Commission contributing 10.50%, or, under the employer paid option, taking a 10.5% reduction in gross pay with the Commission contributing 20.25% of salary to PERS.

Contribution rates are established by State statute and provide for yearly increases of up to 1% until such time as the actuarially determined unfunded liability of PERS is reduced to zero. The required contribution, which was paid in full by the Commission, for fiscal years 2007-2009 was as follows:

Year Ended	Contribution Rate Regular Members		Covered Payroll		Contribution Paid by the Commission	
	Employer	Employer/ Employee	Employer	Employer/ Employee	Employer	Employer/ Employee
June 30,						
2007	20.25%	10.50%	\$ 1,546,598	\$ 850,125	\$ 313,186	\$ 89,263
2008	20.25%	10.50%	2,554,382	858,319	517,262	90,123
2009	20.25%	10.50%	2,675,032	860,453	541,694	90,348

COLORADO RIVER COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2009

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

Public Employees Retirement System of
Nevada
693 W. Nye Lane
Carson City, NV 89703-1599
(775) 687-4200

12. Other Postemployment Benefits

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

premiums are deducted from pension checks and paid to the PEBP. The cost varies depending on which health plan the retiree chooses, as well as the amount of subsidy they receive.

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

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

Contributions and Funding Policy - NRS 287.046 establishes a subsidy to pay the contributions for the persons retired from the State. Contributions to the Retirees' Fund are paid by the State through an assessment of actual payroll paid by each State entity. For the period from July 1, 2008 through June 30, 2009, the rate assessed was 2.3% of annual covered payroll. The assessment is based on an amount prescribed by the Legislature. For the years ended June 30, 2009 and 2008, the Commission contributed \$56,635 and \$97,600, respectively, to the plan. Prior to the establishment of the Retirees' Fund, the Commission's contribution to the PEBP for the year ended June 30, 2007, was \$52,736. These contributions equaled 100% of the required contributions each year.

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**COMBINING & INDIVIDUAL
FUND STATEMENTS & SCHEDULES**

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COLORADO RIVER COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 RESEARCH AND DEVELOPMENT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 11,281	\$ 19,570	\$ 21,850	\$ 2,280
Multi-Species surcharge	1,388,000	1,388,000	583,162	(804,838)
Total revenues	<u>1,399,281</u>	<u>1,407,570</u>	<u>605,012</u>	<u>(802,558)</u>
EXPENDITURES				
Multi-Species assessment	1,388,000	1,388,000	443,603	944,397
Investment expense			21,113	(21,113)
	<u>1,388,000</u>	<u>1,388,000</u>	<u>464,716</u>	<u>923,284</u>
Change in fund balance	11,281	19,570	140,296	120,726
Fund balance, beginning	<u>219,439</u>	<u>256,961</u>	<u>732,616</u>	<u>475,655</u>
Fund balance, ending	<u>\$ 230,720</u>	<u>\$ 276,531</u>	<u>\$ 872,912</u>	<u>\$ 596,381</u>

COLORADO RIVER COMMISSION

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE*
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Office equipment	\$ 110,927	\$ 122,119
Office furniture and fixtures	28,539	28,539
Automobiles	<u>155,221</u>	<u>144,257</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 294,687</u>	<u>\$ 294,915</u>
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE - General fund	<u>\$ 294,687</u>	<u>\$ 294,915</u>

*All governmental fund capital assets are used in the general government function.

COLORADO RIVER COMMISSION

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Capital Assets July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets June 30, 2009</u>
GENERAL GOVERNMENT:				
Office equipment	\$ 122,119		\$ 11,192	\$ 110,927
Office furniture and fixtures	28,539			28,539
Automobiles	144,257	\$ 27,420	16,456	155,221
TOTAL CAPITAL ASSETS	<u>\$ 294,915</u>	<u>\$ 27,420</u>	<u>\$ 27,648</u>	<u>\$ 294,687</u>

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STATISTICAL SECTION

(UNAUDITED)

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

Contents

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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COLORADO RIVER COMMISSION

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS (UNAUDITED)

