NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: S&P: "AA+"
Moody's: "Aa2"
See "RATINGS"

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2015 Bonds is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2015 Bonds (the "Tax Code"), and interest on the 2015 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS - Federal Tax Matters."

$339,635,000*

Las Vegas Valley Water District, Nevada

General Obligation (Limited Tax)
(Additionally Secured by SNWA Pledged Revenues)
Water Refunding Bonds, Series 2015

Dated: Date of Delivery **Due: June 1, as shown herein**

The 2015 Bonds (defined herein) are issued as fully registered bonds in denominations of $5,000, or any integral multiple thereof. The 2015 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the 2015 Bonds. Purchases of the 2015 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2015 Bonds. See "THE 2015 BONDS - Book-Entry Only System." The 2015 Bonds bear interest at the rates set forth herein, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2015,* to and including the maturity dates shown herein (unless redeemed earlier). Interest on the 2015 Bonds will be paid by check or draft mailed to the registered owner of the 2015 Bonds, initially Cede & Co. The principal of, and premium, if any, on the 2015 Bonds will be payable upon presentation and surrender at the principal operations office of The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, or its successor as the paying agent for the 2015 Bonds. See "THE 2015 BONDS."

The maturity schedule for the 2015 Bonds appears on the inside cover page of this Official Statement.

The 2015 Bonds are subject to optional redemption prior to maturity at the option of the Las Vegas Valley Water District (the "District") and is subject to mandatory sinking fund redemption, all as described in "THE 2015 BONDS - Redemption Provisions."

Proceeds of the 2015 Bonds will be used to: (i) refinance, together with other available funds, certain outstanding District bonds, as more particularly described herein; and (ii) pay the costs of issuing the 2015 Bonds. See "SOURCES AND USES OF FUNDS."

The 2015 Bonds constitute direct and general obligations of the District. The full faith and credit of the District is pledged for the payment of principal and interest subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See "SECURITY FOR THE 2015 BONDS - General Obligation Bonds". The 2015 Bonds are additionally secured by a pledge of certain revenues received by the District from the Southern Nevada Water Authority ("SNWA") in an amount sufficient to pay debt service on the 2015 Bonds. See "SECURITY FOR THE 2015 BONDS - SNWA Pledged Revenues."

This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2015 Bonds are offered when, as, and if issued by the District and accepted by the Underwriters, subject to the approval of legality of the 2015 Bonds by Sherman & Howard L.L.C., Las Vegas and Reno, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Greenberg Traurig, LLP, Las Vegas, Nevada, has acted as special counsel to the District in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the District by the District's General Counsel. Stradling Yocca Carlson & Rauth, Reno, Nevada, is acting as counsel to the Underwriters. It is expected that the 2015 Bonds will be available for delivery through the facilities of DTC on or about January 13, 2015.

Citigroup

J.P. Morgan **Morgan Stanley** **Wells Fargo Securities**

* Subject to change.

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: _____)

$339,635,000*
Las Vegas Valley Water District, Nevada
General Obligation (Limited Tax)
(Additionally Secured by SNWA Pledged Revenues)
Water Refunding Bonds, Series 2015

Maturing (June 1)	Principal Amount	Interest Rate	Yield	CUSIP© Issue No.
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				

$_____ _____% Term Bond due June 1, ____. Priced to Yield: _____% CUSIP© Issue No.: ____.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2015 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2015 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Las Vegas Valley Water District (the "District") or the Southern Nevada Water Authority (the "SNWA"). The District and the SNWA each maintain an internet website; however, except as specifically referenced herein, the information presented in those websites is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2015 Bonds.

The information set forth in this Official Statement has been obtained from the District, the SNWA and from the sources referenced throughout this Official Statement, which the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided from sources other than the District or the SNWA. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2015 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the SNWA, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2015 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2015 Bonds have not been registered with the Securities and Exchange Commission (the "SEC") due to certain exemptions contained in the Securities Act of 1933, as amended. The 2015 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document. For purposes of compliance with Rule 15c2-12 of the SEC, as amended, and in effect on the date hereof, this document in the form of a Preliminary Official Statement constitutes an official statement of the District that has been deemed final by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

THE PRICES AT WHICH THE 2015 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS THEREOF (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2015 BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

LAS VEGAS VALLEY WATER DISTRICT, NEVADA

Board of Directors
Mary Beth Scow, President
Steve Sisolak, Vice President
Susan Brager
Larry Brown
Tom Collins
Chris Giunchigliani
Lawrence Weekly

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Philip Speight, Assistant General Manager of Administration
David H. Wright, Chief Financial Officer
David L. Johnson, Deputy General Manager, Engineering/Operations
Julie A. Wilcox, Deputy General Manager, Administration
Gregory J. Walch, Esq., General Counsel

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Los Angeles, California

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Las Vegas and Reno, Nevada

SPECIAL COUNSEL
Greenberg Traurig, LLP
Las Vegas, Nevada

REGISTRAR, PAYING AGENT AND ESCROW BANK
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

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NOTE: Tables marked with one (*) indicate Annual Financial Information to be updated by the District and tables marked with two (**) indicate Annual Financial Information to be updated by the SNWA pursuant to SEC Rule 15c2-12, as amended. See Appendix E - Form of Continuing Disclosure Certificates for the District and SNWA.

OFFICIAL STATEMENT

$339,635,000*

Las Vegas Valley Water District, Nevada

General Obligation (Limited Tax)
(Additionally Secured by SNWA Pledged Revenues)
Water Refunding Bonds, Series 2015

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the Las Vegas Valley Water District, Nevada (the "District"), to provide information about the District, the Southern Nevada Water Authority (the "SNWA") and the District's $339,635,000* General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2015 (the "2015 Bonds"). The 2015 Bonds will be issued pursuant to a resolution adopted by the District's Board of Directors (the "Board") on November 5, 2014 (the "Bond Resolution").

The offering of the 2015 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2015 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized. Undefined capitalized terms have the meanings given in the Bond Resolution. See Appendix C - Summary of Certain Provisions of the Bond Resolution.

The District

The District was created under a special act of the Nevada State Legislature (the "Legislature") in 1947 as a governmental subdivision of the State of Nevada (the "State") and a quasi-municipal corporation. The District was created for the purpose of obtaining and distributing water primarily in the Las Vegas Valley, which includes the metropolitan area of Clark County, Nevada (the "County") and the City of Las Vegas. The Clark County Board of Commissioners serves as the District's Board and governs the activities of the District. See "LAS VEGAS VALLEY WATER DISTRICT."

The SNWA

The SNWA is a regional agency created in 1991 by seven governmental agencies in the County (the "Members," described below) to address water issues, develop additional water supplies, and build and operate water treatment and transmission facilities on a regional basis. The Members are the District, the City of Boulder City, the City of Henderson, the City of Las Vegas, the City of North Las Vegas, the Big Bend Water District and the Clark County Water Reclamation District. The SNWA was formed and operates pursuant to an Amended Cooperative Agreement among the Members, originally effective as of July 25, 1991, and subsequently amended (the "Cooperative Agreement"). After its formation, the SNWA assumed all assets and liabilities of the Southern Nevada Water System ("SNWS") from the Colorado River Commission ("CRC") and purchased all SNWS assets formerly owned by the federal government.

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* Subject to change.

The District operates and maintains the SNWS, as agent for the SNWA, pursuant to an Amended Facilities and Operations Agreement, effective September 5, 2012 (the "Operations Agreement"), between the SNWA and four of the Members (Boulder City, Henderson, North Las Vegas and the District and collectively, the "Municipal Water Users"). Pursuant to the Operations Agreement, the Municipal Water Users (and certain other users as described herein) have contracted with the SNWA for the provision of potable water. The District is the largest Municipal Water User, accounting for approximately 69.3% of the water deliveries from the SNWS in fiscal year 2013-14. See "SOUTHERN NEVADA WATER AUTHORITY."

The 2015 Bonds; Prior Redemption

The 2015 Bonds are issued solely as fully registered certificates in the denomination of $5,000, or any integral multiple thereof. The 2015 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the 2015 Bonds. Purchases of the 2015 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2015 Bonds. See "THE 2015 BONDS - Book-Entry Only System." The 2015 Bonds will be dated as of the date of delivery and will mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of principal and interest on the 2015 Bonds is described in "THE 2015 BONDS - Payment Provisions."

The 2015 Bonds are subject to optional redemption prior to maturity at the option of the District as described in "THE 2015 BONDS - Redemption Provisions." The 2015 Bonds are also subject to mandatory sinking fund redemption as described in "THE 2015 BONDS - Redemption Provisions."

Authority for Issuance

The 2015 Bonds are being issued pursuant to Chapter 167, Statutes of Nevada, 1947 as amended and supplemented (the "District Act"), Nevada Revised Statutes ("NRS") Chapter 350.500 through 350.720, designated as the "Local Government Securities Law" (the "Bond Act"), Chapter 348 of NRS and the Bond Resolution.

Purpose

Proceeds of the 2015 Bonds are expected to be used to: (i) refinance, together with other available funds, a portion of the District's General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Bonds, Series 2009C (Taxable Direct Pay Build America Bonds) (the "2009C Bonds" or the "Refunded Bonds"), as more particularly described below (the "2015 Refunding Project"); and (ii) pay the costs of issuing the 2015 Bonds. See "SOURCES AND USES OF FUNDS."

Bonds to be Refunded with 2015 Bond Proceeds

Name of Bond Issue	Amount Outstanding	Amount Refunded	Maturities Refunded
The 2009C Bonds	$348,115,000	$348,115,000*	6/1/34 and 6/1/39

* Preliminary, subject to change.

Security

General Obligation. The 2015 Bonds constitute direct and general obligations of the District. The full faith and credit of the District is pledged for the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. Generally, the combined overlapping tax rate is limited by statute to $3.64 per $100 of assessed valuation. $0.02 of the statewide property tax rate of $0.17 per $100 assessed valuation is not included in computing compliance with this $3.64 cap. State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon. See "SECURITY FOR THE 2015 BONDS - General Obligation Bonds" and "PROPERTY TAX INFORMATION - Property Tax Limitations."

SNWA Pledged Revenues Additionally Secure the 2015 Bonds. The 2015 Bonds are additionally secured by an irrevocable lien on the revenues received by the District from the SNWA pursuant to a Master Bond Repayment Agreement dated July 1, 1996, as amended (the "MBRA"), between the District and SNWA (the "SNWA Pledged Revenues"). The MBRA requires the SNWA to pay the District an amount sufficient to pay all debt service on the bonds issued on behalf of SNWA by the District. The SNWA Pledged Revenues are paid by the SNWA from revenues derived from the operation of the SNWS, including all revenues, charges or fees for commodities and services rendered by the SNWS, which include, but are not limited to, connection fees, tap fees, flat fees, meter charges and all other charges made for services, water or other commodities furnished by the SNWS and all other amounts received directly or indirectly, under the Cooperative Agreement (the "SNWA Water Revenues"). See Appendix C - Summary of Certain Provisions of the Bond Resolution.

As described in "SOUTHERN NEVADA WATER AUTHORITY - Funding Sources," the Operations Agreement requires that the Members reimburse the SNWA for all operations and maintenance expenses, debt service and reserve requirements of the SNWS. Pursuant to the Operations Agreement, the SNWA derives the majority of the SNWA Water Revenues from payments received from the Members. Although not mandated by the Operations Agreement, each Member may pass through the amounts needed to reimburse the SNWA to its water system customers. Also see "SOUTHERN NEVADA WATER AUTHORITY - The Operations Agreement."

The SNWA has outstanding certain bonds or other obligations with a lien on the SNWA Water Revenues that are superior to, on a parity with and subordinate to the lien thereon of the 2015 Bonds. See the table in "SNWA FINANCIAL INFORMATION - Outstanding SNWA Obligations."

Professionals

Sherman & Howard, L.L.C., Las Vegas and Reno, Nevada is serving as Bond Counsel to the District in connection with the issuance of the 2015 Bonds. Greenberg Traurig, LLP, Las Vegas, Nevada is serving as Special Counsel to the District in connection with the preparation of this Official Statement. The District's financial advisors in connection with the issuance of the 2015 Bonds are: Hobbs, Ong and Associates, Inc., Las Vegas, Nevada, and Public Financial Management, Inc., Los Angeles, California (collectively, the "Financial Advisors"). See "FINANCIAL ADVISORS." The fees being paid to Bond Counsel, Special Counsel and the Financial Advisors are contingent upon the execution and delivery of the 2015 Bonds. Citigroup Global Markets, Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association will act as the underwriters for the 2015 Bonds (the "Underwriters"). See "UNDERWRITING." Stradling Yocca Carlson & Rauth, Reno, Nevada, is acting as counsel to the Underwriters. The audited basic financial statements of the District and SNWA contained in Appendix A and Appendix B, respectively, include the respective reports of Piercy Bowler Taylor & Kern, Las Vegas, Nevada, independent certified public accountants. The audited financial statements for

the SNWA for the fiscal year ending June 30, 2014 have not been formally accepted by the SNWA Board but will be considered for formal acceptance at the December 10, 2014 SNWA Board meeting. See "INDEPENDENT AUDITORS." The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as registrar and paying agent for the 2015 Bonds (the "Registrar" and the "Paying Agent").

Tax Status

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2015 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2015 Bonds (the "Tax Code"), and interest on the 2015 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS - Federal Tax Matters."

The 2015 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of the NRS. See "TAX MATTERS - State Tax Exemption."

Continuing Disclosure Undertakings

The District and the SNWA each will execute a continuing disclosure certificate (collectively, the "Disclosure Certificates") at the time of the closing of the 2015 Bonds. The Disclosure Certificates will be executed for the benefit of the beneficial owners of the 2015 Bonds and the District and the SNWA will covenant in the Bond Resolution to comply with their terms. The Disclosure Certificates will provide that so long as the 2015 Bonds remain outstanding, the District and the SNWA will annually provide the following information to the Municipal Securities Rulemaking Board ("MSRB"): (i) certain financial information and operating data on an annual basis; and (ii) notice of certain material events. The form of each Disclosure Certificate is attached hereto as Appendix E. Neither the District nor the SNWA has failed to materially comply with any continuing disclosure undertakings entered into pursuant to the Rule in the last five years.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the sections entitled "LAS VEGAS VALLEY WATER DISTRICT FINANCIAL INFORMATION," "SNWA FINANCIAL INFORMATION – Summary Of Operating Revenues, Expenses and Changes in Fund Equity," descriptions of interim, estimated or other unaudited financial results for fiscal year 2015, descriptions of budgeted amounts for fiscal year 2015, and other descriptions of the future plans, operations and finances of the District and the SNWA, contains statements relating to future events or results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of pledged revenues to pay debt service on the 2015 Bonds.

Additional Information

This introduction is only a brief summary of the provisions of the 2015 Bonds and the Bond Resolution; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the District, SNWA, the 2015 Refunding Project, the 2015 Bonds and the Bond Resolution are included in this Official Statement. All references herein to the 2015 Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *The Official Statement speaks only as of its date, and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the District and the Financial Advisors at the addresses set forth below:

Las Vegas Valley Water District
Attn: Chief Financial Officer
1001 S. Valley View Boulevard
Las Vegas, Nevada 89153
Telephone: (702) 658-3106

Hobbs, Ong and Associates, Inc.
3900 Paradise Road, Suite 152
Las Vegas, Nevada 89169
Telephone: (702) 733-7223

Public Financial Management, Inc.
601 S. Figeroa Street, Suite 4500
Los Angeles, California 90017
Telephone: (213) 489-4075

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds from the sale of the 2015 Bonds are expected to be applied in the following manner.

Sources and Uses of Funds

SOURCES:	Amount
Principal amount.....	
Plus/(less): net original issue premium/(discount).....	
Other available funds (1)	
Total.....	
USES:	
2015 Refunding Project.....	
Costs of issuance (including Underwriters' discount).....	
Total.....	

(1) Consists of funds on deposit in the bond fund for the Refunded Bonds.

Source: The Financial Advisors.

The 2015 Refunding Project

The District is undertaking the 2015 Refunding Project at the request of the SNWA for economic savings. A portion of the 2015 Bond proceeds will be used to currently refund the 2009C Bonds identified in the table entitled "Bonds to be Refunded with 2015 Bond Proceeds" (see "INTRODUCTION - Purpose"). To accomplish the 2015 Refunding Project, the District will deposit a

portion of the 2015 Bond proceeds, together with other available funds, with the Paying Agent for the 2009C Bonds in an amount sufficient to pay the redemption price of the Refunded Bonds equal to the principal amount thereof plus a redemption premium of 9%, plus accrued interest to the redemption date, which is expected to be the date of initial authentication and delivery of the 2015 Bonds.

THE 2015 BONDS

General

The 2015 Bonds will be issued as fully registered bonds in denominations of $5,000 and any integral multiple thereof. The 2015 Bonds will be dated as of the date of delivery and will mature as set forth on the inside cover page of this Official Statement. The 2015 Bonds initially will be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the 2015 Bonds. Purchases of the 2015 Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2015 Bonds. See "Book-Entry Only System" below.

Payment Provisions

Interest on the 2015 Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2015.* Interest is payable by the Paying Agent on the interest payment date (or if such day is not a business day, on the next succeeding business day) to the person in whose name each 2015 Bond is registered (i.e., to Cede & Co.), on the 15th day of the month preceding the interest payment date (the "Regular Record Date") at the address shown on the registration records maintained by the Paying Agent as of the close of business on the Regular Record Date; but any such interest not so timely paid shall cease to be payable to the registered owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the registered owner thereof at his or her address as shown on the registration records of the Registrar as of the close of business on the Special Record Date. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 2015 Bonds not less than ten days prior thereto by first-class mail to each such registered owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2015 Bond by such alternative means as may be mutually agreed to between the registered owner of such 2015 Bond and the Paying Agent. The principal on any 2015 Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the Paying Agent. If any 2015 Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by the 2015 Bond until the principal thereof is paid in full. All payments of principal and interest shall be made in lawful money of the United States without deduction for any service charges of the Paying Agent or Registrar.

Notwithstanding the foregoing, payments of the principal of and interest on the 2015 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the 2015 Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and the Indirect Participants, as more fully described herein. See "Book-Entry Only System" below.

* Subject to change.

Redemption Provisions

Optional Redemption. The 2015 Bonds, or portions thereof ($5,000 or any integral multiple), maturing on and after June 1, ____, will be subject to redemption prior to their respective maturities at the option of the District on and after June 1, ____, in whole or in part at any time, from such maturities as are selected by the District, and if less than all the 2015 Bonds of a maturity are to be redeemed, by lot (giving proportionate weight to 2015 Bonds in denominations larger than $5,000), at a price equal to the principal amount of each 2015 Bond or portion thereof so redeemed, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The 2015 Bonds maturing on June 1, ____ bearing interest at _____% (the "2015 Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. The 2015 Term Bonds being redeemed in part will be selected by lot in such a manner as the Registrar may determine.

As and for a sinking fund for the redemption of the 2015 Term Bonds maturing on June 1, ____, there shall be deposited into the 2015 Bond Fund on or before the dates shown below, a sum which, together with other moneys available therein, is sufficient to redeem the 2015 Term Bonds on the dates and in the principal amounts shown below:

Redemption Date (June 1)	Principal Amount

At the option of the District to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation 2015 Term Bonds or portions thereof ($5,000 or any integral multiple thereof) in an aggregate principal amount desired by the District or, (ii) specify a principal amount of 2015 Term Bonds or portions thereof ($5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each 2015 Term Bond or portion thereof so delivered or previously redeemed which is a part of the maturity which would be subject to mandatory redemption on the following principal payment date shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the District on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations.

Notice of Redemption. Unless waived by any registered owner of a 2015 Bond to be redeemed, notice of prior redemption shall be given by the Registrar electronically, as long as Cede & Co. is registered owner of the 2015 Bonds and otherwise by first-class mail, at least 30 days but not more than 60 days prior to the redemption date, to the registered owner of any 2015 Bond all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. The notice shall identify the 2015 Bonds to be redeemed and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the redemption date being payable by mail or as otherwise provided in the Bond Resolution), and that after such redemption date interest will cease to accrue. After such notice and presentation of said 2015 Bonds, the 2015 Bonds called for redemption will be paid. Actual receipt of the notice by any registered owner of 2015 Bonds shall not be a condition precedent to redemption of such

2015 Bonds. Failure to give such notice to the registered owner of any 2015 Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2015 Bond. A certificate by the Registrar that the notice of call and redemption has been given as provided in the Bond Resolution shall be conclusive as against all parties; and no owner whose 2015 Bond is called for redemption or any other owner of any 2015 Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

Notwithstanding the foregoing, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2015 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2015 Bonds called for redemption in the same manner as the original redemption notice was given.

Defeasance

When all Bond Requirements (defined in Appendix C) of any 2015 Bond have been duly paid, the pledge, the lien and all obligations hereunder as to that 2015 Bond shall thereby be discharged and the 2015 Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Resolution. Except as provided in the last sentence of this paragraph, there shall be deemed to be such due payment when the District has placed in escrow or in trust with a trust bank, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities (defined below) in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the 2015 Bonds, as the same become due to the final maturity of the 2015 Bonds, or upon any redemption date as of which the District shall have exercised or shall have obligated itself to exercise its prior redemption option. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof.

Book-Entry Only System

The 2015 Bonds will be available only in book-entry form in the principal amount of $5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2015 Bonds. The ownership of one fully registered 2015 Bond for each maturity as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix D - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2015 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2015 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the District, the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix D), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2015 Bonds as further described in Appendix D to this Official Statement.

Debt Service Requirements - 2015 Bonds

The following table reflects the debt service requirements for the 2015 Bonds. For information on the total debt service payable by the District on its currently outstanding general obligation bonds, see "LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE - District Debt Service Requirements." For information on the total debt service payable by the SNWA on its currently outstanding obligations, including the 2015 Bonds, see "SNWA FINANCIAL INFORMATION - Outstanding SNWA Obligations - SNWA Total Debt Service Requirements."

Debt Service Requirements – 2015 Bonds[*] (1)

Fiscal Year Ending June 30	2015 Bonds		
	Principal	Interest	Total
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
Total			

(1) Totals may not add due to rounding.

Source: The Financial Advisors and the Underwriters.

[*] Subject to change.

SECURITY FOR THE 2015 BONDS

General Obligation Bonds

The 2015 Bonds are direct and general obligations of the District, and the full faith and credit of the District is pledged to the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. Generally, the combined overlapping tax rate is limited by statute to $3.64 per $100 of assessed valuation. $0.02 of the statewide property tax rate of $0.17 per $100 assessed valuation is not included in computing compliance with this $3.64 cap. State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon. See "PROPERTY TAX INFORMATION - Property Tax Limitations." The 2015 Bonds are payable from general ad valorem taxes on all taxable property in the District. Pursuant to statute, the District's boundaries include all of the property within the County, except for the property included within the boundaries of the Virgin Valley Water District ("VVWD").

The District has never levied an ad valorem tax because revenues pledged for debt service on the District's various bond issues (including the SNWA Pledged Revenues) have always been sufficient to pay debt service on all of the District's bonds and obligations; however, in any year in which those pledged revenues are insufficient to pay debt service, the District is obligated to levy ad valorem taxes to pay debt service. Due to the statutory process required for the levy of taxes, in any year in which the District is required to levy property taxes, there may be a delay in the availability of revenues to pay debt service on the 2015 Bonds. See "PROPERTY TAX INFORMATION - County Property Tax Collections." NRS 350.596 provides, "Any sums coming due on any general obligation municipal securities at any time when there are not on hand from such tax levy or levies sufficient funds to pay the same shall be promptly paid when due from the general fund of the municipality, reimbursement to be made to such general fund in the sums thus advanced when the taxes herein provided for have been collected." (Under this provision of NRS, the 2015 Bonds are "general obligation municipal securities", and the District is a "municipality.") In addition, the Bond Resolution provides as follows: "Use of General Fund and Other Funds. Any sums becoming due on the Bonds at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from the general fund on hand belonging to the District, reimbursement to be made to the general fund in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596. Nothing in this Resolution prevents the District from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598."

The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (e.g., the State, the County, the Clark County School District (the "School District"), any city, or any special district, including the District) in each year. Those limitations are described in "PROPERTY TAX INFORMATION - Property Tax Limitations." In any year in which the total property taxes levied within the District by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. In addition, State law requires the abatement of property taxes in certain circumstances. See "PROPERTY TAX INFORMATION - Property Tax Limitations" and "Required Property Tax Abatements."

Other Security Matters

No Repealer. Nevada statutes provide that no act concerning the 2015 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2015 Bonds or their security until all of the 2015 Bonds have been discharged in full or provision for their payment and redemption has been fully made.

No Pledge of Property. The payment of the 2015 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District and no property of the District, including proceeds of the 2015 Bonds, shall be liable to be forfeited or taken in payment of the 2015 Bonds; provided that the payment of the 2015 Bonds is secured by the proceeds of general (ad valorem) taxes and the SNWA Pledged Revenues pledged for the payment of the 2015 Bonds.

No Recourse. No recourse shall be had for the payment of the principal of, any interest on, or any prior redemption premiums due in connection with any 2015 Bonds, or for any claim based thereon or otherwise upon the Bond Resolution authorizing their issuance, against any individual member, officer, or other agent of the District, past, present or future, either directly or indirectly by virtue of any statute or rule of law.

SNWA Pledged Revenues

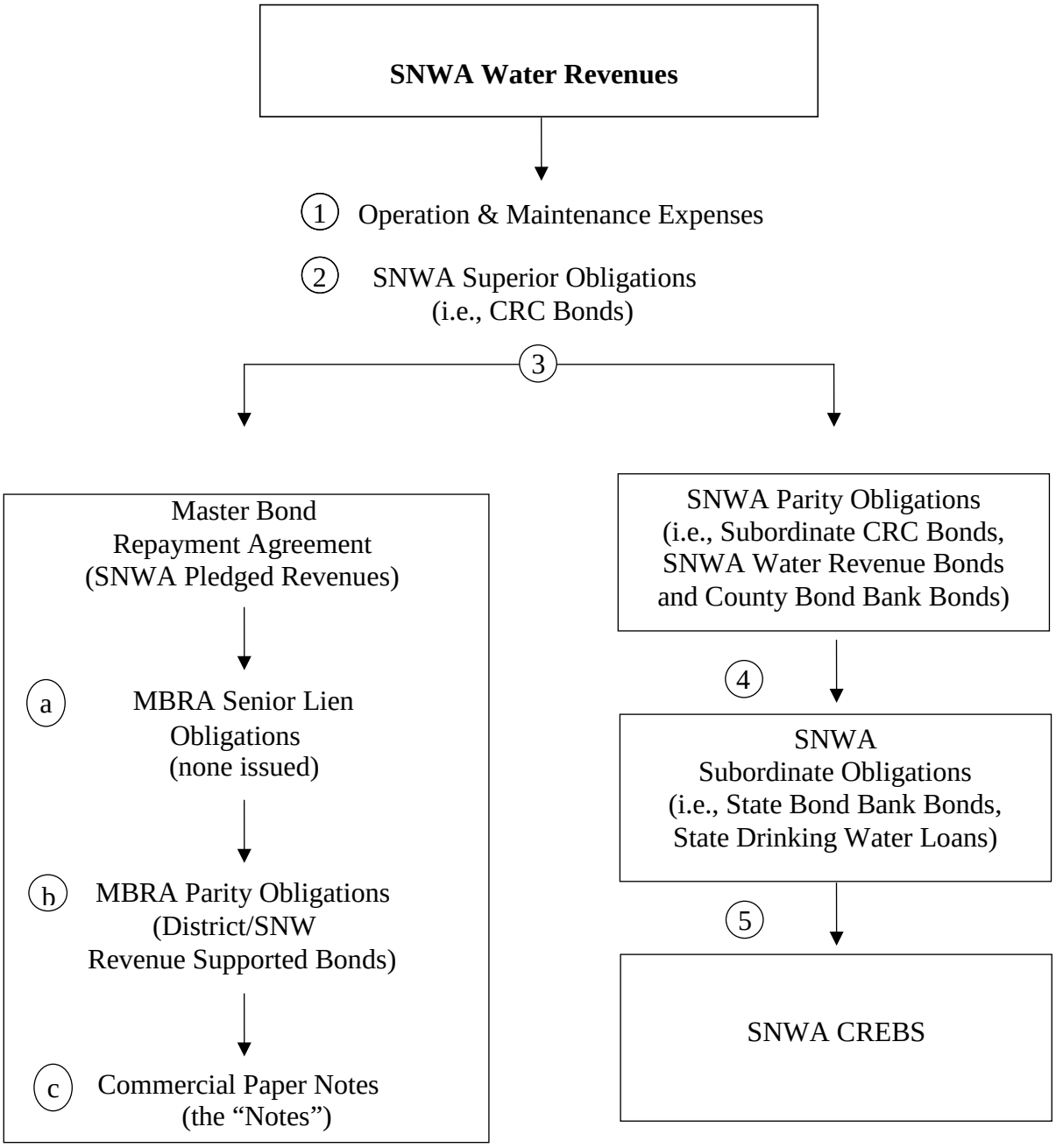
General. The 2015 Bonds are equitably and ratably secured by a lien on the SNWA Pledged Revenues, and the 2015 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the SNWA Pledged Revenues, subject to the prior lien of any MBRA Senior Lien Obligations and SNWA Superior Obligations and on a parity with the currently outstanding MBRA Parity Obligations and any Additional MBRA Parity Obligations.

Although the 2015 Bonds (together with the Outstanding MBRA Parity Obligations) currently have a lien on the SNWA Pledged Revenues, the Master Bond Repayment Agreement itself constitutes a subordinate lien on the SNWA Water Revenues, subject to the payment of SNWA's operation and maintenance expenses and subordinate to the lien thereon of the SNWA Superior Obligations (outstanding in the aggregate principal amount of $104,280,000) and any MBRA Senior Lien Obligations which may be issued in the future. Accordingly, the Master Bond Repayment Agreement (and the SNWA Pledged Revenues pledged thereunder) constitutes a lien on the SNWA Water Revenues on a parity with the Outstanding SNWA Parity Obligations, outstanding in the aggregate principal amount of $1,532,400,000, prior to the issuance of the 2015 Bonds. The District and entities other than the District (including SNWA) may issue obligations on behalf of SNWA in the future that have a lien on the SNWA Water Revenues which is superior to or on a parity with the lien thereon of the Master Bond Repayment Agreement.*

The SNWA may issue additional SNWA Superior Obligations and Additional SNWA Parity Obligations and the District may issue MBRA Senior Lien Obligations and Additional MBRA Parity Obligations after satisfaction of the conditions described in "Additional Securities" below. In addition, as described below, agencies other than the District also may issue bonds or obligations on behalf of the SNWA; those obligations do not and will not have a lien on the SNWA Pledged Revenues, but currently have (and may have in the future) a lien on the SNWA Water Revenues (which secure the MBRA and therefore provide all of the SNWA Pledged Revenues) that is superior to or on a parity with the lien thereon of the MBRA.

* Subject to change.

The following chart illustrates the general application of the SNWA Water Revenues, including the relative lien priority of the SNWA Superior Obligations, the MBRA Senior Lien Obligations (if any), the MBRA Parity Obligations and the SNWA Parity Obligations. Also see Appendix C - Summary of Certain Provisions of the Bond Resolution--Flow of Funds. In addition, the SNWA has issued Subordinate Lien Revenue Bonds (Clean Renewable Energy), Series 2008 ("SNWA CREBS"), which have a subordinate lien on the SNWA Water Revenues.


SNWA Water Revenues
1 Operation & Maintenance Expenses
2 SNWA Superior Obligations
(i.e., CRC Bonds)
3
Master Bond
Repayment Agreement
(SNWA Pledged Revenues)
a MBRA Senior Lien
Obligations
(none issued)
b MBRA Parity Obligations
(District/SNW
Revenue Supported Bonds)
c Commercial Paper Notes
(the "Notes")
SNWA Parity Obligations
(i.e., Subordinate CRC Bonds,
SNWA Water Revenue Bonds
and County Bond Bank Bonds)
4
SNWA
Subordinate Obligations
(i.e., State Bond Bank Bonds,
State Drinking Water Loans)
5
SNWA CREBS

The Master Bond Repayment Agreement. Under the MBRA, upon a request of the SNWA, the District may issue District general obligation bonds and loan the proceeds thereof to the SNWA for the purpose of funding or refunding capital additions and expansions to the SNWS. The 2015 Bonds are being issued by the District, on behalf of the SNWA, pursuant to such a request.

The SNWA Pledged Revenues are derived from that portion of the SNWA Water Revenues payable to the District pursuant to the MBRA. The MBRA requires the SNWA to pay to the District an amount sufficient to pay all debt service on the District bonds or other obligations issued by the District on behalf of the SNWA under the MBRA. The SNWA's obligation to make payments under the MBRA is secured by a lien in favor of the District on the SNWA Water Revenues received by the SNWA from its operation of the SNWS as described in "INTRODUCTION - Security - SNWA Pledged Revenues Additionally Secure the 2015 Bonds." The lien of the MBRA on the SNWA Water Revenues is subject to payment of SNWA's operation and maintenance expenses, and subordinate to the lien thereon of the SNWA Superior Obligations, obligations issued by agencies other than the District with a superior lien on the SNWA Water Revenues (see "INTRODUCTION - Security") and the prior lien of any obligations issued in the future that have a superior lien on the SNWA Water Revenues. The lien of the MBRA on the SNWA Water Revenues is on a parity with the lien thereon of the SNWA Parity Obligations.

History of SNWA Pledged Revenues. Pursuant to the MBRA, SNWA must pay to the District an amount sufficient to pay the debt service on outstanding District bonds or other obligations secured by the SNWA Pledged Revenues.

The Taxable BABs, Series 2009A and Taxable BABs, Series 2009C (see "SNWA FINANCIAL INFORMATION - Outstanding SNWA Obligations - Currently Outstanding SNWA Obligations") were issued on behalf of the SNWA by the District as "Build America Bonds" or "BABs." Prior to the 8.7% reduction in the payment of BAB subsidies that went into effect on March 1, 2013 (7.2% effective as of October 1, 2013 and 7.3% effective as of October 1, 2014) as a result of federal budget cuts known as "sequestration," the District and the SNWA expected to receive a federal subsidy (the "BAB Credit") in an amount equal to 35% of the interest due on those bonds. The District and the SNWA are unable to predict the duration or extent of the current or any future reductions. However, the District and the SNWA do not believe that the current sequester will have a material adverse effect on their ability to pay debt service on the BABs. The amounts payable by the SNWA under the MBRA are net of the BAB Credit to the extent it is received in each year.

The following table sets forth a history of the SNWA Pledged Revenues, which exactly equal the amounts payable on the District bonds and other obligations issued by the District on behalf of the SNWA under the MBRA, including debt service on the Notes.

Historic SNWA Pledged Revenues(1)

Fiscal Year	SNWA Pledged Revenues
2010	$ 49,830,542
2011	49,472,713
2012	49,040,027
2013	70,780,624
2014	87,602,090

(1) These amounts do not represent the full debt service payable; they are net of the BAB Credit received beginning in fiscal year 2010. Does not include debt service on SNWA Parity Obligations.

Source: Southern Nevada Water Authority.

SNWA Water Revenues. The following table sets forth a history of the SNWA Water Revenues. As previously described, the SNWA Water Revenues do not include all revenues of the SNWA, but rather, include only moneys derived by the SNWA from the operation of the SNWS, including all revenues, charges or fees for commodities and services rendered by the SNWS, which include, but are not limited to, connection fees, tap fees, flat fees, meter charges and all other charges made for services, water or other commodities furnished by the SNWS and all other amounts received directly or indirectly, under the Cooperative Agreement. Other nonoperating revenues (which include sales tax revenue and the other funding sources described in "SOUTHERN NEVADA WATER SYSTEM - Capital Improvement Funding Plan") are not included in SNWA Water Revenues. *There is no assurance that SNWA Water Revenues or any other SNWA revenues will be generated at the levels indicated in this table in the future.* For information about the total available revenues of the SNWA (including operating revenue and nonoperating revenue), see the table entitled "SNWA Summary of Operating Revenues, Expenses and Changes in Fund Equity."

History of SNWA Water Revenues[1]

Fiscal Year Ending June 30,	2011 (Restated)	2012 (Actual)	2013 (Actual)	2014 (Actual)	2015 (Budget)
Operating Revenues					
Wholesale Delivery Charges	$119,457,411	$119,239,660	$117,534,578	$ 121,045,154	$ 123,370,688
Regional Connection Charge[2][3]	6,602,728	13,892,856	22,915,416	44,819,669	30,748,787
Regional Water Charges	37,335,440	45,915,806	45,641,138	48,209,644	54,345,074
Regional Infrastructure Charges[4]	--	16,193,130	79,114,278	80,244,881	87,233,033
Total Revenues	163,395,579	195,241,452	265,205,410	294,319,348	295,697,582
Operating Expenses[5]	112,862,482	125,663,412	108,170,994	138,110,567	141,738,451
SNWA Water Revenues[6]	50,533,097	69,578,040	157,034,416	156,208,781	153,959,131
Annual Debt Service on the SNWA Superior Obligations[7]	11,053,346	2,659,971	5,991,327	5,991,328	5,991,410
Remaining SNWA Water Revenues[8]	39,479,751	66,918,069	151,043,089	150,217,453	147,967,721
Unrestricted fund balance[9]	366,951,904	305,553,937	236,252,384	308,634,591	322,928,812
Funds Available for Debt Service[10]	406,431,655	372,472,006	387,295,473	458,852,044	470,716,533
Annual Debt Service on Total Parity Obligations[11]	120,652,753	124,121,600	125,228,410	135,690,455	152,994,780
Less: capitalized interest[12]	0	0	(14,226,472)	(17,015,050)	0
Net Annual Debt Service on Parity Obligations	$120,652,753	$124,121,600	$111,001,938	$118,675,405	$152,994,780

Footnotes on the following page.

(1) During fiscal year 2011, the SNWA determined that in past years, certain items should have been accounted for as property, plant and equipment for accounting purposes, rather than being accounted for as construction work in progress. A further review in fiscal 2012 found several additional projects that needed similar adjustments. The table above illustrates the aggregate accounting impact of the accounting adjustments (a decrease of $28.1 million in Fund Equity for fiscal year 2011). See Note 1 in the audited financial statements attached hereto as Appendix B for a further description of the balance sheet adjustment.

(2) Beginning in fiscal 2008, SNWA adjusted actual collections of connection charges by the net effect of a pending regional connection charge refund liability account as prescribed by external auditors. The liability account attempts to estimate connection charges collected in past periods that have a reasonable chance to be refunded in future periods.

(3) For a discussion of Regional Connection Charges, see "SNWA FINANCIAL INFORMATION – Budgeting."

(4) In response to the declining connection fee revenues, in 2011 the SNWA engaged outside consultants to conduct an analysis of its existing rates and charges. On February 29, 2012, the SNWA Board of Directors (the "SNWA Board") implemented a new infrastructure surcharge (the "Regional Infrastructure Surcharge") effective for water sold on or after April 1, 2012, which is included in determining SNWA Pledged Revenues. The Regional Infrastructure Surcharge is a per-meter charge based on meter size. From inception through June 2014, the SNWA has collected $175.4 million in Regional Infrastructure Surcharges. See "SOUTHERN NEVADA WATER AUTHORITY--The Operations Agreement - Charges" and "SNWA FINANCIAL INFORMATION - Budgeting" for a further discussion of the Regional Infrastructure Surcharge.

(5) Excludes depreciation.

(6) SNWA Water Revenues do not include BAB Credit received.

(7) Debt service paid in each fiscal year is accounted for when paid to entities issuing the SNWA's Superior Obligations as required by the terms of the agreements with those entities. In some cases, bondholders are paid on July 1, but payments are required to be made to the issuing entities in the preceding June.

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

(9) SNWA also may use other legally available moneys (including available fund balance) to pay debt service on its outstanding obligations and to meet its rate covenant under the MBRA. These figures represent beginning unrestricted fund balances (comprised of unrestricted cash, unrestricted investments and sales tax revenues regardless of classification) for each fiscal year provided by the SNWA. The numbers in this table are not presented using GAAP and as a result, are not directly comparable to the table entitled "SNWA Summary of Operating Revenues, Expenses and Changes in Fund Equity."

(10) For a description of the computation of funds available for debt service, see the audited financial statements of the SNWA in Appendix B.

(11) Includes debt service paid on the SNWA Parity Obligations and the MBRA Parity Obligations, but does not include debt service on the Notes. Debt service is adjusted for BAB Credit received and expected to be received.

(12) Reflects interest capitalized from the 2012B Bonds.

Source: Derived from the SNWA's audited financial statements for Fiscal Year 2011-2014, SNWA estimates and SNWA Fiscal Year 2015 budget.

As illustrated in "SNWA FINANCIAL INFORMATION - Outstanding SNWA Obligations - SNWA Total Debt Service Requirements," the combined maximum annual debt service on the MBRA Parity Obligations and the SNWA Parity Obligations is $_____* in fiscal year _____*.

(Net of the BAB Credit expected to be received with respect to the 2009A Bonds and the 2009C Bonds which are not being refunded and assuming the BAB Credit is paid at the sequester-adjusted rate, the combined maximum annual debt service on the MBRA Parity Obligations and the SNWA Parity Obligations is $_____* in fiscal year _____*.) The amounts referenced above exclude the commercial paper notes issued by SNWA February 2014 and are currently outstanding in the amount of $400,000,000.

* Subject to change.

Rate Maintenance. The SNWA has agreed in the MBRA that it will maintain rates and charges for all services furnished by the SNWS which will generate annually, together with other funds legally available for such purpose, revenues sufficient to pay its operations and maintenance costs and all amounts due under the MBRA.

Additional Securities

SNWA Superior Obligations and SNWA Parity Obligations. The SNWA may issue SNWA Superior Obligations payable from the SNWA Water Revenues and constituting a lien thereon superior to the lien of the SNWA Pledged Revenues, provided that prior to the issuance of such SNWA Superior Obligations, the SNWA must (i) meet the earnings test for issuance of SNWA Parity Obligations contained in the Bond Resolution (described below), and (ii) meet any applicable earnings test required by any resolutions authorizing the issuance of any then-outstanding SNWA Superior Obligations. *The SNWA also may request that entities other than the District (CRC, the State and the County) issue obligations on its behalf secured by the SNWA Water Revenues. Those obligations may have a lien on certain of the SNWA Water Revenues which is on a parity with (or in certain circumstances, superior to) the lien of the MBRA.*

Issuance of MBRA Senior Lien Obligations and MBRA Parity Obligations. The District may incur additional obligations which have a lien on the SNWA Pledged Revenues that is superior to or on a parity with the lien of the 2015 Bonds subject to the following conditions:

(a) At the time of the adoption of the resolution authorizing the issuance of the additional MBRA Senior Lien Obligations or MBRA Parity Obligations, the District shall not be in default in making any payments required to be made into the debt service, sinking or reserve funds for any outstanding obligations secured with a lien on the SNWA Pledged Revenues; and

(b) (1) The SNWA Pledged Revenues (subject to adjustment as hereinafter provided) derived in the fiscal year immediately preceding the date of issuance of the additional obligations shall have been at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements of the outstanding 2015 Bonds and any other outstanding MBRA Senior Lien Obligations and MBRA Parity Obligations, and the obligations proposed to be incurred; or

(2) The SNWA Pledged Revenues (subject to adjustment as hereinafter provided) projected by the District's general manager or an independent accountant or consulting engineer to be derived in the later of (i) the fiscal year immediately following the fiscal year in which the additional MBRA Senior Lien Obligations or MBRA Parity Obligations are issued or (ii) the first fiscal year in which all principal and interest payable on the additional MBRA Senior Lien Obligations or MBRA Parity Obligations is to be paid from the proceeds of the SNWA Pledged Revenues, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that fiscal year) of the 2015 Bonds, any other outstanding MBRA Parity Obligations and MBRA Senior Lien Obligations and the obligations proposed to be incurred.

(c) In any determination of whether or not other additional obligations may be issued in accordance with the foregoing earnings test (i) the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities; and (ii) the respective annual principal and interest requirements shall be reduced to the extent of the amount of principal and interest of any outstanding securities with a term of one year or less which the General Manager or Chief Financial Officer certifies are expected to be refunded. The certificate shall also provide an estimate of the debt service for the long-term refunding obligations that will refund the securities with

the term of one year or less, calculated based on an interest rate equal to the "25 Bond Revenue Index" most recently published in The Bond Buyer prior to the date of certification.

(d) For the purposes of subsection (b) above, if any MBRA Senior Lien Obligation or MBRA Parity Obligation bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those MBRA Senior Lien Obligations or MBRA Parity Obligations or a rate equal to the "25 Bond Revenue Index" as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed superior lien obligations or parity lien obligations is accepted by the District or if such index is no longer published such other similar long-term bond index as the District reasonably selects.

For purposes of computing the principal and interest requirements (the "Bond Requirements") for purposes of subsection (b) above for MBRA Senior Lien Obligations or MBRA Parity Obligations for which a Qualified Swap is in effect, the interest payable on such variable interest rate securities (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable on such variable interest rate securities in accordance with the terms thereof plus any amount required to be paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the District pursuant to the Qualified Swap; or (b) for purposes of computing combined average annual principal and interest requirements, for purposes of computing the maximum annual principal and interest requirements, and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities) shall be deemed to be the amount accruing at the fixed rate as provided in the Qualified Swap. No computation of Bond Requirements under the Bond Resolution shall take into account payments due the Qualified Swap Provider on the termination of the Qualified Swap unless such payments on termination are then unconditionally due and payable in accordance with the terms of the related Qualified Swap.

For purposes of computing the maximum annual principal and interest requirements and for purposes of any other computations for the issuance of additional superior or parity securities (including refunding securities), in making any calculation of the Bond Requirements to be paid for a period after the date of computation on any bonds with respect to which the District expects to receive a BAB Credit, such as the 2009A Bonds and the 2009C Bonds, "interest" for any Bond Year shall be treated as the amount of interest to be paid by the District on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the resolution or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year or to reimburse the District for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as the date of such a calculation, "interest" shall be the total amount of interest to be paid by the District on the bonds without a deduction for the credit to be paid by the United States under 6431 of the Tax Code. The Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of computing the maximum annual principal and interest requirements and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities).

(e) Termination payments due under a Qualified Swap Agreement must be made subordinate to the payments of the Bond Requirements of any 2015 Bonds (with certain exceptions for insured bonds as set forth in the Bond Resolution).

(f) In connection with the authorization of any such additional securities, the Board may, on behalf of the District, adopt any additional covenants or agreements with the holders of such

additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the District. Any finding of the District to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met.

A written certification or written opinion based upon estimates, as provided above, that the SNWA Water Revenues when adjusted as above provided are sufficient to pay the amounts described above, shall be conclusively presumed to be accurate in determining the right of the District to authorize and incur such other additional obligations.

Subordinate Lien Obligations. Nothing in the Bond Resolution prevents the District from issuing additional bonds or other obligations payable from the SNWA Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the 2015 Bonds, nor prevents the issuance of bonds or securities refunding all or a part of the 2015 Bonds. The SNWA (or other entities on its behalf) also may issue additional obligations having a lien on the SNWA Water Revenues, that is subordinate to the lien thereon of the SNWA Parity Obligations.

CERTAIN RISK FACTORS

General

The purchase of the 2015 Bonds involves certain investment risks that are discussed throughout this Official Statement. Such risks include, but are not limited to, the factors described below, as well as risks related to the availability of sufficient water supplies due to growth, drought or other factors. See "LAS VEGAS VALLEY WATER DISTRICT," "SOUTHERN NEVADA WATER AUTHORITY" and "SOUTHERN NEVADA WATER SYSTEM." Accordingly, each prospective purchaser of the 2015 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

Certain Risks Associated With Property Taxes

Delays in Property Tax Collections Could Occur. Although the 2015 Bonds are general obligations of the District, the District may only levy property taxes to pay debt service on the 2015 Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes, see "PROPERTY TAX INFORMATION – County Property Tax Collections." Due to the statutory process required for the levy of taxes, in any year in which the District is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the 2015 Bonds. Accordingly, although other revenues or other funds of the District may be available to pay debt service on the 2015 Bonds if SNWA Pledged Revenues for the 2015 Bonds are insufficient, time may elapse before the District receives property taxes levied to cover any insufficiency of SNWA Pledged Revenues.

Certain Risks Related to Property Taxes. Numerous other factors over which the District has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include property tax limits described under the captions "SECURITY FOR THE BONDS – General Obligation Bonds" and "PROPERTY TAX INFORMATION – Property Tax Base and Tax Roll" and "-Property Tax Limitations" and "-Required Property Tax Abatements," the valuation of property within the District, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner. NRS 350.596 provides, "Any sums coming due on any general obligation municipal securities at any time when there are not on hand from such tax levy or levies sufficient funds to pay the same shall be promptly paid when due from the general fund of the municipality, reimbursement to be made to such general fund in the sums thus

advanced when the taxes herein provided for have been collected." (Under this provision of NRS, the 2015 Bonds are "general obligation municipal securities", and the District is a "municipality.") In addition, the Bond Resolution provides as follows: "Use of General Fund and Other Funds. Any sums becoming due on the Bonds at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from the general fund on hand belonging to the District, reimbursement to be made to the general fund in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596. Nothing in this Resolution prevents the District from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598."

The County is slowly recovering from a housing slump over the past several years and the State still has one of the highest foreclosure rates in the nation. It cannot be predicted at this time what impact these trends (or other economic trends) would have on property values or District property tax collections should the District be required to levy an ad valorem tax in the future.

Certain Risks Associated With the SNWA Pledged Revenues

General. The generation of sufficient SNWA Pledged Revenues is important to the timely payment on the 2015 Bonds. If the SNWS becomes inoperable due to damage, destruction, environmental restriction or for any other reason, or if the SNWA should lack adequate water supply to serve existing customers because of drought or for any other reason, or if the SNWA is unable to increase rates and charges for any reason or if the SNWA incurs unanticipated expenses or reduced revenues due to power rate increases or for any other reason, SNWA Pledged Revenues may not be sufficient to pay debt service on the 2015 Bonds.

