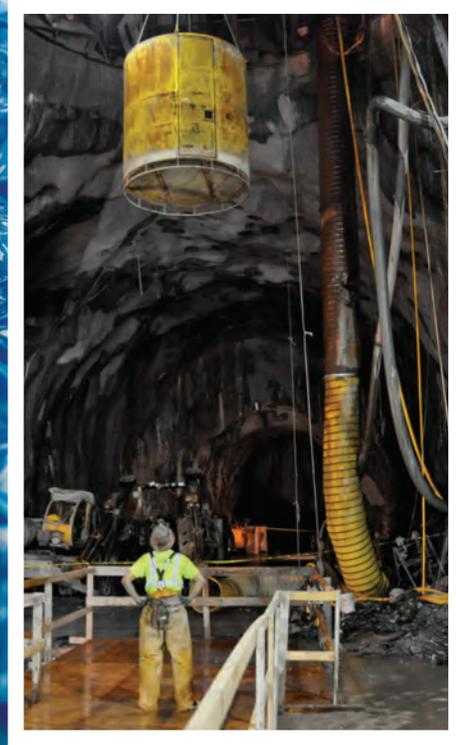




SOUTHERN NEVADA WATER AUTHORITY®

# COMPREHENSIVE ANNUAL **FINANCIAL REPORT**

Fiscal Year Ended June 30, 2011



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The Southern Nevada Water Authority was formed in 1991 to address Southern Nevada's unique water needs on a regional basis. The cooperative agency works with other agencies in Nevada as well as in other Colorado River Basin states and throughout the world to help protect and preserve water supplies. Learn more at [snwa.com](https://www.snwa.com).



SOUTHERN NEVADA WATER AUTHORITY

## **Comprehensive Annual Financial Report**

### **Fiscal Year End June 30, 2011**

Shari Buck, Chairwoman, City of North Las Vegas  
Mary Beth Scow, Vice Chairwoman, Las Vegas Valley Water District  
Sam Bateman, City of Henderson  
Bob Coffin, City of Las Vegas  
Tom Collins, Clark County Water Reclamation District  
Duncan McCoy, City of Boulder City  
Steve Sisolak, Big Bend Water District

Patricia Mulroy  
General Manager

William Fox  
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](http://www.snwa.com)



# DEDICATION



Cary M. Casey, Director of Finance for the Las Vegas Valley Water District (LVVWD) and Treasurer for the Southern Nevada Water Authority (SNWA), retired effective June 2011 and passed away several weeks later. He was the first Director of Finance for LVVWD, accepting that appointment in August, 1985, and had held the Treasurer role since the inception of SNWA in 1991.

Mr. Casey provided strong financial leadership to both LVVWD and SNWA. Both organizations benefitted from his business acumen, which had been built by years of experience. He was able to provide a common-sense business approach in guiding the organizations through times of incredible growth and change.

Mr. Casey was also deeply respected by those beyond the LVVWD and SNWA organizations. His absence will be equally felt by those members of the SNWA family that he worked with for over 20 years in developing a model for regional cooperation.

With extreme gratitude and appreciation the staff and management of SNWA dedicate the fiscal 2011 Comprehensive Annual Financial Report to Cary Casey.





# SOUTHERN NEVADA WATER AUTHORITY

## Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2011

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# **Southern Nevada Water Authority**

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2011

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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

November 22, 2011

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, 2011. 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) as 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 negatively impacted by recent economic conditions. According to calendar year 2010 statistics provided by the Las Vegas Convention and Visitors' Authority, the total visitor count to the Las Vegas metropolitan area was 37.3 million, up 2.7% from the previous year's volume. Approximately 41% of all Las Vegas visitors arrive by air via McCarran International Airport, an international port of entry and the fifteenth busiest airport in the world.

A significant decrease in building permits has also affected not only the revenue streams of SNWA but also the revenues 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 properties and construction subject to the SNWA Regional Connection Charge increased slightly (6.8%) in calendar 2010. However when compared to 2004, the year in which the most permits were issued, 2010's volume plunged 84.5%.

According to the U.S. Bureau of Census, Clark County experienced a population increase of 36.6% during the decade of the 2000s, up from 1,428,689 in 2000 to 1,951,269 in 2010. The most recent estimate of Clark County population from the Center for Business and Economic Research at the University of Nevada, Las Vegas, is 1,997,000 with a projection of population exceeding 2.2 million residents by 2016.

The employment picture for the area has also been seriously affected by the current economic slowdown. Statistics from the Nevada Department of Employment, Training and Rehabilitation shows that for the period from July 1, 2010 to June 30, 2011, the workforce in the Clark County area decreased 2.9% from 970,653 to 942,481, and total employment fell 1.2% from 822,005 to 812,171. This has resulted in a 13.8% unemployment rate for the area as of June 30, 2011, down from 15.3% a year ago and representing a 9.8% decrease in unemployment over the twelve month period. While the percentage data is an improvement over last year, Clark County's unemployment rate continues to be higher than the national rate. The 13.8% rate is 50.0% higher than the national unemployment rate of 9.2%.

Median home prices have also seen a sharp decline in recent years. For example the median price for a home in the Las Vegas metropolitan area in 1995 was \$125,100. The price peaked in 2006 at about \$316,000 and has since tumbled below 1995 levels to \$124,500 as of June 30, 2011.

**Long-term financial planning** – SNWA's mission is to manage the region's water resources and develop solutions that will ensure adequate future water supplies for the Las Vegas Valley. To accomplish this, comprehensive capital plans are developed in conjunction with financial plans that show practical methods of paying future capital expenditures and debt service obligations.

Capital projects for the Authority are proposed in response to identified needs for improvements to the facilities that provide for delivery of community water supplies to the members of the Authority. These improvements may be either 1) new facilities to expand or enhance capabilities, 2) new water resources to expand available water supplies, or 3) repair, upgrade or replacement of existing facilities that no longer function as required.

SNWA Engineering issues, and the Board reviews and approves, capital plans annually. The capital plan reflects all capital projects, their projected start and end dates, their projected costs, the gross amount of expended or encumbered funds per project, and the projected future cash requirements. The Finance department models these costs fiscally to project the size and timing of future bond issues as well as probable revenue enhancements that might be needed to pay for the future costs.

As of June 30, 2011, SNWA has \$3.1 billion in outstanding general obligation debt (see Note 14 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, 2011, for the four organizations listed above are –

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

**Relevant Financial Policies** -- Budgets are developed to maintain balance between recurring revenues and expenditures. These budgets become the financial road maps that assist engineering, operational and administration departments in performing their daily duties in a financially prudent manner and support the Finance department in providing economic plans that can generate sufficient revenues to pay for the projected expenses.

SNWA regards its cash reserves as a critical component of its fiscal health and criteria for an above average bond rating. Cash reserves are monitored regularly and revenue shortfalls are managed through a combination of techniques. Departments are required to practice careful management of financial resources. User fees and charges are adjusted to maintain required revenue bond coverage and sufficient working capital. Financial reserves are used sparingly. When used the reserves are compared to long range projections of reserve levels and modifications to revenue and expense streams are made as needed.

Cash reserves and unspent bond proceeds are invested whenever practical 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. This is constantly reviewed by the state treasurer’s office.

**Major Initiatives--** The Colorado River system has experienced below average runoff for much of the last decade. As a result, the total volume of water stored in Lake Mead has been reduced to approximately 46 percent of capacity as of June 2010.

Modeling efforts by the Bureau of Reclamation indicate that Lake Mead water levels could drop below an elevation of 1,050 ft. by 2013 if the average runoff of the past ten years persists. At this elevation, SNWA’s upper Colorado River water intake (Intake No. 1) will become inoperable. Anticipating the loss of Intake No. 1, SNWA has begun construction of Intake No. 3 and has worked diligently to modify existing intakes and pumping systems to mitigate drought effects on capacity and water quality.

The recent reduction in demand has allowed the SNWA to delay some work associated with Intake No. 3, including construction of a pumping station, which will be built when needed to ensure required capacity. However, Intake No. 3 remains an important priority to help protect Southern Nevada's water supply. Continued construction of Intake No. 3 represents the majority of SNWA's capital commitments for the next fiscal year.

SNWA remains focused on its responsibility to ensure the acquisition, treatment and delivery of a reliable and quality water supply to the region. To this end, major activities in the next fiscal year will include:

- Operation and maintenance of facilities to treat and deliver water resources. These include the Alfred Merritt Smith Water Treatment Facility and the River Mountains Water Treatment Facility.
- Continuation of conservation education incentive programs to maximize available water supplies.
- Continuation of work with state, local and federal agencies to develop and operate joint facilities that provide regional solutions to water quality, supply and environmental issues on the Colorado River, including bi-national negotiations with the U.S. and Mexico regarding the development of desalination facilities.
- Continuation of Lake Mead Intake No. 3 construction to protect Southern Nevada from the effects of prolonged drought conditions on the Colorado River.
- Securing all necessary permitting for the Groundwater Development Project

### **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

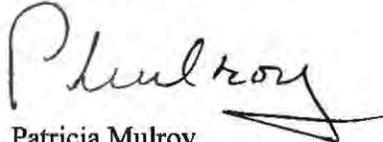
The GFOA awarded the Certificate of Achievement (CA) for Excellence in Financial Reporting to SNWA for its CAFR for the fiscal year ended June 30, 2010. This was the fifteenth consecutive year that SNWA has achieved this prestigious award.

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,

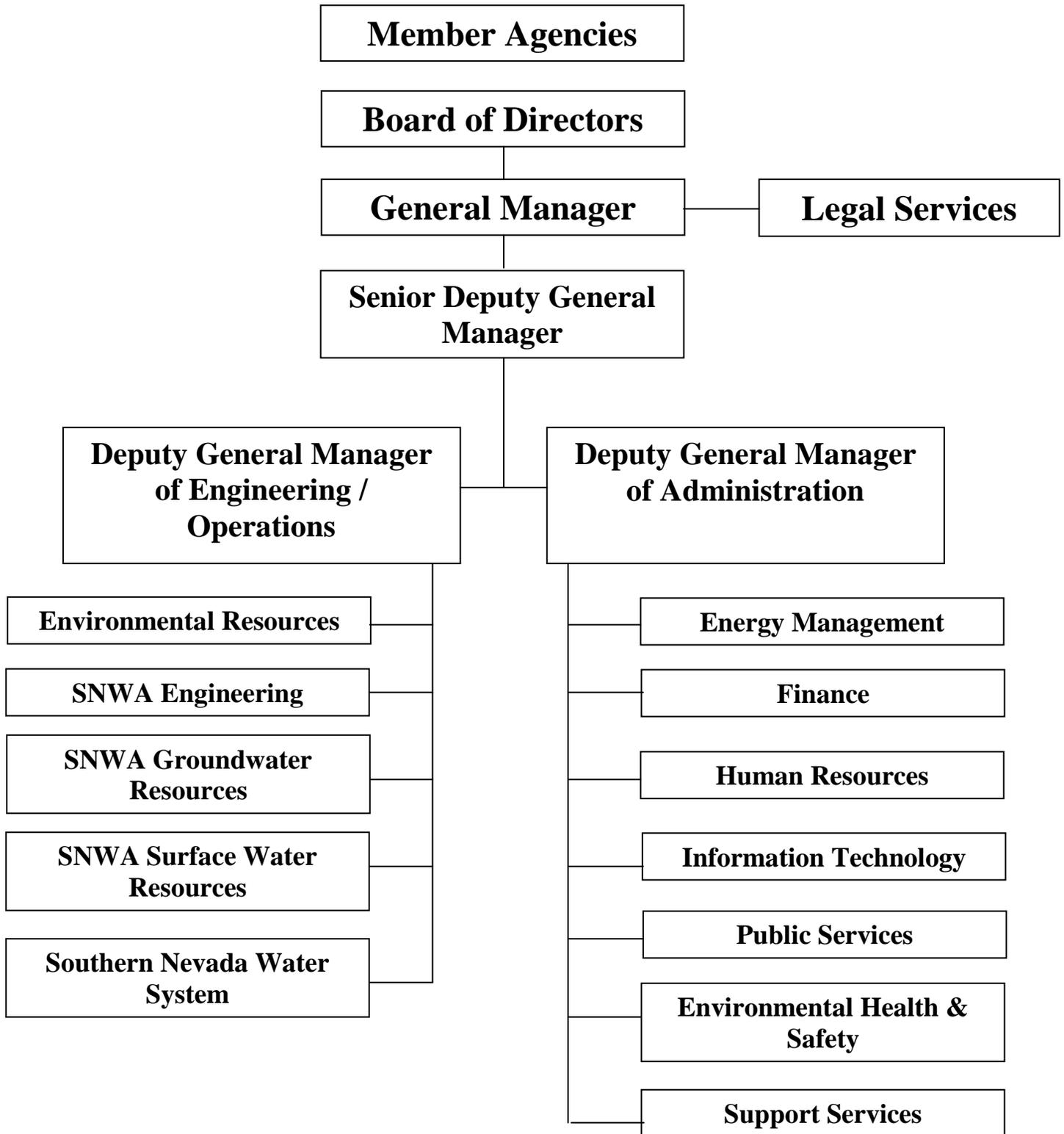


Patricia Mulroy  
*General Manager*



William Fox  
*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, 2010

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



President

Executive Director

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# FINANCIAL SECTION





**P B T K**

**PIERCY BOWLER  
TAYLOR & KERN**

Certified Public Accountants  
Business Advisors

**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, 2011 and 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SNWA's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2011 and 2010, 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.

As discussed in Note 1, the accompanying fiscal 2010 financial statements have been restated.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2011, 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 beginning on page 2-3 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.



November 22, 2011



# SOUTHERN NEVADA WATER AUTHORITY

## Management's Discussion and Analysis

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

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, 2011 and 2010. 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 2011**

- Total assets decreased \$58.7 million over the prior year totaling nearly \$4.6 billion.
- Total assets exceed total liabilities at the close of the fiscal year by nearly \$1.4 billion (fund equity). Fund equity was reduced during the fiscal year by \$38.5 million.
- During the fiscal year, major balance sheet resources were generated from a decrease in current and other assets (\$203.3 million) primarily due to expenditures of bond proceeds for capital acquisition and an increase in other liabilities (\$1.9 million). Major balance sheet resources were used during the fiscal year for net additions to capital assets (\$144.6 million), net decrease in long term liabilities (\$22.1 million) and net decrease in fund equity (\$38.5 million).
- In May 2011, SNWA refunded selected coupons from the LVVWD 2008B debt issue. The \$58.1 million refunding issue provided needed short term cash flow relief and added \$28.8 million in aggregate debt service. This translates into an increase of \$4.7 million in aggregate debt service in present value (economic loss) terms.

### **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.

**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

# SOUTHERN NEVADA WATER AUTHORITY

## Management's Discussion and Analysis

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

indicator of financial health. The condensed balance sheets below present the fund equity of SNWA for the fiscal years ended June 30, 2011, 2010 and 2009.

### Southern Nevada Water Authority Enterprise Fund Condensed Balance Sheets June 30, 2011, 2010 and 2009 (In Millions)

	June 30, 2011	Change	June 30, 2010 (Restated)	Change	June 30, 2009 (Restated)
Capital Assets	\$ 4,021.4	\$ 144.6	\$ 3,876.8	\$ 229.5	\$ 3,647.3
Current and Other Assets	565.3	(203.3)	768.6	159.1	609.5
<b>Total Assets</b>	<b>\$ 4,586.7</b>	<b>\$ (58.7)</b>	<b>\$4,645.4</b>	<b>\$ 388.6</b>	<b>\$4,256.8</b>
Long-Term Liabilities	\$ 2,709.2	\$ (22.1)	\$ 2,731.3	\$ 488.7	\$ 2,242.6
Other Liabilities	506.6	1.9	504.7	(25.3)	530.0
<b>Total Liabilities</b>	<b>3,215.8</b>	<b>(20.2)</b>	<b>3,236.0</b>	<b>463.4</b>	<b>2,772.6</b>
Fund Equity					
Invested in Capital Assets, Net of Related Debt	975.8	11.6	964.2	1.9	962.3
Restricted for Debt Service / Capital Assets	13.0	(3.9)	16.9	1.7	15.2
Unrestricted	382.1	(46.2)	428.3	(78.4)	506.7
<b>Total Fund Equity</b>	<b>1,370.9</b>	<b>(38.5)</b>	<b>1,409.4</b>	<b>(74.8)</b>	<b>1,484.2</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 4,586.7</b>	<b>\$ (58.7)</b>	<b>\$4,645.4</b>	<b>\$ 388.6</b>	<b>\$4,256.8</b>

Total assets decreased approximately \$58.7 million (1.3%) in fiscal 2011 and increased approximately \$388.6 million (9.1%) in fiscal 2010. Fiscal 2011's decrease was fueled primarily by SNWA having to use accumulated fund balance (i.e. cash, cash equivalents and investments) to pay regular annual debt service. Fund balance was accumulated in prior years intentionally to provide funds in years where other revenues were not sufficient to cover expenses. Capital assets increased during fiscal 2011 (\$144.6 million, 3.7%) while current and other assets decreased (\$203.3 million, 26.5%) Fiscal 2010's increase was fueled mainly by unspent bond proceeds from four bond issues sold during the fiscal year and additional capital asset creation. This increased capital assets by \$229.5 million (6.3%) and other assets by \$159.1 million (26.1%). See Note 7 for further discussion of capital assets.

# SOUTHERN NEVADA WATER AUTHORITY

## Management's Discussion and Analysis

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

Total liabilities decreased approximately \$20.2 million (0.6%) in fiscal 2011 and increased approximately \$463.4 million (16.7%) in fiscal 2010. Fiscal 2011's decrease was fueled primarily by the retirement of net debt service. Long-term liabilities decreased \$22.1 million (0.8%) while other liabilities increased a slight \$1.9 million (0.4%). Fiscal 2010's increase was fueled mainly by four new debt issues. The total increase included a \$488.7 million (21.8%) increase in long term liabilities and a \$25.3 million (4.8%) decrease in other liabilities.

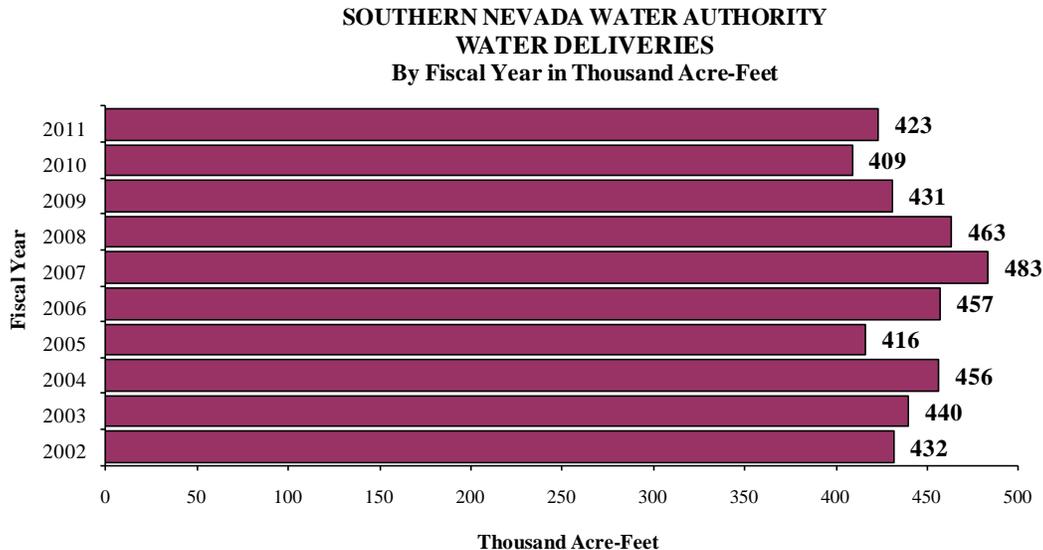
Fund equity decreased \$38.5 million (2.7%) in fiscal 2011 and \$74.8 million (5.0%) in fiscal 2010. Annual capital contributions (mainly regional connection charges and sales tax collections) were lower than debt service requirements for the two fiscal years due primarily to the continued recessionary economic conditions in southern Nevada.

The chart on the following page summarizes the statements of revenues, expenses and changes in fund equity for the fiscal years ended June 30, 2011, 2010 and 2009.

Operating revenues and expenses are defined as noncapital revenues and expenses incurred in the normal course of business. Examples of operating revenues are noncapital 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.

Wholesale delivery charge revenues increased \$9.4 million (8.5%) in fiscal 2011 and decreased \$2.5 million (2.2%) in fiscal 2010. Fiscal 2011's increase was due primarily to an increase in purchases for the SNWA artificial recharge program and an increase in the wholesale delivery charge. Fiscal 2010's lower revenues reflects a decrease in water deliveries during the year (5.1%) somewhat offset by an increase in the wholesale delivery charge. The wholesale delivery charge of \$283/acre-foot for fiscal 2011 included an increase of \$13/acre-foot (4.8%) over the rate charged in fiscal 2010. The wholesale delivery charge of \$270/acre-foot for fiscal 2010 included an increase of \$8/acre-foot (3.1%) over the rate charged in fiscal 2009.

The following chart graphically shows water delivery volume over the past ten fiscal years.



# SOUTHERN NEVADA WATER AUTHORITY

Management's Discussion and Analysis

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

## Southern Nevada Water Authority Enterprise Fund Condensed Statements of Revenue, Expenses, and Changes in Fund Equity For the Fiscal Years Ended June 30, 2011, 2010 and 2009 (In Millions)

	June 30, 2011	Variance	June 30, 2010 (Restated)	Variance	June 30, 2009 (Restated)
Operating Revenues					
Wholesale Delivery Charges	\$ 119.5	\$ 9.4	\$ 110.1	\$ (2.5)	\$ 112.6
Other Revenues	4.6	0.1	4.5	(1.2)	5.7
Total Operating Revenues	124.1	9.5	114.6	(3.7)	118.3
Total Nonoperating Revenues	11.9	4.1	7.8	(2.9)	10.7
<b>Total Revenues</b>	<b>136.0</b>	<b>13.6</b>	<b>122.4</b>	<b>(6.6)</b>	<b>129.0</b>
Operating Expenses					
Personnel and Related	42.5	4.6	37.9	(1.8)	39.7
Electric Power	36.0	(3.7)	39.7	(0.5)	40.2
Depreciation	73.7	(2.0)	75.7	9.5	66.2
Operating and Maintenance	34.0	(8.8)	42.8	(30.7)	73.5
Total Operating Expenses	186.2	(9.9)	196.1	(23.5)	219.6
Total Nonoperating Expenses	81.4	4.4	77.0	6.8	70.2
<b>Total Expenses</b>	<b>267.6</b>	<b>(5.5)</b>	<b>273.1</b>	<b>(16.7)</b>	<b>289.8</b>
Loss Before Capital Contributions	(131.6)	19.1	(150.7)	10.1	(160.8)
Capital Contributions	93.1	17.3	75.8	(18.9)	94.7
<b>Decrease in Fund Equity</b>	<b>(38.5)</b>	<b>\$ 36.4</b>	<b>(74.9)</b>	<b>\$ (8.8)</b>	<b>(66.1)</b>
Fund Equity, Beginning of Year as Previously Reported			1,497.1		1,553.5
Adjustment			(12.8)		(3.1)
Fund Equity, Beginning of Year As Adjusted	1,409.4		1,484.3		1,550.4
<b>Fund Equity End of Year</b>	<b>\$ 1,370.9</b>		<b>\$ 1,409.4</b>		<b>\$ 1,484.3</b>

*May be off slightly due to rounding*

## SOUTHERN NEVADA WATER AUTHORITY

### Management's Discussion and Analysis

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

The \$4.1 million (52.6%) increase in nonoperating revenues for fiscal 2011 reflects the impact of a full fiscal year of credit payment income from the Federal government on SNWA's Build America Bond program. The \$2.9 million (27.1%) decrease in nonoperating revenues for fiscal 2010 was due to a reduction in investment income reflecting smaller returns largely related to a softening of the investment market.

The \$4.6 million (12.1%) increase in personnel and related expenses in fiscal 2011 is directly correlated to SNWA's reduction in its capital improvements program. In past years a portion of this labor was capitalized. However since there are fewer projects currently active in SNWA's capital plan, a portion of personnel's salary previously capitalized must now be expensed. The \$1.8 million (4.5%) reduction in personnel and related expenses in fiscal 2010 reflected SNWA's attempt to control costs during the recent economic slowdown. During both fiscal years employees relinquished cost of living pay adjustments and vacant positions have been reviewed to determine if they needed to be filled immediately.

Electric power costs decreased \$3.7 million (9.1%) in fiscal 2011 and \$0.5 million (1.2%) in fiscal 2010. For fiscal 2011 more megawatt hours (MWh) were used (5.2%) due to increased water deliveries. However, favorable conditions in the power market drove down the per-MWh cost by 13.7%. For fiscal 2010, fewer megawatt hours (MWh) were used (6.5%) due to lower water deliveries. The cost per MWh increased (4.6%) wiping out nearly all of the savings from lower volumes. 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 decrease in depreciation for fiscal 2011 (\$2.0 million, 2.6%) and the increase in depreciation for fiscal 2010 (\$9.5 million, 14.4%) are functions of adjustments in property, plant and equipment and a reappraisal of capitalization guidelines.

Operating and maintenance expenses decreased \$8.8 million (20.6%) in fiscal 2011 and \$30.7 million (41.8%) in fiscal 2010. In both years costs declined because of SNWA's rigorous cost cutting programs. In addition fiscal 2010's cost declined because of a change of policy. Previously costs associated with SNWA's conservation program were expensed. Beginning in July 2009, SNWA capitalized costs associated with its Water Smart Landscaping (WSL) program. Customers that request WSL turf rebates must now sign a conservation easement that requires the conversion to be sustained in perpetuity, thereby allowing it to be funded with capital funds.