Table 1

	Fiscal Year							
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 33,762	\$ 14,045	\$ 97,911	\$ 118,006	\$ 109,064	\$ 107,230	\$ 122,638	\$ 170,115
Unrestricted	3,145,590	3,090,809	2,306,710	10,934,221	9,292,022	2,393,362	1,929,113	2,601,629
Total governmental activities net assets	<u>3,179,352</u>	<u>3,104,854</u>	<u>2,404,621</u>	<u>11,052,227</u>	<u>9,401,086</u>	<u>2,500,592</u>	<u>2,051,751</u>	<u>2,771,744</u>
Business-type activities								
Invested in capital assets, net of related debt	(3,967,588)	(3,850,234)	(3,661,965)					
Restricted	713,088	716,319	717,664	716,284	713,004	707,485	705,049	707,007
Unrestricted	8,345,585	8,355,522	8,252,177	4,716,772	5,345,387	5,676,526	6,251,496	7,845,864
Total business-type activities net assets	<u>5,091,085</u>	<u>5,221,607</u>	<u>5,307,876</u>	<u>5,433,056</u>	<u>6,058,391</u>	<u>6,384,011</u>	<u>6,956,545</u>	<u>8,552,871</u>
Total entity-wide								
Invested in capital assets, net of related debt	(3,933,826)	(3,836,189)	(3,564,054)	118,006	109,064	107,230	122,638	170,115
Restricted	713,088	716,319	717,664	716,284	713,004	707,485	705,049	707,007
Unrestricted	11,491,175	11,446,331	10,558,887	15,650,993	14,637,409	8,069,888	8,180,609	10,447,493
Total entity-wide net assets	<u>\$ 8,270,437</u>	<u>\$ 8,326,461</u>	<u>\$ 7,712,497</u>	<u>\$ 16,485,283</u>	<u>\$ 15,459,477</u>	<u>\$ 8,884,603</u>	<u>\$ 9,008,296</u>	<u>\$ 11,324,615</u>

COLORADO RIVER COMMISSION

**CHANGES IN NET ASSETS
(Accrual basis of accounting)**

LAST EIGHT FISCAL YEARS (UNAUDITED)

Table 2

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenses								
Governmental activities								
General government	\$ 2,810,030	\$ 2,730,697	\$ 12,208,192	\$ 2,641,024	\$ 2,253,266	\$ 2,062,826	\$ 2,968,732	\$ 1,888,664
Business-type activities								
Power marketing	46,050,417	55,744,898	57,473,246	62,986,316	70,038,951	127,942,758	117,616,074	135,697,615
Power delivery	38,006,772	10,678,035	15,783,971	58,929,523	37,159,924	13,504,249	27,387,791	24,653,645
Total business-type activities expenses	84,057,189	66,422,933	73,257,217	121,915,839	107,198,875	141,447,007	145,003,865	160,351,260
Total entity-wide expenses	<u>\$ 86,867,219</u>	<u>\$ 69,153,630</u>	<u>\$ 85,465,409</u>	<u>\$ 124,556,863</u>	<u>\$ 109,452,141</u>	<u>\$ 143,509,833</u>	<u>\$ 147,972,597</u>	<u>\$ 162,239,924</u>
Program revenues								
Governmental activities								
Charges for services								
Power administrative charge	\$ 1,167,254	\$ 1,296,412	\$ 1,323,837	\$ 1,310,371	\$ 1,049,704	\$ 968,238	\$ 978,394	\$ 983,039
Water charges	1,046,787	1,311,351	888,720	1,603,826	1,015,940	1,496,859	1,176,446	551,290
Total governmental activities program revenues	<u>2,214,041</u>	<u>2,607,763</u>	<u>2,212,557</u>	<u>2,914,197</u>	<u>2,065,644</u>	<u>2,465,097</u>	<u>2,154,840</u>	<u>1,534,329</u>
Business-type activities								
Charges for services								
Power sales								
Power marketing	45,845,877	55,601,491	57,246,095	62,764,886	64,003,861	127,826,226	117,233,246	135,200,158
Power delivery	37,897,186	10,242,168	15,130,974	57,900,598	36,513,222	12,756,303	26,499,508	26,766,833
Total business-type activities program revenues	83,743,063	65,843,659	72,377,069	120,665,484	100,517,083	140,582,529	143,732,754	161,966,991
Total entity-wide program revenues	<u>\$ 85,957,104</u>	<u>\$ 68,451,422</u>	<u>\$ 74,589,626</u>	<u>\$ 123,579,681</u>	<u>\$ 102,582,727</u>	<u>\$ 143,047,626</u>	<u>\$ 145,887,594</u>	<u>\$ 163,501,320</u>

