

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009



SOUTHERN NEVADA WATER AUTHORITY®

ON THE COVER:

Zeldenrust Residence, 2009 SNWA Landscape Award winner

More than half of the water used in Southern Nevada is used for landscaping. Last year, residents and businesses participating in the Southern Nevada Water Authority's (SNWA) Water Smart Landscapes rebate program converted almost 18 million square feet of turf to water-efficient landscaping, saving more than 1 billion gallons of water. The Zeldenrust residence proves that water-efficient landscapes can be lush, colorful outdoor living spaces. View all 2009 award-winning landscapes at snwa.com.



SOUTHERN NEVADA WATER AUTHORITY

Comprehensive Annual Financial Report

Fiscal Year End June 30, 2009

Shari Buck, Chair, City of North Las Vegas Councilman
Steven Kirk, Vice Chair, City of Henderson Councilman
Susan Brager, County Commissioner (representing Las Vegas Valley Water District)
Tom Collins, County Commissioner (representing Clark County Water Reclamation District)
Duncan McCoy, City of Boulder City Councilman
Steve Sisolak, County Commissioner (representing Big Bend Water District)
Lois Tarkanian, City of Las Vegas Councilman

Patricia Mulroy
General Manager

Cary M. Casey
Treasurer

Prepared by the Finance Department
Randall Buie, SNWA Controller
1001 South Valley View Blvd., Las Vegas, Nevada 89153
702-258-3939 www.snwa.com



SOUTHERN NEVADA WATER AUTHORITY

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2009

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Southern Nevada Water Authority

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2009

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INTRODUCTORY SECTION



SOUTHERN NEVADA WATER AUTHORITY



SOUTHERN NEVADA WATER AUTHORITY

1001 South Valley View Boulevard • Las Vegas, NV 89153
(702) 258-3939 • snwa.com

December 08, 2009

Board of Directors
Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, Nevada 89153

We are pleased to present the Southern Nevada Water Authority's (SNWA) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. SNWA's MD&A can be found beginning on page 2-3 immediately following the report of the independent auditors.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared by SNWA staff, in accordance with current accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board (GASB). The presentation of data is designed to conform to guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). SNWA management is solely responsible for the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures. We believe the data to be accurate in all material respects and reported in a manner designed to fairly set forth the financial position and results of SNWA's financial activities and operations.

We believe SNWA's internal controls over financial reporting adequately safeguard SNWA's assets and provide reasonable assurance of proper recording of financial transactions and the preparation of financial statements and accompanying information. In developing and evaluating SNWA's accounting and financial reporting system, consideration is given to the adequacy of such internal controls. These controls are designed to provide reasonable assurance regarding safeguarding assets against loss from unauthorized use or disposition and also to prevent fraudulent financial reporting. The controls enhance the reliability of financial records for preparing financial statements and maintaining accountability of SNWA assets. Reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control, and the evaluation of costs and benefits requires estimates and judgments by management. SNWA is committed to continually improve and strengthen its internal control procedures.

Bond covenants and state statutes require an annual audit of SNWA's basic financial statements. This year, the independent public accounting firm of Piercy Bowler Taylor & Kern, Certified Public Accountants and Business Advisors, performed the audit. Their report on the basic financial statements, which contains an unqualified opinion, is included in the financial section.

The independent audit of the basic financial statements of SNWA was part of a broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The regulatory provisions governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the government's internal controls and compliance with legal requirements involving administration of federal awards. This report is available in a separate Single Audit Compliance Report.

SNWA MEMBER AGENCIES

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

PROFILE OF SNWA

Basic Information -- SNWA is a political subdivision of the State of Nevada (the State), created in 1991 by a cooperative agreement among its member agencies. SNWA was created to address Southern Nevada's unique water needs on a regional basis and was charged with acquiring and managing current and future resources for southern Nevada, constructing and managing regional water facilities and promoting water conservation. SNWA is governed by a seven-member Board of Directors (the Board) comprised of one director from each of its seven member agencies. Because its operations are autonomous from its member agencies and the State SNWA's financial statements are not included in the financial statements of any other entity.

The Las Vegas Valley Water District (LVVWD) serves under contract as the operating agent for SNWA. In that capacity, LVVWD previously paid substantially all operating and capital expenses on behalf of SNWA and was reimbursed by SNWA. As payments for the SNWA Capital Improvement Plan increased to current levels, SNWA began paying construction contracts directly. Currently, SNWA directly pays most of the cost of the power required to operate the Southern Nevada Water System.

Accounting System -- The SNWA accounting system is structured on the basis of fund accounting. In governmental accounting, a fund is a self-contained accounting entity with its own set of assets, liabilities, revenues, expenditures or expenses and fund balance. SNWA uses a single enterprise fund to present its financial operations. The enterprise fund is used to account for SNWA operations using full accrual accounting in a manner similar to a private business enterprise. It is the intent of SNWA to establish water rates and other charges at levels sufficient to provide for payment of general operations and maintenance expenses as well as capital improvements and required annual debt service. Under full accrual accounting, revenues are recognized when earned and expenses (including depreciation) are incurred.

Budgetary Controls -- As required by Nevada statutes, the Board approves SNWA's budget annually following a public hearing. A copy of the approved budget is then submitted to the Nevada Department of Taxation. Budgetary controls are established at the levels of total estimated operating and non-operating expenses. SNWA is a self-supporting operation of a commercial nature, which also receives a portion of the ¼ penny sales tax known as the Clark County Tax for Infrastructure. Revenues and expenditures will vary, depending on the timing and level of demand for services.

The budget effectively controls expenditures at various levels. Most disbursements are made through the issuance of purchase orders or in connection with approved contracts. The Support Services Department administers purchasing of new furniture, vehicles, and communication equipment. The Information Systems Department administers computer equipment purchases. Financial Services prepares periodic variance reports by division. In addition, departments can access budget and actual information in real time throughout SNWA's computer network. Division managers are accountable for over/under expenditures. The Human Resources Department controls new positions. All of the departments referred to above are LVVWD departments that provide support for SNWA.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy – Las Vegas and its surrounding areas in Clark County have been hit hard by recent economic conditions. According to calendar year 2008 statistics provided by the Las Vegas Convention and Visitors' Authority (LVCVA), the total visitor count to the Las Vegas metropolitan area was 37.5 million, down 4.4% from the previous year's record volume. Approximately 43% of all Las Vegas visitors arrive by air via McCarran International Airport, an international port of entry and one of the twenty busiest airports in the world. This number is down 6.6% from calendar year 2007. The LVCVA warns that since these numbers reflect the entire calendar year of 2008 and the national and global economic slowdown only became pronounced in the last quarter of 2008, care should be used in drawing conclusions based on them. For

example, when comparing only the period between September to December, visitor volume decreased 10.3% from 2007.

A significant decrease in building permits has also affected not only the revenue streams of SNWA but also of many other ancillary businesses throughout Clark County. Information from the Clark County Department of Development Services shows that the number of permits issued for residential properties and hotels in the area fell 56.0% in calendar 2008. In addition, these numbers have tumbled an additional 41.1% for the first six months of 2009, when compared to the same period in 2008.

According to the U.S. Bureau of Census, Clark County experienced a population increase of 85.6% during the decade of the 1990s, up from 741,459 in 1990 to 1,375,765 in 2000. As of June 30, 2009, the population of Clark County was estimated to be just under 2.0 million. Experts forecast Clark County's population to exceed 2.38 million residents by 2015.

The employment picture for the area has been seriously affected by the current economic slowdown. The Nevada Department of Employment, Training and Rehabilitation shows that for the period from July 1, 2008 to June 30, 2009, the workforce in Clark County area increased 2.5% from 986,829 to 1,011,704, but total employment fell 4.1% from 924,301 to 886,811. This has resulted in a record 12.3% unemployment rate for the area at June 30, 2009, which is an 86.4% increase in unemployment over the twelve month period.

Median home prices have also seen a sharp decline in recent months. In 1995 the median price for a home in the Las Vegas metropolitan area was \$125,100. The price peaked in 2005 at \$349,900 and since has tumbled to \$140,000 on June 30, 2009.

Long-term financial planning – As of June 30, 2009, SNWA has slightly less than \$2.7 billion in outstanding general obligation debt (see Note 13 for a discussion of outstanding SNWA debt). SNWA is required to set rates and charges at levels sufficient to cover all operating costs and debt service when combined with accumulated funds. All applicable bond covenants have been met or exceeded.

SNWA has four options to sell debt –

- Have LVVWD issue debt on its behalf,
- Sell its bonds to the State Bond Bank, which then sells the State's general obligation bonds (per the 1997 Nevada Legislature) ,
- Sell its bonds to the Clark County Bond Bank, which can then sell Clark County general obligation bonds (per the 1999 Nevada Legislature), or
- Issue debt in its own name. However, SNWA cannot make a general obligation (property tax) pledge so interest rates would be higher.

Bond ratings as of June 30, 2009, for the four organizations listed above are –

	Moody's	Standard & Poor's
LVVWD	Aa2	AA+
State of Nevada	Aa2	AA+
Clark County	Aa1	AA+
SNWA	N/A	AA-
LVVWD Commercial Paper	A-1+	p-1

Cash Management -- During the past fiscal year, SNWA funds (including available operating, debt service, and capital improvement funds) were invested in obligations of the U.S. government, obligations of government-sponsored agencies, certificates of deposit, money market accounts, and corporate commercial paper in accordance with SNWA's investment policy. Government and agency obligations are purchased through recognized and regulated brokers dealing in government securities. All investments are held by a bank's trust department in SNWA's name or are insured or collateralized with securities held by a third party in SNWA's name. For the fiscal year ended June 30, 2009, SNWA earned an average yield on its entire investment portfolio of 2.12%, computed on an amortized cost basis.

Risk Management -- SNWA employs a multifaceted approach to risk management, which includes transfer, elimination, avoidance, reduction, and/or assumption of risk of loss. SNWA purchases insurance from the commercial insurance market on real and personal property, including earthquake and flood, with common policy restrictions covering direct physical loss of, or damage to, buildings, fixtures, equipment, boilers, machinery, and supplies. The blanket limit of liability under the property insurance program is \$500 million (flood coverage limited to \$25 million, earthquake coverage limited to \$50 million) with a deductible of \$1 million for all properties valued over \$25 million and \$100,000 for all properties valued under \$25 million for all losses except earthquake, flood and underground communications, water transmission and distribution lines, which have a \$100,000 deductible. This program also provides terrorism insurance for all locations with a blanket limit of \$500 million for all terrorist acts. SNWA self-insures the first \$1 million for automobile and general liability exposure and purchases excess liability insurance in the amount of \$30 million. It also purchases employee fidelity insurance in the amount of \$1 million and other miscellaneous coverages.

In contracts, SNWA obtains indemnification and hold harmless agreements. These agreements require that contractors name SNWA as an additional insured under the indemnitor's insurance coverage, usually in the amount of \$1 million to \$10 million for commercial general and automobile liability insurance. SNWA provides builders risk insurance for all construction projects with a blanket limit of \$100 million per contract, or higher as needed, with a \$50,000 deductible per claim, except earthquake and flood where the deductible is \$500,000 per claim. The cost of settlements and awards has not exceeded insurance coverage for any of the past five fiscal years.

SEC REQUIREMENT

On November 10, 1994, the Securities and Exchange Commission amended the Securities Exchange Act of 1934, Rule 15c2-12, regarding continuing disclosure by issuers of municipal securities for the benefit of holders of such securities. The amendments require, among other things, that certain annual financial information be provided to various information repositories for bond issues sold on or after July 3, 1995. The annual financial information must include an update of the same financial statements, except for forecasts, that were included in the final official statement issued at the time of the bond sale. The required annual financial information for SNWA is presented in the SEC Disclosure Compliance Section of this report. SNWA forwards copies of its CAFR to appropriate information repositories.

AWARDS AND ACKNOWLEDGMENTS

The GFOA awarded the Certificate of Achievement (CA) for Excellence in Financial Reporting to SNWA for its CAFR for the fiscal year ended June 30, 2008. This was the thirteenth consecutive year that SNWA has achieved this prestigious award.

In order to be awarded a CA, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A CA is valid for a period of one year only. We believe that our current CAFR continues to meet to the CA Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We express our appreciation to all members of SNWA's administrative staff and the independent certified public accounting firm of Piercy Bowler Taylor & Kern. Additionally, we recognize SNWA's Accounting staff for their efforts in preparing this report, especially Randall Buie, SNWA Controller, and Cheryl Styck, Senior Accountant. We also thank the members of the Board for their continued support in the planning and implementation of the financial affairs of SNWA.

Sincerely,

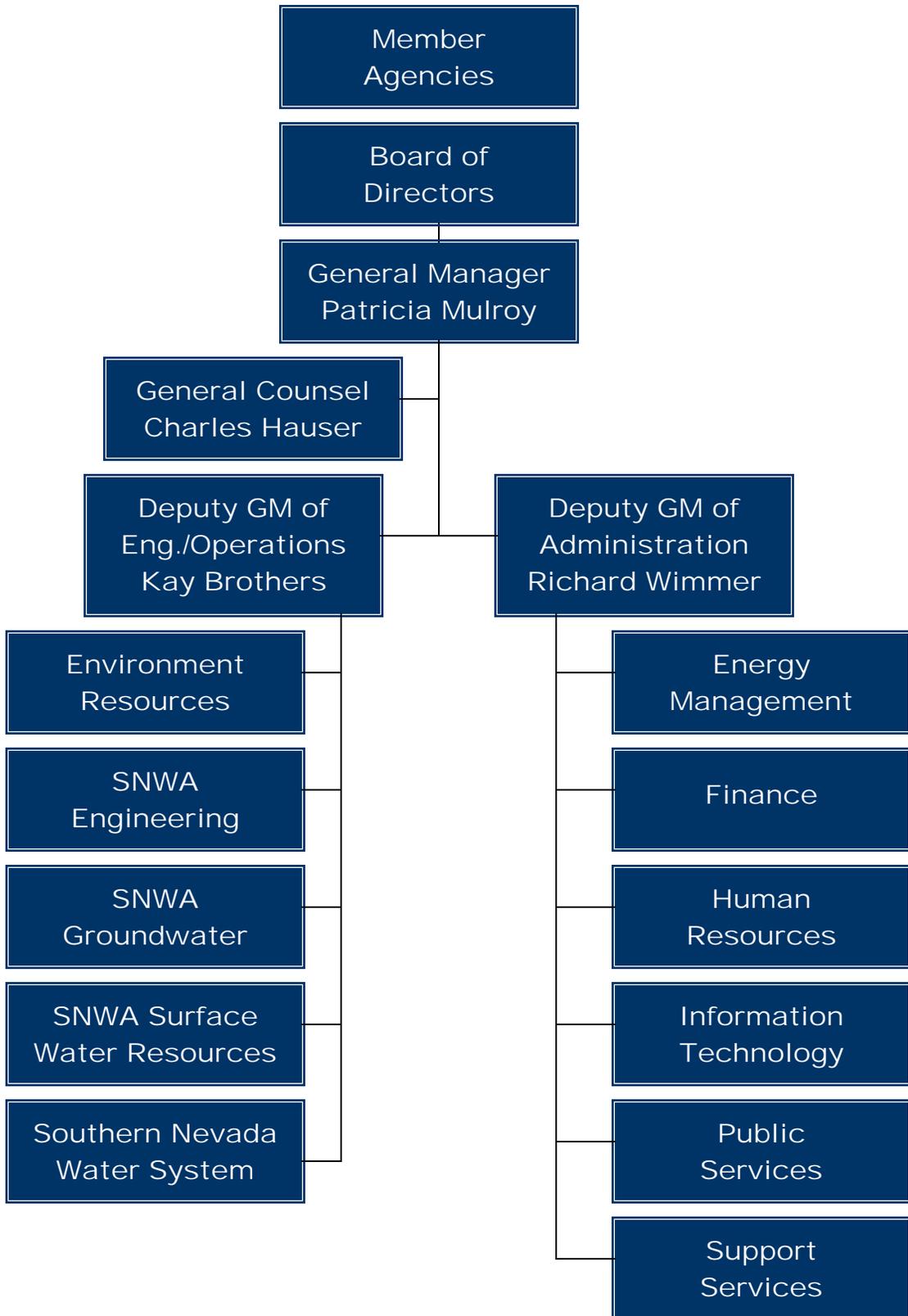


Patricia Mulroy
General Manager



Cary M. Casey
Treasurer

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Southern Nevada Water Authority

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.



A handwritten signature in black ink, appearing to read "M. L. R. T.", written over the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written over the printed name.

Executive Director

FINANCIAL SECTION



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

Board of Directors
Southern Nevada Water Authority
Las Vegas, Nevada

We have audited the accompanying basic financial statements of the Southern Nevada Water Authority (SNWA) as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of SNWA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of SNWA, as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of SNWA'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 audits.

The management's discussion and analysis on pages 2-3 through 2-9 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 audits were made for the purpose of forming an opinion on the financial statements that collectively comprise SNWA's basic financial statements. The introductory section, statistical section and the United States Securities and Exchange Commission (SEC) disclosure compliance schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements and have not been subjected to the auditing procedures applied in the audits of the basic financial statements. Accordingly, we express no opinion on them.



December 8, 2009

SOUTHERN NEVADA WATER AUTHORITY

Management's Discussion and Analysis

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

The management of the Southern Nevada Water Authority (SNWA), provides readers of SNWA's financial statements this narrative overview and analysis of the financial statements for the fiscal years ended June 30, 2009 and 2008. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal, which begins on page 1-1 of this report, and in the basic financial statements which begin on page 2-11.

Financial Highlights for 2009

- Total assets increased \$315.2 million over the prior year totaling nearly \$4.3 billion.
- Total assets exceed total liabilities at the close of the fiscal year by over \$1.5 billion (fund equity). Fund equity was reduced during the fiscal year by \$55.8 million.
- During the fiscal year, major balance sheet resources were generated from an increase in liabilities (\$371.0 million) primarily from the sale of two debt issues during the year. Major balance sheet resources were used during the fiscal year for net additions to capital assets (\$277.2 million), net additions to other assets (\$38.0 million) and net decrease in fund equity (\$55.8 million).
- In July 2008, SNWA participated in two debt issues. The SNWA 2008 bonds generated \$419.1 million of funds for future construction projects and the SNWA Subordinate Lien Revenue 2008 bonds generated \$6.9 million to reimburse SNWA for prior clean energy capital expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SNWA's basic financial statements, which are comprised of two components: 1) enterprise fund financial statements, and 2) notes to basic financial statements. This Comprehensive Annual Financial Report also contains other supplementary and statistical information in addition to the basic financial statements.

Enterprise fund financial statements. SNWA's operations are accounted for as a single enterprise fund using the full accrual basis of accounting. In this regard, SNWA's operations are accounted for in a manner similar to a private business enterprise. Within this one enterprise fund, SNWA segregates revenues and expenses in its financial statements for various purposes such as operations, debt service and capital improvements. This segregation is an internal discipline and does not create physically separate funds. The enterprise fund financial statements can be found beginning on page 2-11.

Notes to basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found beginning on page 2-17 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents statistical information and Securities and Exchange disclosure compliance schedules. This information and schedules can be found starting on pages 3-1 and 4-1 respectively of this report.

SOUTHERN NEVADA WATER AUTHORITY

Management's Discussion and Analysis

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Financial analysis. One indication of the financial health of SNWA is fund equity, which is the difference between assets and liabilities. Changes in fund equity over time may serve as a useful indicator of financial health. The condensed balance sheets below present the fund equity of SNWA for the fiscal years ended June 30, 2009, 2008, and 2007.

**Southern Nevada Water Authority
Enterprise Fund
Condensed Balance Sheet
June 30, 2009, 2008 and 2007
(In Millions)**

	<u>June 30, 2009</u>	<u>Change</u>	<u>June 30, 2008</u>	<u>Change</u>	<u>June 30, 2007</u>
Capital Assets	\$ 3,660.1	\$ 277.2	\$ 3,382.9	\$ 441.0	\$ 2,941.9
Current and Other Assets	600.1	38.0	562.1	(391.9)	954.0
Total Assets	<u>\$ 4,260.2</u>	<u>\$ 315.2</u>	<u>\$ 3,945.0</u>	<u>\$ 49.1</u>	<u>\$ 3,895.9</u>
Long-Term Liabilities	\$ 2,233.1	\$ 366.3	\$ 1,866.8	\$ (49.4)	\$ 1,916.2
Other Liabilities	523.4	4.7	518.7	(1.3)	520.0
Total Liabilities	<u>2,756.5</u>	<u>371.0</u>	<u>2,385.5</u>	<u>(50.7)</u>	<u>2,436.2</u>
Fund Equity					
Invested in Capital Assets, Net of Related Debt	975.2	(86.1)	1,061.3	175.4	885.9
Restricted for Debt Service / Capital Assets	15.2	(86.8)	102.0	51.9	50.1
Unrestricted	513.3	117.1	396.2	(127.5)	523.7
Total Fund Equity	<u>1,503.7</u>	<u>(55.8)</u>	<u>1,559.5</u>	<u>99.8</u>	<u>1,459.7</u>
Total Liabilities and Fund Equity	<u>\$ 4,260.2</u>	<u>\$ 315.2</u>	<u>\$ 3,945.0</u>	<u>\$ 49.1</u>	<u>\$ 3,895.9</u>

Fund equity in fiscal 2009 decreased \$55.8 million (3.6%) from fiscal 2008. Annual capital contributions (mainly regional connection charges and sales tax collections) were lower than debt service requirements for the first time in twelve years. Fund equity in 2008 increased \$99.8 million (6.8%) over 2007. This was primarily due to capital contributions collected in excess of debt service requirements.

Total assets in fiscal 2009 increased approximately \$315.2 million (8.0%). The increase includes a \$277.2 million (8.2%) increase in capital assets and a \$38.0 million (6.8%) increase in other assets. Total assets in fiscal 2008 increased approximately \$49.1 million (1.3%), which was the net of an increase of \$441.0 million (15.0%) in capital assets and a \$391.9 million (41.1%) decrease in noncurrent assets. See Note 7 for further discussion of capital assets.

Total liabilities in fiscal 2009 increased approximately \$371.0 million (15.6%) fueled mainly by two new debt issues. The total increase includes a \$366.3 million (19.6%) increase in long term liabilities and the \$4.7 million (0.9%) increase in other liabilities. Total liabilities in fiscal 2008 decreased approximately

SOUTHERN NEVADA WATER AUTHORITY

Management's Discussion and Analysis

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

\$50.7 million (2.1%) mainly as a result of normal debt retirement. The total decrease includes a \$49.4 million (2.6 %) decrease in long term liabilities and a \$1.3 million (0.2%) decrease in other liabilities.

The following chart summarizes the statements of revenues, expenses and changes in fund equity for the fiscal years ended June 30, 2009, 2008, and 2007.

Southern Nevada Water Authority
Enterprise Fund
Condensed Statement of Revenue, Expenses, and Changes in Fund Equity
For the Fiscal Years Ended June 30, 2009, 2008 and 2007
(In Millions)

	<u>June 30, 2009</u>	<u>Variance</u>	<u>June 30, 2008</u>	<u>Variance</u>	<u>June 30, 2007</u>
Operating Revenues					
Wholesale Delivery Charges	\$ 112.6	\$ (6.2)	\$ 118.8	\$ (2.6)	\$ 121.4
Other Revenues	5.7	0.2	5.5	0.7	4.8
Total Operating Revenues	<u>118.3</u>	<u>(6.0)</u>	<u>124.3</u>	<u>(1.9)</u>	<u>126.2</u>
Total Nonoperating Revenues	10.0	(14.5)	24.5	(5.8)	30.3
Total Revenues	<u>128.3</u>	<u>(20.5)</u>	<u>148.8</u>	<u>(7.7)</u>	<u>156.5</u>
Operating Expenses					
Personnel and Related	39.7	2.3	37.4	3.6	33.8
Electric Power	40.2	5.0	35.2	(12.1)	47.3
Depreciation	61.1	3.9	57.2	4.2	53.0
Operating and Maintenance	73.5	9.6	63.9	20.8	43.1
Total Operating Expenses	<u>214.5</u>	<u>20.8</u>	<u>193.7</u>	<u>16.5</u>	<u>177.2</u>
Total Nonoperating Expenses	64.9	(1.3)	66.2	(5.7)	71.9
Total Expenses	<u>279.4</u>	<u>19.5</u>	<u>259.9</u>	<u>10.8</u>	<u>249.1</u>
Loss Before Capital Contributions	(151.1)	(40.0)	(111.1)	(18.5)	(92.6)
Capital Contributions	95.3	(115.6)	210.9	(28.3)	239.2
Increase (decrease) in Fund Equity	<u>(55.8)</u>	<u>\$ (155.6)</u>	<u>99.8</u>	<u>\$ (46.8)</u>	<u>146.6</u>
Fund Equity Beginning of Year	1,559.5		1,459.7		1,313.1
Fund Equity End of Year	<u>\$ 1,503.7</u>		<u>\$ 1,559.5</u>		<u>\$ 1,459.7</u>

May be off slightly due to rounding

SOUTHERN NEVADA WATER AUTHORITY

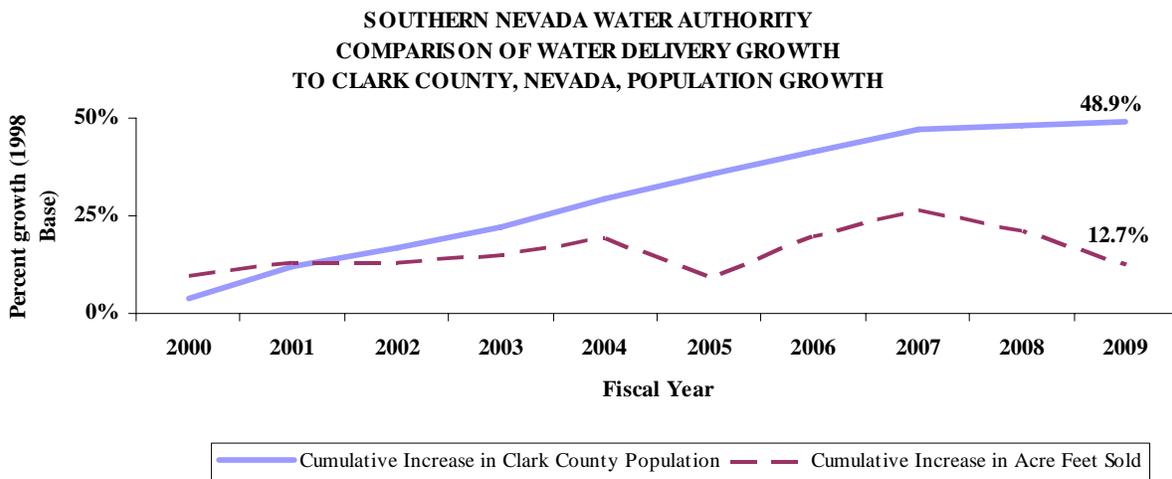
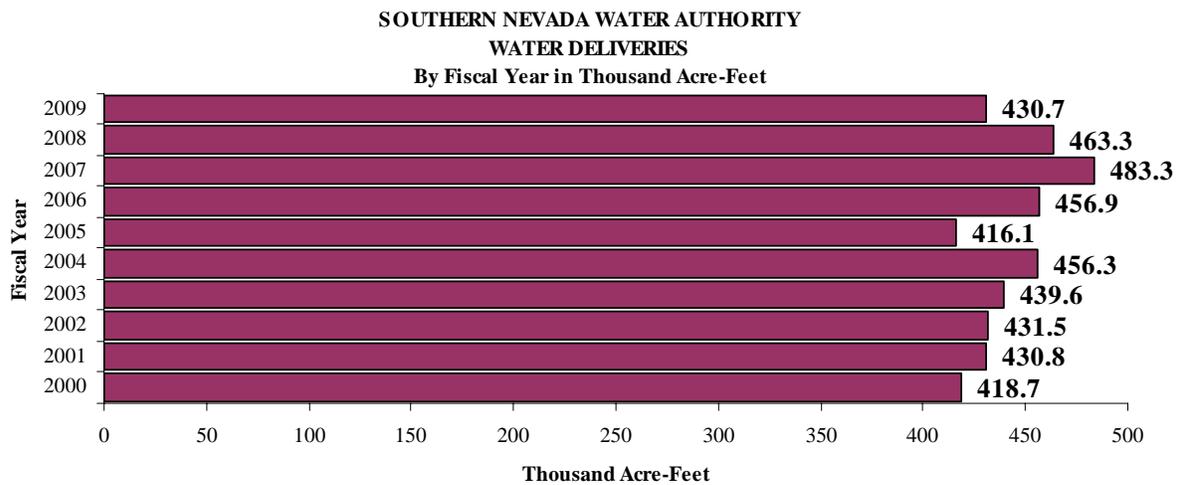
Management's Discussion and Analysis

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Operating revenues and expenses are defined as non-capital revenues and expenses incurred in the normal course of business. Examples of operating revenues are non-capital fees and charges collected from purveyor members (wholesale delivery charges, Las Vegas Wash operating fees, groundwater fees, etc.). Examples of operating expenses are payroll, power costs, and professional fees.