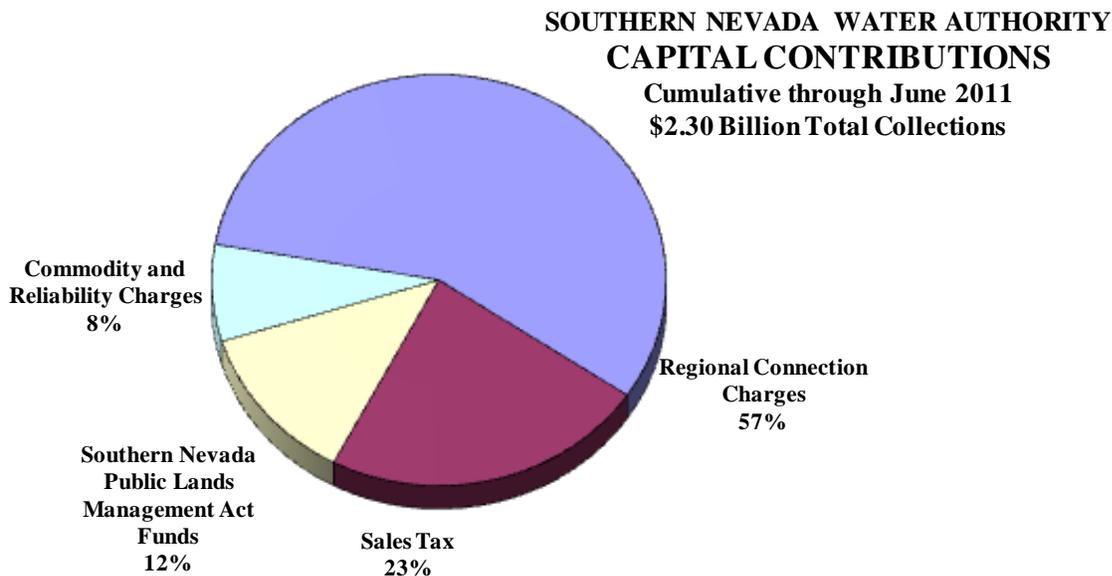
Nonoperating expenses increased \$4.4 million (5.7%) in fiscal 2011 and \$6.8 million (9.7%) in fiscal 2010, due primarily to interest expense on outstanding debt issues. SNWA's bond counsel regularly reviews SNWA's debt portfolio to identify opportunities to minimize interest expense.

Capital contributions are revenues SNWA receives to fund its \$5.1 billion Major Construction and Capital Plan (MCCP). 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 increased by \$17.3 million (22.8%) in fiscal 2011. In September 2009, the SNWA Board of Directors approved an increase in the rate of the SNWA Commodity Charge. Because of this increase, Commodity Charge collections for fiscal 2011 were \$14.4 million (78.2%) higher than in fiscal 2010. Capital contributions in fiscal 2010 decreased \$18.9 million (20.0%) primarily due to decreases in regional connection charges (\$21.5 million, 80.2%) and sales tax collections (\$4.5 million, 9.7%). Both years' results reflected a slowing of growth in the Las Vegas area and current economic conditions. 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, 2011, and the fiscal year ended June 30, 2010

The following chart shows the major capital contribution cash 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, 2011, amounts to \$4.0 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. See Note 7 to the basic financial statements for additional information on the types and values of SNWA's capital assets.

SNWA's ongoing MCCP consist of items described in the preceding paragraph. Major construction expenditures in fiscal 2011 totaled \$153.9 million. Contract commitments total an additional \$581.4 million.

**Debt Administration.** At the end of fiscal 2011, SNWA had general obligation debt totaling \$3.1 billion. Details concerning all debt issues can be found in Note 14 to the basic financial statements.

In May, 2011, LVVWD on behalf of SNWA issued \$58.1 million of par value general obligation bonds. Proceeds from this issue refunded five years of coupons from the LVVWD 2008B issue. The issue was sold at par and had a net effective taxable rate of 4.88%. Over its fifteen year life the issue will add \$28.8 million to total debt payment requirements equating to a \$4.7 million economic loss (present value).

**Economic Factors and Next Year's Goals**

SNWA's financial outlook continues to remain satisfactory even in current challenging economic times. For the first time in decades the Las Vegas area has experienced a sustained period of little or no growth. As a result, demand for new service connections within the SNWA service area is severely curtailed. However, because of its long range financial plan, SNWA has financial resources available from prior

# **SOUTHERN NEVADA WATER AUTHORITY**

## **Management's Discussion and Analysis**

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

period savings to ease the financial stress of the current recession. Management continues to review the financial conditions of the area and actively takes steps to insure SNWA's financial stability. SNWA has been awarded a high investment grade credit rating of "A+" by Standard & Poor's. With few exceptions construction of the \$5.1 billion MCCP is on schedule and within budget.

Currently, the major concerns for southern Nevada continue to be the multiyear drought affecting the Colorado River basin and the ongoing recession. Water levels in Lake Mead have declined approximately 125 feet (10.2%) 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. In response, SNWA has taken steps to develop instate water resources and to construct a third intake in Lake Mead.

Given conditions in the current financial markets, obtaining timely and affordable financing for large capital projects such as these is difficult. However, SNWA has assembled the financial and leadership tools that will support the advancement of 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 Chief Financial Officer  
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](http://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.

**SOUTHERN NEVADA WATER AUTHORITY**

Management's Discussion and Analysis

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

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# BASIC FINANCIAL STATEMENTS





**Southern Nevada Water Authority**  
**Enterprise Fund**  
**Balance Sheets**

<b>Assets</b>	<b>June 30, 2011</b>	<b>June 30, 2010 (Restated)</b>
Current Assets - Restricted		
Cash and Cash Equivalents	\$ 96,006,708	\$ 250,482,144
Investments		
Sales Tax Receivable	12,433,884	11,663,495
Total Current Assets - Restricted	108,440,592	262,145,639
Current Assets - Unrestricted		
Cash and Cash Equivalents	278,955,365	346,951,199
Investments	26,598,572	20,000,705
Due From Member Agencies	26,031,033	25,492,675
Other Receivables	7,169,195	6,370,882
Other Current Assets	17,949,589	11,384,158
Total Current Assets - Unrestricted	356,703,754	410,199,619
Total Current Assets	465,144,346	672,345,258
Capital Assets		
Capital Assets Subject to Depreciation		
Property, Plant and Equipment	2,891,076,956	2,813,116,599
Accumulated Depreciation	(786,696,272)	(713,520,573)
Net Capital Assets Subject to Depreciation	2,104,380,684	2,099,596,026
Capital Assets Not Subject to Depreciation		
Land	92,271,442	92,271,442
Natural Resources Rights	389,574,983	389,154,250
Construction Work in Progress	1,435,152,960	1,295,742,564
Net Capital Assets Not Subject to Depreciation	1,916,999,385	1,777,168,256
Total Net Capital Assets	4,021,380,069	3,876,764,282
Other Noncurrent Assets		
Unamortized Bond Costs	13,863,584	14,105,881
Water Recharge Inventory	86,328,203	82,196,343
Total Non Current Assets	4,121,571,856	3,973,066,506
<b>Total Assets</b>	<b>\$ 4,586,716,202</b>	<b>\$ 4,645,411,764</b>

The accompanying notes are an integral part of these financial statements

**Southern Nevada Water Authority**  
**Enterprise Fund**  
**Balance Sheets**

	June 30, 2011	June 30, 2010 (Restated)
<b>Liabilities and Fund Equity</b>		
Current Liabilities		
Accounts Payable	\$ 51,516,645	\$ 54,772,130
Accrued Interest Payable	14,190,785	13,904,854
Pending Regional Connection Charge Refunds	9,018,285	4,845,399
Current Portion of Notes Payable	1,124,086	1,085,277
Current Portion of Bonds Payable	30,755,000	30,120,000
Commercial Paper Payable	400,000,000	400,000,000
Total Current Liabilities	506,604,801	504,727,660
Long-Term Liabilities		
Notes Payable, Net of Current Portion	11,577,568	12,701,654
Bonds Payable, Net of Current Portion, Unamortized Premiums and Discounts	2,719,707,622	2,740,732,547
Deferred Amount on Refunding	(22,051,495)	(22,114,169)
Total Long-Term Liabilities	2,709,233,695	2,731,320,032
Total Liabilities	3,215,838,496	3,236,047,692
Fund Equity		
Invested in Capital Assets, Net of Related Debt	975,752,105	964,193,842
Restricted for Debt Service / Capital Assets	13,049,575	16,866,340
Unrestricted	382,076,026	428,303,890
Total Fund Equity	1,370,877,706	1,409,364,072
<b>Total Liabilities and Fund Equity</b>	<b>\$ 4,586,716,202</b>	<b>\$ 4,645,411,764</b>

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, 2011 and 2010**

	<u>2011</u>	<u>2010</u> <u>(Restated)</u>
Operating Revenues		
Wholesale Delivery Charges	\$ 119,457,411	\$ 110,097,368
Groundwater Management Fees	894,502	872,104
Administration Costs Recoveries	362,263	342,820
Las Vegas Wash	397,408	698,274
Other Revenues	2,950,612	2,563,872
Total Operating Revenues	<u>124,062,196</u>	<u>114,574,438</u>
Operating Expenses		
Personnel and Related	42,491,203	37,948,022
Electric Power	36,013,713	39,656,635
Depreciation	73,724,984	75,713,622
Operating and Maintenance	33,994,589	42,787,223
Total Operating Expenses	<u>186,224,489</u>	<u>196,105,502</u>
Operating Loss	<u>(62,162,293)</u>	<u>(81,531,064)</u>
Nonoperating Revenues (Expenses)		
Investment Income	1,024,158	1,374,146
Credit Payment Income	10,896,699	6,442,781
Interest Expense	(78,573,012)	(74,121,390)
Amortization of Refunding Costs	(1,079,554)	(969,032)
Amortization of Bond Issue Costs, Premiums and Discounts	(1,738,288)	(1,936,089)
Other	53,733	(5,051)
Total Nonoperating Revenues (Expenses)	<u>(69,416,264)</u>	<u>(69,214,635)</u>
Loss Before Capital Contributions	(131,578,557)	(150,745,699)
Capital Contributions	93,092,191	75,876,870
Net Loss	<u>(38,486,366)</u>	<u>(74,868,829)</u>
Fund Equity - Beginning of Year as Previously Reported		1,497,082,428
Adjustment		(12,849,527)
Fund Equity - Beginning of Year as Adjusted	1,409,364,072	<u>1,484,232,901</u>
Fund Equity - End of Year	<u>\$ 1,370,877,706</u>	<u>\$ 1,409,364,072</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, 2011 and 2010**

	<b>2011</b>	<b>2010 (Restated)</b>
Cash Flows from Operating Activities:		
General and Administrative / Resources Charges	\$ 1,621,960	\$ 1,903,929
Groundwater Management Fees	894,502	872,104
Las Vegas Wash Revenues	397,408	698,274
Wholesale Delivery Charges	120,812,772	111,133,951
Other Revenues	1,565,342	1,011,127
Cash Payments to Suppliers of Goods and Services	(114,214,862)	(85,184,674)
Net Cash Provided by Operating Activities	11,077,122	30,434,711
Cash Flows from Capital and Related Financing Activities:		
Purchase or Construction of Capital Assets	(155,843,410)	(265,037,770)
Proceeds from Disposal of Property and Equipment	68,134	21,062
Proceeds of Debt Issuance	2,492,531,901	3,046,832,308
Principal Paid on Debt	(2,513,310,278)	(2,585,761,560)
Interest Paid on Debt	(146,012,000)	(131,315,748)
Capital Contributions	83,592,104	58,782,846
Credit Payment Income	10,867,007	5,581,734
Net Cash Provided by (Used in) Capital and Related Financing Activities	(228,106,542)	129,102,872
Cash Flows from Investing Activities:		
Purchases of Investment Securities	(26,679,520)	(10,578,322,387)
Proceeds from Sales or Maturities of Investment Securities	20,000,000	11,008,836,660
Investment Earnings	1,237,670	801,095
Net Cash Provided by (Used in) Investing Activities	(5,441,850)	431,315,368
Net Increase (Decrease) in Cash and Cash Equivalents	(222,471,270)	590,852,951
Cash and Cash Equivalents, Beginning of Year	597,433,343	6,580,392
Cash and Cash Equivalents, End of year	\$ 374,962,073	\$ 597,433,343
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	\$ (62,162,293)	\$ (81,531,064)
Depreciation	73,724,984	75,713,622
Operating Expenses Paid by Contributed Capital	12,062,810	17,411,117
Changes in Assets and Liabilities		
Decrease in Due from Member Agencies	620,018	1,128,714
Increase in Other Receivables	(712,861)	(634,252)
(Increase)/Decrease in Other Current Assets	(6,565,432)	5,009,243
(Increase)/Decrease in Water Recharge Inventory	(4,131,859)	146,463
Increase/(Decrease) in Accounts Payable	(1,758,245)	13,190,868
Net Cash Provided by Operating Activities	\$ 11,077,122	\$ 30,434,711
Non-Cash Investing, and Capital and Related Financing Activities		
Changes in Fair Value of Investments	\$ 348,572	\$ 705
Deferred Loss on Refunded Bonds	3,819,013	5,238,762
Refunding Bonds Issued	(58,110,000)	(82,430,712)
Bonds Refunded	51,930,000	79,111,250

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, 2011, and the fiscal year ended June 30, 2010

### 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 and a facilities and operations 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 2005. The facilities and operations agreement was last amended in 2010.

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 year ended June 30, 2011.

#### **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).

# **SOUTHERN NEVADA WATER AUTHORITY**

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

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.

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](http://www.lvvwd.com) or can be obtained by mailing a request to the SNWA address listed on page 2-9.

### **Southern Nevada Water 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 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 significantly from those estimates.

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### 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 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 and a portion of sales tax proceeds which are externally restricted by bond covenants.

### 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 / 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, 2011, was \$283 per acre-foot (AF) 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 \$220 per AF for raw Colorado River water delivered to the city of Boulder City for use on golf courses. For the fiscal year ended 2011, groundwater program revenues consist of an annual fee of \$13 per AF of permitted groundwater rights or \$13 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

# **SOUTHERN NEVADA WATER AUTHORITY**

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

Vegas Wash revenues consist of contributions from other local governments towards operating costs of the Las Vegas Wash Coordination Committee.

Nonoperating revenues consist of investment income, net of amounts capitalized, interest expense reimbursements related to Build America Bonds (BABs) and a minimal amount of other miscellaneous items.

### **Expenses**

Operating expenses include the costs of personnel allocations from LVVWD, 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**

SNWA capitalizes 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 \$63,216,972 and \$54,471,828 (restated) of interest expense, which was partially offset by \$350,925 and \$414,902 (restated) of interest income, in the fiscal years ended June 30, 2011 and 2010, 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. See note 13 for further information.

### **Water Rights Holding Company**

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

### **Restatement and Reclassifications**

A discovery was made in fiscal 2011 that some items classified in prior years as construction work in progress (CWIP) should have been taken into property, plant and equipment. Because these items remained in CWIP longer than they should, capitalized interest which is based on the balance in the CWIP account was also overstated in these prior periods. Lastly depreciation expense would have been

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

understated for these periods. In total the corrective action for these misclassifications reduced fund equity by 2.1%.

The effects of the prior period adjustment on the 2010 financial statements are:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>Adjusted</u>
<b>Balance Sheets</b>			
Property, Plant and Equipment	\$2,672,654,493	\$140,462,106	\$2,813,116,599
Accumulated Depreciation	(700,568,175)	(12,952,398)	(713,520,573)
Construction Work in Progress	1,454,699,066	(158,956,502)	1,295,742,564
Fund Equity	1,440,810,866	(31,446,794)	1,409,364,072
<b>Statements of Revenues, Expenses and Changes in Fund Equity</b>			
Operating and Maintenance	37,293,827	5,493,396	42,787,223
Depreciation	69,499,630	6,213,992	75,713,622
Interest Expense	(67,231,511)	(6,889,879)	(74,121,390)
Net Loss	(56,271,562)	(18,597,267)	(74,868,829)
Fund Equity Beginning of Year	1,497,082,428	(12,849,527)	1,484,232,901
Fund Equity End of Year	1,440,810,866	(31,446,794)	1,409,364,072

In the statement of cash flows, approximately \$2.6 billion of issuances and repayments of SNWA commercial paper are presented as components of the proceeds from debt and repayments of debt, which presentation has no effect on net cash provided by capital and related financing activities for fiscal 2010. Lastly, certain minor reclassifications have been made to fiscal 2010 amounts to conform to the fiscal 2011 presentation.

### **New Accounting Pronouncements**

In December, 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The requirements for Statement 60 are effective for financial statements for periods beginning after December 15, 2011. In general, its provisions are required to be applied retroactively for all periods presented. The Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements for service concession arrangements (SCA) for both transferors and governmental operators. SNWA currently has no SCAs so adoption of Statement No. 60 will not materially affect SNWA's financial position, results of operation, or cash flows.

In December, 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. Statement 61 is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The requirements of Statement 61 are effective for financial

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

statements for periods beginning after June 15, 2012 with earlier application encouraged. Adoption of Statement No. 61 will not materially affect SNWA's financial position, results of operation, or cash flows.

In December, 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The requirements of Statement 62 are effective for financial statements for periods beginning after December 15, 2011 with earlier application encouraged. Since this Statement affects the internal workings of the GASB and not the individual companies that derive guidance from GASB, adoption of Statement No. 62 does not materially affect SNWA's financial position, results of operation or cash flows.

Please see Note 19, Subsequent Events, for details of GASB statements issued after June 30, 2011.

### **NOTE 2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of demand deposit accounts containing restricted and unrestricted cash. Beginning in December 2009, SNWA deposited bond proceeds and matured investment proceeds in LVWWD's demand deposit account. The funds are readily available to SNWA as needed and are collateralized as described below. SNWA intends to continue this practice until the investment market rebounds and provides better investing opportunities. Cash balances as of June 30, 2011 and 2010, were \$374,962,073 and \$597,433,343 respectively. The corresponding unreconciled bank balances as of June 30, 2011, and 2010, were \$375,906,707 and \$598,547,551 respectively. LVWWD held \$347,400,464 and \$573,650,464 of the funds as of June 30, 2011 and June 30, 2010 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 (see Note 19, Subsequent Events) 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,

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

commercial bank certificates 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, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, 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 2011 and 2010 this adjustment increased interest income by \$348,572 and \$705 respectively.

The following investment schedules detail the securities SNWA was holding for investment as of June 30, 2011 and 2010. 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, 2011

Security	Investment Number	Purchase Date	Maturity Date	Days after Purchase Date	Par Value	Fair Value Adjustment	Book Value	MEMO Fair Value
FHLB	11-0031	05/19/11	6/8/2012	386	\$ 9,000,000	\$ 88,380	\$ 9,088,380	\$ 9,088,380
T-Note	11-0027	04/07/11	5/31/2012	420	2,000,000	9,687	2,009,687	2,009,687
FHLMC	11-0032	05/20/11	7/27/2012	434	3,000,000	23,880	3,023,880	3,023,880
FNMA	11-0029	05/05/11	7/30/2012	452	6,000,000	50,625	6,050,625	6,050,625
FHLB	11-0001	10/01/10	5/18/2012	595	2,000,000	14,220	2,014,220	2,014,220
FHLB	11-0002	10/01/10	5/24/2013	966	1,000,000	87,350	1,087,350	1,087,350
FNMA	11-0003	10/01/10	5/15/2014	1,322	1,000,000	43,890	1,043,890	1,043,890
FHLB	11-0004	10/01/10	5/19/2015	1,691	1,000,000	30,540	1,030,540	1,030,540
					<u>\$ 25,000,000</u>	<u>\$ 348,572</u>	<u>\$ 25,348,572</u>	<u>\$ 25,348,572</u>

### Investments at June 30, 2010

Security	Investment Number	Purchase Date	Maturity Date	Days after Purchase Date	Par Value	Fair Value Adjustment	Book Value	MEMO Fair Value
FNMA	10-0516	04/14/10	03/23/11	343	\$ 14,000,000	\$ -	\$ 14,000,000	\$ 14,135,625
FHLB	10-0513	03/30/10	04/29/11	395	1,000,000	830	1,000,830	1,000,830
FHLMC	10-0511	03/17/10	03/09/12	723	2,500,000	(125)	2,499,875	2,499,875
FHLB	10-0512	03/29/10	03/29/12	731	2,500,000	-	2,500,000	2,500,000
					<u>\$ 20,000,000</u>	<u>\$ 705</u>	<u>\$ 20,000,705</u>	<u>\$ 20,136,330</u>

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

Fiscal 2011's investments also include \$1,250,000 in non negotiable CDs. They are not included in the detail above per GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

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.

The following shows the distribution and credit quality of SNWA investments at June 30, 2011 and 2010.

<b>Investment Distribution and Quality</b>			
<b>Investment Type</b>	<b>Rated</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Federal Home Loan Bank	AAA	52.2%	12.5%
Federal National Mortgage Association	AAA	28.0%	70.0%
Federal Home Loan Mortgage Corporation	AAA	11.9%	12.5%
United States Treasury Notes	AAA	7.9%	
Federal Agricultural Mortgage Corporation	AAA		5.0%
		<u>100.0%</u>	<u>100.0%</u>

Please see Note 19, Subsequent Events, for a discussion of the August, 2011, downgrade of United States debt by Standard & Poor's.

#### **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 charges). Revenue from billings and collections are remitted to SNWA monthly. Also, SNWA has advanced funds to LVVWD that are used to fund daily operating costs paid by LVVWD. Based on historical collection experience, management believes all accounts are collectible, and therefore no allowance has been provided for bad debts.

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

At June 30, 2011 and 2010, the following amounts were due from SNWA's member agencies:

### Due From Member Agencies June 30, 2011

	Total	Wholesale Delivery Charges	Regional Connection Charge	Regional Water Charges	LVVWD Expense Advance	Other Charges
Big Bend Water District	\$ 188,827					\$ 188,827
City of Boulder City	334,104	\$ 334,104				
City of Henderson	3,223,930	2,018,903	\$ 403,030	\$ 801,997		
City of North Las Vegas	1,650,985	1,344,078	(144,935)	451,842		
Clark County Water Reclamation District	2,917					2,917
Las Vegas Valley Water District	20,486,602	6,948,137	(649,145)	3,400,725	\$ 10,786,885	
Nellis Air Force Base	143,668	143,668				
<b>Total</b>	<u>\$ 26,031,033</u>	<u>\$ 10,788,890</u>	<u>\$ (391,050)</u>	<u>\$ 4,654,564</u>	<u>\$ 10,786,885</u>	<u>\$ 191,744</u>

### Due From Member Agencies June 30, 2010

	Total	Wholesale Delivery Charges	Regional Connection Charge	Regional Water Charges	LVVWD Expense Advance	Other Charges
Big Bend Water District	\$ 16,987					\$ 16,987
City of Boulder City	344,283	\$ 344,283				
City of Henderson	2,891,961	2,123,958	\$ 233,030	\$ 534,973		
City of North Las Vegas	3,053,912	2,647,795	67,835	338,282		
Clark County Water Reclamation District	2,917					2,917
Las Vegas Valley Water District	19,127,483	6,973,083	(382,920)	2,313,938	\$ 10,223,382	
Nellis Air Force Base	55,132	55,132				
<b>Total</b>	<u>\$ 25,492,675</u>	<u>\$ 12,144,251</u>	<u>\$ (82,055)</u>	<u>\$ 3,187,193</u>	<u>\$ 10,223,382</u>	<u>\$ 19,904</u>

## NOTE 5. RECEIVABLES

Receivables include amounts due from the state of Nevada, grantors and businesses as well as accrued investment earnings on SNWA's investments. Based on historical collection experience, management believes all amounts are collectible, and therefore no allowance has been provided for bad debts.

## SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

The following amounts were due as of June 30, 2011 and 2010:

<b>Receivables</b>		
<b>Type</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Current Receivables - Restricted		
State of Nevada - Department of Taxation	\$ 12,433,884	\$ 11,663,495
Current Receivables - Unrestricted		
Grants Receivable	2,669,102	4,872,730
Power Trading Accounts Receivable	3,390,556	423,566
Federal BAB Bond Interest Receivable	890,739	861,047
Accrued Investment Earnings	130,840	75,079
Southern California Edison	87,958	89,956
Northern Resource Property Receivable		44,270
State of Nevada - Bond Issue Cost Refund		4,234
Total Current Receivables - Unrestricted	7,169,195	6,370,882
Total Current Receivables	\$ 19,603,079	\$ 18,034,377

### 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 following items are included in other current assets for June 30, 2011 and 2010:

<b>Other Current Assets</b>		
<b>Type</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Prepaid Power	\$ 14,953,383	\$ 8,186,623
Prepaid Leases	1,829,826	1,731,669
Ranch Inventory	690,428	955,385
Prepaid Insurance	463,903	509,431
Prepaid Other	11,000	
Prepaid Retirement Premium	1,049	1,050
Total	\$ 17,949,589	\$ 11,384,158

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### NOTE 7. CAPITAL ASSETS

The following capital assets schedules summarize changes in major categories of capital assets for fiscal years ended June 30, 2011 and 2010. The prior period adjustment to the June 30, 2010 amounts is explained in Note 1. Natural resources rights are described in more detail in Note 8, and Construction Work in Progress is described in more detail in Note 9.