COLORADO RIVER COMMISSION

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

LAST EIGHT FISCAL YEARS (UNAUDITED)

Table 2

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Net expense								
Governmental activities	\$ (595,989)	\$ (122,933)	\$ (9,995,635)	\$ 273,173	\$ (187,622)	\$ 402,271	\$ (813,892)	\$ (354,335)
Business-type activities	(314,126)	(579,274)	(880,148)	(1,250,355)	(6,681,792)	(864,478)	(1,271,111)	1,615,731
Total entity-wide net expense	<u>\$ (910,115)</u>	<u>\$ (702,207)</u>	<u>\$ (10,875,783)</u>	<u>\$ (977,182)</u>	<u>\$ (6,869,414)</u>	<u>\$ (462,207)</u>	<u>\$ (2,085,003)</u>	<u>\$ 1,261,396</u>
General revenues and other changes in net assets								
Governmental activities								
Investment income	\$ 87,325	\$ 227,944	\$ 773,632	\$ 786,729	\$ 46,142	\$ 24,350	\$ 69,509	\$ 122,439
Multi-species surcharge	583,162	595,223	547,450	525,144	17,584			
Land sales	-	-	-	-	13,000,000			
Miscellaneous	-	-	26,947	66,095	24,390	22,220	24,390	48,781
Transfers	-	-	-	-	(6,000,000)			
Total governmental activities	<u>670,487</u>	<u>823,167</u>	<u>1,348,029</u>	<u>1,377,968</u>	<u>7,088,116</u>	<u>46,570</u>	<u>93,899</u>	<u>171,220</u>
Business-type activities								
Investment income	183,604	493,005	754,968	625,020	356,172	291,944	1,573,273	2,897,929
Transfers	-	-	-	-	6,000,000			
Total business-type activities	<u>183,604</u>	<u>493,005</u>	<u>754,968</u>	<u>625,020</u>	<u>6,356,172</u>	<u>291,944</u>	<u>1,573,273</u>	<u>2,897,929</u>
Total entity-wide	<u>\$ 854,091</u>	<u>\$ 1,316,172</u>	<u>\$ 2,102,997</u>	<u>\$ 2,002,988</u>	<u>\$ 13,444,288</u>	<u>\$ 338,514</u>	<u>\$ 1,667,172</u>	<u>\$ 3,069,149</u>
Change in net assets								
Governmental activities	\$ 74,498	\$ 700,234	\$ (8,647,606)	\$ 1,651,141	\$ 6,900,494	\$ 448,841	\$ (719,993)	\$ (183,115)
Business-type activities	(130,522)	(86,269)	(125,180)	(625,335)	(325,620)	(572,534)	302,162	4,513,660
Total entity-wide	<u>\$ (56,024)</u>	<u>\$ 613,965</u>	<u>\$ (8,772,786)</u>	<u>\$ 1,025,806</u>	<u>\$ 6,574,874</u>	<u>\$ (123,693)</u>	<u>\$ (417,831)</u>	<u>\$ 4,330,545</u>

COLORADO RIVER COMMISSION

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

LAST TEN FISCAL YEARS (UNAUDITED)

Table 3

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General fund										
Unreserved	\$ 2,545,592	\$ 2,582,644	\$ 2,015,540	\$ 2,130,668	\$ 1,117,428	\$ 1,216,761	\$ 719,660	\$ 731,737	\$ 1,041,833	\$ 1,014,785
All other governmental funds										
Reserved			\$ 182,131	\$ 182,131	\$ 4,550					
Unreserved, reported in special revenue funds:										
Fort Mohave Development			(14,162)	8,705,291	8,242,169	\$ 1,234,722	\$ 1,234,840	\$ 1,770,844	\$ 1,652,526	\$ 1,519,451
Research and Development	\$ 872,912	\$ 732,616	377,679	198,834	184,256	182,928	181,901	270,232	344,463	300,652
Total all other governmental funds	\$ 872,912	\$ 732,616	\$ 545,648	\$ 9,086,256	\$ 8,430,975	\$ 1,417,650	\$ 1,416,741	\$ 2,041,076	\$ 1,996,989	\$ 1,820,103