Reliance on Colorado River. Approximately 90% of Southern Nevada's water supply comes from the Colorado River. According to a study released by the U.S. Secretary of the Interior in 2012, the Colorado River Basin is projected to have significant water shortages in the coming years due to many factors, including population growth in the Colorado River Basin, droughts and climate change. Any shortages of Colorado River water under the Colorado River Compact could impact the District's and the SNWA's ability to access the State's full allotment of Colorado River water. It is not possible at this time to predict when and if such shortages will occur or what impact they would have on the District and the SNWA. See "SOUTHERN NEVADA WATER SYSTEM – Water Supply in the Service Area" and "– Colorado River Study."

Regulatory Risks. The SNWS is subject to numerous federal and State statutory and regulatory requirements. Those laws are subject to change at any time. The SNWA works with all regulatory agencies and personnel to stay abreast of future regulatory requirements as failure to comply with regulatory changes, or the inability to comply with them in a timely manner, could cause portions of the SNWS to be unavailable. Any disruption of service could negatively impact SNWA Pledged Revenues.

The most significant law governing public drinking water systems is the federal Safe Drinking Water Act. Primary enforcement authority for this act in Nevada has been delegated by the U.S. Environmental Protection Agency (the "EPA"), to the Nevada Division of Environmental Protection ("NDEP"). The EPA sets standards for ensuring safe drinking water and administers programs to protect drinking water sources. The NDEP's Bureau of Safe Drinking Water and the Clark County Health Department work together with the SNWA to assure that all drinking water standards have been and will continue to be met. The SNWA is in full compliance with all current regulatory requirements and currently are not aware of any forthcoming regulatory requirements that would significantly impact compliance costs.

Limitation of Remedies

Judicial Remedies. Upon the occurrence of an Event of Default under the Bond Resolution, each owner of the 2015 Bonds is entitled to enforce the covenants and agreements of the District by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the SNWA Pledged Revenues, as applicable, and other moneys held under the Bond Resolution (including General Taxes, if any) and not against any other fund or properties of the District.

The enforceability of the Bond Resolution is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the District under the Bond Resolution, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2015 Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2015 Bonds and the obligations incurred by the District in issuing the 2015 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2015 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2015 Bonds in the event of a default in the payment of principal of or interest on the 2015 Bonds. Consequently, remedies available to the owners of the 2015 Bonds may have to be enforced from year to year.

Future Changes in Laws

Various State laws apply to the imposition, collection, and expenditure of ad valorem property taxes as well as the operation and finances of the District. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection, and expenditure of its revenues, including ad valorem property taxes, if the District collects them at some time in the future. For example, State law currently requires abatements of property taxes under certain circumstances; the levy of taxes to pay debt service on some bond issues is not exempt from the abatement provisions. See "PROPERTY TAX INFORMATION - Property Tax Limitations" and "Required Property Tax Abatements." While the District does not currently impose a property tax, if it does so in the future the receipts of that tax may be impacted to an extent that cannot be determined at this time.

In addition, from time to time, amendments to federal or state laws or regulations may be enacted that could result in negative consequences to owners of the 2015 Bonds. See "TAX MATTERS."

Secondary Market

No guarantee can be made that a secondary market for the 2015 Bonds will develop or be maintained by the Underwriters or others. Thus, prospective investors should be prepared to hold their 2015 Bonds to maturity.

PROPERTY TAX INFORMATION

The 2015 Bonds are direct and general obligations of the District, and the full faith and credit of the District is pledged to the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See "Property Tax Limitations" below. The 2015 Bonds are payable from general ad valorem taxes on all taxable property in the District. Pursuant to statute, the District's boundaries include all of the property within the County, except for the property included within the boundaries of the VVWD.

Property Tax Base and Tax Roll

General. The assessed valuation of property within the District for the fiscal year ending June 30, 2015, is calculated to be $62,230,717,921(excluding the assessed valuation attributable to the various redevelopment agencies located within the District (together, the "Redevelopment Agencies"). State law requires that county assessors reappraise, at least once every 5 years, all real and secured personal property (other than certain utility owned property, which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the current policy of the Clark County Assessor to reappraise all real and secured personal property in the County each year. State law currently requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the Legislature. Based upon the assessed valuation for fiscal year 2015, the taxable value of all taxable property within the District is $177,802,051,203.

"Taxable value" is defined in the statutes as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation in accordance with the regulations of the Nevada Tax Commission but in no case an amount in excess of the full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement made which is valued at 10% or more of the replacement cost after the addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its "actual age" is adjusted i.e., reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

History of Assessed Valuation. Because the District has never levied an ad valorem property tax, neither the State nor the County Assessor prepares or maintains an official assessed valuation for the District. The District's boundaries encompass all of the County, excluding the property within the VVWD. Accordingly, the District has calculated its assessed valuation by deducting the assessed valuation of the VVWD from the County's assessed valuation. The following table illustrates a history of the assessed valuation in the District using this calculation. However, due to property tax abatement laws enacted in 2005 (described in "Required Property Tax Abatements" below) the taxes collected by

taxing entities within the County are capped and likely will not change at the same rate as the assessed value.

History of Assessed Valuation - Las Vegas Valley Water District, Nevada

Fiscal Year Ended June 30	Clark County(1)	Virgin Valley Water District	Las Vegas Valley Water District	District % Change
2011	$63,926,261,627	$659,199,332	$63,267,062,295	
2012	57,878,335,897	580,719,908	57,297,615,989	(9.4)%
2013	54,195,268,097	532,605,348	53,662,662,749	(6.3)
2014	55,220,637,749	552,847,949	54,667,789,800	1.9
2015	62,904,942,089	674,224,168	62,230,717,921	13.8

(1) Excludes assessed valuation of the Boulder City Redevelopment Agency, the Las Vegas Redevelopment Agency, the North Las Vegas Redevelopment Agency, the Henderson Redevelopment Agency, the Mesquite Redevelopment Agency and the Clark County Redevelopment Agency (collectively, the "Redevelopment Agencies") in the following amounts: 2011 - $1,832,364,244; 2012 - $1,176,499,255; 2013 - $1,030,444,078; 2014 - $1,076,210,139 and 2015 $1,347,691,561.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2010-11 through 2014-15.

County Property Tax Collections

In Nevada, county treasurers are responsible for the collection of property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January, and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three installments are delinquent and 7% of the delinquent amount plus accumulated penalties if four installments are delinquent. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

The County's tax roll collection record appears in the following table. The District does not currently levy an ad valorem property tax. Therefore, the figures in the following table represent property taxes that *are not* available to pay debt service on the 2015 Bonds. The information is included only to provide information with respect to the historic collection rates for the County and may not be relied upon to predict what collection rates would be within the District should it levy an ad valorem property tax in the future. Numerous factors over which the District has no control may impact the timely receipt of ad valorem property tax revenues in the future. See "CERTAIN RISK FACTORS."

Property Tax Levies, Collections and Delinquencies - Clark County, Nevada[1]

Fiscal Year Ending June 30	Net Secured Roll Tax Levy	Current Tax Collections	% of Levy (Current) Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as % of Current Levy[2]
2010	$2,265,431,454	$2,216,527,326	97.84%	$47,460,946	$2,263,988,272	99.94%
2011	1,769,810,010	1,736,385,757	98.11	32,372,791	1,768,758,547	99.94
2012	1,600,952,889	1,576,935,410	98.50	22,465,887	1,599,401,297	99.90
2013	1,460,621,057	1,446,106,236	99.01	11,213,692	1,457,319,928	99.77
2014	1,466,543,783	1,453,556,514	99.11	3,103,978	1,456,660,492	99.33
2015[3]	1,512,769,826	453,710,866[4]	29.99[5]	--[3]	453,710,866	29.99

(1) Subject to revision. Represents the real property tax roll levies and collections.
(2) Figured on collections to net levy (actual levy less stricken taxes).
(3) Collections in progress.
(4) Figure represents collections through August 31, 2014.
(5) Collections as of August 31, 2013 were 28.5%.

Source: Clark County Treasurer's Office.

Principal Taxpayers in the District

The following table represents the principal property-owning taxpayers in the County and the District based on fiscal year 2014-15 assessed valuations. The fiscal year 2014-15 assessed valuations in this table represent both the secured tax roll (real property). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the District. Further, because the assessed values set forth below include all of the property within the County owned by each taxpayer, certain of the property owned by any particular taxpayer may be located in VVWD and not included within the boundaries of the District.

In recent years, several major taxpayers in the District have experienced varying degrees of financial difficulty, including bankruptcy proceedings. Although those entities continued to pay property taxes in a timely manner, those or other entities may encounter future difficulties that could negatively impact the timely payment of property taxes.

Principal Property Owning Taxpayers in the County and the District[(1)]
Secured and Unsecured Tax Roll
Fiscal Year 2014-15

Taxpayer	Type of Business	Assessed Value	% of Total Assessed Value(1)
MGM Resorts International	Hotels/Casinos	$ 3,164,727,682	5.09%
NV Energy	Utility	2,005,977,837	3.22
Caesar's Entertainment Corporation(2)	Hotels/Casinos	1,623,779,567	2.61
Las Vegas Sands Corporation	Hotels/Casinos	997,888,951	1.60
Wynn Resorts Limited	Hotels/Casinos	853,434,852	1.37
Station Casinos Incorporated	Hotels/Casinos	552,630,398	.89
Boyd Gaming Corporation	Hotels/Casinos	292,763,981	.47
Nevada Property 1 LLC	Hotel/Casino	275,029,024	.44
Eldorado Energy Limited Liability Company	Energy	209,865,386	.34
Hilton Grand Vacations	Hotels/Casinos	190,040,774	.31
Howard Hughes Corporation	Developer	185,764,603	.30
Total		$10,351,903,055	16.64%

(1) Based on the District's fiscal year 2015 assessed valuation of $62,230,717,921 (which excludes the assessed valuation attributable to the Redevelopment Agencies).

(2) On November 10, 2014, Caesar's Entertainment announced a $908.1 million net loss for its most recent quarter. Recent media reports state that the company is experiencing financial difficulties. It is unknown at this time how this entity's financial condition will impact the County's future property tax revenue, if at all.

Source: Clark County Assessor's Office website (report dated October 15, 2015).

Property Tax Limitations

Overlapping Property Tax Caps. Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation ($5 per $100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to $3.64 per $100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to $4.50 per $100 in assessed valuation in the case of certain entities that are in financial difficulties (or require a combined overlapping tax rate of $5.00 per $100 of assessed valuation in certain circumstances of severe financial emergency); and (b) require that $0.02 of the statewide property tax rate of $0.17 per $100 assessed valuation is not included in computing compliance with this $3.64 cap. (This $0.02 is, however, counted against the $5.00 cap). State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the 2015 Bonds, which are exempt from such ad valorem revenue limits. This rate is generally limited as follows: the assessed value of property is first differentiated between that for property existing on the

assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of the Department of Taxation will add, to the allowed revenue from ad valorem taxes, the amount approved by the Legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from the Nevada Department of Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall.

The County and cities within the County levy various tax overrides as allowed or required by State statutes.

State statutes limit the revenues school districts may receive from ad valorem property taxes for operating purposes. Pursuant to NRS 387.195, each board of county commissioners shall levy a tax of $0.75 per $100 of assessed valuation for the support of the public schools within the County school district. School districts are also allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship. At the November 5, 2002 election, the State's voters approved an amendment to the State constitution authorizing the Legislature to enact a law providing for an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence.

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than $175,000; the property owner does not own any other real property in the State with an assessed value of more than $30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statue) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer. To date, the County Treasurer has not received material requests to postpone the payment of the property tax as described above.

Required Property Tax Abatements

General. In 2005, the Legislature approved the Abatement Act (NRS 361.471 to 361.4735), which established formulas to determine whether tax abatements are required for property owners in each year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues owed by taxpayers to a maximum of 3% per year for owner-occupied residential properties (and low-income housing properties) and to 8% (or a lesser amount equal to the average annual change in taxable values over the last ten years, as determined by a formula) per year for all other properties. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Any levy of property tax needed to repay the 2015 Bonds is not exempt from partial abatement. No levy of taxes is expected to be needed to repay the 2015 Bonds.

General Effects of Abatement. Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the County, to an extent that cannot be determined at this time.

Overlapping Tax Rates and Estimated Overlapping General Obligation Indebtedness

Overlapping Tax Rates. The following table presents a history of statewide average tax rates and a representative overlapping tax rate for several taxing districts located in Las Vegas, the County seat and the most populous city in the County. The overlapping rates for incorporated and unincorporated areas within the District vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate in the District currently is $3.4030 in Mt. Charleston Town.

History of Statewide Average and Sample
Overlapping Property Tax Rates(1)

Fiscal Year Ended June 30,	2011	2012	2013	2014	2015
Average Statewide rate	$3.1320	$3.1171	$3.1304	$3.1212	$3.1232
Clark County	$0.6541	$0.6541	$0.6541	$0.6541	$0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
Las Vegas Artesian Basin	0.0015	0.0000	0.0000	0.0000	0.0000
City of Las Vegas	0.7715	0.7715	0.7715	0.7715	0.7715
Las Vegas-Clark County Library District	0.1011	0.0942	0.0942	0.0942	0.0942
Las Vegas Metro Police	0.2850	0.2850	0.2850	0.2850	0.2850
State of Nevada (2)	0.1700	0.1700	0.1700	0.1700	0.1700
Total	$3.2866	$3.2782	$3.2782	$3.2782	$3.2782

(1) Per $100 of assessed valuation.
(2) $0.0200 of the State rate is exempt from the $3.64 cap. See "Property Tax Limitations" above.

Source: Property Tax Rates for Nevada Local Governments — State of Nevada, Department of Taxation, 2010-11 through 2014-15.

Estimated Overlapping General Obligation Indebtedness. In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the District. In addition to the entities listed below, other governmental entities may overlap the District but have no general obligation debt outstanding. The following table sets forth the estimated overlapping general obligation debt chargeable to property owners within the District as of December 1, 2014.

Estimated Overlapping Net General Obligation Indebtedness
As of December 1, 2014

Entity[1]	Total General Obligation Indebtedness	Presently Self-Supporting General Obligation Indebtedness	Net Direct General Obligation Indebtedness	Percent Applicable[2]	Overlapping Net General Obligation Indebtedness[3]
Clark County, Nevada	$2,725,926,848	$2,686,725,000	$ 39,201,848	98.93%	$ 38,782,388
Clark County School District	2,894,125,000	648,605,000	2,245,520,000	98.93	2,221,492,936
Henderson	228,494,810	204,879,810	23,615,000	100.00	23,615,000
Las Vegas	349,925,000	312,925,000	37,000,000	100.00	37,000,000
Mesquite	30,765,321	21,278,521	9,486,800	100.00	9,486,800
North Las Vegas	430,237,000	415,920,000	14,317,000	100.00	14,317,000
Clark County Water Reclamation District	486,854,302	486,854,302	0	100.00	0
Las Vegas-Clark County Library District	33,090,000	0	33,090,000	100.00	33,090,000
Boulder City Library District	1,555,000	0	1,555,000	100.00	1,555,000
Big Bend Water District	4,496,957	4,496,957	0	100.00	0
State of Nevada	1,833,935,000	512,900,000	1,321,035,000	68.35	902,927,423
TOTAL	$9,019,405,238	$5,294,584,590	$3,724,820,648		$3,282,266,547

Footnotes on the following page.

(1) Other taxing entities overlap the County and may issue general obligation debt in the future.
(2) Based on fiscal year 2015 assessed valuations in the respective jurisdictions. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the County.
(3) Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

Source: Clark County Department of Finance; Hobbs, Ong & Associates; Nevada Department of Taxation; and/or the respective jurisdiction/agency.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the District as of December 1, 2014. (After taking the issuance of the 2015 Bonds and the effect of the 2015 Refunding Project).

Net Direct & Overlapping General Obligation Indebtedness*

Total General Obligation Indebtedness (1)	$2,697,202,000
Less: Self-supporting General Obligation Indebtedness (1)	(2,697,202,000)
Net Direct General Obligation Indebtedness	0
Plus: Overlapping Net General Obligation Indebtedness	3,282,206,547
Net Direct & Overlapping Net General Obligation Indebtedness	$3,282,266,547

(1) Assumes the issuance of the 2015 Bonds. See "COUNTY DEBT STRUCTURE—Outstanding Indebtedness and Other Obligations."

Source: Compiled by Hobbs, Ong and Associates, Inc.

Selected Debt Ratios

The following table sets forth selected District debt ratios for the periods shown.

Selected General Obligation Debt Ratios

Fiscal Year Ended June 30	2011	2012	2013	2014	2015
Population (1)	1,967,722	1,988,195	2,031,723	2,031,723	2,031,723
Assessed Value (2)	$63,267,062,295	$57,297,615,989	$53,662,662,749	$54,667,789,800	62,230,717,921
Taxable Value (2)	$180,763,035,129	$163,707,474,254	$153,321,893,569	$156,193,685,143	$177,802,051,203
Gross Direct G.O. Debt (3)	$2,211,885,000	$2,399,790,000	$2,715,105,000	$2,675,690,000	$2,697,202,000
RATIO TO:					
Per Capita	$1,124.08	$1,207.02	$1,336.36	$1,316.96	$1,327.54
Percent of Assessed Value	3.50%	4.19%	5.06%	4.89%	4.33%
Percent of Taxable Value	1.22%	1.47%	1.77%	1.71%	1.52%
Net Overlapping G.O. Debt (3)	$4,633,942,927	$3,979,024,971	$3,593,756,806	$3,280,677,423	$3,282,266,547
RATIO TO:					
Per Capita	$2,354.98	$2,001.33	$1,768.82	$1,614.73	$1,615.51
Percent of Assessed Value	7.32%	6.94%	6.70%	6.00%	5.27%
Percent of Taxable Value	2.56%	2.43%	2.34%	2.10%	1.85%

Footnotes on the following page.

* Subject to change.

(1) No population for the District is available. The 2012 figure is the U.S. Census figure as of April 1, 2010. For 2011, this population figure represents the population of the County as of July 1 of each year, as estimated by the Nevada State Demographer. The 2011 figure also was used for 2012 and 2013.

(2) See "Property Tax Base and Tax Roll" for an explanation of Assessed Value and Taxable Value.

(3) Fiscal year 2014 debt information is as of November 1, 2014 after taking the issuance of the 2015 Bonds and the 2015 Refunding Project into account.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2010-11 through 2013-14; the State Demographer; the U.S. Census Bureau; and debt information compiled by the Financial Advisors.

LAS VEGAS VALLEY WATER DISTRICT

The following information is provided for the District as the issuer of the 2015 Bonds. The District manages the SNWA pursuant to the Operations Agreement and currently also is the largest customer of the SNWA.

General

The District was created under the District Act for the purpose of obtaining and distributing potable water within its service area, consisting primarily of the Las Vegas Valley and the communities of Blue Diamond, Jean and Searchlight, Nevada. The District manages the Kyle Canyon Water District and the Coyote Springs Water Resources General Improvement District under contract with the County. The District also manages the Big Bend Water District pursuant to a contract with its board of trustees. The District is the largest purveyor of potable water for municipal and industrial use in southern Nevada.

The District's boundaries originally consisted primarily of the Las Vegas Valley. In July 1989, the Legislature extended the boundaries of the District to be coterminous with the County's boundaries. In July 1993, the Legislature excluded the VVWD from the District's boundaries. Nellis Air Force Base and the cities of Boulder City, Henderson, Mesquite and North Las Vegas are included within the District's boundaries but have their own municipal water systems. As of September 2014, the District had 369,103 (unaudited) active customer accounts.

The District is the largest member of the SNWA, which is responsible for, among other things, developing additional water supplies for the District, providing water treatment services for the District, and providing some pumping and distribution facilities to the District. See "Intergovernmental Relationships," particularly "Southern Nevada Water Authority and Southern Nevada Water System" below. The District also operates the SNWS on behalf of the SNWA. The District Act grants the District the responsibility to construct, maintain and operate the SNWA's regional treatment and transmission system, the right of eminent domain, the power to cause taxes to be levied, the power to create assessment districts for the purpose of acquiring water projects, and the power to incur indebtedness.

Governing Body

The District is governed by a seven-member Board; the Board members are the elected Clark County Commissioners and serve four-year terms. The Board has the sole power to set rates and charges for water. Water charges cannot be put into effect until after a public hearing.

The present members of the Board are as follows:

Name	Expiration of Term
Mary Beth Scow, President	2019
Steve Sisolak, Vice President	2017
Susan Brager, Member	2019
Larry Brown, Member	2017
Tom Collins, Member	2017
Chris Giunchigliani, Member	2019
Lawrence Weekly, Member	2017

Administration

The General Manager and officers of the District are appointed by the Board. All other staff members are appointed by the General Manager. The following are brief biographies on the District's General Manager and other staff members.

John J. Entsminger, General Manager. Mr. Entsminger was appointed General Manager of the District and the SNWA in February 2014, after serving as Senior Deputy General Manager since 2011. He joined the organization in 1999 as Deputy General Counsel. Mr. Entsminger earned a Bachelor of Arts degree in history and legal studies from the University of Northern Colorado and a Juris Doctor from the University of Colorado School of Law.

Philip Speight, Assistant General Manager. Mr. Speight became Assistant General Manager of the District and the SNWA in 2014, after serving as Deputy General Manager of Administration since 2010. He previously served 19 years as the city manager of the City of Henderson, Nevada. Mr. Speight graduated from San Jose State University with both a Bachelor of Arts degree and master's degree.

David H. Wright, Chief Financial Officer. Mr. Wright was named Chief Financial Officer of the District and the SNWA in 2013. He previously worked for the City of Riverside, California, for approximately 25 years in a variety of capacities, including Public Utilities Chief Financial Officer and as the city's General Manager of Public Utilities. He holds both a bachelor's degree in business and a master's degree from California State University, Fullerton.

David L. Johnson, Deputy General Manager, Engineering/Operations. Mr. Johnson was named deputy general manager of engineering and operations for the District and the SNWA in 2014, after serving as director of SNWA Water Quality & Treatment since 2004. He previously worked for the state of New York in a variety of capacities, including treatment manager and director. He earned a Bachelor of Science degree in chemical engineering from Purdue University.

Julie A. Wilcox, Deputy General Manager, Administration. Ms. Wilcox was named deputy general manager of administration for the District and the SNWA in 2014, after serving as director of Public Services and executive director of the Springs Preserve. She also serves as chief lobbyist, and has worked in the organization since 1993 as well as in various capacities at state and local government since 1984. She earned a Bachelor of Arts degree from UNLV as well as a master's degree in political science.

Gregory J. Walch, Esq., General Counsel. Mr. Walch was named General Counsel of the District and the SNWA in May 2012. Prior to joining the organization, he practiced law in the areas of environmental, administrative, water, land use, mining and eminent domain in Southern Nevada and co-founded the law firm now known as Holley, Driggs, Walch, Puzey & Thompson. He earned a

Bachelor of Science degree in Agricultural Engineering from Iowa State University and a Juris Doctor from Lewis & Clark Northwestern School of Law.

Employee Relations and Pension Benefits

General. The District considers employee relations to be very good. As of October 31, 2014 there were approximately 1,275 permanent employees, reflecting recent layoffs of 101 employees. There are four bargaining units represented by two associations and Teamster's Local Union No. 14. The main office field employees (largely consisting of repairmen, meter readers, and inspectors) and the front-line supervisors are represented by the Water Employees Association. The main office clerical and technical employees are represented by the Las Vegas Valley Public Employees Association. These employee associations are independent and are not affiliated with any national labor organization or any other public employees association. Teamster's Local Union No. 14 represents the trades crafts and related positions at the SNWS. The remaining positions, including office staff and exempt positions, are not represented by any group, association or union. The working rules concerning their employment are adopted by the Board. All collective bargaining agreements were successfully renegotiated in 2010 and expire on June 30, 2015.

Pension Plan. The District contributes to the Las Vegas Valley Water District Pension Plan ("Plan"), a single-employer pension trust fund, which was established by the District to provide pension benefits solely for the employees of the District.

All District employees are eligible to participate in the Plan after attaining age 20 and completing six months of employment. The District contributes amounts it determines are necessary on an actuarial basis to fund the Plan in order to pay benefits when due. Such contributions cannot revert to or be recoverable by the District or be used for any other purpose than the exclusive benefit of the participants. It is the District's policy to pay 100% of the Plan's annual required contributions (determined as part of actuarial valuations at July 1 of each plan year) when due. Prior to the July 1, 2009, actuarial valuation, the Plan used the "Aggregate Actuarial" cost method. Because that method does not identify or separately amortize unfunded actuarial accrued liabilities, information about the Plan's funded status and funding progress prior to July 1, 2009, was prepared using the "Entry Age" actuarial cost method and that information was intended to serve as a surrogate for the funded status and funding progress of the Plan. The Entry Age actuarial cost method and other changes and assumptions resulted in lower calculated required contributions that helped meet the District's funding challenges. The District's contributions to the Plan were $29,058,894 and $30,700,443 for the fiscal years ended June 30, 2013 and 2014, respectively.

A more detailed description of the Plan, including additional details regarding benefits, calculation of average monthly compensation, the vesting schedule for benefits, the valuation date, actuarial cost method, asset valuation method (including the use of smoothing techniques) and other significant actuarial and other assumptions for the fiscal year ended June 30, 2014, can be found in Note 16 and in the Required Supplementary Information in the audited financial statements attached hereto as Appendix A.

The components of net pension liability of the Plan are:

	As of June 30, 2014	As of June 30, 2013
Total Pension Liability	$441,508,189	$401,160,155
Fiduciary Net Position	273,876,159	213,988,078
Net Pension Liability	$167,632,030	$187,162,077
Fiduciary Net Position as a Percentage of Total Pension Liability	62.03%	53.34%
Covered Payroll	$121,696,965	$119,067,304
Net Pension Liability as a Percentage of Covered Payroll	137.75%	157.19%

Through December 31, 2013, benefit obligations were recognized and paid when due by purchasing annuity contracts from a life insurance company. Beginning January 1, 2014, benefit obligations are paid by the Plan through a large multi-national bank. Cost of living adjustments for benefit obligations that were initially paid by purchasing annuity contracts from a life insurance company continue to be paid by purchasing additional annuity contracts from a life insurance company. The obligation for the payment of benefits covered by these annuity contracts have been transferred to a life insurance company and are excluded from the Plan assets. If the assets and liabilities for retirees or their beneficiaries whose benefits were purchased with annuity contracts from a life insurance company were included with Plan assets, the fiduciary net position as a percent of total pension liability would increase to 73.0% as of June 30, 2014.

Other Post-Employment Benefits. The District provides life insurance and group health insurance in accordance with its working rules and labor agreements, to all full-time employees who retire from the District with 30 years of service or after attaining age 60 with at least 10 years of service ("Retirees"). The payment of the premiums for such insurance coverage constitutes other post-retirement benefits ("OPEB") for purposes of Governmental Accounting Standards Board Statement No. 45 ("GASB 45"). For Retirees who retire with pension benefits unreduced by early retirement, the District pays 100% of life insurance and group health insurance premiums (through a group plan offered by the County as generally described below) for the retirees and 85% of the group health insurance premiums for their dependents, until Retirees become eligible for Medicare benefits. Retirees who retire early with reduced pension benefits must pay the full premium to the County as the District's insurance provider. The County offers two types of health insurance, a self-funded preferred provider organization plan ("PPO") and a health maintenance organization ("HMO") plan. Retirees can elect to continue coverage under either of these plans on payment of the required premium for themselves and their dependents. The premium is based on the number of persons covered (i.e., the premium is greater for a Retiree who elects to also have dependents covered). However, since the County charges the District the same premiums for Retirees as for active employees, the retiree premium rates are being subsidized by the District through the premiums paid on behalf of active members. As of June 30, 2014, there were 98 Retirees receiving OPEB benefits, which are funded on a pay-as-you-go basis. OPEB benefits are vested benefits.

The annual OPEB cost reported in the District's financial statements is equal to the annual required contributions ("ARC") of the District, which are calculated using an actuarial valuation based upon the methods and assumptions applied in determining the plan's funding requirements, plus one year's interest on the beginning-of-the-year net OPEB obligations and plus or minus other adjustments. The OPEB obligation at June 30, 2014, is determined by adding the annual OPEB cost to the OPEB obligation at the beginning of the fiscal year and deducting any contributions to the plan

during the year. The pay-as-you-go basis requires lower contributions than the ARC. Detailed information about the District's OPEB obligations as of June 30, 2014, including eligibility requirements, the funding policy, actuarial methods and significant assumptions (which are not certain to be realized), funding status and funding progress, insured benefit information and information about ARC and unfunded actuarial accrued liability can be found in Note 14 and in the Required Supplementary Information in the audited financial statements attached hereto as Appendix A.

For fiscal year 2013, the District obtained an updated actuarial study of the District's OPEB obligations as of July 1, 2012. According to that study, which among other significant assumptions, assumed a discount rate of 4.0%, the District's Actuarial Accrued Liability ("AAL") was $23,489,420 (as compared to $23,455,123 as of the prior study). The District is not funding a trust with respect to its OPEB liabilities; as a result, the liabilities are 0% funded and the District's UAAL also is $23,489,420 as of July 1, 2012. The normal cost for fiscal year 2014 was $2,819,328 and the ARC was $3,005,915 (as compared to a normal cost of $3,217,826 for fiscal year 2013 and ARC of $3,369,604). The District funds its OPEB costs on a pay-as-you-go basis ($1,049,159 in fiscal year 2014); as a result, its UAAL and its ARC are expected to increase in each year.

Risk Management

The District employs a multi-faceted approach to risk management, which includes prevention, reduction, transfer, avoidance, and/or elimination of risk of loss. The District purchases insurance from the commercial insurance market on real and personal property, including terrorism, earthquake and flood insurance with standard policy restrictions. The District's insurance covers direct physical loss or damage to buildings, fixtures, equipment, boilers, machinery and supplies. The blanket limit of liability under the property insurance program (including industrial equipment) is $500 million with a deductible of $1 million for all locations except earthquake and flood insurance, which has limits of $100 million and $50 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. The District self-insures the first $1 million for automobile and general liability exposure and purchases excess liability insurance in the amount of $30 million over the $1 million self-insured retention. In addition the District purchases employee fidelity insurance in the amount of $3 million and other miscellaneous coverage. It also self-insures its workers' compensation exposure for $500,000 per claim and purchases excess workers' compensation insurance with statutory limits.

In contracts, the District obtains indemnification and hold-harmless agreements. These agreements usually require that contractors name the District as an additional insured under the indemnitor's insurance coverage, in the amount of $1 million to $10 million for commercial general and automobile liability insurance. The District provides builders risk insurance for construction projects with a blanket limit of $500 million per occurrence, based on the value reported for the project, subject to a $50,000 deductible per claim, except earthquake and flood, which has a deductible of $500,000 per claim.

Intergovernmental Relationships

General. The District serves potable water to customers in the City of Las Vegas and the unincorporated urban areas of the County. As the largest water purveyor in the County, the District has taken a leadership role in conservation and regional water issues. The District plays a vital role in the management and provision of water resources in southern Nevada. To fulfill this role, the District must work effectively and cooperate with State and federal governments, numerous local jurisdictions and other local water purveyors. The following describes these intergovernmental relationships.

Major Water Purveyors. The major water purveyors and the percentages of Colorado River water distributed in the Las Vegas area for the twelve months ended June 30, 2014 are as follows: Boulder City (2.7%), Henderson (15.5%), North Las Vegas (11.0%) and the District (70.6%).

Wastewater Treatment Agencies. The wastewater treatment agencies within the County are as follows: Boulder City, Henderson, Las Vegas, North Las Vegas and the Clark County Water Reclamation District. The wastewater treatment agencies also are members of the SNWA. Return flow credits (provided primarily by returning treated wastewater to Lake Mead) allow the diversion of water in excess of the consumptive use allotment; accordingly, the wastewater treatment agencies are an important component of the SNWA.

Southern Nevada Water Authority. In 1991, the cities of Boulder City, Henderson, Las Vegas and North Las Vegas, the Big Bend Water District, the Clark County Water Reclamation District and the District (each a "Member") formed the SNWA to develop additional water supplies for its Members and to address water issues on a regional basis. The SNWA Board consists of one member selected from each of the Member agencies. The District operates the SNWS on behalf of the SNWA, including providing the operating staff for the SNWA. Each year, the SNWA Board appoints a General Manager for the SNWA; the General Manager of the District has been appointed the General Manager of the SNWA each year since 1993.

As illustrated in "Major Water Purveyors" above, the District is the largest customer of the SNWA and purchases the largest allotment of Colorado River water from the SNWA. The District purchases nearly 90% of its water from the SNWA. Certain information about SNWA and its operations is provided in "SOUTHERN NEVADA WATER AUTHORITY."

Southern Nevada Water System. The SNWS is the regional system consisting of water treatment plant, pumping and distribution facilities that supply water to the water purveyors in southern Nevada. Prior to 1996, portions of the SNWS were owned by the Colorado River Commission ("CRC") and the federal government. In accordance with legislation passed during 1995 by the Legislature, the portions of the SNWS owned by the CRC were transferred to the SNWA in January 1996. In addition, in July 2001, the SNWA purchased the portions of the SNWS owned by the United States Bureau of Reclamation (the "Robert B. Griffith Water Project") by prepaying certain federal loans used to finance construction of those portions of the SNWS. As a result, the SNWA now owns all of the assets comprising the SNWS. Certain information about SNWS is provided in "SOUTHERN NEVADA WATER SYSTEM."

Colorado River Commission. The CRC is a State agency created in the mid-1930's to acquire and protect Nevada's right to water and power resources from the Colorado River. Colorado River water is apportioned among the seven Colorado River basin states and Mexico. The CRC also is responsible for the negotiation and execution of contracts, leases or agreements with respect to electric power in the State. The seven-member CRC is made up of four members appointed by the governor (including the chairperson) and three SNWA Board members.

U.S. Bureau of Reclamation. The U.S. Bureau of Reclamation, Department of the Interior, is responsible for managing the Colorado River for the benefit of the users with rights to Colorado River water. Any changes to the laws governing the Colorado River that would benefit the State will require the cooperation and approval of the federal government and all seven of the basin states.

Water System

Water Treatment. Other than chlorinating water produced by its wells, the District does not own water treatment facilities (the SNWA provides treated water to the District). Water produced from the District's wells is subject to water quality standards established by the Safe Drinking Water Act.

Due to the District's chlorination system and monitoring of groundwater sources, the District currently meets, or exceeds, existing standards for water quality as established by the Safe Drinking Water Act. However, water quality standards could become more stringent in the future, possibly necessitating additional capital and/or operation and maintenance costs. The District continually monitors the development of regulations that are being promulgated by the Environmental Protection Agency to satisfy the requirements of the Safe Drinking Water Act and plans for and takes appropriate action to position itself to satisfy the requirements of new regulations. Although these actions and future necessary steps likely will increase the cost of operation of the District's Water System (and the SNWS), the District believes that these cost increases will not have a significant adverse effect on the overall cost of operating the Water System (or the SNWS, of which the District is the largest customer).

Water Distribution. Due to differences in ground elevations across the Las Vegas Valley, the distribution system is divided into 24 principal pressure zones with water elevations ranging from 1,845 to 3,665 feet above sea level. As of June 30, 2014, the Water System includes 33 reservoirs and 8 tanks with 916 million gallons ("mg") of storage capacity, 51 pumping stations, 95 wells capable of producing 200 mg per day, and 4,489 miles of pipeline ranging in size from 4" to 96" in diameter. In calendar year 2013, the District produced 107,234 mg of water for distribution. Of that amount, 14,402 mg was pumped from wells (the maximum day production was 102 mg; average daily pumping was 39 mg); the remainder was purchased from the SNWA. The average daily water use in 2012 was 294 mg; the peak daily usage was 437 mg.

Electrical Power. The electrical power needed to operate the Water System is currently purchased from the privately-owned and publicly-regulated NV Energy ("NVE," formerly known as Nevada Power Company) and from the SNWA. The District believes that NVE currently has power and energy resources in amounts sufficient to meet current and projected future power needs of the District, however, the District cannot predict future NVE service levels. NVE rate schedules include the delivery of power and energy on an off-peak basis. This rate schedule is economically favorable to the District in that lower charges are made during off-peak periods. To a limited extent, the District also utilizes natural gas provided by Southwest Gas Corporation, which is also a privately-owned and publicly-regulated utility. State law allows local governments to opt out of the private purchase of power for water/wastewater functions if alternative sources of power are available. SNWA has entered into a power supply contract with the Silver State Energy Association ("SSEC") in order to provide a reliable source of power to the SNWA and its participating agencies. The District has an interlocal agreement with the SNWA for the purchase of a portion of its electrical power. In order to have greater control of energy rates, the District now purchases about half of its energy supplies from the SNWA. See Note 13 in the audited financial statements attached hereto as Appendix A for a further discussion of the District's power contracts.

Capital Program. The District maintains a long-range facility planning process to determine the type, size and location of water distribution capital facilities needed to meet the water services demands within its service area. As water system facilities are defined, they are incorporated into the District's Major Capital Program ("MCP"). The MCP is a dynamic program, with projects added, changed or deleted as necessary to meet the changing conditions in the District's service areas. The MCP is currently not delineated by year, but comprises a comprehensive list of projects that encompasses the next several decades. As of December 31, 2013, the District's construction program contained $482,270,310 of projects that were either under construction, in design, or projects pending design and construction.

The current ongoing MCP includes new and replacement pumping stations, reservoirs and wells, land acquisition, new water pipelines, and other distribution system facilities. Some of these projects will become operational in fiscal year 2015, while other projects will be completed in

subsequent fiscal years. The focus of the MCP has moved from system expansion due to significant growth over the last several decades to greater emphasis on system reliability as growth levels off. As much of the overall distribution system is relatively new, the District has implemented a proactive asset management program to ensure that facilities are replaced before they become aged or obsolete. This asset management effort has been incorporated into the District's long range financial planning effort. Maintenance of District facilities are on-going and are not generally included within the MCP. The District's MCP is funded with a combination of bonded indebtedness and pay-as-you-go funding sources. The District does not currently anticipate issuing additional bonds (other than refunding bonds or bonds issued on behalf of the SNWA) in the foreseeable future.

Competition. Certain areas within the District's boundaries receive service from privately-owned water companies or individually-owned wells. The private companies are few and declining in number and most of them are regulated directly by the State through the Public Service Commission. District officials estimate the population so served to be an insignificant portion of the District's total population.

Effects of Environmental Regulations. Various other environmental laws, regulations, and legal proceedings at both the state and federal levels could affect future operations of the Water System. Generally, the environmental requirements relate to environmental impact, land use, appropriation of water, and water quality. The District's ability to use and develop water rights in the future, and the associated costs, may be adversely affected by such environmental requirements.

Drought Planning. Over the last fifteen years, Southern Nevada and the Colorado River Basin have experienced one of the worst droughts on record. As part of its response to these drought conditions, the SNWA and its member agencies (including the District) have prepared a regional drought plan as a chapter in the SNWA's Water Resource Plan. See "SOUTHERN NEVADA WATER SYSTEM - Water Resource Plan, Drought Planning and Integrated Water Resource Planning" for a general description of the drought plan.

Customer Information

Accounts. In 1954, when it first began delivering water, the District served approximately 8,000 accounts. The following table is a description of the District's accounts, the number of gallons of water consumed per billing and the revenue produced for the fiscal year ended June 30, 2014.

District Accounts and Consumption Information[1]

Description	Number of Active Accounts	Annual Consumption Per Billing (1,000 gal.)	Annual Revenue Produced[2]
Residential, Single Service	333,519	45,665,514	$ 186,214,780
Residential, Duplex/Triplex/Fourplex	2,790	673,863	2,617,748
Apartment, Condominium and Townhouse	4,217	14,779,868	54,169,115
Residential, other	1,430	1,910,898	6,850,325
Hotels	223	9,183,026	35,464,948
Motels	256	1,067,988	4,503,407
Community Facilities	955	1,859,986	8,066,718
Schools	733	1,587,395	6,604,690
Fireline	4,441	461,627	22,800,603
Irrigation	6,123	14,161,515	49,851,427
Commercial/Business	7,832	8,159,823	36,503,265
Recreational	63	175,423	726,673
Industrial	1,218	1,201,732	5,532,381
Construction Water	3,443	871,323	4,233,524
Other	239	566,052	2,349,859
TOTAL	367,482	102,326,033	$426,489,464

(1) Unaudited. As of June 30, 2014. Totals may not add due to rounding.
(2) Includes SNWA regional revenues, charges and delinquent and other charges.

Source: Las Vegas Valley Water District.

Largest Ratepayers. The following table represents the top ten principal ratepayers for calendar year 2013. No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the ratepayers listed, or that any such ratepayer will continue to maintain its status as a top ten ratepayer in the future.

Top Ten Principal Ratepayers - Calendar Year 2013

Ratepayer	Revenue[1]	Percentage of Total Revenue
Clark County School District	$ 8,932,632	2.10%
City of Las Vegas	4,957,023	1.16
Clark County	4,882,598	1.15
Mandalay Bay Hotel	2,060,493	0.48
Venetian Casino Resort LLC	2,005,009	0.47
Wynn Las Vegas	1,960,882	0.46
Bellagio Hotel and Casino	1,893,024	0.44
Caesars Palace Hotel & Casino	1,701,804	0.40
Clark County Aviation	1,541,996	0.36
Oasis Residential, Inc.	1,492,046	0.35
Total	$425,559,553	7.37%

(1) Based on total water revenue of $425,559,554 for calendar year 2013.

Source: The District.

Water Rates and Charges

The intent of the District is that, so far as possible, debt service on any bonds issued by the District for the benefit of the District will be paid from the revenues derived from the works and properties of the District. The District Act authorizes the District to (a) establish reasonable rates and charges pertaining to the services furnished by the Water System, (b) to pledge such revenues for the payment of its securities and (c) to enforce the collection of such revenues by civil action foreclosure of lien against the property served, the collection of penalty charges, the discontinuance of utility services, or by any other means provided by law. The term "bonds issued by the District for the benefit of the District" does not include bonds such as the 2015 Bonds which are payable from and secured by SNWA Pledged Revenues. See "SECURITY FOR THE 2015 BONDS."

Water Rates. The District's current water rate structure is based on a four-tier system. Rate tiers determine the rate charged to the customer and are based on how much water is used. Thresholds (determined by gallons used) mark the level of usage where one rate tier ends and another begins. Under the current rate structure, the rate for each tier increases. The first threshold (which represents indoor water use for most residential customers) has not changed. The biggest increases have occurred in the top two tiers, affecting most District customers' discretionary water use.

According to the District's Service Rules, connection types are classified as domestic, private fire, combined, construction and/or supplemental for billing purposes. The District's water rates are comprised of two components: a daily service charge and a charge per thousand gallons used. Daily service charges for all rate classes increase with meter size. The daily service charge for a " residential meter is set at $0.3355 per day (approximately $10.06 per month), while the charge for a larger meter can range up to $ 17.5224 per day (approximately $525.67 per month) for a 12" commercial/industrial meter. The water usage charges are based on meter size and are tiered to promote conservation (i.e., as more water is used, the rate per 1,000 gallons increases). The cost per 1,000 gallons ranges from $1.16 to $4.58, depending on the amount used. Water rates for construction purchases are set at $3.09 per

1,000 gallons for all meter sizes. Non-potable water rates, including recycled water for golf courses, are set at $2.33 per 1,000 gallons. Mobile home parks are billed pursuant to a formula based upon meter size and the number of spaces.

Service Charges. At a public hearing on December 1, 2009, the District's Board approved a service charge increase, averaging approximately 4%, affecting all customers effective January 1, 2010 and an identical service charge increase effective January 1, 2011. The 2010 monthly service charge increased $2 per month for a 5/8" meter, with the remainder of the domestic, backflow and fireline charges increased proportionately.

Other Charges. Other charges include a SNWA Commodity Charge of $0.30/1,000 gallons for all billed consumption (except in Jean, Nevada) and an SNWA reliability surcharge (excise tax) on all residential customers at 0.25% of the total water bill and at 2.5% for all other customer classes.

At a public hearing on December 1, 2009, the District's Board approved two increases of $0.10 per thousand gallon; to the SNWA Regional Commodity Charge. The first increase of $.10 per thousand gallons became effective January 1, 2010 and the second $.10 per thousand gallons increase became effective January 1, 2011. The District implemented these increases through the District Service Rules, under the existing SNWA Regional Commodity Charge. The increase of $0.10 per thousand gallons represents an average increase of about $1 per month for most customers. The additional revenues will help pay for critical regional infrastructure improvements, such as Intake No. 3.

Pursuant to the terms of the Operations Agreement, in February 2012, the SNWA Board approved the imposition of the Regional Infrastructure Surcharge effective for water sold on or after April 1, 2012. The Regional Infrastructure Surcharge is based on meter size; for residential customers, the monthly surcharge ranges from $5 per month for 5/8" and 3/4" meters to $614.47 for meters that are 8" and larger. The monthly surcharge for non-residential customers ranges from $19.05 for 5/8" and 3/4" meters to $1,659.59 for meters that are 10" and larger. Non-residential fire meters will pay a monthly surcharge ranging from $6.67 per month to $580.86 per month, subject to the 50 percent credit described below. Revenues generated from the surcharge will be used to pay debt service on water treatment and transmission infrastructure and, to the extent available, will also be used to fund a rate stabilization fund designed to help stabilize revenue streams severely affected by the erosion of connection charges experienced since 2009. The Board approved the Regional Infrastructure Surcharge at its March 6, 2012 meeting. The new fees took effect in April 2012. The SNWA Board approved a credit to the Regional Infrastructure Surcharge levied against fire meters at its meeting on July 19, 2012. This credit, amounting to 50 percent of the approved charges per fire meter, were effective for billings on or after September 1, 2012 and is expected to be in effect for the balance of the next three fiscal years, along with the approved Regional Infrastructure Surcharge. The Regional Infrastructure Surcharge for residential and commercial service accounts is not affected by this action. This credit is being applied only to fire meter accounts.

In December 2013, the District's Board approved increases to the SNWA Regional Infrastructure Surcharge and to the SNWA Regional Commodity Charge. Increases to these SNWA charges were effective on January 1, 2014 and will increase annually on January 1 through 2017. Revenues generated from these SNWA charges will help to fund debt service on SNWA bond obligations which are associated with existing infrastructure and projects under construction. Revenue from the SNWA Regional Infrastructure Surcharge, as well as revenue from other SNWA fees and charges, is forwarded to the SNWA.

Connection Charges. The District charges service connection installation charges based on meter size (beginning at $1,177), frontage connection charges (a service connection or main extension

connecting to an existing main), facilities connection charges based on meter size (beginning at $1,440 and ranging to $244,800), a Regional Connection Charge to fund SNWA improvements, and over-sizing charges. The District also charges various application and inspection fees.

Billing and Collection. The District reads meters or estimates service and bills for service monthly. Current bills not paid by the date of the next regular monthly bill are subject to assessment of late charges of 4% of all amounts in arrears. Service may be disconnected if not paid within 14 calendar days after the billing date shown on that bill. If service is shut off, the customer must pay all past due charges plus a delinquent processing fee of $9. In addition, the District may place a lien against any property which is not exempt.

Water Rates Comparison. The graph on the following page contains a comparison of water rates among a sampling of major cities in the western United States.

2014 MUNICIPAL WATER RATES SURVEY									
CITY	**$20-30**	**$30-40**	**$40-50**	**$50-60**	**$60-70**	**$70-80**	**$80-90**	**$90-100**	**Over $100**
Santa Barbara, CA (OC)									$145.54
Santa Fe, NM									$144.23
Colorado Springs, CO (OC)									$129.85
Santa Cruz, CA (OC)									$119.17
Seattle, WA (OC)									$118.27
Santa Barbara, CA									$111.95
Seattle, WA									$103.71
San Francisco, CA									$102.94
Santa Cruz, CA								$93.54	
Flagstaff, AZ (OC)								$93.06	
Reno, NV (Un-metered)								$91.37	
Portland, OR								$90.76	
Colorado Springs, CO							$86.55		
San Diego, CA							$86.46		
Flagstaff, AZ							$84.59		
Marin, CA (MMWD)							$82.74		
Los Angeles, CA						$74.76			
Santa Rosa, CA						$71.55			
Oakland, CA (EBMUD)					$68.26				
San Jose, CA (Company)					$66.70				
Phoenix, AZ (OC)					$63.42				
San Jose, CA (City					$63.22				
Tucson, AZ					$62.38				
62 City Average					$60.80				
Houston, TX					$60.08				
Pasadena, CA (OC)				$58.79					
Tacoma, WA (OC)				$53.59					
Cheyenne, WY				$53.11					
Reno, NV (Metered)				$50.48					
Riverside, CA (OC)			$49.47						
Kingman, AZ (OC)			$48.82						
Long Beach, CA			$48.82						
San Antonio, TX (OC)			$48.76						
Pasadena, CA			$48.08						
Denver, CO (OC)			$46.61						
Las Vegas, NV (SNWA Phase 1 Fully Imp)			$45.63						
Victorville, CA			$44.97						
Tacoma, WA			$44.66						
Dallas, TX			$44.32						
Boulder, CO (OC)			$43.11						
North Las Vegas, NV			$42.67						
Scottsdale, AZ			$42.67						
Phoenix, AZ			$42.52						
Henderson, NV			$42.41						
Denver, CO			$42.10						
San Antonio, TX			$42.08						
Billings, MT (OC)			$41.58						
Billings, MT			$40.98						
Boulder, CO		$38.41							
Kingman, AZ		$37.33							
Salt Lake City, UT (OC)		$37.21							
Anaheim, CA (OC)		$36.16							
Boise, ID		$35.40							
El Paso, TX		$34.18							
San Bernardino, CA		$33.76							
Riverside, CA		$32.98							
Anaheim, CA		$32.97							
Albuquerque, NM		$32.82							
St. George, UT		$30.15							
Salt Lake City, UT	$29.09								
Redding, CA	$29.02								
Cedar City, UT	$27.77								
Boulder City, NV	$24.97								

Based on LVVWD Average Monthly Single-Family Consumption of 11,600 gallons and a 5/8 or ¾ Inch Service Charge for Comparison.

OC - Outside City
MMWD - Marin Municipal Water District
EBMUD - East Bay Municipal Utilities District

LAS VEGAS VALLEY WATER DISTRICT FINANCIAL INFORMATION

Annual Reports

General. The District prepares a comprehensive annual financial report ("CAFR") setting forth the financial condition of the District as of June 30 of each fiscal year. The latest completed report is for the year ended June 30, 2014. The CAFR is the official financial report of the District. It was prepared following generally accepted accounting principles ("GAAP"). The District's audited basic financial statements for the fiscal year ended June 30, 2014, which are included in the CAFR, are attached to this Official Statement as Appendix A.

