



“The whole is greater than the sum of its parts.” A single-word simile for this phrase is **synergy**.

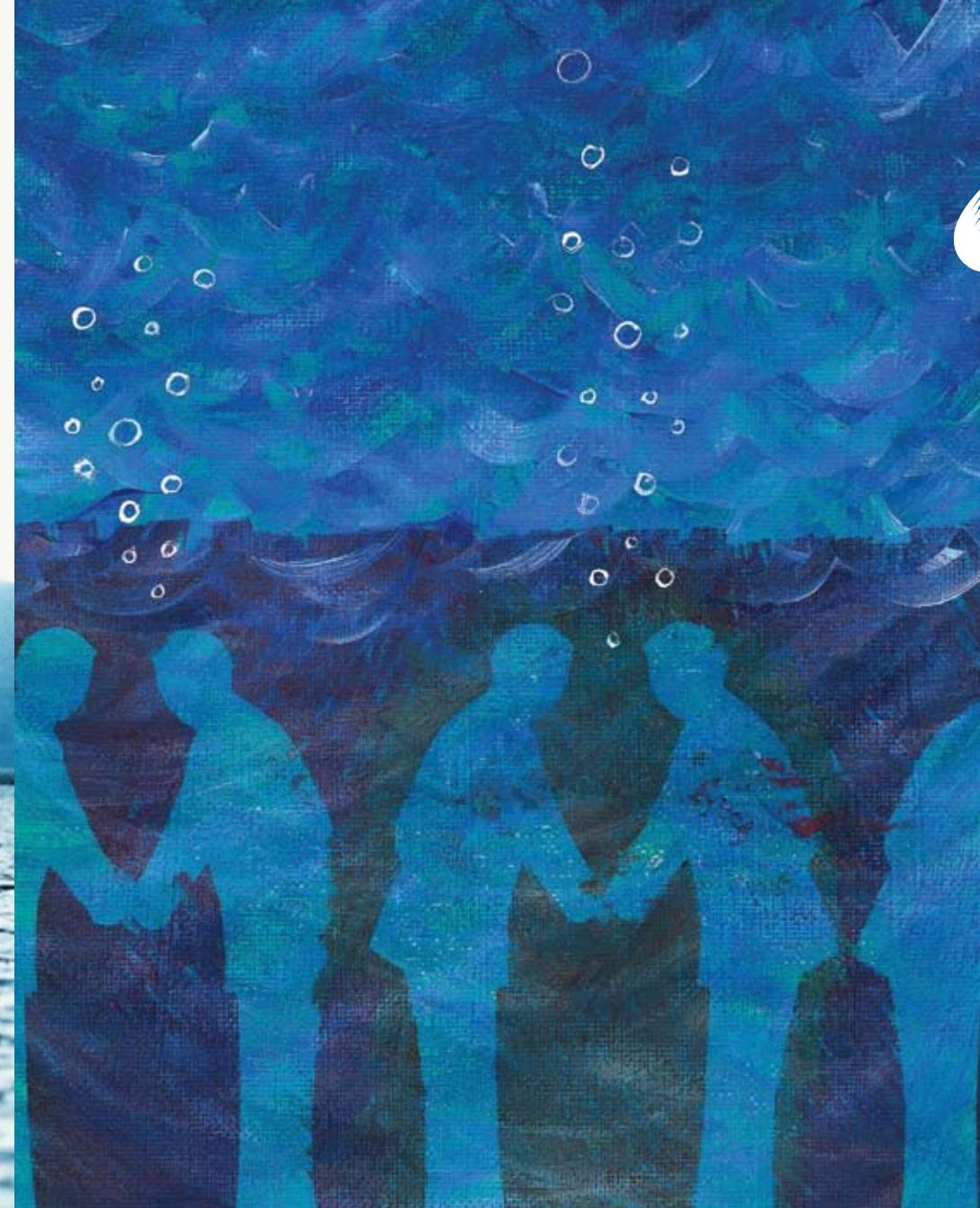
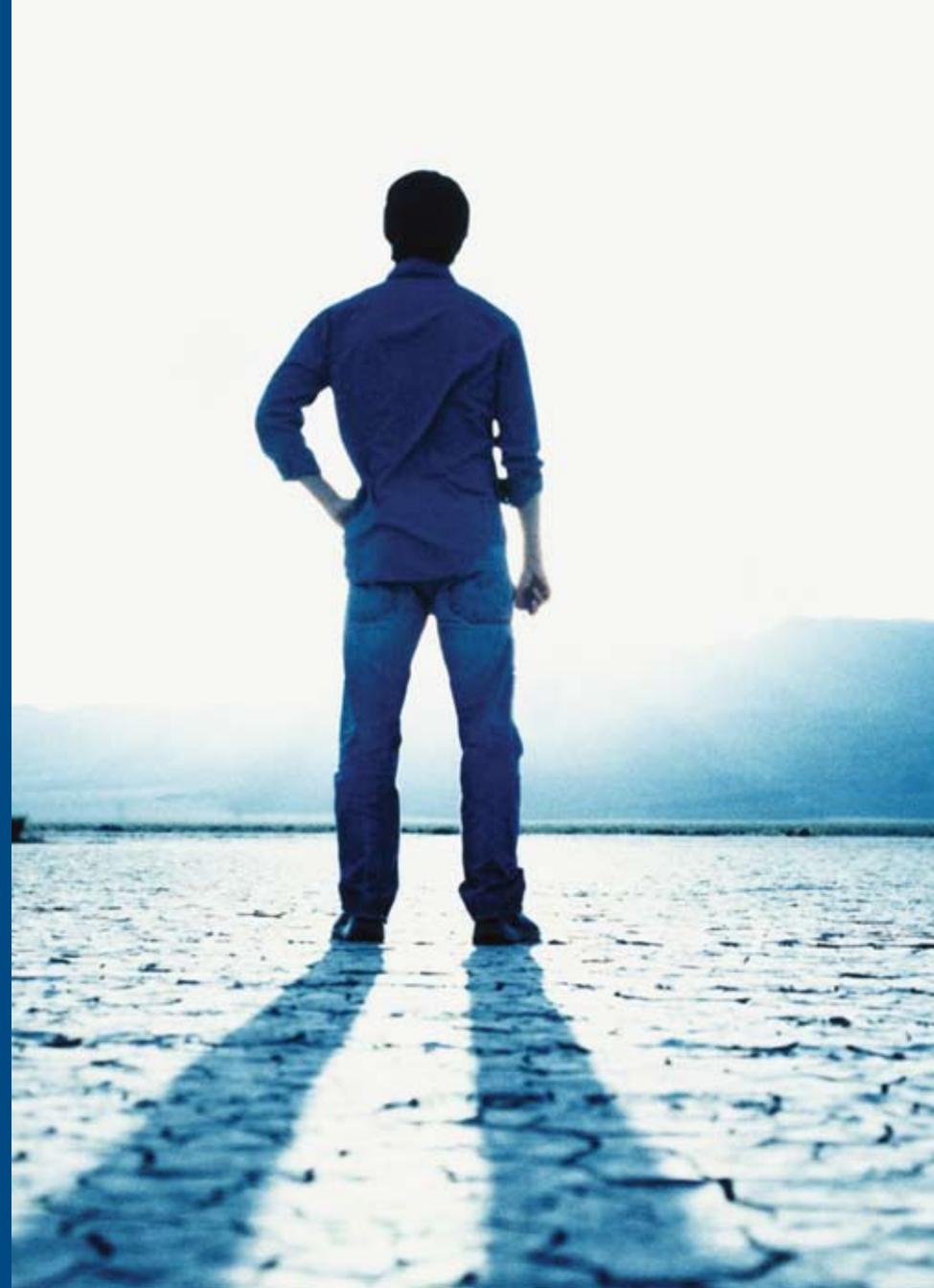
Synergy—
derived from the Greek *sunergos*
meaning, “working together.”