COLORADO RIVER COMMISSION

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

LAST TEN FISCAL YEARS (UNAUDITED)

Table 4

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Charges for services	\$ 2,214,041	\$ 2,607,763	\$ 2,212,557	\$ 2,914,197	\$ 2,065,644	\$ 2,465,097	\$ 2,154,840	\$ 1,534,329	\$ 1,599,600	\$ 1,964,196
Investment income	87,325	227,944	773,632	786,729	46,142	24,350	69,509	122,439	207,909	125,104
Multi-Species surcharge	583,162	595,223	547,451	525,144	17,584					
Land sales			-	-	13,000,000					
Miscellaneous			26,947	66,095	24,390	22,220	24,390	48,781	37,990	25,800
Total revenues	<u>2,884,528</u>	<u>3,430,930</u>	<u>3,560,587</u>	<u>4,292,165</u>	<u>15,153,760</u>	<u>2,511,667</u>	<u>2,248,739</u>	<u>1,705,549</u>	<u>1,845,499</u>	<u>2,115,100</u>
Expenditures										
General administration	2,247,972	2,180,003	11,502,549	1,998,993	2,206,332	1,994,647	2,865,085	1,950,697	1,621,013	1,547,334
Multi-Species assessment	443,603	441,215	405,803	389,269	13,035					
Water purchases	-	15,411	15,393	18,017	20,401	19,010	20,066	20,861	20,551	20,093
Intergovernmental										
Investment expenses	89,709	40,230	292,577	217,365						
Total expenditures	<u>2,781,284</u>	<u>2,676,859</u>	<u>12,216,322</u>	<u>2,623,644</u>	<u>2,239,768</u>	<u>2,013,657</u>	<u>2,885,151</u>	<u>1,971,558</u>	<u>1,641,564</u>	<u>1,567,427</u>
Excess of revenue over (under) expenditures	103,244	754,071	(8,655,735)	1,668,521	12,913,992	498,010	(636,412)	(266,009)	203,935	547,673
Other financing sources (uses)					6,000,000					
Transfers out										
Net changes in fund balances	<u>\$ 103,244</u>	<u>\$ 754,071</u>	<u>\$ (8,655,735)</u>	<u>\$ 1,668,521</u>	<u>\$ 6,913,992</u>	<u>\$ 498,010</u>	<u>\$ (636,412)</u>	<u>\$ (266,009)</u>	<u>\$ 203,935</u>	<u>\$ 547,673</u>

COLORADO RIVER COMMISSION

PRINCIPAL REVENUE PAYERS

JUNE 30, 2009 with total comparisons for 2008, 2007 and 2006 (UNAUDITED)