<b>Capital Assets June 30, 2011</b>					
<u>Capital Assets Category</u>	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Cost Adjustments</u>	<u>Retirements/ Transfers</u>	<u>Balance at June 30, 2011</u>
<b><u>Capital Assets Subject to Depreciation</u></b>					
Organization and Improvements	\$ 647,854,304	\$ 12,474,632			\$ 660,328,936
Pumping Stations and Wells	581,966,957	20,852,818			602,819,775
Transmission/Distribution/Mains	1,350,831,467	44,501,878	\$ (299,116)		1,395,034,229
Office Furniture and Equipment	109,645,012	159,709	388,206	\$ (20,252)	110,172,675
Transportation/Work/Equipment	6,178,461	387,895		(336,564)	6,229,792
Power Plant	102,190,755	-	(336,098)		101,854,657
Northern Resources Assets	14,449,643	197,002	21,993	(31,746)	14,636,892
Total Capital Assets Subject to Depreciation	<u>2,813,116,599</u>	<u>78,573,934</u>	<u>(225,015)</u>	<u>(388,562)</u>	<u>2,891,076,956</u>
<b><u>Accumulated Depreciation</u></b>					
Organization and Improvements	210,737,434	28,749,768	(175,122)		239,312,080
Pumping Stations and Wells	112,156,837	14,607,147			126,763,984
Transmission/Distribution/Mains	281,826,461	19,873,245			301,699,706
Office Furniture and Equipment	77,521,516	5,012,080		(19,535)	82,514,061
Transportation/Work/Equipment	5,212,544	447,282		(336,564)	5,323,262
Power Plant	21,005,877	3,326,068			24,331,945
Northern Resources Assets	5,059,904	1,709,394		(18,064)	6,751,234
Total Accumulated Depreciation	<u>713,520,573</u>	<u>73,724,984</u>	<u>(175,122)</u>	<u>(374,163)</u>	<u>786,696,272</u>
<b>Net Capital Assets Subject to Depreciation</b>	<u>2,099,596,026</u>	<u>4,848,950</u>	<u>(49,893)</u>	<u>(14,399)</u>	<u>2,104,380,684</u>
<b><u>Capital Assets Not Subject to Depreciation</u></b>					
Land and Land Rights	92,271,442				92,271,442
Natural Resource Rights	389,154,250	420,733			389,574,983
Construction in Progress	1,295,742,564	190,619,746		(51,209,350)	1,435,152,960
<b>Net Capital Assets Not Subject to Depreciation</b>	<u>1,777,168,256</u>	<u>191,040,479</u>	<u>-</u>	<u>(51,209,350)</u>	<u>1,916,999,385</u>
<b>Total Net Capital Assets</b>	<u><b>\$ 3,876,764,282</b></u>	<u><b>\$ 195,889,429</b></u>	<u><b>\$ (49,893)</b></u>	<u><b>\$ (51,223,749)</b></u>	<u><b>\$ 4,021,380,069</b></u>

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

<b>Capital Assets June 30, 2010 (Restated)</b>					
<u>Capital Assets Category</u>	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Cost Adjustments</u>	<u>Retirements/ Transfers</u>	<u>Balance at June 30, 2010</u>
<b><u>Capital Assets Subject to Depreciation</u></b>					
Organization and Improvements	\$ 564,209,404	\$ 83,878,885	\$ (233,985)		\$ 647,854,304
Pumping Stations and Wells	570,972,286	10,994,671			581,966,957
Transmission/Distribution/Mains	1,337,493,390	13,350,960	(12,883)		1,350,831,467
Office Furniture and Equipment	102,228,080	7,271,572	175,003	\$ (29,643)	109,645,012
Transportation/Work/Equipment	6,206,950			(28,489)	6,178,461
Power Plant	102,714,330		(523,575)		102,190,755
Northern Resources Assets	13,341,154	1,027,754	125,013	(44,278)	14,449,643
<b>Total Capital Assets Subject to Depreciation</b>	<b>2,697,165,594</b>	<b>116,523,842</b>	<b>(470,427)</b>	<b>(102,410)</b>	<b>2,813,116,599</b>
<b><u>Accumulated Depreciation</u></b>					
Organization and Improvements	179,712,202	31,025,232			210,737,434
Pumping Stations and Wells	97,258,214	14,898,623			112,156,837
Transmission/Distribution/Mains	263,001,180	18,825,281			281,826,461
Office Furniture and Equipment	72,032,128	5,511,075		(21,687)	77,521,516
Transportation/Work/Equipment	4,753,546	487,487		(28,489)	5,212,544
Power Plant	17,689,690	3,316,187			21,005,877
Northern Resources Assets	3,433,286	1,649,737		(23,119)	5,059,904
<b>Total Accumulated Depreciation</b>	<b>637,880,246</b>	<b>75,713,622</b>	<b>-</b>	<b>(73,295)</b>	<b>713,520,573</b>
<b>Net Capital Assets Subject to Depreciation</b>	<b>2,059,285,348</b>	<b>40,810,220</b>	<b>(470,427)</b>	<b>(29,115)</b>	<b>2,099,596,026</b>
<b><u>Capital Assets Not Subject to Depreciation</u></b>					
Land and Land Rights	88,259,503	4,114,117	(102,178)		92,271,442
Natural Resource Rights	360,140,778	29,013,472			389,154,250
Construction in Progress	1,139,572,585	249,941,319		(93,771,340)	1,295,742,564
<b>Net Capital Assets Not Subject to Depreciation</b>	<b>1,587,972,866</b>	<b>283,068,908</b>	<b>(102,178)</b>	<b>(93,771,340)</b>	<b>1,777,168,256</b>
<b>Total Net Capital Assets</b>	<b>\$ 3,647,258,214</b>	<b>\$ 323,879,128</b>	<b>\$ (572,605)</b>	<b>\$ (93,800,455)</b>	<b>\$ 3,876,764,282</b>

## 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 AF of water stored in Arizona were assigned to SNWA. Under the Project, SNWA purchased the 50,000 AF 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 AF 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 AF of Colorado River water in Arizona. In 2004, as part of a subsequent agreement, AWBA agreed to store an extra 10,000 AF of Nevada's unused Colorado River water for SNWA.

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

In 2004, the Board approved an amendment to the 2001 Banking Agreement that guarantees Nevada 1.25 million AF of water storage in aggregate (approximately 1.13 million AF of additional storage plus utilization of the roughly 120,000 AF of water previously stored) in Arizona. In exchange for the water stored, SNWA agreed to make an initial payment of \$100 million and payments of \$23 million per year for a ten year period beginning in 2009. Additionally, SNWA agreed to pay AWBA's actual cost to recover the stored water.

A second amendment in 2009 granted the AWBA and SNWA more flexibility in managing the storage and recovery of long-term storage credits of Colorado River water. A portion of the 2009 payment along with the payment for 2010 was deferred. In December 2010 SNWA and AWBA agreed to forgo scheduled payments for the years 2011 to 2014. The \$23 million payment will resume in January 2015 and will be due annually until 2024. This will not alter AWBA's commitment to store 1.25 million AF of credits for SNWA.

During 2010, the SNWA, AWBA and the Central Arizona Project entered a recovery agreement that further established processes for the timing and management of recovery of water banked in Arizona for SNWA. The recovery agreement includes a provision for three years advanced notice for initial recovery of water by SNWA, maintains SNWA's ability to recover a maximum of 40,000 AF during a normal year, and provides an opportunity for additional recovery during Colorado River shortages to help offset the potential impact of shortages. The earliest the SNWA currently anticipates recovery of water from Arizona is 2018.

As of June 30, 2011, SNWA has capitalized the initial \$100 million payment to AWBA plus ancillary charges for a total of \$129.7 million 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, 2010, SNWA has acquired more than 33,000 acre-feet per year (AFY) of surface water rights, more than 6,000 AFY of groundwater rights and more than 23,000 AFY of supplemental water rights. Additional negligible water rights were acquired in 2010. 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) and United States Forest Service (USFS) 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 may graze these lands during the term of the permit. They are issued by land units called allotments with units known as Animal Unit Months (AUM). An AUM is 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. As of June 30, 2011, SNWA owned permits equivalent to 64,548 AUMs.

As of June 30, 2011, SNWA has capitalized \$62.2 million of costs to acquire the northern resource properties and related rights.

# **SOUTHERN NEVADA WATER AUTHORITY**

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### **Muddy River Water Rights**

In 1996 the Board authorized the General Manager to request proposals for acquisition of up to 5,600 AF of Muddy River water rights from shareholders of the Muddy Valley Irrigation Company (MVIC). In 1999, SNWA purchased 3,662 AF 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 AF. The Board authorized and executed an additional purchase of shares in 2001, representing a total of 188 AF of water. In 2002 and 2004, the Board authorized the acquisition of an additional 3,300 AF and 600 AF, respectively, of Muddy River water rights bringing the total authorized for purchase to 9,500 AF. Finally, in 2008 (amended 2011) 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 \$57.1 million limit for post 2007 acquisitions or leases of MVIC and two other rural irrigation companies. As of June 30, 2011, SNWA has capitalized \$62.1 million of costs related to the acquisition of Muddy River water 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.

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 including amortization of debt for the \$53 million has been and is projected to be very stable at about \$37/megawatt hour (MWh).

### **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 AF 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 AF of its water rights to VVWD to assist VVWD in the development of additional groundwater resources in the Virgin River Basin. Finally, in 2008 (amended 2011) the Board authorized the acquisition of additional shares of BIC and the Mesquite Irrigation Company (MIC). The authorization

## **SOUTHERN NEVADA WATER AUTHORITY**

### **Notes to Basic Financial Statements**

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

which includes MVIC as described above does not give a specific limit for acquisition. Instead it establishes a \$57.1 million limit for post 2007 acquisitions or leases of MVIC, BIC, and MIC. As of June 30, 2011, SNWA has capitalized \$38.4 million 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 AF of groundwater rights and the well with associated real property including easements. In 2002, SNWA purchased another 1,500 AF of water rights from Coyote Springs Investment, LLC. As of June 30, 2011, SNWA has capitalized \$30.9 million 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, 2011, SNWA has capitalized \$10.1 million related to the acquisition of these water rights which includes the initial payment to LVVWD plus additional costs that have been incurred.

#### **Other Water Rights**

In 2010, SNWA acquired the contractual rights to 400 AF of Colorado River water held by an outside corporation. The \$2.0 million purchase does not increase Nevada's 300,000 AF basic apportionment of Colorado River water, but will ensure that SNWA is the sole entity authorized to receive this water.

#### **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, 2011, SNWA has capitalized \$1.2 million associated with the GMP.

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

The following table summarizes the amounts capitalized related to natural resources rights as of June 30, 2011, and 2010:

<b>Natural Resources Rights</b>		
<b>Type</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Arizona Water Bank	\$ 129,712,123	\$ 129,629,994
Northern Resource Property and Rights	62,165,559	62,100,515
Muddy River Water Rights	62,128,556	61,986,821
Hydropower Rights	53,000,000	53,000,000
Virgin River Water Rights Development	38,390,774	38,258,949
Coyote Springs Water Rights	30,884,687	30,884,687
In-State Water Projects	10,134,854	10,134,854
Other Water Rights	2,000,000	2,000,000
Groundwater Management Program	1,158,430	1,158,430
Total Natural Resources Rights	<u>\$ 389,574,983</u>	<u>\$ 389,154,250</u>

### NOTE 9. CONSTRUCTION IN PROGRESS

SNWA maintains two capital construction programs: (1) the Major Construction and Capital Plan (MCCP) which includes capital projects that expanded capacity of the SNWS from 400 million gallons per day (MGD) in 1996 to 1015 MGD currently, building two additional intakes into Lake Mead, the acquisition of water and water rights, and other miscellaneous capital projects, and (2) 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.

Land costs, which include the costs of easements and other rights-of-way, are allocated to Property, Plant and Equipment (PP&E) when purchased. 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 depreciable asset categories within PP&E.

#### **Major Construction and Capital Plan (MCCP)**

In 1994, SNWA began a capital improvements program (CIP) 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 giving Nevada the capacity and reliability to access its entire 300,000 AF consumptive use allocation of the Colorado River, plus any banked, transferred, or purchased water that may be delivered to Nevada via the Colorado River. In 2008, the CIP was amended to add funds to construct Lake Mead Intake No. 3 bringing the gross authorized amount of the CIP to \$2.9 billion.

The express intent of the CIP was to build improvements on a phased or as-needed basis. All costs associated with the CIP were capitalized. Direct costs included land costs, costs of construction and

## **SOUTHERN NEVADA WATER AUTHORITY**

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

engineering contracts and interest. Indirect costs included items such as administration, planning and design, public information, program management, construction management, and environmental mitigation.

In 2002, SNWA created the MCCP to address the need for capital projects not directly related to the expansion of the SNWS. The original MCCP defined and authorized projects that were 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. The original MCCP authorized \$328 million of capital projects. By the tenth amendment in December 2008, the MCCP's total authorization had risen over fivefold. In 2010 the CIP and MCCP were merged into one document.

On February 17, 2011, the Board approved an amended MCCP. The amended MCCP includes details for \$2.5 billion of completed projects, \$2.2 billion of active projects and \$0.4 billion of deferred projects. Of the 25 projects comprising the \$2.2 billion active projects nearly all (99.0%) will be funded by capital contributions with a minimal amount (1.0%) funded by the wholesale delivery charge. In terms of active projects, 14 (56.0%) will be funded by capital contributions while 11 (44.0%) will be funded by the wholesale delivery charge.

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

### **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.

The LVWCIP, revised and approved by the Board on January 20, 2011, includes future projects totaling approximately \$44.6 million. Of that amount, about \$40.7 million (91.2%) is for channel stabilization facilities. The remaining \$3.9 million (8.8%) 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.

# SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

The following shows the construction in progress balance as of June 30, 2011 and 2010:

<b>Construction In Progress</b>		
<b>Type</b>	<b>June 30, 2011</b>	<b>June 30, 2010 (Restated)</b>
Capital Improvements Plan	\$ 1,134,800,066	\$ 1,036,076,699
Major Construction and Capital Plan	285,722,597	233,092,219
Las Vegas Wash Capital Improvement Plan	14,630,297	26,573,646
Total Construction In Progress	<u>\$ 1,435,152,960</u>	<u>\$ 1,295,742,564</u>

## NOTE 10. UNAMORTIZED BOND COSTS

Rather than being expensed in the year of issue, costs associated with issuing bonds are capitalized and amortized over the lives of the respective bonds. The \$0.2 million decrease in unamortized costs for fiscal 2011 reflects this annual net amortization.

## NOTE 11. 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 also allows SNWA to manage 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, 2011, SNWA has paid \$86.3 million net of sales for 345,861 AF of storage.

# SOUTHERN NEVADA WATER AUTHORITY

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

## NOTE 12. ACCOUNTS PAYABLE

Accounts payable balances by category as of June 30, 2011 and 2010 are as follows:

<u>Accounts Payable</u>		
<u>Type</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Construction Contracts Retention	\$ 27,261,683	\$ 24,993,287
Construction Contracts and Administration	14,342,773	13,711,592
Administration Expenses	9,778,889	16,067,251
Construction Contracts Liquidated Damages	133,300	
Total Accounts Payable	<u>\$ 51,516,645</u>	<u>\$ 54,772,130</u>

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, 2011, \$10.8 million 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 (OPEB) to SNWA. As of June 30, 2011, and 2010, allocated OPEB costs of \$2.3 million and \$1.8 million, respectively, are included in the administration expenses amounts above.

## NOTE 13. COMMITMENTS, RESERVES AND CONTINGENCIES

### Economic Conditions

The United States has experienced a widespread decline in residential real estate sales, mortgage lending and related construction activity which have dramatically impacted the southern Nevada economy. These factors, in addition to weakness in the commercial and investment banking systems and overseas conflicts are likely to continue 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.

### 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, 2011, SNWA had construction contract commitments totaling approximately \$581.4 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.

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### **Pending Regional Connection Charge Refunds**

In accordance with Accounting Standards Codification No. 450, *Contingencies*, SNWA has recorded a contingent liability of \$9.0 million for pending refunds related to development projects cancelled by purveyor members. Capital contributions include regional connection charge revenues which are refundable under certain circumstances. The Pending Regional Connection Charge Refunds balance is an estimated liability for possible future refunds based on all projects listed by SNWA purveyor members as cancelled at the end of a fiscal year, and adjusts the amount of Regional Connection Charges posted to Contributed Capital (Note 16).

The fiscal 2011 liability is \$4.2 million larger than the amount in fiscal 2010 and is based on information obtained from each of SNWA's three participating purveyors. For fiscal 2010 information was available from only one purveyor member (LVVWD). The recorded obligation for pending regional connection charge refund account is expected to provide 2.8 years coverage of refunds if annual refund levels remain the same as those experienced in fiscal 2011.

### **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. In 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, 2011, SNWA paid \$4,210,414 on the lease. Leasehold improvements are charged to SNWA's MCCP 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 March 2006, the Board approved an agreement between the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints (CPB) and SNWA. The agreement allows SNWA to lease up to 2,001 AF of water annually from CPB. The initial lease is for a twenty year period with the option to renew for two additional ten year periods. The rate per AF is \$130 with an additional \$100 per AF

## SOUTHERN NEVADA WATER AUTHORITY

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

surcharge if the water is used outside the MVWD service territory. The lease contains an escalation clause based on the Consumer Price Index for All Urban Customers All Items Unadjusted.

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. Initial Mesquite leases began on October 1, 2008, were from one to ten years in duration and had annual escalation factor of 3%. In January 2011, the Board approved agreements extending expired leases through October 1, 2014. The rates for the extensions were 40.4% to 43.9% lower per acre foot than the original leases and contain no escalation clause. All extensions occurred after June 30, 2011 (see Note 19, Subsequent Events).

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 AF of water from the Tribe's MVIC lease for five years at the price of \$210 per AF subject to an annual CPI adjustment beginning the second year. For the first three years of the sublease the Tribe will have the right to use 400 AF and in the remaining years the Tribe may use 1,400 AF. 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 AF of water per winter season at \$442,801 per year for the first nine years and 1,000 AF 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 AF (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.

#### Lease Obligations

Fiscal Year June 30	Molasky	MVWD	Ely Office Space	CPB	Mesquite Leases	Tribe Lease
2012	\$ 2,616,252	\$ 33,252	\$ 8,000	\$ 260,130	\$ 200,902	\$ 483,000
2013	2,709,136	33,252		260,130	99,889	483,000
2014	2,805,708	33,252		260,130	47,724	
2015	2,906,113			260,130	49,155	
2016	3,010,505			260,130	50,630	
2017-2021	16,356,978			1,300,650	105,871	
2022-2026	19,409,828			1,300,650		
2027-2031	4,326,629			260,130		
	<u>\$ 54,141,149</u>	<u>\$ 99,756</u>	<u>\$ 8,000</u>	<u>\$ 4,162,080</u>	<u>\$ 554,171</u>	<u>\$ 966,000</u>

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### Lease Obligations (continued)

Fiscal Year June 30	MVIC Lease	BLM Lease	Total
2012	\$ 469,768	\$ 13,440	\$ 4,084,744
2013	483,861	13,440	4,082,708
2014	498,377	13,440	3,658,630
2015	513,328	13,440	3,742,167
2016	528,728		3,849,993
2017-2021	1,907,570		19,671,069
2022-2026	1,505,405		22,215,883
2027-2031	667,285		5,254,044
	\$ 6,574,322	\$ 53,760	\$ 66,559,238

*Amounts may be slightly off due to rounding*

### 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 \$5,736,119, with \$854,629 in accumulated depreciation having been taken through June 30, 2011. 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. LVVWD is also 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 \$23,086,147 of aggregate sublease payments from LVVWD.

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 \$191,200 of aggregate lease payments.

In March 2009, the Board approved three agreements with NV Energy Company (NVE). One agreement allows NVE to lease 1,050 AF 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 AF of Muddy River water per winter season for the first nine years and a maximum of 1,000 AF 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 AF of water per year during the first nine year winter season described above for a cost of \$291.83 per AF. 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 \$6,898,023 of aggregate payments.

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

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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.

<b>Lease Receivables</b>				
Fiscal Year				
June 30	LVVWD	PN II	NVE	TOTAL
2012	\$ 1,613,522	\$ 191,200	\$ -	\$ 1,804,722
2013	1,613,522		-	1,613,522
2014	1,613,522		91,484	1,705,006
2015	1,613,522		94,229	1,707,751
2016	1,613,522		97,056	1,710,578
	<u>\$ 8,067,607</u>	<u>\$ 191,200</u>	<u>\$ 282,769</u>	<u>\$ 8,541,579</u>

*Amounts may be slightly off due to rounding*

### **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 greater control 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. Among the electricity forward contracts are long-term contracts for the purchase of hydropower from federal dams along the Colorado River. 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, 2011, SNWA had net energy contract commitments totaling approximately \$111 million.

# **SOUTHERN NEVADA WATER AUTHORITY**

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### **Generating Assets**

SNWA owns 25% of the Silverhawk electric power generating plant located in the Apex industrial area approximately 20 miles northeast of Las Vegas. NVE is the majority owner of the 580 megawatt (MW), natural gas fired plant. SNWA has paid 25% of the Silverhawk 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.

In addition to Silverhawk, the SNWA also owns approximately 0.5 MW of solar generation and 2.1 MW of small hydro generation.

### **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, 2011.

### **Litigation**

SNWA is a defendant in various litigation matters. Although the outcome of these matters is not presently determinable based on information currently available, 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 14. 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. SNWA plans to use LVVWD to sell long-term fixed-rate bonds whenever feasible in the near future.

### **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.

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### **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, 2011, four bond issues with \$160,255,000 in prior year in-substance defeased debt remain 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 15).

### **Current Year Debt Issuance Activity**

On May 26, 2011, LVVWD issued on SNWA's behalf \$58.1 million of taxable general obligation bonds. Proceeds from this issue were used to partially refund coupons of the LVVWD 2008B debt issue. The issue provides short term cash flow relief and adds \$28.8 million in aggregate debt service. This translates into an increase of \$4.7 million in present value (economic loss) terms.

The following is a comprehensive summary of each of the outstanding debt issues as of June 30, 2011.

#### **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 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. \$2,210,000 of CRC's 2010B bond issue was used to defease the last three coupons of this issue thereby paying off this issue on June, 2010. The interest rate on these bonds was 5.07%.

## **SOUTHERN NEVADA WATER AUTHORITY**

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

#### **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 matured on September 15, 2009. The interest rate was 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. \$170,730,000 of the SNWA 2006 refunding bond issue was used to defease the later maturities of this issue and \$4,375,000 of the SNWA 2009 Refunding bond issue fully paid this issue in fiscal 2010. The interest rate was 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 and \$17,795,000 of the SNWA 2009 Refunding issue were used to defease a major portion of this bond, only interest payments will be made for all but three of the remaining 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

## **SOUTHERN NEVADA WATER AUTHORITY**

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

construction fund for the CIP. These bonds mature annually on June 1 from 2005 to 2032. \$97,455,000 of proceeds from the SNWA 1106 issue and \$13,605,000 of proceeds from the SNWA 2009 Refunding issue were used to defease a portion of this issue. 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. \$23,385,000 of the SNWA 2009D issue was used to defease three years' principal on this issue. 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. The CRC 2003C bonds mature annually on July 1, 2004 through 2011. \$455,000 of the CRC 2010B issue was used to defease one years' principal on this issue. Interest on these bonds is payable semiannually on January 1 and July 1. The final payment was made June 30, 2011. The interest rate was 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. The LVVWD 2005B bonds matured annually on June 1 through 2010. Interest on these bonds was payable semiannually on June 1 and December 1. The interest rate was 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. The SNWA 2005F 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. The CRC 2005H 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. The CRC 2005I bonds mature annually on September 15

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### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

through 2029. Interest on these bonds is payable semiannually on March 15 and September 15. Interest rate is 4.53%.

#### **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. The SNWA 2006 refunding 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. The CRC 2006D bonds mature annually on July 1 through 2024. \$4,495,000 of the CRC 2010B issue was used to defease one year's principal on this issue. 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 was added to the construction fund. The SNWA 1106 bonds mature annually on November 1 through 2036. \$4,345,000 of the SNWA 2009 refunding issue was used to partially refund this issue. 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 were used to refund \$183,420,000 of LVVWD 1998 series bonds. The LVVWD 2008B bonds mature annually on June 1 through 2026. \$51,930,000 of the LVVWD 2011A issue was used to defease five years' principal on this issue. 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 were added to the construction fund. The SNWA 2008 bonds mature annually on June 1 through 2038. \$14,040,000 of the SNWA 2009 refunding issue was used to partially refund this issue. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 4.63%.

#### **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 reimbursed SNWA for investments in clean energy capital projects. The SNWA Subordinate Lien Revenue 2008 bonds mature annually on December 15 through 2022. Interest on these

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### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

bonds is payable quarterly on March 15, June 15, September 15, and December 15. The interest rate is 1.17%.

#### **LVVWD 2009A Bonds**

These taxable general obligation bonds in the original amount of \$90,000,000 were issued on August 5, 2009. The proceeds of the bond sale were added to the construction fund. The LVVWD 2009A bonds mature annually on June 1 through 2039. Interest on these bonds is payable semiannually on December 1 and June 1. Since the bonds were issued as BABs as defined under the American Recovery and Reinvestment Act of 2009 (ARRA) the United States Treasury Department refunds 35% of all interest expense to SNWA. The interest rate net of this Federal participation is 4.67%.

#### **LVVWD 2009B Bonds**

These general obligation bonds in the original amount of \$10,000,000 were issued on August 5, 2009. The proceeds of the bond sale were added to the construction fund. The LVVWD 2009B bonds mature annually on June 1 through 2032. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 4.97%.

#### **SNWA 2009 Refunding**

These general obligation bonds in the original amount of \$50,000,000 were issued on October 22, 2009. The proceeds of the bond sale were used to partially refund the coupons from the following five bond series – SNWA 2000, SNWA 2001, SNWA 2002, SNWA 1106, and SNWA 2008. The SNWA 2009 refunding 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 4.50%.

#### **SNWA 2009 Water Revenue Bonds**

These water revenue bonds were issued by the state of Nevada on behalf of SNWA on October 22, 2009. The obligation as represented by the bond is \$2,750,000 or such lesser amount as shall represent the aggregate principal amount advanced under the loan contract. SNWA may draw funds to the maximum amount after proper authorized documentation is delivered to the Department of Conservation and Natural Resources, Division of Environmental Protection. SNWA is obligated to start repayment of the loan on the first January 1 or July 1 immediately following the date in which SNWA cumulative draws equal \$2,750,000 or October 22, 2012, whichever occurs first. Semi annual payments will be due on January 1 and July 1. The interest rate is 0.00%.

#### **LVVWD 2009C Bonds**

These taxable general obligation bonds in the original amount of \$348,115,000 were issued on December 23, 2009. The proceeds of the bond sale were added to the construction fund. LVVWD 2009C bonds will mature annually on June 1 through 2039. Interest on these bonds is payable semiannually on December 1 and June 1. Since the bonds were issued as BABs as defined under the ARRA the United States Treasury Department refunds 35% of all interest expense to SNWA. The interest rate net of this Federal participation is 4.64%.

## **SOUTHERN NEVADA WATER AUTHORITY**

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### **LVVWD 2009D Bonds**

These general obligation bonds in the original amount of \$71,965,000 were sold on December 23, 2009. The proceeds of the bond sale were used to partially refund LVVWD 2003B bonds with the remaining proceeds added to the construction fund. The LVVWD 2009D 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 4.37%.

### **CRC 2010B Bonds**

These general obligation bonds in the original amount of \$7,405,000 were sold on June 24, 2010. The proceeds of the bond sale were used to fully refund CRC 1997B bonds and partially refund the CRC 2003C and CRC 2006D bonds. These bonds mature annually on June 1 through 2020. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 3.695%.

### **LVVWD 2011A Refunding Bonds**

These taxable general obligation bonds in the original amount of \$58,110,000 were issued on May 24, 2011. Proceeds from the bonds less sundry bond issue costs were deposited into escrow to refund \$51,930,000 of from the LVVWD 2008B bonds. The LVVWD 2011A refunding bonds mature annually on June 1 beginning in 2015 and continuing through 2026. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 4.88%.

The LVVWD 2011A refunding bonds provided needed short term cash flow relief for SNWA. At its peak, the issue will add an additional \$6,960,118 to yearly debt payment requirements. Over the life of the bond, the issue will add \$28.8 million to total debt payment requirements. In present value (economic loss) terms, this equates to a \$4.7 million addition to debt requirements.

### **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 and outstanding. 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 most recently renegotiated on March 1, 2011 and is currently facilitated by a letter of credit between LVVWD, JPMorgan Chase, National Association, and Wells Fargo Bank, National Association. The termination date for each agreement is February 28, 2014 with options for renewal. The average interest rate on the \$400 million outstanding as of June 30, 2011 was 0.22%. Commercial paper is traded on the open market and is subject to market interest fluctuations. The TECP notes are composed of 11 tranches ranging in size from \$10.5 million to \$84.0 million, and ranging in maturity from 29 to 134 days.

The following schedules present changes in current and long-term debt for the years ending June 30, 2011 and 2010.