Certificate of Achievement. The Government Finance Officer's Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2013. This is the 35th consecutive year that the District has received this recognition.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Budgeting

General. Prior to April 15 of each year, the District submits to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the State Department of Taxation is required to notify the District upon its acceptance of the budget.

Following acceptance of the proposed budget by the State Department of Taxation, the Board is required to conduct public hearings on the third Monday in May. The Board normally is required to adopt the final budget on or before June 1.

With the exception of monies appropriated for specific capital projects or Federal and State grant expenditures, all uncommitted funds lapse at the end of the fiscal year.

Factors Affecting the District's Budget for Fiscal Year 2014-15. The fiscal year 2014-15 Budget Plan's total uses of funds for the District will be $474,731,116 or a 9.8 percent increase compared to the District's 2013-14 adopted budget. The District's 2014-15 budgeted revenues and expenditures continue to be directly impacted by the slow recovery in both the local and national economies. The 2014-15 Budget Plan anticipates increasing revenues and the continued effort by the District's management and staff to manage current expenditure levels. Under the 2014-15 adopted budget, revenues appear to be under budgeted, as more water consumption was expected to be billed in the lower tiers. However, further analysis of the consumption data pattern reflects somewhat higher usage in upper tiers, which will generate additional water revenues during the 2014-15 budget year.

For 2014-15, revenues are impacted by two major issues. First, growth in the local economy is anticipated to pick up during the next fiscal year, which, in turn, will generate a slight increase in development related revenues, as compared to historical standards. Secondly, the slow rate of growth and development in the District's Service Area, in combination with the continued conservation program, and most prominently the stabilization in local economic activity, are anticipated to show a slight increase in water usage. In 2014-15, compared to 2013-14, water sales revenues are anticipated to increase by 1.6 percent.

Including the consumption-based water revenues, anticipated total sources of funds, excluding SNWA charges, are projecting an increase of over $12.5 million or 3.7 percent, compared to the 2013-14 adopted budget. This significant change is due to increases in water sales revenue, facilities connection charges and application and inspection fees. These revenue sources are anticipated to show a significant movement compared to the current year's budget plan reflecting stabilization in these sources of revenues compared to the large declines experienced in recent years.

In response to the significant decline in growth related revenues over the past four years resulting from the slowdown in the local economy beginning in 2009-10, the District's expenditures were significantly reduced through a concerted effort by the District's management and staff. Excluding SNWA related charges, which are passed on to the District's customers and thereby offset with an equal amount of revenue, the District's 2014-15 total uses of funds, as shown above, will increase by 4.2 percent over 2013/14. The primary components driving this increase are higher budgeted capital expenditures, and higher material and maintenance expenses.

For 2014-15, the largest categories of expenses to increase are materials and supplies, and maintenance and repairs. This increase is attributed to an accelerated water meter change out program within the District's Service Area. Payroll expenses are anticipated to fall significantly due to the District's restructuring via a workforce reduction. The expenditure increase for 2014-15 in capital expenses is to perform a number of high priority production and distribution system asset management projects. Beginning July 1, 2013, the wholesale cost of water purchases from the SNWA was set at $303 per acre-foot.

For 2014-15, the SNWA charges are anticipated to increase by over $28 million, which reflects a significant increase in SNWA connection, commodity and infrastructure charges.

The District's sources of funds are projected to exceed the uses by over $2.4 million. Projected sources and uses of funds assume the District will experience a normal weather pattern in fiscal year 2014-15 and will continue to be affected by water resource conditions in the Colorado River Basin, mandatory watering restrictions, and continued conservation measures. If drought conditions worsen and stricter watering restrictions are implemented, the District's revenue stream could be significantly affected.

Summary of Operating Revenues, Expenses and Changes in Fund Equity

Set forth in the following table is a comparative statement of the operating revenues, expenses and changes in fund equity in the District's Proprietary Enterprise Fund for fiscal years 2011 through 2014. The information in this table has been derived from the District's CAFRs for fiscal years 2011 through 2014. The information in this table should be read together with the District's audited basic financial statements for the year ended June 30, 2014, and the accompanying notes, which are attached as Appendix A to this Official Statement. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION - Additional Information." A summary of the District's significant accounting policies can be found in Note 1 in the audited financial statements attached hereto as Appendix A.

For fiscal year 2014, the District's auditors noted no material weaknesses or significant deficiencies in the District's internal controls over financial reporting. More information is available in the District's CAFR, which is available online or from the sources listed in "INTRODUCTION - Additional Information."

District Summary of Operating Revenues, Expenses and Changes in Fund Equity

Fiscal Year Ending June 30,	2011 (Restated)	2012 (Actual)	2013 (Actual)	2014 (Actual)	2015 Budget
Operating Revenues					
Water sales	$323,963,259	$333,602,721	$332,465,011	$333,851,405	$337,090,830
Recharged Water Sales (1)	4,245,661	--	317,254		
Inspection/Application fees	960,849	915,666	1,562,178	2,811,054	2,500,000
Springs Preserve	1,533,765	1,857,261	2,056,183	2,254,947	2,000,000
Other Revenues	27,692	21,074	31,527	30,113	--
Total Operating Revenues	330,731,226	336,396,722	336,432,153	338,947,519	341,590,830
Operating Expenses					
Purchased Water	83,981,578	83,464,195	83,290,163	84,985,143	87,665,311
Purchased Energy	11,776,035	10,278,751	10,005,417	9,718,597	11,799,500
Operation & Maintenance (2)	153,023,845	160,065,672	153,062,894	158,264,499	164,423,618
Total Operating Expenses	248,781,458	253,808,618	246,358,474	252,968,239	263,888,429
Operating Income Before Depreciation	81,949,768	82,588,104	90,073,679	85,979,280	77,702,401
Depreciation Expense	(89,745,416)	(85,072,124)	(83,495,332)	(84,814,023)	(90,00,000)
Operating Income (Loss)	(7,795,648)	(2,484,020)	6,578,347	1,165,257	(12,297,599)
Non-Operating Income (Expense)					
Interest Expense	(39,518,361)	(39,624,869)	(36,458,533)	(36,422,644)	(34,495,019)
Interest Income, -Unrestricted	388,506	601,416	256,072	1,094,644	500,000
Interest Income, – Restricted	186,750	192,892	235,726	381,689	200,000
Other (3)	104,317	593,955	(3,908,783)	(3,063,090)	250,000
Total Non-Operating Expense	(38,838,788)	(38,236,606)	(39,875,518)	(38,009,401)	(33,495,019)
Loss Before Capital Contributions	(46,634,436)	(40,720,626)	(33,297,171)	(36,844,144)	(45,792,618)
Capital Contributions	22,170,788	16,489,056	20,191,789	30,695,851	18,000,000
Net Income (Loss)	(24,463,648)	(24,231,570)	(13,105,382)	(6,148,293)	(27,792,618)
Fund Equity, Beginning of the year as previously reported (4)	1,222,130,040	--	--	--	--
Adjustment (5)	(6,219,628)	--	--	--	--
Fund Equity, Beginning of the year as adjusted	1,115,910,412	1,091,446,764	1,067,215,194	1,054,109,812	1,047,961,519
Fund Equity, End of the Year	$1,091,446,764	$1,067,215,194	$1,054,109,812	$1,047,961,519	$1,020,168.29

Footnotes on the following page.

(1) See Note 1 to the audited financial statements attached hereto as Appendix A for a further description of recharged water.

(2) In fiscal year 2012, operation and maintenance expenses increased by $7.0 million due to increases in salaries and benefits expense, professional and technical services expense and parts and materials expense. In fiscal year 2013, operation and maintenance expenses decreased by $7.0 million due to decreases in meters and supplies and professional services. In fiscal year 2014, operation and maintenance expenses increased by $5.2 million due to expensing design fees for reservoir and pumping station projects that are longer necessary due to the slowdown in growth in Southern Nevada.

(3) Includes net gain (loss) on the disposition of property and equipment, scrap sales and other miscellaneous income.

(4) Fund Equity includes the value of all assets attributable to the proprietary fund, not just those acquired during the year presented.

(5) Reflects increases to account for the underestimation of the value of prior years' donated mains and service lines and to correct an entry related to a refundable deposit that was incorrectly recorded as a capital contribution.

Source: Derived from the District's basic financial statements for the years ended June 30, 2011 through 2014 and from the District's 2015 adopted budget.

LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE

Debt Limitation

The District has no legal debt limitation. As a practical matter, the District's policy is to pay debt service on its bonds from revenue sources rather than property taxes. Accordingly, the District's ability to issue and pay debt service on bonds issued for the benefit of the District is a function of its capital needs and revenues generated from District facilities. The term "bonds issued by the District for the benefit of the District" does not include bonds such as the 2015 Bonds which are payable from and secured by SNWA Pledged Revenues.

Outstanding Indebtedness

The following table illustrates the District's outstanding general obligation bonds as of December 1, 2014 and does not take the issuance of the 2015 Bonds and the 2015 Refunding Project into account.

District Outstanding Indebtedness

	Issue Date	Original Amount	Amount Outstanding
GENERAL OBLIGATION LVVWD REVENUE SUPPORTED BONDS[1]			
Parity Lien Obligations			
Refunding Bonds, Series 2005A	05/04/05	$302,425,000	$210,410,000
Water Improvement Bonds, (Series 2006A Bonds)	06/15/06	151,555,000	133,840,000
Water Improvement and Refunding Bonds, (Series 2008A)	02/19/08	190,760,000	154,300,000
Water Bonds (Taxable BABS), Series 2010A	06/15/10	75,995,000	75,995,000
Water and Refunding Bonds, Series 2010B	06/15/10	31,075,000	30,310,000
Series 2011D, Tax-Exempt Refunding Bonds	10/19/11	78,680,000	70,875,000
Water Refunding Bonds, Series 2012A	09/05/12	39,310,000	39,310,000
Water Bond, Series 2014 (the "2014 SRF Loan")[2]	12/01/14	20,000,000	20,000,000
Total Parity Lien Obligations Includes Series 2014			735,040,000
Subordinate Lien Obligations			
Adjustable Rate Water Improvement Bonds, Series 2006B	07/20/06	75,000,000	66,265,000
Adjustable Rate Water Improvement Bonds, Series 2006C	07/20/06	75,000,000	66,265,000
Total Subordinate Lien Obligations			132,530,000
GENERAL OBLIGATION SNWA REVENUE SUPPORTED BONDS[3]			
MBRA Parity Obligations			
Refunding Bonds, Series 2008B	02/19/08	171,720,000	116,335,000
Water Bonds, Series 2009A (Taxable BABS)	08/05/09	90,000,000	90,000,000
Water Bonds, Series 2009B	08/05/09	10,000,000	9,650,000
Water Bonds, Series 2009C (Taxable BABS)[4]	12/23/09	348,115,000	348,115,000
Tax Exempt, Series 2009D	12/23/09	71,965,000	66,265,000
Taxable Refunding Bonds, Series 2011A	05/26/11	58,110,000	58,110,000
Refunding Bonds, Series 2011B	10/19/11	129,650,000	129,650,000
Refunding Bonds, Series 2011C	10/19/11	267,815,000	249,995,000
Water Bonds, Series 2012B	07/31/12	360,000,000	360,000,000
Refunding Bonds, Series 2015 (this issue)[4]	01/13/15*	_____	_____
Total SNWA Parity Obligations			1,428,120,000
MBRA Subordinate Obligations			
Water Commercial Paper Notes	02/19/04	400,000,000	400,000,000
Total SNWA Revenue Supported Bonds			1,828,120,000
TOTAL OUTSTANDING GENERAL OBLIGATION BONDS			2,695,690,000
Clean Renewable Energy Bond[5]			
Clean Renewable Energy Bond, Series 2006	07/15/08	2,520,000	1,512,000
GRAND TOTAL			2,697,202,000

Footnotes on the following page.

(1) District general obligation bonds additionally secured by net pledged revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements of the respective bonds.

(2) As of December 1, 2014, there is $1,051,015.61 outstanding; however, a maximum principal amount of $20,000,000 may be drawn from the State Revolving Fund.

(3) District general obligation bonds additionally secured by SNWA Pledged Revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements of the respective bonds. The Notes are payable from the MBRA Revenues, but are payable after the other bonds in this category.

(4) Does not include the issuance of the 2015 Bonds and the effect of the 2015 Refunding Project.

(5) In July 2008, the District issued the CREBS to finance the cost of constructing and equipping a solar energy project. The CREBS are payable from District revenues; the lien of the CREBS is subordinate to all of the obligations listed under "General Obligation/District Revenue Supported Bonds" in the table above.

Source: The District; compiled by the Financial Advisors.

Other Outstanding Bonds and Obligations

The District is a party to various other agreements and has other obligations outstanding. Certain of those obligations are discussed in Notes 12 and 13 in the audited financial statements attached hereto as Appendix A.

Additional Contemplated Indebtedness

The District may issue general obligation bonds by means of authority granted to it by its electorate or the Legislature or, under certain circumstances, without an election as provided in existing statutes. State law currently provides that general obligation bonds secured by pledged revenues do not require an election if it is determined prior to issuance that the revenues pledged will be sufficient to pay all of the debt service on the proposed bonds unless a petition signed by 5% of the registered voters is filed within a 90-day petition period. The District reserves the privilege of issuing general obligation bonds or other securities, for itself or on behalf of the SNWA, at any time legal requirements are satisfied.

The District does not currently anticipate issuing additional bonds (other than refunding bonds) in the foreseeable future.

The District also may issue additional bonds on behalf of the SNWA as described in "SNWA FINANCIAL INFORMATION - SNWA Additional Contemplated Indebtedness."

District Debt Service Requirements

The following table illustrates the annual debt service requirements for the District's outstanding general obligation bonds, all of which are revenue supported, as of November 1, 2014 (without taking the issuance of the 2015 Bonds and the effect of the 2015 Refunding Project into account and the 2014 SRF Loan). This table does not include debt service attributable to the Notes or the District's CREBS.

As indicated in the footnotes to the following table, certain of the District's bonds were issued as BABs. Prior to the 8.7% reduction (7.2% as of October 1, 2013 and 7.3% as of October 1, 2014) in the payment of BAB subsidies that went into effect on March 1, 2013 as a result of federal budget cuts known as "sequestration," the District expected to receive a BAB Credit in an amount equal to 35% of the interest due on those bonds. The District and the SNWA do not expect the current sequester will have a material adverse effect on their ability to pay debt service on the BAB's. However, there is no assurance that the BAB Credit will be received in the future; accordingly, amounts shown in the table below reflect total interest; the amounts are not net of any applicable BAB Credit amounts. If the BAB Credit is received, the interest payable will be lower.

District Annual Debt Service Requirements(1)

FY Ending June 30	General Obligation - District Revenue-Supported Bonds(2)(3)		General Obligation - SNWA Revenue-Supported Bonds(4)		The 2015 Bonds*		Grand
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	$28,450,000	$20,225,814.70	$19,515,000	$38,865,059			
2016	28,940,000	40,212,574.32	43,980,000	77,079,568			
2017	30,400,000	38,781,373.36	43,250,000	75,261,387			
2018	31,860,000	37,363,768.78	45,095,000	73,404,693			
2019	33,425,000	35,845,768.66	47,135,000	71,370,218			
2020	35,115,000	34,212,551.96	49,315,000	69,198,520			
2021	36,880,000	32,472,002.02	51,635,000	66,895,778			
2022	38,750,000	30,668,618.68	53,920,000	64,615,124			
2023	40,575,000	28,903,218.74	56,520,000	62,029,946			
2024	42,515,000	27,031,656.10	59,190,000	59,379,618			
2025	44,660,000	24,930,253.80	62,020,000	56,552,752			
2026	46,945,000	22,726,849.94	65,115,000	53,508,923			
2027	40,200,000	20,403,762.46	47,760,000	50,269,676			
2028	30,840,000	18,422,615.50	30,450,000	47,885,030			
2029	32,400,000	16,895,497.40	31,980,000	46,352,992			
2030	34,005,000	15,322,633.86	33,595,000	44,743,955			
2031	35,690,000	13,665,667.50	26,155,000	43,051,867			
2032	37,470,000	11,927,664.74	43,915,000	41,567,387			
2033	30,260,000	10,092,029.02	59,675,000	38,802,013			
2034	31,775,000	8,627,087.46	62,550,000	34,899,297			
2035	33,380,000	7,062,057.50	65,490,000	30,886,449			
2036	35,070,000	5,418,405.08	68,530,000	26,752,652			
2037	16,695,000	3,687,677.50	71,705,000	22,427,821			
2038	17,555,000	2,826,975.00	99,525,000	17,903,339			
2039	16,390,000	1,921,755.00	125,460,000	11,438,250			
2040	17,325,000	987,525.00	20,565,000	3,044,600			
2041	--	--	21,530,000	2,076,000			
2042	--	--	22,545,00	1,061,900			
Total	$847,570,000	$511,185,804.10	$1,428,120,000	$1,231,324,817			

Footnotes on the following page.

(1) Totals may not add due to rounding. Does not include debt service on the Notes or the CREBS.

(2) District general obligation bonds additionally secured by District net pledged revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements of the respective bonds. The District's 2010A Bonds were issued as BABs; the amounts shown are *not* net of any applicable BAB Credit amounts. Does not include the 2015 Refunding Project or the 2014 SRF Loan.

(3) Includes estimated debt service on the District's subordinate lien 2006BC Bonds in the aggregate principal amount of $132,530,000, with an assumed sinking fund schedule and interest estimated at a constant rate of 4.50%. However, the interest rate on the 2006B Bonds and 2006C Bonds (collectively, the "2006BC Bonds") will vary and if the average annual interest rate exceeds 4.50% in any one year, the interest paid will be higher than the amounts shown here. The average interest rate on the 2006BC Bonds has been less than 4.5% since their issuance. The interest rate at June 30, 2014, for the 2006BC Bonds was 0.15%. Pursuant to GAAP, that rate was used by the District to calculate future interest requirements for the 2006BC Bonds outstanding as of June 30, 2014, for purposes of the audited basic financial statements. See Note 4 in the audited basic financial statements attached hereto as Appendix A.

(4) District general obligation bonds additionally secured by SNWA Pledged Revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements of the respective bonds. The District's 2009A Bonds and 2009C Bonds were issued as BABs; the amounts shown are *not* net of any applicable BAB Credit amounts. Takes the effect of the 2015 Refunding Project into account.

Source: Compiled by the Financial Advisors.

SOUTHERN NEVADA WATER AUTHORITY

General

On July 25, 1991, the Members (i.e., Boulder City, Henderson, Las Vegas, the District, North Las Vegas, the Big Bend Water District and the Clark County Water Reclamation District) formed the SNWA as a regional water agency pursuant to NRS Chapter 277 and the Cooperative Agreement. SNWA addresses water resource management and water conservation on a regional basis and is the agency charged with planning, managing and developing additional supplies of water for southern Nevada.

The SNWA is governed by a seven-member board of directors, composed of one director from each member agency (the "SNWA Board"). The District acts as the SNWA's operating agent and, pursuant to annual appointment, the District's General Manager currently acts as the General Manager for the SNWA. The SNWA has no employees; the District provides all employees and operations for the SNWA. The SNWA pays the District for the costs of providing the employees and operations in an amount equal to the costs of the services provided.

Funding Sources

To meet its debt service requirements and to provide funds for the costs of operation and maintenance of the SNWS, the SNWA entered into the Operations Agreement with the Members. The Operations Agreement requires that the Members reimburse the SNWA for all operation and maintenance expenses (excluding depreciation), debt service and reserve requirements of the SNWS.

The SNWA Board has the power to periodically assess the Members for operating and capital budgets and for the satisfaction of its liabilities, charges and assessments made by the SNWA to the Members under the Operations Agreement (described below). For fiscal year 2013-14, assessments for the SNWA operations and capital budget are being apportioned among the Members as follows:

Members	Percent	2013-14 Revenues (in millions)
Las Vegas Valley Water District	69.3%	$203.5
Henderson	17.1	50.3
North Las Vegas	11.3	33.1
Boulder City	2.0	5.9
Others (1)	0.3	0.6

(1) Includes the Nellis Air Force Base, the City of Las Vegas and the Clark County Water Reclamation District. See "LAS VEGAS VALLEY WATER DISTRICT - Intergovernmental Relationships."

(2) See "SOUTHERN NEVADA WATER AUTHORITY – The Operations Agreement – Optional Steps-Up Charges," herein for a description of the SNWA's right to apportion delinquencies to other Municipal Water Users.

Allocation of SNWA Water Revenues

In the 1995 Legislative session, the Legislature enacted the Transfer Act which transferred certain rights, powers, obligations and liabilities relating to the SNWS from the State and CRC to the SNWA effective January 1, 1996. Pursuant to the Transfer Act, the SNWA holds in its own name and assumes all liabilities of the State and the CRC relating to the SNWS. The debt of the CRC related to the SNWS is composed of general obligation bonds of the State (see "SNWA FINANCIAL INFORMATION - Outstanding SNWA Obligations") which are additionally secured by the SNWA Water Revenues which is superior to the lien thereon of the 2015 Bonds. The SNWA has obtained title to all SNWS facilities originally constructed by the federal government.

Section 3 of the Transfer Act provides that the SNWA Water Revenues (as defined herein) must be applied in the following order. Generally, that order is:

(1) the costs of operation and maintenance of the SNWS.

(2) the payment of compensation and expenses to the SNWA and all other obligations incurred through performance by the SNWA of its duties under the Transfer Act, including the CRC's general obligation bonds issued prior to January 1, 1996 (no CRC general obligation bonds issued prior to January 1, 1996 remain outstanding).

(3) the payment of the principal, interest and any other charges related to any obligations incurred to refund any general obligations of the State issued for the acquisition, construction, improvement or equipment of the SNWS, presently outstanding in the aggregate principal amount of $104,280,000.

(4) the payment of the principal, interest and any other charges related to any obligations incurred by the SNWA for the acquisition, construction, improvement or equipment of the SNWS or other facilities designed to provide water to southern Nevada, including: (i) any Outstanding SNWA revenue bonds; (ii) obligations to the District and the State to repay money borrowed by SNWA to provide funds to improve the SNWS; and (iii) any obligations incurred to refund any of those obligations (collectively, the "SNWA Obligations"). See "SNWA FINANCIAL INFORMATION - Outstanding SNWA Obligations" below.

(5) the payment of expenses incurred by the SNWA related to the acquisition, construction, improvement or equipment of the SNWS or other facilities designed to provide water to southern Nevada.

The Operations Agreement

The following is a brief description of the Operations Agreement. The SNWA is obligated to impose rates and charges with respect to the use of the SNWS, together with funds legally available for such purpose, sufficient to pay the 2015 Bonds and all other SNWA obligations. However, the Operations Agreement may be amended, modified and/or repealed in any or all respects at any time in accordance with its terms.

Charges. Under the Operations Agreement, the SNWA establishes, revises as necessary, and uses every reasonable effort to collect charges, which in the aggregate, will have the purpose of funding, and will be set at levels sufficient to fund (i) reserves authorized or required by the Operations Agreement or required by any bond or other debt instrument for which the SNWA is responsible, directly or indirectly, relating to the SNWS and (ii) the payment when due of all costs, expenses, capital outlays not otherwise funded, and liabilities including debt service of the SNWA relating to the SNWS.

Under the Operations Agreement, the SNWA currently assesses five types of charges: (1) a Wholesale Delivery Charge, (2) a Connection Charge, (3) a Commodity Charge, (4) a Reliability Surcharge and (5) the Regional Infrastructure Surcharge. The Wholesale Delivery Charge is a delivery charge to be paid by Boulder City, Henderson, North Las Vegas and the District (the "Municipal Water Users") for each acre-foot of water delivered to the Municipal Water User; Nellis Air Force Base also pays a modified Wholesale Delivery Charge. The Connection Charge is a charge for each new connection within the service areas of Henderson, North Las Vegas, and the District to their customers. The Commodity Charge is a charge for each 1,000 gallons of potable water, from any source whatsoever, delivered and metered by the City of Henderson, North Las Vegas and the District to their customers. The SNWA reliability surcharge is a surcharge on all residential customers at a rate of 0.25% of the total water bill and at a rate of 2.5% for all other customer classes.

The SNWA Connection Charge, the SNWA Commodity Charge, the Reliability Surcharge, the Regional Infrastructure Surcharge and certain payments due from Boulder City are to be used primarily to pay debt service on bonds issued for expansion of the SNWS ("New Expansion Debt"), debt service on the obligations listed as "SNWA Parity Obligations" and "Subordinate Obligations" in the table entitled "SNWA Obligations" below and "SNWA FINANCIAL INFORMATION - Outstanding SNWA Obligations", and any required debt service reserve and to pay the capital cost of improvements or expansions to the SNWS. The SNWA is required to set the Connection Charge and Commodity Charge at levels at least sufficient to ensure that the SNWA will at all times have available sufficient funds derived from the Connection Charge and the Commodity Charge for the purposes described above. To the maximum extent practicable the Connection Charge and the Commodity Charge shall be set (after taking into account the amount of other resources including proceeds of the sales tax and the Reliability Surcharge then available) at levels with respect to each other so that over the total period during which New Expansion Debt is amortized (but not necessarily in any particular fiscal year): (i) the Connection Charge shall pay that portion of the total cost of construction of facilities to improve and expand the SNWS, including debt service, which is substantially the same as the percentage of additional capacity that has been allocated to service new connections within the service area of the Municipal Water Users and (ii) the Commodity Charge shall pay that portion of the total cost of construction of facilities to improve and expand the SNWS, including debt service, which is substantially the same as the percentage of additional capacity that has been allocated to increase system reliability.

If revenues from the Connection Charge and Commodity Charge, and, to the extent not required to be maintained at a specified level by any debt instrument, funds in the new expansion debt service reserve fund established under the Facilities and Operation Agreement are insufficient for payment of debt service, the SNWA is required to equitably make assessments to Henderson, North Las Vegas and the District to pay such insufficiencies.

Pursuant to the terms of the Operations Agreement, in February 2012, the SNWA Board approved the imposition of the Regional Infrastructure Charge effective for water sold on or after April 1, 2012. The Regional Infrastructure Charge is based on meter size; for residential customers, the monthly charge ranges from $5.64 per month for 5/8" and 3/4" meters to $653.26 for meters that are 8" and larger. The monthly surcharge for non-residential customers ranges from $19.65 for 5/8" and 3/4" meters to $1,715.35 for meters that are 10" and larger. Non-residential fire meters will pay a monthly charge ranging from $3.34 per month to $290.43 per month.

The Wholesale Delivery Charge is to be charged against the Municipal Water Users and is to be used for the purpose of providing, and set at levels to ensure that the SNWA at all times will have available sufficient funds to pay, the following: (1) operation, maintenance, and replacement costs of the SNWS, including water delivery and other charges of the United States; (2) capital outlays not related to the improvement or expansion of the SNWS; (3) the SNWA administrative expenses relating to the SNWS; (4) an appropriate part of the SNWA's contribution to the CRC's water administrative and operating budget; (6) maintenance of an operations and maintenance reserve fund at required levels; (7) debt service on any bonds or other obligations issued for the purpose of funding the repair, replacement, or reconstruction of SNWS facilities or to refund any such bonds or other obligations; and (8) any other cost, expense, capital outlay, or liability of the SNWA with respect to the SNWS, including liabilities of the CRC assumed by the SNWA pursuant to the Transfer Act, other than New Expansion Debt.

The Wholesale Delivery Charge is to be charged against the Municipal Water Users and is to be used for the purpose of providing, and set at levels to ensure that the SNWA at all times will have available sufficient funds to pay, the following: (1) operation, maintenance, and replacement costs of the SNWS, including water delivery and other charges of the United States; (2) capital outlays not related to the improvement or expansion of the SNWS; (3) the SNWA administrative expenses relating to the SNWS; (4) an appropriate part of the SNWA's contribution to the CRC's water administrative and operating budget; (5) maintenance of an operations and maintenance reserve fund at required levels; (6) debt service on any bonds or other obligations issued for the purpose of funding the repair, replacement, or reconstruction of SNWS facilities or to refund any such bonds or other obligations; and (7) any other cost, expense, capital outlay, or liability of the SNWA with respect to the SNWS, including liabilities of the CRC assumed by the SNWA pursuant to the Transfer Act, other than New Expansion Debt.

Optional Step-Up Charges. If any Municipal Water User is delinquent for more than 60 days in making payment to the SNWA of any amount due as a Connection Charge, Commodity Charge, Regional Infrastructure Surcharge, or Wholesale Delivery Charge, or Boulder City is delinquent for more than 60 days in making payments to the SNWA under the Facilities and Operations Agreement, and the SNWA has determined that, as a result of such delinquency, either default in the payment of any debt service will occur within the next 90 days or reserve funds required to be maintained under any debt instrument will be depleted below the required level within the next 90 days, then the SNWA shall have the right, but not the obligation, to immediately require the payment of such delinquency by the other Municipal Water Users. Such delinquency shall be apportioned proportionate to the liability of such Municipal Water Users for such charge during the preceding month. In no event, however, shall the delinquency apportioned to a Municipal Water User with respect to any of the Connection Charge, Commodity Charge, or Wholesale Delivery Charge for any

period of delinquency be greater in amount than 100% of the amount of such charge the Municipal Water User is otherwise required to pay with respect to such period. Such Municipal Water Users are required to pay any such step-up charges assessed within 45 days of billing. The SNWA may continue to apportion such delinquencies to Municipal Water Users for so long as a delinquency by a Municipal Water User of more than 60 days continues to exist.

Withholding of Water Deliveries; Late Charges. The SNWA may, but is not required to, withhold in whole or in part delivery of water to any Municipal Water User that is delinquent in the payment of any charges or other amounts payable to the SNWA under the Operations Agreement, for more than 90 days after such payment was due. The SNWA shall have the right to establish late charges to be paid by a Municipal Water User which is delinquent by more than 60 days in any charge or other payment due under the Operations Agreement.

Automatic Assignment of Connection Charges. If any of Henderson, North Las Vegas, or the District is delinquent for more than 60 days in making payment to the SNWA of any Connection Charges due under the Operations Agreement, such delinquent Municipal Water User without any further notice or demand by the SNWA, has assigned and transferred to the SNWA all connection fees and charges, tap fees, and similar fees and charges (the "Assigned Fees"), if any, payable to the delinquent Municipal Water User by each customer whose connection gives rise to a Connection Charge under the Operations Agreement, together with the right, power, and authority to collect all such Assigned Fees directly from such customer. The SNWA shall be entitled to retain all such Assigned Fees and shall credit them to the delinquent Connection Charge, any late charge assessed by the SNWA, interest due on the delinquent Connection Charge, and all of the costs and expenses incurred by the SNWA in collecting the Assigned Fees.

SNWA FINANCIAL INFORMATION

Annual Reports

The SNWA prepares a CAFR setting forth the financial condition of the SNWA as of June 30 of each fiscal year. The latest completed report is for the year ended June 30, 2014. The CAFR is the official financial report of the SNWA. It was prepared in accordance with GAAP. The SNWA's audited basic financial statements for fiscal year ended June 30, 2014, which are included in SNWA's CAFR, are attached to this Official Statement as Appendix B. The audited financial statements for the fiscal year ending June 30, 2014 have not been formally accepted by the SNWA Board, but will be considered for formal acceptance at the December 10, 2014 SNWA Board meeting.

Budgeting

General. Prior to April 15 of each year, the SNWA submits to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the State Department of Taxation is required to notify the District upon its acceptance of the budget.

Following acceptance of the proposed budget by the State Department of Taxation, the SNWA Board is required to conduct public hearings on the third Thursday in May. The SNWA Board normally is required to adopt the final budget on or before June 1.

The SNWA management is authorized to transfer budgeted amounts within functions, but any other transfers must be approved by the SNWA Board. With the exception of monies appropriated for specific capital projects or Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Fiscal Year 2014-15 Budget Considerations. The SNWA submitted its fiscal year 2015 Tentative Budget to the State on April 15, 2014, and held a public hearing on the budget (followed by approval of a Final Budget) on May 15, 2014. Departments have been requested to maintain reduced expenditures (as described above) for fiscal year 2015. For 2015 budget, non-payroll operating expenses are projected to increase $3.7 million (11.3%). Payroll costs are projected to decrease slightly by $2.6 million.

The Major Construction and Capital Plan (the "MCCP") remains in place and consolidates all capital projects of the previous MCCP and Capital Improvements Plan (CIP). Prior to February 2010, SNWA had two capital plans; the MCCP which mainly contained projects related to water acquisition and the CIP which contained projects related to the collection, treatment and distribution of Lake Mead water with no proposed increases. Approximately 43% of the MCCP costs remaining in the next three years for Lake Mead's Intake No. 3, which is critical to help protect the community from the effects of prolonged drought in the Colorado River Basin. See "SOUTHERN NEVADA WATER SYSTEM - Capital Improvement Funding Plan" for a further description of Intake No. 3.

SNWA Water Revenues. Since the formation of the SNWA, its financial model has included provisions for the establishment and maintenance of substantial unrestricted fund balances.

As illustrated in the table entitled "SNWA Summary of Operating Revenues, Expenses and Changes in Fund Equity" herein, the SNWA has relied on capital contributions to fund its operations. The advent of the Regional Infrastructure Surcharge in February 2012 and an overall increase in capital contributions revenue in fiscal years 2013 and 2014 have contributed to an increase in unrestricted fund balance. Current projections show that unrestricted fund balance will be approximately $381.9 million at the end of fiscal 2015 which will be $59 million higher than 2014's ending balance. The SNWA management has stated that its policy is to expend fund balance for its intended purpose (i.e., to continue SNWA operations and capital expenditures during reduced revenue periods) as reasonably necessary, but also to preserve fund balance to the extent possible while doing so.

Current SNWA financial estimates reflect that Regional Connection Charges should steadily increase for the foreseeable future (increasing from approximately $22.9 million in fiscal year 2013 to approximately $30.7 million for fiscal year 2015. Capital revenues consist of Regional Connection charges, Regional Water Charges, and/or Regional Infrastructure Surcharges. SNWA's unrestricted fund balance related to these revenues increased $44.1 million in fiscal year 2013-14 from fiscal year 2012-13. The fiscal year 2014-15 final budget (and internal SNWA forecasting) projects that the SNWA's unrestricted ending fund balance is expected to increase by approximately $59 million (to $381.9 million) by the end of fiscal year 2015. These figures will change if the SNWA implements any additional rate increases in future years. *Investors are cautioned, however, that the financial estimates discussed in this paragraph are based upon economic and financial assumptions that may not be realized. See "INTRODUCTION--Forward-Looking Statements."*

Advisory Committee Recommendations and Fund Balance Target. On April 19, 2012, the SNWA Board established the Integrated Resource Planning Advisory Committee (IRPAC) to consider the interrelated aspects of many water issues and to develop formal recommendations for SNWA Board consideration. The IRPAC, which consists of a cross section of residential and non-residential representatives, has been directed to review the following issues -- resource development and management, construction and maintenance of facilities, funding, planning, conservation, water quality and adequacy of SNWA's established targeted fund balance of $310 million for certain of its funds, which target consists of a $280 million fund balance to cover construction costs from the MCCP and a $30 million fund balance to cover operating costs and debt service from construction that was completed before the MCCP was adopted. Recommendations from the IRPAC were to be presented to the SNWA Board in early 2013. However, the SNWA is not obligated to maintain any particular fund balance in any of its funds.

Summary of Operating Revenues, Expenses and Changes in Fund Equity

General. Set forth in the table on the following page is a comparative statement of the operating revenues, expenses and changes in fund equity for the SNWA's Proprietary Enterprise Fund for fiscal years 2011 through 2015. The information was derived from the SNWA's CAFRs for those years.

The information in this table should be read together with the SNWA's audited basic financial statements for the fiscal year ended June 30, 2014, and the accompanying notes, which are attached to this Official Statement as Appendix B. Financial statements for prior fiscal years can be obtained from the sources listed in "INTRODUCTION - Additional Information." A summary of the SNWA's significant accounting policies can be found in Note 1 in the audited financial statements attached hereto as Appendix B.

During fiscal year 2011, the SNWA determined that in past years, certain items should have been accounted for as property, plant and equipment for accounting purposes, rather than being accounted for as construction work in progress. A further review in fiscal year 2012 found several additional projects that needed similar adjustments. The following table illustrates the aggregate accounting impact of the accounting adjustments (a decrease of approximately $28.1 million in Fund Equity in fiscal year 2011).

SNWA Summary of Operating Revenues, Expenses and Changes In Fund Equity[1]

Fiscal Year Ending June 30,	2011 (Restated)	2012 (Actual)	2013 (Actual)	2014 (Actual)	2015 (Budget)
Operating Revenues					
Wholesale Delivery Charge	$119,457,411	$119,239,660	$117,534,578	$121,045,154	$123,370,688
Groundwater Management Fees	894,502	867,716	863,417	842,191	892,964
Administration Costs Recoveries	362,263	318,886	383,443	425,765	1,185,173
Las Vegas Wash	397,408	397,407	397,708	397,408	727,398
Other revenues	2,950,612	2,705,745	3,525,867	3,843,389	1,506,993
Total Operating Revenues	124,062,196	123,529,414	122,705,013	126,553,907	127,683,216
Operating Expenses					
Personnel and Related	42,491,203	43,450,464	43,880,414	50,216,887	45,215,400
Electric Power (4)	36,013,713	44,527,798	36,347,165	53,409,820	44,367,515
Operating and Maintenance	34,357,566	37,685,150	27,943,415	34,483,860	39,599,848
Total Operating expenses	112,862,482	125,663,412	108,170,994	138,110,567	129,182,763
Operating Income Before Depreciation	11,199,714	(2,133,998)	14,534,019	(11,556,660)	(1,499,547)
Depreciation Expense	74,381,219	74,918,789	74,943,316	75,853,379	80,000,000
Operating Income (Loss)	(63,181,505)	(77,052,787)	(60,409,297)	(87,410,039)	(81,499,547)
Non-Operating Income (Expense)					
Investment Income	1,024,158	869,505	740,407	2,309,538	1,196,376
Credit Payment Income	10,896,699	10,867,008	10,316,798	10,097,944	--
Interest Expense	(79,960,800)	(67,567,023)	(64,010,853)	(55,351,153)	(64,584,975)
Amortization of Refunding Costs	(1,079,554)	(2,254,389)	(2,926,272)	(2,921,604)	--
Bond Issue and Commercial Paper Costs	--	(7,264,123)	(5,606,185)	(3,314,554)	--
Amortization of Bond Issue and discounts	(1,701,255)	3,211,357	3,291,755	3,780,080	--
Other	53,733	37,112	63,295	44,132	--
Total Non-Operating (Expenses)	(70,767,019)	(62,100,553)	(58,131,055)	(45,355,617)	(63,388,599)
Loss before Capital Contribution	(133,948,524)	(139,153,340)	(118,540,352)	(132,765,656)	(144,888,146)
Capital Contributions (2)	93,092,191	135,679,772	205,919,057	237,839,036	235,518,357
Net Income (Loss)	(40,856,333)	(3,473,568)	87,378,705	105,073,380	90,630,211
Fund Equity-Beginning of Year (3)	1,409,364,072	1,340,407,420	1,336,933,852	1,424,312,557	1,529,385,937
Adjustment	(28,100,319)	--	--	--	--
Fund Equity-Beginning of Year as Adjusted	1,381,263,753	1,340,407,420	1,336,933,852	1,424,312,557	1,529,385,937
Fund Equity-End of Year (3)	$1,340,407,420	$1,336,933,852	$1,424,312,557	$1,529,385,937	$1,620,016,148

Footnotes on the following page.

(1) Fiscal year 2011 was restated as described in the paragraph preceding the table.

(2) Includes Regional Connection Charge, Regional Commodity Charge, Regional Infrastructure Surcharge, and Regional Reliability Charge as well as other revenue sources described in "SOUTHERN NEVADA WATER SYSTEM - Capital Improvement Funding Plan," including certain sales tax revenues. See Note 17 to the Basic Financial Statements in Appendix B for a description of the capital contributions.

(3) Fund Equity includes the value of all assets attributable to the proprietary fund, not just those acquired during the year presented.

(4) The volatility of electric power is reflected in changes to energy demand, market pricing, transmission costs, and contract termination fees.

Source: Derived from the SNWA's audited financial statements for the year ended June 30, 2014.

Outstanding SNWA Obligations

General. The SNWA may issue bonds or enter into interlocal agreements with other governments pursuant to which bonds are issued for the benefit of the SNWA and the payment of which is the responsibility of the SNWA. The SNWA has issued bonds through or entered into such interlocal agreements with the District, the County (which loans money to the SNWA through its bond bank) and the State (which also loans money to the SNWA through its bond bank). These obligations are payable from the SNWA Water Revenues, or specified portions thereof. Generally, the SNWA Water Revenues are those revenues received by the SNWA from its operation of the SNWS including, without limitation, water revenues received by the SNWA from the Municipal Water Users pursuant to the Operations Agreement (the "SNWA Water Revenues").

Currently Outstanding SNWA Obligations. The following table illustrates the SNWA's outstanding long-term obligations as of November 1, 2014. The lien priority of the various obligations is described in "INTRODUCTION - Security" and "SECURITY FOR THE 2015 BONDS - SNWA Pledged Revenues."

SNWA Obligations

	Issue Date	Original Amount	Principal Outstanding
SUPERIOR OBLIGATIONS [1]			
CRC Refunding Bonds, Series 2005H	04/13/05	$ 36,130,000	$ 31,620,000
CRC Refunding Bonds, Series 2006D	07/18/06	111,840,000	66,200,000
CRC Refunding Bonds, Series 2010B	06/24/10	7,405,000	6,460,000
Total SNWA Superior Obligations			104,280,000
PARITY OBLIGATIONS			
MBRA Parity Obligations [2]			
Refunding Bonds, Series 2008B	02/19/08	171,720,000	116,335,000
Water Bonds, Series 2009A (Taxable BABS)	08/05/09	90,000,000	90,000,000
Water Bonds, Series 2009B	08/05/09	10,000,000	9,650,000
Water Bonds, Series 2009C (Taxable BABS)	12/23/09	348,115,000	348,115,000*
Water and Refunding Bonds, Series 2009D	12/23/09	71,965,000	66,265,000
Refunding Bonds (Taxable), Series 2011A	05/26/11	58,110,000	58,110,000
Refunding Bonds, Series 2011B	10/19/11	129,650,000	129,650,000
Refunding Bonds, Series 2011C	10/19/11	267,815,000	249,995,000
Water Bonds, Series 2012B	07/31/12	360,000,000	360,000,000
Water Refunding Bonds, Series 2015 (this issue)	01/13/15*	_____	_____**
Total MBRA Parity Obligations			1,428,120,000
The Notes[3]	various	400,000,000	400,000,000
Total MBRA Obligations			1,828,120,000
SNWA Parity Obligations [4]			
CRC Refunding Bonds, Series 2005I	04/13/05	65,300,000	47,755,000
SNWA Water Revenue Refunding Bond, Series 2006	06/13/06	242,880,000	210,210,000
SNWA Water Revenue Bond, Series 2006	11/02/06	604,140,000	533,020,000
SNWA Water Revenue Bonds, Series 2008	07/02/08	400,000,000	362,155,000
SNWA Revenue Refunding Bond, Series 2009	11/10/09	50,000,000	46,355,000
SNWA Revenue Refunding Bonds, Series 2012	06/20/12	85,015,000	85,015,000
Total SNWA Parity Obligations			1,284,510,000
SUBORDINATE OBLIGATIONS [5]			
State of Nevada Safe Drinking Water Loan #1	09/01/99	12,269,695	4,288,375
State of Nevada Safe Drinking Water Loan #2	06/29/01	10,000,000	4,299,955
SNWA Refunding Bonds, Series 2005F (State Bond Bank)	05/17/05	249,365,000	173,520,000
SNWA Water Revenue Bonds, Series 2009 (State of Nevada)	12/11/09	2,750,000	1,898,106[7]
SNWA Water Revenue Refunding Bonds, Series 2013A	01/29/13	21,720,000	21,720,000
Total Subordinate Obligations			209,866,436
OTHER SUBORDINATE REVENUE OBLIGATIONS [6]			
Subordinate Lien Revenue Bond (Clean Renewable Energy), Series 2008	07/30/08	6,900,000	4,140,000
Total Outstanding SNWA Obligations			$3,430,916,436**

Footnotes on the following page.

* Includes the Refunded Bonds.
** Subject to change.

(1) Payable from the SNWA Water Revenues prior to any payments under the MBRA. No SNWA Water Revenues become subject to the MBRA until all SNWA operation and maintenance expenses and all obligations with respect to the SNWA Superior Obligations are satisfied.
(2) SNWA Water Revenues are available to fund the MBRA after the SNWA Superior Obligations are paid.
(3) Payable from the SNWA Pledged Revenues after payment of the MBRA Parity Obligations. The District is authorized to have a maximum of $400,000,000 in Notes outstanding at any time; all of which are outstanding.
(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 CREBS have a lien on the SNWA Water Revenues that is subordinate to the lien thereon of the MBRA and the SNWA Parity Obligations and on a parity with the obligations listed as "Subordinate Obligations" in the table above. The CREBS also is secured with a lien on the Quarter Cent Sales Tax (discussed in "SOUTHERN NEVADA WATER SYSTEM - Capital Improvement Funding Plan - The CIP" below).
(7) This loan is authorized in a maximum amount of $2,750,000; not all of that amount has yet been drawn.

Source: Southern Nevada Water Authority; compiled by Hobbs, Ong and Associates, Inc.

SNWA Total Debt Service Requirements. The following table sets forth the debt service requirements for the outstanding bonds and other obligations for borrowed money payable from the SNWA Water Revenues (except the Notes and the SNWA CREBS), as of December 1, 2014 (without taking into account the issuance of the 2015 Bonds).

SNWA Annual Debt Service Requirements(1)

Fiscal Year Ending June 30	Outstanding Superior Obligations	Outstanding Parity Obligations (2)	2015 Bonds	Outstanding Subordinate Obligations (3)	Total
2015	$ 3,485,705	$ 90,168,394		$ 6,002,509.58	
2016	5,995,199	211,763,236		11,518,109.16	
2017	11,862,010	221,902,712		23,344,352.19	
2018	11,854,527	221,896,343		23,336,720.18	
2019	11,845,192	221,895,918		23,332,213.17	
2020	11,833,254	221,886,245		23,324,206.14	
2021	10,602,963	221,891,084		22,449,411.61	
2022	10,593,169	221,883,824		22,100,684.03	
2023	10,585,413	221,913,784		21,747,831.40	
2024	10,574,200	221,952,568		21,285,140.40	
2025	20,617,825	221,959,771		21,277,265.40	
2026	11,559,100	222,032,548		21,284,140.40	
2027	11,548,688	201,453,833		21,283,265.40	
2028	--	181,781,324		22,172,340.40	
2029	--	178,336,517		126,540.40	
2030	--	179,008,392		63,270.20	
2031	--	150,580,767		--	
2032	--	150,078,612		--	
2033	--	149,815,863		--	
2034	--	148,784,447		--	
2035	--	147,712,436		--	
2036	--	146,821,227		--	
2037	--	145,471,384		--	
2038	--	144,276,839		--	
2039	--	136,898,250		--	
2040	--	23,609,600			
2041	--	23,606,000			
2042	--	23,606,900		--	
Total	$142,957,242	$4,652,788,819		$284,648,000.06	

(1) Totals may not add due to rounding. Excludes debt service on the Notes and the SNWA CREBS.

(2) Combined debt service on the MBRA Parity Obligations and the SNWA Parity Obligations. The 2009A Bonds and 2009C Bonds were issued as BABs. Prior to the 8.7% reduction in the payment of BAB Subsidies that went into effect on March 1, 2013 (7.2% as of October 1, 2013 and 7.3% as of October 1, 2014) as a result of federal budget cuts known as "sequestration," the District expected to receive the BAB Credit in an amount equal to 35% of the interest due on those bonds. There is no assurance that the BAB Credit will be received in the future; accordingly, amounts shown here reflect total interest; the amounts are *not* net of any applicable BAB Credit amounts. If the BAB Credit is received, the interest payable on certain of the bonds will be lower.

(3) Includes estimated debt service on the SNWA's 2009 SRF loan, assuming that the entire $2,750,000 is drawn. The estimated annual principal on the 2009 SRF loan is $126,540.40; the loan is interest free.

Source: Southern Nevada Water Authority; compiled by the Financial Advisors.

Additional Obligations. See Note 13 in the audited financial statements attached hereto as Appendix B for a description of certain other SNWA commitments, including operating leases, forward power contracts and gas and power swaps as of June 30, 2014. Investors are cautioned that market conditions, which can change at any time, may affect the value of certain of the contracts and other commitments involved to an extent that cannot be stated at this time.

The SNWA also reimburses the District for amounts paid as operating expenses on its behalf. The District has allocated a portion of its OPEB liability to the SNWA; however, the SNWA has not yet reimbursed the District for such amounts. See Notes 1 and 4 in the audited financial statements attached hereto as Appendix B for a description of those related party transactions.

SNWA Additional Contemplated Indebtedness

The SNWA anticipates that it will issue additional bonds in the future to fund portions of its capital plans (see "SOUTHERN NEVADA WATER SYSTEM - Capital Improvement Funding Plan") below; several projects remain to be completed. However, the SNWA currently expects that the next issuance will not occur until 2016 in an approximate principal amount of $300 million (other than refundings to achieve savings).

The SNWA reserves the right to issue additional bond or other obligations as needed upon the satisfaction of all legal requirements.

SOUTHERN NEVADA WATER SYSTEM

The Service Area

The SNWS treats and delivers wholesale water to entities that serve the major metropolitan areas of Clark County, Nevada. This service area is arid desert characterized by small amounts of precipitation, little snow, low humidity, abundant sunshine, short and relatively mild winters, long, hot summers, and wide extremes in daily temperatures.

According to the U.S. Bureau of Census, the County experienced a population increase of approximately 86% from 741,459 in 1990, to 1,375,765 in 2000 and a further increase of approximately 42% to 1,951,269 in 2010. In 2013, the population stood at 2,031,723.