Table 5

Customer	FY 2009						(4)	(4)	(4)
	Water	Power	LCRMSCP ⁽¹⁾	Power	Power	Total	F/Y 2008	F/Y 2007	F/Y 2006
	Administrative	Administrative		Marketing	Delivery		Total	Total	Total
Charges	Charges	Charges	Revenues	Revenues					
Southern Nevada Water Authority	\$ 1,015,584	\$ 80,033	\$ 39,915	\$ 1,848,886	\$ 37,897,186	\$ 40,881,604	\$ 13,306,629	\$ 16,925,120	\$ 61,399,486
Basic Water Company	9,672	23,942	24,258	1,073,719		1,131,591	1,119,996	958,905	638,342
Timet Metals Corporation	-	242,916	58,559	11,246,551		11,548,026	13,527,584	9,700,300	10,218,016
Olin Chlor Alkaline (formerly Pioneer)	-	130,045	-	10,323,382		10,453,427	17,225,025	17,312,427	21,826,569
Chemical Lime Company	-	2,247	1,092	62,582		65,921	81,741	90,499	87,458
Tronox, LLC	-	78,248	47,879	1,340,522		1,466,649	1,827,270	1,594,947	899,720
American Pacific Corporation	-	56,542	16,957	2,387,085		2,460,584	4,215,683	4,655,125	5,647,039
Lincoln County Power District No. 1	-	59,774	36,722	1,441,510		1,538,006	1,339,248	1,360,833	1,134,141
Overton Power District #5	-	64,675	29,579	2,192,309		2,286,563	3,038,977	3,021,368	4,019,864
Valley Electric Association	-	87,260	33,107	3,021,720		3,142,087	3,118,421	3,004,013	3,650,590
NV Energy (formerly Nevada Power Company)	-	310,568	256,960	9,837,431		10,404,959	9,218,722	9,289,897	8,527,374
City of Boulder City	-	31,003	38,134	1,070,184		1,139,321	1,001,428	1,757,733	955,528
Las Vegas Valley Water District			-			-	534	697	9,117
City of Henderson	20,563		-			20,563	17,986	18,635	15,935
Raw water sales ⁽²⁾	966		-			966	7,400	7,824	7,540
Other power sales ⁽³⁾	-		-			-	-	5,438,813	4,795,106
Total	\$ 1,046,785	\$ 1,167,253	\$ 583,162	\$ 45,845,881	\$ 37,897,186	\$ 86,540,267	\$ 69,046,644	\$ 75,137,136	\$ 123,831,825

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

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

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

(4) Comparison totals are provided for the past three years due to the changes in Commission activities pursuant to legislative action making older comparisons not relevant to ongoing operations. Total comparisons will be added each year until ten years of data are accumulated. The current year details are provided to allow the user to see the relative amounts of revenue sources to the Commission paid by the classes of customers. Only totals will be compared for past fiscal periods as inclusion of detail would make the table unreadable. Total comparisons are anticipated to be useful as the charges to each customer for the various services remain stable each year. For additional detail please see the annual financial report for the specific year at the Commission website at: <http://crc.nv.gov/index.asp?m=fin>

COLORADO RIVER COMMISSION

RATIOS OF OUTSTANDING DEBT

LAST TEN FISCAL YEARS (UNAUDITED)

Table 6

Fiscal Year	Power Delivery Refunding Series 2005I	Power Uprating Refunding Series 2002	Hoover Uprating Refunding Series 2001	Power Delivery Series 1999A	Power Delivery Series 1997	Hoover Uprating Refunding Series 1992	Hoover Uprating Series 1987B	Total Outstanding Debt	Charges for Services	Revenue to Debt Ratio
2000				\$ 25,730,000	\$ 49,270,000	\$ 48,705,000	\$ 6,880,000	\$ 130,585,000	\$ 30,532,244	0.23
2001				25,730,000	48,455,000	46,425,000	6,880,000	127,490,000	150,080,539	1.18
2002			\$ 6,305,000	25,630,000	47,600,000	44,015,000		123,550,000	163,501,320	1.32
2003		\$ 36,420,000	6,305,000	25,480,000	46,705,000			114,910,000	145,887,594	1.27
2004		36,420,000	6,305,000	25,280,000	45,770,000			113,775,000	143,047,626	1.26
2005	\$ 65,300,000	36,420,000	6,305,000	2,735,000	3,245,000			114,005,000	102,582,727	0.90
2006	65,300,000	36,420,000	6,305,000	2,345,000	2,215,000			112,585,000	123,579,681	1.10
2007	65,300,000	36,420,000	6,305,000	1,805,000	1,135,000			110,965,000	74,589,626	0.67
2008	65,300,000	36,420,000	6,305,000	1,235,000	-	-	-	109,260,000	68,451,423	0.63
2009	63,940,000	33,180,000	6,305,000	635,000	-	-	-	104,060,000	85,957,104	0.83

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

COLORADO RIVER COMMISSION

AVAILABLE REVENUE DEBT COVERAGE

LAST TEN FISCAL YEARS (UNAUDITED)