The \$6.2 million (5.2%) decrease in wholesale delivery charge revenues in fiscal 2009 reflects a decrease in water deliveries during the year (7.0%) slightly offset by an increase in the wholesale delivery charge. The wholesale delivery charge rate of \$262/acre-foot charged in fiscal 2009 included an increase of \$5/acre-foot over the rate charged in fiscal 2008. The \$2.6 million (2.1%) decrease in wholesale delivery charge revenues in fiscal 2008 reflects a decrease in water deliveries during the year (4.1%) slightly offset by an increase in the wholesale delivery charge. The wholesale delivery charge rate of \$257/acre-foot charged in fiscal 2008 included an increase of \$5/acre-foot over the rate charged in fiscal 2007.

The following charts present water deliveries by the Southern Nevada Water System over the past ten years and compare the growth in water deliveries to population growth in Clark County, Nevada.



SOUTHERN NEVADA WATER AUTHORITY

Management's Discussion and Analysis

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

The \$14.5 million (59.2%) decrease in nonoperating revenues for fiscal 2009 and the \$5.8 million (19.1%) decrease in nonoperating revenues for fiscal 2008 were due to a reduction in investment income reflecting smaller returns largely related to a softening of the investment market.

The \$2.3 million (6.1%) increases in personnel and related expenses in fiscal 2009 were due to normal cost of living allowance and merit increases but are less than previous years and reflects SNWA's midyear effort to contain costs due to recent economic conditions. The \$3.6 million (10.7%) increases in personnel and related expenses in fiscal 2008 were due to normal cost of living allowance and merit increases, as well as a minimal amount of new hires.

Electric power costs increased \$5.0 million (14.2%) in fiscal 2009. Fewer megawatt hours (MWh) were used (3.8%) due to the lower water deliveries described above, but the cost per MWh increased (16.4%) leading to the overall increase in cost. Electric power costs decreased \$12.1 million (25.6%) in fiscal 2008. SNWA used 3.0% fewer MWhs due to lower sales of wholesale water and the cost MWh was down an average of 20.1% in fiscal 2008. Electric power is a significant cost of doing business and SNWA aggressively attempts to keep the unit cost of power as low as possible.

The increases in depreciation for fiscal 2009 and 2008 are a function of increases in property, plant and equipment.

Operating and maintenance expenses increased \$9.6 million (15.0%). This increase is less than previous years and reflects SNWA's mid year effort to contain costs due to recent economic conditions. Operating and maintenance expenses increased \$20.8 million (48.3%) in fiscal 2008 due in large part to SNWA's Water Smart Landscapes Program. This program provided more attractive incentives to homeowners and business owners, with these customers using the program in larger numbers.

Nonoperating expenses decreased \$1.3 million (2.0%) due to a decrease in interest expense costs from SNWA's commercial paper program. Nonoperating expenses decreased \$5.7 million (7.9%) in fiscal 2008 led primarily by a decrease in interest expense costs achieved through the refunding of higher cost bond issues in the prior year. SNWA's bond counsel regularly reviews SNWA's debt portfolio to identify opportunities to minimize interest expense.

Capital contributions are revenues SNWA receives to fund its \$2.9 billion Capital Improvement Plan (CIP) and other capital projects. SNWA began collection of these revenues in early 1996. In order of the amount of revenue they have generated since 1996, those revenues include: (1) the regional connection charge, (2) sales tax, (3) the Southern Nevada Public Lands Management Act (SNPLMA) funds, (4) the regional commodity charge, (5) the regional reliability charge, and (6) various other small charges.

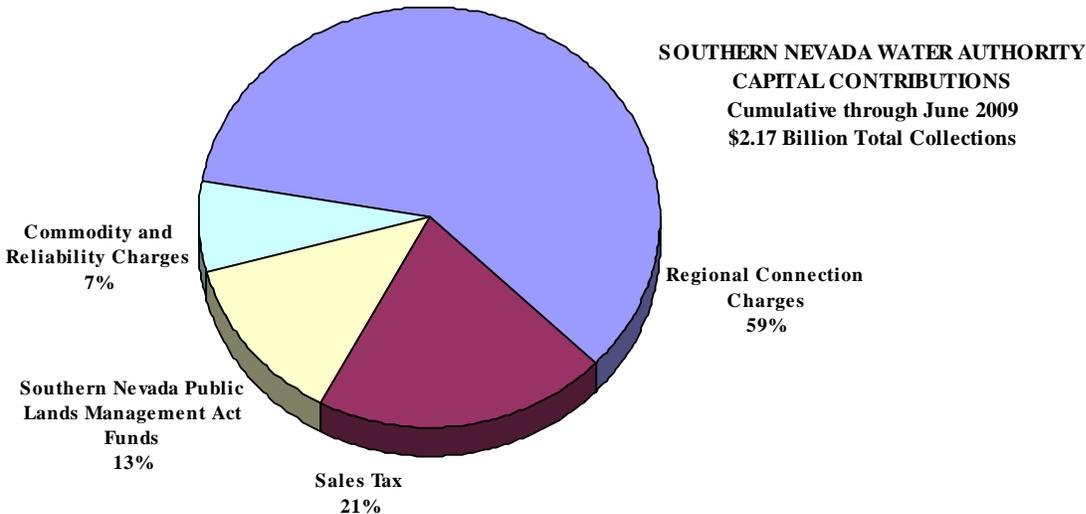
Capital contributions in fiscal 2009 decreased \$115.6 million (54.8%) primarily due to decreases in regional connection charges (\$34.1 million, 55.5%), sales tax collections (\$7.0 million, 13.1%), and contributed capital (\$71.1 million, 96.4%) reflecting a slowing of growth in the Las Vegas area and current economic conditions. Capital contributions in fiscal 2008 decreased \$28.3 million (11.8%) primarily due to decreases of \$59.8 million (49.3%) in regional connection charges. See Note 16 for a summary of Capital Contributions.

SOUTHERN NEVADA WATER AUTHORITY

Management's Discussion and Analysis

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

The following chart shows the major capital contribution revenue sources and their relation to total capital contributions.



Capital Asset and Debt Administration

Capital Assets. SNWA's investment in capital assets as of June 30, 2009 amounts to \$3.7 billion, net of accumulated depreciation. The investment in capital assets includes land, transmission and distribution lines, pumping stations and equipment, water rights and other natural resources rights. Please see Note 7 to the basic financial statements for additional information on the types and values of SNWA's capital assets.

SNWA's ongoing CIP and Major Construction and Capital Plan (MCCP) consist of items described in the preceding paragraph. Major construction expenditures in fiscal 2009 totaled \$407.6 million. Contract commitments total an additional \$841.6 million.

Debt Administration. At the end of fiscal 2009, SNWA had general obligation debt totaling \$2.7 billion. Details concerning all debt issues can be found in Note 13 to the basic financial statements.

In July, 2008, SNWA issued \$400 million of par value general obligation bonds which generated funds for future construction projects. The issue was sold at a premium of \$19.1 million, and had a net effective interest rate of 4.12%.

Additionally in July, 2008, SNWA issued subordinate lien revenue bonds in the amount of \$6.9 million which generated funds to reimburse SNWA for prior clean energy capital project expenditures. The issue had a net effective interest rate of 1.17%.

SOUTHERN NEVADA WATER AUTHORITY

Management's Discussion and Analysis

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Economic Factors and Next Year's Goals

Largely a result of its comprehensive financial planning system, SNWA's financial outlook continues to remain satisfactory even in current turbulent economic times. For the first time in decades population growth in the Las Vegas area was nonexistent. As a result, demand for new service connections within the SNWA service area was severely curtailed. However because of its long range financial plan SNWA had financial resources available from prior period savings to ease the financial stress of the current recession. SNWA continues to maintain its high investment grade credit rating of "AA-" by Standard & Poor's. Construction of the \$2.9 billion CIP and the \$1.5 billion MCCP is on schedule and within budget.

Currently, the major concerns for southern Nevada continue to be the multi-year drought affecting the Colorado River basin and the ongoing recession. Water levels in Lake Mead have declined approximately 109 feet (9.0%) since 2000. Although these levels remain above SNWA's two intakes, the intakes are drawing water closer to the surface, which creates water quality challenges. Lower lake levels have also impacted the amount of water SNWA can withdraw from the Colorado River basin in excess of its 300,000 acre-feet net consumptive allocation. SNWA has taken steps to develop in-state water resources and to construct a third intake in Lake Mead. Naturally in the current financial market obtaining timely and affordable financing for large capital projects such as these is challenging in the current financial market. However SNWA has assembled the financial and leadership tools that it believes will be beneficial in accomplishing these goals. The fiscal impact associated with the development of these resources will become clearer in the future.

Requests for Information

This financial report is designed to provide a general overview of SNWA's finances. Questions concerning any of the information provided in this report or requests for addition financial information should be addressed to:

The Office of the Director of Finance
Southern Nevada Water Authority
1001 South Valley View Blvd., Mail Stop 320
Las Vegas, Nevada, 89107

The reader is also encouraged to visit SNWA's website at www.snwa.com where this document is presented in its entirety. The website is also a good source for financial and operational information pertaining to SNWA, as well as helpful information concerning conservation and water issues.

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BASIC FINANCIAL STATEMENTS



SOUTHERN NEVADA WATER AUTHORITY

Southern Nevada Water Authority
Enterprise Fund
Balance Sheets

Assets	June 30, 2009	June 30, 2008
Current Assets - Restricted		
Investments	\$ 16,914,778	\$ 90,093,022
Other Receivables	11,748,914	14,414,202
Total Current Assets - Restricted	28,663,692	104,507,224
Current Assets - Unrestricted		
Cash and Cash Equivalents	6,580,392	5,452,582
Investments	432,305,450	330,522,966
Due From Member Agencies	28,636,399	19,546,710
Other Receivables	5,182,380	6,106,519
Other Current Assets	16,393,400	14,348,567
Total Current Assets - Unrestricted	489,098,021	375,977,344
Total Current Assets	517,761,713	480,486,568
Capital Assets		
Capital Assets Subject to Depreciation		
Property, Plant and Equipment	2,579,629,421	2,512,048,360
Accumulated Depreciation	(631,141,840)	(570,875,332)
Net Capital Assets Subject to Depreciation	1,948,487,581	1,941,173,028
Capital Assets Not Subject to Depreciation		
Land	88,259,503	88,253,534
Natural Resources Rights	360,140,778	325,175,725
Construction Work in Progress	1,263,219,879	1,028,225,185
Net Capital Assets Not Subject to Depreciation	1,711,620,160	1,441,654,444
Total Net Capital Assets	3,660,107,741	3,382,827,472
Other Noncurrent Assets		
Water Recharge Inventory	82,342,806	81,648,564
Total Non Current Assets	3,742,450,547	3,464,476,036
Total Assets	\$ 4,260,212,260	\$ 3,944,962,604

The accompanying notes are an integral part of these financial statements

Southern Nevada Water Authority
Enterprise Fund
Balance Sheets

Liabilities and Fund Equity	June 30, 2009	June 30, 2008
	<hr/>	<hr/>
Current Liabilities		
Accounts Payable	\$ 55,824,613	\$ 58,879,015
Accrued Interest Payable	11,762,734	10,855,964
Current Portion of Notes Payable	1,047,809	1,011,635
Current Portion of Bonds Payable	54,755,000	47,900,000
Commercial Paper Payable	400,000,000	400,000,000
Total Current Liabilities	<hr/> 523,390,156 <hr/>	<hr/> 518,646,614 <hr/>
Long-Term Liabilities		
Notes Payable, Net of Current Portion	13,786,932	14,834,740
Bonds Payable, Net of Current Portion	2,186,445,000	1,834,760,000
Deferred Amount on Refunding	(17,844,440)	(18,962,490)
Unamortized Bond Costs, Premiums and Discounts	50,741,819	36,175,365
Total Long-Term Liabilities	<hr/> 2,233,129,311 <hr/>	<hr/> 1,866,807,615 <hr/>
Total Liabilities	<hr/> 2,756,519,467 <hr/>	<hr/> 2,385,454,229 <hr/>
Fund Equity		
Invested in Capital Assets, Net of Related Debt	975,182,739	1,061,241,237
Restricted for Debt Service / Capital Assets	15,178,151	102,040,416
Unrestricted	513,331,903	396,226,722
Total Fund Equity	<hr/> 1,503,692,793 <hr/>	<hr/> 1,559,508,375 <hr/>
Total Liabilities and Fund Equity	<hr/> \$ 4,260,212,260 <hr/>	<hr/> \$ 3,944,962,604 <hr/>

The accompanying notes are an integral part of these financial statements

Southern Nevada Water Authority
Enterprise Fund
Statements of Revenues, Expenses and Changes in Fund Equity
For the Fiscal Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Wholesale Delivery Charges	\$ 112,551,974	\$ 118,782,982
Groundwater Management Fees	2,047,626	1,976,911
Administration Costs Recoveries	379,306	367,710
Las Vegas Wash	690,000	1,196,028
Other Revenues	2,648,858	2,010,404
Total Operating Revenues	<u>118,317,764</u>	<u>124,334,035</u>
Operating Expenses		
Personnel and Related	39,671,513	37,430,481
Electric Power	40,184,442	35,233,331
Depreciation	61,143,048	57,234,105
Operating and Maintenance	73,498,943	63,839,825
Total Operating Expenses	<u>214,497,946</u>	<u>193,737,742</u>
Operating Loss	<u>(96,180,182)</u>	<u>(69,403,707)</u>
Nonoperating Revenues (Expenses)		
Investment Income	10,709,321	24,494,593
Interest Expense	(64,366,759)	(65,800,690)
Amortization of Refunding Costs	(1,118,050)	(1,286,877)
Amortization of Bond Issue Costs, Premiums and Discounts	628,592	944,276
Other	(753,735)	5,200
Total Nonoperating Revenues (Expenses)	<u>(54,900,631)</u>	<u>(41,643,498)</u>
Loss Before Capital Contributions	<u>(151,080,813)</u>	<u>(111,047,205)</u>
Capital Contributions	95,265,231	210,871,628
Net Income (Loss)	<u>(55,815,582)</u>	<u>99,824,423</u>
Fund Equity - Beginning of Year	<u>1,559,508,375</u>	<u>1,459,683,952</u>
Fund Equity - End of Year	<u>\$ 1,503,692,793</u>	<u>\$ 1,559,508,375</u>

The accompanying notes are an integral part of these financial statements

Southern Nevada Water Authority
Enterprise Fund
Statements of Cash Flows
For the Fiscal Years ended June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities:		
General and Administrative / Resources Charges	\$ 1,364,851	\$ 1,468,909
Groundwater Management Fees	2,047,626	1,976,911
Las Vegas Wash Revenues	889,338	996,690
Wholesale Delivery Charges	113,107,903	118,408,501
Other Revenues	1,637,265	1,105,648
Cash Payments to Suppliers of Goods and Services	(135,562,489)	(89,871,114)
Net Cash Provided by (Used in) Operating Activities	(16,515,506)	34,085,545
Cash Flows from Capital and Related Financing Activities:		
Purchase or Construction of Capital Assets	(254,327,553)	(466,892,855)
Proceeds from Disposal of Property and Equipment	275,581	28,725
Proceeds of Debt Issuance	406,900,000	
Principal Paid on Debt	(49,371,634)	(47,216,710)
Interest Paid on Debt	(116,576,510)	(107,710,469)
Capital Contributions	44,383,074	160,316,831
Net Cash Provided by (Used in) Capital and Related Financing Activities	31,282,958	(461,474,478)
Cash Flows from Investing Activities:		
Purchases of Investment Securities	(42,167,811,347)	(49,465,182,423)
Proceeds from Sales or Maturities of Investment Securities	42,145,948,231	49,871,152,831
Investment Earnings	8,223,472	14,704,817
Net Cash Provided by (Used in) Investing Activities	(13,639,644)	420,675,225
Net Increase (Decrease) in Cash and Cash Equivalents	1,127,810	(6,713,709)
Cash and Cash Equivalents, Beginning of Year	5,452,582	12,166,291
Cash and Cash Equivalents, End of year	\$ 6,580,392	\$ 5,452,582
Reconciliation of Operating Loss		
to Net Cash Provided by (used in) Operating Activities		
Operating Loss	\$ (96,180,182)	\$ (69,403,707)
Depreciation	61,143,048	57,234,105
Operating Expenses Paid by Contributed Capital	52,978,084	55,319,705
Changes in Assets and Liabilities		
Increase in Due from Member Agencies	(9,536,315)	(592,073)
Increase in Other Receivables	(431,035)	(8,015,092)
(Increase)/Decrease in Other Current Assets	(2,044,833)	4,021,629
Increase in Water Recharge Inventory	(694,242)	(5,292,697)
Increase (Decrease) in Accounts Payable	(21,750,031)	813,675
Net Cash Provided by (used in) Operating Activities	\$ (16,515,506)	\$ 34,085,545
Non-Cash Investing, Capital and Financing Activities		
Changes in Fair Value of Investments	\$ (4,937,772)	\$ (577,012)
Deferred Loss on Refunded Bonds		4,158,766
Refunding Bonds Issued		(171,720,000)
Bonds Refunded		183,420,000
Non-Cash Capital Contributions		69,472,484

The accompanying notes are an integral part of these financial statements

SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Southern Nevada Water Authority (SNWA) is a political subdivision of the State of Nevada (the State) and is therefore the reporting entity. SNWA was created on July 25, 1991, pursuant to Nevada Revised Statutes (NRS) Chapter 277.080 to 277.180, inclusive, by a cooperative agreement among its member agencies. These agencies include the Big Bend Water District, City of Boulder City, City of Henderson, City of Las Vegas, City of North Las Vegas, the Clark County Water Reclamation District, and Las Vegas Valley Water District (LVVWD). The Cooperative Agreement was last amended in 1995.

SNWA was created to secure additional supplies of water for southern Nevada and to effectively manage existing supplies of water through the cooperative action of its member agencies. A seven-member Board of Directors (the Board) comprised of one director from each member agency governs SNWA equally. SNWA operations are autonomous from its member agencies and the State, and its financial statements are not included in the financial statements of any other entity.

The Board has the power to periodically assess its member agencies directly for operating and capital budgets and for the satisfaction of any liabilities imposed against SNWA. In 1991, each member agency made an initial contribution to SNWA for operating and administrative expenses in the amount of \$15,000. Assessments for additional funds needed by SNWA, in accordance with approved operating and capital budgets, have been apportioned to its member agencies on the basis of water deliveries to those agencies. Funding received by SNWA from its member agencies for operations is recorded as operating revenue, while funding received for capital purchases is recorded as contributed capital. Member agencies that are not potable water purveyors (the City of Las Vegas and the Clark County Water Reclamation District) each contributed \$35,000 to SNWA operations during the fiscal years ended June 30, 2009 and June 30, 2008.

Operating Agent (LVVWD) (Related Party Disclosure)

The SNWA Board appoints a General Manager. LVVWD's General Manager was also appointed General Manager of SNWA and LVVWD was named the operating agent for SNWA in 1993. LVVWD allocates a portion of its payroll costs to SNWA for LVVWD employees who are utilized on SNWA-related matters and also pays certain costs and operating expenses on behalf of SNWA. SNWA has no employees of its own.

During the mid 1990s, LVVWD paid substantially all operating and capital expenses on behalf of SNWA, and SNWA reimbursed LVVWD monthly. In the late 1990s, to mitigate potential cash flow demands on LVVWD under this arrangement, SNWA began paying construction contracts directly, assumed responsibility for paying construction contract retention and paid most of the cost of power required to operate the Southern Nevada Water System (see below). Additionally, in 2008 SNWA advanced a total of \$19 million to LVVWD to fund future SNWA-related operating expenses made on its behalf.

LVVWD hires all employees utilized by SNWA. Consequently, any financial reporting requirements regarding employees utilized by SNWA including but not limited to reporting on post employment benefits can be found in LVVWD's Comprehensive Annual Financial Report (CAFR).

LVVWD has no control over SNWA's operation or finances. SNWA is autonomous from LVVWD, does not include LVVWD's information within its own financial statements, nor is SNWA's information included in LVVWD's financial statements.

SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

LVVWD is a quasi-municipal corporation created under a special act of the legislature of the State of Nevada in 1947 for the purpose of obtaining and distributing water primarily in the Las Vegas valley, which includes the metropolitan area of Clark County and the City of Las Vegas. A complete copy of LVVWD's CAFR can be found at www.lvvwd.com or can be obtained by mailing a request to the SNWA address listed on page 2-9.

Southern Nevada Water Delivery System

Effective January, 1996, pursuant to Assembly Bill No. 542 approved by the Nevada Legislature in 1995 (the Transfer Act), the assets of the Southern Nevada Water System (SNWS), as well as certain liabilities and responsibility for operation of the SNWS, were transferred from the Colorado River Commission (CRC) to SNWA. Along with the transfer of these assets, CRC transferred all books and records in its possession relating to SNWS and its facilities.

Fund Accounting

The accompanying basic financial statements are reported on the basis of fund accounting. A fund is a fiscal and accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

Enterprise Fund

SNWA operations have been accounted for as a single enterprise fund. Enterprise fund operations are presented using the full accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when revenues are received or expenses are paid. In this regard, SNWA operations are accounted for in a manner similar to a private business enterprise, where the intent of the governing body is that the costs of providing goods and services to customers on a continuing basis are financed or recovered primarily through user charges, and its financial measurement focus is on determination of net income, financial position, and cash flows. SNWA is guided by the pronouncements of the Governmental Accounting Standards Board (GASB). As an enterprise fund, and as permitted under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, SNWA applies the requirements of the Financial Accounting Standard Board (FASB) Statements, Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates by management. Such estimates primarily relate to unsettled transactions and events as of the date of the basic financial statements. Actual results could differ from those estimates.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand and cash on deposit with financial institutions including time deposits (Note 2). Investments include obligations of the U.S. government and obligations of government-sponsored agencies, as well as investment grade corporate commercial paper. Investments with maturity dates of less than one year when purchased are stated at par, with premiums or discounts

SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

expensed in the month of the investment's acquisition. Investments with a maturity date in excess of one year when purchased are reported at estimated fair value as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (Note 3).

Restricted Assets

Restricted assets include unused bond proceeds which are restricted by bond covenants and sales tax proceeds restricted by state law.

Inventories

Inventories are recorded at cost. Reduction of inventory is recorded using the first-in, first-out accounting method. Inventories are included in other current assets (Note 6).

Capital Assets

Property, plant, equipment and land (Note 7) are carried at historical cost if purchased or at engineering estimates of fair value at the time received if donated. Expenditures for improvements and betterments (including labor, overhead and net interest costs) are capitalized. Generally, SNWA capitalizes assets with a cost greater than \$5,000 and a useful life greater than three years.

Depreciation of property, plant and equipment is computed using the straight-line method over the estimated service lives of the respective assets. Major utility plant categories and their estimated service lives are as follows:

Organization and Improvements	10 to 20 Years
Pumping Stations and Wells	40 Years
Transmission / Distribution / Mains	50 to 75 Years
Office Furniture and Equipment	5 to 15 Years
Transportation / Work / Equipment	5 to 10 Years
Power Plant	30 Years
Northern Resource Assets	5 to 27.5 Years

Revenues

Operating revenues include the wholesale delivery charge, which for the year ended June 30, 2009, was \$262 per acre-foot of treated Colorado River water delivered to the purveyor members of SNWA. The wholesale delivery charge is designed to fund operation and maintenance of SNWS, as well as SNWA administration. SNWA also charged \$192 per acre-foot for raw Colorado River water delivered to the city of Boulder City for use on golf courses. For the fiscal year ended 2009, groundwater program revenues consist of an annual fee of \$30 per acre-foot of permitted groundwater rights or \$30 per domestic well. Purveyor administration billings are amounts charged to member agencies of SNWA that do not physically take potable water from the SNWA water system. These costs vary by purveyor and are designed to help compensate SNWA for administration costs associated with their membership. Las Vegas Wash revenues consist of contributions from other local governments towards operating costs of the Las Vegas Wash Coordination Committee.

Nonoperating revenues are investment income, net of amounts capitalized, and a minimal amount of other miscellaneous items.

SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Expenses

Operating expenses include the costs of personnel, power, and other costs associated with the operation and maintenance of SNWS, as well as SNWA administration and depreciation. Non-operating expenses include interest expense net of amounts capitalized as well as amortization of deferred costs on debt refunding, discounts and debt issuance costs.

Capitalization of Interest Income / Expense

In accordance with FASB Statement No. 34 *Capitalization of Interest Costs*, as amended by Statement No. 62 *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, SNWA has capitalized the interest cost of restricted tax-exempt borrowings, less interest earned on temporary investment of the proceeds of those borrowings, from the date of borrowing until the assets acquired with those borrowings are ready for their intended use. SNWA capitalized \$50,870,180 and \$39,264,991 of interest expense, which was offset by \$2,898,102 and \$6,182,125 of interest income, in the fiscal years ended June 30, 2009 and 2008, respectively.

To avoid the carrying costs of bond proceeds that will not be used for some time to fund capital projects, SNWA generally issues bonds sufficient to fund about two years of estimated capital project expenditures. SNWA also can use sales tax proceeds as needed to fund capital projects construction payments on a pay-as-you-go basis.

Capital Contributions

Capital contributions include various contributed revenues SNWA receives that are restricted for use in a variety of capital improvement programs (Note 16).

Litigation Defense Costs

SNWA 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 services are rendered.

Water Rights Holding Company

In 1999, the Board established Muddy River Water Holdings, Inc., a non-profit corporation authorized to facilitate the holding of water rights stock and stock options. This corporation holds any stock purchased by SNWA that represents water rights.

Reclassifications

Certain minor reclassifications have been made to fiscal 2008 amounts to conform to the fiscal 2009 presentation.

New Accounting Pronouncements

In March, 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning after June 15, 2010 with earlier adoption encouraged. The statement improves financial reporting by providing fund balance categories and classifications that will be more easily understood. The GASB statement does not pertain to enterprise funds. Therefore,

SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

adoption of Statement No. 54 will not materially affect SNWA's financial position, results of operation or cash flows.

In March, 2009 the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and was effective upon issuance. The statement improves financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. Since this Statement affects the internal workings of the GASB and not the individual companies that derive guidance from GASB, adoption of Statement No. 55 did not materially affect SNWA's financial position, results of operation or cash flows.