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### Outstanding Debt Activity, June 30, 2011

Debt Issue	Beginning Balance July 1, 2010	Additions	Retirements	Ending Balance June 30, 2011
<b>Long Term Debt</b>				
SNWA-1	\$ 7,220,753		\$ (611,462)	\$ 6,609,291
SNWA-2	6,566,178		(473,815)	6,092,363
Subtotal Notes Payable	<u>13,786,931</u>		<u>(1,085,277)</u>	<u>12,701,654</u>
SNWA 1998	21,350,000			21,350,000
SNWA 2001	37,385,000			37,385,000
SNWA 2002	69,730,000			69,730,000
LVVWD 2003B	188,880,000			188,880,000
CRC 2003C	155,000		(155,000)	
SNWA 2005 F	234,840,000		(8,985,000)	225,855,000
CRC 2005 H	31,620,000			31,620,000
CRC 2005 I	62,500,000		(2,170,000)	60,330,000
SNWA 2006 Refund	237,225,000		(1,460,000)	235,765,000
CRC 2006 D	92,290,000		(4,720,000)	87,570,000
SNWA 1106	592,910,000		(2,895,000)	590,015,000
LVVWD 2008B	168,265,000		(51,930,000)	116,335,000
SNWA 2008	385,960,000			385,960,000
SNWA sub 2008	5,980,000		(460,000)	5,520,000
LVVWD 2009A	90,000,000			90,000,000
LVVWD 2009B	10,000,000			10,000,000
SNWA 2009 Refund	50,000,000			50,000,000
SNWA 2009 Water Revenue	63,020	\$ 1,151,901		1,214,921
LVVWD 2009C	348,115,000			348,115,000
LVVWD 2009D	71,965,000			71,965,000
CRC 2010B	7,405,000			7,405,000
LVVWD 2011A	-	58,110,000		58,110,000
Subtotal Bonds Payable	<u>2,706,638,020</u>	<u>59,261,901</u>	<u>(72,775,000)</u>	<u>2,693,124,921</u>
Total Long Term Debt	2,720,424,951	59,261,901	(73,860,277)	2,705,826,575
<b>Short Term Debt</b>				
Commercial Paper	<u>400,000,000</u>	<u>2,491,380,000</u>	<u>(2,491,380,000)</u>	<u>400,000,000</u>
<b>Total Debt Before</b>				
Unamortized Discounts and Premiums	<u>\$ 3,120,424,951</u>	<u>\$ 2,550,641,901</u>	<u>\$ (2,565,240,277)</u>	3,105,826,575
Unamortized Discounts and Premiums				<u>57,337,701</u>
Net Debt				<u>\$ 3,163,164,276</u>

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### Composition of Outstanding Debt, June 30, 2011

Debt Issue	Ending Balance	Current Portion	Long-Term Portion	Accrued Interest
<b>Long Term Debt</b>				
SNWA-1	\$ 6,609,291	\$633,735	\$ 5,975,555	\$ 98,866
SNWA-2	6,092,363	490,351	5,602,013	87,346
<b>Subtotal Notes Payable</b>	<b>12,701,654</b>	<b>1,124,086</b>	<b>11,577,568</b>	<b>186,212</b>
SNWA 1998	21,350,000		21,350,000	136,338
SNWA 2001	37,385,000		37,385,000	155,914
SNWA 2002	69,730,000		69,730,000	289,168
LVVWD 2003B	188,880,000		188,880,000	791,129
CRC 2003C				
SNWA 2005 F	225,855,000	9,445,000	216,410,000	925,635
CRC 2005 H	31,620,000	-	31,620,000	4,059
CRC 2005 I	60,330,000	2,270,000	58,060,000	849,821
SNWA 2006 Refund	235,765,000	6,010,000	229,755,000	890,319
CRC 2006 D	87,570,000	4,960,000	82,610,000	
SNWA 1106	590,015,000	7,610,000	582,405,000	4,401,268
LVVWD 2008B	116,335,000		116,335,000	460,978
SNWA 2008	385,960,000		385,960,000	1,581,803
SNWA sub 2008	5,520,000	460,000	5,060,000	2,808
LVVWD 2009A	90,000,000		90,000,000	523,771
LVVWD 2009B	10,000,000		10,000,000	38,796
SNWA 2009 Refund	50,000,000		50,000,000	204,918
SNWA 2009 Water Revenue	1,214,921		1,214,921	
LVVWD 2009C	348,115,000		348,115,000	2,021,196
LVVWD 2009D	71,965,000		71,965,000	294,487
CRC 2010B	7,405,000		7,405,000	22,428
LVVWD 2011A	58,110,000		58,110,000	276,636
<b>Subtotal Bonds Payable</b>	<b>2,693,124,921</b>	<b>30,755,000</b>	<b>2,662,369,921</b>	<b>13,871,472</b>
<b>Total Long Term Debt</b>	<b>2,705,826,575</b>	<b>31,879,086</b>	<b>2,673,947,489</b>	<b>14,057,684</b>
<b>Short Term Debt</b>				
Commercial Paper	400,000,000	400,000,000		133,101
<b>Total Debt Before Unamortized Discounts and Premiums</b>	<b>\$ 3,105,826,575</b>	<b>\$ 431,879,086</b>	<b>\$ 2,673,947,489</b>	<b>\$ 14,190,785</b>

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### Outstanding Debt Activity, June 30, 2010

Debt Issue	Beginning Balance July 1, 2009	Additions	Retirements	Ending Balance June 30, 2010
Long Term Debt				
SNWA-1	\$ 7,810,726		\$ (589,973)	\$ 7,220,753
SNWA-2	7,024,015		(457,837)	6,566,178
Subtotal Notes Payable	<u>14,834,741</u>		<u>(1,047,810)</u>	<u>13,786,931</u>
CRC 1997B	2,210,000		(2,210,000)	
SNWA 1998	21,350,000			21,350,000
CRC 1999A	635,000		(635,000)	
SNWA 2000	4,375,000		(4,375,000)	
SNWA 2001	55,180,000		(17,795,000)	37,385,000
SNWA 2002	83,335,000		(13,605,000)	69,730,000
LVVWD 2003B	212,265,000		(23,385,000)	188,880,000
CRC 2003C	610,000		(455,000)	155,000
LVVWD 2005 B	7,010,000		(7,010,000)	-
SNWA 2005 F	242,650,000		(7,810,000)	234,840,000
CRC 2005 H	31,620,000			31,620,000
CRC 2005 I	63,940,000		(1,440,000)	62,500,000
SNWA 2006 Refund	238,630,000		(1,405,000)	237,225,000
CRC 2006 D	96,785,000		(4,495,000)	92,290,000
SNWA 1106	604,140,000		(11,230,000)	592,910,000
LVVWD 2008B	170,025,000		(1,760,000)	168,265,000
SNWA 2008	400,000,000		(14,040,000)	385,960,000
SNWA sub 2008	6,440,000		(460,000)	5,980,000
LVVWD 2009A		\$ 90,000,000		90,000,000
LVVWD 2009B		10,000,000		10,000,000
SNWA 2009 Refund		50,000,000		50,000,000
SNWA 2009 Water Revenue		63,020		63,020
LVVWD 2009C		348,115,000		348,115,000
LVVWD 2009D		71,965,000		71,965,000
CRC 2010B		7,405,000		7,405,000
Subtotal Bonds Payable	<u>2,241,200,000</u>	<u>577,548,020</u>	<u>(112,110,000)</u>	<u>2,706,638,020</u>
Total Long Term Debt	2,256,034,741	577,548,020	(113,157,810)	2,720,424,951
Short Term Debt				
Commercial Paper	<u>400,000,000</u>	<u>2,551,715,000</u>	<u>(2,551,715,000)</u>	<u>400,000,000</u>
Total Debt Before Unamortized Discounts and Premiums	<u>\$ 2,656,034,741</u>	<u>\$ 3,129,263,020</u>	<u>\$ (2,664,872,810)</u>	3,120,424,951
Unamortized Discounts and Premiums				<u>64,214,527</u>
Net Debt				<u>\$ 3,184,639,478</u>

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### Composition of Outstanding Debt, June 30, 2010

Debt Issue	Ending Balance	Current Portion	Long-Term Portion	Accrued Interest
Long Term Debt				
SNWA-1	\$ 7,220,753	\$ 611,462	\$ 6,609,291	\$ 107,292
SNWA-2	6,566,178	473,815	6,092,363	93,512
Subtotal Notes Payable	<u>13,786,931</u>	<u>1,085,277</u>	<u>12,701,654</u>	<u>200,804</u>
CRC 1997B				
SNWA 1998	21,350,000		21,350,000	133,438
CRC 1999A				
SNWA 2000				
SNWA 2001	37,385,000		37,385,000	147,547
SNWA 2002	69,730,000		69,730,000	279,529
LVVWD 2003B	188,880,000		188,880,000	764,758
CRC 2003C	155,000	155,000		
LVVWD 2005 B				
SNWA 2005 F	234,840,000	8,985,000	225,855,000	930,377
CRC 2005 H	31,620,000		31,620,000	
CRC 2005 I	62,500,000	2,170,000	60,330,000	873,500
SNWA 2006 Refund	237,225,000	1,460,000	235,765,000	865,269
CRC 2006 D	92,290,000	4,720,000	87,570,000	
SNWA 1106	592,910,000	2,895,000	590,015,000	4,352,716
LVVWD 2008B	168,265,000	9,275,000	158,990,000	651,346
SNWA 2008	385,960,000		385,960,000	1,529,077
SNWA sub 2008	5,980,000	460,000	5,520,000	2,852
LVVWD 2009A	90,000,000		90,000,000	506,311
LVVWD 2009B	10,000,000		10,000,000	37,503
SNWA 2009 Refund	50,000,000		50,000,000	198,087
SNWA 2009 Water Revenue	63,020		63,020	
LVVWD 2009C	348,115,000		348,115,000	1,953,823
LVVWD 2009D	71,965,000		71,965,000	284,670
CRC 2010B	7,405,000		7,405,000	4,475
Subtotal Bonds Payable	<u>2,706,638,020</u>	<u>30,120,000</u>	<u>2,676,518,020</u>	<u>13,515,278</u>
Total Long Term Debt	2,720,424,951	31,205,277	2,689,219,674	13,716,082
Short Term Debt				
Commercial Paper	<u>400,000,000</u>	<u>400,000,000</u>		<u>188,772</u>
Total Debt Before Unamortized Discounts and Premiums	<u>\$ 3,120,424,951</u>	<u>\$ 431,205,277</u>	<u>\$ 2,689,219,674</u>	<u>\$ 13,904,854</u>

**SOUTHERN NEVADA WATER AUTHORITY**

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

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

<b>Debt Service Requirements</b>			
Fiscal Year Ending June 30	Principal <sup>1</sup>	Interest <sup>2</sup>	Total
2012 <sup>3</sup>	\$ 431,879,086	\$ 147,164,540	\$ 579,043,626
2013	65,916,784	137,600,231	203,517,015
2014	70,668,418	134,149,301	204,817,719
2015	74,261,543	130,649,476	204,911,019
2016	92,331,211	127,170,790	219,502,001
2017-2021	518,119,567	564,417,935	1,082,537,502
2022-2026	647,475,045	423,866,622	1,071,341,667
2027-2031	474,397,500	278,929,175	753,326,675
2032-2036	428,067,500	169,841,186	597,908,686
2037-2041	304,245,000	40,514,923	344,759,923
Totals	<u>\$ 3,107,361,654</u>	<u>\$ 2,154,304,179</u>	<u>\$ 5,261,665,833</u>

<sup>1</sup> Contains total principal of the SNWA 2009 Water Revenue Bond. It is currently unknown how much principal payments may be for the issue (range -- \$0 to \$137,500 annually). The total amount of this column differs \$1,535,079 (\$2,750,000 total allowed less \$1,214,921 borrowed as of June 30, 2011) from the amount shown in the previous schedule.

<sup>2</sup>Gross interest, not reduced by anticipated BAB Federal credits.

<sup>3</sup>Because 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 15. DEFERRED AMOUNT ON REFUNDING**

As required by GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, 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 can be 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

**SOUTHERN NEVADA WATER AUTHORITY**

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

economic gain comes from lower interest rates of the refunding bonds. Refundings can also occur as needed to provide cash flow relief.

The balances are being amortized over the life of the associated debt. Deferred amounts on refunding as of June 30, 2011 and 2010 are as follows:

<b>Deferred Amount of Refunding</b>		
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
CRC 2003C Bonds		\$ 53,055
CRC 2005H Bonds	\$ (1,709,757)	(1,816,617)
CRC 2005I Bonds	(2,249,910)	(2,382,258)
CRC 2006D Refunding Bonds	(10,479,486)	(11,285,600)
CRC 2010B Bonds	(80,128)	(89,047)
LVVWD 2008B Bonds	(6,230,125)	(9,644,923)
LVVWD 2009D Bonds	(1,499,407)	(1,593,610)
SNWA 1106 Bonds	(5,352,976)	(5,650,364)
SNWA 2001 Bonds	29,710,246	31,805,253
SNWA 2005F Bonds	(7,866,422)	(8,376,478)
SNWA 2006 Refunding Bonds	(9,236,670)	(9,724,569)
SNWA 2009 Refunding Bonds	(3,237,847)	(3,409,011)
LVVWD 2011A Refunding Bonds	(3,819,013)	
<b>Total</b>	<u><u>\$ (22,051,495)</u></u>	<u><u>\$ (22,114,169)</u></u>

**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, 2011 and 2010 were as follows:

<b>Capital Contributions</b>		
<u>Type</u>	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
Sales Tax	\$ 43,577,390	\$ 41,833,183
Regional Commodity Charge	32,853,776	18,434,662
Regional Connection Charge	6,602,728	5,309,547
Contributed Capital - Cash and Equivalents	5,298,869	4,450,118
Regional Reliability Charge	4,481,664	4,103,493
Purveyor Member Debt Service Billings	165,205	1,061,573
Southern Nevada Public Lands Management Act	112,559	684,294
<b>Total Capital Contributions</b>	<u><u>\$ 93,092,191</u></u>	<u><u>\$ 75,876,870</u></u>

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

### 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 with a deductible of \$1 million for all locations except earthquake and flood which has a limit of \$50 million and \$25 million respectively and a deductible of \$100,000. 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 \$3 million and other miscellaneous coverage.

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. SNWA purchased a separate Builders Risk policy to insure the Lake Mead Intake No. 3 project during construction. The limit on this policy is \$519 million with deductibles of \$1 million for all underground works losses, \$250,000 for testing and \$100,000 for any other loss. Insurance for terrorist acts was also purchased for this project with a limit of \$519 million and a deductible of \$100,000.

For the fiscal year ended June 30, 2011, 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 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, 2011, SNWA has no significant retained risks and therefore has no accrued liability for retained risks.

### NOTE 18. JOINT VENTURE

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

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

# SOUTHERN NEVADA WATER AUTHORITY

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

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

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

Financial information regarding SSEA can be obtained by writing to:

Finance Director  
P.O. Box 99956, MS 115  
Las Vegas, NV 89193-9956

### **NOTE 19. SUBSEQUENT EVENTS**

#### **Wholesale Delivery Charge**

Effective July 1, 2011, the SNWA wholesale delivery charge was increased from \$283/AF to \$293/AF. The raw water wholesale delivery charge was also increased from \$220/AF to \$226/AF. If sales volumes stay consistent with fiscal 2011, these increases will generate approximately \$4.2 million of additional annual revenue.

#### **Mesquite Leases**

In August 2011, SNWA received offers to extend Mesquite leases based on the new terms presented to the SNWA Board in January, 2011 (see note 11). Implementation of these leases will cost SNWA approximately \$2.2 million per year in cash flow for fiscal years 2012 to 2014 and will secure approximately 14,030 acre-feet of water supply per year.

#### **Downgrade of United States Credit Rating**

In August 2011, Standard & Poor's downgraded the credit rating of the United States of America (U.S.) from AAA to AA+ citing "political brinksmanship" and "the majority of Republicans in Congress continue to resist any measure that would raise revenues" among other reasons. SNWA invests in U.S. backed instruments. AA+ is still a high investment grade and is well within SNWA's investment guidelines. SNWA believes that all investments shown in note 3 are still secure and sees no reason to establish a reserve against the investments.

#### **Additional Debt Issues**

In October 19, 2011 SNWA issued two refunding debt issues whose dual purpose was to provide short term cash flow relief and economic benefit.

LVVWD 2011B, a taxable general obligation bond, was issued in the original amount of \$129,650,000. Proceeds from the bonds less sundry bond issue costs were deposited into escrow to refund \$114,960,000 payments of existing bonds as follows:

## SOUTHERN NEVADA WATER AUTHORITY

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

<u>Issue Name</u>	<u>Period Refunded</u>	<u>Principal Refunded</u>
CRC 2005I	September 15, 2012 to September 15, 2015	\$10,305,000
SNWA 2005F	December 1, 2012 to December 1, 2015	42,890,000
CRC 2006D	July 1, 2012 to July 1, 2015	21,370,000
SNWA 2006 Refunding	June 1, 2012 to June 1, 2015	25,555,000
SNWA 1106 (Partial)	November 1, 2012 to November 1, 2015	14,840,000
		\$114,960,000

LVVWD 2011B bonds will mature beginning June 1, 2016 and continue through 2027. Interest on these bonds will be paid semiannually on December 1 and June 1. The interest rate is 4.29%. LVVWD 2011B will add an additional \$14,505,299 to yearly debt payment requirements at its peak. Over the life of the bond, the issue will add \$56.35 million to total debt payment requirements. In present value (economic loss) terms, this equates to a \$16.8 million addition to debt requirements.

LVVWD 2011C, a tax-exempt general obligation bond, was issued in the original amount of \$267,815,000. Proceeds from the bonds less sundry bond issue costs were deposited into escrow to refund \$286,615,000 payments of existing bonds as follows:

<u>Issue Name</u>	<u>Period Refunded</u>	<u>Principal Refunded</u>
SNWA 2005F	December 1, 2011	\$9,445,000
SNWA 2001	December 1, 2011	6,580,000
SNWA 2002	December 1, 2013 to December 1, 2015	15,750,000
SNWA 1106 (Partial)	November 1, 2011 to November 1, 2015	42,155,000
SNWA 2008	June 1, 2013 to June 1, 2015	23,805,000
SNWA 2003B	June 1, 2013 to June 1, 2027	188,880,000
		\$286,615,000

All issues except SNWA 2003B were refunded to provide short term cash flow relief. SNWA 2003B was refunded to receive economic benefit. LVVWD 2011C bonds will mature beginning June 1, 2013 and continue through 2038. Interest on the LVVWD 2011C bonds will be paid semiannually on December 1 and June 1. The interest rate is 4.04%. The LVVWD 2011C bonds will add an additional \$8,066,350 to yearly debt payment requirements at its peak. Over the life of the bond, the issue will add \$64.5 million to total debt payment requirements. In present value (economic loss) terms, this equates to a \$6.8 million addition to debt requirements.

### **Subsequent Accounting Pronouncements**

On July 13, 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement*. The requirements for Statement 63 are effective for financial statements for periods beginning after December 15, 2011 with earlier application encouraged. In general, the Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities.

## **SOUTHERN NEVADA WATER AUTHORITY**

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2011, and the fiscal year ended June 30, 2010

The Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. SNWA is currently reviewing provisions of the Statement and intends to enact all requirements beginning with the fiscal 2013 financial statements. Since this statement merely re-labels different parts of the basic financial statements, adoption of Statement No. 63 will not materially affect SNWA's financial position, results of operation or cash flows.

On July 13, 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The requirements for Statement 64 are effective for financial statements for periods beginning after December 15, 2011 with earlier application encouraged. In general, the Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. The Statement, which is an amendment to GASB Statement No. 53, is designed to improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. Since SNWA's forward energy contracts (Note 13) are outside the scope of GASB Statement No. 53, the clarifications of Statement No. 64 will not apply to current hedging activities of SNWA. Therefore, adoption of Statement No. 64 will not materially affect SNWA's financial position, results of operation, or cash flows.

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 3-13**

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

#### **Debt Capacity Information**

**3-14 to 3-17**

*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**

**3-18 to 3-21**

*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**

**3-22 to 3-25**

*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**

**3-26 to 3-47**

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

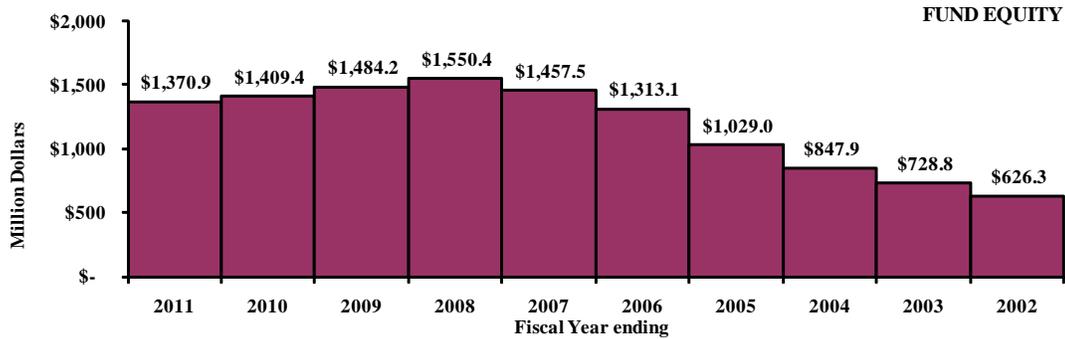
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**Southern Nevada Water Authority  
Enterprise Fund (Unaudited)  
Fund Equity  
Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	2011	2010 <sup>1/</sup>	2009 <sup>1/</sup>	2008 <sup>1/</sup>	2007 <sup>1/</sup>
Invested In Capital Assets, Net of Related Debt	\$ 975,752,105	\$ 995,640,636	\$ 962,333,271	\$ 1,058,097,776	\$ 885,524,228
Restricted	13,049,575	16,866,340	15,178,151	102,040,416	50,122,513
Unrestricted <sup>2/3/</sup>	382,076,026	396,857,096	506,721,479	390,234,075	521,884,671
<b>Total Fund Equity</b>	<b>\$ 1,370,877,706</b>	<b>\$ 1,409,364,072</b>	<b>\$ 1,484,232,901</b>	<b>\$ 1,550,372,267</b>	<b>\$ 1,457,531,412</b>

	Fiscal Year Ended June 30				
	2006	2005	2004	2003	2002
Invested In Capital Assets, Net of Related Debt	\$ 727,217,380	\$ 581,716,167	\$ 533,907,856	\$ 373,510,820	\$ 344,153,745
Restricted	23,331,858	52,240,725	16,083,037	220,160,501	55,086,956
Unrestricted <sup>2/3/</sup>	562,531,407	395,053,871	297,863,688	135,104,438	227,025,481
<b>Total Fund Equity</b>	<b>\$ 1,313,080,645</b>	<b>\$ 1,029,010,763</b>	<b>\$ 847,854,581</b>	<b>\$ 728,775,759</b>	<b>\$ 626,266,182</b>

1/ Restated  
2/ Amounts after 2006 modified with a pending regional connection charge contingency.  
3/ Amounts in years 2007 to 2010 have been further adjusted with a prior period adjustment to correct accumulated depreciation. Please see Notes to Basic Financial Statements #1.



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

Page 1 of 3

	Fiscal Year Ended June 30		
	2011	2010 <sup>1/</sup>	2009 <sup>1/</sup>
Operating Revenues			
Wholesale Delivery Charges	\$ 119,457,411	\$ 110,097,368	\$ 112,551,974
Groundwater Program Revenue	894,502	872,104	2,047,626
Purveyor Administration Costs Billings	362,263	342,820	379,306
Las Vegas Wash Revenues	397,408	698,274	690,000
Other Revenues	2,950,612	2,563,872	2,648,858
<b>Total Operating Revenues</b>	<b>124,062,196</b>	<b>114,574,438</b>	<b>118,317,764</b>
Operating Expenses			
Personnel and Related	(42,491,203)	(37,948,022)	(39,671,513)
Electric Power	(36,013,713)	(39,656,635)	(40,184,442)
Operation and Maintenance	(33,994,589)	(42,787,223)	(73,498,943)
Depreciation <sup>2/</sup>	(73,724,984)	(75,713,622)	(66,218,498)
<b>Total Operating Expenses</b>	<b>(186,224,489)</b>	<b>(196,105,502)</b>	<b>(219,573,396)</b>
<b>Operating Loss</b>	<b>(62,162,293)</b>	<b>(81,531,064)</b>	<b>(101,255,632)</b>
Non Operating Revenues and (Expenses)			
Investment Income	1,024,158	1,374,146	10,709,321
Credit Payment Income	10,896,699	6,442,781	
Interest Expense	(78,573,012)	(74,121,390)	(68,997,377)
Amortization of Refunding Costs	(1,079,554)	(969,032)	(1,118,050)
Amortization of Bond Issue Costs, Premiums and Discounts	(1,738,288)	(1,936,089)	628,592
Gain/(Loss) on Sale of Assets	53,733	(5,051)	(753,735)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(69,416,264)</b>	<b>(69,214,635)</b>	<b>(59,531,249)</b>
<b>Loss Before Capital Contributions</b>	<b>(131,578,557)</b>	<b>(150,745,699)</b>	<b>(160,786,881)</b>
<b>Capital Contributions <sup>3/</sup></b>	<b>93,092,191</b>	<b>75,876,870</b>	<b>94,647,515</b>
<b>Change in Fund Equity</b>	<b>(38,486,366)</b>	<b>(74,868,829)</b>	<b>(66,139,366)</b>
<b>Fund Equity - Beginning of Year</b>	<b>1,409,364,072</b>	<b>1,484,232,901</b>	<b>1,550,372,267</b>
<b>Fund Equity - End of Year</b>	<b>\$ 1,370,877,706</b>	<b>\$ 1,409,364,072</b>	<b>\$ 1,484,232,901</b>

*continued on next page*

1/ Restated

2/ Amounts from 2007 to 2010 were adjusted in 2011 to reflect prior period depreciation costs.

3/ Amounts from 2007 to 2010 were modified with a pending regional connection charge contingency.