Table 7

Fiscal Year	Gross Revenues	Less: Operating Expenses	Add Back Depreciation	Net Available Revenues	Debt Service			Coverage ⁽¹⁾
					Principal	Interest	Total	
2000	\$ 30,532,244	\$ 32,049,802	\$ 1,132,133	\$ (385,425)	\$ 2,150,000	\$ 3,734,951	\$ 5,884,951	(0.07)
2001	150,080,539	151,400,169	1,132,133	(187,497)	3,095,000	6,322,672	9,417,672	(0.02)
2002	163,501,320	161,659,639	1,319,306	3,160,987	3,365,000	9,766,982	13,131,982	0.24
2003	145,887,594	143,425,328	1,791,183	4,253,449	1,045,000	5,886,215	6,931,215	0.61
2004	143,047,626	139,406,539	1,835,466	5,476,553	1,135,000	4,023,431	5,158,431	1.06
2005	102,582,727	105,445,842	2,061,753	(801,362)	1,225,000	6,487,791	7,712,791	(0.10)
2006	123,579,681	120,712,590	2,064,492	4,931,583	1,420,000	5,517,972	6,937,972	0.71
2007	74,589,626	81,652,254	2,064,375	(4,998,253)	1,420,000	5,517,972	6,937,972	(0.72)
2008	68,451,423	65,577,632	2,041,430	4,915,221	1,705,000	5,579,181	7,284,181	0.67
2009	85,957,104	80,649,088	2,036,989	7,345,005	5,200,000	5,305,610	10,505,610	0.70

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

COLORADO RIVER COMMISSION

DEMOGRAPHIC STATISTICS

CLARK COUNTY, NEVADA ⁽¹⁾

LAST TEN FISCAL YEARS (UNAUDITED)

Table 8

Year	Population ⁽²⁾	Per Capita Income ⁽³⁾	Personal Income ⁽³⁾	Total Labor Force ⁽⁴⁾	Unemployment Rate ⁽⁴⁾
2000	1,375,765	29,600	41,239,200	728,000	4.6%
2001	1,485,855	29,657	43,179,700	760,000	5.5%
2002	1,549,657	29,854	45,202,600	784,000	5.9%
2003	1,620,748	30,949	48,600,900	806,000	5.4%
2004	1,715,337	33,463	51,976,200	837,000	4.6%
2005	1,796,380	36,869	62,785,700	873,000	4.2%
2006	1,874,837	38,309	67,832,800	925,000	4.1%
2007	1,954,319	39,188	71,623,400	954,000	4.4%
2008	1,967,716	40,087	78,880,200	1,000,000	7.5%
2009	1,975,587	41,007	81,012,800	1,000,000	7.5%

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

(2) Source: Nevada State Demographer, 2009 estimated (except Fiscal Year 2000 from U.S Bureau of the Census).

(3) Source: US Bureau of Economic Analysis, 2008 & 2009 estimated.

(4) Source: Nevada Department of Employment Training and Rehabilitation, amounts rounded.

**COLORADO RIVER COMMISSION
PRINCIPAL EMPLOYERS
CLARK COUNTY, NEVADA ⁽¹⁾
JUNE 30, 2008 and 1999 (UNAUDITED)**

Table 9

Employer	June 30, 2008			June 30, 1999		
	Employees ⁽²⁾	Percentage of Total Employment	Rank	Employees	Percentage of Total Employment	Rank
Clark County School District	31,500 to 31,999	3.47%	1	19,500 to 19,999	2.99%	1
Clark County	10,000 to 10,499	1.10%	2	7,500 to 7,999	1.15%	4
Bellagio, LLC	9,000 to 9,499	0.99%	3	9,000 to 9,499	1.36%	2
Wynn Las Vegas LLC	8,500 to 8,999	0.96%	4			
MGM Grand Hotel/ Casino	8,500 to 8,999	0.95%	5	8,500 to 8,999	1.28%	3
Mandalay Bay Resort & Casino	7,000 to 7,499	0.79%	6	5,000 to 5,499	0.79%	7
Caesars Palace	5,500 to 5,999	0.65%	7	4,500 to 4,999	0.72%	9
Venetian Casino Resorts	5,500 to 5,999	0.62%	8			
The Mirage Casino & Hotel	5,500 to 5,999	0.60%	9	6,500 to 6,999	1.03%	5
University of Nevada - Las Vegas	5,000 to 5,499	0.59%	10			
Bally's & Paris Casino Hotels				6,500 to 6,999	1.02%	6
Rio Suite Hotel & Casino				4,500 to 4,999	0.75%	8
State of Nevada				4,500 to 4,999	0.70%	10

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

Source: Nevada Department of Employment Training and Rehabilitation and Nevada Workforce Informer, Nevada Employer Directory, GASB 44 report as of 10/7/09.