Water Supply in the Service Area

General. The Big Bend Water District, City of Boulder City, City of Henderson, City of North Las Vegas, and Las Vegas Valley Water District are purveyor members (or Municipal Water Users) of the SNWA and provide retail potable water service to approximately 96% of the population of Clark County. There are two primary sources of water supply in the SNWS service area - Colorado River water and groundwater. Permanent groundwater supplies totaling approximately 46,000 acre-feet per year are owned by the City of North Las Vegas and the District. Prior to the 1970's, water providers relied on groundwater sources to provide water service. Since that time, Colorado River water (discussed below) has become the primary source and has provided the overwhelming majority of water. Although the SNWA continues to pursue groundwater rights (see "Integrated Water Planning; In-State Water Resources" below), that situation is not expected to change for the foreseeable future. Colorado River water is delivered primarily through the SNWS. The SNWA also provides wholesale water service to Nellis Air Force Base through the SNWS.

The State's annual consumptive use right to Colorado River water is 300,000 acre-feet. This right was established pursuant to the Colorado River Compact, various federal laws and contracts and various court decrees. Consumptive use is the amount of water withdrawn, less water that is returned to

the river. The SNWA and its purveyor members' share of the State's annual Colorado River consumptive use right is about 272,000 acre-feet annually. In the twelve months ending in June 2014, the SNWA diverted approximately 404,652.6 acre-feet for consumptive use. The diversion figure takes into account the fact that the SNWA's members return water to the Colorado River system, thereby increasing the total amount of water available for delivery. The SNWA also has a contract right to unused and surplus Colorado River water when available as determined by the Secretary of the Interior. See "Seven Basin States Record of Decision" below.

In January 2001, the Secretary of the Interior (the "Secretary") approved the Colorado River Interim Surplus Guidelines (the "Guidelines"); the Guidelines were amended effective December 2007. The Guidelines are designed to reduce California's overuse of its 4.4 million acre-feet allocation of Colorado River water and will be used to determine the availability of "surplus" Colorado River water for use within the states of Arizona, California and Nevada. See "Seven Basin States Record of Decision" below.

Additional Purveyors. There are additional water purveyors located in Clark County that are not customers of the SNWA. These purveyors include the Virgin Valley Water District, which serves the City of Mesquite and the surrounding area, and the Moapa Valley Water District, which serves Logandale, Overton, Moapa, and Glendale. In addition, the District provides water service to the communities of Jean, Kyle Canyon, Blue Diamond, and Searchlight. Water supplies for these communities are supplied from locally available water resources. The District also manages the Big Bend Water District pursuant to a contract with its board of trustees; water for Big Bend Water District is provided from an allocation of Colorado River water.

Water Resource Plan, Drought Planning and Integrated Water Resource Planning

General. As part of its mission, the SNWA maintains several key planning documents, including a Water Resource Plan, which also incorporates a drought plan. The SNWA Water Resource Plan is reviewed annually and updated as needed. The document summarizes existing resources and options that reflect current conditions. The most current Water Resource Plan, which is discussed below, can be viewed on SNWA's website at www.snwa.com/ws/resource_plan.html.

Water Resource Plan. The first SNWA Water Resource Plan, which provides a comprehensive overview of water resources and demands in southern Nevada, was adopted in 1996. The plan is reviewed annually and updated as needed, most recently in May 2009 and reapproved by the SNWA Board in October 2012. The 2009 Water Resource Plan represents the eighth revision. The SNWA Water Resource Plan provides a demand projection for southern Nevada until 2060 and outlines a portfolio of resource options to meet the projected demand. This resource portfolio includes local groundwater, as well as Nevada's 300,000 acre-feet basic Colorado River apportionment, surplus Colorado River water when available, wastewater reuse and other current and potential supplies.

SNWA entered into an agreement with the Arizona Water Banking Authority ("AWBA"), the Central Arizona Water Conservation District and the Colorado River Commission in 2001 ("Interstate Banking Agreement"). The Interstate Banking Agreement, which was amended in 2004 and 2010, guaranteed the availability of 1.25 million acre-feet of Colorado River water storage credits for Nevada's future use. The 2010 amendment also provided SNWA greater flexibility in determining when withdrawals can be made from the water bank and provided SNWA with greater flexibility in paying outstanding amounts due. Through June 2014, SNWA had paid $132.9 million under the Interstate Banking Agreement and had accrued 600,651 acre-feet in long-term storage credits. An amendment to the agreement approved by the SNWA Board in April 2013, relieved SNWA of the remaining $217.3 million obligation while retaining the ability to bank water with the AWBA in the future. Additional storage will be determined on an annual basis, and future storage payment will be

presented for SNWA Board consideration. SNWA does not foresee any additional storage needs in the immediate future.

In 2004, the SNWA also entered into agreements with the Metropolitan Water District of Southern California ("MWD") and the federal Bureau of Reclamation to store a portion of the State's unused Colorado River water in southern California until it is needed; under those agreements, the State can recover up to 30,000 acre-feet per year from the storage account, with six months advance notice provided to MWD. The acquisition and use of Colorado River water remains one of the best and most cost-effective options to meet future demands in southern Nevada, surpassed only by conservation.

Included in the Water Resource Plan is the SNWA's response to drought conditions. Over the last fifteen years, the Colorado River Basin is experiencing one of the worst droughts on record, which has impacted Lake Mead reservoir levels. The drought is continuing in 2014. The drought is particularly acute in northern California, increasing demand for Colorado River water use in southern California. Should the drought worsen and Lake Mead's elevation decline to below 1,075 feet, the Lower Basin States (including Nevada) could see their basic apportionment of Colorado River water curtailed in some years. This shortage condition is the worst-case scenario on the river. As part of its response to these drought conditions, the SNWA and its member agencies have prepared the regional drought plan as a chapter in the SNWA Water Resource Plan. The drought plan is amended concurrently with the SNWA Water Resource Plan.

The drought chapter of the Water Resource Plan clarifies the overall process for determining the various levels of drought and the corresponding shortage declaration. In determining whether the levels exist, the SNWA Board will consider the Lake Mead water level projections from the Bureau of Reclamation in conjunction with the community's conservation achievements, projected water demands and other related factors. To date, measures restricting water demands have been developed for the first two levels of shortage declaration. Local purveyors in the Las Vegas Valley (including the District) have enacted ordinances to support enforcement of the restrictions and also have implemented rate increases to promote additional conservation and greater awareness of drought conditions.

As of November 24, 2014, Lake Mead's elevation was at 1,083.9 feet. According to recent projections from the U.S. Bureau of Reclamation, Lake Powell is expected to release 8.23 million acre-feet for the federal fiscal year ending September 30, 2015, an increase of 750,000 acre-feet from the previous year. As a result of new release projections, the U.S. Bureau of Reclamation raised its Lake Mead projections by at least a foot each month through July 2016, but the overall downward trend continues.

Integrated Water Planning Process. The SNWA is engaged in the development of additional in-state water resources as a safety net for drought and climate change in the Colorado River Basin. In May 2005, the SNWA acquired 1,989 groundwater applications originally filed by the Las Vegas Valley Water District to divert water in five east-central Nevada groundwater basins. The development of these in-state resources will be a significant focus of the SNWA over the next decade, as it continues to plan, permit, and perform environmental compliance activities for the construction of infrastructure necessary to transport unused groundwater in Clark, Lincoln, and White Pine counties to the Las Vegas Valley. To aid in the management of the Spring Valley, SNWA also acquired a number of ranch properties, and the water rights associated with them; the ranches will be an essential tool in managing the overall groundwater system in Spring Valley.

In September 2006, the SNWA participated in hearings before the State Engineer to consider the SNWA's applications for unappropriated groundwater in Spring Valley, Nevada. During those hearings, the SNWA presented its plan to convey groundwater from Lincoln and White Pine Counties to Clark County. In April 2007, the State Engineer approved a portion of the groundwater rights

applications, authorizing SNWA to develop a maximum of 60,000 acre-feet annually from the basin. Various parties initiated litigation regarding the State Engineer's hearings process and subsequent authorizations. On January 28, 2010, the Nevada Supreme Court issued an opinion that brought into question the SNWA appropriations because the State Engineer had not acted on them within one year of their filing. As a result, the SNWA re-filed applications that could be affected by the Supreme Court decision and the Nevada State Engineer set a second hearing on the matter, combining it with hearings on Cave, Dry Lake, and Delamar Valleys. In March 2012, the State Engineer issued a ruling granting nearly 84,000 acre-feet of water annually under the SNWA applications for groundwater rights in Spring, Cave, Dry Lake, and Delamar Valleys. Based upon current usage patterns and stretched through reuse, the granted water rights would be enough to meet the annual water needs of nearly 325,000 single-family Southern Nevada households.

In addition to securing approval to divert and transmit water to the Las Vegas Valley from the Nevada State Engineer, SNWA submitted applications for rights-of-way over federal land to the Bureau of Land Management ("BLM") in August 2004. BLM completed an Environmental Impact Statement to comply with the requirements of the National Environmental Policy Act, and issued a Record of Decision recommending that rights-of-way be granted to the SNWA in December 2012. On May 16, 2013, the SNWA Board of Directors authorized the General Manager to execute and accept rights-of-way conditioned as required in the Record of Decision.

In addition to developing in-state groundwater resources, SNWA has sought out and capitalized on opportunities to increase the volume of water stored for Southern Nevada's use in Lake Mead as authorized by the Department of Interior's 2007 Record of Decision entitled Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (further discussed below). Three such opportunities involve (1) leasing surface water rights on the Virgin and Muddy Rivers systems that are tributary to the Colorado River; (2) reducing the amount of water lost to the Colorado River system through construction of reservoirs and treatment of water; and (3) diversion and transmission of Coyote Springs Valley Basin groundwater rights to Lake Mead. In the most recent Bureau of Reclamation reporting year (calendar year 2013), the Bureau credits SNWA with 541,051 acre-feet of additional stored water in Lake Mead.

Seven Basin States Record of Decision

On December 13, 2007, the Secretary of the Interior ("Secretary") signed a Record of Decision ("ROD") approving adoption of "Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead." The ROD is the result of a lengthy public process that began in 2005 when the Secretary requested input from the seven states of the Colorado River Basin ("Seven Basin States") and other stakeholders regarding development of additional operational guidelines and tools to meet the challenges of the ongoing drought in the Colorado River Basin. During this process, the Bureau of Reclamation issued a Draft Environmental Impact Statement and a Final EIS that reflected comments from the Seven Basin States, general public and other interested parties.

The ROD approves and outlines specific interim Lower Basin shortage guidelines and coordinated management strategies for Lakes Powell and Mead under low reservoir conditions. Except for several operational refinements as a result of the public input, the approved guidelines and strategies substantially reflect a conceptual plan and subsequent comments developed by the Seven Basin States and submitted to the Secretary on February 3, 2006 and April 30, 2007, respectively. These guidelines and strategies, which are intended to remain in effect through 2036 regarding water supply and through 2026 regarding reservoir operating decisions, include:

- Establishment of discrete levels of shortage volumes associated with Lake Mead elevations to conserve reservoir storage and provide water users and managers in the Lower Basin with greater certainty to know when, and by how much, water deliveries will be reduced in drought and other low reservoir conditions;

- Coordinated operation of Lake Powell and Lake Mead determined by specified reservoir conditions that would minimize shortages in the Lower Basin and avoid the risk of curtailments in the Upper Basin;

- A mechanism to encourage and account for augmentation and conservation of water supplies, referred to as Intentionally Created Surplus ("ICS"), that would minimize the likelihood and severity of potential future shortages; and

- The modification and extension of the Interim Surplus Guidelines through 2025.

Other elements of the agreement relating to tributary and imported water will be in effect past the expiration of reservoir operating and water supply guidelines and strategies.

As approved and adopted, the new guidelines implement interim reservoir operations that are designed to minimize shortages in the Lower Basin and avoid the risk of curtailments in the Upper Basin through an operating strategy for Lakes Powell and Mead that strives to balance the water supply between these reservoirs, while maximizing their use. The guidelines replaced the then-existing Interim Surplus Guidelines by extending the Interim Surplus Guidelines through 2025, with amendments that (a) remove the partial domestic surplus category (which was implemented in 2001), (b) limit domestic surpluses for the Metropolitan Water District, Arizona and the SNWA to 250,000 acre-feet, 100,000 acre-feet, and 100,000 acre-feet per year, respectively, during the years 2016 through 2025, and (c) implement shortage conditions when Lake Mead's elevation is at 1,075 feet or lower. The guidelines also provide an opportunity for Lower Basin States to develop, store and access ICS water through extraordinary conservation efforts, tributary conservation, system efficiency projects or importation of non-Colorado River water into the mainstream of the Colorado River. In any one year, the creation of extraordinary conservation ICS for California, Nevada and Arizona will be limited to 400,000 acre-feet, 125,000 acre- feet, and 100,000 acre-feet, respectively, while the maximum amount of extraordinary conservation ICS water that California, Nevada and Arizona can accumulate at any one time is limited to 1.5 million acre- feet, 300,000 acre-feet, and 300,000 acre-feet, respectively. These limits do not apply to other categories of ICS water available to Nevada.

With regard to shortage conditions, Arizona and Nevada have executed a Shortage Sharing Agreement premised upon the Secretary's reductions in deliveries with the United States of 333,000, 417,000 and 500,000 acre-feet per year based upon specific Lake Mead elevations. The Shortage Sharing Agreement between Arizona and Nevada is based on the assumption that the United States would also determine how it will reduce the quantity of water to Mexico during declared shortages.

The ROD also activates an existing agreement between the Seven Basin States ("Seven States Agreement") to diligently pursue interim water supplies, system augmentation, system efficiency and water enhancement projects within the Colorado River system, including the addition of new sources of supply to the Colorado River Basin (including but not limited to importation from outside the Colorado River Basin or desalination of ocean water or brackish water).

The SNWA believes that the ROD and associated guidelines are a major advancement in the management of Colorado River water resources with significant benefits to southern Nevada. The guidelines provide for the development of procedures that will allow Nevada's pre-compact tributary and imported groundwater water resources to be introduced, conveyed through and diverted from the

Colorado River system. Ninety-five percent of this water would be recoverable and available during any shortage and could contribute to return flow credits. As the SNWA pursues development of available groundwater supplies within Nevada, these procedures would provide opportunity for the southern Nevada area to significantly extend the use of these resources. The guidelines also allow Nevada to participate in the implementation of system efficiency projects such as the Drop 2 Reservoir along the All American Canal in California and the Yuma Desalting Plant in Arizona, as well as future augmentation projects. Participation in the Drop 2 project will give Nevada access to a one-time supply of water (at least 400,000 acre-feet) that can be accessed in future years on an as-needed basis.

Colorado River Study and Drought Impact

On December 13, 2012, the Secretary of the Interior released a study that projects water supply and demand imbalances throughout the Colorado River Basin and adjacent areas over the next 50 years. This study is the first of its kind and includes a wide array of adaptation and mitigation strategies proposed by stakeholders and the public to address the projected imbalances. One of the key findings in the study is a large range of projected future supply and demand imbalances. The study projects a median imbalance in the Colorado River Basin of approximately 3.2 million acre-feet per year by 2060, with smaller projected shortages occurring sooner. The study also projects that the largest increase in demand will come from municipal and industrial users, primarily due to population growth.

Over the past decade, the western United States has experienced a prolonged dry cycle, which has had a significant impact on reservoir water levels in the Colorado River Basin, including Lake Powell and Lake Mead. Precipitation, snowpack, and resulting hydrologic inflows have been below normal for several years, and despite recent improvements, achieving and maintaining adequate levels of storage in these reservoirs remains a long-term concern. Near record snowpack in 2011 resulted in substantial runoff which improved the storage situation in Lake Powell and Lake Mead, however, several years of above average runoff would be needed to fully recover storage in the Colorado River Basin.

Historic Water Demand

The following table sets forth treated water deliveries by the SNWA to each of the Municipal Water Users and Nellis Air Force Base during the past ten fiscal years.

Annual Treated Water Delivered by the Southern Nevada Water System (1)

Fiscal Year Ended June 30	Boulder City	Henderson	Las Vegas Valley Water District	Nellis Air Force Base	North Las Vegas	Total Deliveries
2005 (2)	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 (2)	11,345	66,897	328,435	2,664	53,987	463,328
2009 (2)	11,121	64,611	301,854	1,800	51,306	430,692
2010 (2)	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
2012	10,514	63,540	284,662	1,069	48,120	407,815
2013	10,280	62,127	284,196	1,088	44,414	402,105
2014	10,688	61,890	280,417	1,097	46.459	400,551

(1) Acre-feet. Amounts may not total due to rounding.
(2) Reduction in water deliveries is due, in part, to the public's response to drought restrictions and retail prices and to banked water in Arizona and California.

Source: Southern Nevada Water Authority.

Water System Facilities

The SNWS has two major components: Transmission Facilities and Treatment Facilities. The Transmission Facilities are composed primarily of pumping and transmission facilities and include source-of-supply intake tunnels at Saddle Island on Lake Mead; a 3.78 mile long, 10-foot diameter tunnel through the River Mountains; approximately 163 miles of water transmission pipelines of various sizes; 31 pumping stations; 36 rate-of-flow control stations; and other appurtenant facilities.

The Treatment Facilities include the Alfred Merritt Smith Water Treatment Facility and the River Mountains Water Treatment Facility, which are used to treat Lake Mead water. Today, the SNWS has a delivery capacity of over 1,015 mg per day. Raw water is drawn from the Transmission Facilities through two source-of-supply intake tunnels at Saddle Island on Lake Mead and is transported to the treatment plant via the Low Lift Pumping Plants. The Treatment Facilities utilize such processes as ozonation, disinfection, aeration, coagulation, flocculation, filtration and post treatment. Chemicals are added to the raw water for taste and odor control, and to the filtered water for corrosion control and disinfection. All filter backwash water is reclaimed and recycled to the influent of the treatment plant. Sludge from the backwash process is collected, spread on drying beds and then hauled from the plant site. Water is disinfected with chlorine prior to leaving the plant. If necessary, portable chlorination equipment can be connected to the injection points at the terminal delivery sites. As an alternative to chlorination, a chlorine dioxide system at the plant could be utilized, if necessary, in order to reduce the formation of trihalomethanes during the more troublesome winter months.

Treated water exits the plant to a High Lift Pumping Plant where it is then either routed to a pipeline providing water to Boulder City or to two tunnels through the River Mountains to the Las Vegas Valley. From the western tunnel portal, water is delivered to the Municipal Water Users by way of lateral pipelines.

The electrical power needs of the SNWS are supplied from several sources, including purchases from Nevada Energy, purchases from the SSEA, and obligations to pay the costs associated with several pass-through contracts purchased by SSEA and paid for by the SNWA. The SNWA also owns 25% of the 500-megawatt Silverhawk power plant that is expected to eventually supply approximately 50% of SNWA's power needs.

The water treatment facilities that are a part of the SNWS are subject to regulatory requirements relating to State law and the Federal Safe Drinking Water Act. The SNWS has met the primary and secondary standards established by the Federal Safe Drinking Water Act in all areas. In the area of total dissolved solids, the SNWS has exceeded the Safe Drinking Water Act recommended standard but has met State standards for this parameter, which is less stringent than the Safe Drinking Water Act recommended standard. Increased Federal and State regulation of facilities such as the SNWS may be anticipated in the future. The SNWA cannot predict the impact of such regulations, if any, on the operation of the SNWS or the costs thereof.

Capital Improvement Funding Plan

General. The SNWA maintains two capital construction programs: (1) the Major Construction and Capital Plan ("MCCP"), 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. The LVWCIP is comprised of approximately $165 million in projects to be funded by a portion of the SNWA's sales tax and various grants.

Pursuant to an amendment to the Cooperative Agreement adopted by each of the Municipal Water Users, the SNWA combined a prior capital improvement plan with the MCCP. The MCCP defines and authorizes projects that are necessary to maintain facilities in a sound and functional condition, maintain or improve water quality, develop water resources, reduce operating costs, address environmental and safety issues, provide support facilities (including power), and meet other objectives defined by the SNWA Board.

The MCCP is updated upon recommendation from the SNWA purveyor members with the last Board approved update occurring February 2011. Updated project estimates were last presented to the SNWS Workgroup in October of 2013.

One of the largest active MCCP projects is Intake #3 with a total estimated cost of $817 million. Lake Mead's Intake No. 3 is critical to help protect the community from the effects of prolonged drought in the Colorado River Basin. Intake No. 3 is planned to protect municipal water customers from water quality issues and reduced system capacity associated with declining lake levels. Intake No. 3 is expected to maintain the SNWA's ability to draw upon Colorado River water at lake elevations as low as 1,000 feet above sea level, assuring system capacity if lake levels fall low enough to put Intake No. 1 out of service. Components of the Intake No. 3 project include an intake tunnel, underground pumping forebay, pumping station, electrical power connections and a discharge pipeline to the Alfred Merritt Smith Water Treatment Facility. However, the pumping station and discharge pipeline components are currently deferred and not included in the $817 million estimated cost. Without the Intake No. 3 pumping station there is no pumping capacity to replace the loss of Intake No. 1. The active portion of the project currently is scheduled for completion in 2015. The additional pumping facilities would cost an estimated $650 million. The SNWA Board requested an advisory committee to review and make recommendations to the SNWA Board regarding the pumping facilities and any necessary rate increases. The SNWA Board will be considering those recommendations.

Other active MCCP projects include: Interim Colorado River Supplies which includes Arizona Banking ($267 million), Water Resource Acquisition and Development ($412 million), Clark, Lincoln, and White Pine Counties Groundwater Development ($282 million), and Virgin and Muddy Rivers Water Resources Acquisition ($147 million). There are, additionally, other general system improvement projects with a cumulative total of $126 million. Deferred projects are estimated at $362 million. Construction and related expenditures for the MCCP in the fiscal year 2014 – 15 Budget are projected to be $177.6 million funded from existing bond proceeds and other capital revenues.

The funding for most of the MCCP expenditures has come from the sale of municipal bonds (including tax-exempt bonds and taxable Build America Bonds). These bonds are being repaid from the following revenue sources (1) Regional Connection Charge; (2) Regional Infrastructure surcharge; (3) Quarter Cent Sales Tax (as defined herein); (4) Regional Commodity Charge; (5) Regional Reliability Surcharge; and (6) the Southern Nevada Public Lands Management Act. Each is discussed below.

Regional Connection Charge. The Regional Connection Charge is applied to any new customer who connects to the system of one of the SNWA's participating purveyor members. The charge is collected by the purveyor member and remitted to the SNWA monthly. The amount is based on various factors. Since inception in March 1996 through March 2014, the SNWA has received approximately $1.305 billion in Regional Connection Charges. This revenue source has been volatile, but funds received are expected to be used to fund the MCCP.

Regional Infrastructure Surcharge. On February 29, 2012, the SNWA Board approved an infrastructure surcharge to help stabilize revenue streams severely affected by the erosion of connection charges experienced since 2009. The fee, which is based on meter size, will add

approximately $5 to the average residential monthly bill and has been set for a three-year period. The charge is collected by the purveyor member and remitted to the SNWA monthly. The fee initially appeared on customer bills in May 2012. The new fees took effect in April 2012. From inception through June 2014, SNWA has received $175.4 million in Regional Connection charges.

Sales Tax. The second major source of revenue for the MCCP is a 1/4 of 1% sales tax (the "Quarter Cent Sales Tax") was added to the County sales tax rate in April 1999. This revenue is collected by the State Department of Taxation and remitted to the SNWA monthly with a two-month lag. The SNWA shares this revenue with wastewater agencies in the Las Vegas valley, rural water and wastewater systems, and for projects related to the Las Vegas Wash (a tributary that channels storm water, urban runoff, shallow groundwater and highly-treated wastewater into Las Vegas Bay at Lake Mead). The Sales Tax was originally scheduled to sunset on June 30, 2025, or when $2.3 billion had been collected, whichever occurs first. However, legislation extending the Sales Tax sunset provisions was enacted during the 2011 Legislative session. The extension, which must receive approval from the Clark County Board of Commissioners, removes the limit on both the time and amount that can be raised by the Quarter Cent Sales Tax. Under the original sales tax legislation, the SNWA projected that it would receive approximately 58% of the gross proceeds of the Quarter Cent Sales Tax; projections as to the amount the SNWA will retain under the new legislation are still being examined but it is currently believed that the percentage will increase. The SNWA has received approximately $667 million of the $1.01 billion gross Quarter Cent Sales Tax collected through June 2014. The Quarter Cent Sales Tax revenues can be used to make MCCP debt service payments, or to pay construction costs directly which reduces the amount of money that needs to be borrowed. In the past, the SNWA has used Quarter Cent Sales Tax to pay construction costs directly; however the SNWA currently plans to use most of the Quarter Cent Sales Tax to pay debt service.

Regional Commodity Charge. The third major revenue source for the MCCP is the Regional Commodity Charge imposed per 1,000 gallons of water delivered from any source by the purveyor members of the SNWA. The rate is currently $0.34 cents per 1,000 gallons. This charge is collected by purveyor members and remitted to the SNWA monthly. Through June 2014, the SNWA has received approximately $288.4 million of Regional Commodity Charge revenues. This revenue source is projected to provide 10% of total MCCP revenue. The Operations Agreement provides for the commodity charge to be applied to potential future water deliveries to the District, Henderson and North Las Vegas.

Regional Reliability Surcharge. The Regional Reliability Surcharge is a charge added to the water bills of the SNWA purveyor members. The charge is 0.25% of the total water bill for residential customers and 2.5% for commercial customers. Through June 2014, the SNWA has received approximately $58.4 million of Regional Reliability Surcharge revenues. This revenue source is projected to provide 5% of MCCP revenue.

Southern Nevada Public Lands Management Act. The Southern Nevada Public Lands Management Act ("SNPLMA") is a 1998 federal law that gives the SNWA 10% of the sale price of certain public lands in Clark County to defray some of the cost of the SNWA CIP. This revenue was not anticipated when the MCCP Funding Plan was developed in 1997. Because the parcels of land to be sold and their sale prices are unknown, revenue is not predictable. From inception through June 2014, the SNWA has received $290 million from the SNPLMA.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the historic economic and demographic conditions in the County and the District. This portion of the Official Statement is intended only to provide prospective investors with general information regarding the

District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population and Age Distribution

Population. The table below shows the population growth of the County and the State since 1970. According to U.S. Census figures, between 2000 and 2010, the County's population increased 41.8% and the State's population increased 35.1%.

Population

Year	Clark County	Percent Change	State of Nevada	Percent Change
1970	273,288	--	488,738	--
1980	463,087	69.5%	800,493	63.8%
1990	741,459	60.1	1,201,833	50.1
2000	1,375,765	85.5	1,998,257	66.3
2010	1,951,269	41.8	2,700,551	35.1
2011	1,967,722	0.8	2,721,794	0.8
2012	1,988,195	1.0	2,750,217	1.1
2013	2,031,723	2.2	2,800,967	1.8

Source: United States Bureau of the Census for 1970-2010 statistics (as of April 1) and Nevada State Demographic Office (2011-2013 estimated as of July 1st and are subject to periodic revisions).

Age Distribution. The following table sets forth a comparative age distribution profile for the County, the State and the United States as of January 1, 2014.

Age Distribution

Age	Percent of Population Clark County	State of Nevada	United States
0-17	24.6%	24.4%	23.4%
18-24	9.1	9.1	10.0
25-34	14.3	13.9	13.2
35-44	14.3	13.6	12.7
45-54	13.5	13.6	13.8
55-64	11.4	12.1	12.6
65-74	7.9	8.4	8.1
75 and Older	4.9	5.2	6.2

Source: © 2014 The Nielsen Company, *SiteReports*.

Income

The following two tables reflect Median Household Effective Buying Income ("EBI"), and also the percentage of households by EBI groups. EBI is defined as "money income" (defined below) less personal tax and nontax payments. "Money income" is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as "disposable" or "after-tax" income.

Median Household Effective Buying Income(1)

Year	Clark County	State of Nevada	United States
2010	$49,096	$48,659	$43,252
2011	46,045	45,706	41,368
2012	45,810	45,512	41,253
2013	40,897	40,617	41,358
2014	41,576	42,480	43,715

(1) The difference between consecutive years is not an estimate of change from one year to the next; combination of data are used each year to identify the estimated median of income from which the median is computed.

Source: © The Nielsen Company, *SiteReports*, 2010-2014.

Percent of Households by Effective Buying Income Groups – 2014 Estimates

Effective Buying Income Group	Clark County Households	State of Nevada Households	United States Households
Under $24,999	27.3%	26.8%	27.0%
$25,000 - $49,999	33.1	32.4	30.2
$50,000 - $74,999	18.9	19.1	19.1
$75,000 - $99,999	11.0	11.4	11.3
$100,000 - $124,999	4.2	4.6	5.1
$125,000 - $149,999	2.2	2.4	3.0
$150,000 or more	3.3	3.3	4.3

Source: © 2014 The Nielsen Company, *SiteReports*.

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the United States.

Per Capita Personal Income[(1)]

Year	Clark County	State of Nevada	United States
2008	$38,742	$39,911	$40,873
2009	35,830	36,840	39,379
2010	35,531	36,657	40,144
2011	35,896	37,445	42,332
2012	36,676	39,229	44,200
2013	n/a	39,235	44,765

(1) County figures posted November 2013; State and National figures posted September 2014. All figures subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The State of Nevada's Employment and Security Department ("DETR") began publishing labor force and industrial employment data using a new Bureau of Labor Statistics ("BLS") methodology for defined metropolitan statistical areas ("MSA") where applicable. The average annual labor force summary for the Las Vegas-Paradise MSA is as follows:

Average Annual Labor Force Summary [1]
Las Vegas-Paradise MSA, Nevada
(Estimates in Thousands)

Calendar Year[1]	2009	2010	2011	2012	2013	2014[2]
TOTAL LABOR FORCE	983.0	998.7	999.4	995.7	990.2	991.7
Unemployment	117.0	141.2	135.6	116.1	98.7	80.0
Unemployment Rate[3]	11.9%	14.1%	13.6%	11.7%	10.0%	8.1%
Total Employment[4]	866.0	857.5	863.8	879.6	891.5	911.7

(1) Numbers for 2009-2013 revised April 2014.
(2) Averaged figures through September 2014.
(3) The annual average U.S. unemployment rates for the years 2009 through 2013 are 9.3%, 9.6%, 8.9%, 8.1% and 7.4%, respectively.
(4) Adjusted by census relationships to reflect number of persons by place of residence.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table indicates the number of persons employed, by type of employment, in nonagricultural industrial employment in the Las Vegas-Paradise MSA.

Industrial Employment[1]
Las Vegas-Henderson-Paradise MSA, Nevada (Clark County)
(Estimates in Thousands)

Calendar Year	2009	2010	2011	2012	2013	2014[2]
Natural Resources and Mining	0.3	0.3	0.2	0.3	0.3	0.3
Construction	64.4	44.8	37.6	37.4	40.8	42.3
Manufacturing	21.1	19.5	19.8	20.2	20.7	21.3
Trade (Wholesale and Retail)	113.8	113.0	114.5	117.7	120.5	124.6
Transportation, Warehousing & Utilities	35.1	34.4	35.2	36.3	36.5	37.2
Information	9.6	9.1	9.3	9.7	9.7	9.6
Financial Activities	42.4	40.2	40.0	41.7	43.5	44.0
Professional and Business Services	99.2	99.6	102.1	106.7	111.4	116.9
Education and Health Services	67.6	69.7	72.7	75.6	79.1	82.7
Leisure and Hospitality (casinos excluded)	94.5	96.4	100.4	103.9	109.4	111.2
Casino Hotels and Gaming	157.0	157.0	159.2	157.9	157.8	160.6
Other Services	23.5	23.2	23.3	24.0	24.3	24.6
Government	98.6	96.5	94.0	93.9	94.8	95.2
TOTAL ALL INDUSTRIES	826.9	803.6	808.2	825.1	848.9	870.4

(1) Totals may not add up due to rounding. Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.
(2) Averaged figures through September 2014.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table is based on unemployment insurance tax account numbers and is an estimate based on reported information. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

Clark County's Ten Largest Employers
1st Quarter 2014

Employer	Employment Range	Industry
Clark County School District	30,000 - 39,999	Public education
Clark County	8,000 - 8,499	Local government
Wynn Las Vegas	8,000 - 8,499	Casino hotel
Bellagio LLC	7,500 - 7,999	Casino hotel
MGM Grand Hotel/Casino	7,500 - 7,999	Casino hotel
Aria Resort & Casino LLC	7,000 - 7,499	Casino hotel
Mandalay Bay Resort and Casino	7,000 - 7,499	Casino hotel
Caesars Palace	6,000 - 6,499	Casino hotel
University of Nevada - Las Vegas	5,000 - 5,499	University
Las Vegas Metropolitan Police	4,500 - 4,999	Police protection

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table lists the firm employment size breakdown for the County.

Size Class of Industries(1)
Clark County, Nevada (Non-Government Worksites)

CALENDAR YEAR	1st Qtr 2014	1st Qtr 2013	Percent Change 2013/2014	Employment Totals 1st Qtr 2014
TOTAL NUMBER OF WORKSITES	50,858	49,430	2.9%	765,593
Less Than 10 Employees	38,537	37,581	2.5	97,216
10-19 Employees	6,020	5,852	2.9	81,980
20-49 Employees	3,934	3,728	5.5	116,953
50-99 Employees	1,342	1,283	4.6	92,627
100-249 Employees	711	688	3.3	105,130
250-499 Employees	174	161	8.1	60,229
500-999 Employees	80	77	3.9	55,402
1000+ Employees	60	60	0.0	156,056

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

The following table presents a record of taxable sales in the County and the State.

Taxable Sales[1]

Fiscal Year[2]	County Total	Percent Change	State Total	Percent Change
2010	$27,969,288,365	--	$37,772,066,777	--
2011	29,046,721,805	3.9%	39,935,016,227	5.7%
2012	31,080,880,557	7.0	42,954,750,131	7.6
2013	32,566,664,630	4.8	45,203,408,413	5.2
2014	35,040,891,695	7.6	47,440,345,167	4.9
July 13-Aug 13	$5,359,847,969	--	$7,574,963,438	--
July 14-Aug 14	5,923,782,358	10.5%	8,098,103,431	6.9%

(1) Subject to revision.
(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada - Department of Taxation.

Construction

Construction valuation is a value placed on a project in order to determine permit and plans check fees. Construction valuation has no relationship to assessed valuation. Set forth in the following table is a summary of the number and valuation of new single-family (including townhomes) building permits within the County and its incorporated areas.

Residential Building Permits
Clark County, Nevada
(Values in Thousands)

Calendar Year	2010		2011		2012		2013		2014[2]	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value	Permits	Value
Las Vegas	944	$129,429	816	$106,483	1,235	$154,145	1,538	$202,412	1,147	$154,947
North Las Vegas	650	83,258	529	78,973	636	98,280	506	70,222	434	59,490
Henderson	709	86,476	819	109,646	1,133	145,144	1,352	185,094	1,012	150,947
Mesquite	201	30,832	134	21,268	169	26,341	202	33,066	145	26,073
Unincorporated Clark County	2,083	226,602	1,612	191,359	2,984	415,477	3,593	449,225	2,732	355,158
Boulder City[1]	11	3,706	3	1,059	9	3,201	10	3,401	14	4,642
TOTAL	4,598	$560,303	3,913	$508,788	6,166	$842,588	7,201	$943,420	5,484	$751,257

(1) Boulder City imposed a strict growth control ordinance effective July 1, 1979.
(2) Permits issued through September 2014.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

The following table is a summary of the total valuation of all building permits within the County and its incorporated areas.

Total Building Permits

Calendar Year	2010	2011	2012	2013	2014[1]
Las Vegas	$ 332,301,114	$ 378,230,284	$ 411,022,949	$ 497,750,543	$ 412,084,049
North Las Vegas	196,186,152	187,964,611	158,651,851	203,590,405	198,870,391
Henderson	160,585,104	194,361,740	243,753,376	359,371,027	307,821,867
Mesquite	36,811,200	26,761,655	28,789,392	38,879,662	29,243,914
Unincorporated Clark County	909,677,836	811,065,954	1,661,632,803	1,631,904,822	1,208,612,002
Boulder City	51,087,391	20,853,975	96,450,660	333,212,307	25,576,542
TOTAL	$1,686,648,797	$1,619,238,219	$2,600,301,031	$3,064,708,766	$2,242,208,875
Percent Change	(29.93)%	(4.00)%	60.59%	17.86%	--

(1) Permits issued through September 2014.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

Gaming

General. The economy of the County (and the State) is substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodes investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State.

Gross Taxable Gaming Revenue and Total Gaming Taxes[1]

Fiscal Year Ended	Gross Taxable Gaming Revenue[2]		% Change Clark	State Gaming Collection[3]		% Change Clark
June 30	State Total	Clark County	County	State Total	Clark County	County
2010	$9,667,833,487	$8,152,976,909	--	$829,289,514	$697,972,165	--
2011	9,836,451,902	8,366,841,567	2.62%	853,455,347	725,936,954	4.01%
2012	9,770,060,305	8,310,282,237	(0.68)	864,621,791	750,628,068	3.40
2013	10,208,253,998	8,758,830,526	5.40	892,106,457	774,550,912	3.19
2014	10,208,265,415	8,768,043,326	0.11	912,371,316	795,549,687	2.71
July 13 – Sep 13	$2,584,337,542	$2,179,480,736	--	$189,627,609	$160,403,279	--
July 14 – Sep 14	2,592,658,672	2,197,660,407	0.83%	176,201,393	149,126,535	(7.03)%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.
(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).
(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, including tribal casinos in California and elsewhere across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries. Some forms of gaming offered elsewhere compete with the gaming products offered in the County and will continue to do so in the future.

California Gaming Measure. In 2000, California voters approved a constitutional amendment allowing Las Vegas-style slot machines and card games at tribal casinos within California. To date, California has signed and ratified compacts with 67 of the State's 107 Indian tribes. Each compact specifies the number of casinos and slot machines a tribe may operate. There currently are 57 tribal casinos operated by 56 tribes.

Tourism

Tourism is an important industry in the County. Hoover Dam, Lake Mead, Mt. Charleston and other tourist attractions are in the County. Attractions such as the Great Basin, Grand Canyon, Yosemite, Bryce Canyon, Zion, and Death Valley National Parks are each within a short flight or day's drive of southern Nevada.

One reflection of the growth of tourism in southern Nevada is the increase in the number of hotel and motel rooms available for occupancy as shown in the following table. The area's hotels and motels have historically experienced higher occupancy rates than those on a national level.

Set forth in the table below is the Las Vegas Convention and Visitors Authority ("LVCVA") Marketing Department's estimate of the number of visitors to the Las Vegas Metropolitan Area since 2007. Las Vegas, as did most of the tourism industry, saw declines in tourism indicators in 2008 as the combined economic factors of the housing crisis, frozen credit markets, volatile gas prices and increased unemployment translated to reduced consumer confidence and travel spending in much of the country.

Visitor Volume and Room Occupancy Rate
Las Vegas Metropolitan Area, Nevada

Calendar Year	Total Visitor Volume	Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate[(1)]	National Occupancy Rate[(2)]
2009	36,351,469	148,941	81.5%	55.1%
2010	37,335,436	148,935	80.4	57.6
2011	38,928,708	150,161	83.8	60.1
2012	39,727,022	150,481	84.4	61.4
2013	39,668,221	150,593	84.3	62.3
2014[(3)]	31,134,761	150,484	88.0	65.9

(1) The sample size for this survey represents approximately 75% of the hotel/motel rooms available.
(2) Smith Travel Research, Lodging Outlook.
(3) As of September 2014. The visitor volume reflects a 3.8% increase over the same nine-month period in 2013.

Source: Las Vegas Convention and Visitors Authority.

The LVCVA is financed with the proceeds of hotel and motel room taxes in the County and its incorporated cities. A history of the room tax revenue collected is presented in the following table.

Room Tax Revenue [1]
Las Vegas Convention & Visitors Authority, Nevada

Calendar Year	Revenue	Percent Change
2009	$153,150,310	--
2010	163,809,985	6.96%
2011	194,329,584	18.63
2012	200,384,250	3.12
2013	210,138,974	4.87
2014[2]	158,759,267	--

(1) Subject to revision. Room tax revenue represents a 5% tax allocated to the Las Vegas Convention & Visitors Authority; a total 9-11% room tax is assessed on all Clark County hotel/motel properties.
(2) As of August 2014. Represents a 12.0% increase in room tax revenues from the same eight-month period in 2013.

Source: Las Vegas Convention and Visitors Authority.

Transportation

The County, through its Department of Aviation, operates an airport system comprised of McCarran International Airport ("McCarran") and a reliever airport in North Las Vegas. Other general aviation airports in the County include Jean Sport, Overton/Perkins Field and Henderson Executive Airport in Henderson. Boulder City Municipal Airport, which is not owned by the County, is located in the southeastern part of the County.

Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. McCarran's long range plan focuses on building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology. In June 2012, McCarran opened Terminal 3, a new 1.9 million-square-foot facility, which eases congestion within garages, ticketing lobbies and security checkpoints. In 2012 and 2013, passenger traffic was flat as McCarran showed less than a 1% combined increase over 2011 passenger totals. In 2011, McCarran experienced its first year of passenger increases since 2007 – the year in which the airport system completed the busiest year in its 60-year history with approximately 47.7 million arriving and departing passengers. A history of passenger statistics is presented in the following table.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

Calendar Year	Scheduled Carriers	Charter, Commuter & Other Aviation	Total	Percent Change
2009	39,095,919	1,373,093	40,469,012	--
2010	37,729,684	2,027,675	39,757,359	(1.8)%
2011	39,506,442	1,974,762	41,481,204	4.3
2012	39,807,361	1,860,235	41,667,596	0.4
2013	40,334,735	1,522,324	41,857,059	0.5
2014[(1)]	31,066,294	1,198,233	32,264,527	--

(1) As of September 2014.

Source: McCarran International Airport.

A major railroad crosses Clark County. There are nine federal highways in Nevada, two of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects Salt Lake City with the San Francisco Bay area and passes through the Reno-Sparks area. Several national bus lines and trucking lines serve the State.

U.S. Highways 95 and 93 are major routes north from Las Vegas, through Reno and Ely, Nevada, respectively. South of Las Vegas, U.S. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses Hoover Dam into Arizona.

Federal Activities

Operations and facilities of the federal government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (which later became Nellis Air Force Base) during World War II, and the subsequent creation of the Nevada Test Site. Currently, the following federal activities are located in the County.

Hoover Dam. Hoover Dam, operated by the Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is still one of the world's largest hydroelectric installations with a capacity of more than 2,000,000 kilowatts. Hoover Dam also is a major tourist attraction in the County.

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the "Thunderbirds," the world famous air demonstration squadron.

Nevada Test Site. The Nevada Test Site ("NTS") was established in 1950 as the nation's proving ground for nuclear weapons testing. In recent years, under the direction of the Department of Energy's (DOE) Nevada Operations Office, NTS use has diversified into many other areas such as hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in this remote desert area. The NTS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles northeast of Las Vegas, the NTS is a massive outdoor laboratory and national experimental center. NTS comprises 1,350 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain for use as a protected wildlife range and for a military gunnery range, creating an unpopulated area of some 5,470 square miles. Federal employees and independent contractors are employed at NTS.

Development Activity

The Nevada Development Authority ("NDA") is a nonprofit organization dedicated to the expansion and diversification of the entire southern Nevada community. Now in its fifth decade of service, NDA's membership is comprised of hundreds of business-oriented individuals. NDA's primary function is to provide information to companies considering relocation as well as to firms already doing business in southern Nevada. Nevada does not have corporate or personal income tax; inheritance or gift tax; unitary franchise on income; admission's tax; inventory tax; chain-store tax; special intangible tax; or franchise tax, which attracts many businesses to the area.

Complementing the area's emphasis on economic diversification are the numerous business incentives unique to the State of Nevada. Competitive wage rates, an expanding labor force, low out-bound freight transportation costs to other prominent southwestern markets and a graduated schedule for payment of sales and use tax on new capital equipment combine to give business and industry an attractive advantage. The State also abates sales and use taxes on capital equipment for qualified relocating or expanding companies. Additional incentives include a customized job training program (Train Employees Now) as well as no corporate, personal or inventory taxes.

Utilities

Electric utility services are provided to the vast majority of southern Nevada residents by NV Energy (formerly Nevada Power Company, a stand-alone subsidiary of Sierra Pacific Resources) with headquarters in Las Vegas, Nevada, and natural gas is provided by Southwest Gas Corporation.

Embarq is the largest provider of local telephone service to the greater Las Vegas area, including the smaller communities of Blue Diamond, Boulder City, Cal-Nev-Ari, Cottonwood Cove, Goodsprings, Jean, Laughlin, Mt. Charleston, Nelson, Primm and Searchlight.

Clean Air

The County is subject to various clean air requirements imposed by the federal government and enforced by the U.S. Environmental Protection Agency ("EPA"). These include carbon monoxide, dust and ozone concerns. The County has submitted a clean air plan for the Las Vegas Valley serious carbon monoxide ("CO") nonattainment area and the EPA has issued a finding that the applicable standard has been met. The County must prepare a CO maintenance plan for EPA approval in order to be designated as a CO attainment area.

The County finalized and submitted a clean air plan to address PM10 (dust) concerns in the Las Vegas Valley in accordance with the Federal Clean Air Act on June 19, 2001 and has attained the PM10 standard and submitted a final report as required by EPA.

On April 30, 2004, the U.S. EPA published in the Federal Register nonattainment designations for the new 8-hour ozone standard, classifying Clark County as a Subpart 1 ozone nonattainment area. The classification requires Clark County to attain the 8-hour ozone standard no later than 2009. In December 2006, the District of Columbia circuit court vacated EPA's Phase I implementation rule, which contained the standards for Subpart 1 designated areas. The court's action remanded the rule back to EPA for further action. However, Clark County is currently in attainment with the ozone standard for the latest three-year average of the 4th highest reading (2004, 2005, 2006) and can demonstrate attainment through 2018. Therefore, the County is working with EPA on receiving a clean data finding and submission of an ozone maintenance plan. Clark County submitted the request to the EPA on June 7, 2007, and is awaiting their decision.

If the U.S. EPA disapproves a clean air plan, the County could face sanctions, including withholding federal funds for new transportation projects, and could include the diversion of federal funds to projects outside the Las Vegas valley until acceptable plans are approved. The County cannot predict the effect of a plan disapproval on highway and road projects or other possible effects of the withholding of federal funds or its effect on growth in the County. The nature and scope of these effects will depend, among other things, on the projects and the period of time for which funding is withheld.

Education

Clark County School District provides public education services to the residents of the County and enrolls approximately 72% of all school children in the State; it is the fifth largest school district in the United States. Higher education is provided by numerous private institutions and also by the following public institutions, which are part of the Nevada System of Higher Education: the College of Southern Nevada (a two-year institution), Nevada State College in Henderson (a four-year institution) and the University of Nevada, Las Vegas (a four-year university).

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2015 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2015 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the 2015 Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the 2015 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2015 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2015 Bonds; (b) limitations on the extent to which proceeds of the 2015 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2015 Bonds above the yield on the 2015 Bonds to be paid to the United States Treasury. The District will covenant and represent in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2015

Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under federal income tax laws in effect when the 2015 Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the 2015 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements could cause the interest on the 2015 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2015 Bonds.

With respect to 2015 Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2015 Bonds. Owners of the 2015 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding

may be imposed on payments on the 2015 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2015 Bonds may be sold at a premium, representing a difference between the original offering price of those 2015 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2015 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2015 Bonds. Owners of the 2015 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2015 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2015 Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2015 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2015 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2015 Bonds. Owners of the 2015 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2015 Bonds. If an audit is commenced, the market value of the 2015 Bonds may be adversely affected. Under current audit procedures the Service will treat the District as the taxpayer and the 2015 Bond owners may have no right to participate in such procedures. The District has covenanted in the Bond Resolution not to take any action that would cause the interest on the 2015 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the District, the SNWA, the Financial Advisors, the Underwriters, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2015 Bond holder with respect to any audit or litigation costs relating to the 2015 Bonds.

State Tax Exemption

The 2015 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

LEGAL MATTERS

Litigation

In the opinion of the District's General Counsel, there is no litigation or controversy of any nature now pending, or to the knowledge of the General Counsel threatened, (i) restraining or enjoining the issuance, sale, execution or delivery of the 2015 Bonds or (ii) in any way contesting or affecting the validity of the 2015 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the 2015 Bonds. Further, the General Counsel is of the opinion that current litigation facing the District will not materially affect the District's ability to perform its obligations to the owners of the 2015 Bonds.

The SNWA's legal counsel is of the opinion that there is no litigation, either pending or threatened which may materially affect the SNWA's financial condition or its ability to perform its obligations to the owners of the 2015 Bonds.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2015 Bonds on the delivery date of the 2015 Bonds. The form of Bond Counsel opinion is attached to this Official Statement as Appendix F. The opinion will include a statement that the obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Greenberg Traurig, LLP, Las Vegas, Nevada has acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its General Counsel. Stradling Yocca Carlson & Rauth, Reno, Nevada, is acting as counsel to the Underwriters.

Police Power

The obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution (including bankruptcy).

Sovereign Immunity

Pursuant to State statute (NRS 41.035), an award for damages in an action sounding in tort against the District may not include any amount as exemplary or punitive damages and is limited to $100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

FINANCIAL ADVISORS

Hobbs, Ong and Associates, Inc. and Public Financial Management, Inc., are serving as financial advisors to the District in connection with the 2015 Bonds. Contact information for the Financial Advisors can be found in "INTRODUCTION - Additional Information." The Financial Advisors have not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is

made by the Financial Advisors respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The audited basic financial statements of the District and the SNWA as of and for the year ended June 30, 2014, and the reports rendered thereon by Piercy Bowler Taylor & Kern, Las Vegas, Nevada, independent certified public accountants, Las Vegas, Nevada have been included in this Official Statement as Appendix A and Appendix B, respectively. The audited financial statements for the fiscal year ending June 30, 2014 have not been formally accepted by the SNWA Board, but will be presented for formal acceptance at the December 10, 2014 SNWA Board meeting.