**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		
	2008 <sup>1/</sup>	2007 <sup>1/</sup>	2006
Operating Revenues			
Wholesale Delivery Charges	\$ 118,782,982	\$ 121,449,812	\$ 115,532,042
Groundwater Program Revenue	1,976,911	1,953,768	1,952,143
Purveyor Administration Costs Billings	367,710	359,042	351,527
Las Vegas Wash Revenues	1,196,028	842,700	1,074,374
Other Revenues	2,010,404	1,586,346	
Total Operating Revenues	124,334,035	126,191,668	118,910,086
Operating Expenses			
Personnel and Related	(37,430,481)	(33,754,022)	(32,131,870)
Electric Power	(35,233,331)	(47,268,452)	(56,584,777)
Operation and Maintenance	(63,839,825)	(43,170,486)	(38,966,643)
Depreciation <sup>2/</sup>	(58,715,637)	(53,214,295)	(50,389,946)
Total Operating Expenses	(195,219,274)	(177,407,255)	(178,073,236)
Operating Loss	(70,885,239)	(51,215,587)	(59,163,150)
Non Operating Revenues and (Expenses)			
Investment Income	24,494,593	29,484,713	13,370,675
Credit Payment Income			
Interest Expense	(67,107,957)	(71,135,721)	(66,031,609)
Amortization of Refunding Costs	(1,286,877)	(1,467,458)	(978,821)
Amortization of Bond Issue Costs, Premiums and Discounts	944,276	540,036	(25,329)
Gain/(Loss) on Sale of Assets	5,200	835,062	491,492
Total Non-Operating Revenues (Expenses)	(42,950,765)	(41,743,368)	(53,173,592)
Loss Before Capital Contributions	(113,836,004)	(92,958,955)	(112,336,742)
Capital Contributions <sup>3/</sup>	206,676,859	237,409,722	396,406,624
Change in Fund Equity	92,840,855	144,450,767	284,069,882
Fund Equity - Beginning of Year	1,457,531,412	1,313,080,645	1,029,010,763
Fund Equity - End of Year	\$ 1,550,372,267	\$ 1,457,531,412	\$ 1,313,080,645

1/ Restated

2/ Amounts from 2007 to 2010 were adjusted in 2011 to reflect prior period depreciation costs.

3/ Amounts from 2007 to 2010 were modified with a pending regional connection charge contingency.

**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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Operating Revenues				
Wholesale Delivery Charges	\$ 100,460,557	\$ 97,162,446	\$ 87,774,387	\$ 86,276,227
Groundwater Program Revenue	2,039,010	2,114,246	2,037,737	2,050,476
Purveyor Administration Costs Billings	361,958	321,253	363,637	383,704
Las Vegas Wash Revenues	1,071,600	1,037,400	966,000	753,000
Other Revenues				
<b>Total Operating Revenues</b>	<b>103,933,125</b>	<b>100,635,345</b>	<b>91,141,761</b>	<b>89,463,407</b>
Operating Expenses				
Personnel and Related	(29,082,767)	(26,536,039)	(23,782,689)	(21,027,884)
Electric Power	(54,461,787)	(55,632,005)	(60,862,783)	(49,116,179)
Operation and Maintenance	(51,321,569)	(42,265,915)	(26,372,829)	(20,485,918)
Depreciation	(48,259,934)	(38,380,146)	(28,554,840)	(26,452,890)
<b>Total Operating Expenses</b>	<b>(183,126,057)</b>	<b>(162,814,105)</b>	<b>(139,573,141)</b>	<b>(117,082,871)</b>
<b>Operating Loss</b>	<b>(79,192,932)</b>	<b>(62,178,760)</b>	<b>(48,431,380)</b>	<b>(27,619,464)</b>
Non Operating Revenues and (Expenses)				
Investment Income	13,887,489	408,524	7,603,793	13,212,069
Credit Payment Income				
Interest Expense	(64,248,754)	(61,335,059)	(44,454,798)	(40,136,450)
Amortization of Refunding Costs	(186,214)	(21,056)	(151,046)	(151,046)
Amortization of Bond Issue Costs, Premiums and Discounts	(655,616)	(847,092)	(999,820)	(1,775,391)
Gain/(Loss) on Sale of Assets	1,136	2,363	2,804	39,216
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(51,201,959)</b>	<b>(61,792,320)</b>	<b>(37,999,067)</b>	<b>(28,811,602)</b>
<b>Loss Before Capital Contributions</b>	<b>(130,394,891)</b>	<b>(123,971,080)</b>	<b>(86,430,447)</b>	<b>(56,431,066)</b>
<b>Capital Contributions</b>	<b>311,551,073</b>	<b>243,049,902</b>	<b>188,940,024</b>	<b>147,508,009</b>
<b>Change in Fund Equity</b>	<b>181,156,182</b>	<b>119,078,822</b>	<b>102,509,577</b>	<b>91,076,943</b>
Fund Equity - Beginning of Year	847,854,581	728,775,759	626,266,182	535,189,240
<b>Fund Equity - End of Year</b>	<b>\$ 1,029,010,763</b>	<b>\$ 847,854,581</b>	<b>\$ 728,775,759</b>	<b>\$ 626,266,183</b>

**Southern Nevada Water Authority**  
**Enterprise Fund (Unaudited)**  
**Regional Connection Charges <sup>1/</sup>**  
**Revenue Base / Principal Revenue Payers**  
**Last Ten Fiscal Years**

Page 1 of 2

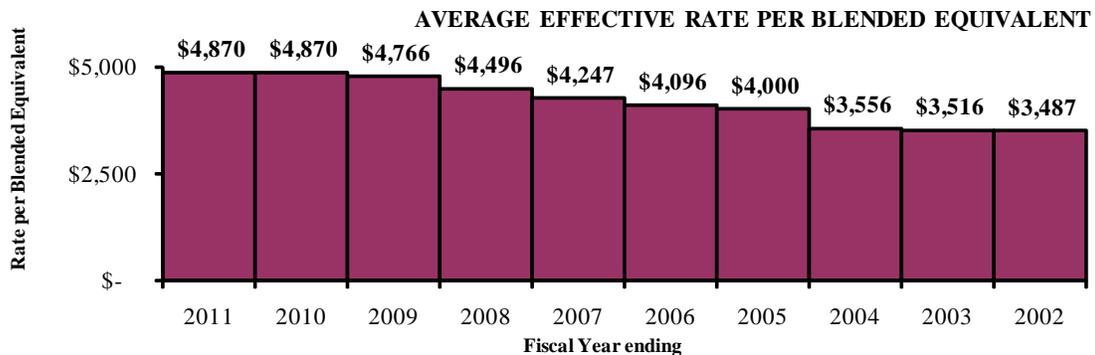
	Fiscal Year Ended June 30			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Las Vegas Valley Water District	\$ 7,504,785	\$ (581,358)	\$ 17,943,571	\$ 40,672,561
City of Henderson	3,529,771	2,008,270	4,855,790	11,184,662
City of North Las Vegas	(258,942)	2,117,669	4,607,510	9,655,650
<b>Total Connection Charge Collections</b>	<b>\$ 10,775,614</b>	<b>\$ 3,544,581</b>	<b>\$ 27,406,871</b>	<b>\$ 61,512,873</b>
Less net adjustment to Pending				
Regional Connection Charge Refund <sup>2/</sup>	(4,172,886)	1,764,966	(617,716)	(4,194,769)
<b>Adjusted Connection Charge Collections</b>	<b>\$ 6,602,728</b>	<b>\$ 5,309,547</b>	<b>\$ 26,789,155</b>	<b>\$ 55,520,224</b>
<b>Average Effective Rate per</b>				
Blended Equivalent <sup>3/</sup>	<b>\$ 4,870</b>	<b>\$ 4,870</b>	<b>\$ 4,766</b>	<b>\$ 4,496</b>

*Continued on next page*

1/ 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 16 to the Basic Financial Statements.

2/ Beginning in fiscal 2007 annual net cash collections of connection charges were modified by a loss contingency. The adjusted amount corresponds with the capital contributions section of the financial statements (Note 16).

3/ 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. Effective rate is based on rate charged to end customer and does not include pending regional connection charge refund alteration.



**Southern Nevada Water Authority**  
**Enterprise Fund (Unaudited)**  
**Regional Connection Charges**<sup>1/</sup>  
**Revenue Base / Principal Revenue Payers**  
**Last Ten Fiscal Years**

Page 2 of 2

	Fiscal Year Ended June 30		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Las Vegas Valley Water District	\$ 83,294,414	\$ 133,408,930	\$ 102,009,777
City of Henderson	22,396,474	26,548,685	31,316,388
City of North Las Vegas	15,668,200	28,496,396	44,167,000
Total Connection Charge Collections	\$ 121,359,088	\$ 188,454,011	\$ 177,493,165
Less net adjustment to Pending Regional Connection Charge Refund <sup>2/</sup>	(1,797,880)		
Adjusted Connection Charge Collections	\$ 119,561,208	\$ 188,454,011	\$ 177,493,165
Average Effective Rate per Blended Equivalent <sup>3/</sup>	\$ 4,247	\$ 4,096	\$ 4,000

	Fiscal Year Ended June 30		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Las Vegas Valley Water District	\$ 95,990,657	\$ 77,608,024	\$ 66,715,946
City of Henderson	23,469,506	15,200,051	15,748,870
City of North Las Vegas	34,533,890	25,729,296	12,661,623
Total Connection Charge Collections	\$ 153,994,053	\$ 118,537,371	\$ 95,126,439
Average Effective Rate per Blended Equivalent <sup>3/</sup>	\$ 3,556	\$ 3,516	\$ 3,487

1/ 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 16 to the Basic Financial Statements.

2/ Beginning in fiscal 2007 annual net cash collections of connection charges were modified by a loss contingency. The adjusted amount corresponds with the capital contributions section of the financial statements (Note 16).

3/ 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. Effective rate is based on rate charged to end customer and does not include pending regional connection charge refund alteration.

**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,						
		2011	2010	2009		2008		
		July 10 to <u>Jun 11</u>	July 09 to <u>Jun 10</u>	Nov 08 to <u>Jun 09</u>	Jul 08 to <u>Oct 08</u>	May 08 to <u>Jun 08</u>	Nov 07 to <u>Apr 08</u>	Jul 07 to <u>Oct 07</u>
Residential - 8 or fewer units per acre								
5/8"	\$ 4,870	\$ 4,870	\$ 4,870	\$ 4,710	\$ 4,710	\$ 4,560	\$ 4,410	\$ 4,410
3/4"	4,870	4,870	4,870	4,710	4,710	4,560	4,410	4,410
1"	9,610	9,610	9,610	9,300	9,300	9,000	8,710	8,710
1 1/2"	19,170	19,170	19,170	18,560	18,560	17,970	17,400	17,400
2"	30,680	30,680	30,680	29,700	29,700	28,750	27,830	27,830
Residential - more than 8 units per acre Per Dwelling Unit								
Individually Metered	\$ 3,400	\$ 3,400	\$ 3,400	\$ 3,210	\$ 3,210	\$ 3,030	\$ 2,860	\$ 2,860
Master Metered	3,400	3,400	3,400	3,210	3,210	3,030	2,860	2,860
Non Residential excluding hotels, motels, golf courses and laundries								
5/8"	\$ 4,870	\$ 4,870	\$ 4,870	\$ 4,710	\$ 4,710	\$ 4,560	\$ 4,410	\$ 4,410
3/4"	4,870	4,870	4,870	4,710	4,710	4,560	4,410	4,410
1"	9,610	9,610	9,610	9,300	9,300	9,000	8,710	8,710
1 1/2"	19,170	19,170	19,170	18,560	18,560	17,970	17,400	17,400
2"	64,260	64,260	64,260	60,060	60,060	56,130	52,460	52,460
3"	237,900	237,900	237,900	216,610	216,610	197,220	179,570	179,570
4"	353,100	353,100	353,100	326,310	326,310	301,550	278,670	278,670
6" and larger, per thousand gallons estimated annual use	\$ 29.20	\$ 29.20	\$ 29.20	\$ 26.50	\$ 26.50	\$ 24.00	\$ 21.80	\$ 21.80
Hotels / Motels								
Per Room	\$ 2,780	\$ 2,780	\$ 2,780	\$ 2,690	\$ 2,690	\$ 2,600	\$ 2,520	\$ 2,520
Golf Courses								
Per Irrigated Acre	\$ 45,640	\$ 45,640	\$ 45,640	\$ 43,870	\$ 43,870	\$ 42,170	\$ 40,530	\$ 40,530
RV Parks								
Per Space	\$ 1,380	\$ 1,380	\$ 1,380	\$ 1,340	\$ 1,340	\$ 1,300	\$ 1,260	\$ 1,260
Industrial Laundries								
5/8"	\$ 76,800	\$ 76,800	\$ 76,800	\$ 74,350	\$ 74,350	\$ 71,970	\$ 69,670	\$ 69,670
3/4"	76,800	76,800	76,800	74,350	74,350	71,970	69,670	69,670
1"	151,460	151,460	151,460	146,620	146,620	141,940	137,410	137,410
1 1/2"	302,950	302,950	302,950	293,270	293,270	283,900	274,830	274,830
2"	484,700	484,700	484,700	469,220	469,220	454,230	439,720	439,720
3"	969,400	969,400	969,400	938,430	938,430	908,450	879,430	879,430
4"	1,514,690	1,514,690	1,514,690	1,466,300	1,466,300	1,419,460	1,374,110	1,374,110
6"	3,029,360	3,029,360	3,029,360	2,932,580	2,932,580	2,838,900	2,748,210	2,748,210
8"	4,846,980	4,846,980	4,846,980	4,692,140	4,692,140	4,542,250	4,397,140	4,397,140
10"	6,967,540	6,967,540	6,967,540	6,744,960	6,744,960	6,529,490	6,320,900	6,320,900

*Continued on next page*

**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,						
		2007			2006			2005
		May 07 to <u>Jun 07</u>	Nov 06 to <u>Apr 07</u>	Jul 06 to <u>Oct 06</u>	May 06 to <u>Jun 06</u>	Nov 05 to <u>Apr 06</u>	Jul 05 to <u>Oct 05</u>	Jul 04 to <u>Jun 05</u>
Residential - 8 or fewer units per acre								
	5/8"	\$ 4,410	\$ 4,270	\$ 4,130	\$ 4,130	\$ 4,000	\$ 3,560	\$ 3,560
	3/4"	4,410	4,270	4,130	4,130	4,000	3,560	3,560
	1"	8,710	8,430	8,160	8,160	7,900	7,030	7,030
	1 1/2"	17,400	16,840	16,300	16,300	15,780	14,040	14,040
	2"	27,830	26,940	26,080	26,080	25,250	22,470	22,470
Residential - more than 8 units per acre Per Dwelling Unit								
	Individually Metered	\$ 2,860	\$ 2,700	\$ 2,550	\$ 2,550	\$ 2,400	\$ 2,136	\$ 2,136
	Master Metered	2,860	2,700	2,550	2,550	2,400	2,136	2,136
Non Residential excluding hotels, motels, golf courses and laundries								
	5/8"	\$ 4,410	\$ 4,270	\$ 4,130	\$ 4,130	\$ 4,000	\$ 3,560	\$ 3,560
	3/4"	4,410	4,270	4,130	4,130	4,000	3,560	3,560
	1"	8,710	8,430	8,160	8,160	7,900	7,030	7,030
	1 1/2"	17,400	16,840	16,300	16,300	15,780	14,040	14,040
	2"	52,460	49,030	45,820	45,820	42,820	38,110	38,110
	3"	179,570	163,500	148,780	148,780	135,550	120,640	120,640
	4"	278,670	257,530	237,990	237,990	219,930	195,740	195,740
	6" and larger, per thousand gallons estimated annual use	\$ 21.80	\$ 19.80	\$ 18.00	\$ 18.00	\$ 16.30	\$ 14.48	\$ 14.48
Hotels / Motels								
	Per Room	\$ 2,520	\$ 2,440	\$ 2,360	\$ 2,360	\$ 2,280	\$ 2,029	\$ 2,029
Golf Courses								
	Per Irrigated Acre	\$ 40,530	\$ 38,960	\$ 37,450	\$ 37,450	\$ 36,000	\$ 32,040	\$ 32,040
RV Parks								
	Per Space	\$ 1,260	\$ 1,220	\$ 1,180	\$ 1,180	\$ 1,140	\$ 1,015	\$ 1,015
Industrial Laundries								
	5/8"	\$ 69,670	\$ 67,440	\$ 65,290	\$ 65,290	\$ 63,200	\$ 56,250	\$ 56,250
	3/4"	69,670	67,440	65,290	65,290	63,200	56,250	56,250
	1"	137,410	133,020	128,770	128,770	124,660	110,950	110,950
	1 1/2"	274,830	266,050	257,550	257,550	249,320	221,890	221,890
	2"	439,720	425,670	412,070	412,070	398,910	355,030	355,030
	3"	879,430	851,340	824,140	824,140	797,810	710,050	710,050
	4"	1,374,110	1,330,210	1,287,720	1,287,720	1,246,580	1,109,450	1,109,450
	6"	2,748,210	2,660,420	2,575,430	2,575,430	2,493,160	2,218,900	2,218,900
	8"	4,397,140	4,256,670	4,120,690	4,120,690	3,989,050	3,550,240	3,550,240
	10"	6,320,900	6,118,970	5,923,490	5,923,490	5,734,260	5,103,470	5,103,470

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

Page 3 of 3

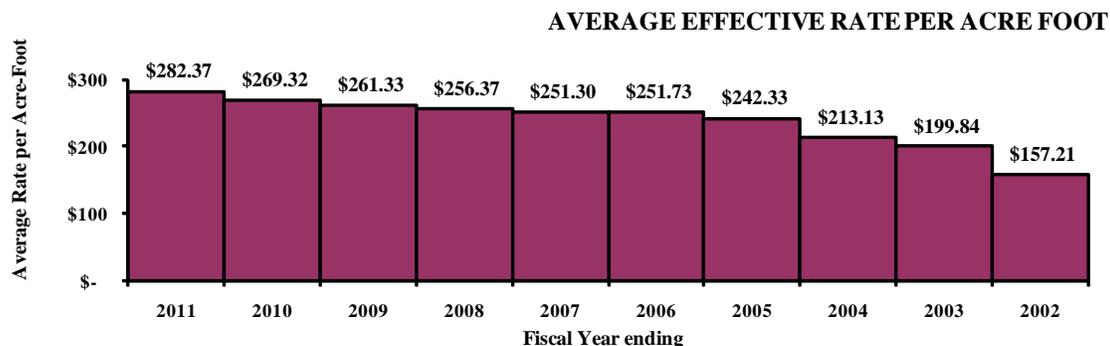
	Fiscal year ended June 30,					
	2004		2003		2002	
	Feb 04 to Jun 04	Jul 03 to Jan 04	Feb 03 to Jun 03	Jul 02 to Jan 03	Feb 02 to Jun 02	Jul 01 to Jan 02
<b>Residential - 8 or fewer units per acre</b>						
5/8"	\$ 3,560	\$ 3,520	\$ 3,520	\$ 3,490	\$ 3,490	\$ 3,460
3/4"	3,560	3,520	3,520	3,490	3,490	3,460
1"	7,030	6,960	6,960	6,890	6,890	6,820
1 1/2"	14,040	13,900	13,900	13,760	13,760	13,620
2"	22,470	22,250	22,250	22,030	22,030	21,810
<b>Residential - more than 8 units per acre</b>						
<b>Per Dwelling Unit</b>						
Individually Metered	\$ 2,136	\$ 2,112	\$ 2,112	\$ 2,094	\$ 2,094	\$ 2,076
Master Metered	2,136	1,924	1,924	1,712	1,712	1,500
<b>Non Residential excluding hotels, motels, golf courses and laundries</b>						
5/8"	\$ 3,560	\$ 3,520	\$ 3,520	\$ 3,490	\$ 3,490	\$ 3,460
3/4"	3,560	3,520	3,520	3,490	3,490	3,460
1"	7,030	6,960	6,960	6,890	6,890	6,820
1 1/2"	14,040	13,900	13,900	13,760	13,760	13,620
2"	38,110	34,760	34,760	31,420	31,420	28,070
3"	120,640	105,070	105,070	89,490	89,490	73,920
4"	195,740	169,960	169,960	144,170	144,170	118,390
6" and larger, per thousand gallons estimated annual use	\$ 14.48	\$ 12.22	\$ 12.22	\$ 9.96	\$ 9.96	\$ 7.71
<b>Hotels / Motels</b>						
Per Room	\$ 2,029	\$ 1,671	\$ 1,671	\$ 1,313	\$ 1,313	\$ 954
<b>Golf Courses</b>						
Per Irrigated Acre	\$ 32,040	\$ 25,886	\$ 25,886	\$ 19,732	\$ 19,732	\$ 13,577
<b>RV Parks</b>						
Per Space	\$ 1,015	\$ 836	\$ 836	\$ 657	\$ 657	\$ 477
<b>Industrial Laundries</b>						
5/8"	\$ 56,250	\$ 45,680	\$ 45,680	\$ 35,110	\$ 35,110	\$ 24,540
3/4"	56,250	45,680	45,680	35,110	35,110	24,540
1"	110,950	90,100	90,100	69,240	69,240	48,390
1 1/2"	221,890	180,190	180,190	138,480	138,480	96,780
2"	355,030	288,300	288,300	221,570	221,570	154,840
3"	710,050	576,590	576,590	443,140	443,140	309,680
4"	1,109,450	900,920	900,920	692,400	692,400	483,870
6"	2,218,900	1,801,850	1,801,850	1,384,800	1,384,800	967,750
8"	3,550,240	2,882,960	2,882,960	2,215,680	2,215,680	1,548,400
10"	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)**  
**Wholesale Delivery Charge**  
**Revenue Base / Principal Revenue Payers**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Las Vegas Valley Water District	\$ 83,958,256	\$ 76,424,086	\$ 79,085,752	\$ 84,407,754	\$ 86,738,398
City of Henderson	18,186,274	17,034,887	16,928,183	17,192,550	17,574,018
City of North Las Vegas	14,222,462	13,581,423	13,442,152	13,874,638	13,969,835
City of Boulder City	2,779,302	2,706,123	2,675,996	2,727,909	2,621,610
Nellis Air Force Base	311,117	350,850	419,890	580,131	545,951
<b>Total Wholesale Delivery Charge Collections</b>	<b>\$ 119,457,411</b>	<b>\$ 110,097,368</b>	<b>\$ 112,551,974</b>	<b>\$ 118,782,982</b>	<b>\$ 121,449,812</b>
<b>Average Effective Rate per Acre-Foot</b>	<b>\$ 282.37</b>	<b>\$ 269.32</b>	<b>\$ 261.33</b>	<b>\$ 256.37</b>	<b>\$ 251.30</b>

	Fiscal Year Ended June 30				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Las Vegas Valley Water District	\$ 82,658,798	\$ 72,173,474	\$ 71,241,372	\$ 62,889,394	\$ 63,093,410
City of Henderson	16,745,595	15,143,461	13,484,000	13,301,307	12,594,062
City of North Las Vegas	13,147,489	10,472,255	9,713,658	8,615,827	7,863,627
City of Boulder City	2,540,316	2,282,861	2,374,060	2,513,776	2,380,388
Nellis Air Force Base	439,844	388,506	349,356	454,083	344,740
<b>Total Wholesale Delivery Charge Collections</b>	<b>\$ 115,532,042</b>	<b>\$ 100,460,557</b>	<b>\$ 97,162,446</b>	<b>\$ 87,774,387</b>	<b>\$ 86,276,227</b>
<b>Average Effective Rate per Acre-Foot</b>	<b>\$ 251.73</b>	<b>\$ 242.33</b>	<b>\$ 213.13</b>	<b>\$ 199.84</b>	<b>\$ 157.21</b>

May be off slightly due to rounding



**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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Charge per					
Acre-Foot*	\$ 283.00	\$ 270.00	\$ 262.00	\$ 257.00	\$ 252.00

	Fiscal Year Ended June 30				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Charge per					
Acre-Foot*	\$ 252.00	\$ 243.00	\$ 215.00	\$ 200.00	\$ 200.00

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\* 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<sup>(1)</sup>**  
**Last Ten Fiscal Years**

In Million Dollars

Fiscal Year Ended June 30	General Obligation	Notes Payable/ Repayment	Commercial Paper	Less: Assets Restricted for Principal Repayment	Total Debt <sup>(2)</sup>
2011	\$2,693.1	\$12.7	\$400.0	\$0.0	\$3,105.8
2010	2,706.6	13.8	400.0	-85.8	3,034.6
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

Fiscal Year Ended June 30	Total Debt as Percent of Annual Applied Revenues <sup>(3)</sup>	Annual Debt Service as Percent of Annual Applied Revenues <sup>(4)</sup>	Debt as a Percent of Personal Income <sup>(5)</sup>	Debt per Capita In Dollars <sup>(6)</sup>
2011	1500.6%	75.0%	4.2%	\$1,603
2010	1691.3%	90.8%	3.7%	1,488
2009	1256.1%	83.0%	3.2%	1,280
2008	891.6%	62.0%	2.9%	1,114
2007	720.9%	45.9%	3.1%	1,137
2006	514.9%	37.8%	2.8%	1,003
2005	551.3%	37.1%	2.9%	1,026
2004	581.9%	39.3%	3.4%	1,014
2003	666.1%	35.1%	3.5%	1,028
2002	666.7%	40.9%	3.3%	955

(1) Details of the Southern Nevada Water Authority's (SNWA) outstanding debt can be found in the Note 14 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. Regional connection charges are adjusted by a refund contingency for fiscal year 2008 and forward. 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 3-18 for personal income data.

(6) Total debt divided by total Clark County per capita income. Please see page 3-18 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,		
	2011	2010	2009
<b>Sources of Funds</b>			
Wholesale Delivery Charge	\$ 119,457,411	\$ 110,097,368	\$ 112,551,974
Regional Connection Charge <sup>1/</sup>	6,602,728	5,309,547	26,789,155
Regional Water Charges	37,335,440	22,538,155	18,791,878
Sales Tax	43,577,390	41,833,183	46,333,942
Groundwater Program Fees	894,502	872,104	2,047,626
Las Vegas Wash Program Fees	397,408	698,274	690,000
Interest Income & Capitalized Int	1,375,082	1,789,048	13,607,423
Other Revenues <sup>2/</sup>	3,590,639	4,652,559	3,104,737
<b>Total Sources of Funds</b>	<b>213,230,600</b>	<b>187,790,238</b>	<b>223,916,735</b>
<b>Uses of Funds</b>			
Electric Power	36,013,713	39,656,635	40,184,442
Personnel & Related	42,491,203	37,948,022	39,671,513
Operating Capital & Expenses	33,994,589	42,787,223	73,498,943
PA YG Capital Expenses <sup>3/</sup>			
Interfund Bridge to Bond Fund <sup>4/</sup>			(110,214,078)
<b>Total Uses of Funds</b>	<b>112,499,505</b>	<b>120,391,880</b>	<b>43,140,820</b>
<b>Add Beginning Unrestricted Funds <sup>5/</sup></b>	<b>366,951,904</b>	<b>442,315,079</b>	<b>423,601,762</b>
Net Available for Debt Service	467,682,999	509,713,437	604,377,677
Total Existing Obligations			
Annual Debt Service <sup>6/</sup>	155,206,052	162,911,866	169,717,981
<b>Debt Service Coverage Ratio</b>	<b>3.01</b>	<b>3.13</b>	<b>3.56</b>

*Continued on next page*

1/ Prior to fiscal 2007, connection charges reflected the net cash received from this revenue source. Amounts for years after fiscal 2006 have been modified with a refund contingency.