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

COLORADO RIVER COMMISSION

EMPLOYEES BY DEPARTMENT

LAST TEN FISCAL YEARS (UNAUDITED)

Table 10

Fiscal Year	Executive & Administrative	Water Department	Hydropower Department	SNWS Energy Services	Power Delivery O & M	Total
2000	16	3	4	3	3	29
2001	14	3	4	6	4	31
2002	14	3	5	7	5	34
2003	12	3	5	7	6	33
2004	13	5	5	9	6	38
2005	15	5	4	9	6	39
2006	15	5	3	9	7	39
2007	13	4	3	9	6	35
2008	13	3	3	9	6	34
2009	15	4	3	9	6	37

COLORADO RIVER COMMISSION

CAPITAL ASSET STATISTICS BY FUNCTION ⁽¹⁾

LAST TEN FISCAL YEARS

Table 11

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
CRC POWER DELIVERY PROJECT SYSTEM⁽²⁾										
Miles of Transmission Lines:										
230-kV overhead lines	34	34	34	34	34	34	34	34	-	-
69-kV overhead lines	5	5	5	5	5	5	5	5	5	5
69-kV underground transmission lines	15	15	15	15	14	12	10	10	6	6
High-Voltage Substations:										
Transmission Substations (230-kV to 69-kV)	2	2	2	2	2	2	2	2	2	2
Distribution Substations (230-kV to 14.4-kV)	3	3	3	3	3	3	3	3	-	-
Distribution Substations (69-kV to 13.8-kV)	6	6	6	6	6	6	-	-	-	-
Distribution Substations (69-kV to 41.6-kV)	6	6	6	6	6	6	-	-	-	-
Total Substations	17	17	17	17	17	17	5	5	2	2
Metered Facilities (SNWA treatment and delivery facilities ⁽³⁾)	68	59	50	41	38	20	20	15	8	4
Total System Capacity in Megawatts	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
System Support Information:										
Communication Network										
Miles of fiber optic cable	58	58	58	58	58	58	58	24	24	24
Microwave radio sites	3	3	3	3	3	3	3	3	3	3

(1) Note all power related assets are owned by the Power Delivery Fund and are used in the power delivery function.

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

(3) In addition to the 68 metered facilities, the staff of the Commission provides operation and maintenance to an additional 10 power related facilities of the Southern Nevada Water Authority.

COLORADO RIVER COMMISSION

OPERATING INDICATORS

JUNE 30, 2009, 2008, 2007 and 2006 (UNAUDITED) ⁽¹⁾

Table 12

Customer	Power Purchases in Megawatt Hours				Power Purchases in Percentages			
	F/Y 2009	F/Y 2008	F/Y 2007	F/Y 2006	F/Y 2009	F/Y 2008	F/Y 2007	F/Y 2006
	Total	Total	Total	Total	Total	Total	Total	Total
Southern Nevada Water Authority	2,151,774	2,202,554	2,599,998	3,715,976	58.13%	40.95%	60.26%	54.14%
Basic Water Company	33,865	77,675	36,213	96,370	0.91%	1.44%	0.84%	1.40%
Timet Metals Corporation	343,587	741,855	311,154	610,202	9.28%	13.79%	7.21%	8.89%
Olin Chlor Alkaline (formerly Pioneer Americas, LLC)	193,307	259,847	292,920	311,815	5.22%	4.83%	6.79%	4.54%
Chemical Lime Company	3,179	6,782	3,778	7,834	0.09%	0.13%	0.09%	0.11%
Tronox, LLC	117,699	257,916	113,660	167,243	3.18%	4.80%	2.63%	2.44%
American Pacific Corporation	79,975	212,508	121,826	260,936	2.16%	3.95%	2.82%	3.80%
Lincoln County Power District No. 1	83,314	166,604	83,917	164,795	2.25%	3.10%	1.95%	2.40%
Overton Power District #5	91,013	219,304	111,624	255,002	2.46%	4.08%	2.59%	3.71%
Valley Electric Association	121,726	248,682	122,552	261,170	3.29%	4.62%	2.84%	3.80%
NV Energy (formerly Nevada Power Company)	439,276	898,294	462,847	931,246	11.87%	16.70%	10.73%	13.56%
City of Boulder City	43,062	86,716	53,869	82,822	1.16%	1.61%	1.25%	1.21%
Total	3,701,777	5,378,737	4,314,358	6,865,411	100.00%	100.00%	100.00%	100.00%