The audited basic financial statements of the District and SNWA, including the auditors reports thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited basic financial statements in this Official Statement. Since the date of its reports, Piercy Bowler Taylor & Kern has not been engaged to perform and has not performed any procedures on the basic financial statements addressed in those reports and also has not performed any procedures relating to this Official Statement.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and Moody's Investors Service ("Moody's") have assigned the 2015 Bonds the ratings shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of the ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There is no assurance that such ratings will continue for any given period of time after they are received or that they will not be revised upward or downward or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the District's and SNWA's obligations under the Disclosure Certificates, neither the District, the SNWA nor any of the Financial Advisors has undertaken any responsibility either to bring to the attention of the owners of the 2015 Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change or withdrawal of such ratings could have an adverse effect on the marketability and market price of the 2015 Bonds.

UNDERWRITING

The Underwriters have agreed to purchase the 2015 Bonds from the District pursuant to a bond purchase agreement, at a price of $_____ (equal to the par amount of the 2015 Bonds, plus net original issue premium of $_____ less Underwriters' discount of $_____).

The Underwriters are committed to take and pay for all of the 2015 Bonds if any 2015 Bonds are taken. The Underwriters intend to offer the 2015 Bonds to the public at the offering prices appearing on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future

perform, various investment banking services for the Las Vegas Valley Water District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Las Vegas Valley Water District.

Distribution Agreements. Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the 2015 Bonds.

J.P. Morgan Securities LLC ("JPMS"), an underwriter of the 2015 Bonds, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the 2015 Bonds, at the original issue prices. Pursuant to the Dealer Agreement (if applicable to this transaction), CS&Co. will purchase 2015 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2015 Bonds that CS&Co. sells.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the 2015 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2015 Bonds.

Wells Fargo Bank, National Association ("WFBNA"), an underwriter of the 2015 Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the 2015 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2015 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the 2015 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including WFBNA.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the District confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2015 Bonds have been duly authorized by the Board.

LAS VEGAS VALLEY WATER DISTRICT, NEVADA

By:_____
Chief Financial Officer

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF LAS VEGAS VALLEY WATER DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE: The audited basic financial statements of the District included in this Appendix A have been excerpted from the District's CAFR for the fiscal year ended June 30, 2014. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto have purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the District. Other items contained in the CAFR also have been excluded from this Appendix A.

APPENDIX B

AUDITED BASIC FINANCIAL STATEMENTS OF THE SOUTHERN NEVADA WATER AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE: The audited basic financial statements of the SNWA included in this Appendix B have been excerpted from the SNWA's CAFR for the fiscal year ended June 30, 2014. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto have purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the SNWA. Other items contained in the CAFR also have been excluded from this Appendix B. The audited financial statements for the fiscal year ending June 30, 2014 have not been formally accepted by the SNWA Board, but will be presented for formal acceptance at the December 10, 2014 SNWA Board meeting.

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 financial statements of the Southern Nevada Water Authority (SNWA) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise SNWA's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether SNWA's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SNWA's preparation and fair presentation of the basic financial statements to enable the design of 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of SNWA as of and for the years ended June 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 2-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise SNWA's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, 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* in considering SNWA's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
November 4, 2014

SOUTHERN NEVADA WATER AUTHORITY

Management's Discussion and Analysis
For the fiscal years ended June 30, 2014 and 2013

As management of the Southern Nevada Water Authority (SNWA), we offer readers of the SNWA's financial statements this narrative overview and analysis of the financial activities of the SNWA for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our 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 2014

- Total assets increased $61.6 million over the prior year totaling approximately $5.1 billion.
- Total liabilities decreased $46.4 million over the prior year totaling approximately $3.6 billion.
- Total deferred outflows of resources decreased $2.9 million over the prior year totaling approximately $35.3 million.
- Total assets and deferred outflows of resources exceeded total liabilities at the close of the fiscal year by approximately $1.5 billion (net position). Net position increased during the fiscal year by approximately $105.1 million.
- Major balance sheet resources were used during the fiscal year for additions to Construction Work in Progress ($139.8 million) arising mainly from unspent bond proceeds and collections of capital contributions.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the 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 (CAFR) also contains other supplementary and statistical information in addition to the basic financial statements.

Enterprise fund financial statements. The SNWA's operations are accounted for as a single enterprise fund using the full accrual basis of accounting. In this regard, the SNWA's operations are accounted for in a manner similar to a private business enterprise. Within this fund, the 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 the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements. While the information included in the Management's Discussion and Analysis is at a summary level, the notes to the basic financial statements are necessary to achieve a full understanding of the company's financial position. 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 the SNWA is net position, which is the difference between assets and liabilities. The condensed balance sheets below show the net position of the SNWA for the fiscal years ended June 30, 2014, 2013, and 2012.

SOUTHERN NEVADA WATER AUTHORITY

ENTERPRISE FUND
CONDENSE STATEMENT OF NET POSITION
JUNE 30, 2014, 2013 AND 2012
(IN MILLIONS)

	June 30, 2014	Change	June 30, 2013	Change	June 30, 2012
Capital Assets	$ 4,345.4	$ 98.1	$ 4,247.3	$ 126.8	$ 4,120.5
Current and Other Assets	707.8	(36.5)	744.3	324.0	420.3
Total Assets	5,053.2	61.6	4,991.6	450.8	4,540.8
Deferred Outflow of Resources	35.3	(2.9)	38.2	(2.8)	41.0
Total Assets and Deferred Outflow of Resources	**$ 5,088.5**	**$ 58.7**	**$ 5,029.8**	**$ 448.0**	**$ 4,581.8**
Long-Term Liabilities	$ 3,076.7	$ (27.5)	$ 3,104.3	$ 351.9	$ 2,752.4
Other Liabilities	482.3	(18.9)	501.2	8.8	492.5
Total Liabilities	3,559.1	(46.4)	3,605.5	360.6	3,244.9
Net Position					
Net Investments in Capita Assets	1,053.5	51.2	1,002.3	7.1	995.2
Restricted for Debt Service / Capital Assets	20.7	5.6	15.1	(7.6)	22.7
Unrestricted	455.2	48.3	406.9	87.9	319.0
Total Net Position	1,529.4	105.1	1,424.3	87.4	1,336.9
Total Liabilities and Net Position	**$ 5,088.5**	**$ 58.7**	**$ 5,029.8**	**$ 448.0**	**$ 4,581.8**

May be off slightly due to rounding

Total assets increased by approximately $61.6 million (1.2%) in fiscal year 2014 and increased approximately $450.8 million (9.9%) in fiscal year 2013. The fiscal year 2014 and 2013 increases can be primarily attributed to the accumulation of unspent bond proceeds and a stronger collection of capital contribution items. For fiscal year 2014, capital assets increased $98.1 million (2.3%), while current and other assets decreased by $36.5 million (4.9%). For fiscal year 2013, capital assets increased by $126.8 million (3.1%), as did current and other assets by $324.0 million (77.1%). See Note 7 for further discussion of capital assets.

Total deferred outflows of resources decreased approximately $2.9 million (7.7%) in fiscal year 2014 and decreased $2.8 million (6.8%) in fiscal year 2013. The SNWA was not active in the bond market in fiscal year 2014. The decrease resulted from the amortization of the deferred amount of refundings.

Total liabilities decreased approximately $46.4 million (1.3%) in fiscal year 2014 and increased approximately $360.6 million (11.1%) in fiscal year 2013. In fiscal year 2014, long-term liabilities decreased $27.5 million (0.9%) where other liabilities decreased by $18.9 million (3.8%). The change in fiscal year 2014 was primarily due to bond principal and interest payments. In fiscal year 2013, long-term liabilities increased $351.9 million (12.8%) while other liabilities decreased $8.8 million (1.8%). The changes in fiscal year 2013 were primarily attributable to new money bond issuance and bond refunding and restructuring activities.

Fund equity increased $105.1 million (7.4%) in fiscal year 2014 and increased $87.4 million (6.5%) in fiscal year 2013. Fund equity in fiscal years 2014 and 2013 benefited from increased capital contributions.

The table on the following page summarizes the statements of revenues, expenses and changes in fund equity for the fiscal years ended June 30, 2014, 2013 and 2012.

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 such as 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 $3.5 million (3.0%) in fiscal year 2014 and decreased $1.7 million (1.4%) in fiscal 2013. In fiscal year 2014, the SNWA sold 1,555 (0.4%) fewer acre-feet of water than in fiscal year 2013; however, the rate per acre-foot increased from $293 to $303 in July 2013. In fiscal year 2013, the SNWA sold 5,710 (1.4%) fewer acre-feet than in fiscal year 2012. The rate per acre-foot did not change between fiscal years 2013 and 2012.

SOUTHERN NEVADA WATER AUTHORITY

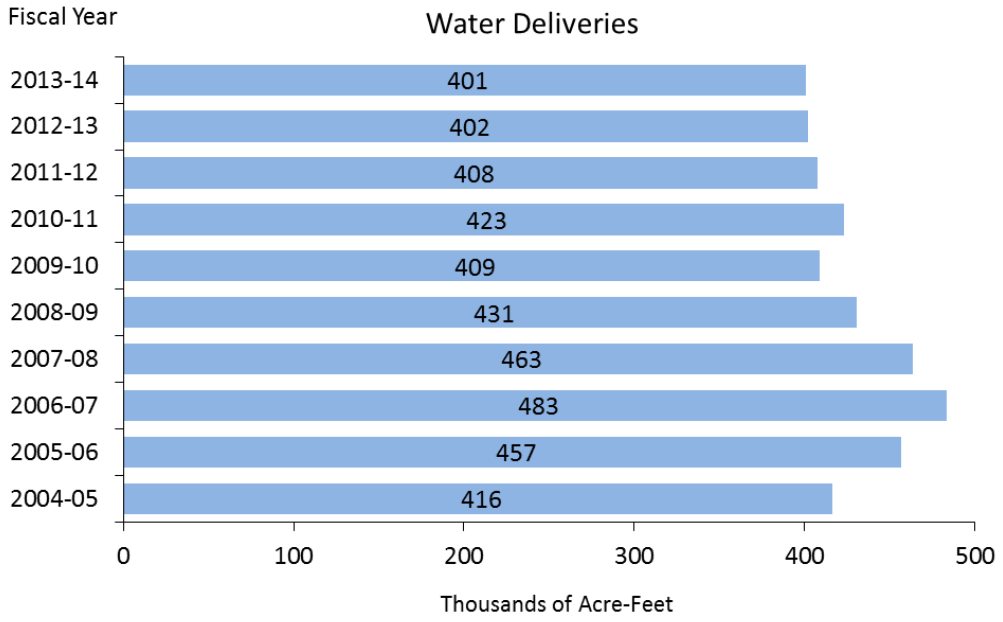
ENTERPRISE FUND

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2014, 2013, AND 2012
(IN MILLIONS)

	June 30, 2014	Change	June 30, 2013	Change	June 30, 2012
Operating Revenues					
Wholesale Delivery Charges	$ 121.0	$ 3.5	$ 117.5	$ (1.7)	$ 119.2
Other Revenues	5.5	0.3	5.2	0.9	4.3
Total Operating Revenues	126.6	3.9	122.7	(0.8)	123.5
Nonoperating Revenues					
Credit Payment Income	10.1	(0.2)	10.3	(0.6)	10.9
Investment Income	2.3	1.6	0.7	(0.1)	0.8
Total Nonoperating Revenues	12.4	1.4	11.0	(0.7)	11.7
Total Revenues	**139.0**	**5.3**	**133.7**	**(1.5)**	**135.2**
Operating Expenses					
Personnel and Related	50.2	6.3	43.9	0.4	43.5
Energy	53.4	17.1	36.3	(8.2)	44.5
Depreciation	75.9	1.0	74.9	-	74.9
Operating and Maintenance	34.5	6.6	27.9	(9.8)	37.7
Total Operating Expenses	214.0	31.0	183.0	(17.6)	200.6
Total Nonoperating Expenses	57.8	(11.4)	69.2	(4.6)	73.8
Total Expenses	**271.7**	**19.5**	**252.2**	**(22.2)**	**274.4**
Loss Before Capital Contributions	(132.8)	(14.3)	(118.5)	20.7	(139.2)
Capital Contributions	237.8	31.9	205.9	70.2	135.7
Increase (Decrease) in Net Position	**105.1**	**$ 17.7**	**87.4**	**$ 90.9**	**(3.5)**
Net Position, Beginning of Year	$ 1,424.3		$ 1,336.9		$ 1,340.4
Net Position End of Year	**$ 1,529.4**		**$ 1,424.3**		**$ 1,336.9**

May be off slightly due to rounding

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



The $1.4 million (12.8%) increase in nonoperating revenues for fiscal year 2014 reflects higher returns on investments due to a recovering investment market. The $0.7 million (6.0%) decrease in non-operating revenues for fiscal year 2013 was attributable to a decrease in credit payment income.

The $6.3 million (14.4%) increase in personnel and related expenses in fiscal year 2014 was primarily caused by an increase in the payroll overhead allocation from the LVVWD to the SNWA. Another contributing factor was the annual cost-of-living adjustment. The $0.4 million (0.9%) increase in personnel and related expenses in fiscal year 2013 mainly reflects the annual cost-of-living adjustment received by the SNWA employees, lessened by a reduction of staff.

Energy costs increased $17.1 million (47.1%) in fiscal year 2014 and decreased $8.2 million (18.4%) in fiscal year 2013. The increase in fiscal year 2014 was mainly driven by one-time payments related to the Silverhawk Power Plant for transmission costs and a termination payment. Additionally, because the SNWA required more energy to draw water from lower lake levels, the cost per unit increased. In fiscal year 2013, the SNWA increased its energy usage slightly; however, the cost per unit decreased and drove the overall energy cost down.

Depreciation expenses for fiscal year 2014 increased $1.0 million (1.3%) from fiscal year 2013, mainly due to an increase in structures and improvements during the fiscal year 2014. Depreciation expenses for fiscal year 2013 remained consistent with the previous year.

Operating and maintenance expenses increased $6.6 million (23.6%) in fiscal year 2014 and decreased $9.8 million (26.0%) in fiscal year 2013. The increase in fiscal year 2014 and decrease in fiscal year 2013 were primarily related to an inventory adjustment that occurred in the fiscal year 2013. Other factors include increasing chemical costs and water treatment consumables, as well as, a lesser reliance on outside consultants in fiscal year 2014.

Non-operating expenses decreased $11.4 million (16.5%) and $4.6 million (6.2%) in fiscal years 2014 and 2013, respectively. These reductions were due to decreased bond interest payments and commercial paper expenses. As bond payments are made over time, the interest component decreases as the principal component increases.

Capital contributions are revenues that the SNWA began collecting in 1996 to fund its $4.8 billion Major Construction and Capital Plan (MCCP). In order of amount generated since 1996, those revenues include: (1) the regional connection charge, (2) sales tax (which also funds the Las Vegas Wash Capital Plan), (3) the Southern Nevada Public Lands Management Act (SNPLMA) funds, (4) the regional commodity charge, (5) the regional reliability surcharge, (6) the regional infrastructure charge, and (7) various other small charges.

Capital contributions increased by $31.9 million (15.5%) in fiscal year 2014 and $70.2 million (51.7%) in fiscal year 2013. The increase in fiscal year 2014 was primarily attributable to $21.9 million (95.6%) additional Regional Connection Charges collected, which is explained by an improving economy. The increase in fiscal year 2013 was predominantly due to the first full year of Infrastructure Charge collections since implementation in late fiscal year 2012.

Capital Asset and Debt Administration

Capital Assets. The SNWA's investment in capital assets as of June 30, 2014, amounted to approximately $4.3 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. Major construction expenditures in fiscal year 2014 totaled approximately $108.4 million. Contract commitments total approximately $109.7 million. See Note 7 to the basic financial statements for additional information on the types and values of the SNWA's capital assets.

Debt Administration. At the end of fiscal year 2014, the SNWA had general obligation debt totaling approximately $3.5 billion. Details concerning all debt issues can be found in Note 14 and 16 to the basic financial statements.

Economic Factors and Next Year's Goals

The SNWA's financial outlook continues to remain satisfactory. The economic environment of Las Vegas and Clark County has improved steadily over the past three years. The 2008 recession was the first time in decades that the Las Vegas area has experienced a sustained period of little or no growth. As a result, there was very limited demand for new service connections within the SNWA service area. Growth has returned to the area but its level is less than Las Vegas experienced in the 1990s and early 2000s. Management continues to review the financial conditions of the area and actively takes steps to insure the SNWA's financial stability.

Currently, the major concern for southern Nevada continues to be the multi-year drought affecting the Colorado River basin. The amount of water in Lake Mead has declined by approximately 60% since the year 2000. As of June 2014, the lake level was 1,082 feet. While this level is above the SNWA's two intakes, drawing water closer to the surface creates water quality challenges. In response, the SNWA is working within Nevada and with other Colorado River Basin states to develop solutions to weather the drought. The SNWA is also currently constructing a third intake into Lake Mead to help ensure continued access to its Colorado River allocation as lake levels fall.

In fiscal year 2014, the SNWA updated its strategic goals, which included shifting its emphasis from continued growth to maintaining the more balanced and mature existing infrastructure system.

The citizens' advisory committee engaged by the SNWA is reviewing drought conditions on the Colorado River and declining levels of Lake Mead so they may develop formal recommendations for Board consideration of infrastructure to pump water from declining lake levels. Of major consideration is the third pumping station to pump water from the third intake. This project is estimated to cost approximately $650 million.

Requests for Information

This financial report is designed to provide a general overview of the SNWA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional 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 CAFR can also be viewed at www.snwa.com. The website also contains financial and operational information pertaining to the SNWA as well as helpful information concerning conservation and water issues.

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BASIC FINANCIAL STATEMENTS

SOUTHERN NEVADA WATER AUTHORITY

SOUTHERN NEVADA WATER AUTHORITY
ENTERPRISE FUND
STATEMENTS OF NET POSITION

ASSETS	June 30, 2014	June 30, 2013
CURRENT ASSETS		
Current Assets - Restricted		
Investments	$ 196,400,682	$ 256,562,585
Sales Tax Receivable	15,136,678	13,917,603
Total Current Assets - Restricted	211,537,360	270,480,188
Current Assets - Unrestricted		
Cash and Cash Equivalents	57,985,477	96,655,866
Investments	264,943,335	211,978,725
Due From Member Agencies	39,013,901	37,452,834
Other Receivables	6,508,863	3,005,150
Other Current Assets	41,462,242	38,300,443
Total Current Assets - Unrestricted	409,913,818	387,393,018
Total Current Assets	621,451,178	657,873,206
NONCURRENT ASSETS		
Capital Assets		
Capital Assets Subject to Depreciation		
Property, Plant and Equipment	3,027,902,919	2,995,845,393
Accumulated Depreciation	(1,016,048,944)	(940,457,725)
Net Capital Assets Subject to Depreciation	2,011,853,975	2,055,387,668
Capital Assets Not Subject to Depreciation		
Land	92,323,192	92,248,192
Natural Resources Rights	393,537,487	391,792,304
Construction Work in Progress	1,847,684,063	1,707,861,690
Net Capital Assets Not Subject to Depreciation	2,333,544,742	2,191,902,186
Total Net Capital Assets	4,345,398,717	4,247,289,854
Other Noncurrent Assets		
Water Recharge Inventory	86,344,645	86,423,098
Total Noncurrent Assets	4,431,743,362	4,333,712,952
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Refundings	35,259,740	38,181,345
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 5,088,454,280**	**$ 5,029,767,503**

The accompanying notes are an integral part of these financial statements

SOUTHERN NEVADA WATER AUTHORITY
ENTERPRISE FUND
STATEMENTS OF NET POSITION

LIABILITIES AND NET POSITION	June 30, 2014	June 30, 2013
CURRENT LIABILITIES		
Accounts Payable	$ 41,413,840	$ 47,264,171
Accrued Interest Payable	14,927,411	15,008,127
Capitalized Interest Payable		17,015,050
Pending Regional Connection Charge Refunds	1,706,257	5,043,115
Current Portion of Notes Payable	1,249,043	1,205,919
Current Portion of Bonds Payable	23,041,540	15,666,540
Short Term Debt Payable	400,000,000	400,000,000
Total Current Liabilities	482,338,091	501,202,922
NONCURRENT LIABILITES		
Postemployment Benefits Other than Pension	4,118,866	3,569,975
Notes Payable, Net of Current Portion	7,958,323	9,207,366
Bonds Payable, Net of Current Portion, Unamortized Premiums and Discounts	3,064,653,063	3,091,474,683
Total noncurrent liabilities	3,076,730,252	3,104,252,024
TOTAL LIABILITIES	3,559,068,343	3,605,454,946
NET POSITION		
Net Investments in Capital Assets	1,053,490,593	1,002,302,170
Restricted for Debt Service / Capital Assets	20,731,026	15,122,934
Unrestricted	455,164,318	406,887,453
Total Net Position	1,529,385,937	1,424,312,557
TOTAL LIABILITIES AND NET POSITION	**$ 5,088,454,280**	**$ 5,029,767,503**

The accompanying notes are an integral part of these financial statements

SOUTHERN NEVADA WATER AUTHORITY

ENTERPRISE FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES		
Wholesale Delivery Charges	$ 121,045,154	$ 117,534,578
Groundwater Management Fees	842,191	863,417
Administration Costs Recoveries	425,765	383,443
Las Vegas Wash Revenues	397,408	397,708
Other Revenues	3,843,389	3,525,867
Total Operating Revenues	126,553,907	122,705,013
OPERATING EXPENSES		
Personnel and Related	50,216,887	43,880,414
Energy	53,409,820	36,347,165
Depreciation	75,853,379	74,943,316
Operating and Maintenance	34,483,860	27,943,415
Total Operating Expenses	213,963,946	183,114,310
OPERATING LOSS	(87,410,039)	(60,409,297)
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	2,309,538	740,407
Credit Payment Income	10,097,944	10,316,798
Interest Expense	(55,351,153)	(64,010,853)
Amortization of Refunding Costs	(2,921,604)	(2,926,272)
Bond Issue and Commercial Paper Costs	(3,314,554)	(5,606,185)
Amortization of Bond Premiums and Discounts	3,780,080	3,291,755
Other	44,132	63,295
Total Non-operating Revenues (Expenses)	(45,355,617)	(58,131,055)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(132,765,656)	(118,540,352)
Capital Contributions	237,839,036	205,919,057
NET INCOME	105,073,380	87,378,705
NET POSITION - BEGINNING OF THE YEAR	1,424,312,557	1,336,933,852
NET POSITION - END OF THE YEAR	$ 1,529,385,937	$ 1,424,312,557

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, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
General and Administrative / Resources Charges	$ 1,853,362	$ 1,629,728
Groundwater Management Fees	842,191	863,417
Las Vegas Wash Revenues	397,408	397,708
Wholesale Delivery Charges	119,876,517	120,996,382
Other Revenues	2,330,093	2,273,173
Cash Payments to Suppliers of Goods and Services	(133,503,645)	(95,395,415)
Net Cash Provided by (Used In) Operating Activities	(8,204,074)	30,764,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase or Construction of Capital Assets	(97,873,595)	(125,231,706)
Proceeds from Disposal of Property and Equipment	79,997	66,212
Proceeds of Debt Issuance		360,000,000
Principal Paid on Debt	(16,872,459)	(15,130,824)
Interest Paid on Debt	(156,595,796)	(124,023,036)
Capital Contributions	220,278,434	190,995,018
Credit Payment Income	10,084,583	10,394,293
Net Cash Provided by (Used In) Capital and Related Financing Activities	(40,898,836)	297,069,957
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investment Securities	(280,153,479)	(1,011,501,617)
Proceeds from Sales or Maturities of Investment Securities	279,771,145	685,963,512
Investment Earnings	10,814,855	4,349,088
Net Cash Provided by (Used In) Investing Activities	10,432,521	(321,189,017)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,670,389)	6,645,933
Cash and Cash Equivalents, Beginning of Year	96,655,866	90,009,933
Cash and Cash Equivalents, End of year	$ 57,985,477	$ 96,655,866
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating Loss	$ (87,410,039)	$ (60,409,297)
Depreciation	75,853,379	74,943,316
Operating Expenses Paid by Contributed Capital	9,744,788	11,886,752
Changes in Assets and Liabilities		
(Increase)/Decrease in Due from Member Agencies	588,152	3,279,032
(Increase)/Decrease in Other Receivables	(3,709,210)	6,926,362
(Increase) in Other Current Assets	(3,161,799)	(3,711,712)
(Increase)/Decrease in Water Recharge Inventory	78,453	(215,996)
Increase/(Decrease) in Accounts Payable	(736,688)	(2,627,673)
Increase/(Decrease) in Other Post Employment Benefits	548,890	694,209
Net Cash Provided by (Used In) Operating Activities	$ (8,204,074)	$ 30,764,993
NON-CASH INVESTING, AND CAPITAL AND RELATED FINANCING ACTIVITIES		
Changes in Fair Value of Investments	$ 646,676	$ (408,235)
Deferred (Gain)/Loss on Refunded Bonds		109,358
Refunding Bonds Issued		(21,720,000)
Bonds Refunded		21,350,000
Contributed Capital	(7,815,814)	(3,037,287)

The accompanying notes are an integral part of these financial statements

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. The 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, Clark County Water Reclamation District, and the Las Vegas Valley Water District (LVVWD). The cooperative agreement was last amended in 2005. The facilities and operations agreement was last amended in 2012.

The 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 the SNWA equally. The 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 the SNWA. In 1991, each member agency made an initial contribution to the SNWA for operating and administrative expenses in the amount of $15,000. Assessments for additional funds needed by the 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 the 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 the SNWA operations during the fiscal year ended June 30, 2014.

Operating Agent (LVVWD) (Related Party Disclosure)

The Board has the responsibility to appoint a General Manager. The Board designated the LVVWD's General Manager as the General Manager of the SNWA in 1993. Simultaneously the LVVWD was named the operating agent for the SNWA.

The LVVWD allocates a portion of its payroll costs to the SNWA for the LVVWD employees who are utilized on SNWA-related matters and also pays certain costs and operating expenses on behalf of the SNWA. The SNWA has no employees of its own.

During the mid-1990s, the LVVWD paid substantially all operating and capital expenses on behalf of the SNWA, and the SNWA reimbursed the LVVWD monthly. In the late 1990s, to mitigate potential cash flow demands on the LVVWD under this arrangement, the 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). In 2008, the SNWA advanced a total of $19 million to the LVVWD to fund future SNWA-related operating expenses made on its behalf. The advance is replenished monthly and will be applicable throughout the SNWA's and LVVWD's operating agent relationship. The SNWA also pays any large recurring expense that it deems would be detrimental to the LVVWD's cash flow.

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

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

The 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 the LVVWD's CAFR can be found at www.lvvwd.com or can be obtained by mailing a request to the SNWA.

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 the SNWA. Along with the transfer of these assets, the CRC transferred all books and records in its possession relating to the 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, net position, revenues, and expenses.

Enterprise Fund

The 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, the 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. The 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,* the 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.

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). Authorized investments are described in Note 3. Investments with maturity dates of less than one year when purchased are stated at par. Premiums and discounts are amortized over the remaining life of the investment instrument. 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 lower of cost or market based on periodic reviews. 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, the 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:

Structures 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 wholesale delivery charges, groundwater management fees, administration cost recoveries, Las Vegas Wash fees and other ancillary revenues. The wholesale delivery charge, which for the year ended June 30, 2014, was $303 per acre-foot (AF) of treated Colorado River water delivered to the purveyor members of the SNWA. The wholesale delivery charge is designed to fund operation and maintenance of the SNWS, as well as the SNWA administration. The SNWA also charged $232 per AF for raw Colorado River water delivered to the City of Boulder City for use on golf courses. For the fiscal year ended 2014, groundwater management fees consist of an annual fee of $13 per AF of permitted groundwater rights or $13 per domestic well. Administration cost recoveries are amounts charged to member agencies of the SNWA that do not physically take potable water from the SNWA water system. These costs vary by purveyor and are designed to help compensate the SNWA for administration costs associated with their membership. Las Vegas Wash fees consist of contributions from other local governments towards operating costs of the Las Vegas Wash Coordination Committee. Other revenues consist primarily of sales made from the SNWA's northern resource properties' activities.

Non-operating 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 the LVVWD, energy costs, and other costs associated with the operation and maintenance of the SNWS, as well as the SNWA administration and depreciation. Non-operating expenses include interest expense (net of amounts capitalized) as well as amortization of deferred amount on debt refundings and discounts.

Capital Contributions

Capital contributions include various contributed revenues the SNWA receives that are restricted for use in a variety of capital improvement programs (Note 17).

Litigation Defense Costs

The 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 the SNWA that represents water rights.

Restatement and Reclassifications

Certain minor reclassifications have been made to fiscal year 2013 amounts to conform to the fiscal year 2014 presentation.

New Accounting Pronouncements

In June 2012, the GASB issued statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged. This primary objective of this Statement is to improve financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements. The SNWA is currently evaluating how the adoption of Statement No. 68 will affect the SNWA's financial position, results of operation or cash flow.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is effective for financial periods beginning after December 15, 2013 and should be applied on a prospective basis. Earlier application is encouraged. Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions and transfers of operations. The SNWA does not expect the adoption of Statement No. 69 to affect the SNWA's financial position, results of operation or cash flow.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is effective for fiscal years beginning after June 15, 2014. Earlier implementation is

encouraged. The Statement amends paragraph 137 of Statement No. 68, Accounting and Financial Reporting for Pensions. The objective of the Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employee contributing entities. The SNWA is currently evaluating how the adoption of Statement No. 71 will affect the SNWA's financial position, results of operation or cash flow.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposit accounts containing restricted and unrestricted cash. Beginning in December 2009, the SNWA deposited bond proceeds and matured investment proceeds in the LVVWD's demand deposit account. The funds are readily available to the SNWA as needed and are collateralized as described below. Cash balances as of June 30, 2014 and 2013, were $57,985,477 and $96,655,866 respectively. The SNWA bank balances as of June 30, 2014, and 2013, were $42,491,234 and $11,198,575 respectively. The LVVWD held $15,864,560 and $85,864,560 of the funds as of June 30, 2014 and June 30, 2013 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 the SNWA participates in the pool by pledging securities for the 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

The SNWA's investment policy limits investments and risks to those permitted under the laws of the State of Nevada. The investments and risks authorized by NRS 355.170 relevant to the SNWA's investments are as follows:

- Bonds, debentures, bills, and notes of United States (U.S.), the maturity dates of which are not more than ten years after the date of purchase.

- Farm loan bonds, consolidated farm loan bonds, debentures, consolidated debentures and other obligations issued by federal land banks and federal intermediate credit banks under the authority of the Federal Farm Loan Act and bonds debentures, consolidated debentures and other obligations issued by banks for cooperatives under the authority of the Farm Credit Act of 1933.

- Obligations of an agency or instrumentalities of the U.S. or a corporation sponsored by the government, the maturity dates of which are not to exceed ten years after the date of purchase.

- Negotiable certificates of deposit (CDs) issued by commercial banks, insured credit unions, or savings and loan associations. Credit quality ratings and percentage allowed of total investments are not specified.

- Nonnegotiable CDs issued by insured commercial banks, insured credit unions, or insured savings and loan associations, except certificates that are not within the limit of insurance provided by an instrumentality of the U.S. unless those certificates are appropriately collateralized.

- Negotiable notes medium-term obligations issued by local governments of the State of Nevada.

- Obligations of state and local governments if (1) the interest on the obligation is exempt from gross income for federal income tax purposes and (2) the obligation has been rated "A" or higher by one or more nationally recognized bond credit rating agencies.

- Commercial paper issued by a corporation organized and operating in the U.S. or by a depository institution licensed by the U.S. or any state and operating in the U.S. that (1) is purchased from a registered broker-dealer; (2) has a remaining term to maturity at the time of purchase of no more than 270 days; and (3) is rated by a nationally recognized rating service as "A-l," "P-l" or its equivalent, or better, except that investments in commercial paper may not, in aggregate value, exceed 20% of the total portfolio as determined on the date of purchase. If the rating of the obligation is reduced to a level that does not meet the requirements, it must be sold as soon as possible.

- Obligations of the Federal Agricultural Mortgage Corporation.

The SNWA's investments were as follows:

	Estimated Fair Value	
Investment Type	June 30, 2014	June 30, 2013
U.S. Treasury Notes	$ 265,761,889	$ 124,584,749
U.S. Agency Bonds	190,031,354	330,090,794
Negotiable CDs	3,362,153	9,362,553
Municipal Bonds	2,188,621	3,783,214
Total Investments Excluding Non-Negotiable CDs	461,344,017	467,821,310
Non-Negotiable CDs	-	720,000
Total Investments Including Non-Negotiable CDs	$ 461,344,017	$ 468,541,310

In fiscal years 2014 and 2013, the SNWA's investments included bank FDIC insured nonnegotiable CDs. Because GASB Statement No. 40 considers bank nonnegotiable CDs as bank deposits rather than investments, they are excluded from further disclosures in this note.

Credit Risk

As of June 30, 2014, the SNWA's investment ratings and estimated fair values were as follows:

Investment Type	S&P	Moody's	Fair Value
U.S. Agency Bonds	AA+	Aaa	$ 181,824,712
U.S. Agency Bonds	Unrated	Unrated	8,206,642
Negotiable CDs	Unrated	Unrated	3,362,153
Municipal Bonds	AA-	A1	1,135,871
Municipal Bonds	AA	Aa2	1,052,750

As of June 30, 2013, the SNWA's investment ratings and estimated fair values were as follows:

Investment Type	S&P	Moody's	Fair Value
U.S. Agency Bonds	AA+	Aaa	$ 321,840,034
Negotiable CDs	Unrated	Unrated	9,362,641
U.S. Agency Bonds	Unrated	Unrated	8,250,758
Municipal Bonds	AA	Aa2	2,119,420
Municipal Bonds	AA-	Aa3	1,663,794

Concentration of Credit Risk

As of June 30, 2014, the following investments individually comprise 5% or more of the SNWA's total investment portfolio.

Issuer	Investment Type	Percentage of Investments
Federal Home Loan Mortgage Corporation	U.S. Agency Bonds	22%
Federal National Mortgage Association	U.S. Agency Bonds	15%

As of June 30, 2013, the following investments individually comprise 5% or more of the SNWA's total investment portfolio.

Issuer	Investment Type	Percentage of Investments
Federal Home Loan Bank	U.S. Agency Bonds	26%
Federal Home Loan Mortgage Corporation	U.S. Agency Bonds	26%
Federal National Mortgage Association	U.S. Agency Bonds	16%

Interest Rate Risk

As of June 30, 2014, the SNWA's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. Treasury Notes	$ 265,761,889	557
U.S. Agency Bonds	190,031,354	270
Negotiable CDs	3,362,153	208
Municipal Bonds	2,188,621	1,110
Total Fair Value	$ 461,344,017	
Portfolio Weighted Average Maturity		439

As of June 30, 2013, the SNWA's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. Treasury Notes	$ 124,584,749	864
U.S. Agency Bonds	330,090,794	437
Negotiable CDs	9,362,553	292
Municipal Bonds	3,783,214	988
Total Fair Value	$ 467,821,310	
Portfolio Weighted Average Maturity		552

NOTE 4. DUE FROM MEMBER AGENCIES

The 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 the SNWA monthly.

Also, the SNWA has advanced funds to the LVVWD that are used to fund daily operating costs paid by the LVVWD. The LVVWD sends the SNWA monthly detailed bills for expenses the LVVWD incurred on the SNWA's behalf and the SNWA pays these billings as they occur. At year end, the SNWA nets any outstanding amounts owed to the LVVWD against the advance and shows the unused balance of advanced funds in the due from member agencies account. As of June 30, 2014 and 2013, those net amounts shown in the sums below were $8,567,921 and $10,338,264, respectively.

Based on historical collection experience, management believes all accounts are collectible, and therefore no allowance has been provided for bad debts. At June 30, 2014 and 2013, the following amounts were due from the SNWA's member agencies:

Due From Member Agencies

	June 30, 2014	June 30, 2013
Las Vegas Valley Water District	$ 28,337,565	$ 29,599,559
City of North Las Vegas	3,985,835	3,772,620
City of Henderson	5,855,946	3,600,997
City of Boulder City	705,123	367,065
Nellis Air Force Base	78,237	73,966
Big Bend Water District	38,279	35,710
Clark County Water Reclamation District	12,917	2,917
Total	$ 39,013,901	$ 37,452,834

NOTE 5. RECEIVABLES

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

The following amounts were due as of June 30, 2014 and 2013:

Receivables

Type	June 30, 2014	June 30, 2013
Current Receivables - Restricted		
State of Nevada - Department of Taxation	$ 15,136,678	$ 13,917,603
Current Receivables - Unrestricted		
Grants Receivable	4,210,762	573,699
Federal BAB Bond Interest Receivable	826,605	813,244
Accrued Investment Earnings	1,391,848	1,610,707
Aerial Imagery Project--RTC	10,000	7,500
NV Energy Water Lease	69,648	
Total Current Receivables - Unrestricted	6,508,863	3,005,150
Total Current Receivables	$ 21,645,541	$ 16,922,753

NOTE 6. OTHER CURRENT ASSETS

Other current assets consist of prepaid expenses and miscellaneous current assets located at the SNWA's northern resource property locations. The $3.2 million (8.3%) increase in other current assets is due primarily to prepaid power. During the year, the SNWA used funds to secure future power (electricity and natural gas) contracts.

The following items are included in other current assets for June 30, 2014 and 2013:

Other Current Assets

Type	June 30, 2014	June 30, 2013
Prepaid Power	$ 39,488,087	$ 36,047,415
Prepaid Leases	900,576	1,227,078
Ranch Inventory	583,499	570,934
Prepaid Insurance	489,030	453,967
Prepaid Retirement Premium	1,050	1,049
Total	$ 41,462,242	$ 38,300,443

NOTE 7. CAPITAL ASSETS

The following capital assets schedules summarize changes in major categories of capital assets for fiscal years ended June 30, 2014 and 2013. Natural resources rights are described in more detail in Note 8, and Construction Work in Progress is described in more detail in Note 9.

Capital Assets June 30, 2014

Capital Assets Category	Balance at June 30, 2013	Additions	Cost Adjustments	Retirements/ Transfers	Balance at June 30, 2014
Capital Assets Subject to Depreciation					
Structures and Improvements	$ 689,594,314	$ 28,073,215	$ 666,254		$ 718,333,783
Pumping Stations and Wells	638,557,353	1,208	45,246	$ (3,086)	638,600,721
Transmission/Distribution/Mains	1,427,518,985		(259,317)		1,427,259,668
Office Furniture and Equipment	112,117,580	1,723,289	950,084	(136,777)	114,654,176
Transportation/Work/Equipment	6,194,950	172,402		(83,490)	6,283,862
Power Plant	101,854,657				101,854,657
Northern Resources Assets	20,007,554	857,889	125,282	(74,673)	20,916,052
Total Capital Assets Subject to Depreciation	2,995,845,393	30,828,003	1,527,549	(298,026)	3,027,902,919
Accumulated Depreciation					
Structures and Improvements	305,540,973	31,919,437			337,460,410
Pumping Stations and Wells	156,870,172	15,477,627		(3,087)	172,344,712
Transmission/Distribution/Mains	339,749,853	19,576,519			359,326,372
Office Furniture and Equipment	90,980,614	3,323,031		(114,740)	94,188,905
Transportation/Work/Equipment	5,473,171	282,454		(83,490)	5,672,135
Power Plant	31,122,255	3,395,155			34,517,410
Northern Resources Assets	10,720,687	1,879,156		(60,843)	12,539,000
Total Accumulated Depreciation	940,457,725	75,853,379		(262,160)	1,016,048,944
Net Capital Assets Subject to Depreciation	2,055,387,668	(45,025,376)	1,527,549	(35,866)	2,011,853,975
Capital Assets Not Subject to Depreciation					
Land and Land Rights	92,248,192	75,000			92,323,192
Natural Resource Rights	391,792,304	1,745,183			393,537,487
Construction in Progress	1,707,861,690	167,747,184		(27,924,811)	1,847,684,063
Net Capital Assets Not Subject to Depreciation	2,191,902,186	169,567,367		(27,924,811)	2,333,544,742
Total Net Capital Assets	**$ 4,247,289,854**	**$ 124,541,991**	**$ 1,527,549**	**$ (27,960,677)**	**$ 4,345,398,717**

Capital Assets June 30, 2013

Capital Assets Category	Balance at June 30, 2012	Additions	Cost Adjustments	Retirements/ Transfers	Balance at June 30, 2013
Capital Assets Subject to Depreciation					
Structures and Improvements	$ 687,659,749	$ 1,841,426	$ 93,139		$ 689,594,314
Pumping Stations and Wells	614,975,819	23,564,487	17,047		638,557,353
Transmission/Distribution/Mains	1,427,477,488		41,497		1,427,518,985
Office Furniture and Equipment	111,331,123	598,079	281,511	$ (93,133)	112,117,580
Transportation/Work/Equipment	6,288,448	323,164	4,690	(421,352)	6,194,950
Power Plant	101,854,657				101,854,657
Northern Resources Assets	17,793,245	533,108	1,698,701	(17,500)	20,007,554
Total Capital Assets Subject to Depreciation	2,967,380,529	26,860,264	2,136,585	(531,985)	2,995,845,393
Accumulated Depreciation					
Structures and Improvements	274,961,409	30,579,564			305,540,973
Pumping Stations and Wells	141,660,679	15,209,493			156,870,172
Transmission/Distribution/Mains	320,134,116	19,615,737			339,749,853
Office Furniture and Equipment	87,402,517	3,653,789		(75,692)	90,980,614
Transportation/Work/Equipment	5,517,691	376,831		(421,351)	5,473,171
Power Plant	27,727,100	3,395,155			31,122,255
Northern Resources Assets	8,622,524	2,112,746		(14,583)	10,720,687
Total Accumulated Depreciation	866,026,036	74,943,315		(511,626)	940,457,725
Net Capital Assets Subject to Depreciation	2,101,354,493	(48,083,051)	2,136,585	(20,359)	2,055,387,668
Capital Assets Not Subject to Depreciation					
Land and Land Rights	92,271,442		(23,250)		92,248,192
Natural Resource Rights	389,961,251	1,831,053			391,792,304
Construction in Progress	1,536,891,327	197,742,433		(26,772,070)	1,707,861,690
Net Capital Assets Not Subject to Depreciation	2,019,124,020	199,573,486	(23,250)	(26,772,070)	2,191,902,186
Total Net Capital Assets	**$ 4,120,478,513**	**$ 151,490,435**	**$ 2,113,335**	**$ (26,792,429)**	**$ 4,247,289,854**

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. The 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 the SNWA. Under the Project, the SNWA purchased the 50,000 AF of water available for future use and funded the expenditure through capital contributions from the SNWA's member agencies.

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

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, the 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, the SNWA agreed to pay the AWBA's actual cost to recover the stored water.

After several mutually agreed upon deferrals of payment, the AWBA and SNWA approved an amendment to the 2001 Banking Agreement in May, 2013 that relieved the SNWA from its obligation to pay the AWBA $217,315,000 in remaining annual payments. In exchange the AWBA will complete any additional storage of Colorado River water on a pay-as-you-go basis. Also the SNWA will pay a $20,000 annual administrative fee for maintenance of the SNWA's storage credits.

As of June 30, 2014, the SNWA has capitalized a total of $132.9 million related to the AWBA.

Northern Resource Properties and Related Rights

In 2006 and 2007, the Board approved the purchase of seven properties in Spring Valley, Nevada. In addition to its substantial land holdings (over 23,000 acres), the SNWA also acquired surface and groundwater rights associated with the properties. Through June 30, 2012, the SNWA 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. The 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, 2014, the SNWA owned permits equivalent to 64,548 AUMs. The SNWA has verified through a third party that the AUMs have not been impeded or decreased in value by any legal actions

As of June 30, 2014, the SNWA has capitalized $62.2 million of costs to acquire the northern resource properties and related rights.

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, the SNWA purchased 3,662 AF of water rights from several shareholders. In 2000, the 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 the MVIC, along with additional shares of other northeastern Clark County rural irrigation companies. The authorization does not give a specific limit for the MVIC acquisition but instead establishes a $57.1 million limit for post 2007 acquisitions or leases of the MVIC and two other rural irrigation companies. The SNWA has not exceeded this authorization.

As of June 30, 2014, the SNWA has capitalized $62.1 million of costs related to the acquisition of Muddy River water rights.

Hydropower Rights

The CRC was created in 1935 for the purpose of securing and distributing Nevada's right to Colorado River water and hydroelectric power. The 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, the 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. The CRC purchased Pioneer's entire portfolio of energy contracts including hydropower. In January 2003, the SNWA purchased Pioneer's hydropower contract from the CRC for $53 million, allowing the 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. The 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 the LVVWD, subject to the SNWA reimbursing the LVVWD for all costs incurred related to the acquisition of those water rights. Additionally the SNWA acquired 350 shares of the 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 the SNWA and the Virgin Valley Water District (VVWD) in 2000, the SNWA transferred 3,710 AF of its water rights to the VVWD to assist 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 the BIC and the Mesquite Irrigation Company (MIC). The authorization which includes the 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 the MVIC, BIC, and MIC. The SNWA has not exceeded this authorization.

As of June 30, 2014, the SNWA has capitalized $39.2 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, the SNWA purchased another 1,500 AF of water rights from Coyote Springs Investment, LLC.

As of June 30, 2014, the 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, the 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 the LVVWD for a payment of $9.9 million, which represented the LVVWD's costs to date of developing and perfecting those water rights.

As of June 30, 2014, the SNWA has capitalized $10.1 million related to the acquisition of these water rights which includes the initial payment to the LVVWD plus additional costs that have been incurred.

Other Water Rights

In 2010, the 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 the SNWA is the sole entity authorized to receive this water.

Groundwater Management Program

In 1999, the Nevada Legislature directed the 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, 2014, the SNWA has capitalized $1.2 million associated with the GMP.

The following table summarizes the amounts capitalized related to natural resources rights as of June 30, 2014 and 2013:

Natural Resources Rights

Type	June 30, 2014	June 30, 2013
Arizona Water Bank	$ 132,889,372	$ 131,365,372
Northern Resource Property and Rights	62,165,559	62,165,559
Muddy River Water Rights	62,134,195	62,134,195
Hydropower Rights	53,000,000	53,000,000
Virgin River Water Rights Development	39,170,390	38,949,207
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	$ 393,537,487	$ 391,792,304

NOTE 9. CONSTRUCTION IN PROGRESS

The 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 the Board acceptance, associated CWIP costs are closed out and allocated depreciable asset categories within PP&E.

Major Construction and Capital Plan (MCCP)

In 1994, the 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 engineering contracts. Indirect costs included items such as administration, planning and design, public information, program management, construction management, environmental mitigation, and interest.

In 2002, the 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.

The most recent amended MCCP to be approved by the Board was on February 17, 2011. On June 21, 2012, the Board approved an amendment to the Facilities and Operations agreement that removed the apparent requirement for the SNWA to reaffirm or revise the MCCP with them at least annually. The MCCP is still updated at least annually with the most recent update performed in February, 2013. This amended MCCP includes details for $2.5 billion of completed projects, $1.9 billion of active projects and $0.4 billion of deferred projects. Of the 20 projects comprising the $1.9 billion of active projects, nearly all (98.9%) are funded by capital contributions with a minimal amount (1.1%) funded by the wholesale delivery charge. In terms of active projects, 13 (65.0%) are funded by capital contributions while 7 (35.0%) are 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 February 21, 2013, includes future projects totaling approximately $59.8 million. Of that amount, about $54.8 million (91.6%) is for construction of facilities. The remaining $5.0 million (8.4%) is for design studies, revegetation activities, and miscellaneous programs. These projects will be funded by 4.0% of the gross sales tax the SNWA receives which has been designated for the Wash, as well as grants and contracts provided by various state and federal agencies.

Indirect Costs

Indirect costs are defined as capital costs that have not been specifically identified as being generated by a single capital project. Indirect costs are composed of three major categories – 1) capitalized interest, 2) capitalized labor, and 3) other costs.

The SNWA calculates capitalized interest based on total CWIP, not by project (see below). Indirect capitalized labor results from departments that work with multiple projects and find it cumbersome and ineffective to try and post their time to specific projects. Other indirect costs come primarily from outside consultants that the SNWA hires to do planning, oversight, and other capital related tasks. Since these consultants invoice the SNWA by total time spent on SNWA projects and not specific tasks, the costs cannot be traced to specific items in the capital plan.

Capitalization of Interest Income / Expense

The 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. These amounts are added to the indirect costs of total CWIP. The SNWA capitalized $80,834,353 and $74,582,373 of interest expense, which was partially offset by $706,828 and $818,620 of interest income, in the fiscal years ended June 30, 2014 and 2013, respectively.

The following shows the construction in progress balance as of June 30, 2014 and 2013:

Construction In Progress

Type	June 30, 2014	June 30, 2013
Major Construction and Capital Plan	$ 1,339,933,665	$ 1,197,584,619
Las Vegas Wash Capital Improvement Plan	12,969,717	21,496,067
Indirect Costs	494,780,681	488,781,004
Total Construction In Progress	$ 1,847,684,063	$ 1,707,861,690

NOTE 10. WATER RECHARGE INVENTORY

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

In 2006, the Board approved an agreement between the 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 the SNWA for future use by all member agencies. In addition the SNWA entered into a cooperative agreement with the LVVWD to allow the SNWA to store water in the LVVGB for the future use of the SNWA. As part of this agreement, the LVVWD agreed to continue its recharge of the LVVGB, with the SNWA reimbursing all related costs on a monthly basis. The agreement also allows the 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, 2014, the SNWA has paid $86.3 million net of sales for 346,187 AF of storage.

NOTE 11. DEFERRED AMOUNT ON REFUNDINGS

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, shown as a deferred outflow of resources, 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 of cash flow of the existing bond issue with that of the refunding bond issue. Typically, the economic gain comes from lower interest rates of the refunding bonds. 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 refundings as of June 30, 2014 and 2013 are $35,259,740 and $38,181,345, respectively. The decrease in fiscal year 2014 occurred from the normal amortization of these deferred outflows of resources.

NOTE 12. ACCOUNTS PAYABLE

Accounts payable balances by category as of June 30, 2014 and 2013 are as follows:

Accounts Payable

Type	June 30, 2014	June 30, 2013
Construction Contracts Retention	$ 25,576,125	$ 26,690,608
Construction Contracts and Administration	13,436,769	17,435,927
Administration Expenses	2,400,946	3,137,636
Total Accounts Payable	$ 41,413,840	$ 47,264,171

As discussed in Note 1, the SNWA advanced $19 million to the LVVWD in fiscal year 2009 to be applied against future daily operating costs paid by the LVVWD on behalf of the SNWA. The advance payment is first applied against (and eliminates) amounts currently due from the SNWA to the LVVWD. As of June 30, 2014, $8.6 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).