2/ Includes receipts from the Southern Nevada Public Lands Management Act (SNPLMA), raw water facilities charge and minor billings purveyor members (Big Bend, City of Las Vegas and Clark County Reclamation District).

3/ In 2008, SNWA ceased pay-as-you-go for the foreseeable future.

4/ Occasionally during the process of issuing new money bonds, the bond fund will become depleted before the new issue is finalized. Unrestricted funds can be used from 60 days prior to Board approval of bond resolution to the date of bond proceeds receipt. At that time the unrestricted funds are reimbursed from the bond proceeds.

5/ Unrestricted funds include unrestricted cash and investments as shown on the Comprehensive Annual Financial Report and sales tax proceeds on hand regardless of classification.

6/ Includes the interest amounts paid on the 2004 Commercial Paper Notes. Net of the BAB Credit received with respect to the 2009A Bonds and 2009C Bonds.

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

Page 2 of 3

	Fiscal Year Ended June 30,		
	2008	2007	2006
<b>Sources of Funds</b>			
Wholesale Delivery Charge	\$ 118,782,982	\$ 121,449,812	\$ 115,532,042
Regional Connection Charge <sup>1/</sup>	57,318,104	119,561,208	188,454,011
Regional Water Charges	18,777,117	18,829,058	14,213,843
Sales Tax	53,315,770	55,060,027	54,158,795
Groundwater Program Fees	1,976,911	1,953,768	1,952,143
Las Vegas Wash Program Fees	1,196,028	842,700	1,074,374
Interest Income & Capitalized Int	30,676,718	41,088,297	13,474,740
Other Revenues <sup>2/</sup>	5,843,187	41,594,501	137,335,841
<b>Total Sources of Funds</b>	<b>287,886,817</b>	<b>400,379,371</b>	<b>526,195,789</b>
<b>Uses of Funds</b>			
Electric Power	35,233,331	47,268,452	56,584,777
Personnel & Related	37,430,481	33,754,022	32,131,870
Operating Capital & Expenses	63,839,825	43,170,486	38,966,643
PA YG Capital Expenses <sup>3/</sup>		144,242,303	209,332,517
Interfund Bridge to Bond Fund <sup>4/</sup>	110,214,078		
<b>Total Uses of Funds</b>	<b>246,717,715</b>	<b>268,435,263</b>	<b>337,015,807</b>
<b>Add Beginning Unrestricted Funds <sup>5/</sup></b>	<b>505,592,327</b>	<b>491,405,174</b>	<b>430,008,393</b>
Net Available for Debt Service	546,761,429	623,349,282	619,188,375
Total Existing Obligations			
Annual Debt Service <sup>6/</sup>	153,769,711	144,484,915	140,855,868
<b>Debt Service Coverage Ratio</b>	<b>3.56</b>	<b>4.31</b>	<b>4.40</b>

*Continued on next page*

1/ Prior to fiscal 2007, connection charges reflected the net cash received from this revenue source. Amounts for years after fiscal 2006 have been modified with a refund contingency.

2/ Includes receipts from the Southern Nevada Public Lands Management Act (SNPLMA), raw water facilities charge and minor billings purveyor members (Big Bend, City of Las Vegas and Clark County Reclamation District).

3/ In 2008, SNWA ceased pay-as-you-go for the foreseeable future.

4/ Occasionally during the process of issuing new money bonds, the bond fund will become depleted before the new issue is finalized. Unrestricted funds can be used from 60 days prior to Board approval of bond resolution to the date of bond proceeds receipt. At that time the unrestricted funds are reimbursed from the bond proceeds.

5/ Unrestricted funds include unrestricted cash and investments as shown on the Comprehensive Annual Financial Report and sales tax proceeds on hand regardless of classification.

6/ Includes the interest amounts paid on the 2004 Commercial Paper Notes. Net of the BAB Credit received in fiscal year 2010 with respect to the 2009A Bonds and 2009C Bonds.

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

Page 3 of 3

	Fiscal Year Ended June 30,			
	2005	2004	2003	2002
<b>Sources of Funds</b>				
Wholesale Delivery Charge	\$ 100,460,557	\$ 97,162,446	\$ 87,774,387	\$ 86,276,227
Regional Connection Charge <sup>1/</sup>	177,493,765	154,146,853	118,537,370	95,126,439
Regional Water Charges	10,101,548	10,139,199	10,152,104	10,242,954
Sales Tax	49,945,593	42,835,002	36,899,502	34,319,533
Groundwater Program Fees	2,039,010	2,114,246	2,037,737	2,050,476
Las Vegas Wash Program Fees	1,071,600	1,037,400	966,000	753,000
Interest Income & Capitalized Int	19,548,835	9,613,713	8,861,989	15,169,429
Other Revenues <sup>2/</sup>	69,010,167	35,928,848	23,351,048	7,819,084
Total Sources of Funds	<u>429,671,075</u>	<u>352,977,707</u>	<u>288,580,137</u>	<u>251,757,142</u>
<b>Uses of Funds</b>				
Electric Power	54,461,787	55,632,005	60,862,783	49,116,179
Personnel & Related	29,082,767	26,536,039	23,782,689	21,027,884
Operating Capital & Expenses	51,321,569	42,265,915	26,372,829	20,485,918
PA YG Capital Expenses <sup>3/</sup>	74,245,090	116,092,079	58,887,374	
Interfund Bridge to Bond Fund <sup>4/</sup>				
Total Uses of Funds	<u>209,111,213</u>	<u>240,526,038</u>	<u>169,905,675</u>	<u>90,629,981</u>
Add Beginning Unrestricted Funds <sup>5/</sup>	<u>328,473,490</u>	<u>345,377,567</u>	<u>322,342,315</u>	<u>253,577,469</u>
Net Available for Debt Service	549,033,352	457,829,236	441,016,777	414,704,630
Total Existing Obligations				
Annual Debt Service <sup>6/</sup>	125,502,473	119,659,294	89,035,517	92,473,619
<b>Debt Service Coverage Ratio</b>	4.37	3.83	4.95	4.48

1/ Prior to fiscal 2007, connection charges reflected the net cash received from this revenue source. Amounts for years after fiscal 2006 have been modified with a refund contingency.

2/ Includes receipts from the Southern Nevada Public Lands Management Act (SNPLMA), raw water facilities charge and minor billings purveyor members (Big Bend, City of Las Vegas and Clark County Reclamation District).

3/ In 2008, SNWA ceased pay-as-you-go for the foreseeable future.

4/ Occasionally during the process of issuing new money bonds, the bond fund will become depleted before the new issue is finalized. Unrestricted funds can be used from 60 days prior to Board approval of bond resolution to the date of bond proceeds receipt. At that time the unrestricted funds are reimbursed from the bond proceeds.

5/ Unrestricted funds include unrestricted cash and investments as shown on the Comprehensive Annual Financial Report and sales tax proceeds on hand regardless of classification.

6/ Includes the interest amounts paid on the 2004 Commercial Paper Notes. Net of the BAB Credit received in fiscal year 2010 with respect to the 2009A Bonds and 2009C Bonds.

**Southern Nevada Water Authority  
Enterprise Fund (Unaudited)  
Demographic Statistics  
Clark County, Nevada  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Clark County Personal Income In Million \$ (3)</u>	<u>Median Household Income (4)</u>
2011	1,937,610	37,862	73,361.8	52,220
2010	1,951,269	37,282	72,747.2	51,420
2009	2,006,347	36,711	73,655.0	50,633
2008	1,986,145	39,249	77,954.2	54,133
2007	1,996,542	39,725	79,312.6	53,319
2006	1,912,654	38,734	74,084.7	50,473
2005	1,815,700	37,558	68,194.1	49,565
2004	1,747,025	34,287	59,900.2	45,793
2003	1,641,529	31,819	52,231.8	43,756
2002	1,578,332	30,451	48,061.8	42,243

<u>Fiscal Year</u>	<u>School Enrollment (5)</u>	<u>Total Labor Force Thousands (6)</u>	<u>Unemployment Rate (6)</u>
2011	309,893	942.5	13.8%
2010	309,476	970.7	15.3%
2009	311,240	974.5	13.0%
2008	308,783	960.7	6.3%
2007	302,763	933.5	4.6%
2006	291,510	910.0	4.4%
2005	280,275	915.4	4.3%
2004	269,960	870.6	4.7%
2003	252,775	875.7	4.3%
2002	246,151	834.2	4.8%

(1) Source -- Center for Business and Economic Research, University of Nevada, Las Vegas , 2011 trended

(2) Source -- U.S. Bureau of Economic Analysis, CA1-3 per capita personal income, Clark County, Nevada, 2010 and 2011 trended.

(3) Calculated -- Population times per capita income

(4) Source -- 2001 - 2005, Nevada Workforce Informer. 2006 - 2008, U S Bureau of Economic Analysis, Regional Quarterly Report January 2010. 2009 through 2011 are based on average capita per household.

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

(6) Source -- State of Nevada -- Department of Employment, Training and Rehabilitation (DETR), Clark County. In years where the DETR had conflicting information, the more conservative number was used.

**Southern Nevada Water Authority  
Enterprise Fund (Unaudited)  
Secured Tax Roll  
Clark County, Nevada  
2011 - 2012**

<u>Taxpayer</u>	<u>Taxable Assessed</u>	<u>Taxable Appraised</u>
1. MGM Resorts International	\$ 2,790,137,001	\$ 7,971,820,003
2. NV Energy	1,505,061,444	4,300,175,554
3. Caesars Entertainment Corporation	1,443,439,401	4,124,112,574
4. Las Vegas Sands Corporation	728,023,358	2,080,066,737
5. Wynn Resorts Limited	516,377,316	1,475,363,760
6. Station Casinos Incorporated	408,817,764	1,168,050,754
7. Boyd Gaming Corporation	395,089,947	1,128,828,420
8. General Growth Properties Incorporated	336,964,414	962,755,469
9. Universal Health Services Incorporated	172,069,925	491,628,357
10. Southwest Gas Corporation	148,102,015	423,148,614
 Total 2011 - 2012	 <u>\$ 8,444,082,585</u>	 <u>\$ 24,125,950,242</u>

SOURCE: Clark County, Nevada, assessor's office

\* Most recent data available

**Southern Nevada Water Authority**  
**Enterprise Fund**  
**Top Ten Employers** <sup>(1)(2)</sup>  
**Clark County, Nevada**  
**Fiscal Year Ended June, 2010 and Fiscal Year Ended June, 2001**

Employer Trade Name	FY 2010			FY 2001 <sup>(3)</sup>		
	Employees	Ranking	(4)	Employees	Ranking	(4)
Clark County School District	30000 to 39999	1	3.61%	20000 to 29999	1	3.30%
Clark County	8000 to 8499	2	0.85%	8000 to 8499	4	1.09%
Wynn Las Vegas	8000 to 8499	3	0.85%			
Bellagio LLC	7500 to 7999	4	0.80%	8500 to 8999	2	1.15%
MGM Grand Hotel and Casino	7500 to 7999	5	0.80%	8000 to 8499	3	1.09%
Aria Resort and Casino LLC	7000 to 7499	6	0.75%			
Mandalay Bay Resort and Casino	6000 to 6499	7	0.64%	5500 to 5999	9	0.76%
Las Vegas Metropolitan Police	5500 to 5999	8	0.59%			
University Of Nevada-Las Vegas	5500 to 5999	9	0.59%	5500 to 5999	10	0.76%
Caesars Palace	5000 to 5499	10	0.54%			
Bally's & Paris Casino Hotels				7500 to 7999	5	1.02%
The Orleans Hotel & Casino				7500 to 7999	6	1.02%
Wal-Mart Stores, Inc.				6500 to 6999	7	0.89%
Mirage Casino-Hotel, The				6500 to 6999	8	0.89%
<i>Total Labor Force</i>	<i>970,653</i>			<i>757,908</i>		

(1) Source -- Nevada Workforce Informer, Nevada Employer Directory, GASB 44 report as of March, 2011. Most recent figures available. Trade names are as-described in the source document. No attempt has been made to trace corporate name changes if any.

(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)  
Building Permits Issued  
Clark County, Nevada  
Last Ten Calendar Years**

<b>Classification</b>	<b>Calendar Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Single Family Residential	2,132	1,930	2,451	5,859	9,765
Townhouses	6		11		
Condominiums	57	89	115	203	257
Duplex/Apartment Buildings	8	19	99	40	35
Hotels & Motels	5	3	38	61	33
Moblie Home Parks		3	1		
Guest Houses	31	28	46	105	76
Buildings	175	188	461	844	893
<b>Structures Subtotal <sup>1/</sup></b>	<b>2,414</b>	<b>2,260</b>	<b>3,222</b>	<b>7,112</b>	<b>11,059</b>
Other New Projects <sup>2/</sup>	3,552	3,836	4,872	6,823	8,022
Total Permits Issued for New Projects	5,966	6,096	8,094	13,935	19,081
Permits for Add-ons, Alterations, Repair & Completion	5,215	5,122	5,731	6,247	7,159
<b>Total Permits Issued</b>	<b>11,181</b>	<b>11,218</b>	<b>13,825</b>	<b>20,182</b>	<b>26,240</b>

<b>Classification</b>	<b>Calendar Year</b>				
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Single Family Residential	13,463	14,280	11,150	10,432	10,323
Townhouses		22	29	190	175
Condominiums	292	253	147	181	122
Duplex/Apartment Buildings	143	41	498	330	414
Hotels & Motels	23	69	33	41	24
Moblie Home Parks	3	2	1		4
Guest Houses	61	54	48	25	10
Buildings	1,050	858	865	700	672
<b>Structures Subtotal <sup>1/</sup></b>	<b>15,035</b>	<b>15,579</b>	<b>12,771</b>	<b>11,899</b>	<b>11,744</b>
Other New Projects <sup>2/</sup>	8,273	8,226	7,875	7,922	7,482
Total Permits Issued for New Projects	23,308	23,805	20,646	19,821	19,226
Permits for Add-ons, Alterations, Repair & Completion	7,415	7,071	6,852	6,810	6,118
<b>Total Permits Issued</b>	<b>30,723</b>	<b>30,876</b>	<b>27,498</b>	<b>26,631</b>	<b>25,344</b>

Source -- Clark County Development Services, Department of Building

<sup>1/</sup> Structures permits are important to SNWA as they translate into possible connection sales.

<sup>2/</sup> Examples include signs, pools, spas, garages, walls, fences, and grading permits.

**Southern Nevada Water Authority  
Enterprise Fund (Unaudited)**

**Full Time Equivalent Employees by Department / Function <sup>(1) (2)</sup>  
Last Ten Fiscal Years**

Department <sup>(3)</sup>	Function	Fiscal Year Ended June 30									
		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Southern Nevada Water Systems	Water Treatment and Transmission	195	189	194	184	178	178	161	154	151	148
SNWA Engineering	Planning / Constructing Infrastructure	72	66	67	62	58	53	44	36	34	27
SNWA Groundwater Resources	Procure New Water Sources	50	66	67	80.5	75.5					
SNWA Surface Water Resources	Acquiring / Managing River Water Resources	22	24	37	30	26					
SNWA Environmental Resources	Conservation/ Las Vegas Wash	58	46	34							
SNWA Energy Management	Acquiring/ Managing Energy	5	5	7	7	7					
SNWA Resources	Procure New Water Sources/ Manage Existing Water Sources/ Conservation						80.5	71.5	56 <sup>(5)</sup>	34	31

(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) Full time equivalent (FTE) numbers are estimates. FTEs can be determined by department through reports generated during the annual budget process. However the payroll system can not at the present time determine FTEs from actual expenses because of the sharing between LVVWD and SNWA as described in footnote (1). Amounts shown are estimates based on the average cost per FTE as shown in the budget divided by actual payroll cost for the indicated department.

(3) Departments are in a constant state of rearrangement and realignment to better support projects of the SNWA. Therefore fluctuations in FTE levels by department are seen from year to year.

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

	Calendar Year Ended December 31									
	<u>2010</u>	<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>
Southern Nevada										
Water Systems										
System Capacity in Million Gallons per Day	1,015.0	1,015.0	1,015.0	900.0	900.0	900.0	750.0	750.0	750.0	700.0
Water Billed in Million Gallons per Day										
Average Day	352.4	354.7	368.2	402.7	399.6	371.4	356.2	379.7	368.7	369.1
Maximum Day	540.1	544.9	531.0	582.0	596.0	603.0	607.0	563.0	573.0	536.0

SNWA Resources										
Conservation -- Per Capita Water Usage in Gallons Per Day	223	240	248	255	264	269	274	294	314	318

	Fiscal Year Ended June 30									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
SNWA Engineering										
Construction Contract Payments (Million Dollars)	\$155	\$194	\$232	\$371	\$148	\$145	\$153	\$164	\$169	\$236

SNWA Resources										
Lake Mead Level at Hoover Dam Elevation, in Feet	1,102	1,089	1,095	1,114	1,128	1,141	1,127	1,143	1,160	1,183

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

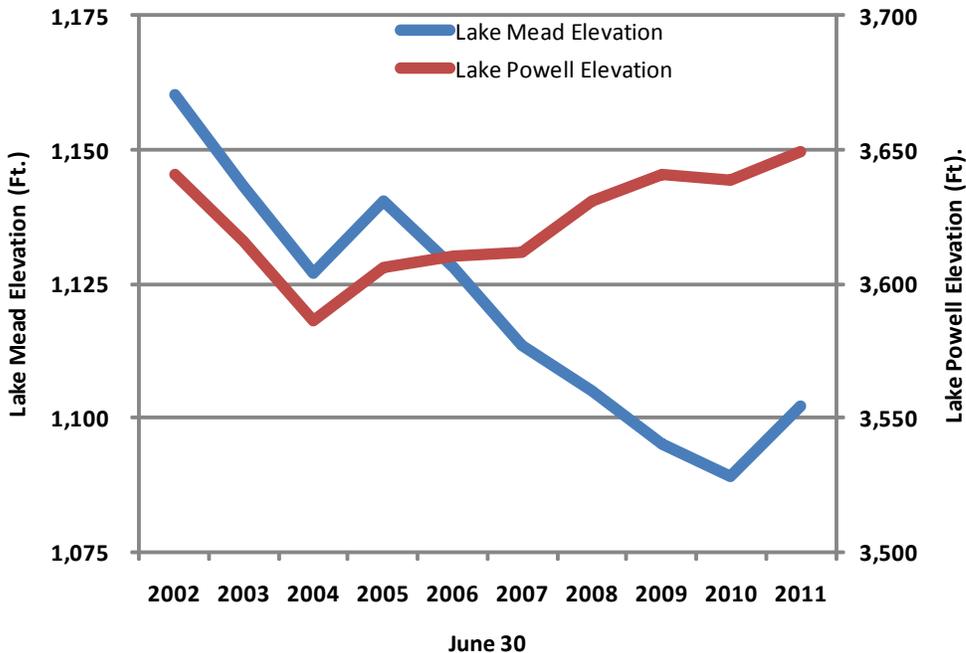
	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Miles of Pipeline	163	163	163	163	163
Ozone Treatment Capacity in Million Gallons per Day	1015	1015	1015	900	900
Ozone Treatment Facilities	3	3	3	2	2
Pumping Plants	31	31	31	28	30
Reservoirs & Forebays	44	44	42	38	28
Metering Stations	36	36	36	35	34
Rechlorination Facilities	11	11	11	9	9
Plant Facilities	3	3	3	2	2

	Fiscal Year Ended June 30				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Miles of Pipeline	163	163	155	141	136
Ozone Treatment Capacity in Million Gallons per Day	900	900	750	750	750
Ozone Treatment Facilities	2	2	2	2	2
Pumping Plants	30	30	27	25	26
Reservoirs & Forebays	28	28	27	27	27
Metering Stations	34	34	31	30	30
Rechlorination Facilities	9	9	12	9	12
Plant Facilities	2	2	2	2	2

**Southern Nevada Water Authority  
Enterprise Fund (Unaudited)  
Lake Elevations by Quarter  
Measured in Feet at Dam  
Last Ten Fiscal Years**

	<u>Lake Mead</u>	<u>Lake Powell</u>		<u>Lake Mead</u>	<u>Lake Powell</u>	
30-Sep-01	1,178.0	3,664.8		30-Sep-06	1,125.4	3,601.7
31-Dec-01	1,177.4	3,656.2		31-Dec-06	1,128.1	3,603.4
31-Mar-02	1,172.1	3,647.7		31-Mar-07	1,125.8	3,598.8
30-Jun-02	1,160.2	3,640.9		30-Jun-07	1,113.5	3,611.5
30-Sep-02	1,155.4	3,626.5		30-Sep-07	1,111.1	3,601.9
31-Dec-02	1,152.1	3,620.1		31-Dec-07	1,114.8	3,594.6
31-Mar-03	1,153.1	3,607.1		31-Mar-08	1,115.7	3,589.8
30-Jun-03	1,143.2	3,616.2		30-Jun-08	1,105.0	3,631.1
30-Sep-03	1,142.1	3,603.7		30-Sep-08	1,105.8	3,626.9
31-Dec-03	1,139.1	3,597.2		31-Dec-08	1,111.0	3,617.9
31-Mar-04	1,138.7	3,582.8		31-Mar-09	1,107.4	3,610.4
30-Jun-04	1,126.9	3,586.2		30-Jun-09	1,095.3	3,640.5
30-Sep-04	1,125.9	3,570.8		30-Sep-09	1,093.7	3,635.4
31-Dec-04	1,130.0	3,564.4		31-Dec-09	1,096.3	3,626.2
31-Mar-05	1,147.7	3,555.9		31-Mar-10	1,100.7	3,619.4
30-Jun-05	1,140.5	3,606.3		30-Jun-10	1,089.3	3,638.8
30-Sep-05	1,138.4	3,602.0		30-Sep-10	1,083.8	3,633.7
31-Dec-05	1,137.5	3,598.2		31-Dec-10	1,086.3	3,626.5
31-Mar-06	1,139.5	3,588.7		31-Mar-11	1,096.4	3,610.7
30-Jun-06	1,128.3	3,610.4		30-Jun-11	1,102.4	3,649.0

**COMPARISON OF MONTH END ELEVATIONS  
LAKE POWELL AND LAKE MEAD**



**Southern Nevada Water Authority**  
**Debt History (Unaudited)**  
as of June 30, 2011

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Issued By	Debt Name	Issue Date	Funds Used For	Original Amount \$	Refunded Amount \$	Refund Source	Principal Paid \$	Balance @ 6/30/2011(\$)
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 Replacement Contract # 1	Mar 1973	First stage of the federal facilities - transmission	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	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	

**Southern Nevada Water Authority**  
**Debt History (Unaudited)**  
as of June 30, 2011

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Issued By	Debt Name	Issue Date	Funds Used For	Original Amount \$	Refunded Amount \$	Refund Source	Principal Paid \$	Balance @ 6/30/2011(\$)
CRC	1990 Bonds	Aug 1990	Refund the 1978 C Bond 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 1978B, 1978B and 1990 Bonds	46,805,000	23,125,000	CRC 2003C Bonds	23,680,000	
CRC	1994 Bonds	Nov 1994	Refund the 1968 & 1978A bonds & begin construction on the SNWA CIP	170,380,000	141,610,000	CRC 1995 & 2005H Bonds	28,770,000	
LVVWD	SNWA Mar 1995 Bonds	Mar 1995	SNWA CIP Construction Fund	20,000,000	12,775,000	LVVWD 0498 & 2005B Bonds	7,225,000	
LVVWD	SNWA Jul 1995 Bonds	Jul 1995	SNWA CIP Construction Fund	30,000,000	15,675,000	LVVWD 0498 & 2005B Bonds	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 Bonds	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	
CRC	1997B Bonds	Sep 1997	Partially refund the CRC 1992 Bonds	5,545,000	2,310,000	CRC 2010B	3,235,000	
LVVWD	SNWA Commercial Paper	Jan 1998	SNWA CIP Construction Fund	250,000,000	250,000,000	LVVWD 0103 Bonds		

**Southern Nevada Water Authority**  
**Debt History (Unaudited)**  
as of June 30, 2011

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Issued By	Debt Name	Issue Date	Funds Used For	Original Amount \$	Refunded Amount \$	Refund Source	Principal Paid \$	Balance @ 6/30/2011(\$)
LVVWD	SNWA Apr 1998 Bonds	Apr 1998	Partially refund the LVVWD 0395, 0795, & 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	3,435,000	
SNWA	State Drinking Water Revolving Fund Loan #1	Dec 1999	SNWA CIP Construction Fund	12,269,695			5,660,404	6,609,291
SNWA	SNWA 0700 Bonds Clark Co. Bond Bank	Jul 2000	SNWA CIP Construction Fund	200,000,000	175,105,000	SNWA 2006 & SNWA 2009 Refunding	24,895,000	
SNWA	SNWA 0601 Bonds Clark Co Bond Bank	Jun 2001	SNWA CIP Construction Fund Repay Federal Contracts	250,000,000	184,710,000	SNWA 2006, 1106 & 2009 Refundings	27,905,000	37,385,000
SNWA	State Drinking Water Revolving Fund Loan #2	Jun 2001	SNWA CIP Construction Fund	10,000,000			3,907,637	6,092,363
SNWA	SNWA 1102 Bonds Clark Co Bond Bank	Nov 2002	SNWA CIP Construction Fund	200,000,000	111,060,000	SNWA 1106 & 2009 Refundings	19,210,000	69,730,000
LVVWD	SNWA Comemrcial Paper Pay Off	Jan 2003	Refund Jan 1998 LVVWD Commercial Paper Program	250,000,000	23,385,000	SNWA 2009D	37,735,000	188,880,000
CRC	2003C Bonds	Sep 2003	Partially Refund CRC 1993 Bonds	21,515,000	455,000	CRC 2010B	21,060,000	
LVVWD	SNWA Comemrcial Paper	Mar 2004	SNWA CIP Construction Fund & Silverhawk Purchase	400,000,000				400,000,000

**Southern Nevada Water Authority**  
**Debt History (Unaudited)**  
as of June 30, 2011

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Issued By	Debt Name	Issue Date	Funds Used For	Original Amount \$	Refunded Amount \$	Refund Source	Principal Paid \$	Balance @ 6/30/2011(\$)
LVVWD	2005B Refunding Bonds	May 2005	Partially Refund LVVWD 0395, 0795, and 0796 Bonds	27,925,000			27,925,000	
SNWA	2005F Refunding Bonds	May 2005	Partially Refund SNWA 0798 Bonds	249,365,000			23,510,000	225,855,000
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 & 1999A Bonds	65,300,000			4,970,000	60,330,000
SNWA	2006 Refunding Bonds	May 2006	Partially Refund SNWA 0700 & SNWA 0601 Bonds	242,880,000			7,115,000	235,765,000
CRC	2006D Refunding Bonds	July 2006	Refund CRC 1995 Bonds	111,840,000	4,495,000	CRC 2010B	19,775,000	87,570,000
SNWA	1106 New Money & Refunding Bond	Nov 2006	SNWA CIP Construction Fund & Partial Refund of SNWA 0601 & 1102 Bonds	604,140,000	3,680,000	SNWA 2009 Refunding	10,445,000	590,015,000
LVVWD	2008B Refunding Bonds	Feb 2008	Refund LVVWD April 1998 Bond	171,720,000	51,930,000	LVVWD 2011A Refunding	3,455,000	116,335,000
SNWA	2008 New Money Bonds	July 2008	SNWA CIP Construction Fund	400,000,000	14,040,000	SNWA 2009 Refunding		385,960,000
SNWA	2008 Clean Renewable Energy Bonds	July 2008	SNWA CIP Construction Fund	6,900,000			1,380,000	5,520,000