In March, 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, and was effective upon issuance. This Statement incorporates accounting and financial reporting guidance previously contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments. Statement No. 56 addresses three issues from the AICPA's literature - related party transactions, going concern considerations, and subsequent events. The Statement brings existing guidance without substantive changes into the GASB's body of standards, as appropriate for governmental entities. Since this Statement affects presentation of information and not the actual information itself, the adoption of Statement No. 56 did not materially affect SNWA's financial position, results of operation or cash flows.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of a demand deposit account containing unrestricted cash. SNWA has an agreement with its bank whereby any balance in the demand deposit account at the close of each business day is "swept" into an interest earning investment account overnight. Cash balances as of June 30, 2009 and 2008, were \$6,580,392 and \$5,452,582 respectively.

On July 22, 2003, the Nevada State Assembly approved an amendment to NRS 356.020 establishing a Nevada State Treasurer's Pooled Collateral program for local governments. The primary objective of the collateral pool is to reduce the risk for government agencies, while at the same time decrease the overall collateral requirement for depositories. By centralizing the administration and reporting functions through the State Treasurer's office, both government agencies and depositories realize cost savings in terms of operational support and collateral efficiency. The bank utilized by SNWA participates in the pool by pledging securities for SNWA monies on deposit. The collateral pool for public fund deposits administered and monitored by the Nevada State Treasurer's Pooled Collateral Office requires depository banks to place acceptable securities of no less than 102% of the market value of the aggregate total deposits of public entities in Nevada with a third party custodian.

NOTE 3. INVESTMENTS

Funds not immediately required for payment of operating or capital expenditures are invested by SNWA in U.S. Government and agency securities and other money market instruments. Nothing in the Cooperative Agreement that created SNWA or the Facilities and Operations Agreement that governs SNWA's relationship with its purveyor members dictates permitted or prohibited investments. Also, there is no applicable Nevada law. However, SNWA voluntarily chooses to comply with NRS 355.170, which governs permitted investments for counties, cities, and school districts in Nevada. NRS 355.170 limits investments to obligations of the federal government and its agencies, commercial bank certificates

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of deposit, obligations of state and local governments rated “A” or above, bankers’ acceptances, repurchase agreements, and money market mutual funds.

As required by GASB Statement No. 31, an adjustment to estimated fair value has been made for investment securities with a maturity date in excess of one year at the time they were purchased. Estimated fair value was determined by quoted market prices provided by the Bank of New York Western Trust Company where SNWA has an investment custody account. The Bank of New York Western Trust Company acts as an agent for SNWA. For fiscal 2009 and 2008, this adjustment decreased interest income by \$4,937,772 and \$577,012 respectively.

The following schedules detail the securities SNWA was holding for investment as of June 30, 2009 and 2008. Three valuations of investments are shown. Par value is the amount that SNWA will receive at maturity. Book value is the value calculated after adjusting investments with a maturity of one year or greater to estimated fair value using valuation methods previously described. This column is presented as the book value of investments on the balance sheet. Fair value is presented for informational purposes only and represents the estimated fair value for all investments regardless of maturity date. This information is derived from independent market research conducted by the Bank of New York Western Trust Company.

Investments at June 30, 2009

Security	Investment Number	Purchase Date	Maturity Date	Days after Purchase Date	Par Value	Fair Value Adjustment	Book Value	MEMO Fair Value
FHLB	09-2063	06/30/09	07/01/09	1	\$ 50,000,000	\$ -	\$ 50,000,000	\$ 49,999,985
FHLB	09-2067	06/30/09	07/01/09	1	50,000,000	-	50,000,000	49,999,985
FHLB	09-2055	06/29/09	07/10/09	11	25,000,000	-	25,000,000	24,999,915
FHLB	09-2064	06/30/09	07/14/09	14	20,000,000	-	20,000,000	19,999,988
FHLB	09-2054	06/29/09	07/15/09	16	25,000,000	-	25,000,000	24,999,970
FHLB	09-2044	06/24/09	07/13/09	19	26,740,000	-	26,740,000	26,739,323
FHLB	09-2045	06/24/09	07/13/09	19	27,000,000	-	27,000,000	26,999,317
FHA	09-2046	06/24/09	07/13/09	19	15,000,000	-	15,000,000	14,999,501
FHLB	09-2016	06/16/09	07/06/09	20	50,000,000	-	50,000,000	49,997,080
FMC	09-2066	06/30/09	07/20/09	20	25,000,000	-	25,000,000	24,999,965
FHA	09-2043	06/23/09	07/13/09	20	26,060,000	-	26,060,000	26,059,132
FHLB	09-2047	06/24/09	07/20/09	26	25,000,000	-	25,000,000	24,999,270
FHLB	09-2048	06/24/09	07/20/09	26	33,000,000	-	33,000,000	32,999,036
FHLB	09-2065	06/30/09	08/11/09	42	3,300,000	-	3,300,000	3,299,656
FHA	09-2017	06/16/09	09/30/09	106	9,750,000	-	9,750,000	9,745,246
FHLB	09-1605	03/18/09	09/04/09	170	118,000	-	118,000	117,793
FHLB	09-1614	03/20/09	09/16/09	180	14,260,000	-	14,260,000	14,239,401
FNMA	09-1137	12/18/08	07/05/14	2025	28,930,000	(4,937,772)	23,992,228	23,992,228
					<u>\$ 454,158,000</u>	<u>\$ (4,937,772)</u>	<u>\$ 449,220,228</u>	<u>\$ 449,186,791</u>

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Investments at June 30, 2008

Security	Investment Number	Purchase Date	Maturity Date	Days after Purchase Date	Par Value	Fair Value Adjustment	Book Value	MEMO Fair Value
FHLB	08-2145	06/30/08	07/01/08	1	\$ 35,513,000	\$ -	\$ 35,513,000	\$ 35,511,025
FHLB	08-2144	06/30/08	07/01/08	1	45,000,000	-	45,000,000	44,997,498
FHLB	08-2143	06/30/08	07/01/08	1	50,000,000	-	50,000,000	49,997,220
FMC	08-2147	06/30/08	07/01/08	1	50,000,000	-	50,000,000	49,997,220
FHLB	08-2148	06/30/08	07/07/08	7	20,500,000	-	20,500,000	20,490,582
FHA	08-2083	06/17/08	07/02/08	15	28,375,000	-	28,375,000	28,349,539
FMC	08-2090	06/18/08	07/15/08	27	33,000,000	-	33,000,000	32,948,810
FNMA	08-1838	04/18/08	04/08/13	1816	15,000,000	(93,750)	14,906,250	14,906,250
FHLMC	08-1450	02/15/08	02/05/13	1817	20,000,000	(438,800)	19,561,200	19,561,200
FHLMC	08-2146	06/30/08	06/26/13	1822	5,000,000	23,850	5,023,850	5,023,850
FHLMC	08-2127	06/26/08	06/26/13	1826	3,680,000	12,770	3,692,770	3,692,770
FHLB	08-1601	03/18/08	03/18/13	1826	7,000,000	21,875	7,021,875	7,021,875
FNMA	08-2126	06/26/08	06/26/13	1826	9,150,000	34,313	9,184,313	9,184,313
FNMA	08-1888	04/29/08	04/29/13	1826	9,300,000	(55,219)	9,244,781	9,244,781
FNMA	08-1365	01/30/08	01/29/13	1826	7,350,000	6,891	7,356,891	7,356,891
FHLB	08-1502	02/27/08	02/27/13	1827	10,500,000	22,969	10,522,969	10,522,969
FHLMC	08-1423	02/12/08	02/12/13	1827	15,000,000	(16,200)	14,983,800	14,983,800
FHLB	08-1431	02/13/08	06/20/13	1954	10,000,000	(115,625)	9,884,375	9,884,375
FHLMC	08-1414	02/11/08	08/06/13	2003	5,000,000	(54,349)	4,945,651	4,945,651
FHLB	08-1328	01/25/08	07/25/13	2008	3,975,000	4,968	3,979,968	3,979,968
FNMA	08-1650	03/24/08	09/24/13	2010	3,350,000	26,170	3,376,170	3,376,170
FNMA	08-1483	02/22/08	10/10/13	2057	4,500,000	5,625	4,505,625	4,505,625
FNMA	08-1339	01/28/08	10/10/13	2082	10,000,000	12,500	10,012,500	10,012,500
FNMA	08-1273	01/16/08	10/10/13	2094	20,000,000	25,000	20,025,000	20,025,000
					<u>\$ 421,193,000</u>	<u>\$ (577,012)</u>	<u>\$ 420,615,988</u>	<u>\$ 420,519,882</u>

For the fiscal years ended June 30, 2009 and 2008, the weighted average yield on the entire investment portfolio was 2.12% and 4.43%, respectively, computed on the amortized cost basis.

As mentioned previously, SNWA has voluntarily adopted an investment policy that limits investments and risks to those permitted under the laws of the State of Nevada. The investments and risks authorized by NRS relevant to SNWA investments are:

- Obligations of United States agencies or instrumentalities or corporations sponsored by the government, not to exceed ten years maturity after the date of purchase. Credit quality ratings and the percent of total investments allowed are not specified. However, SNWA is not allowed to have more than 60 percent of its total investment portfolio with any one banker or broker.
- Commercial paper issued by corporations organized and operating in the United States that (1) is purchased from a registered broker-dealer, (2) at the time of purchase has a remaining term to maturity of no more than 270 days, and (3) is rated by a nationally recognized rating service as A-1, P-1 or its equivalent, or better, except that these investments may not, in aggregate value, exceed 20 percent of the total portfolio as determined on the date of purchase, and if the rating of the obligation is reduced to a level that does not meet these requirements, it must be sold as soon as possible.

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The following shows the distribution and credit quality of SNWA investments at June 30, 2009 and 2008.

Investment Type	Rated	June 30,	June 30,
		2009	2008
Federal Home Loan Bank	AAA	76.9%	43.3%
Federal Housing Authority	AAA	11.2%	6.7%
Federal National Mortgage Association	AAA	6.4%	18.7%
Federal Home Loan Mortgage Corporation	AAA	5.5%	31.3%
		<u>100.0%</u>	<u>100.0%</u>

NOTE 4. DUE FROM MEMBER AGENCIES

SNWA bills its member agencies for wholesale delivery charges for water delivered to purveyor members, and/or reimbursement of general, administrative and other charges. In addition to these billings, purveyors collect regional connection charges, regional commodity charges and a regional reliability surcharge (the latter two known collectively as regional water rates). Revenue from billings and collections are remitted to SNWA monthly. Also, SNWA periodically advances funds to LVVWD that are used to fund daily operating costs paid by LVVWD. Management believes all accounts are collectible, and there has been no allowance made for bad debts. At June 30, 2009 and 2008, the following amounts were due from SNWA's member agencies:

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Due From Member Agencies June 30, 2009

	Total	Wholesale Delivery Charges	Regional Connection Charge	Regional Water Charges	LVVWD Expense Advance	Other Charges
Big Bend Water District	\$ 20,101					\$ 20,101
City of Boulder City	308,366	\$ 308,366				
City of Henderson	3,987,821	3,626,138	48,130	313,553		
City of North Las Vegas	2,810,107	2,603,189	9,610	197,308		
Clark County Water Reclamation District	2,917					2,917
Clark County	-					
Las Vegas Valley Water District	21,411,342	6,547,395	1,982,831	2,568,718	\$ 10,312,398	
Nellis Air Force Base	95,745	95,745				
Total	\$ 28,636,399	\$ 13,180,833	\$ 2,040,571	\$ 3,079,579	\$ 10,312,398	\$ 23,018

Due From Member Agencies June 30, 2008

	Total	Wholesale Delivery Charges	Regional Connection Charge	Regional Water Charges	LVVWD Expense Advance	Other Charges
Big Bend Water District	\$ 40,917					\$ 40,917
City of Boulder City	335,287	\$ 335,287				
City of Henderson	6,671,993	3,424,842	\$ 2,715,560	\$ 531,591		
City of North Las Vegas	3,423,774	2,637,107	580,710	205,957		
Clark County Water Reclamation District	2,917					2,917
Clark County	199,338					199,338
Las Vegas Valley Water District	8,811,677	7,278,719	185,341	1,347,617		
Nellis Air Force Base	60,807	60,807				
Total	\$ 19,546,710	\$ 13,736,762	\$ 3,481,611	\$ 2,085,165	\$ -	\$ 243,172

NOTE 5. OTHER RECEIVABLES

Other receivables include amounts due from entities that are not SNWA member agencies and accrued investment earnings (interest) on SNWA's investments. Management believes all amounts are collectible, and therefore no allowance has been made for bad debts. The following amounts were due as of June 30, 2009 and 2008:

<u>Other Receivables</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
State of Nevada - Department of Taxation	\$ 11,748,914	\$ 14,414,202
Power Trading Accounts Receivable	2,988,856	2,619,235
Grants Receivable	1,672,172	1,657,623
Accrued Investment Earnings	381,876	1,739,049
Southern California Edison	89,282	88,382
Northern Resource Property Receivable	50,194	
Water Smart Homes		4,230
Total	\$ 16,931,294	\$ 20,522,721

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NOTE 6. OTHER CURRENT ASSETS

Other current assets consist of prepaid expenses and miscellaneous current assets located at SNWA's northern resource property locations. The \$2.0 million increase in fiscal 2009's other current assets is the result of a \$4.4 million increase in a prepaid investment account used to secure future power contracts, a \$1.5 million decrease in prepaid water leases (see notes 8 and 12 for a detailed discussion of these leases), and a \$0.9 million net decreases in four additional current asset classifications.

NOTE 7. CAPITAL ASSETS

The following schedule is a summary of changes in major categories of capital assets for fiscal years ended June 30, 2009 and 2008. Natural resources rights are described in more detail in Note 8, and Construction Work in Progress is described in more detail in Note 9.

<u>Capital Assets Category</u>	June 30, 2009			Balance at June 30, 2009
	Balance at June 30, 2008	Additions	Retirements/ Transfers	
<u>Capital Assets Subject to Depreciation</u>				
Organization and Improvements	\$ 429,132,257	\$ 28,568,206	\$ (157,769)	\$ 457,542,694
Pumping Stations and Wells	522,943,562	37,930,836		560,874,398
Transmission/Distribution/Mains	1,337,873,649	8,861	(389,120)	1,337,493,390
Office Furniture and Equipment	98,589,904	2,877,641	(11,040)	101,456,505
Transportation/Work/Equipment	5,701,086	846,157	(340,293)	6,206,950
Power Plant	103,513,493		(799,162)	102,714,331
Northern Resources Assets	14,294,409	415,590	(1,368,846)	13,341,153
Total Capital Assets Subject to Depreciation	2,512,048,360	70,647,291	(3,066,230)	2,579,629,421
<u>Accumulated Depreciation</u>				
Organization and Improvements	154,315,244	18,971,184	(157,769)	173,128,659
Pumping Stations and Wells	83,519,738	13,675,365		97,195,103
Transmission/Distribution/Mains	244,353,639	18,647,541		263,001,180
Office Furniture and Equipment	67,558,777	4,392,785	(11,186)	71,940,376
Transportation/Work/Equipment	4,582,492	488,540	(317,486)	4,753,546
Power Plant	14,376,874	3,312,816		17,689,690
Northern Resources Assets	2,168,568	1,649,165	(384,447)	3,433,286
Total Accumulated Depreciation	570,875,332	61,137,396	(870,888)	631,141,840
Net Capital Assets Subject to Depreciation	1,941,173,028	9,509,895	(2,195,342)	1,948,487,581
<u>Capital Assets Not Subject to Depreciation</u>				
Land and Land Rights	88,253,534	5,969		88,259,503
Natural Resource Rights	325,175,725	34,992,958	(27,905)	360,140,778
Construction in Progress	1,028,225,185	304,578,264	(69,583,570)	1,263,219,879
Net Capital Assets Not Subject to Depreciation	1,441,654,444	339,577,191	(69,611,475)	1,711,620,160
Total Net Capital Assets	\$ 3,382,827,472	\$ 349,087,086	\$ (71,806,817)	\$ 3,660,107,741

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June 30, 2008				
Capital Assets Category	Balance at June 30, 2007	Additions	Retirements/ Transfers	Balance at June 30, 2008
<u>Capital Assets Subject to Depreciation</u>				
Organization and Improvements	\$ 390,481,268	\$ 38,650,989	\$ -	\$ 429,132,257
Pumping Stations and Wells	517,482,733	5,477,489	(16,660)	522,943,562
Transmission/Distribution/Mains	1,275,572,668	62,300,981	-	1,337,873,649
Office Furniture and Equipment	97,242,532	1,409,775	(62,403)	98,589,904
Transportation/Work/Equipment	5,319,595	495,262	(113,771)	5,701,086
Power Plant	104,071,807		(558,314)	103,513,493
Northern Resources Assets	11,583,451	2,728,534	(17,576)	14,294,409
Total Capital Assets Subject to Depreciation	2,401,754,054	111,063,030	(768,724)	2,512,048,360
<u>Accumulated Depreciation</u>				
Organization and Improvements	137,367,362	16,947,882	-	154,315,244
Pumping Stations and Wells	70,786,674	12,748,508	(15,444)	83,519,738
Transmission/Distribution/Mains	226,462,672	17,890,967	-	244,353,639
Office Furniture and Equipment	63,334,080	4,283,448	(58,751)	67,558,777
Transportation/Work/Equipment	4,290,490	400,878	(108,876)	4,582,492
Power Plant	10,985,357	3,391,517	-	14,376,874
Northern Resources Assets	601,478	1,570,904	(3,814)	2,168,568
Total Accumulated Depreciation	513,828,113	57,234,104	(186,885)	570,875,332
Net Capital Assets Subject to Depreciation	1,887,925,941	53,828,926	(581,839)	1,941,173,028
<u>Capital Assets Not Subject to Depreciation</u>				
Land and Land Rights	18,353,443	69,900,091		88,253,534
Natural Resource Rights	307,220,745	18,050,463	(95,483)	325,175,725
Construction in Progress	728,357,167	371,572,560	(71,704,542)	1,028,225,185
Net Capital Assets Not Subject to Depreciation	1,053,931,355	459,523,114	(71,800,025)	1,441,654,444
Total Net Capital Assets	\$ 2,941,857,296	\$ 513,352,040	\$ (72,381,864)	\$ 3,382,827,472

NOTE 8. NATURAL RESOURCES RIGHTS

Arizona Water Bank

In 1993, the Board approved a cooperative agreement among its member agencies for funding and participation in the Arizona Underground Storage Demonstration Project (the Project). The Project was originally an agreement between the Central Arizona Water Conservation District (CAWCD) and the Metropolitan Water District of Southern California to store water from the Colorado River in underground aquifers in Arizona. SNWA agreed to participate in the Project and pay CAWCD to store Colorado River water in Arizona. In the event of either a flood release or an anticipatory release of Colorado River water, water stored in Arizona would then become the property of the States of California and Nevada. In 1996 and 1997, the United States Secretary of Interior declared a surplus, and 50,000 acre-feet of water stored in Arizona were assigned to SNWA. Under the Project, SNWA purchased the 50,000 acre-feet of water available for future use and funded the expenditure through capital contributions from SNWA's member agencies.

In 2001, SNWA and CRC approved an Agreement for Interstate Water Banking (Banking Agreement) with the Arizona Water Banking Authority (AWBA). AWBA agreed to use its best efforts to store 1.2 million acre-feet of Colorado River water underground in Arizona for SNWA under the Banking Agreement, and two related agreements that were executed in 2002. Also in 2002, SNWA and CRC entered into an agreement with AWBA to allow SNWA to store water in Arizona during that year while the remaining agreements were being negotiated. Under the 2002 agreement, SNWA stored 66,595 acre-feet of Colorado River water in Arizona. In 2004 as part of a subsequent agreement, AWBA agreed to store an extra 10,000 acre-feet of Nevada's unused Colorado River water for SNWA.

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In 2004, the Board approved an amendment to the 2001 Banking Agreement that guarantees Nevada 1.25 million acre-feet of water storage in aggregate (approximately 1.13 million acre-feet of additional storage plus utilization of the roughly 120,000 acre-feet of water previously stored) in Arizona. In exchange for the water stored, SNWA agreed to make a series of payments totaling \$330 million. The payments include an initial payment of \$100 million, and payments of \$23 million a year for ten years with payments scheduled to begin in 2009. The timing and amount of the annual payments may be adjusted with the approval of both parties. The agreement allowed a maximum withdrawal of 20,000 acre-feet of this water in calendar years 2007 and 2008, increased the amount to 30,000 acre-feet in 2009 and 2010, and 40,000 acre-feet per year beginning in 2011. As of June 30, 2009, SNWA has capitalized the initial \$100 million plus ancillary charges for a grand total of \$116,207,792 related to the Banking Agreement.

Northern Resource Properties and Related Rights

In 2006 and 2007, the SNWA Board approved the purchase of seven properties in Spring Valley, Nevada. In addition to its substantial land holdings (over 23,000 acres), SNWA also acquired surface and groundwater rights associated with the properties. Through June 30, 2009, SNWA has acquired approximately 34,000 acre-feet per year (AFY) of surface water rights, 6,000 AFY of groundwater rights and 24,000 AFY of supplemental water rights. SNWA intends to use the surface water rights to help manage the groundwater basin and support other environmental management activities associated with its Clark, Lincoln and White Pine Counties Groundwater Development Project.

The Bureau of Land Management (BLM), the United States Forest Service (USFS) and the National Park Service (NPS) issue permits allowing livestock to graze on lands in districts formed primarily under the Taylor Grazing Act. These grazing permits specify grazing preference and the terms and conditions under which permittees make grazing use during the term of the permit. They are issued in units known as Animal Unit Months (AUM) which are defined as the amount of forage needed by an animal unit grazing for one month (approximately 1,000 pounds of dry forage). Permits issued by the BLM and USFS are effective for ten years and are subject to renewal. Permits issued by the NPS are effective for one year and can also be renewed. As of June 30, 2009, SNWA owned permits equivalent to 64,548 AUMs.

As of June 30, 2009, SNWA has capitalized \$62,100,515 of costs to acquire the northern resource properties and related rights.

Hydropower Rights

CRC was created in 1935 for the purpose of securing and distributing Nevada's right to Colorado River water and hydroelectric power. CRC delivers Nevada's allocation of Colorado River hydroelectric power to various municipal and non-municipal customers in southern Nevada. One of those customers located in Henderson, Nevada is Pioneer Americas, LLC (Pioneer), a manufacturer of chlorine and caustic soda used in various chemical processes.

In addition to hydropower, CRC also purchased supplemental energy for Pioneer in the wholesale energy market. As a result of regional market volatility in 2000 and 2001, the price of Pioneer's portfolio of supplemental energy was higher than market, and higher than Pioneer could pay. CRC purchased Pioneer's entire portfolio of energy contracts including hydropower. In January 2003, SNWA purchased Pioneer's hydropower contract from CRC for \$53 million, allowing CRC to retain the Pioneer supplemental energy portfolio and use the \$53 million to settle those contracts.

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There are five contracts associated with the Pioneer hydropower. Two are associated with power generated at the Hoover Dam, two at the Parker-Davis Dam, and one is related to the transmission of the hydropower. The Hoover Dam contracts expire in 2017, and the Parker-Davis Dam contracts expire in 2028. SNWA expects that these contracts will be renewed for additional 20-year terms upon the initial expiration. Accordingly the hydropower is considered a perpetual resource.

The cost of the hydroelectric energy has been, and is projected to be, very stable at about \$10/megawatt hour (MWh). Adding amortization of debt for the \$53 million results in a net cost of about \$35/MWh over the next 30 years.

Muddy River Water Rights

In 1996 the Board authorized the General Manager to request proposals for acquisition of up to 5,600 acre-feet of Muddy River water rights from shareholders of the Muddy Valley Irrigation Company (MVIC). In 1999, SNWA purchased 3,662 acre-feet of water rights from several shareholders. In 2000, SNWA exercised all options possible and obtained the permanent water rights associated with those options totaling 1,764 acre-feet. The Board authorized and executed an additional purchase of shares in 2001, representing a total of 188 acre-feet of water. In 2002 and 2004, the Board authorized the acquisition of an additional 3,300 acre-feet and 600 acre-feet, respectively, of Muddy River water rights bringing the total authorized for purchase to 9,500 acre-feet. Finally, in 2008 the Board authorized the acquisition of additional shares of MVIC, along with additional shares of other northeastern Clark County rural irrigation companies. The authorization does not give a specific limit for MVIC acquisition but instead establishes a \$50 million limit for new acquisition or lease of MVIC and two other rural irrigation companies. As of June 30, 2009, SNWA has capitalized \$49,901,178 of costs related to the acquisition of Muddy River water rights. See Subsequent Events (Note 18) for a discussion of additional MVIC rights acquired after June 30, 2009.

Virgin River Water Rights Development

In 1994, the Board agreed to accept assignment of Nevada's Virgin River water rights from LVVWD, subject to SNWA reimbursing LVVWD for all costs incurred related to the acquisition of those water rights. Additionally SNWA acquired 350 shares of Bunkerville Irrigation Company (BIC) in September, 2005. The shares represent 3,710 acre-feet of Virgin River surface water rights. Under the terms of an agreement between SNWA and the Virgin Valley Water District (VVWD) in 2000, SNWA transferred 3,710 acre-feet of its water rights to VVWD to assist VVWD in the development of additional groundwater resources in the Virgin River Basin. Finally, in 2008 the Board authorized the acquisition of additional shares of BIC and the Mesquite Irrigation Company (MIC). The authorization which includes MVIC as described above does not give a specific limit for acquisition. Instead it establishes a \$50 million limit for new acquisition or lease of MVIC, BIC, and MIC. As of June 30, 2009, SNWA has capitalized \$36,753,322 of costs associated with the acquisition of Virgin River water rights which includes all initial payments and any subsequent research and development costs.

Coyote Springs Water Rights

In 1997, the Board authorized the General Manager to initiate negotiations for the purchase of ground water rights and a well in the Coyote Springs valley located about 60 miles northeast of Las Vegas. The well is one of the highest producing wells ever drilled in southern Nevada. In 1998, the Board approved the purchase of 7,500 acre-feet of groundwater rights and the well with associated real property including easements. In 2002, SNWA purchased another 1,500 acre-feet of water rights from Coyote Springs

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For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Investment, LLC. As of June 30, 2009 SNWA has capitalized \$30,884,687 of costs associated with the acquisition and subsequent maintenance of Coyote Springs water rights.

In-State Water Projects

In 1989, LVVWD filed applications to appropriate water from multiple hydrographic basins located in eastern Nevada. In 2003, the Board agreed to accept assignment of those applications from LVVWD for a payment of \$9.9 million, which represented LVVWD's costs to date of developing and perfecting those water rights. As of June 30, 2009 SNWA has capitalized \$10,134,854 related to the acquisition of these water rights which includes the initial payment to LVVWD plus additional costs that have been incurred.

Groundwater Management Program

In 1999, the Nevada Legislature directed SNWA to establish a Groundwater Management Program (GMP) for the Las Vegas valley. The GMP provided for the recharging of treated Colorado River water into the Las Vegas valley groundwater basin (LVVGB) for the permanent benefit of the aquifer. Funds collected as part of the GMP are used for this recharge and other programs to benefit well owners. As of June 30, 2009 SNWA has capitalized \$1,158,430 associated with the GMP.