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, high unemployment, as well as weakness in the commercial and investment banking systems, which had far-reaching effects on the economic activity in the country. In fiscal years 2013 and 2014, the economy has begun to stabilize and has helped to stabilize the SNWA's current operations as well. However, the long-term impact of these factors on the Southern Nevada economy and the SNWA's future operations cannot be predicted at this time, but may be substantial.

Construction Contracts

In connection with its two capital improvements plans, the SNWA makes commitments to pay contractors working on those projects. However, the SNWA only pays those contractors for the work they have completed. As of June 30, 2014, the SNWA had construction contract commitments totaling approximately $109.7 million. This is the amount the SNWA will be obligated to pay if all contractors perform per their contracts. The 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.

Pending Regional Connection Charge Refunds

In accordance with Accounting Standards Codification No. 450, *Contingencies,* the SNWA has recorded a contingent liability of $1.7 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 the 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 17).

The fiscal year 2014 liability is $3.3 million (66.2%) less than fiscal year 2013 and is based on information obtained from each of the SNWA's three participating purveyors. The recorded obligation for pending regional connection

charge refund account is expected to provide 1.6 years coverage of refunds if annual refund levels remain the same as those experienced in fiscal year 2014.

Operating Leases

Lease Obligations

In 2004, the Board approved a non-cancelable operating lease agreement between Parkway Center, LLC (Molasky) and the SNWA for office space at the Molasky Corporate Center located in downtown Las Vegas located at 100 City Parkway. The original lease allowed the 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, the 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. The SNWA subleases 34,898 square feet within the area leased and/or owned by the SNWA to the LVVWD and 3,000 square feet to Faiss Foley Warren (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, 2014, the SNWA paid $4,812,912 on the lease and association fees. Leasehold improvements are charged to the SNWA's MCCP as incurred.

In April 2005, the 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 was renewed in 2012 and expires in 2016. 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 the SNWA. The agreement allows the SNWA to lease up to 2,001 AF of water annually from the 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 surcharge if the water is used outside the Moapa Valley Water District (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 the 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 the SNWA and the water rights holder. Initial Mesquite leases began on October 1, 2008, were from one to ten years in duration and had an 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.

In March 2009, the Board approved an agreement with the MVIC allowing the SNWA to lease winter irrigation water rights from the MVIC. The nineteen year lease agreement allows the 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. The SNWA would also pay $25 per AF (escalated annually) to the MVIC for conveying any of this water through the MVIC water distribution system to Lake Mead.

In May 2010, the Board approved an agreement with the BLM to lease 4,472.83 acres to expand the SNWA's exploratory work on geothermal resources. Terms of the lease state that lease costs will be $2.00 per acre for year one, $3.00 per acre for years 2 through 10 and $5.00 per acre thereafter. There is no stated expiration date in the lease. The SNWA staff believes that the lease will be used through fiscal year 2015.

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	Ely Office Space	CPB	Mesquite Leases	MVIC Lease	BLM Lease	Total
2015	$ 2,906,113	$ 9,600	$ 260,130	$ 1,547,263	$ 513,328	$ 13,440	$ 5,249,874
2016	3,010,505	9,600	260,130	1,474,078	528,728		5,283,041
2017	3,119,043		260,130	412,088	544,590		4,335,850
2018	3,174,506		260,130	59,258	560,928		4,054,822
2019	3,234,354		260,130	15,259	259,488		3,769,231
2020-2024	18,047,627		1,300,650	-	1,418,988		20,767,265
2025-2028	12,517,906		780,390		1,296,266		14,594,562
	$ 46,010,054	$ 19,200	$3,381,690	$ 3,507,946	$ 5,122,316	$ 13,440	$ 58,054,645

Lease Receivables

In 2006, the SNWA entered into an interlocal sublease agreement with the LVVWD regarding office space that is either purchased or leased from Molasky. The twenty year agreement allows the LVVWD to lease 8,000 square feet of space from the floors owned by the SNWA and 26,240 square feet from the area leased from Molasky. The space owned by the SNWA that is being leased has an approximate carrying value of $5,736,119, with $1,715,047 in accumulated depreciation having been taken through June 30, 2014. In addition, the LVVWD pays a share of leasehold improvements. The sublease assumes a ten year useful life on leasehold improvements and the LVVWD pays a pro-rated share of the amortized value of such improvements. The sublease contains no escalation clauses. The LVVWD is also responsible for any utilities and services assessed to the SNWA for the space occupied by the LVVWD. For the remaining period of the lease, the SNWA anticipates to receive a minimum $18,152,068 of aggregate sublease payments from the LVVWD.

In March 2009, the Board approved three agreements with NV Energy Company (NVE). One agreement allows NVE to lease 1,050 AF of the SNWA water over a ten year period for an annual price of $83,721. 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 $259,490 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 the SNWA anticipates to receive a minimum $6,615,255 of aggregate payments.

In 2012, the SNWA entered into a sublease agreement with Faiss Foley Warren (Faiss) regarding office space at Molasky. The two year agreement allows Faiss to lease 3,000 square feet of space and provides the option for a two year renewal. In February 2014, the SNWA executed an amendment to renew the lease agreement for an additional two year period ending in May 2016. The space owned by the SNWA that is being leased has an approximate carrying value of $2,156,501, with $536,949 in accumulated depreciation having been taken through June 30, 2014. The sublease contains no escalation clauses. For the remaining period of the lease, the SNWA anticipates to receive a minimum $138,000 of aggregate sublease payments from Faiss.

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.

Lease Receivables

Fiscal Year June 30	LVVWD	NVE	Faiss	TOTAL
2015	$ 1,613,517	$ 99,967	$ 72,000	$ 1,785,484
2016	1,613,517	102,966	66,000	1,782,483
2017	1,613,517	106,055		1,719,572
2018	1,613,517	109,237		1,722,754
2019	1,613,517	112,514		1,726,031
	$ 8,067,585	$ 530,740	$ 138,000	$ 8,736,324

Forward Energy Contracts

Because Las Vegas is uphill from its major water supply, reliable electrical service is essential to the SNWA's ability to deliver water. To gain more control over energy reliability and costs, the 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 investor owned utility.

The SNWA began purchasing over 95% of its power requirements from the Silver State Energy Association (SSEA) beginning April 1, 2013 under Project Services Agreement #3: Power Supply Management Services Agreement, Load Requirements Service (LRS). The SSEA is a joint powers association of public utilities (see Note 19) which was formed in 2007. Its members include the City of Boulder City, Overton Power District #5, Lincoln Power District #1, Colorado River Commission of Nevada, and the SNWA. The SNWA and CRC staff and run the SSEA which is governed by a Board of Directors with one representative of each member sitting on the Board.

The SSEA buys and sells fixed price power with the SNWA for the upcoming five calendar years to balance the SNWA's total supplies with its total load and other obligations. The SSEA then purchases and sells physical power and other financial products from the market to best hedge its portfolio of forward energy contracts. All SSEA energy activity is in compliance with established energy risk management procedures which were developed to fulfill the Energy Risk Management Policy adopted by the SSEA Board. Under LRS, the SNWA is responsible for a portion of gains and losses and prepaid energy expenses that may be realized in SSEA's energy portfolio each month.

Prior to taking service from the SSEA, the SNWA managed its own portfolio of energy resources consisting solely of forward electricity, generation and transmission contracts as well as financial power and natural gas swaps. Among the forward electricity contracts are long-term contracts for the purchase of hydropower from federal dams along the Colorado River. Because this portfolio, as well as its energy contracts with the SSEA, exist solely for purposes of serving the SNWA's projected energy requirements over the next five years, the forward energy contracts are considered to be "normal purchases and sales contracts" and are considered to be outside the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Although the SNWA is taking LRS Service from the SSEA it will continue to own existing energy assets and contracts and may add other energy assets or contracts in the future as part of its supply portfolio.

The primary risks associated with the SNWA's energy portfolio, as well as the SSEA's energy 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, 2014, the SNWA had net energy contract commitments totaling approximately $156 million, which includes its projected allocation of the SSEA net energy contract commitments.

Generating Assets

The 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. The 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 the period June 1, 2013 through December 31, 2018, the SNWA entered into an energy exchange agreement with NVE whereby NVE has the right to dispatch the plant using their professional judgment, and the SNWA receives 125 MW on peak and 25 MW off peak of firm delivered power.

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

Litigation

The 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 the 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. SHORT-TERM DEBT

On March 10, 2004, the LVVWD began a Tax-Exempt Commercial Paper (TECP) program for the SNWA, authorizing up to $400 million in TECP notes. Proceeds from the sale of the notes were used to fund capital expenditures of the SNWA including the purchase of water resources and a 25% interest in the Silverhawk power plant. The TECP program was most recently renegotiated on March 4, 2014 and is currently facilitated by a letter of credit between the LVVWD; J.P. Morgan Chase, National Association; and Wells Fargo Bank, National Association. The termination date for each agreement is April 14, 2017 and has options for renewal. The TECP notes are subject to market fluctuations as they are traded on the open market. The entire balance is currently issued and outstanding.

The following chart summarizes key components of the SNWA's short-term debt activity.

Outstanding Short Term Debt

	June 30, 2014	June 30, 2013
Balance Beginning of Period	$ 400,000,000	$ 400,000,000
Additions	2,665,125,000	3,226,340,000
Retirements	(2,665,125,000)	(3,226,340,000)
Balance End of Period	$ 400,000,000	$ 400,000,000
End Of Period --		
Accrued Interest	$ 58,859	$ 100,395
Average Interest Rate	0.09%	0.17%
Number of Traunches	11	13
Smallest	$ 7,500,000	$ 300,000
Largest	$ 134,000,000	$ 100,000,000
Shortest Maturity, in days	29	26
Longest Maturity, in days	162	129

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Effective July 1, 2007, the 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, the LVVWD allocated a portion of the costs related to postemployment benefits other than pensions (OPEB) to the SNWA. As of June 30, 2014 and 2013, allocated OPEB costs of $4.1 million and $3.6 million, respectively.

NOTE 16. LONG-TERM DEBT

Pursuant to the Transfer Act discussed in Note 1, the SNWA assumed responsibility for all CRC debt associated with the SNWS as of January 1, 1996. In 1997, the SNWA received authorization to sell its bonds directly to the Nevada State Bond Bank. In 1999, the SNWA received authorization to sell its bonds through a newly authorized Clark County Bond Bank. The SNWA also has bonds payable, which were issued by the LVVWD on the SNWA's behalf. The SNWA plans to use the LVVWD to sell long-term fixed-rate bonds whenever feasible in the near future.

Debt Creation and Reporting

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

The SNWA annually files a Debt Management Policy with the state of Nevada. The required policy details guidelines regarding the affordability of debt, debt capacity, and how debt will be repaid. The policy is provided to state and county officials and is available for review by bonding agencies and the general public. Additionally, the policy is reproduced annually in the SNWA's Operating and Capital Budget document.

Debt Covenants

Management believes that the SNWA has complied with all legal requirements, limitations, and restrictions imposed by debt covenants. The 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 the LVVWD employees and an annual audit of the SNWA's basic financial statements by independent certified public accountants. Covenants are reviewed periodically by outside bond counsel to insure adherence.

Defeasance of Debt

The 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, 2014, eight bond issues with $108,891,625 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 the 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 11).

Current Year Debt Issuance Activity

The SNWA did not issue any bonds between July 1, 2013 through June 30, 2014.

The following is a comprehensive summary of each of the outstanding long-term debt issues as of June 30, 2014.

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. In 1999, the 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. The 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. SNWA-2

On June 29, 2001, the SNWA received a second loan from the Nevada revolving fund in the amount of $10 million. The 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 funds were reserved to pay for CIP construction expenditures. 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.

SNWA 1998 Bonds

These general obligation bonds in the original amount of $300,000,000 were sold by the SNWA through the State Bond Bank on July 9, 1998. This was a new money bond issue and the $296,236,936 it generated was reserved for CIP construction expenditures. Originally these bonds matured annually on May 15 through 2028. Because $254,400,000 of the SNWA's 2005F bond issue and $21,350,000 of the LVVWD 2013A bond issue were used to defease maturities of this issue, the bond was retired in February 20, 2013. The interest rate for the issue was 5.00%.

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 the 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. $52,335,000 of the proceeds from the LVVWD 2011B and the LVVWD 2011C issues were used to partially refund selected payments of the SNWA 2005F issue. 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 the 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 the CRC 1994 series bonds, and $22,295,000 of the CRC 1999A series bonds. The CRC 2005I bonds mature annually on September 15 through 2029. Interest on these bonds is payable semiannually on March 15 and September 15. $10,305,000 of the proceeds from the LVVWD 2011B issue was used to partially refund selected payments of the CRC 2005I bonds. 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 the SNWA 2000 series bonds, and $63,795,000 of the 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. Interest on these bonds is payable semiannually on January 1 and July 1. $25,865,000 of the proceeds from the CRC 2010B issue and the LVVWD 2011B issue were used to partially refund selected payments of the CRC 2006D bonds. 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 the SNWA 2001 series bonds, and $97,455,000 of the SNWA 2002 series bonds. The issue also generated $392,810,379 of new money which was reserved for capital expenditures. Interest on these bonds is payable semiannually on May 1 and November 1. The SNWA 1106 bonds mature annually on November 1 through 2036. $61,340,000 of the proceeds from the SNWA 2009 refunding issue, the LVVWD 2011B issue and the LVVWD 2011C issue were used to partially refund selected payments of the SNWA 1106 bonds. 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 the 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 reserved to fund capital expenditures. The SNWA 2008 bonds mature annually on June 1 through 2038. Interest on these bonds is payable semiannually on December 1 and June 1. $37,845,000 of the proceeds from the SNWA 2009 refunding issue and the LVVWD 2011C issue were used to partially refund selected payment of the SNWA 2008 bonds. 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 the 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 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 reserved to fund capital expenditures. 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 the SNWA. On March 1, 2013, the Treasury Department lowered the refund to 31.955%. The interest rate net of this Federal participation was originally 4.67% and now stands at 4.89%.

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 reserved to fund capital expenditures. 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 Bonds

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 the SNWA on October 22, 2009. The obligation as represented by the bond is $2,214,457. Semi annual payments will be due on January 1 and July 1 with the final payment occurring on July 1, 2032. The bonds are interest free.

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 reserved to fund capital expenditures. The 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 the SNWA. On March 1, 2013, the Treasury Department lowered the refund to 31.955%. The interest rate net of this Federal participation was originally 4.64% and now stands at 4.86%.

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 the LVVWD 2003B bonds with the remaining proceeds reserved for capital expenditures. 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 the 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 were deposited into escrow to refund $51,930,000 of 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%.

LVVWD 2011B Refunding Bonds

These taxable general obligation bonds in the original amount of $129,650,000 were issued on October 19, 2011. The proceeds of the bond sale were used to partially refund coupons from the following five bond series – CRC 2005I, SNWA 2005F, CRC 2006D, SNWA 2006 Refunding and SNWA 1106. The LVVWD 2011B refunding bonds mature annually on June 1 through 2027. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 4.29%.

LVVWD 2011C Refunding Bonds

These general obligation bonds in the original amount of $267,815,000 were issued on October 19, 2011. The proceeds of the bond sale were used to partially refund coupons from the following five bond series – SNWA 2005F, SNWA 2001, SNWA 2002, SNWA 1106, and SNWA 2008—as well as fully refunding SNWA 2003B. The LVVWD 2011B refunding bonds mature annually on June 1 through 2038. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 3.90%.

SNWA 2012 Refunding Bonds

These general obligation bonds in the original amount of $85,015,000 were issued on June 20, 2012. The proceeds of the bond sale were used to completely refund the SNWA 2001 and the SNWA 2002 bonds. The SNWA 2012 bonds mature annually beginning June 1, 2013 and continue through June 1, 2032. Interest on these bonds is paid semiannually on June 1 and December 1. The interest rate is 3.88%.

LVVWD 2012B Bonds

These general obligation bonds in the original amount of $360,000,000 were issued on July 31, 2012. The proceeds of the bond sale were reserved for capital expenditures. The LVVWD 2012B bonds will mature annually beginning June 1, 2015 through 2042. Interest on these bonds is payable semiannually on December 1 and June 1. The interest rate is 3.93%.

The LVVWD 2012B bonds will add annual debt payment requirements of $23,610,500 at its peak. Over the life of the bond the issue will add $692,259,872 of additional debt payment requirements. In present value (economic gain) terms, this equates to about 10% more than the par value of the bonds ($399,178,313).

SNWA 2013A Refunding Bonds

These general obligation bonds in the original amount of $21,720,000 were issued on February 20, 2013. The proceeds of the bond sale were used to fully refund the SNWA 1998 bond. The SNWA 2013A refunding bonds have one principal payment scheduled for August 1, 2027. Interest on the bonds is payable semiannually on February 1 and August 1. The interest rate is 2.96%.

The SNWA 2013A bonds reduce annual debt payment requirements by $553,700 at its peak. Over the life of the bond, the issue will reduce total debt payment requirements by $7,143,725. In present value (economic gain) terms, this equates to a $5,460,824 million reduction in debt requirements.

The following schedules present changes in long-term debt issues for the years ending June 30, 2014 and 2013.

Outstanding Debt Activity, June 30, 2014

Debt Issue	Beginning Balance July 1, 2013	Additions	Retirements	Ending Balance June 30, 2014
Long-Term Debt				
SNWA-1	$ 5,318,736		$ (680,745)	$ 4,637,991
SNWA-2	5,094,549		(525,174)	4,569,375
Subtotal Notes Payable	10,413,285		(1,205,919)	9,207,366
SNWA 2005 F	173,520,000			173,520,000
CRC 2005 H	31,620,000			31,620,000
CRC 2005 I	47,755,000			47,755,000
SNWA 2006 Refund	210,210,000			210,210,000
CRC 2006 D	66,200,000			66,200,000
SNWA 1106	533,020,000			533,020,000
LVVWD 2008B	116,335,000			116,335,000
SNWA 2008	362,155,000			362,155,000
SNWA sub 2008	4,600,000		(460,000)	4,140,000
LVVWD 2009A	90,000,000			90,000,000
LVVWD 2009B	10,000,000		(350,000)	9,650,000
SNWA 2009 Refund	48,220,000		(1,865,000)	46,355,000
SNWA 2009 Water Revenue	2,087,917		(126,541)	1,961,376
LVVWD 2009C	348,115,000			348,115,000
LVVWD 2009D	69,185,000		(2,920,000)	66,265,000
CRC 2010B	7,405,000		(945,000)	6,460,000
LVVWD 2011A	58,110,000			58,110,000
LVVWD 2011B	129,650,000			129,650,000
LVVWD 2011C	258,995,000		(9,000,000)	249,995,000
SNWA 2012 Refunding	85,015,000			85,015,000
LVVWD 2012B	360,000,000			360,000,000
State 2013A	21,720,000			21,720,000
Subtotal Bonds Payable	3,033,917,917		(15,666,541)	3,018,251,376
Total Long-Term Debt Before Unamortized Discounts and Premiums	$ 3,044,331,202	$ -	$ (16,872,460)	3,027,458,742
Unamortized Discounts and Premiums				69,443,227
Net Debt				$ 3,096,901,969

Composition of Outstanding Debt, June 30, 2014

Debt Issue	Ending Balance	Current Portion	Long-Term Portion	Accrued Interest
Long-Term Debt				
SNWA-1	$ 4,637,991	$ 705,542	$ 3,932,449	$ 69,378
SNWA-2	4,569,375	543,501	4,025,874	65,511
Subtotal Notes Payable	9,207,366	1,249,043	7,958,323	134,889
SNWA 2005 F	173,520,000		173,520,000	711,148
CRC 2005 H	31,620,000		31,620,000	4,059
CRC 2005 I	47,755,000		47,755,000	665,297
SNWA 2006 Refund	210,210,000		210,210,000	803,809
CRC 2006 D	66,200,000		66,200,000	
SNWA 1106	533,020,000		533,020,000	3,928,891
LVVWD 2008B	116,335,000		116,335,000	460,978
SNWA 2008	362,155,000		362,155,000	1,484,242
SNWA sub 2008	4,140,000	460,000	3,680,000	2,106
LVVWD 2009A	90,000,000		90,000,000	523,770
LVVWD 2009B	9,650,000	365,000	9,285,000	37,649
SNWA 2009 Refund	46,355,000	1,960,000	44,395,000	189,980
SNWA 2009 Water Revenue	1,961,376	126,540	1,834,836	
LVVWD 2009C	348,115,000		348,115,000	2,021,196
LVVWD 2009D	66,265,000	3,070,000	63,195,000	271,126
CRC 2010B	6,460,000	980,000	5,480,000	19,565
LVVWD 2011A	58,110,000	100,000	58,010,000	221,783
LVVWD 2011B	129,650,000		129,650,000	432,547
LVVWD 2011C	249,995,000	9,385,000	240,610,000	1,007,595
SNWA 2012 Refunding	85,015,000		85,015,000	283,246
LVVWD 2012B	360,000,000	6,595,000	353,405,000	1,394,676
State 2013A	21,720,000		21,720,000	270,000
Subtotal Bonds Payable	3,018,251,376	23,041,540	2,995,209,836	14,733,663
Total Long-Term Debt Before Unamortized Discounts and Premiums	$ 3,027,458,742	$ 24,290,583	3,003,168,159	$ 14,868,552
Unamortized Discounts and Premiums			69,443,227	
Net Long-Term Portion			$ 3,072,611,386	

Outstanding Debt Activity, June 30, 2013

Debt Issue	Beginning Balance July 1, 2012	Additions	Retirements	Ending Balance June 30, 2013
Long-Term Debt				
SNWA-1	$ 5,975,555		$ (656,820)	$ 5,318,736
SNWA-2	5,602,013		(507,463)	5,094,549
Subtotal Notes Payable	11,577,568		(1,164,283)	10,413,285
SNWA 1998	21,350,000		(21,350,000)	
SNWA 2005 F	173,520,000			173,520,000
CRC 2005 H	31,620,000			31,620,000
CRC 2005 I	47,755,000			47,755,000
SNWA 2006 Refund	210,210,000			210,210,000
CRC 2006 D	66,200,000			66,200,000
SNWA 1106	533,020,000			533,020,000
LVVWD 2008B	116,335,000			116,335,000
SNWA 2008	362,155,000			362,155,000
SNWA sub 2008	5,060,000		(460,000)	4,600,000
LVVWD 2009A	90,000,000			90,000,000
LVVWD 2009B	10,000,000			10,000,000
SNWA 2009 Refund	50,000,000		(1,780,000)	48,220,000
SNWA 2009 Water Revenue	2,214,457		(126,540)	2,087,917
LVVWD 2009C	348,115,000			348,115,000
LVVWD 2009D	71,965,000		(2,780,000)	69,185,000
CRC 2010B	7,405,000			7,405,000
LVVWD 2011A	58,110,000			58,110,000
LVVWD 2011B	129,650,000			129,650,000
LVVWD 2011C	267,815,000		(8,820,000)	258,995,000
SNWA 2012 Refunding	85,015,000			85,015,000
LVVWD 2012B		$ 360,000,000		360,000,000
State 2013A	-	21,720,000		21,720,000
Subtotal Bonds Payable	2,687,514,457	381,720,000	(35,316,540)	3,033,917,917
Total Long-Term Debt Before Unamortized Discounts and Premiums	$ 2,699,092,025	$ 381,720,000	$ (36,480,823)	3,044,331,202
Unamortized Discounts and Premiums				73,223,306
Net Debt				$ 3,117,554,508

Composition of Outstanding Debt, June 30, 2013

Debt Issue	Ending Balance	Current Portion	Long-Term Portion	Accrued Interest
Long-Term Debt				
SNWA-1	$ 5,318,736	$ 680,745	$ 4,637,991	$ 79,561
SNWA-2	5,094,549	525,174	4,569,375	73,040
Subtotal Notes Payable	10,413,285	1,205,919	9,207,366	152,601
SNWA 1998				
SNWA 2005 F	173,520,000		173,520,000	711,148
CRC 2005 H	31,620,000		31,620,000	4,059
CRC 2005 I	47,755,000		47,755,000	665,297
SNWA 2006 Refund	210,210,000		210,210,000	803,809
CRC 2006 D	66,200,000		66,200,000	
SNWA 1106	533,020,000		533,020,000	3,928,891
LVVWD 2008B	116,335,000		116,335,000	460,978
SNWA 2008	362,155,000		362,155,000	1,484,242
SNWA sub 2008	4,600,000	460,000	4,140,000	2,340
LVVWD 2009A	90,000,000		90,000,000	523,771
LVVWD 2009B	10,000,000	350,000	9,650,000	38,796
SNWA 2009 Refund	48,220,000	1,865,000	46,355,000	197,623
SNWA 2009 Water Revenue	2,087,917	126,540	1,961,377	
LVVWD 2009C	348,115,000		348,115,000	2,021,196
LVVWD 2009D	69,185,000	2,920,000	66,265,000	283,093
CRC 2010B	7,405,000	945,000	6,460,000	22,427
LVVWD 2011A	58,110,000		58,110,000	221,783
LVVWD 2011B	129,650,000		129,650,000	432,547
LVVWD 2011C	258,995,000	9,000,000	249,995,000	1,039,563
SNWA 2012 Refunding	85,015,000		85,015,000	283,246
LVVWD 2012B	360,000,000		360,000,000	1,394,676
State 2013A	21,720,000		21,720,000	235,646
Subtotal Bonds Payable	3,033,917,917	15,666,540	3,018,251,377	14,755,131
Total Long-Term Debt Before Unamortized Discounts and Premiums	$ 3,044,331,202	$ 16,872,459	3,027,458,743	$ 14,907,732
Unamortized Discounts and Premiums			73,223,306	
Net Long-Term Portion			$ 3,100,682,049	

The SNWA total debt service (short-term and long-term) requirements to maturity are as follows:

Long-Term Debt Service Requirements

Fiscal Year Ending June 30	Principal	Interest [1]	Total
2015	$ 24,290,583	$ 152,086,105	$ 176,376,687
2016	84,045,252	151,251,293	235,296,545
2017	110,456,517	146,802,056	257,258,575
2018	115,564,439	141,680,152	257,244,590
2019	121,009,074	136,228,374	257,237,449
2020-2024	686,936,905	588,616,740	1,275,553,644
2025-2029	715,907,702	410,469,688	1,126,377,390
2030-2034	508,308,270	270,023,083	778,331,354
2035-2039	596,300,000	124,680,136	720,980,136
2040-2042	64,640,000	6,182,500	70,822,500
	3,027,458,742	$ 2,128,020,127	$ 5,155,478,869
Unamortized Discounts and Premiums[2]	69,443,227		
Total Debt Service	$ 3,096,901,969		

[1]Gross interest, not reduced by anticipated BAB Federal credits.

[2]Total debt service on the Statement of Net Position includes unamortized discounts and premiums. The balance in that account is shown here for consistency purposes.

NOTE 17. CAPITAL CONTRIBUTIONS

Income streams restricted for use in the SNWA's various capital programs are reported on the statement of revenues, expenses and changes in net position as capital contributions. Capital contributions received for the fiscal years ended June 30, 2014 and 2013 are shown on the following page.

Capital Contributions

Type	June 30, 2014	June 30, 2013
Regional Infrastructure Charge	$ 80,244,881	$ 79,114,278
Sales Tax	52,308,926	48,847,306
Regional Commodity Charge	43,425,961	40,991,496
Regional Connection Charge [1]	44,819,669	22,915,416
Contributed Capital - Cash and Equivalents	7,350,111	6,878,221
Regional Reliability Charge	4,783,683	4,649,642
Purveyor Member Debt Service Billings	2,511,106	2,522,698
Southern NV Public Lands	2,394,699	
Total Capital Contributions	$ 237,839,036	$ 205,919,057

1 Adjusted by Pending Regional Connection Charge Refund Contingency. See Note 13.

Capital contributions presented in the Statement of Cash Flows differ somewhat from the amounts above because of accruals and use of some contributed capital for operating expenses. The differences in capital contributions for the fiscal years ended June 30, 2014 and 2013 were as follows:

Reconciliation Of Capital Contributions

Type	June 30, 2014	June 30, 2013
Capital Contributions per Income Statement	$ 237,839,036	$ 205,919,057
Operating Expenses Paid By Contributed Capital	(9,744,788)	(11,886,752)
Net Prior and Current Year Sales Tax Receivables	(1,219,076)	(652,680)
Net Prior and Current Year Sales Tax Payable To Rurals	469,966	(2,143,516)
Net Prior and Current Year Connection,Commodity, and Reliability Receivables	(2,149,220)	(241,091)
Net Prior and Current Year Title XVI Fund Disbursement	(4,917,484)	
Capital Contributions Per Statement of Cash Flows	$ 220,278,434	$ 190,995,018

Boulder City and Nellis Air Force Base Interlocal Agreements

In addition to the revenues shown above, the SNWA currently holds interlocal agreements with the City of Boulder City and Nellis Air Force Base. Neither of these SNWA members collects regional connection charges, regional commodity charges, regional reliability surcharges or regional infrastructure charges which help pay for many SNWA capital projects including the current Lake Mead Intake No. 3 project. Both the City of Boulder City and Nellis Air Force Base realize that the construction of the intake will provide additional reliability of water resources for their areas and have therefore agreed to pay for a portion of the construction cost through annual payments to the SNWA. Payments from the interlocal agreements are in lieu of the regional charges mentioned above and will be classified as capital contributions when received in compliance with the American Institute of Certified Public Accountants audit and accounting guide, *State and Local Governments* 6.79.

NOTE 18. RISK MANAGEMENT

The SNWA is exposed to a variety of risks that may result in losses. These risks include possible losses related to torts; theft of, damage, or destruction of assets; extra expense; errors and omissions; job-related illnesses or injuries to employees; product liability claims; and natural disasters. The SNWA manages these risks through a multifaceted approach, which includes transfer, elimination, avoidance, reduction, and/or assumption of risk of loss.

The 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 $100 million and $50 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. The SNWA self-insures the first $1 million for automobile and general liability exposure and purchases excess liability insurance in the amount of $30 million. Employee fidelity insurance in the amount of $3 million and other miscellaneous coverage are also purchased. For the fiscal year ended June 30, 2014, the SNWA had no significant reductions in insurance coverage from the prior fiscal year.

In contracts, the SNWA obtains indemnification and hold harmless agreements. These agreements require that contractors name the 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. The SNWA provides builders risk insurance for all construction projects with a blanket limit of $500 million per contract, with a $50,000 deductible per occurrence, except earthquake and flood where the deductible is $500,000 per occurrence. This coverage is included under the property insurance policy. The SNWA purchased a separate Builders Risk policy to insure the Lake Mead Intake No. 3 project during construction. The limit on this policy is $580 million with deductibles of $1 million for all underground works losses and earthquakes, $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 $580 million and a deductible of $100,000.

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. As of June 30, 2014, the SNWA has no significant retained risks and therefore has no accrued liability for retained risks. 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, 2014, the SNWA has no significant retained risks and therefore has no accrued liability for retained risks.

NOTE 19. JOINT VENTURE

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

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

As appropriate projects are selected for development, the Members involved in each project enter into a project service agreement 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 20. SUBSEQUENT EVENTS

Management has evaluated subsequent events between July 1, 2014 and the date the basic financial statements were available to be issued and did not identify events that require disclosure.

FINANCIAL
SECTION

- **Independent Auditors' Report on Financial Statements and Supplementary Information**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Directors
Las Vegas Valley Water District
Las Vegas, Nevada

We have audited the accompanying financial statements of the Las Vegas Valley Water District (the District), a component unit of Clark County, Nevada, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of and for the years ended June 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and postemployment benefits other than pensions, schedule of funding progress on pages 13-19 and 57-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audits were conducted for the purpose of forming our opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, on our consideration of the District'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* in considering the District's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
November 13, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

We offer readers this narrative overview and analysis of the Las Vegas Valley Water District's (District) financial activities for the fiscal years ended June 30, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with our audited basic financial statements and additional information furnished in our letter of transmittal, which can be found on pages 1-8 of this report.

Fiscal Year 2014 Financial Highlights

- Operating income before depreciation in fiscal year 2014 decreased to $86.0 million from $90.1 million in fiscal year 2013, a decrease of $4.1 million or 4.5%. Net loss decreased from $13.1 million in fiscal year 2013 to $6.1 million in fiscal year 2014, an improvement of $7.0 million or 53.1%. A more detailed explanation of the changes in operating income before depreciation and net loss can be found in the Fiscal Year 2014 Summary included in this Management's Discussion and Analysis.

- Unrestricted net position increased $25.9 million or 18.7% to $164.0 million in fiscal year 2014 from $138.1 million in fiscal year 2013 following a $32.0 million decrease in net position invested in capital assets, net of related debt and the $6.1 million loss.

- Net capital assets decreased $41.5 million or 2.3% to $1,733.1 million in fiscal year 2014 from $1,774.6 million in fiscal year 2013 because net increase in accumulated depreciation ($74.0 million) exceeded net increase in acquisition and construction of capital assets ($32.5 million). With modest economic growth, the District has deferred a number of capital projects.

- Unrestricted cash/investments increased $30.2 million or 20.7% to $175.9 million in fiscal year 2014 from $145.7 million in fiscal year 2013. Net cash flow from operations, investment earnings, and capital contributions continue to exceed disbursements for acquisition and construction of capital assets and debt service.

Overview of financial statements. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) a proprietary (enterprise) fund, 2) a fiduciary pension trust fund, and 3) notes to the basic financial statements. This report also contains supplementary and statistical information in addition to the basic financial statements.

Fund financial statements. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for specific activities or objectives. The District maintains two types of funds: a proprietary fund and a fiduciary pension trust fund.

Proprietary fund. The proprietary fund reports all of the District's operations, except pension activity. The operations are reported similar to a private-sector business enterprise. There are three components presented in the basic financial statements: 1) comparative statements of net position, 2) comparative statements of revenues, expenditures and changes in net position, and 3) comparative statements of cash flows. These can be found on pages 20-23 of this report.

The comparative statements of net position present the District's assets and liabilities, with the difference reported as "net position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The comparative statements of revenues, expenses and changes in net position outline how the District's net position has changed over time. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

The statements of cash flows are the third basic financial statement for the proprietary fund. The primary purpose of the statements of cash flows is to provide relevant information about the District's cash receipts and cash payments; these are segregated among operating, capital and related financing, and investing activities.

Fiduciary pension trust fund. The fiduciary pension trust fund accounts for the assets, liabilities and changes in net assets of the District's defined benefit pension plan. The fiduciary fund is not reflected in the proprietary fund financial statement because fiduciary fund resources are not available to support District operations. The fiduciary pension trust fund is accounted for in essentially the same manner as the proprietary fund. The fiduciary pension trust fund financial statements can be found on pages 24-25 of this report.

A more detailed description of the plan, including additional details regarding benefits, calculations of average monthly compensation, the vesting schedule for benefits, the valuation date, actuarial cost method, asset valuation method (including the use of smoothing techniques) and other significant and other assumptions for the fiscal year ended June 30, 2014 can be found in Note 16 and in the Required Supplementary Information in the audited financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the District's basic financial statements. The notes to the basic financial statements can be found on pages 26-56 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report includes required supplementary information describing the District's contributions to, and funding progress of, the pension plan for District employees. Also included is a schedule of funding progress for the District's postemployment benefits other than pensions. Required supplementary information can be found on pages 57-60 of this report.

Financial position. As noted earlier, the value remaining after the subtraction of the liabilities from the assets is net position that over time may serve as a useful indicator of financial condition. The following schedule provides an overview of the District's financial position for the fiscal years ended June 30, 2014, 2013 and 2012.

CONDENSED COMPARATIVE STATEMENTS OF NET POSITION
PROPRIETARY (ENTERPRISE) FUND
(IN THOUSANDS)

	June 30		
	2014	2013	2012
ASSETS			
Current and Other Assets	$ 2,180,685	$ 2,183,711	$ 1,833,880
Capital Assets, Net	1,733,115	1,774,567	1,809,482
Total Assets	3,913,800	3,958,278	3,643,362
DEFERRED OUTFLOW OF RESOURCES	8,619	9,365	10,219
Total Assets and Deferred Outflow of Resources	$ 3,922,419	$ 3,967,643	$ 3,653,581
LIABILITIES			
Current Liabilities	$ 593,714	$ 584,145	$ 577,141
Noncurrent Liabilities	2,279,874	2,328,470	2,009,225
Total Liabilities	2,873,588	2,912,615	2,586,366
DEFERRED INFLOW OF RESOURCES	870	918	-
NET POSITION			
Invested in Capital Assets, Net of Related Debt	873,306	905,312	932,362
Restricted for Debt Service/Capital Projects	10,689	10,697	12,688
Unrestricted	163,966	138,101	122,165
Total Net Position	1,047,961	1,054,110	1,067,215
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 3,922,419	$ 3,967,643	$ 3,653,581

Most of the District's net position is in capital assets. Capital assets are extended and improved as needed to provide continuous and reliable water service while meeting the demands of growth. The District's investment in capital assets, net of related debt, decreased from 86% to 83% of total net position in the current fiscal year and from 87% to 86% in the prior fiscal year. The decreases are due to depreciation expense exceeding reduced capital contributions and capital expenditures.

For the current and prior fiscal year, $10.7 million of the District's net position was restricted for bond debt service and capital projects. Bond debt service funds are restricted by bond covenants while sales tax revenue is restricted by enabling legislation for use related to capital projects. The remaining balance of net position is unrestricted and may be used for asset addition and replacement, debt retirement and other obligations.

The District maintains positive balances in all three components of net position and remains in a healthy financial condition.

CONDENSED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY (ENTERPRISE) FUND (IN THOUSANDS)

	Years Ended June 30		
	2014	2013	2012
Operating Revenues:			
Water Sales	$ 333,852	$ 332,465	$ 333,603
Other	5,096	3,967	2,794
Total Operating Revenues	338,948	336,432	336,397
Non-Operating Revenues			
Interest and Investment Revenue	1,476	492	794
Other	-	-	594
Total Revenues Excluding Capital and Other Contributions	340,424	336,924	337,785
Operating Expenses:			
Purchased Water	84,985	83,290	83,464
Purchased Energy	9,719	10,005	10,279
Operation and Maintenance	158,264	153,063	160,066
Total Operating Expenses	252,968	246,358	253,809
Non-Operating Expenses			
Interest Expense	36,423	36,459	39,625
Other	3,063	3,909	-
Total Non-Operating Expenses	39,486	40,368	39,625
Depreciation Expense	84,814	83,495	85,072
Total Expenses	377,268	370, 221	378,506
Loss Before Contributions	(36,844)	(33,297)	(40,721)
Capital and Other Contributions	30,696	20,192	16,489
Net Loss	(6,148)	(13,105)	(24,232)
Net position, Beginning of the Year	1,054,110	1,067,215	1,091,447
Net position, End of the Year	$ 1,047,962	$ 1,054,110	$ 1,067,215

Results of operations

Fiscal Year 2014 Summary

Total operating revenues were flat in fiscal year 2014 compared to fiscal year 2013. Total operating revenues increased slightly to $338.9 million in fiscal year 2014 from $336.4 million in fiscal year 2013, an increase of $2.5 million or 0.7%. Water sales revenue and water consumption were essentially flat in fiscal year 2014 compared to fiscal year 2013. Water sales revenue slightly increased to $333.9 million in fiscal year 2014 from $332.5 million in fiscal year 2013, an increase of $1.4 million or 0.4%. Water consumption was 102.3 million gallons in fiscal year 2014 compared to 101.9 million gallons in fiscal year 2013, an increase of 0.4 million gallons or 0.4%. The number of active accounts increased to 367,000 at June 30, 2014 from 360,000 at June 30, 2013, an increase of 7,000 active accounts or 2.0%. Since water rates are variable based upon usage, it is possible for active accounts, usage and revenues to increase at different rates. As the economy in Southern Nevada continues to improve, inspection/application fees increased to $2.8 million in fiscal year 2014 from $1.6 million in fiscal year 2013, an increase of $1.2 million or 79.9%. Although still significantly below the inspection/application fees collected in the mid-2000s, fiscal year 2014 inspection/application fees were the most collected since fiscal year 2007. Operating revenues at the Springs Preserve were the highest since opening in June 2007, increasing to $2.3 million in fiscal year 2014 from $2.1 million in fiscal year 2013, an increase of $0.2 million or 9.7%.

Total operating expenses increased to $253.0 million in fiscal year 2014 from $246.4 million in fiscal year 2013, an increase of $6.6 million or 2.7%. Purchased water expense increased to $85.0 million in fiscal year 2014 from $83.3 million in fiscal year 2013, an increase of $1.7 million or 2.0%. This increase was primarily due to an increase in the wholesale delivery charge paid to the Southern Nevada Water Authority (SNWA) to $303 per acre foot of water delivered in fiscal year 2014 from $293 per acre foot of water delivered in fiscal year 2013. Operation and maintenance expense increased to $158.3 million in fiscal year 2014 from $153.1 million in fiscal year 2013, an increase of $5.2 million or 3.4%. This increase was primarily due to expensing $5.1 million in design fees for reservoir and pumping station projects that are no longer necessary due to the slowdown in growth in Southern Nevada.

Depreciation expense increased by $1.3 million or 1.6% to $84.8 million in fiscal year 2014, from $83.5 million in fiscal year 2013.

Capital contributions increased by $10.5 million or 52.0% to $30.7 million in fiscal year 2014 from $20.2 million in fiscal year 2013. This is primarily due to an increase in facilities connection fees which increased by $4.2 million to $11.1 million in fiscal year 2014 from $6.9 million in fiscal year 2013 and an increase in donated mains and services which increased by $4.8 million to $13.7 million in fiscal year 2014 from $8.9 million in fiscal year 2013.

Net loss decreased by $7.0 million or 53.1% to $6.1 million in fiscal year 2014 from $13.1 million in fiscal year 2013 primarily due to the above explanations.

Fiscal Year 2013 Summary

Total operating revenues were flat in fiscal year 2013 compared to fiscal year 2012. Total operating revenues were $336.4 million in both fiscal years 2013 and fiscal year 2012. Water sales revenue and water consumption were essentially flat in fiscal year 2013 compared to fiscal year 2012. Water sales revenue decreased to $332.5 million in fiscal year 2013 from $333.6 million in fiscal year 2012, a decrease of $1.1 million or 0.3%. Water consumption was 101.9 million gallons in fiscal year 2013 compared to 101.6 million gallons in fiscal year 2012, an increase of 0.3 million gallons or 0.3%. The number of active accounts increased to 360,000 at June 30, 2013 from 356,000 at June 30, 2012, an increase of 4,000 active accounts or 1.1%. Since water rates are variable based upon usage, it is possible for active accounts and usage to increase while revenues decrease. Inspection/application fees increased to $1.6 million in fiscal

year 2013 from $0.9 million in fiscal year 2012, an increase of $0.7 million or 70.6%. Operating revenues at the Springs Preserve increased to $2.1 million in fiscal year 2013 from $1.9 million in fiscal year 2012, an increase of $0.2 million or 10.7%.

Total operating expenses decreased to $246.4 million in fiscal year 2013 from $253.8 million in fiscal year 2012, a decrease of $7.5 million or 2.9%. Operation and maintenance expense decreased to $153.1 million in fiscal year 2013 from $160.1 million in fiscal year 2012, a decrease of $7.0 million or 4.4%. The decrease in operation and maintenance expense was due primarily to a decrease in materials and supplies of approximately $5.1 million and a decrease in professional services of approximately $1.5 million.

Depreciation expense decreased by $1.6 million or 1.9% to $83.5 million in fiscal year 2013 from $85.1 million in fiscal year 2012.

Interest expense decreased by $3.2 million or 8.0% to $36.4 million in fiscal year 2013 from $39.6 million in fiscal year 2012. The District's 2006B and 2006C bonds currently bear interest at a daily rate and interest expense for these bonds decreased by $1.5 million in fiscal year 2013 compared to fiscal year 2012. Interest expense also decreased because principal payments reduced long-term debt in fiscal year 2013 compared to fiscal year 2012.

Other non-operating revenues (expenses) decreased by $4.5 million from $0.6 million in fiscal year 2012 to ($3.9 million) in fiscal year 2013. This is primarily due to a loss on retirement of capital assets due to the replacement of water meters and automatic meter reader devices.

Capital contributions increased by $3.7 million or 22.5% to $20.2 million in fiscal year 2013 from $16.5 million in fiscal year 2012. This is primarily due to an increase in facilities connection fees which increased by $4.2 million to $6.9 million in fiscal year 2013 from $2.7 million in fiscal year 2012.

Net loss decreased by $11.1 million or 45.9% to $13.1 million in fiscal year 2013 from $24.2 million in fiscal year 2012 primarily due to the above explanations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets on June 30, 2014 was $1.7 billion (net of accumulated depreciation). Capital asset investments include land, collecting and impounding reservoirs, pumping stations and equipment, transmission and distribution mains, service pipes from the distribution mains to customer meters, and transportation and office equipment. Additional information on the types and values of the District's capital assets can be found in Notes 1 and 2 to the basic financial statements of this report.

The District's ongoing Major Construction Program (MCP) is funded with bond proceeds and consists of new pumping stations, reservoirs and wells, land acquisition, new water pipelines and recycled water distribution system facilities. Total MCP expenditures in fiscal year 2014 were $19.5 million, net of current and prior period reimbursements. Approximately $0.2 million of this amount is expected to be reimbursed from grant proceeds. Total contract commitments were $9.2 million at June 30, 2014.

Significant MCP expenditures during the current fiscal year include the following:

- On December 7, 2010, Contract No. 1340 was added to the MCP for Large Diameter Asbestos Cement Pipe Replacement/Rehabilitation. Bond fund expenditures in fiscal year 2014 were $1.8 million. There were no contract commitments at June 30, 2014.

- On July 1, 2001, Project No. G0010 was added to the MCP for Service Line Replacements. Bond fund expenditures in fiscal year 2014 were $2.4 million. There were no contract commitments at June 30, 2014.

- On November 7, 2012, Project No. G0720 was added to the MCP for the Automatic Meter Reading/Meter Replacement Program. Bond fund expenditures in fiscal year 2014 were $16.5 million. Contract commitments at June 30, 2014 were $7.0 million.

Long-term debt. At the end of fiscal year 2014, the District had total bond debt outstanding of $2.3 billion, $1.4 billion of which is secured by pledged revenue of the SNWA that does not affect the District's financial position. All but $1.5 million of the debt is general obligation debt. The District issued a $2.5 million Subordinate Lien Revenue Clean Renewable Energy Bond (CREB) in fiscal year 2009, which is a tax-credit bond in which the holder realizes a tax-credit in lieu of or in addition to an interest payment.

As of June 30, 2014, Moody's rates the District's general obligation bonds, including advanced refunded bonds in escrow, Aa2 and Standard & Poor's rates them AA+. No rating was requested on the $2.5 million CREB revenue bond.

See Note 4, Long-Term Debt, for more information on long-term debt.

Economic factors and next year's budget. The Southern Nevada economy continued to experience a modest recovery during fiscal year 2014. New service applications increased to 3,902 applications in calendar year 2013, from 1,551 applications in calendar year 2012. The number of active customer accounts increased by 7,357 accounts or 2.0% to 367,482 active accounts as of June 30, 2014 from 360,125 active accounts as of June 30, 2013. The District projects continued modest growth for fiscal year 2015.

To ensure water supplies remain available, the District, SNWA and its other member agencies have implemented a number of initiatives. These efforts include water-conservation programs, securing additional water resources and banking unused resources. Water conservation efforts have been particularly effective. Over the last 10 years, the District's average monthly water use for residential single-services declined by 23%.

Over the last 12 years, the Colorado River Basin has experienced one of the worst droughts on record, which has affected Lake Powell's and Lake Mead's reservoir levels. As of September 23, 2014, reservoir storage levels at Lake Powell and Lake Mead were at 51% and 39% of capacity, respectively. Lake Mead's surface elevation was down approximately 135 feet from its pre-drought conditions. Because of the "Y" shape of Lake Mead, this results in a 60% reduction in water levels over the indicated time period. While Lake Mead's surface elevation is above the SNWA's two intakes, the SNWA is currently constructing a third intake to ensure continual access to its Colorado River allocation as lake levels fall. Should the drought continue and reservoir levels continue to decline, the Lower Basin States (including Nevada) could see their basic apportionment of the Colorado River water curtailed in future years. This shortage condition is the worst-case scenario on the river.

Because of the economic downturn, the District implemented a number of cost-reduction initiatives, including capital project deferrals. However, some system improvements are necessary. Next year's budget projects $47 million in capital expenditures which includes rehabilitation of the Fayle Reservoir. This facility was built in 1968 and placed in service in 1971. The reservoir will be structurally rehabilitated to meet current standards. Also included in next year's budget is the continuation of the replacement of water meters and automatic meter reader devices project.

Requests for information. This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Office of the Chief Financial Officer, Las Vegas Valley Water District, 1001 South Valley View Blvd, Las Vegas, NV 89153 (telephone number 702-258-3106). This report is also available on our Website: http://www.lvvwd.com/about/financial_cafr.html.

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF NET POSITION
PROPRIETARY (ENTERPRISE) FUND
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	$ 92,010,758	$ 104,719,688
Investments	83,889,930	40,972,332
Interest receivable	285,512	286,204
Accounts receivable, net of allowance for doubtful accounts	63,359,731	68,011,993
Inventories and prepaid expenses	19,013,023	18,709,178
Restricted assets:		
Cash and cash equivalents	11,792,703	12,331,699
Investments	71,432,213	87,942,372
Due from related party	425,945,180	418,786,798
Total current assets	767,729,050	751,760,264
NONCURRENT ASSETS		
Other assets	60,025	96,089
Due from related party, unrestricted	4,291,267	3,734,823
Due from related party, restricted	1,408,605,000	1,428,120,000
Total noncurrent assets, excluding capital assets	1,412,956,292	1,431,950,912
Capital assets:		
Property and equipment	2,838,570,317	2,799,303,040
Less accumulated depreciation	(1,123,285,125)	(1,049,256,903)
	1,715,285,192	1,750,046,137
Construction in progress	17,830,071	24,520,826
Total capital assets, net	1,733,115,263	1,774,566,963
Total noncurrent assets	3,146,071,555	3,206,517,875
TOTAL ASSETS	3,913,800,605	3,958,278,139
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount from bond refundings	8,618,707	9,364,566
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 3,922,419,312	$ 3,967,642,705

(Continued)

The accompanying notes are an integral part of these basic financial statements.