**Southern Nevada Water Authority**  
**Debt History (Unaudited)**  
as of June 30, 2011

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Issued By	Debt Name	Issue Date	Funds Used For	Original Amount \$	Refunded Amount \$	Refund Source	Principal Paid \$	Balance @ 6/30/2011(\$)
LVVWD	2009A Build America Bonds	Aug 2009	SNWA CIP Construction Fund	90,000,000				90,000,000
LVVWD	2009B New Money Bonds	Aug 2009	SNWA CIP Construction Fund (Capitalized Interest)	10,000,000				10,000,000
SNWA	2009 Refunding	Nov 2009	Partial refund of SNWA 0700, SNWA 0601, SNWA 1102, SNWA 1106, SNWA 2008 Bonds	50,000,000				50,000,000
SNWA	2009 Water Revenue Bonds	Dec 2009	SNWA CIP Construction Fund (\$2.75 million max -- funding to be requested as needed)	2,750,000				2,750,000
LVVWD	2009C Build America Bonds	Dec 2009	SNWA CIP Construction Fund	348,115,000				348,115,000
LVVWD	2009D New Money & Refunding Bonds	Dec 2009	Capitalized Interest & Partial refund of LVVWD Commercial Paper Payoff (Jan 03)	71,965,000				71,965,000
CRC	2010B Refunding Bonds	June 2010	Refund CRC1997B & Partial refund of CRC 2003C & 2006D Bonds	7,405,000				7,405,000
LVVWD	2011A Refunding Bonds	May 2011	Partial Refund LVVWD 2008B Bonds	58,110,000				58,110,000
				5,570,608,390	2,029,059,279		434,187,457	3,107,361,654

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

Fiscal Year	SNWA 0798 Bonds			SRF Loan Dec 1999		
	Principal	Interest	Total	Principal	Interest	Total
2012		\$ 1,067,500	\$ 1,067,500	\$ 633,736	\$ 232,927	\$ 866,663
2013		1,067,500	1,067,500	656,820	209,843	866,663
2014		1,067,500	1,067,500	680,745	185,918	866,663
2015		1,067,500	1,067,500	705,542	161,121	866,663
2016		1,067,500	1,067,500	731,242	135,421	866,663
2017		1,067,500	1,067,500	757,878	108,785	866,663
2018		1,067,500	1,067,500	785,484	81,179	866,663
2019		1,067,500	1,067,500	814,096	52,567	866,663
2020		1,067,500	1,067,500	843,750	22,913	866,663
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						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 21,350,000	\$ 18,147,500	\$ 39,497,500	\$ 6,609,291	\$ 1,190,672	\$ 7,799,963

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

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Fiscal Year	SNWA 0601 Bonds			SRF Loan Jun 2001		
	Principal	Interest	Total	Principal	Interest	Total
2012		\$ 1,902,150	\$ 1,902,150	\$ 490,351	\$ 206,591	\$ 696,941
2013	\$ 6,580,000	1,902,150	8,482,150	507,463	189,478	696,941
2014		1,540,250	1,540,250	525,174	171,768	696,941
2015		1,540,250	1,540,250	543,502	153,439	696,941
2016		1,540,250	1,540,250	562,470	134,472	696,941
2017		1,540,250	1,540,250	582,099	114,842	696,941
2018		1,540,250	1,540,250	602,414	94,527	696,941
2019		1,540,250	1,540,250	623,438	73,503	696,941
2020		1,540,250	1,540,250	645,196	51,746	696,941
2021		1,540,250	1,540,250	667,712	29,229	696,941
2022		1,540,250	1,540,250	342,545	5,926	348,471
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	\$ 37,385,000	\$ 30,775,050	\$ 68,160,050	\$ 6,092,363	\$ 1,225,519	\$ 7,317,883

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

Fiscal Year	SNWA 1102 Bonds			LVVWD 0103 Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012		\$ 3,527,850	\$ 3,527,850		\$ 9,651,775	\$ 9,651,775
2013	\$ 4,995,000	3,527,850	8,522,850	\$ 8,625,000	9,651,775	18,276,775
2014	5,245,000	3,278,100	8,523,100	9,080,000	9,198,963	18,278,963
2015	5,510,000	3,002,738	8,512,738	9,555,000	8,722,263	18,277,263
2016	5,785,000	2,713,463	8,498,463	10,060,000	8,220,625	18,280,625
2017		2,409,750	2,409,750	10,585,000	7,692,475	18,277,475
2018		2,409,750	2,409,750	11,140,000	7,136,763	18,276,763
2019		2,409,750	2,409,750	11,725,000	6,551,913	18,276,913
2020		2,409,750	2,409,750	12,340,000	5,936,350	18,276,350
2021		2,409,750	2,409,750	12,990,000	5,288,500	18,278,500
2022		2,409,750	2,409,750	13,640,000	4,639,000	18,279,000
2023		2,409,750	2,409,750	14,320,000	3,957,000	18,277,000
2024		2,409,750	2,409,750	15,040,000	3,241,000	18,281,000
2025		2,409,750	2,409,750	15,790,000	2,489,000	18,279,000
2026		2,409,750	2,409,750	16,580,000	1,699,500	18,279,500
2027		2,409,750	2,409,750	17,410,000	870,500	18,280,500
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						
<b>Totals</b>	<b>\$ 69,730,000</b>	<b>\$ 51,145,500</b>	<b>\$ 120,875,500</b>	<b>\$ 188,880,000</b>	<b>\$ 94,947,400</b>	<b>\$ 283,827,400</b>

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

Fiscal Year	LVVWD Tax-Exempt Commercial Paper			SNWA 2005F Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 400,000,000	\$ 8,000,000	\$ 408,000,000	\$ 9,445,000	\$ 11,056,625	\$ 20,501,625
2013				9,935,000	10,572,125	20,507,125
2014				10,440,000	10,062,750	20,502,750
2015				10,975,000	9,527,375	20,502,375
2016				11,540,000	8,964,500	20,504,500
2017				12,135,000	8,372,625	20,507,625
2018				12,755,000	7,750,375	20,505,375
2019				13,410,000	7,096,250	20,506,250
2020				14,095,000	6,408,625	20,503,625
2021				14,815,000	5,685,875	20,500,875
2022				15,580,000	4,926,000	20,506,000
2023				16,380,000	4,127,000	20,507,000
2024				17,220,000	3,287,000	20,507,000
2025				18,095,000	2,404,125	20,499,125
2026				19,030,000	1,476,000	20,506,000
2027				20,005,000	500,125	20,505,125
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 400,000,000	\$ 8,000,000	\$ 408,000,000	\$ 225,855,000	\$ 102,217,375	\$ 328,072,375

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

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Fiscal Year	CRC 2005H Refunding Bonds			CRC 2005I Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012		\$ 1,501,950	\$ 1,501,950	\$ 2,270,000	\$ 2,838,938	\$ 5,108,938
2013		1,501,950	1,501,950	2,395,000	2,722,313	5,117,313
2014		1,501,950	1,501,950	2,505,000	2,599,813	5,104,813
2015		1,501,950	1,501,950	2,640,000	2,471,188	5,111,188
2016		1,501,950	1,501,950	2,765,000	2,336,063	5,101,063
2017		1,501,950	1,501,950	2,905,000	2,194,313	5,099,313
2018		1,501,950	1,501,950	3,050,000	2,045,438	5,095,438
2019		1,501,950	1,501,950	3,190,000	1,897,413	5,087,413
2020		1,501,950	1,501,950	3,335,000	1,750,600	5,085,600
2021		1,501,950	1,501,950	3,485,000	1,592,794	5,077,794
2022		1,501,950	1,501,950	3,650,000	1,423,338	5,073,338
2023		1,501,950	1,501,950	3,820,000	1,245,925	5,065,925
2024		1,501,950	1,501,950	4,000,000	1,060,200	5,060,200
2025	\$ 10,060,000	1,501,950	11,561,950	4,185,000	865,806	5,050,806
2026	10,535,000	1,024,100	11,559,100	4,380,000	662,388	5,042,388
2027	11,025,000	523,688	11,548,688	4,585,000	449,469	5,034,469
2028				4,805,000	226,456	5,031,456
2029				1,630,000	73,625	1,703,625
2030				735,000	17,456	752,456
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
<b>Totals</b>	<b>\$ 31,620,000</b>	<b>\$ 22,575,088</b>	<b>\$ 54,195,088</b>	<b>\$ 60,330,000</b>	<b>\$ 28,473,531</b>	<b>\$ 88,803,531</b>

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

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Fiscal Year	SNWA 2006 Refunding Bonds			SNWA 1106 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 6,010,000	\$ 10,861,894	\$ 16,871,894	\$ 7,610,000	\$ 26,361,663	\$ 33,971,663
2013	6,255,000	10,621,494	16,876,494	8,055,000	25,970,038	34,025,038
2014	6,505,000	10,371,294	16,876,294	15,610,000	25,378,413	40,988,413
2015	6,785,000	10,094,831	16,879,831	16,415,000	24,577,788	40,992,788
2016	14,845,000	9,806,469	24,651,469	9,305,000	23,934,788	33,239,788
2017	15,515,000	9,157,000	24,672,000	16,010,000	23,301,913	39,311,913
2018	16,240,000	8,458,825	24,698,825	16,815,000	22,481,288	39,296,288
2019	16,990,000	7,728,025	24,718,025	17,660,000	21,619,413	39,279,413
2020	17,770,000	6,942,238	24,712,238	18,555,000	20,714,038	39,269,038
2021	18,590,000	6,120,375	24,710,375	19,505,000	19,762,538	39,267,538
2022	19,470,000	5,237,350	24,707,350	20,500,000	18,762,413	39,262,413
2023	9,385,000	4,312,525	13,697,525	32,865,000	17,428,288	50,293,288
2024	9,885,000	3,866,738	13,751,738	34,520,000	15,743,663	50,263,663
2025	10,410,000	3,397,200	13,807,200	36,250,000	13,974,413	50,224,413
2026	10,970,000	2,902,725	13,872,725	38,070,000	12,116,413	50,186,413
2027	11,560,000	2,381,650	13,941,650	39,670,000	10,470,438	50,140,438
2028	12,185,000	1,832,550	14,017,550	41,030,000	9,058,188	50,088,188
2029	12,845,000	1,253,763	14,098,763	31,335,000	7,556,788	38,891,788
2030	13,550,000	643,625	14,193,625	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						
<b>Totals</b>	<b>\$ 235,765,000</b>	<b>\$ 115,990,569</b>	<b>\$ 351,755,569</b>	<b>\$ 590,015,000</b>	<b>\$ 364,877,681</b>	<b>\$ 954,892,681</b>

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

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Fiscal Year	CRC 2006D Bonds			LVVWD 2008B		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 4,960,000	\$ 4,339,263	\$ 9,299,263		\$ 5,623,931	\$ 5,623,931
2013	5,205,000	4,091,263	9,296,263		5,623,931	5,623,931
2014	5,470,000	3,831,013	9,301,013		5,623,931	5,623,931
2015	5,735,000	3,557,513	9,292,513		5,623,931	5,623,931
2016	6,020,000	3,270,763	9,290,763	\$ 10,445,000	5,623,931	16,068,931
2017	6,320,000	2,969,763	9,289,763	8,420,000	5,101,681	13,521,681
2018	6,635,000	2,653,763	9,288,763	8,835,000	4,680,681	13,515,681
2019	6,965,000	2,322,013	9,287,013	9,285,000	4,238,931	13,523,931
2020	7,310,000	1,973,763	9,283,763	9,760,000	3,774,681	13,534,681
2021	7,665,000	1,608,263	9,273,263	10,255,000	3,286,681	13,541,681
2022	8,030,000	1,244,175	9,274,175	10,780,000	2,773,931	13,553,931
2023	8,420,000	862,750	9,282,750	11,330,000	2,234,931	13,564,931
2024	8,835,000	441,750	9,276,750	11,825,000	1,753,406	13,578,406
2025				12,385,000	1,206,500	13,591,500
2026				13,015,000	618,321	13,633,321
2027						
2028						
2029						
2030						
2031						
2032						
2033						
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2035						
2036						
2037						
2038						
2039						
<b>Totals</b>	<b>\$ 87,570,000</b>	<b>\$ 33,166,050</b>	<b>\$ 120,736,050</b>	<b>\$ 116,335,000</b>	<b>\$ 57,789,402</b>	<b>\$ 174,124,402</b>

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

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Fiscal Year	SNWA 2008			SNWA Clean Renewable Energy 2008		
	Principal	Interest	Total	Principal	Interest	Total
2012		\$ 19,298,000	\$ 19,298,000	\$ 460,000	\$ 61,893	\$ 521,893
2013	\$ 7,550,000	19,298,000	26,848,000	460,000	56,511	516,511
2014	7,930,000	18,920,500	26,850,500	460,000	51,129	511,129
2015	8,325,000	18,524,000	26,849,000	460,000	45,747	505,747
2016	8,740,000	18,107,750	26,847,750	460,000	40,365	500,365
2017	9,180,000	17,670,750	26,850,750	460,000	34,983	494,983
2018	9,635,000	17,211,750	26,846,750	460,000	29,601	489,601
2019	10,120,000	16,730,000	26,850,000	460,000	24,219	484,219
2020	10,625,000	16,224,000	26,849,000	460,000	18,837	478,837
2021	11,155,000	15,692,750	26,847,750	460,000	13,455	473,455
2022	11,715,000	15,135,000	26,850,000	460,000	8,073	468,073
2023	12,300,000	14,549,250	26,849,250	460,000	2,691	462,691
2024	12,915,000	13,934,250	26,849,250			
2025	13,560,000	13,288,500	26,848,500			
2026	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	\$ 385,960,000	\$ 331,414,250	\$ 717,374,250	\$ 5,520,000	\$ 387,504	\$ 5,907,504

**Southern Nevada Water Authority  
Schedule of Existing Debt Service (Individual Schedules) (Unaudited)  
As of June 30, 2011**

Fiscal Year	LVVWD 2009 A			LVVWD 2009 B		
	Principal	Interest*	Total	Principal	Interest	Total
2012		\$ 4,153,500	\$ 4,153,500		\$ 473,313	\$ 473,313
2013		4,153,500	4,153,500		473,313	473,313
2014		4,153,500	4,153,500	\$ 350,000	473,313	823,313
2015		4,153,500	4,153,500	365,000	459,313	824,313
2016		4,153,500	4,153,500	380,000	444,713	824,713
2017		4,153,500	4,153,500	395,000	429,513	824,513
2018		4,153,500	4,153,500	410,000	413,713	823,713
2019		4,153,500	4,153,500	425,000	397,313	822,313
2020		4,153,500	4,153,500	440,000	380,313	820,313
2021		4,153,500	4,153,500	460,000	362,713	822,713
2022		4,153,500	4,153,500	475,000	344,313	819,313
2023		4,153,500	4,153,500	500,000	320,563	820,563
2024		4,153,500	4,153,500	525,000	295,563	820,563
2025		4,153,500	4,153,500	550,000	269,313	819,313
2026		4,153,500	4,153,500	580,000	241,813	821,813
2027		4,153,500	4,153,500	610,000	212,813	822,813
2028		4,153,500	4,153,500	640,000	182,313	822,313
2029		4,153,500	4,153,500	670,000	150,313	820,313
2030		4,153,500	4,153,500	705,000	116,813	821,813
2031		4,153,500	4,153,500	740,000	79,800	819,800
2032		4,153,500	4,153,500	780,000	40,950	820,950
2033	\$ 1,620,000	4,153,500	5,773,500			
2034	1,700,000	4,078,737	5,778,737			
2035	1,775,000	4,000,282	5,775,282			
2036	1,855,000	3,918,366	5,773,366			
2037	1,940,000	3,832,758	5,772,758			
2038	26,520,000	3,743,227	30,263,227			
2039	54,590,000	2,519,329	57,109,329			
Totals	\$ 90,000,000	\$ 113,469,697	\$ 203,469,697	\$ 10,000,000	\$ 6,562,088	\$ 16,562,088

* Interest shown is net of Build America Bond federal participation.
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**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

Fiscal Year	SNWA 2009 Refunding			SNWA 2009 Water Revenue**		
	Principal	Interest	Total	Principal	Interest	Total
2012		\$ 2,500,000	\$ 2,500,000			
2013	\$ 1,780,000	2,500,000	4,280,000	\$ 137,500		\$ 137,500
2014	1,865,000	2,411,000	4,276,000	137,500		137,500
2015	1,960,000	2,317,750	4,277,750	137,500		137,500
2016	2,060,000	2,219,750	4,279,750	137,500		137,500
2017	2,160,000	2,116,750	4,276,750	137,500		137,500
2018	2,270,000	2,008,750	4,278,750	137,500		137,500
2019	2,380,000	1,895,250	4,275,250	137,500		137,500
2020	2,500,000	1,776,250	4,276,250	137,500		137,500
2021	2,625,000	1,651,250	4,276,250	137,500		137,500
2022	2,755,000	1,520,000	4,275,000	137,500		137,500
2023	2,895,000	1,382,250	4,277,250	137,500		137,500
2024	3,040,000	1,237,500	4,277,500	137,500		137,500
2025	3,190,000	1,085,500	4,275,500	137,500		137,500
2026	3,350,000	926,000	4,276,000	137,500		137,500
2027	3,520,000	758,500	4,278,500	137,500		137,500
2028	3,695,000	582,500	4,277,500	137,500		137,500
2029	3,880,000	397,750	4,277,750	137,500		137,500
2030	4,075,000	203,750	4,278,750	137,500		137,500
2031				137,500		137,500
2032				137,500		137,500
2033						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 50,000,000	\$ 29,490,500	\$ 79,490,500	\$ 2,750,000	\$ -	\$ 2,750,000

\*\* Principal on this bond is issued as needed. Chart shows amortization if entire bond is used. This will NOT match amount shown in the basic financial statements or notes.

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

Fiscal Year	LVVWD 2009 C			LVVWD 2009 D		
	Principal	Interest*	Total	Principal	Interest	Total
2012		\$ 16,028,085	\$ 16,028,085		\$ 3,592,738	\$ 3,592,738
2013		16,028,085	16,028,085	\$ 2,780,000	3,592,738	6,372,738
2014		16,028,085	16,028,085	2,920,000	3,453,738	6,373,738
2015		16,028,085	16,028,085	3,070,000	3,307,738	6,377,738
2016		16,028,085	16,028,085	3,220,000	3,154,238	6,374,238
2017		16,028,085	16,028,085	3,385,000	2,993,238	6,378,238
2018		16,028,085	16,028,085	3,550,000	2,823,988	6,373,988
2019		16,028,085	16,028,085	3,730,000	2,646,488	6,376,488
2020		16,028,085	16,028,085	3,910,000	2,459,988	6,369,988
2021		16,028,085	16,028,085	4,110,000	2,264,488	6,374,488
2022		16,028,085	16,028,085	4,315,000	2,058,988	6,373,988
2023		16,028,085	16,028,085	4,530,000	1,843,238	6,373,238
2024		16,028,085	16,028,085	4,755,000	1,616,738	6,371,738
2025		16,028,085	16,028,085	4,955,000	1,414,650	6,369,650
2026		16,028,085	16,028,085	5,205,000	1,166,900	6,371,900
2027		16,028,085	16,028,085	5,470,000	906,650	6,376,650
2028		16,028,085	16,028,085	3,815,000	633,150	4,448,150
2029		16,028,085	16,028,085	4,015,000	432,863	4,447,863
2030		16,028,085	16,028,085	4,230,000	222,075	4,452,075
2031	\$ 8,215,000	16,028,085	24,243,085			
2032	25,085,000	15,640,259	40,725,259			
2033	39,105,000	14,456,009	53,561,009			
2034	40,950,000	12,609,881	53,559,881			
2035	42,860,000	10,701,417	53,561,417			
2036	44,815,000	8,747,666	53,562,666			
2037	46,860,000	6,704,796	53,564,796			
2038	48,995,000	4,568,707	53,563,707			
2039	51,230,000	2,335,294	53,565,294			
Totals	\$ 348,115,000	\$ 396,325,730	\$ 744,440,730	\$ 71,965,000	\$ 40,584,625	\$ 112,549,625

\* Interest shown is net of Build America Bond federal participation.

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

Fiscal Year	CRC 2010B			LVVWD 2011A		
	Principal	Interest	Total	Principal	Interest	Total
2012		\$ 273,615	\$ 273,615		\$ 2,743,334	\$ 2,743,334
2013		273,615	273,615		2,705,755	2,705,755
2014	\$ 945,000	273,615	1,218,615		2,705,755	2,705,755
2015	980,000	238,697	1,218,697	\$ 100,000	2,705,755	2,805,755
2016	1,020,000	202,486	1,222,486	4,255,000	2,702,704	6,957,704
2017	1,055,000	164,797	1,219,797	4,400,000	2,560,119	6,960,119
2018	1,095,000	125,815	1,220,815	4,560,000	2,398,551	6,958,551
2019	1,135,000	85,355	1,220,355	4,745,000	2,212,867	6,957,867
2020	1,175,000	43,416	1,218,416	4,950,000	2,007,219	6,957,219
2021				5,175,000	1,783,776	6,958,776
2022				5,415,000	1,542,414	6,957,414
2023				5,680,000	1,279,028	6,959,028
2024				5,960,000	995,937	6,955,937
2025				6,270,000	689,951	6,959,951
2026				6,600,000	358,644	6,958,644
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
Totals	\$ 7,405,000	\$ 1,681,410	\$ 9,086,410	\$ 58,110,000	\$ 29,391,807	\$ 87,501,807

**Southern Nevada Water Authority**  
**Schedule of Existing Debt Service (Individual Schedules) (Unaudited)**  
**As of June 30, 2011**

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Fiscal Year	GRAND TOTAL		
	Principal	Interest	Total
2012	\$ 431,879,086	\$ 136,297,533	\$ 568,176,619
2013	65,916,783	126,733,223	192,650,007
2014	70,668,419	123,282,294	193,950,712
2015	74,261,543	119,782,469	194,044,012
2016	92,331,211	116,303,782	208,634,993
2017	94,402,477	111,684,579	206,087,056
2018	98,975,398	107,096,038	206,071,436
2019	103,795,034	102,272,552	206,067,586
2020	108,851,446	97,186,009	206,037,455
2021	112,095,212	91,843,720	203,938,932
2022	117,265,045	86,321,954	203,586,999
2023	123,022,500	80,246,473	203,268,973
2024	128,657,500	74,174,779	202,832,279
2025	135,837,500	67,785,992	203,623,492
2026	142,692,500	61,002,387	203,694,887
2027	128,942,500	54,171,416	183,113,916
2028	103,357,500	48,865,241	152,222,741
2029	82,137,500	44,362,685	126,500,185
2030	85,647,500	40,697,310	126,344,810
2031	74,312,500	36,497,485	110,809,985
2032	78,027,500	32,785,434	110,812,934
2033	81,740,000	28,933,359	110,673,359
2034	85,515,000	25,158,768	110,673,768
2035	89,390,000	21,282,687	110,672,687
2036	93,395,000	17,279,606	110,674,606
2037	97,340,000	13,336,116	110,676,116
2038	101,085,000	9,590,433	110,675,433
2039	105,820,000	4,854,622	110,674,622
Totals	\$ 3,107,361,654	\$ 1,879,828,948	\$ 4,987,190,603

**Southern Nevada Water Authority**  
**CHANGE IN CURRENT DEBT AMOUNTS (Unaudited)**  
**July 1, 2010 to June 30, 2011**

Debt Issue	Current Debt Beginning Balance July 1, 2010	Payments	Refundings	Additions	Current Debt Ending Balance June 30, 2011
SNWA-1	\$ 611,462	\$ (611,462)		\$ 633,735	\$ 633,735
SNWA-2	473,815	(473,815)		490,351	490,351
Subtotal Notes Payable	<u>1,085,277</u>	<u>(1,085,277)</u>		<u>1,124,086</u>	<u>1,124,086</u>
SNWA 1998					
SNWA 2001					
SNWA 2002					
LVVWD 2003B					
CRC 2003C	155,000	(155,000)		-	-
SNWA 2005 F	8,985,000	(8,985,000)		9,445,000	9,445,000
CRC 2005 H					
CRC 2005 I	2,170,000	(2,170,000)		2,270,000	2,270,000
SNWA 2006 Refund	1,460,000	(1,460,000)		6,010,000	6,010,000
CRC 2006 D	4,720,000	(4,720,000)		4,960,000	4,960,000
SNWA 1106	2,895,000	(2,895,000)		7,610,000	7,610,000
LVVWD 2008B	9,275,000		\$ (9,275,000)	-	-
SNWA 2008					
SNWA sub 2008	460,000	(460,000)		460,000	460,000
LVVWD 2009A					
LVVWD 2009B					
SNWA 2009 Refund					
SNWA 2009 Water Revenue					
LVVWD 2009C					
LVVWD 2009D					
CRC 2010B					
LVVWD 2011A					
Subtotal Bonds Payable	<u>30,120,000</u>	<u>(20,845,000)</u>	<u>(9,275,000)</u>	<u>30,755,000</u>	<u>30,755,000</u>
Total Current Debt Before					
Commercial Paper	31,205,277	(21,930,277)	(9,275,000)	31,879,086	31,879,086
LVVWD Commercial Paper	<u>400,000,000</u>				<u>400,000,000</u>
Total Current Debt Activity	<u>\$ 431,205,277</u>	<u>\$ (21,930,277)</u>	<u>\$ (9,275,000)</u>	<u>\$ 31,879,086</u>	<u>\$ 431,879,086</u>