Like many ancient civilizations, the Greeks believed there were four “elements” that explained the pattern of nature: earth, wind, fire and water. Indeed, it is from all of these elements that the desert Southwest, including Southern Nevada, was born. Through the ages, fire, wind and water helped to shape the earth we see today. However, the waters eventually retreated to form distant seas and rivers, including one that we now call the mighty Colorado River. This river alone serves as the source of 90 percent of Southern Nevada’s water supply.

Harnessing that water supply requires a collective effort on the part of the Southern Nevada Water Authority and its member agencies—working in tandem with other stakeholders and our neighbors in the Colorado River Basin. It is something these separate organizations could not achieve individually. To this end, SNWA member agencies work together, each and every day, to identify and implement sustainable solutions for water issues in our arid desert environment.



Formed in 1991 to address Southern Nevada's unique water needs on a regional basis, the Southern Nevada Water Authority—with a focus on our planet's most precious resource—also works with agencies in Nevada and in other Colorado River Basin states to help ensure water supplies for consumers throughout the western United States.



SNWA Member Agencies

- Big Bend Water District
- City of Boulder City
- City of Henderson
- City of Las Vegas
- City of North Las Vegas
- Clark County Water Reclamation District
- Las Vegas Valley Water District





Our Mission

To manage the region's water resources and develop solutions that will ensure adequate future water supplies for the Las Vegas Valley.





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SNWA Board of Directors



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To our friends and neighbors:

Stories and legends of the Old West often focus on the rugged individualism of those who settled an untamed land. While in many ways the land remains wild and unpredictable, the story of the New West has grown into one of collaborative partnerships. Nowhere is this cooperative spirit more evident than in the way the Southern Nevada Water Authority's member agencies work together to assure the sustainability of our precious natural resources.

The underlying tenet of synergy—that the result of the interaction of two or more entities working together is greater than the sum of their individual efforts—became a driving factor in all the SNWA accomplished during the year.

Without its member agencies, the SNWA could not meet its many challenges. Simultaneously, the SNWA is more effective on a strategic level when it works in collaboration with partners within Nevada and among the other Colorado River Basin states.

Symbolic of this synergistic effort were recommendations developed by the 29-member Integrated Water Planning Advisory Committee (IWPAC). Comprising a wide range of representative groups from Clark and neighboring counties, the IWPAC in 2005 completed the work it began a year earlier by submitting to the SNWA Board of Directors a list of 22 recommendations related to water conservation and responsible development of in-state, non-Colorado River water resources.

Through much of 2005, the SNWA also worked diligently with other Basin states to develop a historic consensus document that addresses management of Lakes Powell and Mead and future shortages on the Colorado River in a fair, equitable manner. Presented to the U.S. Department of Interior Secretary in early 2006, this effort will play a crucial role in the long-term management of the Colorado River.

In 2005, the SNWA, Nevada Power (and its parent company, Sierra Pacific Resources) and the Colorado River Commission forged a mutually beneficial business accord that provides more reliability, efficiency and value in the delivery of essential water and power services to the public.

Working together, we achieved significant accomplishments over the last year for our community, the region and the desert Southwest.

Sincerely,

Amanda Cyphers, Chair
SNWA Board of Directors



To our community stakeholders and customers:

There are any number of words that can be used to describe the Southern Nevada Water Authority's commitment to maintaining synergistic relationships in the community:

Collaboration. Cooperation. Consensus. Concurrence.

No matter how you define these relationships, one thing is eminently clear: We can only achieve our stated goals and mission as a result of the relationships we have established with our seven member agencies and the hundreds of thousands of customers they serve in our region.

Reflecting this cooperative commitment to sustainability is the Water Smart Landscapes rebate program. Last year, the community did its share through this program to help conserve water by replacing more than 15 million square feet of turf with water-smart landscaping, saving more than 846 million gallons of water. Impressive as that was, the program has not kept pace with the record-setting participation reached in 2004. We need to recommit ourselves to the collaborative efforts that have made this program an unrivaled success since its implementation in late 1999.

A newer program that further epitomizes the collaborative nature of the SNWA's efforts is the Water Smart Home Program. The first initiative of its kind in the United States, Water Smart

Home—modeled after the Environmental Protection Agency's Energy Star Program—is a direct result of our outreach efforts with Southern Nevada's home builders. It also serves as an example of how synergy between the public and private sectors can be used to its fullest extent to serve the interests of the community as a whole.

The SNWA and partner agencies worked in a concerted effort to protect water quality in 2005. Plans for a third intake that will draw water from deeper within Lake Mead, construction of a laboratory and research center at the River Mountains Water Treatment Facility and a ninth flood-control weir in the Las Vegas Wash all reflect the joint commitment displayed throughout the year.