The following table summarizes the amounts capitalized related to natural resources rights for the fiscal years ended June 30, 2009 and 2008:

<u>Natural Resources Rights</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Arizona Water Bank	\$ 116,207,792	\$ 116,117,707
Northern Resource Property and Rights	62,100,515	62,128,420
Hydropower Rights	53,000,000	53,000,000
Muddy River Water Rights	49,901,178	24,032,992
Virgin River Water Rights Development	36,753,322	27,718,635
Coyote Springs Water Rights	30,884,687	30,884,687
In-State Water Projects	10,134,854	10,134,854
Groundwater Management Program	1,158,430	1,158,430
Total Natural Resources Rights	<u>\$ 360,140,778</u>	<u>\$ 325,175,725</u>

NOTE 9. CONSTRUCTION IN PROGRESS

SNWA maintains three capital construction programs: (1) the Capital Improvements Plan (CIP) which includes those capital projects that will collectively expand capacity of the SNWS from 400 million gallons per day (MGD) in 1996 to 900 MGD by 2014, (2) the Major Construction and Capital Plan (MCCP) which includes capital projects not associated with the CIP, and (3) the Las Vegas Wash Capital Improvements Plan (LVWCIP), which includes capital projects associated with improving water quality in the Las Vegas Wash, the natural channel that drains the Las Vegas valley into Lake Mead. Each of these capital projects is discussed in more detail later in this note.

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Land costs, which include the costs of easements and other rights-of-way, and actual purchases of property, are initially classified as Construction Work In Progress (CWIP). These amounts are then closed out and allocated to Property, Plant and Equipment (PP&E). Land costs are not depreciated. Direct and indirect costs of construction of a capital project including ancillary costs directly related to construction projects are recorded as CWIP. When a project is finished, an agenda item is brought before the Board to accept the project as complete. With Board acceptance, associated CWIP costs are closed out and allocated to PP&E.

Capital Improvements Plan (CIP)

In 1994, SNWA began a CIP project estimated to cost \$2.1 billion. The purpose of the CIP was to expand the capacity of the SNWS from 400 MGD to 900 MGD by 2014. The CIP will give Nevada the capacity and reliability to access its entire 300,000 acre-feet consumptive use allocation of the Colorado River, plus any banked, transferred, or purchased water that may be delivered to Nevada via the Colorado River. On December 18, 2008, the Board approved Amendment 18 to the CIP reflecting current estimated construction costs of the CIP project at \$2.9 billion. The additional \$800 million spending authorization is mainly to fund construction of Lake Mead Intake No 3, which is scheduled for completion in 2014.

It is the express intent of the CIP to build improvements on a phased or as-needed basis. All costs associated with the CIP are capitalized. Direct costs include land costs, costs of construction and engineering contracts and interest. Indirect costs include items such as administration, planning and design, public information, program management, construction management, and environmental mitigation.

Major Construction and Capital Plan (MCCP)

In 2002, SNWA created the MCCP to address the need for capital projects not directly related to the expansion of the SNWS. Unlike the CIP which has a finite life, the MCCP is intended to have an unlimited life. The MCCP defines and authorizes projects that are necessary to maintain facilities in a sound and functional condition, maintain or improve water quality, develop water resources, reduce operating costs, address environmental and safety issues, provide support facilities (including power), and meet other objectives defined by the Board.

On December 18, 2008, the Board approved Amendment 10 to the MCCP authorizing \$1.5 billion grand total for all MCCP projects (active and completed). Either the wholesale delivery charge or capital contributions are designated as the funding source for each MCCP project. Of the 104 projects comprising the \$1.5 billion currently authorized for the MCCP, \$1.2 billion (83.2%) will be funded by capital contributions and \$0.3 billion (16.2%) will be funded by the wholesale delivery charge. 51 projects (49.0%) will be funded by capital contributions while 45 projects (45.2%) will be funded by the wholesale delivery charge. Six projects (5.8% of projects, 0.6% of total dollars) will be jointly funded by the two revenue sources.

Las Vegas Wash Capital Improvements Plan (LVWCIP)

The Las Vegas Wash (the Wash) is the primary urban runoff, wastewater and floodwater outlet from the Las Vegas valley into Lake Mead and the Colorado River. The Wash is considered a critical component in the many environmental and water resource issues facing southern Nevada. The LVWCIP presents a summary of planned capital requirements necessary to support long-term enhancement and management of the Wash.

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The LVWCIP, revised and approved by the Board on January 15, 2009, includes future projects totaling approximately \$42.6 million. Of that amount, about \$39.3 million (92.2%) is for channel stabilization facilities. The remaining \$3.3 million (7.8%) is for bank protection facilities, revegetation activities, design studies and miscellaneous programs. It is projected that these projects will be funded by 4% of the gross sales tax SNWA receives which has been designated for the Wash, as well as grants and contracts provided by various state and federal agencies.

The following shows the construction in progress balance for the fiscal years ended June 30, 2009 and 2008:

<u>Construction In Progress</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Capital Improvements Plan	\$ 833,996,870	\$ 629,937,912
Major Construction and Capital Plan	409,634,148	368,162,832
Las Vegas Wash Capital Improvement Plan	19,588,861	30,124,441
Total Construction In Progress	<u>\$ 1,263,219,879</u>	<u>\$ 1,028,225,185</u>

NOTE 10. WATER RECHARGE INVENTORY

In 1993, member agencies of SNWA entered into a cooperative agreement for the banking of water (recharge) in the LVVGB. The purpose of this agreement was to allow LVVWD to store water on behalf of the member agencies for future use. SNWA was not a party to the 1993 agreement.

In 2006, SNWA's Board approved an agreement between SNWA and the parties involved in the 1993 cooperative agreement for the sale and transfer of water banked in the LVVGB. The agreement centrally locates this water source with SNWA for future use by all member agencies. In addition, SNWA entered into a cooperative agreement with LVVWD, to allow SNWA to store water in the LVVGB for the future use of SNWA. As part of this agreement, LVVWD agreed to continue its recharge of the LVVGB, with SNWA reimbursing all related costs on a monthly basis. The agreement allows SNWA to control the water stored in the LVVGB for supplemental use of the valley's water supply in future years, to operate a GMP as directed by NRS 572, and other uses as deemed necessary. As of June 30, 2009, SNWA has paid \$82.3 million for 334,901 acre-feet of storage.

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NOTE 11. ACCOUNTS PAYABLE

Accounts payable balances by category for the fiscal years ending June 30, 2009 and 2008 are as follows:

<u>June 30, 2009</u>			
<u>Accounts Payable</u>	Total	Payable to LVVWD	Payable to Other Vendors
Administration Expenses	\$ 17,578,353		\$ 17,578,353
Treatment Plant Expenses	-		
Construction Contracts and Administration	21,880,220		21,880,220
Construction Contracts Retention	16,366,040		16,366,040
Total Accounts Payable	\$ 55,824,613	\$ -	\$ 55,824,613

<u>June 30, 2008</u>			
<u>Accounts Payable</u>	Total	Payable to LVVWD	Payable to Other Vendors
Administration Expenses	\$ 19,600,555		\$ 19,600,555
Treatment Plant Expenses	3,130,011	\$ 3,130,011	
Construction Contracts and Administration	26,846,389	5,554,571	21,291,818
Construction Contracts Retention	9,302,060		9,302,060
Total Accounts Payable	\$ 58,879,015	\$ 8,684,582	\$ 50,194,433

As discussed in Note 1, SNWA advanced \$19 million to LVVWD in fiscal 2009 to be applied against future daily operating costs paid by LVVWD on behalf of SNWA. The advance payment is first applied against (and eliminates) amounts currently due from SNWA to LVVWD. As of June 30, 2009, \$10,312,398 of the advance has yet to be applied against SNWA-related expenses. The unused amount is reported as a component of amounts due from member agencies (Note 4).

Effective July 1, 2007, LVVWD implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As a result of this implementation, LVVWD allocated a portion of the costs related to postemployment benefits other than pensions to SNWA. These costs, totaling \$1,192,847 as of June 30, 2009, are included in the administration expenses amounts above.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Economic Conditions

The United States is experiencing a widespread decline in residential real estate sales, mortgage lending and related construction activity. These factors, in addition to emerging weakness in the commercial and investment banking systems, and overseas conflicts are likely to have far-reaching effects on the economic activity in the country for an indeterminate period. The long-term impact of these factors on Nevada's economy and SNWA's operations cannot be predicted at this time but may be substantial.

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Construction Contracts

In connection with its three capital improvements plans, SNWA makes commitments to pay contractors working on those projects. However, SNWA only pays those contractors for the work they have completed. As of June 30, 2009, SNWA had construction contract commitments totaling approximately \$841.6 million. This is the amount SNWA will be obligated to pay if all contractors perform per their contracts. SNWA could substantially reduce the amount of this commitment by notifying contractors to suspend further work and by paying for work completed to that point.

Operating Leases

Lease Obligations

In 2004 the Board approved a non-cancelable operating lease agreement between Parkway Center, LLC (Molasky) and SNWA for office space at the Molasky Corporate Center located in downtown Las Vegas located at 100 City Parkway. The original lease allowed SNWA to lease 129,375 square feet of office space beginning August 1, 2007, for a period of twenty years with renewal options. Two additional amendments approved in 2006 added an additional 52,994 square feet of office space for the same twenty year period. On December 21, 2007, SNWA exercised its purchase option on the office space described in the original 2004 lease, thereby reducing the amount of office space subject to the lease agreement with Molasky to 52,994 square feet. LVVWD leases 34,898 square feet within the area leased and/or owned by SNWA. See Lease Receivables below. The 2006 amendments allow for an escalation factor of 4% annually, with parking spaces receiving no escalation. For the fiscal year ended June 30, 2009, SNWA paid \$2,118,330 on the lease. Leasehold improvements are charged to SNWA's M CCP capital program as incurred.

SNWA leases 2.27 acres of land from the Moapa Valley Water District (MVWD). The land located in the Moapa Valley includes a fenced yard, approximately 1,200 square feet of office space and approximately 3,200 square feet of adjoining shop space. The lease expires in May 2014, and annual lease payments are \$33,252. There is no escalation clause in the lease. This facility is being used to pursue additional water sources in the Moapa Valley where SNWA has substantial water rights. SNWA subleases this property to the MVIC (see Lease Receivables below).

In April 2005, SNWA agreed to lease approximately 2,000 square feet of office and visitor space, adjoining parking, and existing commercial signage located in downtown Ely, Nevada. The lease expires in 2012. The office is to facilitate staff involved in development and outreach in the Clark, Lincoln, and White Pine Counties' groundwater development projects and the integrated water planning process. Annual lease payments are \$9,600. There is no escalation clause in the lease.

In April 2008, the Board approved agreements allowing SNWA to lease rights from shareholders of the MVIC, the BIC and the MIC (the Mesquite leases). The approval allows the Mesquite leases to be offered for any period of time that is agreeable to SNWA and the water rights holder. All current Mesquite leases are set to begin on October 1, 2008, and are from one to ten years in duration with an annual escalation factor of 3%.

In February, 2009, the Board approved an agreement between the Moapa Band of Paiute Indians (the Tribe) and SNWA. The agreement allows SNWA to sublease between 2,300 and 3,700 acre-feet of water from the Tribe's MVIC lease for five years at the price of \$210 per acre-foot subject to an annual CPI adjustment beginning the second year. For the first three years of the sublease the Tribe will have the

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right to use 400 acre-feet and in the remaining years the Tribe may use 1,400 acre-feet. Provisions are also available for the lease to be extended upon agreement of both parties.

In March 2009, the Board approved an agreement with MVIC allowing SNWA to lease winter irrigation water rights from MVIC. The nineteen year lease agreement allows SNWA to lease 3,000 acre-feet of water per winter season at \$442,801 per year for the first nine years and 1,000 acre-feet of water per winter season at \$259,488 per year for the next ten years. Each of these amounts has an attached escalation factor of 3% annually after the first year of activation. SNWA would also pay \$25 per acre-foot (escalated annually) to MVIC for conveying any of this water through the MVIC water distribution system to Lake Mead.

None of the leases listed above contain contingent rentals, which are rentals in which amounts are dependent upon some factor other than the passage of time.

The following table shows the remaining minimal rental payments due under the terms of the lease contracts described above.

Fiscal Year June 30	Molasky	MVWD	Ely Office Space	Mesquite Leases
2010	\$ 2,352,953	\$ 33,252	\$ 9,600	\$ 3,764,225
2011	2,436,239	33,252	9,600	3,841,489
2012	2,522,856	33,252	9,600	274,829
2013	2,612,939	33,252		197,008
2014	2,706,624	33,252		52,650
2015-2019	15,074,942			226,902
2020-2024	18,047,627			
2025-2029	12,517,906			
	<u>\$ 58,272,085</u>	<u>\$ 166,260</u>	<u>\$ 28,800</u>	<u>\$ 8,357,104</u>

Fiscal Year June 30	Tribe Lease	MVIC Lease	Total
2010	\$ 693,000	\$ 442,801	\$ 7,295,831
2011	693,000	456,085	7,469,665
2012	483,000	469,768	3,793,306
2013	483,000	483,861	3,810,060
2014		498,377	3,290,904
2015-2019		2,407,062	17,708,906
2020-2024		1,418,988	19,466,615
2025-2029		1,296,266	13,814,172
	<u>\$ 2,352,000</u>	<u>\$ 7,473,209</u>	<u>\$ 76,649,458</u>

May be off slightly due to rounding

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Lease Receivables

In 2006, SNWA entered into an interlocal sublease agreement with LVVWD regarding office space that is either purchased or leased from Molasky. The twenty year agreement allows LVVWD to lease 8,000 square feet of space from the floors owned by SNWA and 26,240 square feet from the area leased from Molasky. The space owned by SNWA that is being leased has an approximate carrying value of \$2,083,604 with \$180,047 in accumulated depreciation having been taken through June 30, 2009. In addition LVVWD pays a share of leasehold improvements. The sublease assumes a ten year useful life on leasehold improvements and LVVWD pays a pro-rated share of the amortized value of such improvements. The sublease contains no escalation clauses. Also LVVWD is responsible for any utilities and services assessed to SNWA for the space occupied by LVVWD. For the remaining period of the lease SNWA anticipates to receive a minimum \$28,167,864 of aggregate payments.

In January 2009, SNWA acquired through assignment and assumption a three year lease with PN II, Inc. (PN). PN entered into a five year lease in 2006 with the previous owner of 119.5 shares of MIC for the water controlled by those shares. Per the terms of the assumption, SNWA will receive the annual lease payments of \$191,200 for the next three years with an option to extend the lease. The lease contains no escalation clauses. For the remaining period of the lease SNWA anticipates to receive a minimum \$573,600 of aggregate payments.

In March 2009, the Board approved three agreements with NV Energy Company (NVE). One agreement allows NVE to lease 1,050 acre-feet of SNWA water over a ten year period for an annual price of \$83,721 per year. This annual payment is required to be paid regardless of whether or not the water is utilized. The lease expires in 2052. The second agreement allows NVE to lease a maximum of 2,200 acre-feet of Muddy River water per winter season for the first nine years and a maximum of 1,000 acre-feet of Muddy River water per winter season for years 10 through 19. Payments will be made only on an as-used basis with a maximum pre-escalation payment of \$274,804 per year during the first nine years and a maximum pre-escalation payment of \$259,493 per year during the remaining term of the lease. The final lease allows NVE to option an additional 800 acre-feet of water per year during the first nine year winter season described above for a cost of \$291.83 per acre-foot. All amounts described in this paragraph are subject to a 3% annual escalation. For the remaining period of the leases SNWA anticipates to receive a minimum \$7,073,076 of aggregate payments.

Except as noted, none of the subleases listed above contain contingent rentals.

The following table shows the future minimum rental incomes for the next five years due under the terms of the lease contracts described above.

Fiscal Year June 30	LVVWD	PN II	NVE	TOTAL
2010	\$ 1,564,881	\$ 191,200	\$ 86,233	\$ 1,842,314
2011	1,564,881	191,200	88,820	1,844,901
2012	1,564,881	191,200	91,484	1,847,566
2013	1,564,881		94,229	1,659,110
2014	1,564,881		97,056	1,661,937
	\$ 7,824,404	\$ 573,600	\$ 457,821	\$ 8,855,828

May be off slightly due to rounding

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Forward Energy Contracts

Because Las Vegas is uphill from its major water supply, reliable electrical service is essential to SNWA's ability to deliver water. To gain more control over energy reliability and costs, SNWA manages the majority of its power supply rather than purchasing energy from the local regulated investor-owned utility under tariff rates approved by the Nevada Public Utilities Commission. This provides stability of future prices and projected savings over the same commodity purchased from the regulated utility.

To provide electrical energy at a known and budgeted cost, SNWA actively manages a portfolio of energy resources and adheres to a strict set of energy risk management procedures established by a Risk Management Committee that serves to fulfill the Energy Risk Management Policy adopted by the Board. The portfolio is composed solely of electricity forward, generation and transmission contracts as well as financial power and natural gas swaps. Because the portfolio exists solely for purposes of serving SNWA's projected energy requirements over the next 10 years, the forward energy contracts are considered to be "normal purchases and sales contracts" and therefore they are considered to be outside the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

The primary risks associated with this portfolio are counter-party credit and termination risks, which are managed by policies and procedures that require careful financial evaluation of trading partners, trading limits and in some cases as specified by policy, the posting of collateral.

As of June 30, 2009, SNWA had net energy contract commitments totaling approximately \$187.9 million.

Silverhawk Power Plant

SNWA partnered with Gen West, a wholly owned subsidiary of Pinnacle West Capital Corp. of Phoenix, Arizona, to build and operate the 580 megawatt Silverhawk electric power generating plant. The plant is located in the Apex industrial area approximately 20 miles northeast of Las Vegas. SNWA has paid 25% of the construction costs, is obligated to pay 25% of the operating costs and is entitled to 25% of the generated electricity.

For a period of eight years beginning June 1, 2005 SNWA entered into an energy exchange agreement with NVE whereby NVE has the right to dispatch the plant using their professional judgment, and SNWA receives 75 MW firm delivered power 24 hours per day.

Federal Grants

SNWA has received a total of \$19.9 million from the federal government through the U.S. Bureau of Reclamation as partial reimbursement of the costs incurred by its member agencies to build reclaimed water facilities in the Las Vegas valley. These reclaimed water facilities reduce the demand on potable water facilities by providing treated wastewater for irrigation use by golf courses. Pursuant to a 2004 agreement between SNWA and the Southern Nevada Water Recycling Project, SNWA has distributed \$15.0 million of these funds through June 30, 2009.

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Litigation

SNWA is a defendant in various litigation matters. Although the outcome of these matters is not presently determinable, it is management's opinion based upon advice from legal counsel that the risk of financial losses to SNWA from such litigation will not have a material adverse effect on its future financial position, results of operations or cash flows. Accordingly, no provision has been made for any such losses.

NOTE 13. OUTSTANDING DEBT

Pursuant to the Transfer Act discussed in Note 1, SNWA assumed responsibility for all CRC debt associated with the SNWS as of January 1, 1996. In 1997, SNWA received authorization to sell its bonds directly to the Nevada State Bond Bank. In 1999, SNWA received authorization to sell its bonds through a newly authorized Clark County Bond Bank. SNWA also has bonds payable, which were issued by LVVWD on SNWA's behalf. Because the state and county bond banks have not dealt in commercial paper or adjustable rate bonds, SNWA will continue to use LVVWD to sell those kinds of debt instruments and use the Nevada and Clark County bond banks to sell long-term fixed-rate bonds whenever feasible.

Debt Covenants

Management believes that SNWA has complied with all legal requirements, limitations, and restrictions imposed by debt covenants. SNWA is required to set charges for its purveyor members that when combined with unrestricted assets available for debt service create levels sufficient to cover all operating and maintenance expenses (excluding depreciation), all debt service requirements and amounts required to be deposited in reserve accounts, if any. Other requirements of long-term debt covenants include adequate insurance coverage for liability, property, and LVVWD employees and an annual audit of SNWA's basic financial statements by independent certified public accountants. Covenants are reviewed periodically by outside bond counsel to insure adherence.

Defeasance of Debt

CRC, LVVWD, and SNWA have issued bonds to advance refund portions of previous debt issues. Proceeds from advance refunding bond issuances have been placed in escrow accounts to fund debt service requirements as they come due. As of June 30, 2009 14 bond issues with \$1,314,485,219 in prior year in-substance defeased debt remains outstanding. The assets in these escrow accounts, as well as the liabilities for those in-substance defeased debt issues, have been removed from SNWA's financial statements. Furthermore, in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, any accounting gain or loss resulting from these transactions has been deferred and is being amortized over the life of the related debt (Note 14).

Current Year Debt Issuance Activity

On July 2, 2008, Clark County issued on SNWA's behalf \$400,000,000 of general obligation water improvement bonds (SNWA 2008 Bonds) providing funding for future construction projects. Also on July 30, 2008, SNWA issued subordinate lien revenue bonds in the amount of \$6,900,000 (SNWA Subordinate Lien Revenue 2008 Bonds) reimbursing SNWA for previous clean energy capital projects. Additional details on these issues follow below.

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The following is a comprehensive summary of each of the outstanding debt issues as of June 30, 2009.

State of Nevada Loan No. SNWA-1

Nevada law has created an account for the Nevada revolving fund. This account finances the construction of public water system projects authorized by the federal Safe Drinking Water Act. This federally financed program requires that funds made available to each state must be committed and used each year; otherwise future financing opportunities under the program are lost to the state. SNWA's CIP project to build ozone facilities to disinfect water at the Alfred Merritt Smith Water Treatment Facility qualified under the statutory and regulatory requirements, and was the only such project within the state that qualified for that year's funding. Therefore, in 1999, SNWA applied for and received a loan from Nevada for the \$12,269,695 in available funding to keep the money within Nevada. The interest rate on the loan is fixed at 3.61% and the term is 20 years. Constant semiannual payments of principal and interest are due on August 1 and February 1.

State of Nevada Loan No. SWNA-2

On June 29, 2001, SNWA received a second loan from the Nevada revolving fund in the amount of \$10 million. SNWA applied for this loan to help preserve Nevada's access to federal Safe Drinking Water Act funds that would otherwise be lost to the public water systems in Nevada. The interest rate on the loan is fixed at 3.46%, and the term is 20 years. Constant semiannual payments of principal and interest are due on August 1 and February 1.

CRC 1997A Bonds

These general obligation bonds in the original amount of \$49,270,000 were sold by CRC on September 15, 1997. SNWA has contracted with CRC to construct and operate the power facilities associated with the CIP. These funds were used to construct Phase I of the CRC Power Delivery Project. Title to these facilities will remain with CRC. However, SNWA has an exclusive right to use these facilities in perpetuity, and an obligation to make debt service payments as they come due. Therefore, the assets and liabilities associated with these facilities are carried on the books of SNWA as well as CRC. Because \$41,550,000 of CRC2005I bond issue was used to defease the later maturities of this bond issue, the remaining bond matured on September 15, 2007. Interest was payable semiannually on March 15 and September 15. The interest rate was 5.34%.

CRC 1997B Bonds

These general obligation bonds in the original amount of \$5,545,000 were sold by CRC on September 24 1997. The funds were used to advance refund certain maturities of CRC 1992 bonds. These bonds mature annually on July 1, 1998 through 2012. Interest on these bonds is payable semiannually on January 1 and July 1. The interest rate is 5.07%.

LVVWD 1998 Bonds

These general obligation bonds in the original amount of \$190,255,000 were sold by LVVWD on April 9, 1998. These funds were used to advance refund \$9,715,000 of LVVWD March 1995 bonds, \$12,380,000 of LVVWD July 1995 bonds, and \$149,095,000 of LVVWD 1996A bonds. These bonds mature annually on May 15 beginning in 2000. Interest is due semiannually on May 15 and November 15. The interest rate is 5.13%.

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SNWA 1998 Bonds

These general obligation bonds in the original amount of \$300,000,000 were sold by SNWA through the State Bond Bank on July 9, 1998. This marked the first time SNWA had used the authorization granted by the 1997 Nevada Legislature to sell bonds directly to the Nevada State Bond Bank. This was a new money bond issue and the \$296,236,936 it generated was added to the construction fund for CIP. Originally these bonds matured annually on May 15 through 2028. Because \$254,400,000 of SNWA's 2005F bond issue was used to defease the later maturities of this issue, payments from November 15, 2005 to November 15, 2027 will be interest only, with the final payment of interest and all remaining principal on May 15, 2028. Interest is payable semiannually on May 15 and November 15. The interest rate is 5.00%.

CRC 1999A Bonds

These general obligation bonds in the original amount of \$25,730,000 were sold by CRC on October 1, 1999. SNWA has contracted with CRC to construct and operate the power facilities associated with CIP. These funds were used to construct Phase II of the CRC Power Delivery Project. Title to these facilities will remain with CRC. However, SNWA has an exclusive right to use these facilities in perpetuity, and an obligation to make debt service payments as they come due. Therefore, the assets and liabilities associated with these facilities are carried on the books of SNWA as well as CRC. Originally, these bonds matured annually on September 15 through 2029. Because \$22,295,000 of CRC 2005I bond issue was used to defease the later maturities of this issue, the remaining bond will mature on September 15, 2009. These bonds mature annually on September 15 and interest is payable semiannually on March 15 and September 15. The interest rate is 6.50%.

SNWA 2000 Bonds

These general obligation bonds in the original amount of \$200,000,000 were sold by SNWA through the Clark County Bond Bank on July 11, 2000. SNWA was the first local government to use the Clark County Bond Bank authorized by the 1999 Legislature to issue bonds. This was a new money bond issue and the \$197,661,802 it generated was added to the construction fund for the CIP. Originally, these bonds matured annually on July 1 with semiannual interest payments. Because \$170,730,000 of the SNWA 2006 refunding bond issue was used to defease the later maturities of this issue, the remaining bonds will mature on July 1, 2010. The interest rate is 6.00%.

SNWA 2001 Bonds

These general obligation bonds in the original amount of \$250,000,000 were sold by SNWA through the Clark County Bond Bank on June 13, 2001. This was the second time SNWA used the Clark County Bond Bank authorized by the 1999 Nevada Legislature to issue bonds. \$116,259,653 was used on July 3, 2001, to prepay the two federal repayment contracts related to the Robert E. Griffith Project title transfer. The remainder was added to the construction fund for the CIP. These bonds mature annually on June 1 from 2004 to 2031. Interest is payable semiannually on June 1 and December 1. Because \$63,795,000 of the SNWA 2006 refunding bond issue was used to defease the bond principal payments between June 2006 to June 2022, only interest payments will be made during these years. The interest rate is 5.00%.

SNWA 2002 Bonds

These general obligation bonds in the original amount of \$200,000,000 were sold by SNWA through the Clark County Bond Bank on November 19, 2002. This entire issue's proceeds were added to the

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For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

construction fund for the CIP. These bonds mature annually on June 1 from 2005 to 2032. Interest is payable semiannually on June 1 and December 1. The interest rate is 4.78%.

LVVWD 2003B Bonds

The letter of credit which facilitated the tax-exempt commercial paper program that LVVWD started for SNWA in 1998 expired on January 14, 2003. On January 9, 2003, LVVWD issued \$250,000,000 in long-term general obligation bonds to completely retire the \$250,000,000 in tax-exempt commercial paper notes. These bonds mature annually on June 1 from 2004 to 2027. Interest is payable semiannually on June 1 and December 1. The interest rate is 4.66%.

CRC 2003C Bonds

These Nevada general obligation bonds in the original amount of \$21,515,000 were sold by CRC on September 17, 2003. The funds were used to advance refund certain maturities of CRC 1993 Bonds. These bonds mature annually on July 1, 2004 through 2011. Interest on these bonds is payable semiannually on January 1 and July 1. The interest rate is 4.61%

LVVWD 2005B Bonds

These general obligation bonds in the original amount of \$27,925,000 were sold on April 13, 2005. The proceeds of the bond sale were used to completely refund \$3,060,000 of LVVWD March 1995 series bonds, and partially refund \$6,295,000 of LVVWD July 1995 series bonds and \$19,205,000 of LVVWD 1996A series bonds. These bonds mature annually on June 1 through 2010. Interest on these bonds is payable semiannually on June 1 and December 1. The interest rate is 3.24%.