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF NET POSITION
PROPRIETARY (ENTERPRISE) FUND
JUNE 30, 2014 AND 2013
(Continued)

	2014	2013
LIABILITIES AND NET POSTION		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities	$ 61,824,534	$ 58,606,245
Service installation deposits	681,992	683,542
Customer advances for construction	5,518,025	5,682,961
Payroll and related liabilities	31,795,682	32,585,072
Current portion of bonds payable	28,618,000	27,313,000
Current portion of bonds payable, related party	19,515,000	12,270,000
Commercial paper payable, related party	400,000,000	400,000,000
Accrued bond interest	6,939,767	7,132,850
Accrued debt interest, related party	6,430,180	6,516,798
Construction contracts payable	377,530	326,822
Customer guarantee deposits	21,517,656	20,196,202
Agency account	1,929,863	2,495,387
Advance from related party	8,565,648	10,335,437
Total current liabilities	593,713,877	584,144,316
NONCURRENT LIABILITIES		
Liability for postemployment benefits other than pension	13,726,324	11,956,155
Unearned revenue	1,876,401	1,916,139
Bonds payable, net of current portion	855,666,516	886,478,068
Bonds payable, related party, net of current portion	1,408,605,000	1,428,120,000
Total noncurrent liabilities	2,279,874,241	2,328,470,362
TOTAL LIABILITIES	2,873,588,118	2,912,614,678
DEFERRED INFLOW OF RESOURCES		
Deferred amount from bond refundings	869,675	918,215
NET POSITION		
Invested in capital assets, net of related debt	873,306,116	905,312,138
Restricted for debt service	10,570,973	10,590,857
Restricted for capital projects	118,714	106,143
Unrestricted	163,965,716	138,100,674
TOTAL NET POSITION	1,047,961,519	1,054,109,812
TOTAL LIABILITIES AND NET POSITION	$ 3,922,419,312	$ 3,967,642,705

The accompanying notes are an integral part of these basic financial statements.

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY (ENTERPRISE) FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES		
Water sales	$ 333,851,405	$ 332,465,011
Recharged water sales	-	317,254
Inspection/application fees	2,811,054	1,562,178
Springs Preserve	2,254,947	2,056,183
Other	30,113	31,527
Total operating revenues	338,947,519	336,432,153
OPERATING EXPENSES		
Purchased water	84,985,143	83,290,163
Purchased energy	9,718,597	10,005,417
Operation and maintenance	158,264,499	153,062,894
Total operating expenses	252,968,239	246,358,474
OPERATING INCOME BEFORE DEPRECIATION EXPENSE	85,979,280	90,073,679
Depreciation expense	(84,814,023)	(83,495,332)
OPERATING INCOME	1,165,257	6,578,347
NON-OPERATING REVENUES (EXPENSES)		
Interest expense	(36,422,644)	(36,458,533)
Interest and investment revenue, unrestricted	1,094,644	256,072
Interest and investment revenue, restricted	381,689	235,726
Other	(3,063,090)	(3,908,783)
Total non-operating revenues (expenses)	(38,009,401)	(39,875,518)
LOSS BEFORE CONTRIBUTIONS	(36,844,144)	(33,297,171)
Capital contributions	30,695,851	20,191,789
NET LOSS	(6,148,293)	(13,105,382)
NET POSITION, BEGINNING OF THE YEAR	1,054,109,812	1,067,215,194
NET POSITION, END OF THE YEAR	$ 1,047,961,519	$ 1,054,109,812

The accompanying notes are an integral part of these basic financial statements.

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY (ENTERPRISE) FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 343,870,722	$ 338,309,608
Cash payments to suppliers for goods and services	(122,747,618)	(121,131,431)
Cash payments for salaries and benefits	(128,089,881)	(120,955,763)
Other cash receipts	1,259,102	1,313,711
Other cash payments	(5,698)	(5,186)
Net cash provided by operating activities	94,286,627	97,530,939
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(38,958,391)	(45,972,218)
Capital contributed for construction	19,617,325	11,762,015
Proceeds from sale of property and equipment	256,590	143,312
Proceeds of bond sale	-	88,049
Bond issue costs	-	(92,956)
Principal paid on bonds	(27,313,000)	(28,755,640)
Interest paid	(37,230,070)	(38,503,991)
Interest rebate	1,387,138	1,465,228
Construction deposits	(166,486)	(62,534)
Net cash used in capital and related financing activities	(82,406,894)	(99,928,735)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(122,201,302)	(347,577,426)
Proceeds from sales and redemptions of investment securities	94,460,376	385,987,937
Interest income on investments	2,613,267	2,260,037
Net cash provided by (used in) investing activities	(25,127,659)	40,670,548
NET INCREASE (DECREASE) IN CASH	(13,247,926)	38,272,752
CASH AT BEGINNING OF YEAR	117,051,387	78,778,635
UNRESTRICTED CASH, END OF YEAR	92,010,758	104,719,688
RESTRICTED CASH, END OF YEAR	11,792,703	12,331,699
TOTAL CASH AT END OF YEAR	$ 103,803,461	$ 117,051,387
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME	$ 1,165,257	$ 6,578,347
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation Expense	84,814,023	83,495,332
Changes in assets and liabilities:		
Decrease in accounts receivable	4,218,887	739,793
(Increase) in inventories and prepaid expenses	(303,845)	(1,879,244)
Increase in accounts payable for operations	2,019,661	3,925,742
Increase in payroll and other accrued liabilities	1,180,265	3,424,883
(Decrease) in unearned revenue for operations	(30,912)	(30,912)
Other	1,223,291	1,276,998
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 94,286,627	$ 97,530,939
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital asset contributions	$ 11,078,526	$ 8,429,774
Change in fair value of investments	(1,333,487)	(887,993)
Bond issuance costs deducted from bond proceeds	-	(87,099)
Refunding bonds issued plus premium	-	44,492,989
Bonds refunded plus premium	-	(45,429,138)
Deferred gain (loss) on refunded bonds	-	958,656
Debt issued on behalf of related party	-	360,000,000

The accompanying notes are an integral part of these basic financial statements.

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUND
AS OF JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and Cash Equivalents:		
Money market funds	$ 1,200,357	$ 372,888
Investments at contract value:		
Insurance account and contracts	1,941,614	5,827,450
Investments at fair value:		
Domestic equity funds	151,247,407	127,785,089
Domestic bond funds	71,141,978	49,991,990
International equity fund	39,993,901	29,959,405
Global REIT	8,343,261	-
	270,726,547	207,736,484
Total investments	273,868,518	213,936,822
Accrued interest receivable	7,641	61,256
Total assets	$ 273,876,159	$ 213,998,078
NET POSITION		
Held in trust for pension benefits	$ 273,876,159	$ 213,998,078

The accompanying notes are an integral part of these basic financial statements.

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
ADDITIONS		
Employer contributions	$ 30,700,443	$ 29,058,894
Employee contributions	599,685	294,948
Total contributions	31,300,128	29,353,842
Investment earnings:		
Interest	124,379	541,231
Net change in fair value of investments	37,874,587	18,625,417
Total investment earnings	37,998,966	19,166,648
Less investment expense	(105,426)	(131,615)
Net investment earnings	37,893,540	19,035,033
Total additions	69,193,668	48,388,875
DEDUCTIONS		
Administrative and general	277,319	270,427
Benefits	9,038,268	26,101,849
Total deductions	9,315,587	26,372,276
Net increase	59,878,081	22,016,599
NET POSITION		
Beginning of year	213,998,078	191,981,479
End of year	$ 273,876,159	$ 213,998,078

The accompanying notes are an integral part of these basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Las Vegas Valley Water District (District) are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as defined by the Governmental Accounting Standards Board (GASB), the independent and ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The significant accounting and reporting policies for the District are discussed below.

Reporting Entity

The District is a quasi-municipal corporation created 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. Because the Clark County Board of Commissioners serves as the District's Board of Directors (Board), the District is included as a blended component unit within the Clark County Comprehensive Annual Financial Report. A component unit can be a legally separate organization for which the elected officials of the primary government are financially accountable. For purposes of these financial statements, the District is the reporting entity.

Fund Accounting

The District's financial report presents the activities of the District on a fund basis. In governmental accounting, a fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. The District uses two types of funds: a proprietary (enterprise) fund and a fiduciary (pension trust) fund.

Proprietary (Enterprise) Fund

Except for pension activity, the proprietary (enterprise) fund accounts for all of the District's operations, similar to a commercial enterprise, using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded when a liability is incurred. The District adheres to all applicable financial accounting and reporting standards of the GASB. Private-sector standards of accounting and financial reporting are also followed to the extent that those standards were issued prior to December 1, 1989 and do not conflict with those of the GASB. The intent of the District is to establish water rates sufficient to provide for payment of general operations and maintenance expenses, as well as required debt service. Typically, unrestricted resources are used first for all expenditures, followed by reimbursement from restricted resources when appropriate. When both restricted and unrestricted resources are available for the same expenditure, restricted resources are generally used first.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues include revenues derived from water sales, water related activities and the Springs Preserve. Operating expenses include all expenses applicable to the furnishing of these services. Non-operating revenues and expenses include revenues and expenses not associated with the District's normal business of supplying water or with the Springs Preserve.

Included in operating revenues are regional connection fees, regional commodity charges and surcharges. These regional revenues are offset in operating expenses by equivalent contributions to the Southern Nevada Water Authority (SNWA), a related party.

To avoid a "grossing-up" effect on operating revenues and operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position, revenue collected for the SNWA is offset against the related remittances to the SNWA. Any remaining balance is classified as an operating expense and adjusted in a following period.

Operating revenues do not include discounts and allowances. Operating expenses (and work-in-progress accounts) include allocations for indirect costs. These indirect costs include payroll taxes and employee benefits, which are initially charged to administrative and general expense accounts, but reported only by the accounts to which they are allocated. Depreciation expense is reported separately from operating expenses, but it is a subcategory of operating expenses.

Non-operating revenues and expenses include interest and investment income and expense, and other peripheral activities. Although capital contributions, as well as extraordinary items, if any, are shown separately, they are subcategories of non-operating revenues and expenses.

Fiduciary Pension Trust Fund and Pension Account

The fiduciary pension trust fund accounts for the assets, liabilities, and changes in net position of the District's defined benefit pension plan in accordance with GASB Statements No. 27, 50, and 67. The fiduciary pension trust fund is accounted for in essentially the same manner as the proprietary (enterprise) fund using the same measurement focus and basis of accounting.

Retiree benefits not accounted for in the fiduciary pension trust fund were purchased through annuity contracts funded in a contractual allocated Pension Account with an insurance company through December 31, 2013. Beginning January 1, 2014, retiree benefits are paid by the fiduciary pension trust fund account by a large multi-national bank and are accounted for in the fiduciary pension trust fund. The assets and liabilities of the Pension Account are not recorded on the District's books.

Postemployment Benefits Other Than Pensions (OPEB)

Effective July 1, 2007, the District implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The requirements of Statement No. 45 for OPEB reflect the same overall measurement, recognition, and financial reporting as required by the GASB for the Fiduciary Pension Trust Fund (see above); however, the OPEB plan is administered by the District and not by a trust or equivalent arrangement.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand and interest-bearing bank deposits. No investments are considered cash equivalents regardless of liquidity or maturity. Beginning in December 2009 and at the request of the SNWA, the District deposited SNWA funds into the District's interest-bearing checking account. The funds are readily available to the SNWA and are collateralized. Until the investment market provides better investing opportunities, the SNWA and the District intend to continue this arrangement. As of June 30, 2014, the total carrying amount of District cash on hand and on deposit was $103,803,461. Bank balances were $116,353,786 consisting of $100,489,226 for the District and $15,864,560 for the SNWA. The District and the SNWA often carry cash and cash equivalents on deposit with a financial institution in excess of federally-insured limits. The financial institution pledges sufficient collateral with the Nevada State Treasurer for all amounts which exceed the applicable FDIC insurance. The financial institution pledges only AAA rated securities to secure the deposits.

Investments, with the exception of certain pension investments, are reported at fair value and consist of bank certificates of deposit, U.S. Government sponsored agency obligations, and municipal bonds. Pension assets (Note 16) are comprised of equity and bond funds, a global real estate investment trust (REIT), insurance contracts, pooled accounts, and money market accounts. The equity and bond funds, global REIT and the

money market accounts are stated at fair value, measured by underlying market value as reported by the managing institutions. Investments in the insurance contracts and pooled accounts are stated at contract value as determined by insurance companies according to the terms of the contracts. Excluded from pension assets are annuities purchased for retired employees or their beneficiaries from an insurance company rated A++ by the A.M. Best rating company.

Recharged Water

On January 1, 1993, the District and other purveyor members of the SNWA entered into a cooperative agreement for the District to store water in the Las Vegas Groundwater Basin. Since then, the District has recharged water into underground storage facilities and recorded the costs as water recharge inventory. Payments from other members for future use of banked water were recorded as unearned revenue.

In February 2006, the District and the other purveyor members terminated the 1993 agreement and agreed to the sale and transfer of approximately 290,000 acre-feet of banked water to the SNWA. The SNWA paid the District $55.0 million and reimbursed the other members $12.4 million.

Also in February 2006, the District entered into a cooperative agreement with the SNWA that provides, among other things, for the establishment of a groundwater bank to be operated by the District for benefit of the SNWA. The SNWA is to have an account in the groundwater bank that includes existing storage and water placed in storage by the District on behalf of the SNWA after January 1, 2006. The SNWA is expected to reimburse the District its costs for both placing water into storage and for withdrawing it.

In fiscal year 2013, the District recorded $0.3 million in operating revenue for recharged water sold to the SNWA. In fiscal year 2014, no recharged water revenue was recorded.

Inventories

Inventories consist primarily of materials and supplies stated at the lower of market or average cost.

Restricted Assets

Restricted assets include amounts due from the SNWA for the repayment of the District's notes and bonds whose proceeds were delivered to the SNWA (Notes 3 and 4). Restricted assets also include certain resources set aside to repay bond debt in accordance with bond covenants. Further, the District has restricted investments for major maintenance contingencies, customer security deposits, sales tax and oversized mains. Oversized mains are constructed to meet estimated future demands on the District's distribution system.

Capital Assets

Property and equipment are recorded at purchase or construction cost, except for certain facilities that were transferred to the District at approximate original cost less estimated accumulated depreciation. Developer donated facilities are recorded at engineering estimates of fair value at the time the assets are donated. Expenditures for improvements and betterments, including labor and indirect costs, are capitalized. The capitalization threshold is generally $5,000 and an estimated useful life of three years following the date of acquisition. Capitalization thresholds generally are applied to individual capital assets rather than to groups of capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Transmission and distribution mains, reservoirs and services	30 to 75 years
Buildings, wells, pumping facilities and meters	20 to 30 years
Transportation and office equipment	5 to 10 years

Interest Expense and Income Capitalized

The District capitalizes interest expense as a component of the cost of construction in progress. Consistent with its policy, the District follows FASB Statement No. 34, as amended by Statement No. 62, and offsets capitalized interest cost with interest income related to unspent bond proceeds.

Interest expense and capitalized interest expense and income for fiscal years 2014 and 2013 were as follows:

	2014	2013
Bond interest	$ 35,540,761	$ 37,069,920
Other interest expense	5,692	5,216
Total interest expense	35,546,453	37,075,136
Bond interest expense capitalized	876,191	(616,603)
Net interest expense	$ 36,422,644	$ 36,458,533
Interest income capitalized		
Reduction of restricted interest income	$ 197,245	$ 48,853

During fiscal year 2014, bond interest expense capitalized was an increase to net interest expense because several long-term capital projects were terminated and capitalized bond interest expense was reversed.

Accumulated Unpaid Employee Benefits

Accumulated unpaid vacation and sick pay benefits are accrued based on the vested rights of the employees, using the accrual basis of accounting.

Capital Contributions

Capital contributions are contributions in cash to connect to the existing system and donations, or contributions in cash, services, or property from any person or governmental agency for the acquisition, relocation, improvement or construction of property, facilities, or equipment. Capital contributions include shared sales tax revenue received from the State of Nevada. The sales tax proceeds received are statutorily restricted for construction purposes in a rural area. Sales tax proceeds received in fiscal year 2014 were $42,271 and in fiscal year 2013 were $42,849. No distinction is made between property acquired through capital contributions and property purchased from funds received through operating channels. Depreciation is recorded and the property is retired in the appropriate manner.

Net Position

Net Position is displayed in three components:

(1) *Invested in capital assets, net of related debt*. This component represents the District's net position in its capital assets. It reflects the cost of capital assets, less accumulated depreciation and less the outstanding principal of related debt, excluding unspent proceeds.

(2) *Restricted*. This component reflects the carrying value of assets, less related liabilities, that are restricted by law or by other externally imposed restrictions, such as bond covenants. Assets that are restricted only because of District imposed limitations are not included in the calculation.

(3) *Unrestricted*. This component represents the remaining net position balance that is available to support District operations and capital asset acquisition/construction.

Legal Costs

The District 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.

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged. The primary objective of this Statement is to improve financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements. The District is currently evaluating how the adoption of Statement No. 68 will affect the District's financial position, results of operation or cash flow.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is effective for financial periods beginning after December 15, 2013 and should be applied on a prospective basis. Earlier application is encouraged. Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions and transfers of operations. The District does not expect the adoption of Statement No. 69 to affect the District's financial position, results of operation or cash flow.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged. The Statement amends paragraph 137 of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of the Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employee contributing entities. The District is currently evaluating how the adoption of Statement No. 71 will affect the District's financial position, results of operation or cash flow.

Other Reclassifications

Certain minor other reclassifications have been made in the fiscal year 2013 basic financial statements to conform to the fiscal year 2014 presentation.

Estimates

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

NOTE 2. CAPITAL ASSETS

For the year ended June 30, 2014, capital asset activity is as follows:

	Balance June 30, 2013	Additions and Adjustments	Retirements	Balance June 30, 2014
Property and Equipment				
Capital Assets, not Depreciated, Excluding Construction in Progress:				
Land and Land Rights	$ 22,583,716	$ -	$ -	$ 22,583,716
Capital Assets, Depreciated:				
Organization Costs and Improvements	1,648,018	-	-	1,648,018
Collecting and Impounding Structures	835,830,490	10,863,048	27,495	846,666,044
Pumping Stations and Wells	270,085,091	3,888,536	13,145	273,960,482
Purification Equipment	855,269	-	-	855,269
Transmission/Distribution/Mains	919,148,926	11,934,616	9,445	931,074,097
Telemetering/Valves and Miscellaneous	51,396,219	1,306,436	5,863	52,696,792
Meters/Services	529,704,454	25,087,686	14,746,133	540,046,008
Office Furniture and Equipment	122,549,032	1,059,105	405,477	123,202,660
Transportation/Work/Equipment	45,501,824	1,849,460	1,514,053	45,837,232
Total Capital Assets, Being Depreciated	2,776,719,323	55,988,886	16,721,610	2,815,986,601
Total Capital Assets, Excluding Construction in Progress	**2,779,303,040**	**55,988,886**	**16,721,610**	**2,838,570,317**
Construction in Progress	24,520,826	39,354,068	46,044,823	17,830,071
Total	**2,823,823,866**	**95,342,954**	**62,766,433**	**2,856,400,388**
Accumulated Depreciation				
Organization Costs and Improvements	1,432,322	31,246	-	1,463,568
Collecting and Impounding Structures	337,162,219	32,178,081	27,495	369,312,805
Pumping Stations and Wells	142,377,570	11,633,772	13,145	153,998,197
Purification Equipment	524,066	30,962	-	555,028
Transmission/Distribution/Mains	190,051,164	12,414,321	3,999	202,461,487
Telemetering/Valves and Miscellaneous	14,815,724	838,870	5,863	15,648,731
Meters/Services	211,884,575	18,432,858	8,815,771	221,501,662
Office Furniture and Equipment	108,859,105	7,505,702	405,477	115,959,331
Transportation/Work/Equipment	42,150,155	1,748,211	1,514,053	42,384,313
Total	**1,049,256,903**	**84,814,024**	**10,785,802**	**1,123,285,125**
Total Capital Assets, net	**$ 1,774,566,963**	**$ 10,528,930**	**$ 51,980,631**	**$ 1,733,115,263**

*Balances may not total due to rounding.

For the year ended June 30, 2013, capital asset activity is as follows:

	Balance June 30, 2012	Additions and Adjustments	Retirements	Balance June 30, 2013
Property and Equipment				
Capital Assets, not Depreciated, Excluding Construction in Progress:				
Land and Land Rights	$ 13,089,554	$ 9,500,610	$ 6,448	$ 22,583,716
Capital Assets, Depreciated:				
Organization Costs and Improvements	1,650,300	-	2,282	1,648,018
Collecting and Impounding Structures	817,485,281	18,362,521	17,313	835,830,490
Pumping Stations and Wells	264,294,116	5,802,240	11,264	270,085,091
Purification Equipment	855,269	-	-	855,269
Transmission/Distribution/Mains	912,580,856	6,568,117	49	919,148,926
Telemetering/Valves and Miscellaneous	49,326,337	2,070,832	951	51,396,219
Meters/Services	514,553,471	30,492,393	15,341,408	529,704,454
Office Furniture and Equipment	117,121,772	5,888,614	461,354	122,549,032
Transportation/Work/Equipment	43,928,076	2,439,041	865,295	45,501,824
Total Capital Assets, Being Depreciated	2,721,795,480	71,623,759	16,699,915	2,776,719,323
Total Capital Assets, Excluding Construction in Progress	**2,734,885,034**	**81,124,369**	**16,706,363**	**2,799,303,040**
Construction in Progress	50,254,120	46,612,929	72,346,223	24,520,826
Total	**2,785,139,155**	**127,737,298**	**89,052,586**	**2,823,823,866**
Accumulated Depreciation				
Organization Costs and Improvements	1,403,358	31,246	2,282	1,432,322
Collecting and Impounding Structures	305,722,565	31,456,966	17,313	337,162,219
Pumping Stations and Wells	130,829,049	11,559,785	11,264	142,377,570
Purification Equipment	493,104	30,962	-	524,066
Transmission/Distribution/Mains	177,745,725	12,305,453	15	190,051,164
Telemetering/Valves and Miscellaneous	14,008,709	807,966	951	14,815,724
Meters/Services	202,130,171	18,302,787	8,548,383	211,884,575
Office Furniture and Equipment	101,875,473	7,444,986	461,354	108,859,105
Transportation/Work/Equipment	41,448,770	1,555,175	853,790	42,150,155
Total	**975,656,923**	**83,495,332**	**9,895,352**	**1,049,256,903**
Total Capital Assets, net	**$ 1,809,482,231**	**$ 44,241,966**	**$ 79,157,234**	**$1,774,566,963**

*Balances may not total due to rounding.

NOTE 3. SHORT-TERM DEBT

On March 10, 2004, the District began a Tax-Exempt Commercial Paper (TECP) program for the SNWA, authorizing a maximum of $400 million in general obligation (limited tax) commercial paper notes (notes) supported by the SNWA revenues. Proceeds from the sale of the notes were used to fund the SNWA's capital expenditures, to purchase a 25% interest in the Silverhawk power plant, and to purchase water resources. The TECP program was most recently renegotiated on March 5, 2014, and is currently facilitated by letters of credit between the District, J. P. Morgan Chase, N.A., and Wells Fargo Bank, N.A. The termination date for each agreement is April 14, 2017. The District's commercial paper, comprised of 11 tranches ranging in size from $7.5 million to $134.0 million, is traded on the open market and subject to market interest fluctuations.

The notes have multiple interest rates, ranging from 0.07% to 0.11% with a 0.09% average rate. The notes matured in 2014 as follows: $134.0 million in July; $160.4 million in August; and $105.6 million in September. The District replaced the maturing notes with additional notes. Standard & Poor's rating is A-l and Moody's is P-1 based on ratings dated June 2012 and March 2011 respectively.

As of June 30, 2014 and 2013, the entire $400 million principal balance was outstanding. Principal and accrued interest total $400,058,859 as of June 30, 2014. The liability for the notes and the receivable from the SNWA are shown in the basic financial statements of the District.

In fiscal years 2014 and 2013, other than interest payments on the notes and rollover of principal, the District had no short-term debt activity.

For the years ended June 30, 2014 and June 30, 2013, short-term debt activity is as follows:

	June 30, 2014	June 30, 2013
Balance Beginning of Period	$400,000,000	$400,000,000
Additions	2,665,125,000	3,226,340,000
Retirements	(2,665,125,000)	(3,226,340,000)
Balance End of Period	$400,000,000	$400,000,000
End of Period		
Accrued Interest	$58,859	$100,395
Average Interest Rate	0.09%	0.17%
Number of Traunches	11	13
Smallest	$7,500,000	$300,000
Largest	$134,000,000	$100,000,000
Shortest Maturity, in days	29	26
Longest Maturity, in days	162	129

NOTE 4. LONG-TERM DEBT

For the year ended June 30, 2014, long-term debt activity is as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due within one year	Due after one year
Bonds payable	$876,395,000	$ -	$(27,313,000)	$849,082,000	$28,618,000	$820,464,000
Unamortized premium	37,396,068	-	(2,193,552)	35,202,516	-	35,202,516
Total bonds payable	913,791,068	-	(29,506,552)	884,284,516	28,618,000	855,666,516
Bonds payable, related party	1,440,390,000	-	(12,270,000)	1,428,120,000	19,515,000	1,408,605,000
Total long-term debt	$2,354,181,068	$ -	$(41,776,552)	$2,312,404,516	$48,133,000	$2,264,271,516

For the year ended June 30, 2013, long-term debt activity is as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year	Due after one year
Bonds payable	$909,648,000	$39,310,000	$(72, 563,000)	$876,395,000	$27,313,000	$849,082,000
Unamortized premium	35,845,471	5,182,989	(3,632,392)	37,396,068	-	37,396,068
Total bonds payable	945,493,471	44,492,989	(76,195,392)	913,791,068	27,313,000	886,478,068
Bonds payable, related party	1,091,990,000	360,000,000	(11,600,000)	1,440,390,000	12,270,000	1,428,120,000
Total long-term debt	$2,037,483,471	$404,492,989	$(87,795,392)	$2,354,181,068	$39,583,000	$2,314,598,068

Bonds Secured by SNWA Pledged Revenue

As of June 30, 2014, the District had $1,428,120,000 outstanding general obligation bonds additionally secured by pledged revenue of the SNWA. The bond proceeds were delivered to the SNWA to finance water projects and to refund existing debt. The receivable from the SNWA, as well as the liability for the bonds, is shown on the basic financial statements of the District. As of June 30, 2014, bond principal and accrued interest total $1,434,491,321, of which $6,371,321 represents accrued bond interest due within one year.

General Obligation Bond Covenants

Management believes that the District has complied with all legal requirements, limitations and restrictions of the bond covenants. Such covenants include minimum revenue requirements and maintenance of a bond service account.

After payment of the costs of operation, maintenance and general expenses of the District, excluding depreciation expense and including interest income on operating funds, the District is required to establish rates sufficient to provide annual "Revenues" equal to the average annual debt service, excluding bond debt secured by pledged revenue of the SNWA. Net revenue available for debt service for the year ended June 30, 2014 was sufficient to meet the requirements of the bond covenants.

The District is required to maintain a bond service account to ensure payment of interest and principal when due. For the outstanding bond issues, a transfer is made each month from revenue to provide for one-sixth of the next semiannual interest payment and one-twelfth of the annual bond maturities of each issue. At June 30, 2014 the bond service account balance of $10,570,973 met the scheduled requirement.

In-Substance Debt Defeasance and Deferred Balance

In prior years, the District issued bonds to advance refund various debt issues, resulting in the in-substance defeasance of the old debt. Proceeds from the new debt and other funds were placed into escrow and invested to pay principal and interest on the old debt at a future time. When the funds were put into escrow, the liability for the old debt was removed from the District's statement of net position. As of June 30, 2014, outstanding in-substance defeased debt totaled $301,090,000.

For current refundings and advance refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the shortest term of the related debt obligations. At June 30, 2014, the aggregate unamortized deferred loss was $8,618,707 and the aggregate unamortized deferred gain was $869,675.

Current Year Debt Issuances

The District did not issue bonds during the period July 1, 2013 through June 30, 2014.

Adjustable Rate Bonds

On July 20, 2006, the District issued $75,000,000 Adjustable Rate Bonds, Series 2006B and $75,000,000 Adjustable Rate Bonds, Series 2006C (2006B/C Bonds). Each series of the 2006B/C Bonds currently bear interest at a Daily Rate. While in the Daily Rate Mode, the interest rate for the 2006B/C Bonds is the rate of interest per annum determined by the applicable Remarketing Agent each Business Day as the minimum rate of interest that, in the opinion of the applicable Remarketing Agent, would, under then existing market conditions, result in the sale of the 2006B/C Bonds in the Daily Rate Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. At June 30, 2014, the interest rate for the 2006B/C Bonds was 0.15%. As required by GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, this rate was used to calculate future interest requirements for the 2006B/C Bonds outstanding as of June 30, 2014.

General obligation bonds and a subordinate lien revenue bond payable as of June 30, 2014:

GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS
……..(REVENUE SUPPORTED)……

	2005A	2006A	2006B	2006C
Date of issue	May 4, 2005	June 15, 2006	July 20, 2006	July 20, 2006
Coupon interest rate	4.00% to 5.00%	4.75% to 5.00%	Variable	Variable
Interest payment dates	6/1 and 12/1	6/1 and 12/1	Monthly	Monthly
Principal payment date	June 1	June 1	June 1	June 1
Original amount	$ 302,425,000	$ 151,555,000	$ 75,000,000	$ 75,000,000
Redeemed as of 6/30/14	(92,015,000)	(11,830,000)	(5,835,000)	(5,835,000)
Advance refunded	-	(5,885,000)	(2,900,000)	(2,900,000)
Outstanding as of 6/30/14	210,410,000	133,840,000	66,265,000	66,265,000
Less current portion	(12,340,000)	(3,490,000)	(1,720,000)	(1,720,000)
Portion due after one year	$ 198,070,000	$130,350,000	$ 64,545,000	$ 64,545,000

	2008A	2008 CREB[1]	2010A BABS[2]
Date of issue	February 19, 2008	July 15, 2008	June 15, 2010
Coupon interest rate	5.00%	1.30%	5.60% to 5.70%
Interest payment dates	8/1 and 2/1	9/15,12/15,3/15,6/15	9/1 and 3/1
Principal payment date	February 1	December 15	March 1
Original amount	$ 190,760,000	$ 2,520,000	$ 75,995,000
Redeemed as of 6/30/14	(36,460,000)	(1,008,000)	-
Outstanding as of 6/30/14	154,300,000	1,512,000	75,995,000
Less current portion	(4,300,000)	(168,000)	-
Portion due after one year	$ 150,000,000	$ 1,344,000	$ 75,995,000

	2010B	2011D	2012A
Date of issue	June 15, 2010	October 19, 2011	September 5, 2012
Coupon interest rate	2.00% to 4.625%	2.00% to 5.25%	5.00%
Interest payment dates	9/1 and 3/1	6/1 and 12/1	6/1/ and 12/1
Principal payment date	March 1	June 1	June 1
Original amount	$ 31,075,000	$ 78,680,000	$ 39,310,000
Redeemed as of 6/30/14	(765,000)	(7,805,000)	-
Outstanding as of 6/30/14	30,310,000	70,875,000	39,310,000
Less current portion	(780,000)	(4,100,000)	-
Portion due after one year	$ 29,530,000	$ 66,775,000	$ 39,310,000

(1) 2008 CREB (Clean Renewable Energy Bond) subordinate lien revenue bond.
(2) BABS are Build America Bonds that provide for federal subsidy payments to the issuer as of each interest payment date, resulting in an effective interest rate of 3.731% for the 2010A Bonds; 4.674% for the 2009A Pledged SNWA Revenue Bonds; and 4.645% for the 2009C Pledged SNWA Revenue Bonds. As a result of the federal budget cuts known as "sequestration," the federal subsidy payments for these bonds were reduced by 7.2% for fiscal year 2014.

GENERAL OBLIGATION BONDS – PLEDGED SNWA REVENUE
……(REVENUE SUPPORTED)……

	2008B	2009A BABS[1]	2009B
Date of issue	February 19, 2008	August 5, 2009	August 5, 2009
Coupon interest rate	3.50% to 5.00%	7.10%	4.00% to 5.25%
Interest payment dates	6/1 and 12/1	6/1 and 12/1	6/1 and 12/1
Principal payment date	June 1	June 1	June 1
Original amount	$ 171,720,000	$ 90,000,000	$ 10,000,000
Redeemed as of 6/30/14	(3,455,000)	-	(350,000)
Advance refunded	(51,930,000)	-	-
Outstanding as of 6/30/14	116,335,000	90,000,000	9, 650,000
Less current portion	-	-	(365,000)
Portion due after one year	$ 116,335,000	$ 90,000,000	$ 9,285,000

	2009C BABS[1]	2009D	2011A
Date of issue	December 23, 2009	December 23, 2009	May 26, 2011
Coupon interest rate	7.013% to 7.26%	4.25% to 5.25%	3.051% to 5.434%
Interest payment dates	6/1 and 12/1	6/1 and 12/1	6/1 and 12/1
Principal payment date	June 1	June 1	June 1
Original amount	$ 348,115,000	$ 71,965,000	$ 58,110,000
Redeemed as of 6/30/14	-	(5,700,000)	-
Outstanding as of 6/30/14	348,115,000	66,265,000	58,110,000
Less current portion	-	(3,070,000)	(100,000)
Portion due after one year	$ 348,115,000	$ 63,195,000	$ 58,010,000

	2011B	2011C	2012B
Date of issue	October 19, 2011	October 19, 2011	July 31, 2012
Coupon interest rate	2.789% to 4.958%	2.00% to 5.00%	3.00% to 5.00%
Interest payment dates	6/1 and 12/1	6/1 and 12/1	6/1 and 12/1
Principal payment date	June 1	June 1	June 1
Original amount	$ 129,650,000	$ 267,815,000	$ 360,000,000
Redeemed as of 6/30/14	-	(17,820,000)	-
Outstanding as of 6/30/14	129,650,000	249,995,000	360,000,000
Less current portion	-	(9,385,000)	(6,595,000)
Portion due after one year	$ 129,650,000	$ 240,610,000	$ 353,405,000

(3) BABS are Build America Bonds that provide for federal subsidy payments to the issuer as of each interest payment date, resulting in an effective interest rate of 3.731% for the 2010A Bonds; 4.674% for the 2009A Pledged SNWA Revenue Bonds; and 4.645% for the 2009C Pledged SNWA Revenue Bonds. As a result of the federal budget cuts known as "sequestration," the federal subsidy payments for these bonds were reduced by 7.2% for fiscal year 2014.

As of June 30, 2014, annual requirements to retire outstanding bonds were as follows:

Fiscal Years Ending	Number of Years	General Obligation (Revenue Supported) and Revenue Bonds[1] Principal	General Obligation (Revenue Supported) and Revenue Bonds[1] Interest	General Obligation Bonds (Pledged SNWA Revenue) Principal	General Obligation Bonds (Pledged SNWA Revenue) Interest
2015	1	$ 28,618,000	$ 35,821,478	$ 19,515,000	$ 77,730,119
2016	1	29,108,000	34,604,234	43,980,000	77,079,568
2017	1	30,568,000	33,346,235	43,250,000	75,261,387
2018	1	32,028,000	32,082,702	45,095,000	73,404,693
2019	1	33,593,000	30,735,648	47,135,000	71,370,218
2024	5	194,507,000	130,615,746	270,580,000	322,118,986
2029	5	195,045,000	86,537,830	237,325,000	254,569,482
2034	5	169,200,000	50,235,469	225,890,000	203,064,520
2039	5	119,090,000	19,684,694	430,710,000	109,408,511
2042	3	17,325,000	987,525	64,640,000	6,182,500
Total		$ 849,082,000	$ 454,651,558	$1,428,120,000	$1,270,189,984

Fiscal Years Ending	Number of Years	Total General Obligation and Revenue Bonds Principal	Total General Obligation and Revenue Bonds Interest	Total General Obligation and Revenue Bonds Principal and Interest
2015	1	$ 48,133,000	$ 113,551,596	$ 161,684,596
2016	1	73,088,000	111,683,801	184,771,801
2017	1	73,818,000	108,607,622	182,425,622
2018	1	77,123,000	105,487,395	182,610,395
2019	1	80,728,000	102,105,866	182,833,866
2024	5	465,087,000	452,734,731	917,821,731
2029	5	432,370,000	341,107,312	773,477,312
2034	5	395,090,000	253,299,989	648,389,989
2039	5	549,800,000	129,093,205	678,893,205
2042	3	81,965,000	7,170,025	89,135,025
Total		$2,277,202,000	$1,724,841,542	$4,002,043,542

(1) Includes Revenue (Clean Renewable Energy) Bond issued July 15, 2008. Outstanding balance $1,512,000 at June 30, 2014.

NOTE 5. RESTRICTED CASH, INVESTMENTS, ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Restricted Cash

At June 30, 2014 and 2013, the balances of the restricted cash accounts were as follows:

	2014	2013
Major Maintenance Contingency Account	$ 3,744,126	$ 3,730,169
Big Bend Agency Account	1,929,863	2,495,387
SNWA Energy Collateral	6,000,000	6,000,000
Sales Tax Account	118,714	106,143
Total Restricted Cash	$ 11,792,703	$ 12,331,699

Restricted Investments

At June 30, 2014 and 2013, the balances of the restricted investment accounts were as follows:

	2014	2013
Sinking Fund Debt Service	$ 10,570,973	$ 10,590,857
Bond Acquisition and Construction	16,726,337	36,089,892
Customer Guarantee Deposits	21,517,656	20,196,202
Oversizing Account	22,617,247	21,065,421
Total Restricted Investments	$ 71,432, 213	$ 87,942,372

Accounts Receivable

Accounts receivable include water accounts receivable and other accounts receivable as shown below. The net accounts receivable balance at June 30, 2014, is expected to be collected within one year. The total allowance for doubtful accounts of $1,895,979 is believed to be reasonable and adequate at June 30, 2014.

	2014	2013
Water Accounts Receivable:		
Outstanding Billings	$ 31,502,455	$ 33,455,411
Unbilled Water Revenue	29,285,403	30,623,775
Allowance for Doubtful Collection	(1,850,979)	(2,077,013)
Water Accounts Receivable, net	58,936,879	62,002,173
Other Accounts Receivable:		
Other Governments	2,886,109	3,675,249
Other	1,581,743	2,379,571
Allowance for Doubtful Collection	(45,000)	(45,000)
Other Accounts Receivable, net	4,422,852	6,009,820
Total Accounts Receivable, net	$ 63,359,731	$ 68,011,993

Accounts Payable and Other Accrued Liabilities

Accounts payable includes all amounts payable by the District within one year not provided for in other accounts. At June 30, 2014 and 2013, Accounts Payable consists of the following:

	2014				
	SNWA	City of Las Vegas	Clark County	Other Vendors	Total Payables
Purchased Water (SNWA)	$ 8,133,365	$ -	$ -	$ -	$ 8,133,365
Other SNWA Expenses	11,636,308	-	-	-	11,636,308
Recycled Water Distribution	-	8,926,845	19,544,575	-	28,471,420
Other Expenses	38,279	-	-	12,598,346	12,636,625
Capital Assets and Contracts	-	-	-	946,816	946,816
Total	$ 19,807,952	$ 8,926,845	$ 19,544,575	$ 13,545,162	$ 61,824,534

	2013				
	SNWA	City of Las Vegas	Clark County	Other Vendors	Total Payables
Purchased Water (SNWA)	$ 7,808,145	$ -	$ -	$ -	$ 7,808,145
Other SNWA Expenses	11,453,150	-	-	-	11,453,150
Recycled Water Distribution	-	7,701,311	17,867,446	-	25,568,757
Other Expenses	35,710	-	-	12,222,506	12,258,216
Capital Assets and Contracts	-	-	-	1,517,977	1,517,977
Total	$ 19,297,005	$ 7,701,311	$ 17,867,446	$ 13,740,483	$ 58,606,245

NOTE 6. UNEARNED REVENUE

	2014	2013
Developer Advance	$ 664,608	$ 695,520
Facility Charges	208,550	404,686
Oversizing Charges	42,330	81,590
Prepaid Meters/AMRs	960,913	734,343
Total	$1,876,401	$1,916,139

In prior fiscal years, a developer paid the District a total of $966,000 to partially offset the District's future cost of maintaining and operating a small pump station constructed at the developer's expense to serve the developer's property. The developer also agreed to pay the District a monthly operating and maintenance assessment until January 1, 2036. The $996,000, classified as unearned revenue, is being amortized $30,912 annually as an offset to operating expenses through January 1, 2036.

At June 30, 2014, based on estimated probable future refunds, the District classified as unearned revenue $208,550 in facilities charges and $42,330 in oversizing charges, and at June 30, 2013, $404,686 in facilities charges and $81,590 in oversizing charges.

Developers frequently pay the District in advance for water meters and automatic meter reading devices (AMRs) that they pick up at a later time from the District warehouse. Prepaid water meters and AMRs are classified as unearned revenue. The prepaid water and AMRs balance totaled $960,913 at June 30, 2014 and $734,343 at June 30, 2013.

NOTE 7. SOUTHERN NEVADA WATER AUTHORITY (SNWA)

The SNWA is a political subdivision of the State of Nevada created in 1991 by a cooperative agreement among the District, the Big Bend Water District, the City of Boulder City, the City of Henderson, the City of Las Vegas, the City of North Las Vegas, and the Clark County Water Reclamation District (member agencies). The SNWA was created to secure additional supplies of water and effectively manage existing supplies of water on a regional basis through the cooperative action of the member agencies.

The SNWA is governed by a seven-member board of directors, comprised of one director from each member agency. The District is the operating agent for the SNWA; the General Manager of the District is the General Manager of the SNWA, and the Chief Financial Officer for the District is the Treasurer of the SNWA.

The SNWA has the power to periodically assess the member agencies directly for operating and capital costs and for the satisfaction of any liabilities imposed against the SNWA. The District and other members do not have an express claim to the resources of the SNWA except that upon termination of the joint venture any assets remaining after payment of all obligations shall be returned to the contributing member agencies.

In 1995, agreements were approved for the repayment of the cost of an additional expansion of the Southern Nevada Water System (SNWS). The agreements require contributions from purveyor members, including the District, benefiting from the expansion. In 1996, the District's Board approved the collection from District customers and remittance to the SNWA a regional connection charge, regional commodity charge and regional reliability charge to fund these contributions. In March 2012 a regional infrastructure charge based upon meter size was approved. In August 2012 a credit to the regional infrastructure charge amounting to 50 percent of the approved charges levied against fire meters was approved.

The District records these revenues as operating revenues and the contributions as operating expenses. However, to avoid a "grossing-up" effect on operating revenues and operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position, revenue collected for the SNWA is offset against the related remittances to the SNWA. Any remaining balance is classified as an operating expense and adjusted in a following period. The table below shows the SNWA regional charges collected for and remitted to the SNWA for fiscal years 2014 and 2013.

	2014	2013
Connection charges, net of refunds	$ 26,284,180	$ 16,232,230
Commodity and reliability charges	34,908,299	33,039,816
Infrastructure charges	57,375,876	56,810,256
Total	$118,568,355	$106,082,302

Audited financial reports of the SNWA for fiscal year 2014 can be obtained on the SNWA internet website: www.snwa.com/html/about_financial.html or by writing to:

Office of the Treasurer
Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, NV 89153

NOTE 8. SOUTHERN NEVADA WATER SYSTEM (SNWS)

The District operates for the SNWA the SNWS, a regional system consisting of water treatment plants and pumping and distribution facilities that supply water to the water purveyors in Southern Nevada.

During fiscal year 2014, the District billed the SNWA $107.9 million for expenditures made on behalf of the SNWA. During fiscal year 2013, the District billed the SNWA $97.3 million for expenditures made on behalf of the SNWA. The SNWA, in turn, billed the District for its share of these and other costs, computed at a flat rate per acre-foot of water delivered (wholesale delivery charge). The District records the wholesale delivery charge as a component of purchased water expense.

NOTE 9. ENTERPRISE FUND INVESTMENTS

The District's investment policy limits investments and risks to those permitted under the laws of the State of Nevada. The investments and risks authorized by NRS 355.170 relevant to District investments are as follows:

- Bonds, debentures, bills, and notes of the United States (U.S.), the maturity dates of which are not more than ten years after the date of purchase.

- Farm loan bonds, consolidated farm loan bonds, debentures, consolidated debentures and other obligations issued by federal land banks and federal intermediate credit banks under the authority of the Federal Farm Loan Act and bonds debentures, consolidated debentures and other obligations issued by banks for cooperatives under the authority of the Farm Credit Act of 1933.

- Obligations of an agency or instrumentalities of the U.S. or a corporation sponsored by the government, the maturity dates of which are not to exceed ten years after the date of purchase.

- Negotiable certificates of deposit (CDs) issued by commercial banks, insured credit unions, or savings and loan associations. Credit quality ratings and percentage allowed of total investments are not specified.

- Non-negotiable CDs issued by insured commercial banks, insured credit unions, or insured savings and loan associations, except certificates that are not within the limit of insurance provided by an instrumentality of the U.S. unless those certificates are appropriately collateralized.

- Negotiable notes medium-term obligations issued by local governments of the State of Nevada.

- Obligations of state and local governments if (1) the interest on the obligation is exempt from gross income for federal income tax purposes and (2) the obligation has been rated "A" or higher by one or more nationally recognized bond credit rating agencies.

- Commercial paper issued by a corporation organized and operating in the U.S. or by a depository institution licensed by the U.S. or any state and operating in the U.S. that (1) is purchased from a registered broker-dealer; (2) has a remaining term to maturity at the time of purchase of no more than 270 days; and (3) is rated by a nationally recognized rating service as "A-l," "P-l" or its equivalent, or better, except that investments in commercial paper may not, in aggregate value, exceed 20% of the total portfolio as determined on the date of purchase. If the rating of the obligation is reduced to a level that does not meet the requirements, it must be sold as soon as possible.

- Obligations of the Federal Agricultural Mortgage Corporation.

The District's investments were as follows:

Investment Type	Estimated Fair Value June 30, 2014	June 30, 2013
U.S. Agency Bonds	$ 74,506,062	$ 83,834,947
U.S. Treasury Notes	74,295,927	30,051,602
Municipal Bonds	3,158,001	4,945,555
Bank Negotiable FDIC Insured CDs	3,362,153	9,362,600
Total Investments Excluding Bank Non-Negotiable FDIC Insured CDs	155,322,143	128,194,704
Bank Non-Negotiable FDIC Insured CDs	-	720,000
Total Investments Including Bank Non-Negotiable FDIC Insured CDs	$ 155,322,143	$ 128,914,704

In fiscal year 2013, the District's investments included bank FDIC insured non-negotiable CDs. Because GASB Statement No. 40 considers bank non-negotiable CDs as bank deposits rather than investments, they are excluded from the disclosures in this note.

Credit Risk

As of June 30, 2014, the District's investment ratings and estimated fair values were as follows:

Investment Type	S&P	Moody's	Fair Value
U.S. Agency Bonds	AA+	Aaa	$74,506,062
Municipal Bonds	AA-	A1	2,049,001
Municipal Bonds	Unrated	A2	1,109,000
Negotiable CDs	Unrated	Unrated	3,362,153

As of June 30, 2013, the District's investment ratings and estimated fair values were as follows:

Investment Type	S&P	Moody's	Fair Value
U.S. Agency Bonds	AA+	Aaa	$83,834,947
Municipal Bonds	AA	Aa2	1,185,919
Municipal Bonds	AA-	Aa3	2,650,196
Municipal Bonds	Unrated	A2	1,109,440
Negotiable CDs	Unrated	Unrated	9,362,600

Concentration of Credit Risk

As of June 30, 2014, the following investments individually comprise 5% or more of the District's total investment portfolio (excluding the pension fund).

Issuer	Investment Type	Percentage of Investments
Federal National Mortgage Association	U.S. Agency Bonds	36%
Federal Home Loan Mortgage Corporation	U.S. Agency Bonds	8%

As of June 30, 2013, the following investments individually comprise 5% or more of the District's total investment portfolio (excluding the pension fund).

Issuer	Investment Type	Percentage of Investments
Federal National Mortgage Association	U.S. Agency Bonds	32%
Federal Home Loan Bank	U.S. Agency Bonds	24%
Federal Home Loan Mortgage Corporation	U.S. Agency Bonds	6%

Interest Rate Risk

As of June 30, 2014, the District's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. Treasury Notes	$74,295,927	681
U.S. Agency Bonds	74,506,062	308
Negotiable CDs	3,362,153	208
Municipal Bonds	3,158,001	1,425
Total Fair Value	$155,322,143	
Portfolio Weighted Average Maturity		506

As of June 30, 2013, the District's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. Treasury Notes	$30,051,602	1,379
U.S. Agency Bonds	83,834,947	516
Negotiable CDs	9,362,600	296
Municipal Bonds	4,945,555	1,289
Total Fair Value	$128,194,704	
Portfolio Weighted Average Maturity		729

NOTE 10. RISK MANAGEMENT

The District is exposed to a variety of risks that may result in losses. These risks include possible losses related to torts; theft of, damage, or destruction of assets; extra expense; errors and omissions; job-related illnesses or injuries to employees; product liability claims; and natural disasters. The District manages these risks through a multifaceted approach, which includes transfer, elimination, avoidance, reduction, and/or assumption of risk of loss.

The District 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 $100 million and $50 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. The District self-insures the first $1 million for automobile and general liability exposure and purchases excess liability insurance in the amount of $30 million. Employee fidelity insurance in the amount of $3 million and other miscellaneous coverage are also purchased. For the fiscal year ended June 30, 2014, the District had no significant reductions in insurance coverage from the prior fiscal year.