(1) Includes Megawatt Hour purchases for loads of all Commission customers. The Commission owns and operates only one major capital asset. That asset is the Power Delivery System transmission system. The Commission's major power deliveries are accomplished using the system. Comparison totals are provided for the past two years due to the changes in Commission activities pursuant to legislative action making older comparisons not relevant to ongoing operations. Total comparisons will be added each year until ten years of data are accumulated. These total comparisons are anticipated to be indicative of future sales as the Commission's customer base is anticipated to remain relatively stable. It is possible that some additional customers could utilize the Commission for electric power resource, but the remaining probable customers available to the Commission under legislative mandate will be part of the SNWA base and are not anticipated to materially change the reported megawatt useage amounts.

COLORADO RIVER COMMISSION

RISK MANAGEMENT

JUNE 30, 2009 (UNAUDITED)

Table 13

Customer	Collateral Required Fiscal 2008	Collateral Required Fiscal 2009	Collateral Posted	Cash Posted	Other Posted
Southern Nevada Water Authority					
Basic Water Company	\$ 183,942	\$ 201,641.00	\$ 201,641		\$ 201,641
Titanium Metals Corporation (TIMET)	2,685,984	1,979,587	1,979,587		1,979,587
Olin Chlor Alkaline (Pioneer)	4,328,112	3,388,053	3,388,053	\$ 3,000,000	388,053
Chemical Lime Company	21,984	16,032	16,032		16,032
Tronox, LLC	415,167	406,215	406,215		406,215
American Pacific Corporation	1,163,267	945,817	945,817		945,817
Lincoln County Power District No. 1	-	-			
Overton Power District #5	-	-			
Valley Electric Association	-	-			
Nevada Power Company	-	-			
City of Boulder City	-	-			
Las Vegas Valley Water District	-	-			
City of Henderson	-	-			
Total	\$ 8,798,456	\$ 6,937,345	\$ 6,937,345	\$ 3,000,000	\$ 3,937,345

Nevada Revised Statutes 538.181(2) requires that the Colorado River Commission’s power customers, except for a federal or state agency or political subdivision, provide an indemnifying bond or other collateral “in such sum and in such manner as the commission may require, conditioned on the full and faithful performance” of their power contracts. Due to the volatile nature of the electric power markets, and because of the recent problems in the western states power markets, the commission has determined the collateral requirements for the appropriate customers to be one-fourth of the customer’s gross annual purchases as calculated from October 1 through September 30 of each preceding year.

As of June 30, 2009, all of the customers required to post collateral have done so in the amounts required. Only one customer has posted cash (as required by specific bilateral contract with the customer), all other customers have posted letters of credit or performance bonds as approved by the Nevada State Board of Examiners.

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

**ADDITIONAL REPORT OF
INDEPENDENT AUDITORS**

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

Colorado River Commission of Nevada
Las Vegas, Nevada

We have audited the basic financial statements of the Colorado River Commission of Nevada (the Commission) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of the Commission's basic financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters. As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, (including bond resolutions and ordinances of the General Obligation Hoover Uprating Bonds, series 2001 and 2002, the Power Delivery Project Bonds, series 1999A, and the Power Delivery Refunding Bonds, series 2005I) 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*.

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



November 9, 2009

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