SNWA accomplishments in 2005 did not occur in a vacuum. To the contrary, synergy with all our community partners and stakeholders remains the catalyst that drives our dedication to sustainability, in 2006 and beyond.

Sincerely,

Patricia Mulroy, General Manager
Southern Nevada Water Authority

Attracting opposites

Ranchers and gaming leaders. Business owners and environmentalists. Private citizens and public figures. Rural and urban.

At first blush, these demographics—when viewed individually—appear to have relatively little in common. However, when assembled into a whole, these seemingly disparate groups and individuals can work in harmony to achieve a common goal.

Such was the case when the SNWA Board of Directors in June 2004 formed the Integrated Water Planning Advisory Committee (IWPAC).

The 29-member IWPAC brought together representatives from the public and private sectors in Clark, Lincoln and White Pine counties to study water-use and drought-related issues. The IWPAC's main initiatives were to explore alternative water resources with a goal to help reduce the region's dependency on Colorado River water, as outlined in the SNWA Water Resource Plan. Among the options reviewed were development of 100,000 to 125,000 acre-feet per year of unused groundwater from Clark, Lincoln and White Pine counties, and rights to surface water on the Virgin and Muddy rivers in Clark County.

Despite their individual perspectives on water-resource development and conservation, the IWPAC finalized a list of 22 recommendations to integrate in-state resources into the planning and management activities of Southern Nevada. The IWPAC presented its recommendations to the SNWA Board of Directors in November 2005.

Principal recommendations include more aggressive promotion of water conservation and regulation of water use through methods such as the reduction of turf, and a significant reduction in per-capita water use between 2005 and 2035. To help accomplish this, the committee recommended permanent implementation of several measures identified in the SNWA Drought Plan. These include maintaining current landscape watering restrictions, landscape development codes, golf-course water budgets, and water-waste fines and enforcement.

With the goals of expanding available resources and providing greater drought protection for the region, the committee recommended that the SNWA pursue development of the non-Colorado River water supplies held in its resource portfolio. These include development of groundwater applications in rural Clark, Lincoln and White Pine counties, groundwater rights in Coyote Springs and Three Lakes valleys, and surface

water rights to the Virgin and Muddy rivers. To maximize use of these resources, the committee encouraged SNWA to pursue "augmentation credits," a concept similar to return-flow credits for Nevada's Colorado River allocation. (Return-flow credits are a mechanism through which Nevada receives additional rights to divert Colorado River water in exchange for treated wastewater returned to the river system.)

While the committee recognized the protections that exist in the National Environmental Policy Act (NEPA) and in the Nevada water-rights process, IWPAC members recommended that additional safeguards be implemented for groundwater development in rural Nevada. These safeguards include comprehensive monitoring and management, and the formation of a joint SNWA/White Pine County committee to develop annual pumping strategies for Spring and Snake valleys.

To enhance community interaction and provide a base of support for staff members, the SNWA opened a field office in Ely and plans to open a similar office in Pioche in 2007.



IWPAC members converged individual perspectives

to achieve a common understanding.





“The era of limits”

Shortly after the IWPAC made its recommendations for achieving sustainability in Southern Nevada, the SNWA became involved in complex, high-level discussions focused on the future of water throughout the West.

The burgeoning debate gained momentum in July 2005, when then-Interior Secretary Gale Norton issued an ultimatum calling for the seven Colorado River Basin states—the Lower Basin states of Arizona, California, and Nevada, and the Upper Basin states of Colorado, New Mexico, Utah and Wyoming—to develop a plan for handling future water shortages.

The region had entered, in the words of Secretary Norton, “the era of limits,” both in terms of available water supplies and federal financial resources to deal with the issue.

The states held a three-day summit in Las Vegas in December and met again in January 2006 to resolve their differences and craft a consensus document that would equitably address each of their concerns. The result is a historic proposal that seeks to mitigate shortages on the drought-stricken Colorado River while avoiding the risk of curtailments in the river system, and provides several benefits for Nevada.

“This has opened a whole new door for Nevada,” said SNWA General Manager Pat Mulroy. “The plan includes increased water resources for Southern Nevada and makes the entire river system more flexible. It also is an integral part of SNWA’s goal to ensure adequate water resources for our region.”

Under the proposal, Nevada would receive augmentation credits for in-state groundwater conveyed to Lake Mead, which would extend the value of in-state water resources. Also:

- Depending on weather and drought conditions, the Bureau of Reclamation would have more flexibility in releasing water from Lake Powell to Lake Mead rather than being required to release 8.23 million acre-feet annually.
- Nevada would be able to take Virgin and Muddy river water permitted under grants prior to the Boulder Canyon Project Act directly from Lake Mead without the construction of a pipeline.
- Nevada also would provide funding for a reservoir near the California/Mexico border to capture water ordered but not used; in return, Nevada could receive an additional 40,000 acre-feet of water annually, up to 280,000 acre-feet.
- Nevada, California and Arizona would be able to “bank” water in Lake Mead.
- Lake Mead’s water levels would be used to determine shortage criteria, with shortages shared among Nevada, Arizona and Mexico.

In addition, the SNWA would fund a study aimed at finding other possible water resources, such as desalination and inland desalting, which could augment the Colorado River system.

The states submitted their proposal to Secretary Norton on Feb. 3, 2006, for consideration. Over the course of the next two years, officials will work together to iron out the details of the plan.



Cooperation among the seven Basin states resulted in an accord

that “opens a whole new door for Nevada.”



A downpayment for the future

Although they are neighbors geographically, Nevada and Arizona are separated in large part by the wide expanse of Lake Mead. Yet despite this barrier, water officials in Nevada and Arizona in recent years forged a collaborative agreement mutually benefiting both states.

In early 2005, the SNWA made a \$100 million payment to Arizona as the first installment of a water-banking agreement that guarantees Nevada access to 1.25 million acre-feet of water “banked” in Arizona aquifers.

An amendment to a 2001 groundwater banking agreement, this pact solidifies the quantity of water to be stored, assuring Nevada access to the entire 1.25 million acre-feet (more than 400 billion gallons of water). The SNWA could begin withdrawing 20,000 acre-feet of credits per year in 2007, ramping up to as much as 40,000 acre-feet annually by 2011. Under terms of the agreement, the SNWA paid Arizona \$100 million in 2005, and will make 10 annual installments of \$23 million beginning in 2009.