**Southern Nevada Water Authority**  
**CHANGE IN CURRENT DEBT AMOUNTS (Unaudited)**  
**July 1, 2009 to June 30, 2010**

Debt Issue	Current Debt Beginning Balance July 1, 2009	Payments	Refundings	Additions	Current Debt Ending Balance June 30, 2010
SNWA-1	\$ 589,972	\$ (589,972)		\$ 611,462	\$ 611,462
SNWA-2	457,837	(457,837)		473,815	473,815
Subtotal Notes Payable	<u>1,047,809</u>	<u>(1,047,809)</u>		<u>1,085,277</u>	<u>1,085,277</u>
CRC 1997B	700,000		\$ (700,000)		
CRC 1999A	635,000	(635,000)			
SNWA 2000	4,375,000		(4,375,000)		
SNWA 2001	5,610,000		(5,610,000)		
SNWA 2002	4,315,000		(4,315,000)		
LVVWD 2003B	7,400,000		(7,400,000)		
CRC 2003C	455,000		(455,000)	155,000	155,000
LVVWD 2005 B	7,010,000	(7,010,000)			
SNWA 2005 F	7,810,000	(7,810,000)		8,985,000	8,985,000
CRC 2005 I	1,440,000	(1,440,000)		2,170,000	2,170,000
SNWA 2006 Refund	1,405,000	(1,405,000)		1,460,000	1,460,000
CRC 2006 D	4,495,000		(4,495,000)	4,720,000	4,720,000
SNWA 1106	6,885,000	(6,885,000)		2,895,000	2,895,000
LVVWD 2008B	1,760,000	(1,760,000)		9,275,000	9,275,000
SNWA 2008					
SNWA sub 2008	460,000	(460,000)		460,000	460,000
LVVWD 2009A					
LVVWD 2009B					
SNWA 2009 Refund					
SNWA 2009 Water Revenue					
LVVWD 2009C					
LVVWD 2009D					
CRC 2010B					
Subtotal Bonds Payable	<u>54,755,000</u>	<u>(27,405,000)</u>	<u>(27,350,000)</u>	<u>30,120,000</u>	<u>30,120,000</u>
Total Current Debt Before Commercial Paper	55,802,809	(28,452,809)	(27,350,000)	31,205,277	31,205,277
LVVWD Commercial Paper	<u>400,000,000</u>				<u>400,000,000</u>
Total Current Debt Activity	<u>\$ 455,802,809</u>	<u>\$ (28,452,809)</u>	<u>\$ (27,350,000)</u>	<u>\$ 31,205,277</u>	<u>\$ 431,205,277</u>

**Southern Nevada Water Authority**  
**CHANGE IN LONG TERM DEBT AMOUNTS (Unaudited)**  
**July 1, 2010 to June 30, 2011**

Debt Issue	Long-Term Debt Beginning Balance July 1, 2010	Movement To Current Debt	Refundings	Additions	Long-Term Debt Ending Balance June 30, 2011
SNWA-1	\$ 6,609,291	\$ (633,735)			\$ 5,975,556
SNWA-2	6,092,363	(490,351)			5,602,012
Subtotal Notes Payable	<u>12,701,654</u>	<u>(1,124,086)</u>			<u>11,577,568</u>
SNWA 1998	21,350,000				21,350,000
SNWA 2001	37,385,000				37,385,000
SNWA 2002	69,730,000				69,730,000
LVVWD 2003B	188,880,000				188,880,000
SNWA 2005 F	225,855,000	(9,445,000)			216,410,000
CRC 2005 H	31,620,000				31,620,000
CRC 2005 I	60,330,000	(2,270,000)			58,060,000
SNWA 2006 Refund	235,765,000	(6,010,000)			229,755,000
CRC 2006 D	87,570,000	(4,960,000)			82,610,000
SNWA 1106	590,015,000	(7,610,000)			582,405,000
LVVWD 2008B	158,990,000		\$ (42,655,000)		116,335,000
SNWA 2008	385,960,000				385,960,000
SNWA sub 2008	5,520,000	(460,000)			5,060,000
LVVWD 2009A	90,000,000				90,000,000
LVVWD 2009B	10,000,000				10,000,000
SNWA 2009 Refund	50,000,000				50,000,000
SNWA 2009 Water Revenue	63,020			\$ 1,151,901	1,214,921
LVVWD 2009C	348,115,000				348,115,000
LVVWD 2009D	71,965,000				71,965,000
CRC 2010B	7,405,000				7,405,000
LVVWD 2011A				58,110,000	58,110,000
Subtotal Bonds Payable	<u>2,676,518,020</u>	<u>(30,755,000)</u>	<u>(42,655,000)</u>	<u>59,261,901</u>	<u>2,662,369,921</u>
Total Long-Term Debt Activity	<u>\$ 2,689,219,674</u>	<u>\$ (31,879,086)</u>	<u>\$ (42,655,000)</u>	<u>\$ 59,261,901</u>	<u>\$ 2,673,947,489</u>

**Southern Nevada Water Authority**  
**CHANGE IN LONG TERM DEBT AMOUNTS (Unaudited)**  
**July 1, 2009 to June 30, 2010**

**Change in Long-Term Debt Amounts July 1, 2009 - 2010**

Debt Issue	Long-Term Debt Beginning Balance July 1, 2009	Movement To Current Debt	Refundings	Additions	Long-Term Debt Ending Balance June 30, 2010
SNWA-1	\$ 7,220,754	\$ (611,462)			\$ 6,609,291
SNWA-2	6,566,178	(473,815)			6,092,363
Subtotal Notes Payable	<u>13,786,932</u>	<u>(1,085,277)</u>			<u>12,701,654</u>
CRC 1997B	1,510,000		\$ (1,510,000)		
SNWA 1998	21,350,000				21,350,000
SNWA 2001	49,570,000		(12,185,000)		37,385,000
SNWA 2002	79,020,000		(9,290,000)		69,730,000
LVVWD 2003B	204,865,000		(15,985,000)		188,880,000
CRC 2003C	155,000	(155,000)			
SNWA 2005 F	234,840,000	(8,985,000)			225,855,000
CRC 2005 H	31,620,000				31,620,000
CRC 2005 I	62,500,000	(2,170,000)			60,330,000
SNWA 2006 Refund	237,225,000	(1,460,000)			235,765,000
CRC 2006 D	92,290,000	(4,720,000)			87,570,000
SNWA 1106	597,255,000	(2,895,000)	(4,345,000)		590,015,000
LVVWD 2008B	168,265,000	(9,275,000)			158,990,000
SNWA 2008	400,000,000		(14,040,000)		385,960,000
SNWA sub 2008	5,980,000	(460,000)			5,520,000
LVVWD 2009A				\$ 90,000,000	90,000,000
LVVWD 2009B				10,000,000	10,000,000
SNWA 2009 Refund				50,000,000	50,000,000
SNWA 2009 Water Revenue				63,020	63,020
LVVWD 2009C				348,115,000	348,115,000
LVVWD 2009D				71,965,000	71,965,000
CRC 2010B				7,405,000	7,405,000
Subtotal Bonds Payable	<u>2,186,445,000</u>	<u>(30,120,000)</u>	<u>(57,355,000)</u>	<u>577,548,020</u>	<u>2,676,518,020</u>
Total Long-Term Debt Activity	<u>\$ 2,200,231,932</u>	<u>\$ (31,205,277)</u>	<u>\$ (57,355,000)</u>	<u>\$ 577,548,020</u>	<u>\$ 2,689,219,674</u>

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SEC DISCLOSURE  
COMPLIANCE SCHEDULES  
(UNAUDITED)





**SOUTHERN NEVADA WATER AUTHORITY  
OUTSTANDING DEBT OBLIGATIONS (UNAUDITED)**

As of June 30, 2011

Page 1 of 2

	Dated	Final Maturity	Original Amount	Principal Outstanding
<b>SUPERIOR OBLIGATIONS (1)</b>				
CRC Refunding Bonds, Series 2005H	04/13/05	07/01/27	36,130,000	\$ 31,620,000
CRC Refunding Bonds Series 2006D	07/18/06	07/01/24	111,840,000	87,570,000
CRC Refunding Bonds Series 2010B	06/24/10	06/01/20	7,405,000	7,405,000
<b>TOTAL SUPERIOR OBLIGATIONS</b>				<b>126,595,000</b>
<b>PARITY OBLIGATIONS</b>				
<i>MBRA Parity Obligations(2)</i>				
Refunding Bonds, Series 2003B	01/01/03	06/01/27	250,000,000	188,880,000
Refunding Bonds, Series 2008B	02/19/08	06/01/26	171,720,000	116,335,000
Water Revenue Bonds, Series 2009A (Taxable BABs)	08/05/09	06/01/39	90,000,000	90,000,000
Water Revenue Bonds, Series 2009B	08/05/09	06/01/32	10,000,000	10,000,000
Water Revenue Bonds, Series 2009C (Taxable BABs)	12/23/09	06/01/39	348,115,000	348,115,000
Water Revenue Bonds, Series 2009D	12/23/09	06/01/30	71,965,000	71,965,000
Refunding Bonds, Series 2011A	05/26/11	06/01/26	58,110,000	58,110,000
<i>Total MBRA Parity Obligations</i>				883,405,000
The Notes (3)	various	various	400,000,000	400,000,000
<i>Total MBRA Obligations</i>				1,283,405,000
<i>SNWA Parity Obligations(4)</i>				
SNWA Water Revenue Bond, Series 2001	06/01/01	06/01/31	250,000,000	37,385,000
SNWA Water Revenue Bond, Series 2002	11/01/02	06/01/32	200,000,000	69,730,000
CRC Refunding Bonds, Series 2005I	04/13/05	09/15/29	65,300,000	60,330,000
SNWA Water Revenue Refunding Bond, Series 2006	06/13/06	06/01/30	242,880,000	235,765,000
SNWA Water Revenue Bond, Series 2006	11/02/06	11/01/36	604,140,000	590,015,000
SNWA Water Revenue Bond, Series 2008	07/02/08	06/01/38	400,000,000	385,960,000
SNWA Revenue Refunding Bond, Series 2009	11/10/09	06/01/30	50,000,000	50,000,000
<i>Total MBRA Parity Obligations</i>				1,429,185,000
<b>TOTAL PARITY OBLIGATIONS</b>				<b>2,712,590,000</b>
<b>SUBORDINATE OBLIGATIONS (5)</b>				
SNWA Bonds, Series July 1, 1998 (State Bond Bank)	07/09/98	07/09/98	300,000,000	21,350,000
State of Nevada Safe Drinking Water Loan #1	09/01/99	09/01/99	12,269,695	6,609,292
State of Nevada Safe Drinking Water Loan #2	06/29/01	06/29/01	10,000,000	6,092,363
SNWA Refunding Bonds, Series 2005F (State Bond Bank)	05/17/05	05/17/05	249,365,000	225,855,000
Subordinate Lien Revenue Bond (CREBS), Series 2008(6)	07/30/08	12/15/22	6,900,000	5,520,000
Water Revenue Bond Series 2009 (State of Nevada) (7)	12/11/09	07/01/32	2,750,000	2,750,000
<b>TOTAL SUBORDINATE OBLIGATIONS</b>				<b>268,176,654</b>
<b>TOTAL OUTSTANDING OBLIGATIONS</b>				<b>\$ 3,107,361,654</b>

Footnotes on the following page

**SOUTHERN NEVADA WATER AUTHORITY  
OUTSTANDING DEBT OBLIGATIONS (UNAUDITED)**

As of June 30, 2011

Page 2 of 2

**FOOTNOTES**

(1) Payable from the SNWA Water Revenues prior to any payments under the Master Bond Repayment Agreement (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 MBRA after the SNWA Superior obligations are paid.

(3) Payable from the SNWA Pledged Revenues after payment of the MBRA Parity Obligations. The 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.

(6) The SNWA Clean Renewable Energy Bonds (CREBs) have a lien on the SNWA Water Revenues that is subordinate to the lien thereon of the MBRA and the SNWA Parity Obligations. The CREBs also are secured with a lien on the quarter-cent Sales Tax.

(7) SNWA is allowed to draw proceeds on this bond up to a maximum of the original amount. All amounts must be drawn within thirty six months of date of issue. This schedule shows the total obligation of the bond and does not represent the cumulative draws to date.

**SOUTHERN NEVADA WATER AUTHORITY**  
**DEBT SERVICE REQUIREMENTS (UNAUDITED) <sup>(1)</sup>**  
**As of June 30, 2011**

Year Ending June 30	Outstanding Superior Obligations Debt Service	Outstanding Parity Obligations Debt Service <sup>(2)</sup>	Outstanding Subordinate Obligations Debt Service <sup>(3)</sup>	Grand Total
2012	\$ 11,074,827	\$ 125,447,170	\$ 23,654,622	\$ 160,176,619
2013	11,071,827	157,785,940	23,792,240	192,650,007
2014	12,021,577	158,146,652	23,782,483	193,950,712
2015	12,013,160	158,254,127	23,776,726	194,044,012
2016	12,015,199	172,846,326	23,773,469	208,634,993
2017	12,011,510	170,304,335	23,771,212	206,087,056
2018	12,011,527	170,296,329	23,763,580	206,071,436
2019	12,009,317	170,299,196	23,759,073	206,067,586
2020	12,004,129	170,282,260	23,751,066	206,037,455
2021	10,775,213	170,287,449	22,876,271	203,938,932
2022	10,776,125	170,283,330	22,527,544	203,587,000
2023	10,784,700	170,309,582	22,174,691	203,268,973
2024	10,778,700	170,341,579	21,712,000	202,832,279
2025	11,561,950	170,357,417	21,704,125	203,623,492
2026	11,559,100	170,424,787	21,711,000	203,694,887
2027	11,548,688	149,855,104	21,710,125	183,113,916
2028	-	129,667,741	22,555,000	152,222,741
2029	-	126,362,685	137,500	126,500,185
2030	-	126,207,310	137,500	126,344,810
2031	-	110,672,485	137,500	110,809,985
2032	-	110,675,434	137,500	110,812,934
2033	-	110,673,359	-	110,673,359
2034	-	110,673,768	-	110,673,768
2035	-	110,672,687	-	110,672,687
2036	-	110,674,606	-	110,674,606
2037	-	110,676,116	-	110,676,116
2038	-	110,675,433	-	110,675,433
2039	-	110,674,622	-	110,674,622
Totals	<u>\$ 184,017,547</u>	<u>\$ 4,003,827,831</u>	<u>\$ 391,345,225</u>	<u>\$ 4,579,190,603</u>

*Amounts may be slightly off due to rounding*

- (1) Excludes debt service on the LVVWD Commercial Paper notes.  
(2) Combined debt service on the MBRA Parity Obligations and the SNWA Parity Obligations.  
(3) Includes SNWA 2009 Water Revenue Bond at its maximum draw.

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

<b>Fiscal Year Ending June 30</b>	<b>2007 (Restated)</b>	<b>2008 (Restated)</b>	<b>2009 (Restated)</b>
<b>Operating Revenues</b>			
Wholesale Delivery Charge	\$ 121,449,812	\$ 118,782,982	\$ 112,551,974
Groundwater Program Revenues	1,953,768	1,976,911	2,047,626
Las Vegas Wash Revenues	842,700	1,196,028	690,000
Purveyor Admin Cost Billings	359,042	367,710	379,306
Other Revenues	1,586,346	2,010,404	2,648,858
<b>Total Operating Revenues</b>	<u>126,191,668</u>	<u>124,334,035</u>	<u>118,317,764</u>
<b>Operating Expenses</b>			
Personnel & Related	33,753,922	37,430,481	39,671,513
Electric Power	47,268,453	35,233,331	40,184,442
Operation and maintenance	43,170,585	63,839,825	73,498,943
Depreciation	53,214,295	58,715,637	66,218,498
<b>Total Operating Expenses</b>	<u>177,407,255</u>	<u>195,219,274</u>	<u>219,573,396</u>
<b>Operating Loss</b>	<u>(51,215,587)</u>	<u>(70,885,239)</u>	<u>(101,255,632)</u>
<b>Non-operating Revenues/(Expense)</b>			
Investment Income	29,484,713	24,494,593	10,709,321
Credit Payment Income			
Interest Expense	(71,135,721)	(67,107,957)	(68,997,377)
Amortization of Refunding Costs	(1,467,458)	(1,286,877)	(1,118,050)
Amortization of Bond Issue Costs, Premiums and Discounts	540,036	944,276	628,592
Gain/(Loss) on Sale of Assets	835,062	5,200	(753,735)
<b>Total Non-operating Revenues/(Expense)</b>	<u>(41,743,368)</u>	<u>(42,950,765)</u>	<u>(59,531,249)</u>
Net Loss Before Adjustments	(92,958,955)	(113,836,004)	(160,786,881)
Add Capital Contributions <sup>1/</sup>	<u>237,409,722</u>	<u>206,676,859</u>	<u>94,647,515</u>
<b>Net Income</b>	144,450,767	92,840,855	(66,139,366)
<b>Fund Equity - Beginning of Year</b> <sup>2/3/</sup>	<u>1,313,080,645</u>	<u>1,457,531,412</u>	<u>1,550,372,267</u>
<b>Fund Equity - End of Year</b> <sup>2/3/</sup>	<u>\$ 1,457,531,412</u>	<u>\$ 1,550,372,267</u>	<u>\$ 1,484,232,901</u>

*Continued on Next Page*

1/ Includes Regional Connection Charges, Regional Commodity Charges and Regional Reliability Charges as well as other revenue sources. Regional Connection Charges have been altered with contingency estimates and do not reflect gross cash collections. The budget column does not reflect a contingency.

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  
STATEMENT OF OPERATING REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY (UNAUDITED) (CONTINUED)**

Fiscal Year Ending June 30	2010 (Restated)	2011 (Actual)	2012 (Budget)
<b>Operating Revenues</b>			
Wholesale Delivery Charge	\$ 110,097,368	\$ 119,457,411	\$ 123,909,056
Groundwater Program Revenues	872,104	894,502	827,962
Las Vegas Wash Revenues	342,820	397,408	866,349
Purveyor Admin Cost Billings	698,274	362,263	2,887,935
Other Revenues	2,563,872	2,950,612	-
<b>Total Operating Revenues</b>	<u>114,574,438</u>	<u>124,062,196</u>	<u>128,491,302</u>
<b>Operating Expenses</b>			
Personnel & Related	37,948,022	42,491,203	35,247,482
Electric Power	39,656,635	36,013,713	46,862,060
Operation and maintenance	42,787,223	33,994,589	44,952,815
Depreciation	75,713,622	73,724,984	69,500,000
<b>Total Operating Expenses</b>	<u>196,105,502</u>	<u>186,224,489</u>	<u>196,562,357</u>
<b>Operating Loss</b>	<u>(81,531,064)</u>	<u>(62,162,293)</u>	<u>(68,071,055)</u>
<b>Non-operating Revenues/(Expense)</b>			
Investment Income	1,374,146	1,024,158	1,682,481
Credit Payment Income	6,442,781	10,896,699	
Interest Expense	(74,121,390)	(78,573,012)	(70,740,741)
Amortization of Refunding Costs	(969,032)	(1,079,554)	
Amortization of Bond Issue Costs, Premiums and Discounts	(1,936,089)	(1,738,288)	
Gain/(Loss) on Sale of Assets	(5,051)	53,733	
<b>Total Non-operating Revenues/(Expense)</b>	<u>(69,214,635)</u>	<u>(69,416,264)</u>	<u>(69,058,260)</u>
Net Loss Before Adjustments	(150,745,699)	(131,578,557)	(137,129,315)
Add Capital Contributions <sup>1/</sup>	<u>75,876,870</u>	<u>93,092,191</u>	<u>96,789,839</u>
<b>Net Income</b>	(74,868,829)	(38,486,366)	(40,339,476)
<b>Fund Equity - Beginning of Year</b> <sup>2/3/</sup>	<u>1,484,232,901</u>	<u>1,409,364,072</u>	<u>1,370,877,706</u>
<b>Fund Equity - End of Year</b> <sup>2/3/</sup>	<u>\$ 1,409,364,072</u>	<u>\$ 1,370,877,706</u>	<u>\$ 1,330,538,229</u>

1/ Includes Regional Connection Charges, Regional Commodity Charges and Regional Reliability Charges as well as other revenue sources. Regional Connection Charges have been altered with contingency estimates and do not reflect gross cash collections. The budget column does not reflect a contingency.

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**  
**BUDGET SUMMARY AND COMPARISON - BUDGETARY BASIS (UNAUDITED)**

Fiscal Year Ending June 30	2011 (Budget)	2011 (Actual)	2012 (Budget)
<b>Operating Revenues</b>			
Wholesale Delivery Charge	\$ 120,366,471	\$ 119,457,411	\$ 123,909,056
Groundwater Program Revenues	2,041,811	894,502	827,962
Las Vegas Wash Revenues	914,795	397,408	866,349
Purveyor Admin Cost Billings	397,407	362,263	2,887,935
Other Revenues	-	2,950,612	-
<b>Total Operating Revenues</b>	<u>123,720,484</u>	<u>124,062,196</u>	<u>128,491,302</u>
<b>Operating Expenses</b>			
Personnel & Related	37,818,862	42,491,203	35,247,482
Electric Power	48,098,371	36,013,713	46,862,060
Operation and maintenance	42,168,341	33,994,589	44,952,815
Depreciation	65,000,000	73,724,984	69,500,000
<b>Total Operating Expenses</b>	<u>193,085,574</u>	<u>186,224,489</u>	<u>196,562,357</u>
<b>Operating Loss</b>	<u>(69,365,090)</u>	<u>(62,162,293)</u>	<u>(68,071,055)</u>
<b>Non-operating Revenues/(Expense)</b>			
Investment Income	1,682,481	1,024,158	1,682,481
Credit Payment Income		10,896,699	-
Interest Expense	(81,251,311)	(78,573,012)	(70,740,741)
Amortization of Refunding Costs		(1,079,554)	-
Amortization of Bond Issue Costs, Premiums and Discounts		(1,738,288)	-
Gain/(Loss) on Sale of Assets		53,733	-
<b>Total Non-operating Revenues/(Expense)</b>	<u>(79,568,830)</u>	<u>(69,416,264)</u>	<u>(69,058,260)</u>
Net Loss Before Adjustments	(148,933,920)	(131,578,557)	(137,129,315)
Add Capital Contributions <sup>1/</sup>	<u>96,789,839</u>	<u>93,092,191</u>	<u>96,789,839</u>
<b>Net Income</b>	(52,144,081)	(38,486,366)	(40,339,476)
<b>Fund Equity - Beginning of Year</b> <sup>2/3/</sup>	<u>1,484,232,901</u>	<u>1,409,364,072</u>	<u>1,370,877,706</u>
<b>Fund Equity - End of Year</b> <sup>2/3/</sup>	<u>\$ 1,432,088,820</u>	<u>\$ 1,370,877,707</u>	<u>\$ 1,330,538,229</u>

1/ Includes Regional Connection Charges, Regional Commodity Charges and Regional Reliability Charges as well as other revenue sources. 2010 actual Regional Connection Charges have been altered with a refund contingency.

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 Retained 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 Valley Water District	Nellis Air Force Base	North Las Vegas	Total Deliveries
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
2010	10,845	63,092	283,052	1,511	50,302	408,802
2011	10,534	64,262	296,672	1,334	50,256	423,059

*May be off slightly due to rounding*

**SOUTHERN NEVADA WATER AUTHORITY  
HISTORY OF WATER REVENUES (UNAUDITED)**

Fiscal Year Ending June 30	2007 (Restated)	2008 (Restated)	2009 (Restated)	2010 (Restated)	2011 (Actual)
<b>Operating Revenues</b>					
Wholesale Delivery Charge	\$ 121,449,812	\$ 118,782,982	\$ 112,551,974	\$ 110,097,368	\$ 119,457,411
Regional Connection Charge <sup>1/</sup>	119,561,208	57,318,104	26,789,155	5,309,547	6,602,728
Regional Water Charges	18,829,058	18,777,117	18,791,878	22,538,155	37,335,440
<b>Total Operating Revenues</b>	<u>259,840,078</u>	<u>194,878,203</u>	<u>158,133,007</u>	<u>137,945,070</u>	<u>163,395,579</u>
<b>Operating Expenses <sup>2/</sup></b>	124,192,960	136,503,637	153,354,897	120,391,880	112,499,505
<b>Net SNWA Water Revenue</b>	<u>135,647,118</u>	<u>58,374,566</u>	<u>4,778,110</u>	<u>17,553,190</u>	<u>50,896,074</u>
<b>Annual Debt Service on the SNWA Superior Obligations</b>	16,939,289	17,220,068	15,733,838	13,596,088	11,053,346
<b>Remaining SNWA Water Revenues <sup>3/</sup></b>	118,707,829	41,154,498	(10,955,728)	3,957,102	39,842,728
<b>Unrestricted Fund Balance <sup>4/</sup></b>	<u>491,405,174</u>	<u>505,592,327</u>	<u>423,601,762</u>	<u>442,315,079</u>	<u>366,951,904</u>
Total	610,113,003	546,746,825	412,646,034	446,272,181	406,794,632
<b>Annual Debt Service on the SNWA Parity Obligations <sup>5/</sup></b>	93,001,640	102,835,375	120,442,065	127,968,971	120,652,753
Less Capitalized Interest <sup>6/</sup>	<u>(33,348,509)</u>	<u>(37,957,724)</u>	<u>(46,239,562)</u>	<u>(54,471,828)</u>	<u>(63,216,972)</u>
<b>Net Annual Debt Service on Parity Obligations</b>	<u>\$ 59,653,131</u>	<u>\$ 64,877,651</u>	<u>\$ 74,202,503</u>	<u>\$ 73,497,143</u>	<u>\$ 57,435,781</u>

1/ Regional Connection Charge revenues decreased significantly in 2008 through 2011 due to slowing sales of new connections. Cash collections for 2007 to 2011 have been further modified with refund contingency adjustments.

2/ Excludes depreciation

3/ Represents SNWA Water Revenues that are available to pay debt service on the SNWA Parity Obligations, and to fund the MBRA.

4/ Consists of unrestricted cash, unrestricted investments, and unused sales tax proceeds.

5/ Includes debt service paid on the SNWA Parity Obligations and MBRA Parity Obligations, but does not include principal debt service on the Notes.

6/ Includes debt service paid from capitalized interest on prior bond issues. These figures include amounts that the SNWA capitalizes for accounting purposes; those amounts do not necessarily include amounts available to offset debt service payments.

# INDEPENDENT AUDITORS' REPORT



SOUTHERN NEVADA WATER AUTHORITY



P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

**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, 2011, and have issued our report thereon dated November 22, 2011. 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.** Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the SNWA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an 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 the SNWA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below to be a material weakness.

A formal analysis of construction work in process (CWIP) was not performed to determine if completed construction projects were properly accounted for when the related capital assets were placed in service. As a result, material capital asset balances were misclassified as CWIP in prior years, which resulted in material understatements of depreciation expense and interest expense (due to overcapitalization of interest costs).

Board of Directors  
Southern Nevada Water Authority  
Las Vegas, Nevada

We recommend that control procedures be designed and implemented to provide reasonable assurance that completed construction projects are properly accounted for when the related assets are placed into service.

SNWA's management has informed us that it intends to develop control policies and procedures to provide reasonable assurance that completed construction projects are properly accounted for when the related assets are placed into service. We did not audit SNWA's response and, accordingly, we express no opinion on it.

**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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of SNWA in a separate letter dated November 22, 2011.

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.



November 22, 2011