SNWA 2005F Bonds

These general obligation bonds in the original amount of \$249,365,000 were sold on May 17, 2005. The proceeds of the bond sale were used to partially refund \$254,400,000 of SNWA's 1998 series bonds. These bonds mature annually on December 1 through 2026. Interest on these bonds is payable semiannually on June 1 and December 1. The interest rate is 4.30%.

CRC 2005H Bonds

These general obligation bonds in the original amount of \$36,130,000 were sold on March 23, 2005. The proceeds of the bond sale were used to partially refund \$35,615,000 of CRC 1994 series bonds. These bonds mature annually on June 30 through 2027. Interest on these bonds is payable semiannually on January 1 and June 30. The interest rate is 4.73%.

CRC 2005I Bonds

These general obligation bonds in the original amount of \$65,300,000 were sold on March 23, 2005. The proceeds of the bond sale were used to partially refund \$41,550,000 of CRC 1994 series bonds, and \$22,295,000 of CRC 1999A series bonds. These bonds mature annually on September 15 through 2029. Interest on these bonds is payable semiannually on March 15 and September 15. Interest rate is 4.53%.

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For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

SNWA 2006 Refunding

These general obligation bonds in the original amount of \$242,880,000 were sold on May 22, 2006. The proceeds of the bond sale were used to partially refund \$170,730,000 of SNWA 2000 series bonds, and \$63,795,000 of SNWA 2001 series bonds. These bonds mature annually on June 1 through 2030. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 4.59%.

CRC 2006D Bonds

These general obligation bonds in the original amount of \$111,840,000 were sold on July 11, 2006. The proceeds of the bond sale were used to fully refund the CRC 1995 series bonds. These bonds mature annually on July 1 through 2024. Interest on these bonds is payable semiannually on January 1 and July 1. The interest rate is 4.50%.

SNWA 1106 Bonds

These general obligation bonds in the original amount of \$604,140,000 were sold on November 2, 2006. The proceeds of the bond sale were used to partially refund \$103,120,000 of SNWA 2001 series bonds, and \$97,455,000 of SNWA 2002 series bonds. The issue also generated \$392,810,379 of new money which will be used for future construction projects. The bonds mature annually on November 1 through 2036. Interest on these bonds is payable semiannually on May 1 and November 1. The interest rate is 4.49%.

LVVWD 2008B Bonds

These general obligation bonds in the original amount of \$171,720,000 were sold on February 19, 2008. The proceeds of the bond sale along with a reoffering premium were used to refund \$183,420,000 of LVVWD 1998 series bonds. These bonds mature annually on June 1 through 2026. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 4.12%.

SNWA 2008 Bonds

These general obligation bonds in the original amount of \$400,000,000 were sold on July 2, 2008. The proceeds of the bond sale along with a reoffering premium of \$19,080,734.15 will be used for future construction projects. These bonds mature annually on June 1 through 2038. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 4.63%. During the life of the bonds, the additional annual debt service will add as much as \$26,851,250 to yearly debt payment requirements.

SNWA Subordinate Lien Revenue 2008 Bonds

These subordinate lien bonds in the original amount of \$6,900,000 were sold on July 30, 2008. The proceeds of the bond sale reimburse SNWA for investments in clean energy capital projects. The bonds mature annually on December 15 through 2022. Interest on these bonds is payable quarterly on March 15, June 15, September 15, and December 15. The interest rate is 1.17%. During the life of the bonds, the additional annual debt service will add as much as \$532,657 to yearly debt payment requirements.

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For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

LVVWD Commercial Paper

On March 10, 2004, LVVWD began a new Tax-Exempt Commercial Paper (TECP) program for SNWA that authorized the issuance of up to \$400 million in TECP notes. The entire balance is currently issued. The proceeds were used to fund SNWA's CIP, to purchase a 25% interest in the Silverhawk power plant, and to purchase water resources. The TECP program was renegotiated on May 6, 2009 and is currently facilitated by a letter of credit between LVVWD, BNP Paribas (BNP), and JP Morgan Chase National Association (Chase). BNP agreed to provide credit support until March 9, 2010 and Chase has agreed to provide credit support until May 6, 2010. Each agreement has an option for renewal. The average interest rate on the \$400 million outstanding as of June 30, 2009 was 0.31%. Commercial paper is traded on the open market and is subject to market interest fluctuations. The TECP notes are composed of 9 tranches ranging in size from \$10 million to \$95 million, and ranging in maturity from 35 to 161 days.

The following schedules present changes in long-term debt for the years ending June 30, 2009 and 2008.

Outstanding Debt Activity, June 30, 2009

Debt Issue	Beginning Balance July 1, 2008	Additions	Retirements	Ending Balance June 30, 2009
SNWA-1	\$ 8,379,963		\$ 569,237	\$ 7,810,726
SNWA-2	7,466,412		442,397	7,024,015
Subtotal Notes Payable	<u>15,846,375</u>		<u>1,011,635</u>	<u>14,834,741</u>
CRC 1997B	2,880,000		670,000	2,210,000
SNWA 1998	21,350,000			21,350,000
CRC 1999A	1,235,000		600,000	635,000
SNWA 2000	8,520,000		4,145,000	4,375,000
SNWA 2001	60,495,000		5,315,000	55,180,000
SNWA 2002	87,485,000		4,150,000	83,335,000
LVVWD 2003B	219,295,000		7,030,000	212,265,000
CRC 2003C	4,510,000		3,900,000	610,000
LVVWD 2005 B	13,695,000		6,685,000	7,010,000
SNWA 2005 F	249,365,000		6,715,000	242,650,000
CRC 2005 H	31,620,000			31,620,000
CRC 2005 I	65,300,000		1,360,000	63,940,000
SNWA 2006 Refund	239,980,000		1,350,000	238,630,000
CRC 2006 D	101,070,000		4,285,000	96,785,000
SNWA 1106	604,140,000			604,140,000
LVVWD 2008B	171,720,000		1,695,000	170,025,000
SNWA 2008		400,000,000		400,000,000
SNWA sub 2008		6,900,000	460,000	6,440,000
Subtotal Bonds Payable	<u>1,882,660,000</u>	<u>406,900,000</u>	<u>48,360,000</u>	<u>2,241,200,000</u>
Total Debt Before				
Commercial Paper	1,898,506,375	406,900,000	49,371,635	2,256,034,741
LVVWD Commercial Paper	400,000,000			400,000,000
Total Debt	<u>\$ 2,298,506,375</u>	<u>\$ 406,900,000</u>	<u>\$ 49,371,635</u>	<u>\$ 2,656,034,741</u>

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For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Outstanding Debt Activity, June 30, 2008

Debt Issue	Beginning Balance July 1, 2007	Additions	Retirements	Ending Balance June 30, 2008
SNWA-1	\$ 8,929,194		\$ 549,231	\$ 8,379,963
SNWA-2	7,893,891		427,479	7,466,412
Subtotal Notes Payable	<u>16,823,085</u>		<u>976,710</u>	<u>15,846,375</u>
CRC 1997A	1,135,000		1,135,000	
CRC 1997B	3,515,000		635,000	2,880,000
LVVWD 1998	184,290,000		184,290,000	
SNWA 1998	27,225,000		5,875,000	21,350,000
CRC 1999A	1,805,000		570,000	1,235,000
SNWA 2000	12,450,000		3,930,000	8,520,000
SNWA 2001	65,535,000		5,040,000	60,495,000
SNWA 2002	91,475,000		3,990,000	87,485,000
LVVWD 2003B	225,990,000		6,695,000	219,295,000
CRC 2003C	8,210,000		3,700,000	4,510,000
LVVWD 2005 B	20,685,000		6,990,000	13,695,000
SNWA 2005 F	249,365,000			249,365,000
CRC 2005 H	31,620,000			31,620,000
CRC 2005 I	65,300,000			65,300,000
SNWA 2006 Refund	241,275,000		1,295,000	239,980,000
CRC 2006 D	106,585,000		5,515,000	101,070,000
SNWA 1106	604,140,000			604,140,000
LVVWD 2008B		171,720,000		171,720,000
Subtotal Bonds Payable	<u>1,940,600,000</u>	<u>171,720,000</u>	<u>229,660,000</u>	<u>1,882,660,000</u>
Total Debt Before				
Commercial Paper	1,957,423,085	171,720,000	230,636,710	1,898,506,375
LVVWD Commercial Paper	400,000,000			400,000,000
Total Debt	<u>\$ 2,357,423,085</u>	<u>\$ 171,720,000</u>	<u>\$ 230,636,710</u>	<u>\$ 2,298,506,375</u>

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Notes to Basic Financial Statements

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Composition of Outstanding Debt, June 30, 2009

Debt Issue	Ending Balance	Current Portion	Long-Term Portion	Accrued Interest
SNWA-1	\$ 7,810,726	\$ 589,972	\$ 7,220,754	\$ 117,486
SNWA-2	7,024,015	457,837	6,566,178	101,263
Subtotal Notes Payable	<u>14,834,741</u>	<u>1,047,809</u>	<u>13,786,932</u>	<u>218,749</u>
CRC 1997B	2,210,000	700,000	1,510,000	
SNWA 1998	21,350,000		21,350,000	133,438
CRC 1999A	635,000	635,000		12,039
SNWA 2000	4,375,000	4,375,000		
SNWA 2001	55,180,000	5,610,000	49,570,000	240,073
SNWA 2002	83,335,000	4,315,000	79,020,000	350,675
LVVWD 2003B	212,265,000	7,400,000	204,865,000	906,624
CRC 2003C	610,000	455,000	155,000	
LVVWD 2005 B	7,010,000	7,010,000		29,208
SNWA 2005 F	242,650,000	7,810,000	234,840,000	1,011,041
CRC 2005 H	31,620,000		31,620,000	
CRC 2005 I	63,940,000	1,440,000	62,500,000	897,221
SNWA 2006 Refund	238,630,000	1,405,000	237,225,000	914,708
CRC 2006 D	96,785,000	4,495,000	92,290,000	
SNWA 1106	604,140,000	6,885,000	597,255,000	4,543,027
LVVWD 2008B	170,025,000	1,760,000	168,265,000	690,169
SNWA 2008	400,000,000		400,000,000	1,666,667
SNWA sub 2008	6,440,000	460,000	5,980,000	3,140
Subtotal Bonds Payable	<u>2,241,200,000</u>	<u>54,755,000</u>	<u>2,186,445,000</u>	<u>11,398,030</u>
Total Debt Before Commercial Paper	2,256,034,741	55,802,809	2,200,231,932	11,616,779
LVVWD Commercial Paper	400,000,000	400,000,000		145,955
Total Debt	<u><u>\$ 2,656,034,741</u></u>	<u><u>\$ 455,802,809</u></u>	<u><u>\$ 2,200,231,932</u></u>	<u><u>\$ 11,762,734</u></u>

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For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Composition of Outstanding Debt, June 30, 2008

Debt Issue	Ending Balance	Current Portion	Long-Term Portion	Accrued Interest
SNWA-1	\$ 8,379,963	\$ 569,237	\$ 7,810,726	\$ 126,048
SNWA-2	7,466,412	442,398	7,024,014	107,641
Subtotal Notes Payable	<u>15,846,375</u>	<u>1,011,635</u>	<u>14,834,740</u>	<u>233,689</u>
CRC 1997A				
CRC 1997B	2,880,000	670,000	2,210,000	
LVVWD 1998				
SNWA 1998	21,350,000		21,350,000	133,438
CRC 1999A	1,235,000	600,000	635,000	23,413
SNWA 2000	8,520,000	4,145,000	4,375,000	
SNWA 2001	60,495,000	5,315,000	55,180,000	264,433
SNWA 2002	87,485,000	4,150,000	83,335,000	367,967
LVVWD 2003B	219,295,000	7,030,000	212,265,000	937,380
CRC 2003C	4,510,000	3,900,000	610,000	
LVVWD 2005 B	13,695,000	6,685,000	7,010,000	57,046
SNWA 2005 F	249,365,000	6,715,000	242,650,000	1,039,021
CRC 2005 H	31,620,000		31,620,000	
CRC 2005 I	65,300,000	1,360,000	63,940,000	917,055
SNWA 2006 Refund	239,980,000	1,350,000	238,630,000	919,208
CRC 2006 D	101,070,000	4,285,000	96,785,000	
SNWA 1106	604,140,000		604,140,000	4,543,027
LVVWD 2008B	171,720,000	1,695,000	170,025,000	695,113
Subtotal Bonds Payable	<u>1,882,660,000</u>	<u>47,900,000</u>	<u>1,834,760,000</u>	<u>9,897,101</u>
Total Debt Before Commercial Paper	1,898,506,375	48,911,635	1,849,594,740	10,130,790
LVVWD Commercial Paper	400,000,000	400,000,000		725,174
Total Debt	<u>\$ 2,298,506,375</u>	<u>\$ 448,911,635</u>	<u>\$ 1,849,594,740</u>	<u>\$ 10,855,964</u>

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For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

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

Fiscal Year Ending June 30	Principal	Interest	Total
2010 ¹	\$ 455,802,809	\$ 121,016,139	\$ 576,818,948
2011	61,385,277	105,170,127	166,555,404
2012	68,779,086	102,077,178	170,856,265
2013	71,434,283	98,652,720	170,087,003
2014	75,530,919	94,919,038	170,449,957
2015-2019	421,608,164	415,787,603	837,395,767
2020-2024	523,014,203	301,699,069	824,713,271
2025-2029	535,265,000	164,870,177	700,135,177
2030-2034	277,625,000	67,953,912	345,578,912
2035-2039	165,590,000	15,271,625	180,861,625
Totals	<u>\$ 2,656,034,741</u>	<u>\$ 1,487,417,588</u>	<u>\$ 4,143,452,329</u>

¹Because commercial paper notes have a maturity of less than 270 days, they are presented as all maturing in the current year. In reality, as they mature the interest will be paid and the principal rolled into new commercial paper notes.

Note 18 discusses debt issuances that occurred subsequent to June 30, 2009.

NOTE 14. DEFERRED AMOUNT ON REFUNDING

As required by GASB Statement No. 23, the difference between the reacquisition price and the net carrying amount of old debt that is current or advance refunded is capitalized and amortized to interest expense over the shorter of the remaining life of the old debt or the life of the new debt. The decision to refund bonds is made because there is an economic gain to be realized from refunding, even though there may be an increase in the amount of debt outstanding. Economic gain is determined by comparing the present value cash flow of the existing bond issue with that of the refunding bond issue. Typically, the economic gain comes from lower interest rates of the refunding bonds.

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Notes to Basic Financial Statements

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

The balances are being amortized over the life of the associated debt. Deferred amounts on refunding as of June 30, 2009 and 2008, are as follows:

	June 30, 2009	June 30, 2008
SNWA 2001 Bonds	\$ 33,900,260	\$ 35,995,267
CRC 2003C Bonds	79,581	106,108
LVVWD 2005B Bonds	-	(295,000)
SNWA 2005F Bonds	(8,886,534)	(9,396,590)
CRC 2005H Bonds	(1,923,477)	(2,031,448)
CRC 2005I Bonds	(2,514,605)	(2,646,953)
SNWA 2006 Refunding Bonds	(10,212,468)	(10,700,368)
CRC 2006D Refunding Bonds	(12,091,714)	(12,897,828)
SNWA 1106 Bonds	(5,947,751)	(6,245,138)
LVVWD 2008B Bonds	(10,247,732)	(10,850,540)
Total	\$ (17,844,440)	\$ (18,962,490)

May be off slightly due to rounding

NOTE 15. UNAMORTIZED BOND COSTS, PREMIUMS AND DISCOUNTS

Rather than being expensed in the year of issue, discounts/premiums and costs associated with issuing bonds are capitalized and amortized over the lives of the respective bonds. Amortization schedules are maintained for each bond issue and amortization is recorded monthly. Bonds sold at a premium are presented as positive balances. Conversely, discounts are designated with a negative amount. The unamortized balances at June 30, 2009 and 2008 are as follows:

	June 30, 2009	June 30, 2008
CRC 1997 Bonds	\$ (86,161)	\$ (89,598)
SNWA 2001 Bonds	(630,863)	(660,884)
SNWA 2002 Bonds	2,023,611	2,111,531
SNWA 2003 Bonds	8,081,254	8,532,051
LVVWD 2005B Bonds	224,061	478,060
SNWA 2005F Bonds	10,554,650	11,160,191
CRC 2005H Bonds	(26,362)	(27,826)
CRC 2005I Bonds	1,365,703	1,433,227
SNWA 2006 Refunding Bonds	565,679	592,703
CRC 2006D Refunding Bonds	2,880,251	3,071,693
SNWA 1106 Bonds	(3,074,564)	(3,128,316)
LVVWD 2008B Bonds	11,997,405	12,702,533
SNWA 2008 Bonds	16,889,908	
SNWA 2008 Sub Bonds	(22,753)	
Total	\$ 50,741,819	\$ 36,175,365

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NOTE 16. CAPITAL CONTRIBUTIONS

Revenues received to fund new expansion are reported on the income statement as capital contributions. Capital contributions received for the fiscal years ended June 30, 2009 and 2008, were as follows:

Capital Contributions	June 30, 2009	June 30, 2008
Sales Tax	\$ 46,333,942	\$ 53,315,770
Regional Connection Charge	27,406,871	61,512,873
Regional Commodity Charge	14,483,269	14,799,831
Regional Reliability Charge	4,308,609	3,977,286
Contributed Capital	2,655,967	73,800,795
Purveyor Member Debt Service Billings	76,573	76,573
Southern Nevada Public Lands Management Act		3,388,500
Total Capital Contributions	<u>\$ 95,265,231</u>	<u>\$ 210,871,628</u>

NOTE 17. RISK MANAGEMENT

SNWA employs a multifaceted approach to risk management, which includes transfer, elimination, avoidance, reduction, and/or assumption of risk of loss. SNWA purchases insurance from the commercial insurance market on real and personal property, including earthquake and flood, with common policy restrictions covering direct physical loss of, or damage to, buildings, fixtures, equipment, boilers, machinery, and supplies. The blanket limit of liability under the property insurance program is \$500 million (flood coverage limited to \$25 million, earthquake coverage limited to \$50 million) with a deductible of \$1 million for all properties valued over \$25 million and \$100,000 for all properties valued under \$25 million. Earthquake, flood and underground communications, water transmission and distribution lines, which have a \$100,000 deductible. This program also provides terrorism insurance for all locations with a blanket limit of \$500 million for all terrorist acts. SNWA self-insures the first \$1 million for automobile and general liability exposure and purchases excess liability insurance in the amount of \$30 million. It also purchases employee fidelity insurance in the amount of \$1 million and other miscellaneous coverages.

In contracts, SNWA obtains indemnification and hold harmless agreements. These agreements require that contractors name SNWA as an additional insured under the indemnitor's insurance coverage, usually in the amount of \$1 million to \$10 million for commercial general and automobile liability insurance. SNWA provides builders risk insurance for all construction projects with a blanket limit of \$100 million per contract, or higher as needed, with a \$50,000 deductible per claim, except earthquake and flood where the deductible is \$500,000 per claim.

For the fiscal year ended June 30, 2009, SNWA has had no significant reductions in insurance coverage from the prior fiscal year. Also, the amount of settlements and awards has not exceeded insurance coverage for each of the past five fiscal years.

GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, requires that for retained risks, a liability for claims be reported if information available prior to

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issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, there are also situations in which incidents occur before the balance sheet date, but claims are not reported or asserted when the financial statements are prepared. As of June 30, 2009, SNWA has no significant retained risks and therefore has no accrued liability for retained risks.

NOTE 18. SUBSEQUENT EVENTS

Wholesale Delivery Charge

Effective July 1, 2009, the SNWA wholesale delivery charge was increased from \$262/acre-foot to \$270/acre-foot. The raw water wholesale delivery charge was also increased from \$192/acre-foot to \$208/acre-foot. If sales volumes stay consistent with fiscal 2009, these increases will generate approximately \$3.4 million of additional annual revenue.

SNWA Commodity Charge

On September 17, 2009 the Board approved a multi year increase in the SNWA commodity charge (CC). Beginning January 1, 2010, the CC will increase from \$0.10 to \$0.20 per thousand gallons of retail potable sales. Beginning January 1, 2011, the CC will increase an additional \$0.10 to \$0.30 per thousand gallons. At current sales levels each \$0.10 increase will provide approximately \$14.5 million of additional annual revenue.

Bond Issues

On August 5, 2009, LVVWD issued \$100.0 million in general obligation bonds on behalf of SNWA. The offering consisted of two issues. \$90.0 million were issued as Build American bonds (BAB). BAB refers to a bond type created in February, 2009 by the American Recovery and Reinvestment Act for the purpose of stimulating the currently moribund economy. The bonds are taxable with the Federal government contributing a 35% subsidy on interest costs thereby making the financial impact on SNWA comparable to a tax exempt issue. Additionally \$10.0 million were issued as tax exempt bonds. Net proceeds of this issue will be used for future construction costs. The issue was sold at a discount of \$0.9 million and has a true interest cost of 4.69% after Federal government participation. The 30 year issue will add approximately \$6.9 million to the annual debt service liability during the early years of the issues.

On November 10, 2009, Clark County on behalf of SNWA issued \$50.0 million in general obligation bonds. The purpose of the issue was to refund selected coupons with maturities from June 1, 2010 to June 1, 2012, to aid in short term cash flow management. The issue refunded coupons from the following outstanding debt issues – SNWA 2000, SNWA 2001, SNWA 2002, SNWA 1106, and SNWA 2008. The issue was sold at a premium of \$2.9 million and has a true interest cost of 4.57%. The 21 year issue reduces debt expense in the next three years by an average of \$17.8 million per year and will add approximately \$4.3 million annually for the remainder of the issue's life.

LVVWD is anticipating issuing \$400.0 million in general obligation bonds on behalf of SNWA in late December 2009. \$360.0 million is anticipated to be issued in BAB with the remainder being issued as tax exempt bonds. Preliminary calculations from bond counsel estimate that the true interest cost will be approximately 4.5% after Federal government participation and will add approximately \$14.5 million to the annual debt service liability.

SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2009, and the fiscal year ended June 30, 2008

Water Leases and Purchases from the MVIC, MIC, and BIC

As described in more detail in Notes 8 and 12, SNWA has been aggressively purchasing and leasing shares of MVIC, MIC, and BIC. After June 30, 2009, SNWA purchased an additional 144.8 shares of the three irrigation companies which represent 523.6 acre-feet of additional water supplies for \$3.9 million.

SNWA also entered into additional lease contracts after June 30, 2009. For the most part these leases were renewals of one year leases from the previous period. Minimum future lease payments for these leases are \$1.0 million in fiscal 2010 and \$1.1 million in fiscal 2011.

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STATISTICAL SECTION
(UNAUDITED)



Statistical Section

This part of the comprehensive annual financial report of the Southern Nevada Water Authority (SNWA) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Page

Financial Trends Information

3-3 to 3-6

These Schedules contain information to help the reader understand how SNWA's financial performance and well being have changed over time.

Revenue Capacity Information

3-7 to 3-12

These schedules contain information to help the reader assess SNWA's most significant local revenue sources.

Debt Capacity Information

3-13 to 3-16

These schedules present information to help the reader assess the affordability of SNWA's current levels of outstanding debt and its ability to issue additional debt in the future.

Because SNWA has only seven customers (the seven purveyor members as shown in the introductory section) ratios reflecting debt to SNWA's customer base were deemed meaningless. Alternative comparisons have been made to give the reader a better feeling of SNWA's debt levels.

SNWA has no overlapping debt, nor does it have a dollar amount of debt limit.

Demographic and Economic Information

3-17 to 3-19

These schedules offer demographic and economic indicators to aid the reader in understanding the environment in which SNWA's financial activities takes place.

Operating Information

3-20 to 3-22

These schedules contain service and infrastructure data to help the reader understand how the information in the SNWA's financial report relates to the services SNWA provides and the activities it performs.

Other Information

3-23 to 3-36

These schedules contain debt history and individual amortization schedules to help the reader understand SNWA's debt position both historically and in the future.

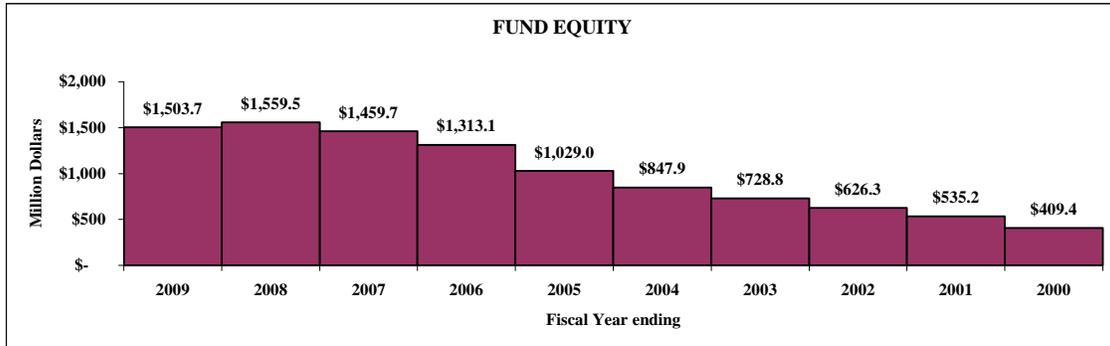
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**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Fund Equity
Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	2009	2008	2007	2006	2005
Invested In Capital Assets, Net of Related Debt	\$ 975,182,739	\$ 1,061,241,237	\$ 885,878,890	\$ 727,217,380	\$ 581,716,167
Restricted	15,178,151	102,040,416	50,122,513	23,331,858	52,240,725
Unrestricted	513,331,903	396,226,722	523,682,549	562,531,407	395,053,871
Net Contributed Capital *					
Retained Earnings *					
Total Fund Equity	\$ 1,503,692,793	\$ 1,559,508,375	\$ 1,459,683,952	\$ 1,313,080,645	\$ 1,029,010,763

	Fiscal Year Ended June 30				
	2004	2003	2002	2001	2000
Invested In Capital Assets, Net of Related Debt	\$ 533,907,856	\$ 373,510,820	\$ 344,153,745	\$ -	\$ -
Restricted	16,083,037	220,160,501	55,086,956		
Unrestricted	297,863,688	135,104,438	227,025,481		
Net Contributed Capital *				288,723,220	296,247,172
Retained Earnings *				246,466,020	113,192,577
Total Fund Equity	\$ 847,854,581	\$ 728,775,759	\$ 626,266,182	\$ 535,189,240	\$ 409,439,749

* Reflects equity format required prior to adoption of GASB Statement No. 34.



Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Changes in Fund Equity
Last Ten Fiscal Years

Page 1 of 3

	Fiscal Year Ended June 30		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues			
Wholesale Delivery Charges	\$ 112,551,974	\$ 118,782,982	\$ 121,449,812
Groundwater Program Revenue	2,047,626	1,976,911	1,953,768
Purveyor Administration Costs Billings	379,306	367,710	359,042
Las Vegas Wash Revenues	690,000	1,196,028	842,700
Other Revenues	2,648,858	2,010,404	1,586,346
Total Operating Revenues	118,317,764	124,334,035	126,191,668
Operating Expenses			
Personnel and Related	(39,671,513)	(37,430,481)	(33,754,022)
Electric Power	(40,184,442)	(35,233,331)	(47,268,452)
Other	(73,498,943)	(63,839,825)	(43,170,486)
Depreciation	(61,143,048)	(57,234,105)	(53,032,871)
Total Operating Expenses	(214,497,946)	(193,737,742)	(177,225,831)
Operating Loss	(96,180,182)	(69,403,707)	(51,034,163)
Non Operating Revenues and (Expenses)			
Investment Income	10,709,321	24,494,593	29,484,713
Interest Expense	(64,366,759)	(65,800,690)	(70,962,485)
Amortization of Refunding Costs	(1,118,050)	(1,286,877)	(1,467,458)
Amortization of Bond Issue Costs, Premiums and Discounts	628,592	944,276	540,036
Gain/(Loss) on Sale of Assets	(753,735)	5,200	835,062
Total Non-Operating Revenues (Expenses)	(54,900,631)	(41,643,499)	(41,570,132)
Loss Before Capital Contributions	(151,080,813)	(111,047,206)	(92,604,295)
Capital Contributions	95,265,231	210,871,628	239,207,602
Change in Fund Equity	(55,815,582)	99,824,423	146,603,307
Fund Equity - Beginning of Year	1,559,508,375	1,459,683,952	1,313,080,645
Fund Equity - End of Year	\$ 1,503,692,793	\$ 1,559,508,375	\$ 1,459,683,952

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Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Changes in Fund Equity
Last Ten Fiscal Years (continued)

Page 2 of 3

	Fiscal Year Ended June 30		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating Revenues			
Wholesale Delivery Charges	\$ 115,532,042	\$ 100,460,557	\$ 97,162,446
Groundwater Program Revenue	1,952,143	2,039,010	2,114,246
Purveyor Administration Costs Billings	351,527	361,958	321,253
Las Vegas Wash Revenues	1,074,374	1,071,600	1,037,400
Other Revenues			
Total Operating Revenues	118,910,086	103,933,125	100,635,345
Operating Expenses			
Personnel and Related	(32,131,870)	(29,082,767)	(26,536,039)
Electric Power	(56,584,777)	(54,461,787)	(55,632,005)
Other	(38,966,643)	(51,321,569)	(42,265,915)
Depreciation	(50,389,946)	(48,259,934)	(38,380,146)
Total Operating Expenses	(178,073,236)	(183,126,057)	(162,814,105)
Operating Loss	(59,163,150)	(79,192,932)	(62,178,760)
Non Operating Revenues and (Expenses)			
Investment Income	13,370,675	13,887,489	408,524
Interest Expense	(66,031,609)	(64,248,754)	(61,335,059)
Amortization of Refunding Costs	(978,821)	(186,214)	(21,056)
Amortization of Bond Issue Costs, Premiums and Discounts	(25,329)	(655,616)	(847,092)
Gain/(Loss) on Sale of Assets	491,492	1,136	2,363
Total Non-Operating Revenues (Expenses)	(53,173,592)	(51,201,959)	(61,792,320)
Loss Before Capital Contributions	(112,336,742)	(130,394,891)	(123,971,080)
Capital Contributions	396,406,624	311,551,073	243,049,902
Change in Fund Equity	284,069,882	181,156,182	119,078,822
Fund Equity - Beginning of Year	1,029,010,763	847,854,581	728,775,759
Fund Equity - End of Year	\$ 1,313,080,645	\$ 1,029,010,763	\$ 847,854,581

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Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Changes in Fund Equity
Last Ten Fiscal Years (continued)

Page 3 of 3

	Fiscal Year Ended June 30			
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Operating Revenues				
Wholesale Delivery Charges	\$ 87,774,387	\$ 86,276,227	\$ 67,593,430	\$ 65,919,217
Groundwater Program Revenue	2,037,737	2,050,476	1,506,831	1,915,383
Purveyor Administration Costs Billings	363,637	383,704	279,511	288,031
Las Vegas Wash Revenues	966,000	753,000		
Other Revenues				
Total Operating Revenues	91,141,761	89,463,407	69,379,772	68,122,631
Operating Expenses				
Personnel and Related	(23,782,689)	(21,027,884)	(16,410,991)	(13,195,952)
Electric Power	(60,862,783)	(49,116,179)	(21,791,314)	(23,597,680)
Other	(26,372,829)	(20,485,918)	(15,616,619)	(12,691,899)
Depreciation	(28,554,840)	(26,452,890)	(21,487,976)	(17,048,735)
Total Operating Expenses	(139,573,141)	(117,082,871)	(75,306,900)	(66,534,266)
Operating Loss	(48,431,380)	(27,619,464)	(5,927,128)	1,588,365
Non Operating Revenues and (Expenses)				
Investment Income	7,603,793	13,212,069	13,210,215	7,606,016
Interest Expense	(44,454,798)	(40,136,450)	(38,381,314)	(29,596,098)
Amortization of Refunding Costs	(151,046)	(151,046)	(1,752,102)	(1,752,102)
Amortization of Bond Issue Costs, Premiums and Discounts	(999,820)	(1,775,391)	(1,569,464)	(1,370,509)
Gain/(Loss) on Sale of Assets	2,804	39,216	6,158	713
Total Non-Operating Revenues (Expenses)	(37,999,067)	(28,811,602)	(28,486,507)	(25,111,980)
Loss Before Capital Contributions	(86,430,447)	(56,431,066)	(34,413,635)	(23,523,615)
Capital Contributions	188,940,024	147,508,009	160,163,126	143,477,464
Change in Fund Equity	102,509,577	91,076,943	125,749,491	119,953,849
Fund Equity - Beginning of Year	626,266,182	535,189,240	409,439,749	289,485,900
Fund Equity - End of Year	\$ 728,775,759	\$ 626,266,183	\$ 535,189,240	\$ 409,439,749

**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Regional Connection Charges *
Revenue Base / Principal Revenue Payers
Last Ten Fiscal Years**

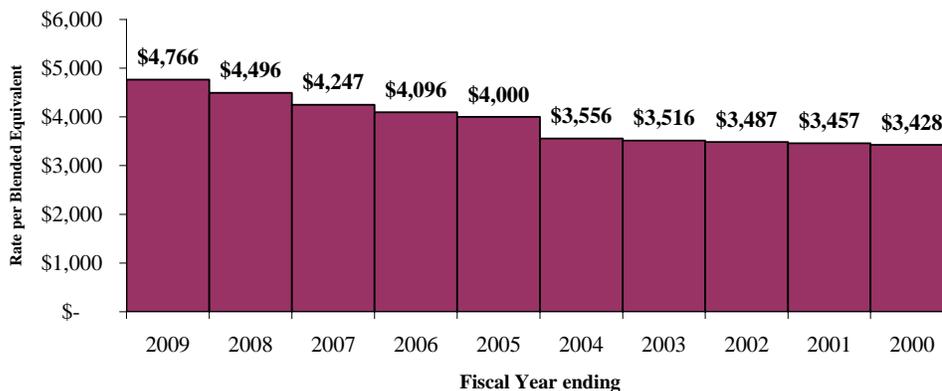
	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Las Vegas Valley					
Water District	\$ 17,943,571	\$ 40,672,561	\$ 83,294,414	\$ 133,408,930	\$ 102,009,777
City of Henderson	4,855,790	11,184,662	22,396,474	26,548,685	31,316,388
City of North Las Vegas	4,607,510	9,655,650	15,668,200	28,496,396	44,167,000
<hr/>					
Total Connection Charge Collections	\$ 27,406,871	\$ 61,512,873	\$ 121,359,088	\$ 188,454,011	\$ 177,493,165
<hr/>					
Average Effective Rate per Blended Equivalent **	\$ 4,766	\$ 4,496	\$ 4,247	\$ 4,096	\$ 4,000

	Fiscal Year Ended June 30				
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Las Vegas Valley					
Water District	\$ 95,990,657	\$ 77,608,024	\$ 66,715,946	\$ 64,709,064	\$ 49,001,214
City of Henderson	23,469,506	15,200,051	15,748,870	17,437,562	14,505,368
City of North Las Vegas	34,533,890	25,729,296	12,661,623	15,736,247	14,205,242
<hr/>					
Total Connection Charge Collections	\$ 153,994,053	\$ 118,537,371	\$ 95,126,439	\$ 97,882,873	\$ 77,711,824
<hr/>					
Average Effective Rate per Blended Equivalent **	\$ 3,556	\$ 3,516	\$ 3,487	\$ 3,457	\$ 3,428

* Connection charges are a component of Capital Contributions as displayed on the Statements of Revenues, Expenses, and Changes in Fund Equity. See Notes 1 and 18 to the Basic Financial Statements.

** Connection charges are mainly set based on a "blended equivalent" which represents the equivalency of a 5/8" and 3/4" service size as defined by the American Water Works Association, weighted based on the population of such meters in service throughout the Southern Nevada Water Authority service area.

AVERAGE EFFECTIVE RATE PER BLENDED EQUIVALENT



**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Regional Connection Charges
Revenue Rates
Last Ten Fiscal Years**

Page 1 of 3

		Fiscal year ended June 30,								
		2009		2008			2007			
		Nov 08 to Jun 09	Jul 08 to Oct 08	May 08 to Jun 08	Nov 07 to Apr 08	Jul 07 to Oct 07	May 07 to Jun 07	Nov 06 to Apr 07	Jul 06 to Oct 06	
Residential - 8 or fewer units per acre										
	5/8"	\$ 4,870	\$ 4,710	\$ 4,710	\$ 4,560	\$ 4,410	\$ 4,410	\$ 4,270	\$ 4,130	
	3/4"	4,870	4,710	4,710	4,560	4,410	4,410	4,270	4,130	
	1"	9,610	9,300	9,300	9,000	8,710	8,710	8,430	8,160	
	1 1/2"	19,170	18,560	18,560	17,970	17,400	17,400	16,840	16,300	
	2"	30,680	29,700	29,700	28,750	27,830	27,830	26,940	26,080	
Residential - more than 8 units per acre										
Per Dwelling Unit										
	Individually Metered	\$ 3,400	\$ 3,210	\$ 3,210	\$ 3,030	\$ 2,860	\$ 2,860	\$ 2,700	\$ 2,550	
	Master Metered	3,400	3,210	3,210	3,030	2,860	2,860	2,700	2,550	
Non Residential excluding hotels, motels, golf courses and laundries										
	5/8"	\$ 4,870	\$ 4,710	\$ 4,710	\$ 4,560	\$ 4,410	\$ 4,410	\$ 4,270	\$ 4,130	
	3/4"	4,870	4,710	4,710	4,560	4,410	4,410	4,270	4,130	
	1"	9,610	9,300	9,300	9,000	8,710	8,710	8,430	8,160	
	1 1/2"	19,170	18,560	18,560	17,970	17,400	17,400	16,840	16,300	
	2"	64,260	60,060	60,060	56,130	52,460	52,460	49,030	45,820	
	3"	237,900	216,610	216,610	197,220	179,570	179,570	163,500	148,780	
	4"	353,100	326,310	326,310	301,550	278,670	278,670	257,530	237,990	
	6" and larger, per thousand gallons estimated annual use	\$ 29.20	\$ 26.50	\$ 26.50	\$ 24.00	\$ 21.80	\$ 21.80	\$ 19.80	\$ 18.00	
Hotels / Motels										
	Per Room	\$ 2,780	\$ 2,690	\$ 2,690	\$ 2,600	\$ 2,520	\$ 2,520	\$ 2,440	\$ 2,360	
Golf Courses										
	Per Irrigated Acre	\$ 45,640	\$ 43,870	\$ 43,870	\$ 42,170	\$ 40,530	\$ 40,530	\$ 38,960	\$ 37,450	
RV Parks										
	Per Space	\$ 1,380	\$ 1,340	\$ 1,340	\$ 1,300	\$ 1,260	\$ 1,260	\$ 1,220	\$ 1,180	
Industrial Laundries										
	5/8"	\$ 76,800	\$ 74,350	\$ 74,350	\$ 71,970	\$ 69,670	\$ 69,670	\$ 67,440	\$ 65,290	
	3/4"	76,800	74,350	74,350	71,970	69,670	69,670	67,440	65,290	
	1"	151,460	146,620	146,620	141,940	137,410	137,410	133,020	128,770	
	1 1/2"	302,950	293,270	293,270	283,900	274,830	274,830	266,050	257,550	
	2"	484,700	469,220	469,220	454,230	439,720	439,720	425,670	412,070	
	3"	969,400	938,430	938,430	908,450	879,430	879,430	851,340	824,140	
	4"	1,514,690	1,466,300	1,466,300	1,419,460	1,374,110	1,374,110	1,330,210	1,287,720	
	6"	3,029,360	2,932,580	2,932,580	2,838,900	2,748,210	2,748,210	2,660,420	2,575,430	
	8"	4,846,980	4,692,140	4,692,140	4,542,250	4,397,140	4,397,140	4,256,670	4,120,690	
	10"	6,967,540	6,744,960	6,744,960	6,529,490	6,320,900	6,320,900	6,118,970	5,923,490	

**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Regional Connection Charges
Revenue Rates
Last Ten Fiscal Years**

Page 2 of 3

		Fiscal year ended June 30,										
		2006			2005		2004		2003		2002	
		May 06 to	Nov 05 to	Jul 05 to	Jul 04 to	Feb 04 to	Jul 03 to	Feb 03 to	Jul 02 to	Feb 02 to	Jul 01 to	
		<u>Jun 06</u>	<u>Apr 06</u>	<u>Oct 05</u>	<u>Jun 05</u>	<u>Jun 04</u>	<u>Jan 04</u>	<u>Jun 03</u>	<u>Jan 03</u>	<u>Jun 02</u>	<u>Jan 02</u>	
Residential - 8 or fewer units per acre												
5/8"	\$	4,130	\$ 4,000	\$ 3,560	\$ 3,560	\$ 3,560	\$ 3,520	\$ 3,520	\$ 3,490	\$ 3,490	\$ 3,460	
3/4"		4,130	4,000	3,560	3,560	3,560	3,520	3,520	3,490	3,490	3,460	
1"		8,160	7,900	7,030	7,030	7,030	6,960	6,960	6,890	6,890	6,820	
1 1/2"		16,300	15,780	14,040	14,040	14,040	13,900	13,900	13,760	13,760	13,620	
2"		26,080	25,250	22,470	22,470	22,470	22,250	22,250	22,030	22,030	21,810	
Residential - more than 8 units per acre												
Per Dwelling Unit												
Individually Metered	\$	2,550	\$ 2,400	\$ 2,136	\$ 2,136	\$ 2,136	\$ 2,112	\$ 2,112	\$ 2,094	\$ 2,094	\$ 2,076	
Master Metered		2,550	2,400	2,136	2,136	2,136	1,924	1,924	1,712	1,712	1,500	
Non Residential excluding hotels, motels, golf courses and laundries												
5/8"	\$	4,130	\$ 4,000	\$ 3,560	\$ 3,560	\$ 3,560	\$ 3,520	\$ 3,520	\$ 3,490	\$ 3,490	\$ 3,460	
3/4"		4,130	4,000	3,560	3,560	3,560	3,520	3,520	3,490	3,490	3,460	
1"		8,160	7,900	7,030	7,030	7,030	6,960	6,960	6,890	6,890	6,820	
1 1/2"		16,300	15,780	14,040	14,040	14,040	13,900	13,900	13,760	13,760	13,620	
2"		45,820	42,820	38,110	38,110	38,110	34,760	34,760	31,420	31,420	28,070	
3"		148,780	135,550	120,640	120,640	120,640	105,070	105,070	89,490	89,490	73,920	
4"		237,990	219,930	195,740	195,740	195,740	169,960	169,960	144,170	144,170	118,390	
6" and larger, per thousand gallons estimated annual use	\$	18.00	\$ 16.30	\$ 14.48	\$ 14.48	\$ 14.48	\$ 12.22	\$ 12.22	\$ 9.96	\$ 9.96	\$ 7.71	
Hotels / Motels												
Per Room	\$	2,360	\$ 2,280	\$ 2,029	\$ 2,029	\$ 2,029	\$ 1,671	\$ 1,671	\$ 1,313	\$ 1,313	\$ 954	
Golf Courses												
Per Irrigated Acre	\$	37,450	\$ 36,000	\$ 32,040	\$ 32,040	\$ 32,040	\$ 25,886	\$ 25,886	\$ 19,732	\$ 19,732	\$ 13,577	
RV Parks												
Per Space	\$	1,180	\$ 1,140	\$ 1,015	\$ 1,015	\$ 1,015	\$ 836	\$ 836	\$ 657	\$ 657	\$ 477	
Industrial Laundries												
5/8"	\$	65,290	\$ 63,200	\$ 56,250	\$ 56,250	\$ 56,250	\$ 45,680	\$ 45,680	\$ 35,110	\$ 35,110	\$ 24,540	
3/4"		65,290	63,200	56,250	56,250	56,250	45,680	45,680	35,110	35,110	24,540	
1"		128,770	124,660	110,950	110,950	110,950	90,100	90,100	69,240	69,240	48,390	
1 1/2"		257,550	249,320	221,890	221,890	221,890	180,190	180,190	138,480	138,480	96,780	
2"		412,070	398,910	355,030	355,030	355,030	288,300	288,300	221,570	221,570	154,840	
3"		824,140	797,810	710,050	710,050	710,050	576,590	576,590	443,140	443,140	309,680	
4"		1,287,720	1,246,580	1,109,450	1,109,450	1,109,450	900,920	900,920	692,400	692,400	483,870	
6"		2,575,430	2,493,160	2,218,900	2,218,900	2,218,900	1,801,850	1,801,850	1,384,800	1,384,800	967,750	
8"		4,120,690	3,989,050	3,550,240	3,550,240	3,550,240	2,882,960	2,882,960	2,215,680	2,215,680	1,548,400	
10"		5,923,490	5,734,260	5,103,470	5,103,470	5,103,470	4,144,250	4,144,250	3,185,040	3,185,040	2,225,820	

**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Regional Connection Charges
Revenue Rates
Last Ten Fiscal Years**

Page 3 of 3

	2001			2000 *	
	Feb 01 to Jun 01	Jul 00 to Jan 01	Feb 00 to Jun 00	Feb 00 to Jun 00	Jul 99 to Jan 00
Residential - 8 or fewer units per acre					Service Size
5/8"	\$ 3,460	\$ 3,430	\$ 3,430	5/8"	\$ 3,400
3/4"	3,460	3,430	3,430	3/4"	3,400
1"	6,820	6,750	6,750	1"	6,680
1 1/2"	13,620	13,490	13,490	1 1/2"	13,360
2"	21,810	21,590	21,590	2"	21,380
				3"	42,770
Residential - more than 8 units per acre				4"	66,820
Per Dwelling Unit				6"	133,650
Individually Metered	\$ 2,076	\$ 2,058	\$ 2,058	8"	213,840
Master Metered	1,500	1,288	1,288	10"	307,390
				12"	454,400
Non Residential excluding hotels, motels, golf courses and laundries				* In February 2000, the Southern Nevada Water Authority modified the basis on which connection charges are levied to include different customer classifications. Connection charges levied prior to February 2000 were based on service size only, without regard to customer class.	
5/8"	\$ 3,460	\$ 3,430	\$ 3,430		
3/4"	3,460	3,430	3,430		
1"	6,820	6,750	6,750		
1 1/2"	13,620	13,490	13,490		
2"	28,070	24,730	24,730		
3"	73,920	58,340	58,340		
4"	118,390	92,600	92,600		
6" and larger, per thousand gallons estimated annual use	\$ 7.71	\$ 5.45	\$ 5.45		
Hotels / Motels					
Per Room	\$ 954	\$ 596	\$ 596		
Golf Courses					
Per Irrigated Acre	\$ 13,577	\$ 7,423	\$ 7,423		
RV Parks					
Per Space	\$ 477	\$ 298	\$ 298		
Industrial Laundries					
5/8"	\$ 24,540	\$ 13,970	\$ 13,970		
3/4"	24,540	13,970	13,970		
1"	48,390	27,540	27,540		
1 1/2"	96,780	55,080	55,080		
2"	154,840	88,120	88,120		
3"	309,680	176,230	176,230		
4"	483,870	275,350	275,350		
6"	967,750	550,700	550,700		
8"	1,548,400	881,120	881,120		
10"	2,225,820	1,266,610	1,266,610		

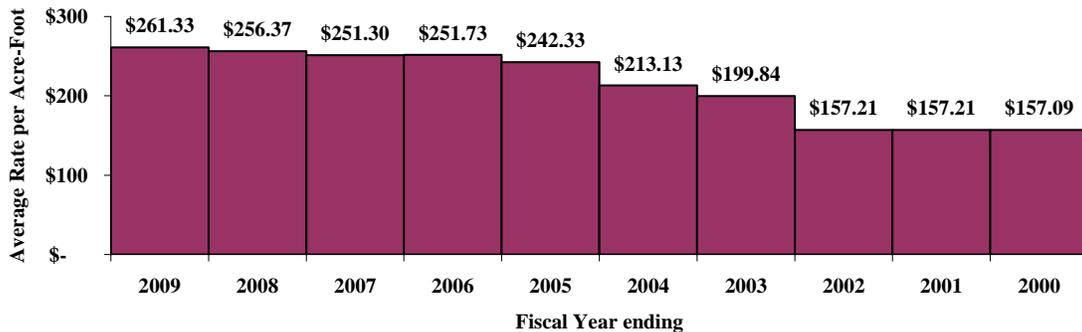
**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Wholesale Delivery Charge
Revenue Base / Principal Revenue Payers
Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Las Vegas Valley					
Water District	\$ 79,085,752	\$ 84,407,754	\$ 86,738,398	\$ 82,658,798	\$ 72,173,474
City of Henderson	16,928,183	17,192,550	17,574,018	16,745,595	15,143,461
City of North Las Vegas	13,442,152	13,874,638	13,969,835	13,147,489	10,472,255
City of Boulder City	2,675,996	2,727,909	2,621,610	2,540,316	2,282,861
Nellis Air Force Base	419,890	580,131	545,951	439,844	388,506
Total Wholesale Delivery Charge Collections	\$ 112,551,974	\$ 118,782,982	\$ 121,449,812	\$ 115,532,042	\$ 100,460,557
Average Effective Rate per Acre-Foot	\$ 261.33	\$ 256.37	\$ 251.30	\$ 251.73	\$ 242.33

	Fiscal Year Ended June 30				
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Las Vegas Valley					
Water District	\$ 71,241,372	\$ 62,889,394	\$ 50,742,972	\$ 50,742,972	\$ 49,910,921
City of Henderson	13,484,000	13,301,307	8,885,895	8,885,895	8,218,059
City of North Las Vegas	9,713,658	8,615,827	6,091,398	6,091,398	5,923,794
City of Boulder City	2,374,060	2,513,776	1,609,379	1,609,379	1,525,954
Nellis Air Force Base	349,356	454,083	263,785	263,785	340,489
Total Wholesale Delivery Charge Collections	\$ 97,162,446	\$ 87,774,387	\$ 67,593,430	\$ 67,593,430	\$ 65,919,217
Average Effective Rate per Acre-Foot	\$ 213.13	\$ 199.84	\$ 157.21	\$ 157.21	\$ 157.09

May be off slightly due to rounding

AVERAGE EFFECTIVE RATE PER ACRE FOOT



**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Wholesale Delivery Charge for Potable Water
Revenue Rates
Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Charge per Acre-Foot*	\$ 262.00	\$ 257.00	\$ 252.00	\$ 252.00	\$ 243.00

	Fiscal Year Ended June 30				
	2004	2003	2002	2001	2000
Charge per Acre-Foot*	\$ 215.00	\$ 200.00	\$ 200.00	\$ 157.00	\$ 157.00

* City of Boulder City pays a slightly lower wholesale delivery charge for non potable water. Nellis Air Force Base pays a modified wholesale delivery charge plus a portion of debt service. Revenues from both these charges account for less than 1% of total wholesale delivery charge.

**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Ratio of Outstanding Debt by Type⁽¹⁾
Last Ten Fiscal Years**

In Million Dollars

Fiscal Year <u>Ended June 30</u>	General Obligation <u>Bonds</u>	Notes Payable/ Repayment <u>Contracts</u>	Commercial <u>Paper</u>	Less: Assets Restricted for <u>Principal Repayment</u>	Total <u>Debt⁽²⁾</u>
2009	\$2,234.8	\$21.3	\$400.0	-\$87.7	\$2,568.3
2008	1,882.7	15.8	400.0	-85.7	2,212.8
2007	1,940.6	16.8	400.0	-87.1	2,270.3
2006	1,582.3	17.8	400.0	-82.7	1,917.4
2005	1,614.8	18.7	300.0	-70.1	1,863.4
2004	1,653.9	19.6	140.0	-42.8	1,770.7
2003	1,685.2	20.4	0.0	-17.9	1,687.7
2002	1,250.5	21.2	250.0	-15.2	1,506.5
2001	1,264.1	184.1	250.0	-16.8	1,681.4
2000	826.1	178.1	250.0	-9.9	1,244.3

Fiscal Year <u>Ended June 30</u>	Total Debt as Percent of Annual <u>Applied Revenues⁽³⁾</u>	Annual Debt Service as Percent of Annual <u>Applied Revenues⁽⁴⁾</u>	Debt as a Percent of <u>Personal Income⁽⁵⁾</u>	Debt per Capita <u>In Dollars⁽⁶⁾</u>
2009	1259.0%	83.2%	3.2%	\$1,297
2008	887.0%	72.2%	2.8%	1,114
2007	778.7%	50.6%	3.2%	1,137
2006	602.6%	44.8%	2.8%	996
2005	646.9%	43.6%	3.0%	1,026
2004	677.3%	45.8%	3.4%	1,014
2003	779.7%	41.1%	3.5%	1,028
2002	871.0%	63.5%	3.3%	955
2001	959.7%	49.7%	3.9%	1,122
2000	813.2%	51.4%	3.0%	871

(1) Details of the Southern Nevada Water Authority's (SNWA) outstanding debt can be found in the Note 13 to the Basic Financial Statements and in the Other Information section of the Statistical Section. As described in the notes, SNWA has only seven customers, making per-customer ratios meaningless. Therefore alternate ratios have been used.

(2) All SNWA bond and note debt is general obligation debt, additionally secured by pledged revenues. Please see "Pledged Revenue Coverage" immediately following this schedule.

(3) Total debt divided by total applied revenues. Applied revenues are revenues which are used to pay debt service. These revenues consist of wholesale delivery charge, regional connection charge, regional commodity charge and regional reliability surcharge. Additionally sales tax is included beginning in November 2006. Prior to this date, sales tax was used exclusively for pay-as-you-go construction.

(4) Total annual debt service (principal and interest) divided into total applied revenues as defined in (3).

(5) Total debt divided by total Clark County personal income. Please see page 3-17 for personal income data.

(6) Total debt divided by total Clark County per capita income. Please see page 3-17 for population data.

Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Pledged Revenue Coverage
Last Ten Fiscal Years

Page 1 of 3

	Fiscal Year Ended June 30,		
	2009	2008	2007
Operating Revenues			
Wholesale Delivery Charges	\$ 112,551,974	\$ 118,782,982	\$ 121,449,812
Groundwater Program Fees	2,047,626	1,976,911	1,953,768
Purveyor Admin Costs Billing	379,306	367,710	359,042
Las Vegas Wash Revenues	690,000	1,196,028	842,700
Other Revenues	2,648,858	2,010,404	1,586,346
Total Operating Revenues	118,317,764	124,334,035	126,191,668
Operating Expenses			
Personnel and Related	(39,671,513)	(37,430,481)	(33,754,022)
Electric Power	(40,184,442)	(35,233,331)	(47,268,452)
Other	(73,498,943)	(63,839,825)	(43,170,486)
Depreciation	(61,143,048)	(57,234,105)	(53,032,871)
Total Operating Expenses	(214,497,946)	(193,737,742)	(177,225,831)
Operating Loss	(96,180,182)	(69,403,707)	(51,034,163)
Nonoperating Revenues			
Investment Earnings (including interest reclassified to Construction Work-In-Progress)	13,607,423	30,676,718	41,088,297
Debt Service Billings	76,573	76,573	76,573
Regional Connection Charge	27,406,871	61,512,873	121,359,088
Regional Water Charges	18,791,878	18,777,117	18,829,058
Southern Nevada Public Lands Management Act	-	3,388,500	3,708,440
Raw Water Facilities Charge			35,864,100
Clark County Sales Tax	46,333,942	53,315,770	55,060,027
Total Non Operating Revenue	106,216,687	167,747,551	275,985,583
Net Operating & Nonoperating Revenues	10,036,505	98,343,844	224,951,420
Add back Depreciation	61,143,048	57,234,105	53,032,871
Add Beginning Unrestricted Funds*	423,601,762	470,805,706	490,946,146
Net available for debt service	\$ 494,781,315	\$ 626,383,655	\$ 768,930,437
Annual Debt Service	\$ 169,717,981	\$ 153,769,711	\$ 144,484,915

Debt Service Coverage Ratio	2.92	4.07	5.32
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* Bond covenants specify that beginning unrestricted funds should be used in the calculation of debt coverage.
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Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Pledged Revenue Coverage (Continued)
Last Ten Fiscal Years

Page 2 of 3

	Fiscal Year Ended June 30,		
	2006	2005	2004
Operating Revenues			
Wholesale Delivery Charges	\$ 115,532,042	\$ 100,460,557	\$ 97,162,446
Groundwater Program Fees	1,952,143	2,039,010	2,114,246
Purveyor Admin Costs Billing	351,527	361,958	321,253
Las Vegas Wash Revenues	1,074,374	1,071,600	1,037,400
Other Revenues			
Total Operating Revenues	<u>118,910,086</u>	<u>103,933,125</u>	<u>100,635,345</u>
Operating Expenses			
Personnel and Related	(32,131,870)	(29,082,767)	(26,536,039)
Electric Power	(56,584,777)	(54,461,787)	(55,632,005)
Other	(38,966,643)	(51,321,569)	(42,265,915)
Depreciation	<u>(50,389,946)</u>	<u>(48,259,934)</u>	<u>(38,380,146)</u>
Total Operating Expenses	<u>(178,073,236)</u>	<u>(183,126,057)</u>	<u>(162,814,105)</u>
Operating Loss	<u>(59,163,150)</u>	<u>(79,192,932)</u>	<u>(62,178,760)</u>
Nonoperating Revenues			
Investment Earnings (including interest reclassified to Construction Work-In-Progress)	13,474,740	19,548,835	9,613,713
Debt Service Billings	76,573	76,573	76,573
Regional Connection Charge	188,454,011	177,493,765	154,146,853
Regional Water Charges	14,213,843	10,101,548	10,139,199
Southern Nevada Public Lands Management Act	135,441,776	68,933,594	34,465,520
Raw Water Facilities Charge	1,465,965	-	1,386,755
Clark County Sales Tax	54,158,795	49,945,593	42,835,002
Total Non Operating Revenue	<u>407,285,703</u>	<u>326,099,908</u>	<u>252,663,615</u>
Net Operating & Nonoperating Revenues	348,122,553	246,906,976	190,484,855
Add back Depreciation	50,389,946	48,259,934	38,380,146
Add Beginning Unrestricted Funds*	<u>408,083,814</u>	<u>325,075,175</u>	<u>302,761,700</u>
Net available for debt service	<u>\$ 806,596,313</u>	<u>\$ 620,242,085</u>	<u>\$ 531,626,701</u>
Annual Debt Service	\$ 140,855,868	\$ 125,502,473	\$ 119,659,294

Debt Service Coverage Ratio	5.73	4.94	4.44
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* Bond covenants specify that beginning unrestricted funds should be used in the calculation of debt coverage.
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Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Pledged Revenue Coverage (Continued)
Last Ten Fiscal Years

Page 3 of 3

	Fiscal Year Ended June 30,			
	2003	2002	2001	2000
Operating Revenues				
Wholesale Delivery Charges	\$ 87,774,387	\$ 86,276,227	\$ 67,593,430	\$ 65,919,217
Groundwater Program Fees	2,037,737	2,050,476	1,506,831	1,915,383
Purveyor Admin Costs Billing	363,637	383,704	279,511	288,031
Las Vegas Wash Revenues	966,000	753,000		
Other Revenues				
Total Operating Revenues	<u>91,141,761</u>	<u>89,463,407</u>	<u>69,379,772</u>	<u>68,122,631</u>
Operating Expenses				
Personnel and Related	(23,782,689)	(21,027,884)	(16,410,991)	(13,195,952)
Electric Power	(60,862,783)	(49,116,179)	(21,791,314)	(23,597,680)
Other	(26,372,829)	(20,485,918)	(15,616,619)	(12,691,899)
Depreciation	(28,554,840)	(26,452,890)	(21,487,976)	(17,048,735)
Total Operating Expenses	<u>(139,573,141)</u>	<u>(117,082,871)</u>	<u>(75,306,900)</u>	<u>(66,534,266)</u>
Operating (Loss)/Income	<u>(48,431,380)</u>	<u>(27,619,464)</u>	<u>(5,927,128)</u>	<u>1,588,365</u>
Nonoperating Revenues				
Investment Earnings (including interest reclassified to Construction Work-In-Progress)	8,861,989	15,169,429	17,694,243	13,455,710
Debt Service Billings	76,573	76,573	76,573	76,573
Regional Connection Charge	118,537,370	95,126,439	97,882,873	77,711,824
Regional Water Charges	10,152,104	10,242,954	9,728,536	9,385,257
Southern Nevada Public Lands Management Act	21,731,600	7,742,511	4,209,667	6,527,850
Raw Water Facilities Charge	1,542,875			
Clark County Sales Tax	36,899,502	34,319,533	48,265,477	49,775,960
Total Non Operating Revenue	<u>197,802,013</u>	<u>162,677,439</u>	<u>177,857,369</u>	<u>156,933,174</u>
Net Operating & Nonoperating Revenues	149,370,633	135,057,975	171,930,241	158,521,539
Add back Depreciation	28,554,840	26,452,890	21,487,976	17,048,735
Add Beginning Unrestricted Funds*	257,463,450	297,398,562	177,927,088	124,350,197
Net available for debt service	<u>\$ 435,388,923</u>	<u>\$ 458,909,427</u>	<u>\$ 371,345,305</u>	<u>\$ 299,920,471</u>
Annual Debt Service	\$ 89,035,517	\$ 92,473,619	\$ 73,324,618	\$ 68,147,829
Debt Service Coverage Ratio	4.89	4.96	5.06	4.40

* Bond covenants specify that beginning unrestricted funds should be used in the calculation of debt coverage.
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**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Demographic Statistics
Clark County, Nevada
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Income (2)	Clark County Personal Income In Million \$ (3)	Median Household Income (4)
2009	1,980,188	41,007	\$81,201.5	N/A
2008	1,986,146	40,087	79,619.0	48,012
2007	1,996,542	39,188	71,623.4	45,135
2006	1,925,654	38,309	67,832.8	43,682
2005	1,815,700	36,869	62,785.7	42,168
2004	1,747,025	33,463	51,976.2	41,208
2003	1,641,529	30,949	48,600.9	41,007
2002	1,578,332	29,854	45,202.6	43,395
2001	1,498,279	29,657	43,179.7	(5)
2000	1,428,690	29,600	41,239.2	39,448

Fiscal Year	School Enrollment (6)	Total Labor Force Thousands (7)	Unemployment Rate (7)
2009	314,845	1,010.5	12.3%
2008	306,832	988.0	6.6%
2007	303,197	953.7	4.8%
2006	292,016	917.3	4.2%
2005	280,275	873.4	4.2%
2004	269,960	836.8	4.6%
2003	252,775	805.6	5.4%
2002	246,151	783.7	5.9%
2001	228,814	759.6	5.5%
2000	217,492	727.5	4.6%

(1) Source -- Southern Nevada Regional Planning Coalition, Consensus Population Estimate 2009 figure was unavailable; amount shown has been trended by average growth rate of the last year.

(2) Source -- U.S. Bureau of Economic Analysis, CA1-3 per capita personal income, Clark County, Nevada, 2008 and 2009 trended.

(3) Source -- U.S. Bureau of Economic Analysis, CA1-3 personal income, Clark County, Nevada, 2008 and 2009 trended.

(4) Source -- Sales and Marketing Management, Survey of Buying Power, 2002 - 2005 editions. Trade Dimensions International, Inc. Demographics USA, County editions, 2006 - 2008

(5) Due to a change in methodologies, beginning in 2002 the Effective Buying Income (EBI) is for the current period. For years beginning in 2001 and prior, the EBI was for the previous year. Therefore the 2001 EBI is not available.

(6) Source -- Clark County School District, Average Daily Membership.

(7) Source -- State of Nevada -- Department of Employment, Training and Rehabilitation, Clark County.

**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Secured Tax Roll
Clark County, Nevada
Fiscal Year 2008-2009⁽¹⁾**

<u>Taxpayer</u>	<u>Taxable Assessed</u>	<u>Taxable Appraised</u>
1. MGM Mirage	\$ 4,845,974,462	\$ 13,845,641,320
2. Harrahs Entertainment Inc.	2,520,778,825	7,202,225,214
3. General Growth Properties	1,814,439,457	5,184,112,734
4. Nevada Power Company	1,231,058,139	3,517,308,969
5. Wynn Las Vegas, LLC	908,230,988	2,594,945,680
6. Las Vegas Sands Corporation	873,182,999	2,494,808,569
7. Boyd Gaming Corporation	787,350,329	2,249,572,369
8. Station Casinos	739,261,266	2,112,175,046
9. Focus Property Group	598,945,301	1,711,272,289
10. Olympia Group, LLC	532,440,510	1,521,258,600
 Total 2008 - 2009	 <u>\$ 14,851,662,276</u>	 <u>\$ 42,433,320,790</u>

SOURCE: Clark County, Nevada, assessor's office

(1) Most recent period available

**Southern Nevada Water Authority
Enterprise Fund
Top Ten Employers ⁽¹⁾⁽²⁾
Clark County, Nevada
Fiscal Year Ended June 30, 2008 and Fiscal Year Ended June 30, 1999**

Employer Trade Name	FY 2008			FY 1999 (3)		
	Employees	Ranking	(4)	Employees	Ranking	(4)
Clark County School District	31500 to 31999	1	3.47%	19500 to 19999	1	2.99%
Clark County	10000 to 10499	2	1.10%	7500 to 7999	4	1.15%
Bellagio, LLC	9000 to 9499	3	0.99%	9000 to 9499	2	1.36%
Wynn Las Vegas LLC	8500 to 8999	4	0.96%	8500 to 8999	3	1.28%
MGM Grand Hotel / Casino	8500 to 8999	5	0.95%	5000 to 5499	7	0.79%
Mandalay Bay Resort & Casino	7000 to 7499	6	0.79%	4500 to 4999	9	0.72%
Caesars Palace	5500 to 5999	9	0.65%			
Venetian Casino Resorts	5500 to 5999	7	0.62%	6500 to 6999	5	1.03%
Mirage Casino / Hotel (GNS corp)	5500 to 5999	8	0.60%			
University of Nevada Las Vegas	5000 to 5499	10	0.59%	4500 to 4999	8	0.75%
Rio Suite Hotel / Casino						
Treasure Island at the Mirage				4500 to 4999	10	0.70%
State of Nevada						
Luxor						
Excalibur Hotel / Casino				6500 to 6999	6	1.02%

(1) Source -- Nevada Workforce Informer, Nevada Employer Directory, GASB 44 report as of 8/4/2009.

(2) Nevada law prohibits the disclosure of exact employee counts. All employee counts are shown in ranges. Calculations of total labor force per employer (column (4)) are estimates.

(3) Only the top ten employers of the period are listed.

(4) Estimated percent of total labor force attributed to this employer

**Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Full Time Equivalent Employees by Department / Function ⁽¹⁾
Last Ten Fiscal Years**

Department	Function	Fiscal Year Ended June 30									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Southern Nevada Water Systems	Water Treatment and Transmission	187.5	183.5	178	177.5	161	154	151	148	135	125
SNWA Engineering	Planning / Constructing Infrastructure	67	62	58	53	44	36	34	27	23	22
SNWA Groundwater Resources ⁽²⁾	Procure New Water Sources	64.5	80.5	75.5							
SNWA Surface Water Resources ⁽²⁾	Acquiring / Managing River Water Resources	32	30	26							
SNWA Environmental Resources ⁽⁴⁾	Conservation/ Las Vegas Wash	24									
SNWA Energy Management	Acquiring/ Managing Energy	7	7	7							
SNWA Resources ⁽²⁾	Procure New Water Sources/ Manage Existing Water Sources/ Conservation				80.5	71.5	56 ⁽³⁾	34	31	31	27

(1) SNWA has no employees of its own. Employees in the SNWA departments presented in this chart, as well as LVVWD employees partially or fully allocated to SNWA (and not shown in the analysis above) are employed by LVVWD. SNWA reimburses LVVWD for those expenses.

(2) On January, 2006, the SNWA Board of Directors approved the division of the SNWA Resources department into SNWA Groundwater Resources and SNWA Surface Water Resources.

(3) On July, 2003, the Conservation department, which had previously been under the management of LVVWD Public Services, was transferred to the SNWA Resources department.

(4) On July, 2008, the Conservation department, which had previously been under the management of SNWA Groundwater Resources, was transferred to the new SNWA Energy Environmental Resources department.

Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Operating Indicators by Department / Function
Last Ten Years

	Calendar Year Ended December 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Southern Nevada										
Water Systems										
System Capacity in Million Gallons per Day	900.0	900.0	900.0	750.0	750.0	750.0	750.0	700.0	600.0	600.0
Water Delivered in Million Gallons per Day										
Average Day	396.0	432.0	430.0	408.0	386.0	402.0	402.0	393.0	387.0	365.8
Maximum Day	531.0	582.0	596.0	603.0	607.0	563.0	573.0	536.0	570.9	508.1
SNWA Resources										
Conservation -- Per Capita Water Usage in Gallons Per Day	249	255	264	269	274	294	314	318	315	315
Fiscal Year Ended June 30										
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
SNWA Engineering										
Construction Contract Payments (Million Dollars)	\$407	\$262	\$139	\$146	\$153	\$164	\$169	\$120	\$209	\$250
SNWA Resources										
Lake Mead Level at Hoover Dam Elevation, in Feet	1,095	1,105	1,114	1,128	1,141	1,127	1,143	1,160	1,183	1,204

Southern Nevada Water Authority
Enterprise Fund (Unaudited)
Capital Asset Statistics by Department / Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Miles of Pipeline	163	163	163	163	163	155	141	136	120	119
Ozone Treatment Capacity in Million Gallons per Day	1015	900	900	900	900	750	750	750	750	-
Ozone Treatment Facilities	3	2	2	2	2	2	2	2	2	-
Pumping Plants	31	28	30	30	30	27	25	26	26	21
Reservoirs & Forebays	42	38	28	28	28	27	27	27	25	23
Metering Stations	36	35	34	34	34	31	30	30	30	25
Rechlorination Facilities	11	9	9	9	9	12	9	12	11	8
Plant Facilities	3	2	2	2	2	2	2	2	2	1

Southern Nevada Water Authority
Debt History (Unaudited)
as of June 30, 2009

Page 1 of 3

Issued By	Debt Name	Issue Date	Funds Used For	Original Amount \$	Refunded Amount \$	Refund Source	Principal Paid \$	Balance @ 6/30/2009(\$)
CRC	1967 Debenture #1	Sept 1967	Interim Water Acquisition Planning & Design	10,000	10,000	1968 Bonds		
CRC	1967 Debenture #2	Oct 1967	Interim Water Acquisition Planning & Design	25,000	25,000	1968 Bonds		
CRC	1967 Debenture #3	Nov 1967	Interim Water Acquisition Planning & Design	365,000	365,000	1968 Bonds		
CRC	1968 Bonds	Jun 1968	First stage of the state facilities AMS Treatment Plant	8,900,000	5,580,000	1994 Bonds	3,320,000	
CRC	Federal Repayment Contract # 1	Mar 1973	First stage of the federal facilities - transmission facilities	51,558,293	39,636,913	SNWA 0601 Bonds	11,921,380	
CRC	1978 A Bonds	Jan 1979	Second stage of the state facilities - design & equipment purchase	13,000,000	9,125,000	1994 Bonds	3,875,000	
CRC	1978 B Bonds	Feb 1979	Second stage of the state facilities - construction	47,000,000	36,220,000	1993 Bonds	10,780,000	
CRC	1982 Debenture	Jul 1982	New computer system for the second stage state facilities	3,000,000	3,000,000	1978 C Bonds		
CRC	Federal Repayment Contract # 2	Mar 1983	Second stage of the federal facilities - transmission facilities	131,480,402	122,617,366	SNWA 0601 Bonds	8,863,036	
CRC	1978 C Bonds	Jul 1984	Refund the 1982 debenture	3,000,000	2,595,000	1990 Bonds	405,000	
CRC	1978 D Bonds	Aug 1986	Relocate the Las Vegas Lateral under the Las Vegas Wash	11,000,000	8,550,000	1993 Bonds	2,450,000	
CRC	1990 Bonds	Aug 1990	Refund the 1978 C Bonds and start the Communications Project	6,550,000	3,340,000	1993 Bonds	3,210,000	
CRC	1992 Bonds	Nov 1992	Lab equipment improvements Maintenance & operations facilities	9,815,000	5,125,000	CRC 1997B Bonds	4,690,000	
CRC	1993 Bonds	Nov 1993	Refund the 1978 B, 1978 D, and 1990 Bonds	46,805,000	23,125,000	CRC 2003C Bonds	23,680,000	
CRC	1994 Bonds	Nov 1994	Refund the 1968 and 1978 A bonds and begin construction on the SNWA CIP	170,380,000	141,610,000	CRC 1995 2005H	28,770,000	
LVVWD	SNWA Mar 1995 Bonds	Mar 1995	SNWA CIP Construction Fund	20,000,000	12,775,000	LVVWD 0498 2005B	7,225,000	
LVVWD	SNWA Jul 1995 Bonds	Jul 1995	SNWA CIP Construction Fund	30,000,000	15,675,000	LVVWD 0498 2005B	14,325,000	
CRC	1995 Bonds	Dec 1995	Partially refund the CRC 1994 Bonds	118,590,000	108,550,000	CRC 2006D Refunding	10,040,000	
LVVWD	SNWA Jul 1996 Bonds	Jul 1996	SNWA CIP Construction Fund	180,000,000	168,300,000	LVVWD 0498 2005B	11,700,000	
CRC	1997A Bonds	Sep 1997	Phase I of the Power Delivery Project	49,270,000	41,550,000	CRC 2005I Bonds	7,720,000	

Southern Nevada Water Authority
Debt History (Unaudited)
as of June 30, 2009

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Issued By	Debt Name	Issue Date	Funds Used For	Original Amount \$	Refunded Amount \$	Refund Source	Principal Paid \$	Balance @ 6/30/2009(\$)
CRC	1997B Bonds	Sep 1997	Partially refund the CRC 1992 Bonds	5,545,000			3,335,000	2,210,000
LVVWD	SNWA Commercial Paper	Jan 1998	SNWA CIP Construction Fund	250,000,000	250,000,000	LVVWD 0103 Bonds		
LVVWD	SNWA Apr 1998 Bonds	Apr 1998	Partially refund the LVVWD 0395, 0795, and 0796 Bonds	190,255,000	183,420,000	LVVWD 2008 B Bonds	6,835,000	
SNWA	SNWA 0798 Bonds State Bond Bank	Jul 1998	SNWA CIP Construction Fund	300,000,000	254,400,000	SNWA 2005F Bonds	24,250,000	21,350,000
CRC	1999A Bonds	Sep 1999	Phase II of the Power Delivery Project	25,730,000	22,295,000	CRC 2005I Bonds	2,800,000	635,000
SNWA	State Drinking Water Revolving Fund Loan #1	Dec 1999	SNWA CIP Construction Fund	12,269,695			4,458,969	7,810,726
SNWA	SNWA 0700 Bonds Clark Co Bond Bank	Jul 2000	SNWA CIP Construction Fund	200,000,000	170,730,000	SNWA 2006 Refunding	24,895,000	4,375,000
SNWA	SNWA 0601 Bonds Clark Co Bond Bank	Jun 2001	SNWA CIP Construction Fund. Prepay Federal Repayment Contracts.	250,000,000	166,915,000	SNWA 2006 & 1106 Refundings	27,905,000	55,180,000
SNWA	State Drinking Water Revolving Fund Loan #2	Jun 2001	SNWA CIP Construction Fund	10,000,000			2,975,985	7,024,015
SNWA	SNWA 1102 Bonds Clark Co Bond Bank	Nov 2002	SNWA CIP Construction Fund.	200,000,000	97,455,000	SNWA 1106 Refunding	19,210,000	83,335,000
LVVWD	SNWA Commercial Paper Pay Off	Jan 2003	Refund Jan 1998 LVVWD Commercial Paper Program	250,000,000			37,735,000	212,265,000
CRC	2003C Bonds	Sep 2003	Partially Refund CRC 1993 Bonds	21,515,000			20,905,000	610,000
LVVWD	SNWA Commercial Paper	Mar 2004	SNWA CIP Construction Fund and Silverhawk Purchase	400,000,000			0	400,000,000
LVVWD	2005B Refunding Bonds	May 2005	Partially Refund LVVWD 0395, 0795, and 0796 Bonds	27,925,000			20,915,000	7,010,000
SNWA	2005F Refunding Bonds	May 2005	Partially Refund SNWA 0798 Bonds	249,365,000			6,715,000	242,650,000
CRC	2005H Refunding Bonds	Apr 2005	Partially Refund CRC 1994 Bonds	36,130,000			4,510,000	31,620,000
CRC	2005I Refunding Bonds	Apr 2005	Partially Refund CRC 1997A and 1999A Bonds	65,300,000			1,360,000	63,940,000
SNWA	2006 Refunding Bonds	May 2006	Partially Refund SNWA 0700 and SNWA 0601 Bonds	242,880,000			4,250,000	238,630,000
CRC	2006D Refunding Bonds	July 2006	Refund the CRC 1995 Bonds	111,840,000			15,055,000	96,785,000
SNWA	1106 New Money & Refunding Bond	Nov 2006	SNWA CIP Construction Fund & Partial Refund of SNWA 0601 & SNWA 1102 Bonds	604,140,000			0	604,140,000

Southern Nevada Water Authority
Debt History (Unaudited)
as of June 30, 2009

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Issued By	Debt Name	Issue Date	Funds Used For	Original Amount \$	Refunded Amount \$	Refund Source	Principal Paid \$	Balance @ 6/30/2009(\$)
LVVWD	2008 B Refunding Bonds	Feb 2008	Refund LVVWD April 1998 Bond	171,720,000			1,695,000	170,025,000
SNWA	2008 Bonds & Refunding Bond	July 2008	SNWA CIP Construction Fund.	400,000,000			0	400,000,000
SNWA	Subordinate Lien Revenue Bonds	July 2008	Reimburse Clean Energy Capital Costs	6,900,000			460,000	6,440,000
Totals				4,932,263,390	1,892,989,279		383,239,370	2,656,034,741

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

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Fiscal Year	CRC 1997B Bonds			SNWA 0798 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 700,000	\$ 112,388	\$ 812,388		\$ 1,067,500	\$ 1,067,500
2011	735,000	77,388	812,388		1,067,500	1,067,500
2012	775,000	39,719	814,719		1,067,500	1,067,500
2013					1,067,500	1,067,500
2014					1,067,500	1,067,500
2015					1,067,500	1,067,500
2016					1,067,500	1,067,500
2017					1,067,500	1,067,500
2018					1,067,500	1,067,500
2019					1,067,500	1,067,500
2020					1,067,500	1,067,500
2021					1,067,500	1,067,500
2022					1,067,500	1,067,500
2023					1,067,500	1,067,500
2024					1,067,500	1,067,500
2025					1,067,500	1,067,500
2026					1,067,500	1,067,500
2027					1,067,500	1,067,500
2028				21,350,000	1,067,500	22,417,500
2029						
2030						
2031						
2032						
2033						
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2037						
2038						
2039						
Totals	\$ 2,210,000	\$ 229,494	\$ 2,439,494	\$ 21,350,000	\$ 20,282,500	\$ 41,632,500

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

Fiscal Year	CRC 1999A Bonds			SRF Loan Dec 1999		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 635,000	\$ 20,637	\$ 655,637	\$ 589,972	\$ 276,690	\$ 866,663
2011				611,462	255,200	866,663
2012				633,736	232,927	866,663
2013				656,820	209,843	866,663
2014				680,745	185,918	866,663
2015				705,542	161,121	866,663
2016				731,242	135,421	866,663
2017				757,878	108,785	866,663
2018				785,484	81,179	866,663
2019				814,096	52,567	866,663
2020				843,750	22,913	866,663
2021						
2022						
2023						
2024						
2025						
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2038						
2039						
Totals	\$ 635,000	\$ 20,637	\$ 655,637	\$ 7,810,726	\$ 1,722,563	\$ 9,533,288

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

Fiscal Year	SNWA 0700 Bonds			SNWA 0601 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 4,375,000	\$ 262,500	\$ 4,637,500	\$ 5,610,000	\$ 2,880,875	\$ 8,490,875
2011				5,930,000	2,572,325	8,502,325
2012				6,255,000	2,246,175	8,501,175
2013				6,580,000	1,902,150	8,482,150
2014					1,540,250	1,540,250
2015					1,540,250	1,540,250
2016					1,540,250	1,540,250
2017					1,540,250	1,540,250
2018					1,540,250	1,540,250
2019					1,540,250	1,540,250
2020					1,540,250	1,540,250
2021					1,540,250	1,540,250
2022					1,540,250	1,540,250
2023					1,540,250	1,540,250
2024					1,540,250	1,540,250
2025					1,540,250	1,540,250
2026					1,540,250	1,540,250
2027					1,540,250	1,540,250
2028					1,540,250	1,540,250
2029					1,540,250	1,540,250
2030				15,075,000	1,540,250	16,615,250
2031				15,730,000	786,500	16,516,500
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 4,375,000	\$ 262,500	\$ 4,637,500	\$ 55,180,000	\$ 36,572,275	\$ 91,752,275

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

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Fiscal Year	SRF Loan Jun 2001			SNWA 1102 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 457,837	\$ 239,105	\$ 696,941	\$ 4,315,000	\$ 4,208,100	\$ 8,523,100
2011	473,815	223,126	696,941	4,530,000	3,992,350	8,522,350
2012	490,351	206,591	696,941	4,760,000	3,765,850	8,525,850
2013	507,463	189,478	696,941	4,995,000	3,527,850	8,522,850
2014	525,174	171,768	696,941	5,245,000	3,278,100	8,523,100
2015	543,502	153,439	696,941	5,510,000	3,002,738	8,512,738
2016	562,470	134,472	696,941	5,785,000	2,713,463	8,498,463
2017	582,099	114,842	696,941		2,409,750	2,409,750
2018	602,414	94,527	696,941		2,409,750	2,409,750
2019	623,438	73,503	696,941		2,409,750	2,409,750
2020	645,196	51,746	696,941		2,409,750	2,409,750
2021	667,712	29,229	696,941		2,409,750	2,409,750
2022	342,545	5,926	348,471		2,409,750	2,409,750
2023					2,409,750	2,409,750
2024					2,409,750	2,409,750
2025					2,409,750	2,409,750
2026					2,409,750	2,409,750
2027					2,409,750	2,409,750
2028					2,409,750	2,409,750
2029				11,140,000	2,409,750	13,549,750
2030				11,725,000	1,852,750	13,577,750
2031				12,340,000	1,266,500	13,606,500
2032				12,990,000	649,500	13,639,500
2033						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 7,024,015	\$ 1,687,750	\$ 8,711,765	\$ 83,335,000	\$ 59,583,950	\$ 142,918,950