Under the agreement, Arizona will use stored water from its bank and leave an equivalent amount of its Colorado River water in Lake Mead for Nevada. Nevada will then divert this river water from existing facilities at Lake Mead.

In addition to creating a firm water resource, the Arizona Water Banking Agreement protects Nevada’s small allocation from any reductions resulting from a declared shortage on the Colorado River, an action that continues to be discussed on both a regional and federal level. The agreement also provides a number of benefits to Arizona, including increased funding for banking and water-acquisition costs, fixed annual recovery obligations, flexibility in terms of storage and recovery facilities, and increased reliability.

So while the Colorado River and Lake Mead divide Nevada and Arizona physically, they also serve to bring the states together, characterized by the synergy that resulted in the Arizona Water Banking Agreement.



The Colorado River separates Nevada and Arizona, yet

simultaneously provides a common link between the two states.



“For the good of the community, for the good of the state...”

Closer to home, synergy brought together distinct utilities seeking common ground for the betterment of Southern Nevada.

In February 2005, the SNWA, Nevada Power Company and its parent company, Sierra Pacific Resources, and the Colorado River Commission (CRC) ratified a cooperative business agreement.

The accord does not affect any of the entities' autonomy, but provides more reliability, efficiency and value in the delivery of essential water and power services to the public.

The accord also allows the SNWA, Nevada Power and the CRC to collaborate on mutually beneficial initiatives while focusing on their respective missions of providing reliable water supplies and electricity for customers.

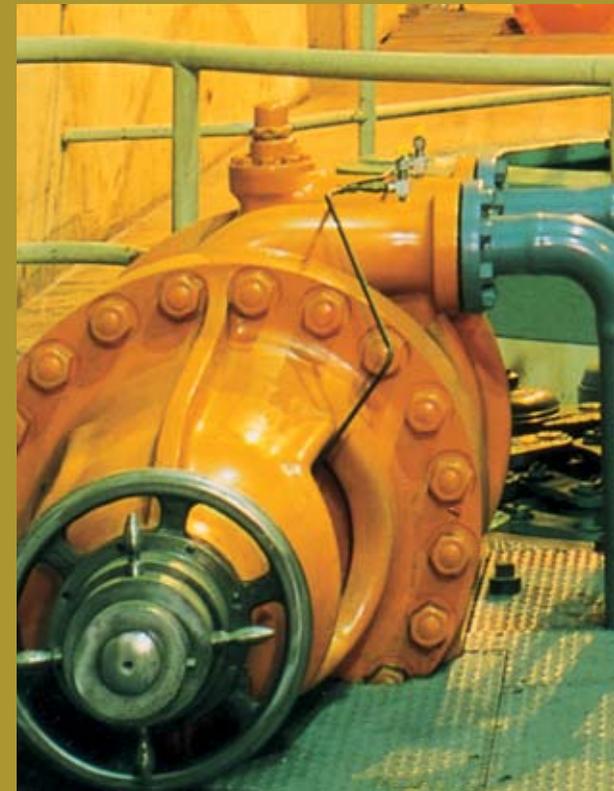
“Nowhere in the country is power and water more critical than in the desert,” said SNWA General Manager Pat Mulroy. “The economic prosperity and sustainability of Southern Nevada are absolutely dependent on the success of these organizations. For the good of the community, for the good of the state, the time is now for a renewed business relationship.”

Under the terms of the agreement, Nevada Power operates SNWA's interest in Silverhawk Power Plant, 35 miles northeast of Las Vegas. In exchange, the SNWA receives a firm energy supply at a predictable price and retains its 25 percent ownership stake in the plant.

Also, Nevada Power provides energy scheduling and balancing services to the SNWA and CRC, and all three entities will work together to develop electric facilities for new water facilities and water resources required for electric generation.

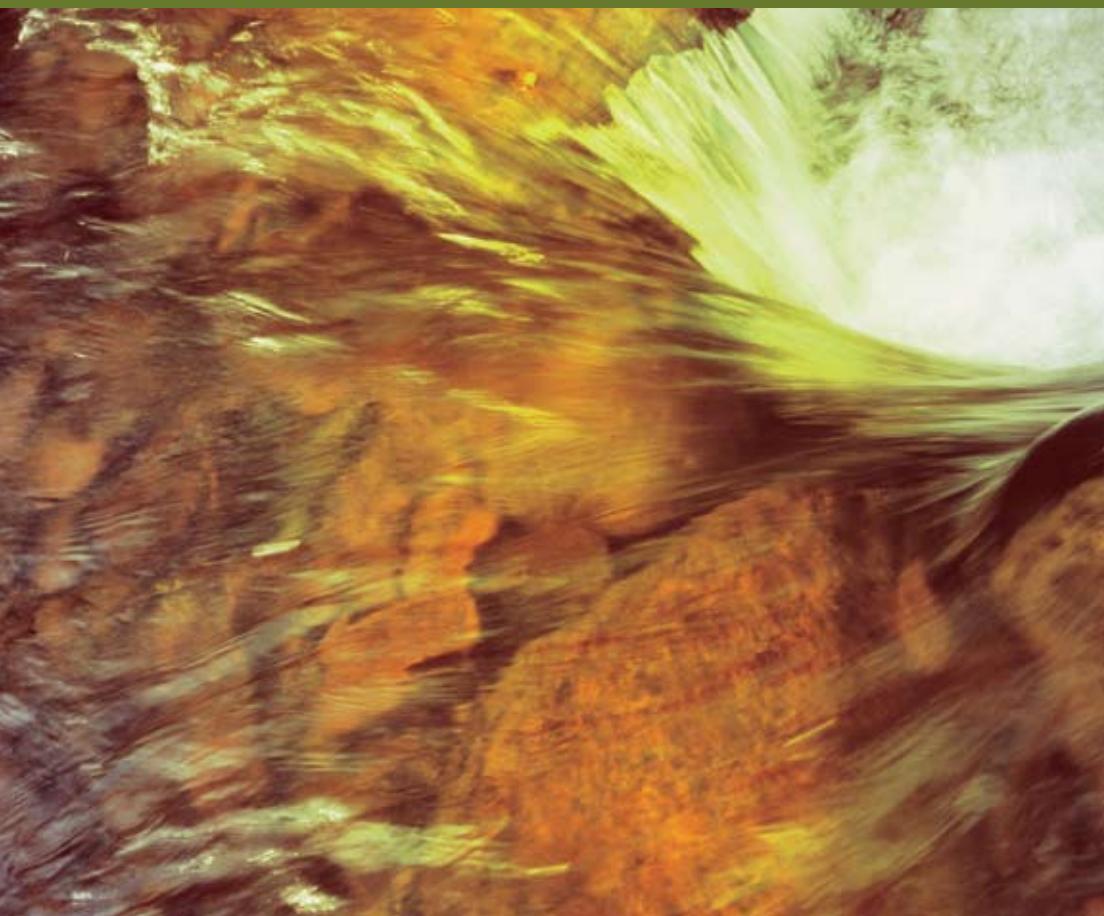
In addition, the SNWA and Nevada Power will jointly facilitate requested energy load departures for the SNWA and its member agencies under existing law. The CRC will continue managing state hydropower resources and energy activities for its existing customers while continuing its role in water matters related to the Colorado River.