In contracts, the District obtains indemnification and hold harmless agreements. These agreements require that contractors name the District 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. The District provides builders risk insurance for all construction projects with a blanket limit of $500 million per contract, with a $50,000 deductible per occurrence, except earthquake and flood where the deductible is $500,000 per occurrence. This coverage is included under the property insurance policy.

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 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. As of June 30, 2014, the District has no significant retained risks and therefore has no accrued liability for retained risks. 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. These incurred but not reported claims have been estimated based upon the District's past experience and adjusted for current trends. A summary is provided in the table below.

During fiscal years 2014 and 2013, changes in the balance of claims for retained risks were as follows (rounded to the nearest thousand):

Fiscal Year	Beginning of fiscal year liability	Current Year Claims and changes in estimates	Claim Payments	Balance at fiscal year end
2014	$2,348,000	$1,061,000	($1,336,000)	$2,073,000
2013	1,979,000	948,000	(579,000)	2,348,000

NOTE 11. CAPITAL CONTRIBUTIONS

For the fiscal years ended June 30, 2014 and 2013, capital contributions, excluding unearned revenue, are as follows:

	2014	2013
Mains and Services	$ 13,663,185	$ 8,923,432
Facilities Connection Charges, net of refunds	11,049,850	6,867,660
Oversizing Charges, net of refunds	1,897,190	1,176,700
Springs Preserve	1,888,592	3,031,594
Frontage Connection Charges	431,562	147,154
Fees and Other Contributions	1,765,472	45,249
Total	$30,695,851	$20,191,789

Probable future refunds have been estimated and recorded as a component of unearned revenue. (See Note 6, Unearned Revenue).

NOTE 12. RELATED PARTY TRANSACTIONS

Southern Nevada Water Authority (SNWA)

In 1991, the District joined with other local governmental entities to form the SNWA (see Note 7), defined by Nevada law as a political subdivision of the State of Nevada. By GASB definition, the SNWA is a joint venture. The District is confident that the amounts related to debt secured by SNWA pledged revenue (Notes 3 and 4) are collectible.

Besides being a member of the SNWA, the District is its operating agent. Beginning in fiscal year 2009, the SNWA advanced funds to the District for expenditures to be made on its behalf. The District credits the SNWA interest on the monthly average advance balance at the District's current investment earnings rate. The advance balance at June 30, 2014, was $8.6 million.

The District has allocated to and recorded $4.3 million at June 30, 2014 as a noncurrent receivable from the SNWA for postemployment benefits, other than pensions, for District employees devoted to SNWA operations. If and when the District funds postemployment benefits other than pensions (Note 14), the District

will invoice the SNWA for the SNWA's portion of the post-employment benefits other than pensions. The District is confident that the amounts will be collectible.

Springs Preserve

In 1998, the District entered into a partnership with the Las Vegas Springs Preserve Foundation (the Foundation), a tax-exempt charitable organization founded to provide funding for the Springs Preserve. The Springs Preserve is a cultural and historic attraction located on District property. The 180-acre national historic site is widely known as the "birthplace" of Las Vegas. The presence of an abundant water supply at the site was the original catalyst for the growth, development, and the resulting economic prosperity of the Las Vegas Valley. The Springs Preserve opened in June 2007.

Besides investing its own funds toward the Springs Preserve, the District has expended funds that have been or will be reimbursed by the State and by others through grants and gifts. The unreimbursed portion at June 30, 2014 was $88,209, and at June 30, 2013 was $521,585.

Big Bend Water District

On September 2, 2008, the District became the operating agent for the Big Bend Water District (BBWD), located in Laughlin, Nevada, 95 miles south of Las Vegas. The BBWD is a general improvement district and a political subdivision of the State of Nevada. It is also a member agency of the SNWA. The BBWD is governed by a seven-member Board of Trustees whose members also serve as the Board of Clark County Commissioners.

NOTE 13. COMMITMENTS AND CONTINGENCIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and the District's attorney that the resolution of these matters will not have a material adverse effect on the future financial condition, results of operations or cash flows of the District.

At June 30, 2014 and 2013, commitments for unperformed work on outstanding contracts totaled $15,348,601 and $29,978,700, respectively.

Forward Energy Contracts

The District and the SNWA actively manage a portfolio of energy resources. The agencies adhere 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 District's Board.

To provide energy at a known and budgeted cost, the District has entered into forward energy contracts with the SNWA. Because Las Vegas is uphill from its major water supply, reliable electrical service is essential to the District's ability to deliver water. To better manage energy reliability and costs, the District manages a significant portion of its energy supply, rather than purchasing energy from the local regulated investor-owned utilities under tariff rates approved by the Nevada Public Utilities Commission.

The portfolio exists solely for the purpose of providing the District's projected energy requirements through December 2018, at a known and budgetable cost, while incorporating renewable energy where appropriate.

Under current accounting standards, these forward energy contracts, for which the District neither paid nor was paid anything at inception, are accounted for as "normal purchases and normal sales" contracts and not as investments. The primary risks associated with these forward energy contracts are counter-party credit and termination risks. Currently, there is no intent to terminate these contracts with offsetting contracts. As of June

30, 2014, the District had commitments totaling $16,983,907 related to its forward energy contracts. As of June 30, 2013, the District had commitments totaling $17,805,906 related to its forward energy contracts.

Arbitrage Rebate Requirement

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

Operating Lease

The District entered into a sublease agreement with the SNWA for office space and parking for a term of no longer than 20 years, commencing September 1, 2007. The lease agreement includes the right to sublease and a purchase option. In December 2007, the SNWA purchased part of the premises, including part of the premises subleased to the District. Under the terms of the sublease agreement, the sublease will continue as a lease on any space purchased by the SNWA as long as the space is not needed by the SNWA. The sublease agreement may be terminated by the SNWA if breached by the District. Cancellation of the sublease at any time by the District is not prohibited.

The sublease agreement provides for the District to sublease about 34,000 square feet of office space with an option to sublease up to an additional 16,000 square feet. During fiscal years 2014 and 2013, the District occupied about 36,000 square feet of the office space for a total cost of $1,564,881 in fiscal years 2014 and 2013.

The sublease agreement contains provisions for contingent rentals (rentals in which amounts are dependent upon some factor other than the passage of time). The District is responsible for paying, and does pay $11,406 monthly, for the amortized value of tenant improvements during the time that the improved space is occupied by the District. Should the SNWA assign designated parking spaces to the District, the District will pay to the SNWA an additional $75.00 per space per month for each such parking space designated. The District had no contingent rental expenditures in fiscal years 2014 and 2013.

The District must comply with all applicable and appropriate provisions of the lease and will take no action or fail to act in such a way that would cause the SNWA to be in breach of any provision, rule or regulation of the lease agreement. Further, the District shall not enter into any assignments or subleases of the premises without the written consent of the SNWA.

Following is a schedule by fiscal year of estimated future minimum rental payments under the sublease:

2015	$ 1,564,881
2016	1,564,881
2017	1,564,881
2018	1,564,881
2019	1,564,881
Later years	12,779,863
Total	$20,604,268

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

From the accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the costs occur rather than in future years when it will be paid. Following the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB Statement No. 45), the District recognizes the cost of postemployment healthcare in the year when the employee services are received by reporting the accumulated liability from the prior years and providing useful information in assessing potential demands on the District's future cash flows.

Plan Description

The District contributes to a single-employer defined benefit "other postemployment benefit plan" (OPEB plan) as explained below. Benefit provisions are established and may be amended by the District's Board subject to collective bargaining agreements. Unlike the pension plan (Note 16), the OPEB plan is administered by the District and not by a trust or equivalent arrangement. The OPEB plan does not issue a stand-alone financial report.

Under the OPEB plan, the District pays 100% of life insurance and group health insurance premiums for eligible retirees and 85% for their dependents until the retirees become eligible for Medicare. The District's insurance provider (Clark County) charges the District the same premiums for retirees who are not yet eligible for Medicare as for active employees. Therefore, the retiree premium rates are subsidized by the inclusion of current employees in setting rates.

Funding Policy

Subject to collective bargaining agreements, the contribution requirements of plan members and the District are established and may be amended by the District's Board. There are no legal or contractual maximum contribution rates. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2014, actuarial projected age-adjusted premiums totaled $1,093,155. Retirees receiving benefits contributed $43,996, approximately 4%, resulting in District contributions of $1,049,159**.**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For the fiscal year ended June 30, 2014, the following table shows the components of the District's annual OPEB cost (expense) for the year, the amount contributed to the plan and changes in the District's net OPEB obligation.

Annual Required Contribution (ARC)	$3,005,915
Interest on net OPEB obligation	478,246
Adjustment to annual required contribution	(664,833)
Annual OPEB cost	2,819,328
Contributions made	(1,049,159)
Increase in net OPEB obligation	1,770,169
Net OPEB obligation, beginning of the year	11,956,155
Net OPEB obligation, end of the year	$13,726,324

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent fiscal years are shown below.

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 2,819,328	37.2%	$13,726,324
2013	3,217,826	30.7%	11,956,155
2012	3,211,091	31.2%	9,725,671

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $23.5 million and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $23.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $119.1 million and the ratio of the UAAL to the covered payroll was 19.7%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare costs. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, will present in subsequent years, as additional valuations are obtained, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The reference to the schedule of funding progress presented as RSI does not represent or imply incorporation of the schedule into the notes to the basic financial statements.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the Projected Unit Credit Cost Method was used. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current employees and retirees. The economic assumptions include a 4.0% discount rate (unfunded), based on the expected long-term investment return on the District's assets and an initial healthcare inflation rate of 5.25%, grading down over 68 years to an ultimate rate of 4.75%. Both rates assume a 2.75% inflation assumption.

The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the ARC, the Unfunded Actuarial Accrued Liability (UAAL) is amortized as a level dollar amount over 30 years on an open period. At June 30, 2014, the remaining amortization period is 30 years.

Insured Benefit

GASB Statement No. 45 defines an insured benefit as an OPEB financing arrangement whereby an employer pays premiums to an insurance company, *while employees are in active service,* in return for which the insurance company unconditionally undertakes an obligation to pay the postemployment benefits of those employees or their beneficiaries, as defined in the employer's plan. Insured benefits are excluded from the calculation of annual OPEB cost and the net OPEB obligation.

The District provides long-term disability benefits for totally or partially disabled employees earning less than 20% of their indexed total monthly earnings by paying premiums to an insurer while the employees are in active service for covered events that occur during the premium period. Generally, benefits are paid only to totally disabled-separated employees.

Subject to collective bargaining agreements, benefit provisions are established and may be amended by the District's Board. The obligation to pay the benefits has been effectively transferred from the District to an insurance company. The District has not guaranteed benefits in the event of the insurance company's insolvency. For fiscal years 2014 and 2013, the District paid premiums of $527,886 and $612,843, respectively.

NOTE 15. TERMINATION BENEFITS

GASB Statement No. 47, *Accounting for Termination Benefits,* requires accrual of termination benefits if an offer for voluntary termination benefits is accepted or a plan for involuntary termination has been approved.

During fiscal year 2014, the District offered a voluntary separation plan for regular full-time or part-time employees who had at least 15 years of service and were eligible to retire with a full or reduced pension benefit. These employees were eligible to receive an incentive equal to 25% of their accrued disability leave at retirement if application were made prior to January 7, 2014, and the desired date of retirement was by June 30, 2014. The District reserved the right to approve exceptions to the criteria. Since eligible terminating employees normally receive 75% of unused disability leave, employees retiring under the voluntary separation plan will receive 100%.

During fiscal year 2014, the District paid $392,340 in voluntary separation benefits to 28 employees and estimates an additional $205,248 will be paid to 21 employees in fiscal year 2015. Because the liability for disability leave is already accrued at 100%, no additional accrual was necessary at June 30, 2014.

During fiscal year 2013, the District paid $204,654 in voluntary separation benefits to 20 employees.

NOTE 16. DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the Las Vegas Valley Water District Pension Plan (Plan), a single-employer defined benefit pension trust fund established by the District to provide pension benefits solely for the employees of the District. A Board of Trustees, comprised of the District's Board, has the authority to establish and amend the benefit provisions of the Plan and the contribution requirements of the District and its employees. Employee contributions are not required or permitted, except under certain conditions in which employees may purchase additional years of service for eligibility and increased benefits. During fiscal years 2014 and 2013, employee contributions for this purpose were $599,685 and $294,948, respectively.

The Plan was amended effective February 15, 2005, to provide the following: (1) Increase the annual service credit of 2% to 2.17% for years of service after July 1, 2001 (service credit is the accumulation of pension plan years an employee was in paid status at the District); (2) change the benefit formula to increase the

calculation of highest average pay by approximately 10% as currently prescribed in the Nevada Revised Statutes; and (3) add shift differential and standby pay to the total compensation counted toward the pension benefit.

Other than cost of living adjustments, the Plan does not provide *ad hoc* postretirement benefit increases nor does it administer postemployment healthcare plans. The Plan does not issue a stand-alone financial report.

All District employees are eligible to participate in the Plan after attaining age 20 and completing six months of employment. Subject to a maximum pension benefit, normally 60% of average monthly compensation, District employees who retire at age 65 are entitled to an annual retirement benefit, payable monthly for life, of an amount equal to 2% of their average monthly compensation multiplied for the years of service prior to July 1, 2001, and 2.17% of their average monthly compensation multiplied for the years of service after July 1, 2001. For the purposes of calculating the pension benefit, average monthly compensation means the average of a member's 36 consecutive months of highest compensation, after excluding certain elements, times approximately 110%, while participating in the Plan.

For participants in the plan prior to January 1, 2001, benefits start to vest after three years of service with a 20% vested interest. The benefit increases to 40% after four years of service and 100% after five years of service. New participants after January 1, 2001 start to vest at 5 years of service, at which time they are vested 100%. The Plan also provides for early retirement and pre-retirement death benefits. The Plan is not subject to the Employee Retirement Income Security Act (ERISA) of 1974, but is operated consistent with ERISA fiduciary requirements.

For employees on or after January 1, 2001, benefits are increased after retirement by cost of living adjustments that become effective on the first month following the anniversary of benefit commencement according to the following schedule:

0.0%	following the 1st, 2nd and 3rd anniversaries
2.0%	following the 4th, 5th and 6th anniversaries
3.0%	following the 7th, 8th and 9th anniversaries
3.5%	following the 10th, 11th and 12th anniversaries
4.0%	following the 13th and 14th anniversaries
5.0%	following each anniversary thereafter

However, if the benefit amount at the time of an increase is at least or equal to the original benefit amount multiplied by cumulative inflation since retirement, as measured by the increase in the Consumer Price Index (All Items), then the increase cannot exceed the average rate of inflation for the three proceeding years.

The District contributes amounts actuarially determined necessary to fund the Plan to pay benefits when due, and to provide an allowance sufficient to finance the administrative costs of the Plan. Contributions cannot revert to or be revoked by the District or be used for any purpose other than the exclusive benefit of the participants.

At June 30, 2014 and 2013, participants in the plan consist of the following:

		2014		2013	
Participant Count					
- Retirees in pay status with unpurchased benefits			318		311
- Terminated employees not yet receiving benefits			395		331
- Retirees paid monthly from plan			33		0
- Active employees	- fully vested	1,170		1,283	
	- nonvested	76		53	
- Total Active Employees			1,246		1,336
- Total Participants			1,992		1,978

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Employer contributions are recognized when due. Participants do not make contributions except voluntarily under certain conditions to purchase additional years of service. Participant contributions are non-refundable.

Allocated Insurance Contracts

Through December 31, 2013, benefit obligations were recognized and paid when due by purchasing annuity contracts from a life insurance company rated A++ by A.M. Best rating company. Beginning January 1, 2014, benefit obligations are paid by the Plan through a large multi-national bank. Cost of living adjustments for benefit obligations that were initially paid by purchasing annuity contracts from a life insurance company continue to be paid by purchasing additional annuity contracts from a life insurance company. The costs to purchase annuity contracts from a life insurance company for benefit obligations or cost of living adjustments were $8,422,611 and $26,101,849 for the years ended June 30, 2014 and June 30, 2013 respectively. The obligation for the payment of benefits covered by these annuity contracts have been transferred to a life insurance company and are excluded from the Plan assets.

Method Used to Value Investments

The domestic equity, international equity, domestic bond, global real estate investment trust (REIT) and money market accounts are stated at fair value, measured by the underlying market value as reported by the managing institutions. Investments at contract value are insurance contracts and pooled accounts, stated at contract value as determined by the insurance companies in accordance with the terms of the contracts.

Actuarially Determined Contribution

The District's policy is to pay the current year's actuarially determined contribution when due. This amount was $30,700,443 and $29,058,894 for the years ended June 30, 2014, and 2013, respectively.

Net Pension Liability

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based upon the discount rate and actuarial assumptions listed below. The total pension liability was then projected forward to the measurement date taking into account any significant changes between the valuation date and the fiscal year end. The liabilities are calculated using a discount rate that is a blend of the expected investment rate of return and a high quality bond index rate. The expected investment rate of return applies for as long as the Plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If Plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date. The disclosures below exclude assets and liabilities held with a life insurance company, which provides benefits for retirees or their beneficiaries whose benefits were purchased with annuity contracts from the life insurance company.

The components of net pension liability are:

	As of June 30, 2014	As of June 30, 2013
Total Pension Liability	$441,508,189	$401,160,155
Fiduciary Net Position	273,876,159	213,988,078
Net Pension Liability	$167,632,030	$187,162,077
Fiduciary Net Position as a % of Total Pension Liability	62.03%	53.34%
Covered Payroll	$121,696,965	$119,067,304
Net Pension Liability as a % of Covered Payroll	137.75%	157.19%

Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2013
GASB No. 67 Reporting Date	June 30, 2014	N/A
Depletion Date	None	None
Discount Rate	7.25%	7.25%
Expected Rate of Return, Net of Investment Expenses	7.25%	7.25%
Municipal Bond Rate	N/A	N/A

If the assets and liabilities for retirees or their beneficiaries whose benefits were purchased with annuity contracts from a life insurance company were included with the Plan assets:

	As of June 30, 2014	As of June 30, 2013
Fiduciary Net Position as a % of Total Pension Liability	72.99%	67.22%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) and 1 percentage point higher (8.25%) than the current rate.

	As of June 30, 2014		
Sensitivity Analysis	1% Decrease In Discount Rate 6.25%	Discount Rate 7.25%	1% Increase In Discount Rate 8.25%
Total Pension Liability	$572,742,259	$441,508,189	$341,564,747
Fiduciary Net Position	273,876,159	273,876,159	273,876,159
Net Pension Liability	$298,866,100	$167,632,030	$67,688,588

Actuarial Assumptions

Actuarial cost method	Entry age.
Amortization method	30 year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2009.
Remaining amortization period	25 years for the initial unfunded liability base established July 1, 2009. Bases established between July 1, 2010 and July 1, 2013 have remaining amortization periods ranging from 26 to 29 years.
Inflation	2.75% per year.
Salary increases	4.75% per year, including inflation.
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation.
Retirement age	Normal retirement age is attainment of age 65. Unreduced early retirement is available after either 1) 30 years of service, or 2) age 60 with 10 years of service. Reduced early retirement benefits are available after attainment of age 55 and completion of 5 years of service (3 years of service if a participant prior to January 1, 2001).
Mortality	Future mortality follows the 1994 Group Annuity Mortality Basic table projected to 2004 using Scale AA.

Investment Rate of Return

Asset Class	Expected Nominal Return	Target Asset Allocation
Large Cap U.S. Equities	8.57%	38%
Mid Cap U.S. Equities	9.34%	8%
Small Cap U.S. Equities	10.34%	8%
International Developed Equities	8.71%	12%
Emerging Market Equities	11.42%	3%
Core Fixed Income	4.85%	22%
High Yield Bonds	7.20%	6%
REITs	8.39%	3%
Cash	3.26%	0%
Expected Average Return (1 year)		7.97%
Expected Geometric Average Return (30 years)		7.08%
25th to 75th Percentile Return		5.35% to 8.79%

The expected geometric average return over 30 years is less than the expected 1 year return due to expected deviations each year from the average which, due to the compounding effect, lower long term returns.

Pension Investments

Management believes the District's pension investment policy conforms to the District's enabling act which requires the District to follow the "prudent person" rule, *i.e.*, invest with discretion, care and intelligence. The investment policy does not specify credit quality ratings or maturities except that investments must be those that are allowed by law and those that the investment managers are trained and competent to handle.

To diversify investment risk, the District's investment policy currently limits pension plan investments as follows:

Investment Type	Percent of Portfolio	
Cash and Cash Equivalents	2%	+/- 2%
Fixed-Income Securities	27%	+/- 10%
Equity Securities	68%	+/- 10%
Global REIT	3%	+/- 3%

At June 30, 2014, the Pension Trust Fund had the following investments (includes contract investments at contract value; carrying value excludes accrued interest):

Investment Type	Carrying Value	Percent of Total
Cash and Cash Equivalents	$ 1,200,357	0.4%
Fixed Income Securities	73,083,592	26.7%
Equity Securities	191,241,308	69.8%
Global REIT	8,343,261	3.1%
Total	$273,868,518	100.0%

Investment	Maturities	Carrying Value
Money Market Fund	Weighted Average 28 days	$897,938
Money Market Fund	Weighted Average 40 days	302,419
U.S. Equity Securities[1]	N/A	151,247,407
International Equity Securities	N/A	39,993,901
U.S. Fixed Income Securities	Weighted Average 7.7 years	54,766,270
High Yield Fixed Income Securities	Weighted Average 3.7 years	16,375,708
Global REIT	N/A	8,343,261
Union Central Life Ins. Co. Contract	Open	1,671,659
New York Life Ins. Co. Contract	Open	269,955
Total		$273,868,518

[1] This investment category includes approximately 69.7% large cap and 30.3% small and mid-cap domestic equity investments.

At June 30, 2013, the Pension Trust Fund had the following investments (includes contract investments at contract value; carrying value excludes accrued interest):

Investment Type	Carrying Value	Percent of Total
Cash and Cash Equivalents	$ 372,888	0.2%
Equity Securities	157,744,494	73.7%
Fixed Income Securities	55,819,440	26.1%
Total	$213,936,822	100.0%

Investment	Maturities	Carrying Value
Money Market Fund	Weighted Average 52 days	$372,888
U.S. Equity Securities[1]	N/A	127,785,089
International Equity Securities	N/A	29,959,405
U.S. Fixed Income Securities	Weighted Average 7.40 years	49,991,990
Union Central Life Ins. Co. Contract	Open	1,615,891
New York Life Ins. Co. Contract	Open	4,211,559
Total		$213,936,822

[1] This investment category includes approximately 70.2% large cap and 29.8% small and mid-cap domestic equity investments.

Credit Exposure As a Percentage of Total Fixed-Income Investments

	2014	2013
Domestic Bond Fund	74.9%	89.6%
High Yield Bond Fund	22.4%	0.0%
Contracts	2.7%	10.4%

Credit Quality of Fixed Income Investments

The pension fund fixed-income investments are in insurance company contracts, a domestic bond fund and a high yield bond fund. The insurance company contracts are not rated by credit rating agencies. The managing institution of the domestic bond fund reports an average quality rating of AA1/AA2 at June 30, 2014 and at June 30, 2013 for the underlying securities. The managing institution of the high yield bond fund reports an average quality rating of B1 at June 30, 2014 for the underlying securities.

Credit Quality of Money Market Funds

One of the Plan's money market funds reports ratings of AAA by Standard & Poors and Aaa by Moody's, at June 30, 2014 and at June 30, 2013. The other money market account fund was not rated by either Standard & Poors or Moody's at June 30, 2014.

Concentration of Credit Risk – Excluding Money Market and Mutual Funds

The pension investment policy does not restrict the amount that may be invested with any one issuer as long as the prudent person rule is followed. Excluding the money market, equity, bond and REIT funds, no investment comprised more than 5% of the pension trust investments at June 30, 2014 and at June 30, 2013.

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.99%. For the year ended June 30, 2013, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 17. SUBSEQUENT EVENTS

On August 5, 2014, the Las Vegas Valley Water District's Board of Directors (Board) approved a resolution authorizing the sale of $50 million in general obligation (limited tax) water improvement bonds (additionally secured by pledged revenues). The resolution authorized the publication of a notice of intent to issue the bonds and a notice setting a public hearing on September 2, 2014 regarding the issuance of the bonds. It is currently expected that the Nevada Drinking Water State Revolving Fund (Fund) will provide these bond funds. The benefit and need for $20 million through a loan from the Fund was included in the fiscal year 2014-15 operating and capital budget approved by the Board. It is anticipated that $15 million could be utilized in both fiscal year 2016 and fiscal year 2017. Final amounts will be included for Board consideration and approval in the operating and capital budgets for those years. On September 2, 2014, a public hearing was held. It is expected that final approval for issue of the bonds will be in November, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

LAS VEGAS VALLEY
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LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
LAST TEN FISCAL YEARS
(Unaudited)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability - Beginning of Year	$401,160,155	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Service Cost	18,670,779	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Purchase of Service Payments	599,685	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interest on the Total Pension Liability	30,115,838	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Changes of Benefit Terms	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Differences between Actual and Expected Experience with regard to Economic or Demographic Factors	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Changes of Assumptions	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Benefit Payments	(9,038,268)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Changes	40,348,034	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Pension Liability - End of Year	$441,508,189	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fiduciary Net Position - Beginning of Year	$213,998,078	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions from Employer	30,700,443	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Purchase of Service Payments	599,685	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Investment Income	37,893,540	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Benefit Payments	(9,038,268)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Administrative Expenses	(277,319)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Changes	59,878,081	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fiduciary Net Position - End of Year	$273,876,159	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Pension Liability	$167,632,030	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fiduciary Net Position as a % of Total Pension Liability	62.03%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Covered Employee Payroll	$121,696,965	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Pension Liability as a % of Covered Employee Payroll	137.75%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The required supplementary information is presented for fiscal year 2014, for which information measured in conformity with the requirements of GASB No. 67 is available.
This schedule will ultimately present information for the last 10 fiscal years.

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF DEFINED BENEFIT PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Schedule B-2

Plan Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2014	$ 30,700,443	$ 30,700,443	$ -	$ 121,696,965	25.23%
2013	29,058,894	29,058,894	-	119,067,304	24.41%
2012	26,721,710	26,721,710	-	117,220,320	22.80%
2011	26,606,950	26,606,950	-	119,663,339	22.23%
2010	25,753,794	25,753,794	-	122,006,497	21.11%
2009	27,262,106	27,262,106	-	111,054,552	24.55%
2008	23,587,076	23,587,076	-	97,880,824	24.10%
2007	22,040,681	22,040,681	-	86,960,597	25.35%
2005	18,913,372	18,913,372	-	76,673,296	24.67%
2005	15,137,310	15,137,310	-	71,465,600	21.18%

Notes to Schedule
Valuation Date: Actuarially determined contribution rates are calculated as of July 1 of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate as of the last actuarial valuation:

Actuarial cost method	Entry age.
Amortization method	30 year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2009.
Remaining amortization period	25 years for the initial unfunded liability base established July 1, 2009. Bases established between July 1, 2010 and July 1, 2013 have remaining amortization periods ranging from 26 to 29 years.
Asset valuation method	5 year phase-in of gains/losses relative to interest rate assumptions.
Inflation	2.75% per year.
Salary increases	4.75% per year, including inflation.
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation.
Retirement age	Normal retirement age is attainment of age 65. Unreduced early retirement is available after either 1) 30 years of service, or 2) age 60 with 10 years of service. Reduced early retirement benefits are available after attainment of age 55 and completion of 5 years of service (3 years of service if a participant prior to January 1, 2001).
Mortality	Future mortality follows the 1994 Group Annuity Mortality Basic table projected to 2004 using Scale AA.

Schedule B-3

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF DEFINED BENEFIT PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS
(Unaudited)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actual money-weighted rate of return, net of investment expense	15.99%	9.15%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

GASB No. 67 requires the disclosure of the money-weighted rate of return on Plan investments. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportionate amount of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. The money-weighted rate of return is calculated net of investment expense.

The required supplementary information is presented for fiscal years 2014 and 2013, for which information measured in conformity with the requirements of GASB No. 67 is available. This schedule will ultimately present information for the last 10 fiscal years.

Schedule B-4

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFIT PLAN
PROPRIETARY ENTERPRISE FUND
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/12	$0	$23,489,420	$23,489,420	0.0%	$119,067,304	19.7%
7/1/10	0	23,455,123	23,455,123	0.0%	119,663,339	19.6%
7/1/08	0	16,116,100	16,116,100	0.0%	111,054,552	14.5%
7/1/06	0	15,776,208	15,776,208	0.0%	86,960,597	18.1%

The actuarially determined AAL and UAAL involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The estimates are subject to continual revision.

The July 1, 2006 actuarial valuation is the first valuation of the postemployment benefit plan.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE 2015 BOND RESOLUTION

The following statements are summaries of certain provisions of the 2015 Bond Resolution. Such statements do not purport to be complete and reference is made to the 2015 Bond Resolution, copies of which are on file and available for examination at the principal office of the District.

Certain Definitions

Certain terms used in the 2015 Bond Resolution are defined substantially as follows:

"Bond Requirements" means the principal of, any prior redemption due in connection with, and the interest on the Bonds as such principal, premiums and interest become due at maturity or on a redemption date, or otherwise.

For purposes of computing the Bond Requirements of variable interest rate Superior Lien Obligations or Parity Lien Obligations with respect to which a Qualified Swap is in effect, the interest payable on such variable interest rate securities (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable on such variable interest rate securities in accordance with the terms thereof plus any amount required to be paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the District pursuant to the Qualified Swap; or (b) for purposes of computing the maximum annual principal and interest requirements, and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities) shall be deemed to be the amount accruing at the fixed rate as provided in the Qualified Swap. No computation of Bond Requirements under the 2015 Bond Resolution shall take into account payments due the Qualified Swap Provider on the termination of the Qualified Swap unless such payments on termination are then unconditionally due and payable in accordance with the terms of the related Qualified Swap.

For purposes of computing the Bond Requirements of a Qualified Swap with respect to which no Superior Lien Obligations or Parity Lien Obligations remain outstanding or of that portion of a Qualified Swap with respect to which the notional amount is greater than the principal amount of outstanding Superior Lien Obligations or Parity Lien Obligations to which such Qualified Swap relates, (a) for purposes of Sections 39 through 47 of the 2015 Bond Resolution, the interest payable thereon shall be deemed to be the net amount positive or negative, if any, required to be paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap, and (b) for purposes of any computation of Bond Requirements for a period after the date of computation, the interest payable thereon shall be deemed to be the net amount most recently paid, as of the date of computation, by the District to the Qualified Swap Provider thereunder or (expressed as a negative number) by the Qualified Swap Provider to the District thereunder.

For purposes of computing the maximum annual principal and interest requirements and for purposes of any other computations for the issuance of additional superior or parity securities (including refunding securities), in making any calculation of the Bond Requirements to be paid for a period after the date of computation on any bonds with respect to which the District expects to receive a BAB Credit (as defined in the resolutions authorizing the issuance of the 2009 Bonds), "interest" for any Bond Year shall be treated as the amount of interest to be paid by the District on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the resolution or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year or to reimburse the

District for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as the date of such a calculation, "interest" shall be the total amount of interest to be paid by the District on the bonds without a deduction for the credit to be paid by the United States under 6431 of the Tax Code. The Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of computing the maximum annual principal and interest requirements and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities).

"Bonds" means the 2015 Bonds.

"Combined maximum annual principal and interest requirements" means the maximum sum of the principal of and the interest (including any BAB Credit received by the District and any payments to be made (positive or negative) on any Qualified Swap as provided in the definition of "Bond Requirements") on the Bonds and any other Superior Lien Obligations or Parity Lien Obligations, falling due during any one fiscal year for the period beginning with the fiscal year in which such computation is made and ending with the fiscal year in which any Bonds last become due and payable but not including any securities which are no longer outstanding under the defeasance provisions in the 2015 Bond Resolution. If any Superior Lien Obligation or Parity Lien Obligation bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Superior Lien Obligations or Parity Lien Obligations or a rate equal to the "25 Bond Revenue Index" as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed Superior Lien Obligations or Parity Lien Obligations is accepted by the District or if such index is no longer published, such other securities index as the District reasonably selects.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States.

"General Taxes" means general (ad valorem) taxes levied by Clark County, Nevada against all taxable property within the boundaries of the District.

"Parity Lien Obligations" "parity securities" or "parity bonds" means bonds or securities which have a lien on the SNWA Pledged Revenues that is on a parity with the lien thereon of the Bonds, including, but not limited to, the 2003 Bonds, 2008 Bonds, the 2009 Bonds, the 2011 Bonds, 2012 Bonds and any bonds hereafter issued on a parity with the lien of the Bonds.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., or any successor serving as paying agent for the Bonds.

"Qualified Swap" means any financial arrangement (i) that is entered into by the District with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) that provides that the District shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to a designated principal amount of variable interest rate Superior Lien Obligations or Parity Lien Obligations outstanding as described therein, and that such entity shall pay to the District an amount based on the interest accruing on such principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Superior Lien Obligations or Parity Lien Obligations) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing by the District as a Qualified Swap with respect to such obligations.

"Qualified Swap Provider" means a financial institution whose senior long-term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated by whichever of Standard and Poor's Ratings Service or Moody's Investors Service as then has a rating in effect for the Bonds or both such agencies if both then have a rating in effect for the Bonds, at the time the subject Qualified Swap is entered into at least "Aa" in the case of Moody's and "AA" in the case of Standard & Poor's, or the equivalent thereof.

"Registered owner" means the person in whose name a Bond shall be registered on the records of the District kept for that purpose by the Registrar in accordance with the provisions of the 2015 Bond Resolution.

"Registrar" means The Bank of New York Mellon Trust Company, N.A., or any successor serving as registrar for the Bonds.

"SNWA" means Southern Nevada Water Authority in Clark County, Nevada.

"SNWA Agreement" means the SNWA/LVVWD Master Bond Repayment Agreement dated as of July 1, 1996, as amended, between SNWA and the District pursuant to which SNWA Pledged Revenues are paid to the District.

"SNWA Pledged Revenues" means the revenues received by the District from SNWA pursuant to the SNWA Agreement.

"State" means the State of Nevada.

"Superior Lien Obligations," "superior securities" or "superior bonds" means bonds or securities which have a lien on the SNWA Pledged Revenues that is superior to the lien thereon of the Bonds.

"Tax Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds.

Security for the Bonds

The Bonds are general obligation bonds of the District and are additionally payable from and secured by the SNWA Pledged Revenues. To the extent other moneys are not available to pay the principal of, premium, if any and interest on the Bonds, the District has covenanted to levy and collect ad valorem taxes sufficient to make such payments.

The Bonds, together with the Parity Lien Obligations, constitute an irrevocable lien (but not necessarily an exclusive lien) on the SNWA Pledged Revenues subject to the superior liens of any obligations issued superior to the Bonds.

Flow of Funds

All moneys received by the District from SNWA pursuant to the SNWA Agreement and any other repayment agreement hereafter entered into between SNWA and the District, which by its terms requires the District to deposit revenues received pursuant to that agreement in the Revenue Fund, shall be paid into the Revenue Fund, and no disbursements shall be made from the Revenue Fund except as provided in the 2015 Bond Resolution. Payments shall be made, as necessary, from the Revenue Fund to

any fund thereafter created to pay, when due, principal of and interest on any Superior Lien Obligations (including payments due on any Qualified Swap), together with any amount required to be paid to the United States in compliance with Section 148(f) of the Tax Code for the Superior Lien Obligations. Second, payments shall be made as required by any resolution authorizing the issuance of any Superior Lien Obligation to any reserve fund created for the Superior Lien Obligation. Third, and concurrently with the transfers to the bond funds created with respect to the outstanding Parity Lien Obligations, the following transfers shall be made to the Bond Fund, on or before the date the District is required to transmit the corresponding payment to the Bondholders, to pay the principal of and interest on the Bonds together with any Parity Lien Obligations thereafter issued (including payments due on any Qualified Swap).

So long as any of the Bonds are outstanding, there shall be transferred to and placed in the Bond Fund (together with any other moneys from time to time available therefor from whatever source): (i) a sum at least equal to the amount of the interest coming due on the Bonds on the first interest payment date of the Bonds, and semiannually thereafter, a sum equal to the amount necessary to pay the next maturing installment of interest on the Bonds; and (ii) a sum at least equal to the amount of the principal coming due on the Bonds on the first principal payment date of the Bonds, and annually thereafter, a sum equal to the amount necessary to pay the next maturing installment of principal of the Bonds then outstanding. The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as the Bond Requirements become due.

Fourth, and concurrently with transfers to the rebate funds created with respect to the outstanding Parity Lien Obligations, there shall be credited to the Rebate Fund and any rebate fund thereafter created for any Parity Lien Obligations, such amounts as are required to be deposited in each and to the Rebate Fund such amounts as are required to be deposited therein to meet the District's obligations in accordance with Section 148(f) of the Tax Code. Such deposits shall be made at such times as are required by Section 148(f) of the Tax Code and amounts in the Rebate Fund shall be used for the purpose of making the payments to the United States required by Section 148(f) of the Tax Code. Any amounts in the Rebate Fund in excess of those required to be on deposit therein may be withdrawn therefrom and deposited into the Revenue Fund.

No payment need be made into the Bond Fund if the amounts in the Bond Fund equal a sum at least equal to the entire amount of the outstanding Bonds as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such fund in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

If at any time (including a date on which a payment under a Qualified Swap is due) the District shall for any reason fail to pay into the Bond Fund or the Rebate Fund the full amount above stipulated from the SNWA Pledged Revenues, then an amount shall be paid first into the Bond Fund and second into the Rebate Fund at such time equal to the difference between that paid from the SNWA Pledged Revenues and the full amount so stipulated, from the first SNWA Pledged Revenues available therefor. If securities (other than the Bonds) are outstanding, the payment of which are secured by a lien on the SNWA Pledged Revenues which lien is on a parity with the lien hereon of the Bonds, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate fund therefor, then the moneys replaced in such bond fund, reserve fund or rebate fund shall be replaced on a pro rata basis related to the principal amount of the then outstanding Bonds

and the then outstanding other parity securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate funds.

Issuance of Additional Superior Lien Obligations or Parity Lien Obligations

Superior Lien Obligations or Parity Lien Obligations may be issued if:

(a) At the time of the adoption of the resolution authorizing the issuance of such Superior Lien Obligations or Parity Lien Obligations, the District is not in default in making any payments required into the debt service, sinking or reserve funds for any outstanding obligations secured with a lien on the SNWA Pledged Revenues; and

(b) (1) The SNWA Pledged Revenues (subject to adjustment as hereinafter provided) derived in the fiscal year immediately preceding the date of issuance of the additional Superior Lien Obligations or Parity Lien Obligations shall have been at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements of the outstanding Bonds and any other outstanding Superior Lien Obligations and Parity Lien Obligations, and the obligations proposed to be issued; or

(2) The SNWA Pledged Revenues (subject to adjustment as hereinafter provided) projected by the District General Manager or an independent accountant or consulting engineer to be derived in the later of (i) the fiscal year immediately following the fiscal year in which the additional Parity Lien Obligations or Superior Lien Obligations are issued or (ii) the first fiscal year in which all principal and interest payable on the additional Parity Lien Obligations or Superior Lien Obligations to be paid from proceeds of the SNWA Pledged Revenues, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that fiscal year) of the Bonds, any other outstanding Parity Lien Obligations and Superior Lien Obligations and the obligations proposed to be issued.

In any determination of whether or not additional parity securities may be issued in accordance with the foregoing earnings test (i) the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities; and (ii) the respective annual principal and interest requirements shall be reduced to the extent of the amount of principal and interest of any outstanding securities with a term of one year or less which the General Manager or Chief Financial Officer certifies are expected to be refunded. The certificate shall also provide an estimate of the debt service for the long-term refunding obligations that will refund the securities with the term of one year or less, calculated based on an interest rate equal to the "25 Bond Revenue Index" most recently published in The Bond Buyer prior to the date of certification.

For the purposes of paragraph (b) above, if any Superior Lien Obligation or Parity Lien Obligation bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Superior Lien Obligations or Parity Lien Obligations or a rate equal to the "25 Bond Revenue Index" as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed Superior Lien Obligations or Parity Lien Obligations is accepted by the District or if such index is no

longer published such other similar long-term bond index as the District reasonably selects. In addition, any such variable interest rate securities must meet the requirements of the insurer of the Bonds, if any.

Termination payments due under a Qualified Swap Agreement must be subordinate to the payments of the Bond Requirements of any Bonds, unless all of the outstanding Bonds are insured by a bond insurer whose rating issued by Standard and Poor's Rating Services or Moody's Investors Service or both (whichever has a rating in effect for the outstanding Bonds) is equal to or better than the rating the Bonds would have without such insurance, and the insurer of the outstanding Bonds consents to the lien position of such termination payment prior to the execution of such Qualified Swap Agreement.

In connection with the authorization of any such additional securities the Board may on behalf of the District adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the District in the 2015 Bond Resolution. Any finding of the District to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of the 2015 Bond Resolution.

Subordinate Bonds

The 2015 Bond Resolution provides that the District may issue additional bonds or securities payable from the SNWA Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Tax Covenant

The District covenants for the benefit of the registered owners of the 2015 Bonds that it will not take any action or omit to take any action with respect to the 2015 Bonds, the proceeds thereof, any other funds of the District or any facilities refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2015 Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Other Protective Covenants

The District also covenants with the registered owners of the Bonds that (a) it will enforce the terms of the SNWA Agreement, and shall not consent to an amendment of the SNWA Agreement which would reduce or delay the receipt of the SNWA Pledged Revenues by the District; (b) it will keep proper books of record and account, in accordance with sound accounting practice; and (c) it will not issue any obligations having a priority over the Bonds for payment of principal and interest from General Taxes.

Qualified Swap Covenant

In the 2015 Bond Resolution, the District covenants that, at least 15 days in advance of entering into a Qualified Swap, the District will give written notice to Moody's Investors Service and Standard and Poor's Ratings Service, of such Qualified Swap and to provide Moody's Investors Service

and Standard and Poor's Ratings Service with the proposed documentation evidencing such Qualified Swap.

If a termination payment under a Qualified Swap is unconditionally due and payable in accordance with the terms of the Qualified Swap, and the District determines that payment of such termination payment on its due date would be unduly burdensome, the District will use its best efforts to issue bonds or other obligations and use the proceeds thereof for the purpose of paying such termination payment.

Any Qualified Swap entered into by the District will contain a provision requiring the Qualified Swap Provider to (i) maintain at least an "A" rating from Standard and Poor's Ratings Service on its senior long-term debt obligations, or on the senior long-term debt obligations of the financial institution that guarantees the District's obligations under the Qualified Swap, or (ii) to collateralize its obligations under the Qualified Swap in a manner reasonably acceptable to Moody's Investors Service and Standard and Poor's Ratings Service.

Defeasance

When all the Bond Requirements of any Bond have been duly paid, the pledge, the lien and all obligations under the 2015 Bond Resolution will thereby be discharged as to that Bond, and the Bond will no longer be deemed to be Outstanding within the meaning of the 2015 Bond Resolution. There shall be deemed to be such due payment if the District has placed in escrow or in trust with a trust bank an amount sufficient, together with the known minimum yield available therefore from any initial investments in Federal Securities, to meet all Bond Requirements of the Bonds as the same become due to the final maturity of the Bonds or to any redemption date as of which the District shall have obligated itself to exercise its prior redemption option. When such defeasance is accomplished, the Paying Agent shall mail written notice of the defeasance to the registered owners of the Bonds at the addresses last shown on the registration records for the Bonds.

Amendment of the Bond Resolution

The 2015 Bond Resolution may be amended or supplemented without the consent of or notice to the holders of the Bonds for the purpose of curing any ambiguity or formal defect or omission in the 2015 Bond Resolution. The 2015 Bond Resolution may be amended or supplemented with the consent of the insurer of the Bonds, if any (as long as the insurer has not defaulted on its insurance policy with respect to such Bonds), in connection with any other amendment. The 2015 Bond Resolution may be amended or supplemented with the consent of the registered owners of 66-2/3% in aggregate principal amount of Bonds outstanding; but no amendment may permit the following without the consent of the insurer, if any, and registered owners of Bonds adversely affected thereby: (i) a change in the maturity or in the terms of redemption of the principal or any installment thereof of any outstanding Bond or any installment of interest thereon; (ii) a reduction in the principal amount of any Bond or the rate of interest thereon; (iii) a reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the registered owners of which is required for any modification or amendment; (iv) the establishment of priorities between Bonds issued and outstanding under the provisions of the 2015 Bond Resolution; or (v) any modification or otherwise materially and prejudicially affecting the rights or privileges of the owners of less than all of the Bonds then outstanding.

Replacement of Paying Agent or Registrar

If the Registrar or Paying Agent initially appointed resigns, or if the Board reasonably determines that the Registrar or Paying Agent has become incapable of performing its duties, or that it is

in the best interests of the District to replace the Paying Agent or Registrar, the Board may, upon notice mailed to each registered owner of the Bonds at his or her address last shown on the registration records, appoint a successor or Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. The 2015 Bond Resolution does not require that the same institution serve as both Registrar and Paying Agent, but the District shall have the right to have the same institution serve as both Registrar and Paying Agent.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under the 2015 Bond Resolution, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties to the 2015 Bond Resolution.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2015 Bonds. The 2015 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2015 Bonds, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

To facilitate subsequent transfers, all 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 Bonds are credited, which

may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2015 Bond documents. For example, Beneficial Owners of 2015 Bonds may wish to ascertain that the nominee holding the 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2015 Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015 Bonds at any time by giving reasonable notice to the District or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2015 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2015 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC 's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX E

FORM OF 2015 CONTINUING DISCLOSURE CERTIFICATE OF THE DISTRICT

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Las Vegas Valley Water District, Nevada (the "Issuer") in connection with the issuance of the Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds Series 2015, in the aggregate principal amount of $_____ (the "Bonds") are being issued pursuant to the resolution adopted by the Board of Directors of the Issuer on November 5, 2014 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year of each year, commencing nine (9) months following the end of the Issuer's fiscal year ending June 30, 2015, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited

financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall file or cause to be filed with the MSRB, a notice in substantially the form attached as Exhibit "A."

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) Modifications to rights of bondholders, if material;

(h) Bond calls, if material, and tender offers;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the Bonds, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the obligated person[1];

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

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[1] For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: _____, 2015.

LAS VEGAS VALLEY WATER
DISTRICT, NEVADA

_____
Chief Financial Officer

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Las Vegas Valley Water District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2015

CUSIP:

Date of Issuance: _____, 2015.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution adopted on November 5, 2015 and the Continuing Disclosure Certificate executed on _____, 2015 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

LAS VEGAS VALLEY WATER
DISTRICT, NEVADA

By:_____

Title:_____

EXHIBIT "B"

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See page iv of this Official Statement.

FORM OF CONTINUING DISCLOSURE CERTIFICATE OF THE AUTHORITY

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Southern Nevada Water Authority (the "Authority") on behalf of the Las Vegas Valley Water District, Nevada (the "District") in connection with the issuance of the District's General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2015, in the aggregate principal amount of $_____ (the "Bonds") issued pursuant to the bond resolution of the District adopted November 5, 2014 (the "Resolution"). The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than 270 days following the end of the Authority's fiscal year of each year, commencing 270 days following the end of the Authority's fiscal year ending June 30, 2015, provide to the MSRB in electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report.

(b) If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority shall file or cause to be filed with the MSRB, a notice in substantially the form attached as Exhibit "A".

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Authority, send written notice to the Authority at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided..

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the information of the type contained in the tables identified by two asterisks (**) in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Authority shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Authority shall file or cause to be filed with the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) Modifications to rights of bondholders, if material;

(h) Bond calls, if material, and tender offers;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the Bonds, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the obligated person[2];

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Authority shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions

[2] For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist the Authority in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Authority will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the District, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no right in any other person or entity.

DATE: _____, 2015.

SOUTHERN NEVADA WATER AUTHORITY, NEVADA

_____
Treasurer

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Bond Issuer: Las Vegas Valley Water District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2015

CUSIP:

Date of Issuance: _____, 2015.

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed on _____, 2015 by the Authority. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

SOUTHERN NEVADA WATER AUTHORITY, NEVADA

By:_____
Its:_____

EXHIBIT "B"

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See page iv of this Official Statement.

APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

Las Vegas Valley Water District, Nevada
1001 South Valley View
Las Vegas, Nevada 89153

$_____
Las Vegas Valley Water District, Nevada
General Obligation (Limited Tax)
(Additionally Secured by SNWA Pledged Revenues)
Water Refunding Bonds
Series 2015

Ladies and Gentlemen:

We have acted as bond counsel to the Las Vegas Valley Water District (the "District"), Nevada (the "State"), in connection with the issuance of its "General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2015" in the aggregate principal amount of $_____ (the "Bonds"), pursuant to an authorizing resolution adopted and approved by the District's Board of Directors on November 5, 2014 (the "Bond Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Resolution. In such capacity, we have examined the District's and the Authority's certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the District's and the Authority's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding, limited tax general obligations of the District.

2. All of the taxable property in the District is subject to the levy of annual general (ad valorem) taxes to pay the Bonds, subject to the limitations imposed by the Constitution and laws of the State.

3. As provided in the Bond Resolution and in accordance with the provisions of NRS 361.463, taxes levied for the payment of the bonded indebtedness (including the Bonds) of all overlapping units within the boundaries of the District (i.e., the State, the District, and any other political subdivision therein) and for the payment of interest on such indebtedness enjoy a priority over taxes levied by each such unit (including, without limitation, the State and the District) for all other purposes (subject to any exception implied by law for the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. The Bonds are additionally secured by and payable from the SNWA Pledged Revenues. The Bond Resolution creates a valid lien on the SNWA Pledged Revenues and on the Bond Fund pledged therein for the security of the Bonds on a parity with any parity bonds or parity securities outstanding or hereafter issued which have a lien on the SNWA Pledged Revenues and on the Bond Fund that is on a parity with the lien thereon of the Bonds, and subordinate to any superior bonds or superior securities outstanding or hereafter issued which have a lien on the SNWA Pledged Revenues and on the Bond Fund that is superior to the lien thereon of the Bonds. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the SNWA Pledged Revenues or on the Bond Fund created by the Bond Resolution.

5. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

6. Under laws of the State in effect on the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District pursuant to the Bonds and the Bond Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein. We are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

Respectfully submitted,

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