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

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Fiscal Year	LVVWD 0103 Refunding Bonds			CRC 2003C Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 7,400,000	\$ 10,879,488	\$ 18,279,488	\$ 455,000	\$ 21,738	\$ 476,738
2011	7,790,000	10,490,987	18,280,987	155,000	5,813	160,813
2012	8,195,000	10,082,012	18,277,012			
2013	8,625,000	9,651,775	18,276,775			
2014	9,080,000	9,198,962	18,278,962			
2015	9,555,000	8,722,263	18,277,263			
2016	10,060,000	8,220,625	18,280,625			
2017	10,585,000	7,692,475	18,277,475			
2018	11,140,000	7,136,763	18,276,763			
2019	11,725,000	6,551,913	18,276,913			
2020	12,340,000	5,936,350	18,276,350			
2021	12,990,000	5,288,500	18,278,500			
2022	13,640,000	4,639,000	18,279,000			
2023	14,320,000	3,957,000	18,277,000			
2024	15,040,000	3,241,000	18,281,000			
2025	15,790,000	2,489,000	18,279,000			
2026	16,580,000	1,699,500	18,279,500			
2027	17,410,000	870,500	18,280,500			
2028						
2029						
2030						
2031						
2032						
2033						
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2038						
2039						
Totals	\$ 212,265,000	\$ 116,748,113	\$ 329,013,113	\$ 610,000	\$ 27,550	\$ 637,550

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

Fiscal Year	LVVWD Tax-Exempt Commercial Paper			LVVWD 2005B Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 400,000,000	\$ 13,000,000	\$ 413,000,000	\$ 7,010,000	\$ 350,500	\$ 7,360,500
2011						
2012						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
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2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 400,000,000	\$ 13,000,000	\$ 413,000,000	\$ 7,010,000	\$ 350,500	\$ 7,360,500

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

Fiscal Year	SNWA 2005F Refunding Bonds			CRC 2005H Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 7,810,000	\$ 11,937,250	\$ 19,747,250		\$ 1,501,950	\$ 1,501,950
2011	8,985,000	11,517,375	20,502,375		1,501,950	1,501,950
2012	9,445,000	11,056,625	20,501,625		1,501,950	1,501,950
2013	9,935,000	10,572,125	20,507,125		1,501,950	1,501,950
2014	10,440,000	10,062,750	20,502,750		1,501,950	1,501,950
2015	10,975,000	9,527,375	20,502,375		1,501,950	1,501,950
2016	11,540,000	8,964,500	20,504,500		1,501,950	1,501,950
2017	12,135,000	8,372,625	20,507,625		1,501,950	1,501,950
2018	12,755,000	7,750,375	20,505,375		1,501,950	1,501,950
2019	13,410,000	7,096,250	20,506,250		1,501,950	1,501,950
2020	14,095,000	6,408,625	20,503,625		1,501,950	1,501,950
2021	14,815,000	5,685,875	20,500,875		1,501,950	1,501,950
2022	15,580,000	4,926,000	20,506,000		1,501,950	1,501,950
2023	16,380,000	4,127,000	20,507,000		1,501,950	1,501,950
2024	17,220,000	3,287,000	20,507,000		1,501,950	1,501,950
2025	18,095,000	2,404,125	20,499,125	10,060,000	1,501,950	11,561,950
2026	19,030,000	1,476,000	20,506,000	10,535,000	1,024,100	11,559,100
2027	20,005,000	500,125	20,505,125	11,025,000	523,688	11,548,688
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 242,650,000	\$ 125,672,000	\$ 368,322,000	\$ 31,620,000	\$ 25,578,988	\$ 57,198,988

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

Fiscal Year	CRC 2005I Refunding Bonds			SNWA 2006 Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 1,440,000	\$ 3,040,187	\$ 4,480,187	\$ 1,405,000	\$ 10,976,494	\$ 12,381,494
2011	2,170,000	2,949,938	5,119,938	1,460,000	10,920,294	12,380,294
2012	2,270,000	2,838,937	5,108,937	6,010,000	10,861,894	16,871,894
2013	2,395,000	2,722,313	5,117,313	6,255,000	10,621,494	16,876,494
2014	2,505,000	2,599,812	5,104,812	6,505,000	10,371,294	16,876,294
2015	2,640,000	2,471,188	5,111,188	6,785,000	10,094,831	16,879,831
2016	2,765,000	2,336,062	5,101,062	14,845,000	9,806,469	24,651,469
2017	2,905,000	2,194,313	5,099,313	15,515,000	9,157,000	24,672,000
2018	3,050,000	2,045,437	5,095,437	16,240,000	8,458,825	24,698,825
2019	3,190,000	1,897,413	5,087,413	16,990,000	7,728,025	24,718,025
2020	3,335,000	1,750,600	5,085,600	17,770,000	6,942,238	24,712,238
2021	3,485,000	1,592,794	5,077,794	18,590,000	6,120,375	24,710,375
2022	3,650,000	1,423,337	5,073,337	19,470,000	5,237,350	24,707,350
2023	3,820,000	1,245,925	5,065,925	9,385,000	4,312,525	13,697,525
2024	4,000,000	1,060,200	5,060,200	9,885,000	3,866,738	13,751,738
2025	4,185,000	865,806	5,050,806	10,410,000	3,397,200	13,807,200
2026	4,380,000	662,387	5,042,387	10,970,000	2,902,725	13,872,725
2027	4,585,000	449,469	5,034,469	11,560,000	2,381,650	13,941,650
2028	4,805,000	226,456	5,031,456	12,185,000	1,832,550	14,017,550
2029	1,630,000	73,625	1,703,625	12,845,000	1,253,763	14,098,763
2030	735,000	17,456	752,456	13,550,000	643,625	14,193,625
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 63,940,000	\$ 34,463,655	\$ 98,403,655	\$ 238,630,000	\$ 137,887,356	\$ 376,517,356

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

Fiscal Year	SNWA 1106 Bonds			CRC 2006D Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 6,885,000	\$ 27,086,038	\$ 33,971,038	\$ 4,495,000	\$ 4,800,013	\$ 9,295,013
2011	7,240,000	26,732,913	33,972,913	4,720,000	4,575,263	9,295,263
2012	7,610,000	26,361,663	33,971,663	4,960,000	4,339,263	9,299,263
2013	8,055,000	25,970,038	34,025,038	5,205,000	4,091,263	9,296,263
2014	15,610,000	25,378,413	40,988,413	5,470,000	3,831,013	9,301,013
2015	16,415,000	24,577,788	40,992,788	5,735,000	3,557,513	9,292,513
2016	9,305,000	23,934,788	33,239,788	6,020,000	3,270,763	9,290,763
2017	16,010,000	23,301,913	39,311,913	6,320,000	2,969,763	9,289,763
2018	16,815,000	22,481,288	39,296,288	6,635,000	2,653,763	9,288,763
2019	17,660,000	21,619,413	39,279,413	6,965,000	2,322,013	9,287,013
2020	18,555,000	20,714,038	39,269,038	7,310,000	1,973,763	9,283,763
2021	19,505,000	19,762,538	39,267,538	7,665,000	1,608,263	9,273,263
2022	20,500,000	18,762,413	39,262,413	8,030,000	1,244,175	9,274,175
2023	32,865,000	17,428,288	50,293,288	8,420,000	862,750	9,282,750
2024	34,520,000	15,743,663	50,263,663	8,835,000	441,750	9,276,750
2025	36,250,000	13,974,413	50,224,413			
2026	38,070,000	12,116,413	50,186,413			
2027	39,670,000	10,470,438	50,140,438			
2028	41,030,000	9,058,188	50,088,188			
2029	31,335,000	7,556,788	38,891,788			
2030	18,110,000	6,377,256	24,487,256			
2031	18,980,000	5,506,600	24,486,600			
2032	19,955,000	4,533,225	24,488,225			
2033	20,980,000	3,509,850	24,489,850			
2034	21,830,000	2,657,900	24,487,900			
2035	22,665,000	1,820,488	24,485,488			
2036	23,530,000	957,575	24,487,575			
2037	24,185,000	302,313	24,487,313			
2038						
2039						
Totals	\$ 604,140,000	\$ 418,696,631	\$ 1,022,836,631	\$ 96,785,000	\$ 42,541,325	\$ 139,326,325

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

Fiscal Year	LVVWD 2008B			SNWA 2008		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 1,760,000	\$ 8,282,031	\$ 10,042,031	\$ -	\$ 20,000,000	\$ 20,000,000
2011	9,275,000	8,220,431	17,495,431	6,850,000	20,000,000	26,850,000
2012	9,725,000	7,756,681	17,481,681	7,190,000	19,657,500	26,847,500
2013	10,215,000	7,270,431	17,485,431	7,550,000	19,298,000	26,848,000
2014	11,080,000	6,759,681	17,839,681	7,930,000	18,920,500	26,850,500
2015	11,635,000	6,205,681	17,840,681	8,325,000	18,524,000	26,849,000
2016	10,445,000	5,623,931	16,068,931	8,740,000	18,107,750	26,847,750
2017	8,420,000	5,101,681	13,521,681	9,180,000	17,670,750	26,850,750
2018	8,835,000	4,680,681	13,515,681	9,635,000	17,211,750	26,846,750
2019	9,285,000	4,238,931	13,523,931	10,120,000	16,730,000	26,850,000
2020	9,760,000	3,774,681	13,534,681	10,625,000	16,224,000	26,849,000
2021	10,255,000	3,286,681	13,541,681	11,155,000	15,692,750	26,847,750
2022	10,780,000	2,773,931	13,553,931	11,715,000	15,135,000	26,850,000
2023	11,330,000	2,234,931	13,564,931	12,300,000	14,549,250	26,849,250
2024	11,825,000	1,753,406	13,578,406	12,915,000	13,934,250	26,849,250
2025	12,385,000	1,206,500	13,591,500	13,560,000	13,288,500	26,848,500
2026	13,015,000	618,321	13,633,321	14,240,000	12,610,500	26,850,500
2027				14,950,000	11,898,500	26,848,500
2028				15,700,000	11,151,000	26,851,000
2029				16,485,000	10,366,000	26,851,000
2030				17,305,000	9,541,750	26,846,750
2031				18,170,000	8,676,500	26,846,500
2032				19,080,000	7,768,000	26,848,000
2033				20,035,000	6,814,000	26,849,000
2034				21,035,000	5,812,250	26,847,250
2035				22,090,000	4,760,500	26,850,500
2036				23,195,000	3,656,000	26,851,000
2037				24,355,000	2,496,250	26,851,250
2038				25,570,000	1,278,500	26,848,500
2039						
Totals	\$ 170,025,000	\$ 79,788,614	\$ 249,813,614	\$ 400,000,000	\$ 371,773,750	\$ 771,773,750

Southern Nevada Water Authority
Schedule of Existing Debt Service (Individual Schedules)
As of June 30, 2009

Page 11 of 11

Fiscal Year	SNWA Clean Renewable Energy 2008			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 460,000	\$ 72,657	\$ 532,657	\$ 455,802,809	\$ 121,016,139	\$ 576,818,948
2011	460,000	67,275	527,275	61,385,277	105,170,127	166,555,404
2012	460,000	61,893	521,893	68,779,086	102,077,178	170,856,265
2013	460,000	56,511	516,511	71,434,283	98,652,719	170,087,003
2014	460,000	51,129	511,129	75,530,919	94,919,038	170,449,957
2015	460,000	45,747	505,747	79,284,043	91,153,383	170,437,427
2016	460,000	40,365	500,365	81,258,711	87,398,307	168,657,018
2017	460,000	34,983	494,983	82,869,977	83,238,579	166,108,556
2018	460,000	29,601	489,601	86,952,898	79,143,638	166,096,536
2019	460,000	24,219	484,219	91,242,534	74,853,696	166,096,230
2020	460,000	18,837	478,837	95,738,946	70,337,239	166,076,185
2021	460,000	13,455	473,455	99,587,712	65,599,909	165,187,621
2022	460,000	8,073	468,073	104,167,545	60,674,655	164,842,199
2023	460,000	2,691	462,691	109,280,000	55,239,810	164,519,810
2024				114,240,000	49,847,456	164,087,456
2025				120,735,000	44,144,994	164,879,994
2026				126,820,000	38,127,445	164,947,445
2027				119,205,000	32,111,870	151,316,870
2028				95,070,000	27,285,694	122,355,694
2029				73,435,000	23,200,175	96,635,175
2030				76,500,000	19,973,087	96,473,087
2031				65,220,000	16,236,100	81,456,100
2032				52,025,000	12,950,725	64,975,725
2033				41,015,000	10,323,850	51,338,850
2034				42,865,000	8,470,150	51,335,150
2035				44,755,000	6,580,988	51,335,988
2036				46,725,000	4,613,575	51,338,575
2037				48,540,000	2,798,563	51,338,563
2038				25,570,000	1,278,500	26,848,500
2039				-	-	-
Totals	\$ 6,440,000	\$ 527,436	\$ 6,967,436	\$ 2,656,034,740	\$ 1,487,417,588	\$ 4,143,452,328

SEC DISCLOSURE
COMPLIANCE SCHEDULES
(UNAUDITED)



SOUTHERN NEVADA WATER AUTHORITY
DEBT SERVICE REQUIREMENTS (UNAUDITED)
As of June 30, 2009

Year Ending June 30	Outstanding Superior Obligations Debt Service	Outstanding Parity Obligations Debt Service	Outstanding Subordinate Obligations Debt Service	Grand Total
2010	\$ 12,086,088	\$ 541,821,850	\$ 22,911,011	\$ 576,818,948
2011	11,770,413	131,124,238	23,660,754	166,555,404
2012	11,615,931	135,585,712	23,654,622	170,856,265
2013	10,798,213	135,634,051	23,654,740	170,087,003
2014	10,802,963	136,002,012	23,644,983	170,449,957
2015	10,794,463	136,003,739	23,639,226	170,437,427
2016	10,792,713	134,228,337	23,635,969	168,657,018
2017	10,791,713	131,683,132	23,633,712	166,108,556
2018	10,790,713	131,679,744	23,626,080	166,096,536
2019	10,788,963	131,685,695	23,621,573	166,096,230
2020	10,785,713	131,676,906	23,613,566	166,076,185
2021	10,775,213	131,673,638	22,738,771	165,187,621
2022	10,776,125	131,676,031	22,390,044	164,842,199
2023	10,784,700	131,697,919	22,037,191	164,519,810
2024	10,778,700	131,734,256	21,574,500	164,087,456
2025	11,561,950	131,751,419	21,566,625	164,879,994
2026	11,559,100	131,814,845	21,573,500	164,947,445
2027	11,548,688	118,195,557	21,572,625	151,316,870
2028	-	99,938,194	22,417,500	122,355,694
2029	-	96,635,175	-	96,635,175
2030	-	96,473,087	-	96,473,087
2031	-	81,456,100	-	81,456,100
2032	-	64,975,725	-	64,975,725
2033	-	51,338,850	-	51,338,850
2034	-	51,335,150	-	51,335,150
2035	-	51,335,988	-	51,335,988
2036	-	51,338,575	-	51,338,575
2037	-	51,338,563	-	51,338,563
2038	-	26,848,500	-	26,848,500
Totals	<u>\$ 199,602,358</u>	<u>\$ 3,508,682,982</u>	<u>\$ 435,166,989</u>	<u>\$ 4,143,452,329</u>

May be off slightly due to rounding

SOUTHERN NEVADA WATER AUTHORITY
OUTSTANDING DEBT OBLIGATIONS (UNAUDITED)
As of June 30, 2009

	Date	Original Amount	Principal Outstanding
SUPERIOR OBLIGATIONS (1)			
CRC Refunding Bonds, Series 1997B	09/24/97	\$ 5,545,000	\$ 2,210,000
CRC Refunding Bonds, Series 2003C	09/17/03	21,515,000	610,000
CRC Refunding Bonds, Series 2005H	03/23/05	36,130,000	31,620,000
CRC Refunding Bonds Series 2006D	07/14/06	106,585,000	96,785,000
TOTAL SUPERIOR OBLIGATIONS			131,225,000
PARITY OBLIGATIONS			
<i>MBRA Parity Obligations(2)</i>			
LVVWD Refunding Bonds, Series 2003B	01/09/03	250,000,000	212,265,000
LVVWD Refunding Bonds, Series 2005B	05/05/05	27,925,000	7,010,000
LVVWD Refunding Bonds, Series 2008B	02/19/08	171,720,000	170,025,000
<i>Total MBRA Parity Obligations</i>			389,300,000
LVVWD Commercial Paper Notes (3)	03/10/04	400,000,000	400,000,000
<i>Total MBRA Obligations</i>			789,300,000
<i>SNWA Parity Obligations(4)</i>			
CRC Bonds, Series 1999A	07/10/98	25,730,000	635,000
SNWA Water Revenue Bond, Series 2000	07/01/00	200,000,000	4,375,000
SNWA Water Revenue Bond, Series 2001	06/01/01	250,000,000	55,180,000
SNWA Water Revenue Bond, Series 2002	11/19/02	200,000,000	83,335,000
CRC Refunding Bonds, Series 2005I	05/05/05	65,300,000	63,940,000
SNWA 2006 Refunding Bond	06/13/06	242,880,000	238,630,000
SNWA 1106 Bonds	11/01/06	604,140,000	604,140,000
SNWA 2008	07/02/08	400,000,000	400,000,000
<i>Total MBRA Parity Obligations</i>			1,450,235,000
TOTAL PARITY OBLIGATIONS			2,239,535,000
SUBORDINATE OBLIGATIONS (5)			
SNWA Bonds, Series July 1, 1998 (State Bond Bank)	07/09/98	300,000,000	21,350,000
State of Nevada Safe Drinking Water Loan #1	09/01/99	12,269,695	7,810,726
State of Nevada Safe Drinking Water Loan #2	06/29/01	10,000,000	7,024,015
SNWA Bonds, Series 2005 (State Bond Bank)	05/17/05	249,365,000	242,650,000
SNWA Bonds, Clean Renewable Energy 2008	07/28/08	6,900,000	6,440,000
TOTAL SUBORDINATE OBLIGATIONS			285,274,741
TOTAL OUTSTANDING OBLIGATIONS			\$ 2,656,034,741

(1) Payable from the SNWA Water Revenues prior to any payments under the MBRA. No SNWA Water Revenues become subject to the MBRA until all SNWA operation and maintenance expenses and all obligations with respect to the SNWA Superior Obligations are satisfied.

(2) SNWA Water Revenues are available to fund the Master Bond Repayment Agreement (MBRA) after the SNWA Superior obligations are paid.

(3) Commercial paper notes are payable from the SNWA Pledged Revenues after payment of the MBRA Parity Obligations. LVVWD is authorized to have a maximum of \$400 million in Notes outstanding at any time.

(4) The SNWA Parity Obligations are not payable from the MBRA, but do have a lien on the SNWA Water Revenues that is on a parity with the lien thereon of the MBRA.

(5) Payable from SNWA Water Revenues after payment of the SNWA Parity Obligations.

SOUTHERN NEVADA WATER AUTHORITY
STATEMENT OF OPERATING REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY (UNAUDITED)

Fiscal Year Ending June 30	2005 (Actual)	2006 (Actual)	2007 (Actual)
Operating Revenues			
Wholesale Delivery Charge	\$ 100,460,557	\$ 115,532,042	\$ 121,449,812
Groundwater Program Revenues	2,039,010	1,952,143	1,953,768
Las Vegas Wash Revenues	1,071,600	351,527	842,700
Purveyor Admin Cost Billings	361,958	1,074,374	359,042
Other Revenues			1,586,346
Total Operating Revenues	<u>103,933,125</u>	<u>118,910,086</u>	<u>126,191,668</u>
Operating Expenses			
Personnel & Related	29,082,767	32,131,870	33,754,022
Electric Power	54,461,787	56,584,777	47,268,452
Operation and maintenance	51,321,569	38,966,643	43,170,486
Depreciation	48,259,934	50,389,946	53,032,871
Total Operating Expenses	<u>183,126,057</u>	<u>178,073,236</u>	<u>177,225,831</u>
Operating Loss	<u>(79,192,932)</u>	<u>(59,163,150)</u>	<u>(51,034,163)</u>
Non-operating Revenues/(Expense)			
Investment Income	13,887,489	13,370,675	29,484,713
Interest Expense	(64,248,754)	(66,031,609)	(70,962,485)
Amortization of Refunding Costs	(186,214)	(978,821)	(1,467,458)
Amortization of Bond Issue Costs, Premiums and Discounts	(655,616)	(25,329)	540,036
Gain/(Loss) on Sale of Assets	1,136	491,492	835,062
Total Non-operating Revenues/(Expense)	<u>(51,201,959)</u>	<u>(53,173,592)</u>	<u>(41,570,132)</u>
Net Loss Before Adjustments	(130,394,891)	(112,336,742)	(92,604,295)
Add Capital Contributions ^{1/}	<u>311,551,073</u>	<u>396,406,624</u>	<u>239,207,602</u>
Net Income	181,156,182	284,069,882	146,603,307
Fund Equity - Beginning of Year ^{2/3/}	<u>847,854,581</u>	<u>1,029,010,763</u>	<u>1,313,080,645</u>
Fund Equity - End of Year ^{2/3/}	<u>\$ 1,029,010,763</u>	<u>\$ 1,313,080,645</u>	<u>\$ 1,459,683,952</u>

Continued on Next Page

<p>1/ Includes Regional Connection Charges, Regional Commodity Charges and Regional Reliability Charges as well as other revenue sources.</p> <p>2/ Fund equity includes the value of all assets attributable to the proprietary fund, not just those acquired during the year presented.</p> <p>3/ In accordance with GASB 34, the SNWA presents total Fund Equity rather than presenting Retaining Earnings. Fund Equity includes the value of all assets attributable to the proprietary fund, not just those acquired during the year presented.</p>
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SOUTHERN NEVADA WATER AUTHORITY
STATEMENT OF OPERATING REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY (UNAUDITED) (CONTINUED)

Fiscal Year Ending June 30	2008 (Actual)	2009 (Actual)	2010 (Budget)
Operating Revenues			
Wholesale Delivery Charge	\$ 118,782,982	\$ 112,551,974	\$ 121,669,339
Groundwater Program Revenues	1,976,911	2,047,626	914,795
Las Vegas Wash Revenues	1,196,028	379,306	2,192,718
Purveyor Admin Cost Billings	367,710	690,000	2,648,332
Other Revenues	2,010,404	2,648,858	-
Total Operating Revenues	<u>124,334,035</u>	<u>118,317,764</u>	<u>127,425,184</u>
Operating Expenses			
Personnel & Related	37,430,481	39,671,513	37,681,386
Electric Power	35,233,331	40,184,442	40,200,893
Operation and maintenance	63,839,825	73,498,943	45,639,590
Depreciation	57,234,105	61,143,048	65,000,000
Total Operating Expenses	<u>193,737,742</u>	<u>214,497,946</u>	<u>188,521,869</u>
Operating Loss	<u>(69,403,707)</u>	<u>(96,180,182)</u>	<u>(61,096,685)</u>
Non-operating Revenues/(Expense)			
Investment Income	24,494,593	10,709,321	13,291,354
Interest Expense	(65,800,690)	(64,366,759)	(81,565,009)
Amortization of Refunding Costs	(1,286,877)	(1,118,050)	(1,350,000)
Amortization of Bond Issue Costs, Premiums and Discounts	944,276	628,592	230,000
Gain/(Loss) on Sale of Assets	5,200	(753,735)	-
Total Non-operating Revenues/(Expense)	<u>(41,643,499)</u>	<u>(54,900,631)</u>	<u>(69,393,655)</u>
Net Loss Before Adjustments	(111,047,206)	(151,080,813)	(130,490,340)
Add Capital Contributions ^{1/}	<u>210,871,628</u>	<u>95,265,231</u>	<u>83,859,809</u>
Net Income	99,824,423	(55,815,582)	(46,630,531)
Fund Equity - Beginning of Year ^{2/3/}	<u>1,459,683,952</u>	<u>1,559,508,375</u>	<u>1,503,692,793</u>
Fund Equity - End of Year ^{2/3/}	<u>\$ 1,559,508,375</u>	<u>\$ 1,503,692,793</u>	<u>\$ 1,457,062,262</u>

1/ Includes Regional Connection Charges, Regional Commodity Charges and Regional Reliability Charges as well as other revenue sources.

2/ Fund equity includes the value of all assets attributable to the proprietary fund, not just those acquired during the year presented.

3/ In accordance with GASB 34, the SNWA presents total Fund Equity rather than presenting Retaining Earnings. Fund Equity includes the value of all assets attributable to the proprietary fund, not just those acquired during the year presented.

**SOUTHERN NEVADA WATER AUTHORITY
ANNUAL WATER DELIVERED BY
THE SOUTHERN NEVADA WATER SYSTEM (UNAUDITED)
(Acre-Feet)**

Fiscal Year Ended June 30	Boulder City	Henderson	Las Vegas			Total Deliveries
			Valley Water District	Nellis Air Force Base	North Las Vegas	
2000	9,719	52,344	316,547	2,382	37,731	418,723
2001	10,251	56,983	323,184	1,596	38,799	430,813
2002	11,519	62,970	315,467	1,938	39,318	431,212
2003	13,098	66,507	314,447	2,465	43,079	439,596
2004	11,939	62,716	334,580	1,837	45,180	456,252
2005	10,367	62,473	298,261	1,938	43,096	416,135
2006	10,887	66,451	328,012	2,022	49,527	456,899
2007	11,239	69,738	344,200	2,682	55,436	483,295
2008	11,345	66,897	328,435	2,664	53,987	463,328
2009	11,121	64,611	301,854	1,800	51,306	430,692

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INDEPENDENT AUDITORS' REPORT



SOUTHERN NEVADA WATER AUTHORITY

**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**

Board of Directors
Southern Nevada Water Authority
Las Vegas, Nevada

We have audited the basic financial statements of the Southern Nevada Water Authority (SNWA) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 8, 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 audits, we considered SNWA'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 SNWA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SNWA's internal control over financial reporting.

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 over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 SNWA'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 SNWA's basic financial statements that is more than inconsequential will not be prevented or detected by SNWA's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Due to ineffective monitoring of compliance with control procedures designed to provide reasonable assurance that assets and related payment obligations, if any, are recorded in the appropriate reporting period, we noted two occasions in which noncurrent assets (water rights) and related payment obligations were improperly recorded prior to year end. As a result, noncurrent assets and current liabilities were overstated at year end.

Due to ineffective monitoring of compliance with control procedures designed to provide reasonable assurance that fixed assets placed into service and/or abandoned are properly accounted and depreciated over the assets estimated useful lives. We noted that transfers of assets from construction in progress to the appropriate depreciable asset category (once the construction project was deemed to be substantially complete and in service by the Board of Directors) were not depreciated over the proper time period. In addition, we noted that fixed assets related to an abandoned capital project were not written off, and instead were being depreciated over a five-year period. As a result fixed asset balances were overstated, and depreciation expense was understated.

We recommend that control procedures described in the above two findings be appropriately performed.

SNWA management has informed us that it intends to ensure control procedures described in the above two findings are appropriately performed.

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 SNWA'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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance and other matters. As part of obtaining reasonable assurance about whether SNWA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion

We also noted certain other matters that we reported to management of SNWA in a separate letter dated December 8, 2009.

SNWA's responses to the findings identified in our audit are described above. We did not audit SNWA's responses and, accordingly, we express no opinion on them.

This report is intended for the information of SNWA management, members of the Board of Directors, others within SNWA, and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

Piercy Bowler Taylor & Kern

December 8, 2009