The spirit of cooperation behind the agreement is perhaps best reflected in the words of Colorado River Commission Chairman Richard Bunker: “This accord resulted from selfless commitment to collaboration on the part of all of the participants who looked beyond what has been to what can be.”



A renewed business relationship

advances the region's long-term prosperity and sustainability.



A grass-roots effort...without the grass

Collaborative community efforts to achieve sustainability include a multi-faceted, diverse approach to water conservation. The SNWA in 2005 unveiled conservation programs targeting new homebuyers and pool owners, while simultaneously building on the momentum gained in 2004 by its cornerstone effort, the Water Smart Landscapes rebate program.

In 2005, community residents and businesses converted more than 15 million square feet of turf, resulting in savings of more than 846 million gallons of water. The progress in 2005 brought the Water Smart Landscapes program total since 1999 to 67.8 million square feet, with a savings of more than 3.7 billion gallons of water.

This helped the community achieve water savings of about 29.5 percent—surpassing the 25 percent goal five years ahead of the planned 2010 deadline.

The collaborative campaign to reduce the community's consumptive water use was not limited to lawns. In January 2005, the SNWA Board of Directors approved the Water Smart Home program. This groundbreaking program encourages new homebuyers to purchase homes that exceed current landscape, plumbing and construction standards for water efficiency.

The SNWA—in partnership with the Southern Nevada Home Builders Association—unveiled the first Water Smart Home in May 2005, in the Aliante community of North Las Vegas. KB Home Nevada, the first builder to commit to the program, constructed the home with high-efficiency appliances, plumbing fixtures and landscape designs that can save up to 75,000 gallons of water annually compared to a home built a decade ago. Later in the year, RS Development joined the program by announcing its plans to build its entire Stonebridge neighborhood in the Mountain's Edge development of the southwest valley as a Water Smart Neighborhood.

The first program of its kind in the country, Water Smart Home is similar to the Environmental Protection Agency's Energy Star Program, which encourages the purchase of energy-efficient homes. Under the Water Smart Home Program, participating homebuilders agree to offer Water Smart Homes or Water Smart Neighborhoods, with homes and common areas that meet program requirements.

Participating builders help fund the program through an annual fee, which is used to educate potential homebuyers on the benefits of a Water

Smart Home. Those builders also pay a fee to have the SNWA inspect a percentage of Water Smart Homes to ensure program conditions are being met.

The SNWA launched its first coupon-based incentive program in 2005 to promote the purchase and use of swimming pool covers. This innovative approach provides pool owners the opportunity to self-enroll in the program through SNWA's Web site and produce their own instant rebate coupon to be redeemed at participating retailers. In the first year, 3,910 pool covers were purchased through the program.





Providing the community with the highest level of water quality

Synergy within

Numerous efforts to provide the community with the highest level of water quality resulted from internal synergy between SNWA departments and divisions and member agencies.

Citing variations in Lake Mead water levels and moving to protect water quality, the SNWA Board in May 2005 approved plans to proceed with development of a third intake in Lake Mead near Black Island, northeast of Saddle Island.

Scheduled for completion in late 2011, the third intake will be about 150 feet deeper than the lowest existing intake. The new deeper intake will provide the community protection from significant loss of system capacity associated with declining lake levels and access areas of better water quality at low lake levels.

Meanwhile, work began in early 2005 on a new Water Quality Laboratory and Applied Research Facility at the River Mountains Water Treatment Facility that will provide a home for the Laboratory Division and the Research and Development Division. Scheduled for completion in early 2007, the new facility will include a 50,000 square-foot laboratory building and a 2,000 square-foot, 10-gallon-per-minute pilot plant.

The new facility will provide space for SNWA staff to process and analyze water quality samples, perform research on emerging issues in the field of water quality, and to pilot test new treatment processes and technologies.

In 2005, SNWA research scientists initiated what may be the nation's first comprehensive study to determine whether endocrine disrupting chemicals in raw and treated drinking water pose a public health threat. The SNWA's Research and Development Division is working with a team of pharmacologists and water-quality experts on the project, scheduled for completion in 2006.

Water quality also played a role in the February 2005 completion of a ninth weir (an erosion-control structure) in the Las Vegas Wash. The last link in Southern Nevada's watershed, the wash funnels urban runoff, shallow groundwater, reclaimed water and stormwater to Lake Mead. The Calico Ridge Weir is one of nine weirs built in the wash (out of 22 planned) that help slow flows—thus reducing erosion—and allow sediments to settle to the bottom of the wash before the water returns to Lake Mead.

Also during 2005, the SNWA continued its support of the Las Vegas Valley Groundwater Management Program, including well pluggings and conversions, conservation incentives and permanent recharge of the valley's groundwater basin. During the year, 63 households with wells connected to a municipal water supply, 64 wells were properly plugged or abandoned, 74 well-using households replaced turf with water-smart landscaping (saving about 12 million gallons of water), and about 2,000 acre-feet of Colorado River water were injected into the ground as part of the permanent recharge program. In November 2005, the national non-profit Groundwater Foundation presented the program with its sixth consecutive Groundwater Guardian designation.



results from internal collaboration within the SNWA.

In tune with the environment



For the SNWA, synergy also means ensuring the sustainability of our desert community, and the flora and fauna that call it home.

Think of it as collaboration with Mother Nature.

A critical aspect of this partnership with nature is the Lower Colorado River Multi-Species Conservation Program (MSCP), one of the nation's largest habitat conservation programs covering 26 species along more than 400 miles of the lower Colorado River, from below Glen Canyon Dam to the boundary with Mexico.

Partnering with Arizona, California and the federal Bureau of Reclamation, Nevada initiated the program in 1994 to coordinate responses to the designation of critical habitat for endangered fish in the lower Colorado River.

Nevada is funding 25 percent of the program, which was implemented in April 2005 with the signing of a Record of Decision by then-U.S. Interior Secretary Gale Norton. The remainder is divided between California (50 percent) and Arizona (25 percent).

The MSCP balances its commitment to environmental stewardship with accommodations for current water diversions and power production to optimize opportunities for future water and power development.

The SNWA also has worked on issues related to the Colorado River Delta in Mexico and the Salton Sea, and participates in the Upper Colorado River Endangered Fish Recovery Program and Glen Canyon Adaptive Management Program.

Field research efforts include studies of the razorback sucker in Lake Mead, Virgin River fishes research, a survey of sensitive bird species on the Virgin and Muddy rivers and in east-central Nevada, assisting federal and state agencies on research such as Moapa dace

surveys and integrating biological efforts with hydrological studies related to spring snails and other biological indicators.

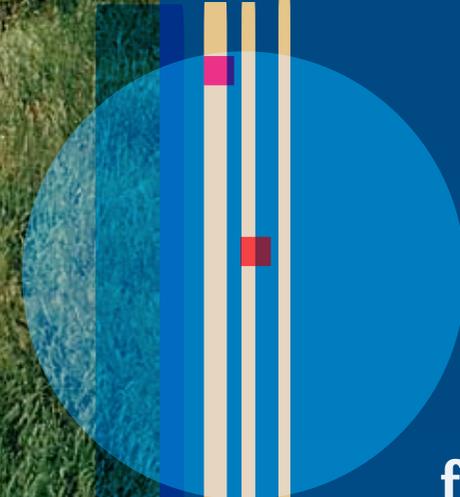
The SNWA also has funded research related to federally listed or candidate avian species such as the Southwestern willow flycatcher, Yuma clapper rail and yellow-billed cuckoo. SNWA biologists also conduct annual fish surveys and implement recovery actions such as augmenting wild populations by introducing hatchery-reared endangered fish, eradicating competing non-native species and constructing fish barriers.

Additionally, the SNWA coordinates water quality and habitat protection through the Las Vegas Wash Comprehensive Adaptive Management Plan and has participated in the development of the Clark County Multi-Species Habitat Conservation Plan.



A commitment to environmental sustainability

brings Mother Nature into the collaborative process.



financials

Our Financial Picture

Further illustrating the SNWA's desire to achieve synergy at all levels—internally as well as externally—is its ongoing commitment to fiscal responsibility. Because of financial strategies that maximize resources and reduce debt, the financial picture for the SNWA is exceptionally strong. A result of long-range planning and use of diversified funding sources, the SNWA's financial strength is perhaps best exemplified by the AA- Standard and Poors bond rating. As a not-for-profit local government entity, the SNWA has been able to access capital at relatively low interest rates, which is vital as it invests revenues in facilities and services to ensure a high-quality reliable water supply.

The SNWA operates from three primary sub funds:

- Wholesale Delivery Operations, which is funded by wholesale delivery charges paid by retail purveyor members of the Water Authority;
- New Expansion Debt Service, which is funded primarily by connection charges and sales taxes; and
- The Capital Improvements Construction fund, which is funded almost entirely by tax-exempt municipal bonds the SNWA has sold.

By state statute, the SNWA operates as a single proprietary fund. Costs of providing goods and services to customers are recovered through user charges.

In the last Fiscal Year, operating costs were most impacted by unprecedented electric power rates, which represented 39 percent of operational expenses. The SNWA is one of the largest power users in Southern Nevada and requires power to treat water and deliver it to retail purveyors. The SNWA has managed to curb the greatest impacts of higher energy costs through conservation, exploring innovative power opportunities and its cooperative business accord with Nevada Power and its parent company, Sierra Pacific Resources, and the Colorado River Commission, as well as its 25 percent stake in the Silverhawk Generating Station in Apex, Nev. Mitigating the financial effects of rising power rates will continue to be a primary focus for the SNWA.

The following financial information is based on the Fiscal Year ended June 30, 2005, and represents an overview of the SNWA's individual operating programs, funds, revenues and expenditures.

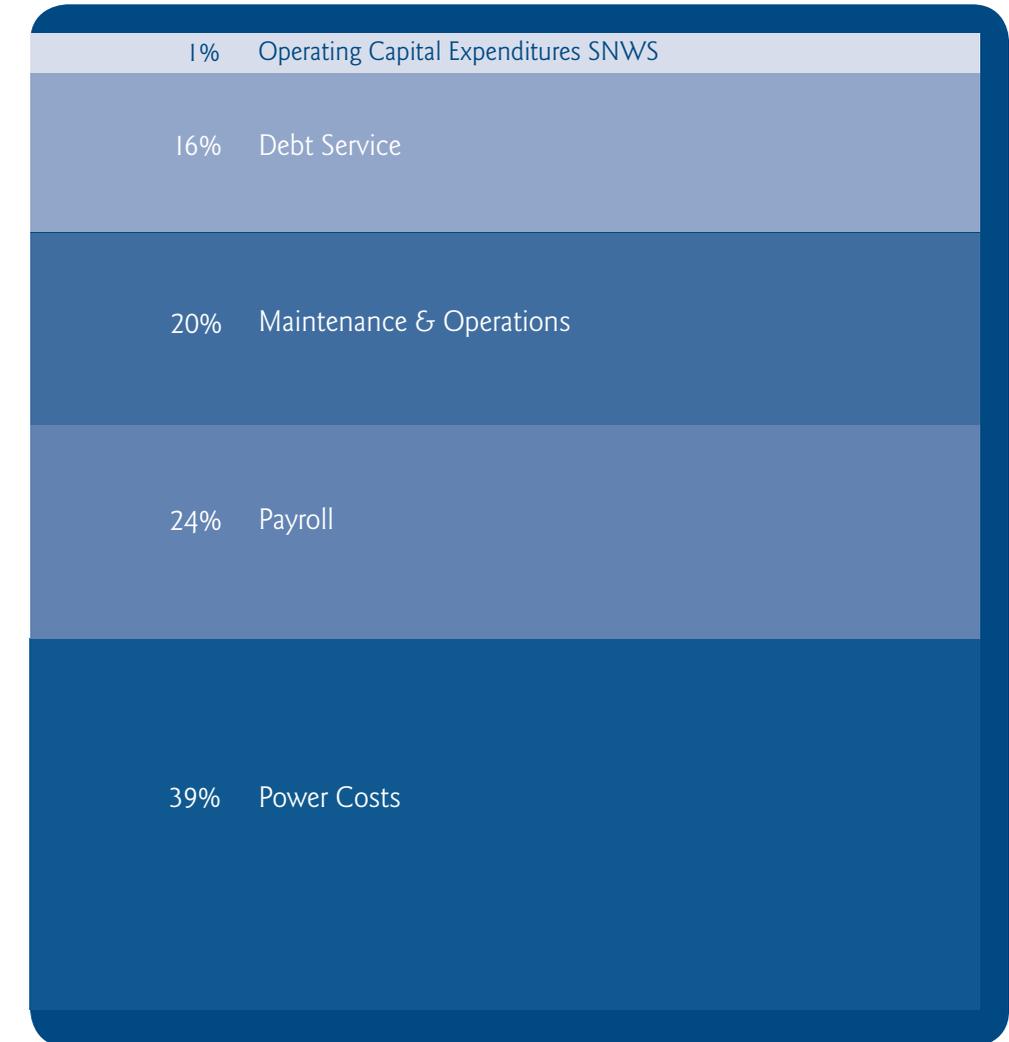
Wholesale Delivery Operations

The Wholesale Delivery Charge is designed to cover the costs of administration and operation of the Southern Nevada Water System (SNWS). For the Fiscal Year ended June 30, 2005, the Wholesale Delivery Charge was \$252 per acre-foot of treated Colorado River water delivered to purveyor members of the SNWA, up from \$243 per acre-foot in the previous fiscal year. Those purveyor members then sell the water to retail customers. The SNWA has no retail customers of its own. Nellis Air Force Base pays a modified Wholesale Delivery Charge, and Boulder City pays a Raw Water Wholesale Delivery Charge.

Southern Nevada Water Authority

Wholesale Delivery Operations Expenditures

Fiscal Year ended June 30, 2005



New Expansion Debt Service

The New Expansion Debt Service Fund had a balance of \$482.1 million as of June 30, 2005. This balance is needed to provide a prudent debt service coverage ratio, and is consistent with projections of the Capital Improvements Funding Program, which determines how the costs of the SNWA Capital Improvements Plan (CIP) will be funded. Most of the construction costs will be provided by funds from the sale of tax-exempt municipal bonds. The money to make debt service payments on those bonds will continue for years after the last connection to the new system is sold; the balance in this fund is projected to continue to grow for years, and will then begin to slowly decline.

The adjacent graph explains the major revenue sources in the New Expansion Debt Service Fund. The major revenue source in this fund is the regional connection charge. This charge on every new connection to the system is collected by SNWA's purveyor members and remitted monthly.

The second major revenue source in this fund is sales tax. This is the one-quarter of 1 percent that was added to the existing sales tax rate in Clark County in April 1999. This revenue is collected by the state Department of Taxation and remitted to SNWA monthly on a two-month lag. The SNWA shares this revenue with wastewater agencies, rural water and wastewater systems and the Las Vegas Wash. This sales tax will conclude in June 2025, or when \$2.3 billion has been collected, whichever occurs first. Over the life of this sales tax, the SNWA is projected to receive approximately 58 percent of the proceeds. However, according to phase-in agreements, to date the SNWA has received 67 percent of the approximately \$388 million that has been collected.

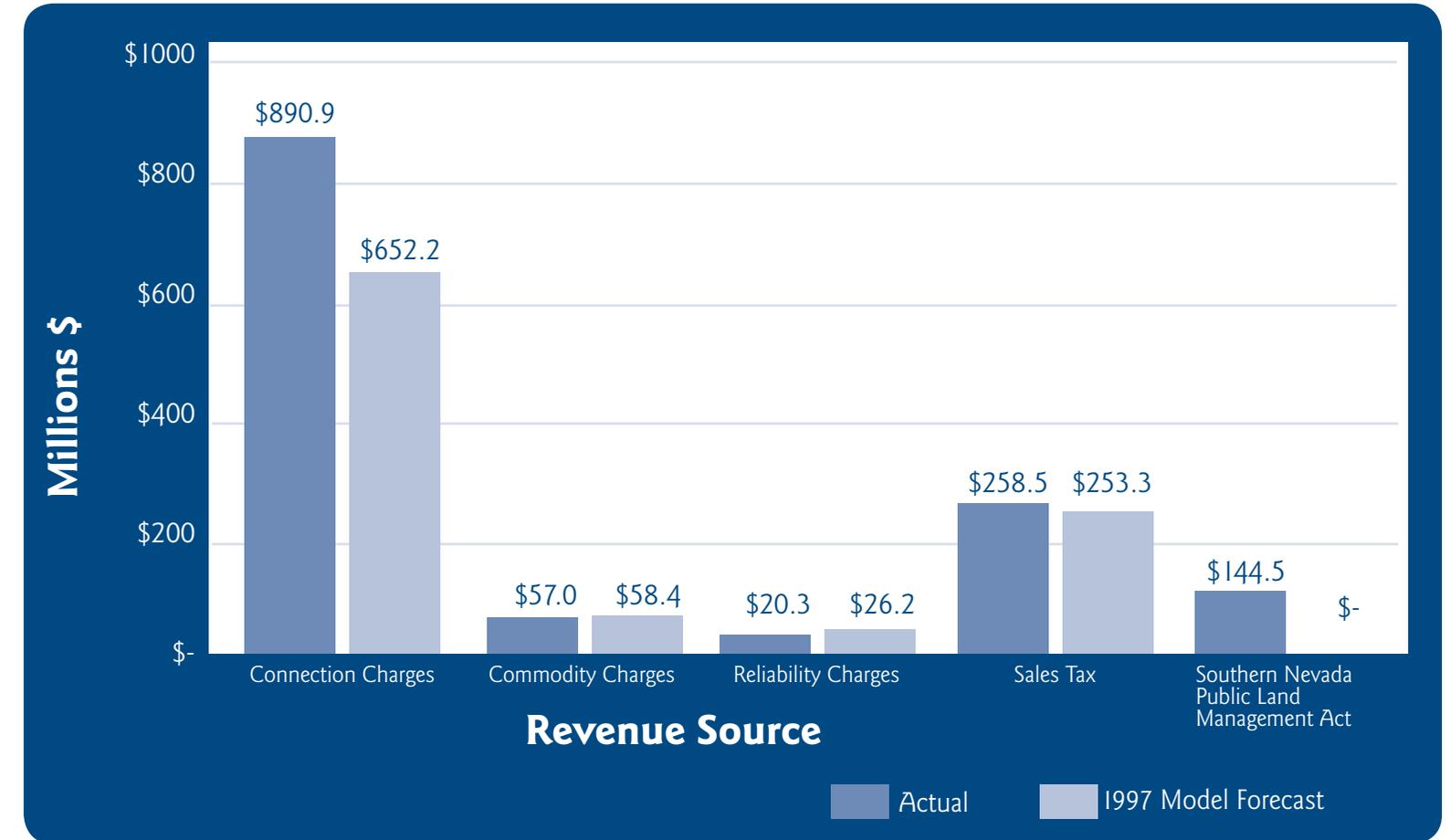
One revenue source that is challenging to forecast is the SNWA's share of revenues from the Southern Nevada Public Land Management Act (SNPLMA), a federal law passed in 1997. The SNPLMA calls for SNWA to receive an amount equal to 10 percent of the purchase price of certain public land sales in the Las Vegas Valley, with proceeds restricted to paying debt service of construction costs of the SNWA's Capital Improvements Plan. SNWA revenues from the SNPLMA are based solely on the availability and sale price of public lands in the valley. Since the act was finalized after the 1997 model forecast was prepared, that forecast contained no projection of revenue from this source. The \$144.5 million in SNPLMA revenue received to date makes it the third largest New Expansion revenue source.

The primary outflow of this fund is debt service payments on bonds sold to fund the Capital Improvements Program. Also, according to the Capital Improvements Funding Plan, the fund also pays some construction expenses directly (pay-as-you-go), which eliminates the cost of borrowing (interest).

Southern Nevada Water Authority

New Expansion Revenues

Cumulative through December 2005
Actual vs. 1997 Model Forecast



Capital Improvements Program Fund

This sub fund opened the Fiscal Year with a balance of zero, and ended with a balance of \$15.6 million. This closing balance reflected the remaining proceeds of \$160 million in tax-exempt commercial paper issued on February 2005. During the Fiscal Year, this fund paid \$150.3 million for capital improvements and resource purchases.

The Capital Improvements Fund is almost always “over-committed but under-expended,” meaning construction contract commitments generally exceed the amount of bond proceeds on hand. However, to avoid unnecessary interest costs, additional bonds are not sold until this fund is depleted. This fund has earned an estimated \$6 million in tax-exempt arbitrage interest by complying with federal requirements for exemption. These interest earnings have reduced the overall costs associated with the Capital Improvements Program. Debt-management strategies are expected to save an additional \$350 million over the life of the projects.

Groundwater Program

The SNWA’s Groundwater Management Program is designed to protect and manage the groundwater aquifer in the Las Vegas Valley. As authorized by state law, the SNWA assesses an annual fee of \$30 per acre-foot of permitted groundwater rights, or \$30 per domestic well. Proceeds from this fee are used to manage the aquifer, fund permanent recharge of the aquifer and, when needed, fund well abandonment and conversion to municipal water systems. This sub fund has a balance of \$3.4 million for the Fiscal Year ended June 30, 2005, but much of that balance should be spent on artificial recharge and well conversions in future fiscal years.

Las Vegas Wash

The SNWA invests in programs and research to find solutions to critical environmental issues surrounding the Las Vegas Wash, the natural channel that returns runoff from the Las Vegas Valley to Lake Mead. To assist in this, the SNWA organized the Las Vegas Wash Coordination Committee, which comprises stakeholders in the Las Vegas Wash. Operating costs are funded by assessments of member agencies. In addition, the Las Vegas Wash receives 4 percent of sales-tax proceeds received by the SNWA. These proceeds have been used to fund capital improvements in the wash, such as the construction of weirs to stabilize and protect wash banks. However, a funding formula is in place for stakeholders in the Las Vegas Wash to reimburse the SNWA for operations of the committee. Grants also represent a significant revenue source for activity related to the wash.

The following table provides a ledger view of sources and uses of funds within the individual sub-funds discussed in this financial overview for the Fiscal Year ended June 30, 2005. The first half of the ledger represents sources of funds received during the Fiscal Year; the bottom half represents expenditures of those funds. Dollar amounts in each row are added across for a total. The numbers shown in the beginning and ending balance rows are balances in these funds before and after this year’s sources and uses of funds. Dollar amounts are presented in millions.

	Wholesale Delivery Operations	New Expansion Debt Service	CIP / MCCP Construction	Groundwater Program	Las Vegas Wash	Total
Beginning Balance (July 1, 2004)	-	353.5	-	3.7	1.4	358.6
Sources of Funds						
Operating Revenues	100.5			1.6	1.1	103.2
Other Revenues	0.3	0.1	6.0			6.4
New Expansion Revenues		309.1			3.2	312.3
Debt Issuance Proceeds			160.0			160.0
Interest Income	0.1	10.9			-	11.0
Total Sources of Funds	100.9	320.1	166.0	1.6	4.3	592.9
Uses of Funds						
Power Costs	(54.4)					(54.4)
Payroll Costs	(33.7)			(0.3)	(1.0)	(35.0)
Operations and Maintenance	(21.1)			(1.6)	(1.5)	(24.2)
Operating Capital Expenditures	(0.8)					(0.8)
Const. & Resource Expenditures		(82.3)	(150.3)		(4.0)	(236.6)
Debt Service	(16.4)	(109.2)				(125.6)
Total Uses of Funds	(126.4)	(191.5)	(150.3)	(1.9)	(6.5)	(476.6)
Fiscal Year Net Change	(25.5)	128.6	15.7	0.3	(2.2)	116.2
Ending Balance (June 30, 2005)	(25.5)	482.1	15.7	3.4	(0.8)	474.8 *

*Totals may be adjusted slightly due to rounding.

