

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: S&P: "AA+"
Moody's: "Aa1"
See "RATINGS"**

In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, interest on the 2010A Bonds is included in gross income pursuant to the Internal Revenue Code of 1986, as amended to the date of delivery of the 2010A Bonds (the "Tax Code"). The owners of the 2010A Bonds will not receive a tax credit as a result of holding the 2010A Bonds. See "TAX MATTERS--Federal Tax Matters - Build America Bonds." In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2010B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2010B 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 - Tax-Exempt Bonds."

\$75,860,000*

**Las Vegas Valley Water District, Nevada
General Obligation (Limited Tax)
(Additionally Secured by Pledged Revenues)
Water Bonds, Series 2010A
(Taxable Direct Pay Build America Bonds)**

\$32,515,000*

**Las Vegas Valley Water District, Nevada
General Obligation (Limited Tax)
(Additionally Secured by Pledged Revenues)
Water and Refunding Bonds
Series 2010B**

Dated: Date of Delivery

Due: March 1, as shown herein

The 2010A Bonds and the 2010B Bonds (together, the "2010 Bonds") are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The 2010 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 2010 Bonds. Purchases of the 2010 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2010 Bonds. See "THE 2010 BONDS--Book-Entry Only System." The 2010 Bonds bear interest at the rates set forth herein, payable on September 1, 2010, and each March 1 and September 1 thereafter, to and including the maturity dates shown herein (unless redeemed earlier). Interest on the 2010 Bonds will be paid by check or draft mailed to the registered owner of the 2010 Bonds, initially Cede & Co. The principal of, and premium, if any, on the 2010 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 2010 Bonds. See "THE 2010 BONDS."

The maturity schedules for each series of the 2010 Bonds appear on the inside cover page of this Official Statement.

The 2010 Bonds of each series are subject to redemption prior to maturity at the option of the Las Vegas Valley Water District (the "District") as described in "THE 2010 BONDS--Redemption Provisions." At the option of the winning bidder, the 2010 Bonds of each series also may be subject to mandatory sinking fund redemption.

Proceeds of the 2010A Bonds will be used to: (i) acquire and construct water improvement projects for the District (the "Improvement Project"); and (ii) pay the costs of issuing the 2010A Bonds. See "SOURCES AND USES OF FUNDS."

Proceeds of the 2010B Bonds will be used to: (i) refund certain outstanding District bonds, as more particularly described herein; (ii) pay a portion of costs of the Improvement Project, including capitalized interest; and (iii) pay the costs of issuing the 2010B Bonds. See "SOURCES AND USES OF FUNDS."

The 2010 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 BONDS--General Obligation Bonds." The 2010 Bonds are additionally secured by certain Net Pledged Revenues (as described herein). See "SECURITY FOR THE BONDS--Net 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.

Each series of 2010 Bonds is offered when, as and if issued, and subject to the approval of legality by Swendseid & Stern, a member in Sherman & Howard L.L.C., Las Vegas and Reno, Nevada, and the satisfaction of certain other conditions. Swendseid & Stern, a member in Sherman & Howard L.L.C. also 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. It is expected that the 2010 Bonds will be available for delivery through the facilities of DTC on or about June 15, 2010.*

*Subject to change.

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

\$75,860,000*

Las Vegas Valley Water District, Nevada
General Obligation (Limited Tax)
(Additionally Secured by Pledged Revenues)
Water Bonds, Series 2010A
(Taxable Direct Pay Build America Bonds)

Maturing (<u>March 1</u>)	Principal <u>Amount(1)</u>	Interest <u>Rate</u>	Price or <u>Yield</u>	CUSIP© Issue <u>Number</u>	Maturing (<u>March 1</u>)	Principal <u>Amount(1)</u>	Interest <u>Rate</u>	Price or <u>Yield</u>	CUSIP© Issue <u>Number</u>
2028	\$ 2,625,000				2035	\$ 4,210,000			
2029	2,805,000				2036	4,505,000			
2030	3,000,000				2037	4,825,000			
2031	3,215,000				2038	5,160,000			
2032	3,435,000				2039	16,640,000			
2033	3,675,000				2040	17,830,000			
2034	3,935,000								

- (1) At the option of the winning bidder, the 2010A Bonds maturing on and after March 1, 2021, may be included in one or more term bonds subject to mandatory sinking fund redemption. See the Official Notice of Bond Sale attached hereto as Appendix F.

\$32,515,000*

Las Vegas Valley Water District, Nevada
General Obligation (Limited Tax)
(Additionally Secured by Pledged Revenues)
Water and Refunding Bonds
Series 2010B

Maturing (<u>March 1</u>)	Principal <u>Amount(1)</u>	Interest <u>Rate</u>	Price or <u>Yield</u>	CUSIP© Issue <u>Number</u>	Maturing (<u>March 1</u>)	Principal <u>Amount(1)</u>	Interest <u>Rate</u>	Price or <u>Yield</u>	CUSIP© Issue <u>Number</u>
2014	\$ 725,000				2027	\$ 1,275,000			
2015	755,000				2028	1,340,000			
2016	785,000				2029	1,405,000			
2017	815,000				2030	1,480,000			
2018	845,000				2031	1,550,000			
2019	880,000				2032	1,630,000			
2020	915,000				2033	1,710,000			
2021	950,000				2034	1,795,000			
2022	1,000,000				2035	1,885,000			
2023	1,050,000				2036	1,980,000			
2024	1,105,000				2037	2,080,000			
2025	1,160,000				2038	2,185,000			
2026	1,215,000								

- (1) At the option of the winning bidder, the 2010B Bonds maturing on and after March 1, 2021, may be included in one or more term bonds subject to mandatory sinking fund redemption. See the Official Notice of Bond Sale attached hereto as Appendix F.

* Subject to change.

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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 2010 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 2010 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"). The District maintains 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 2010 Bonds.

The information set forth in this Official Statement has been obtained from the District and from the sources referenced throughout this Official Statement, which the District believe 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. 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 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 2010 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District 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 2010 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2010 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2010 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.

THE PRICES AT WHICH THE 2010 BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (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 INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2010 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2010 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

Rory Reid, President
Steve Sisolak, Vice President
Susan Brager
Larry Brown
Tom Collins
Chris Giunchigliani
Lawrence Weekly

Officers and Staff

Patricia Mulroy, General Manager
Phil Speight, Deputy General Manager of Administration
Thomas A. Minwegen, P.E., Deputy General Manager of Engineering/Operations
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Cary M. Casey, Director of Finance
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Las Vegas, Nevada

Hobbs, Ong and Associates, Inc.
Las Vegas, Nevada

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BOND COUNSEL AND SPECIAL COUNSEL

Swendseid & Stern, a member in Sherman & Howard L.L.C.
Las Vegas and Reno, Nevada

REGISTRAR, PAYING AGENT AND ESCROW AGENT

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

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OFFICIAL STATEMENT

\$75,860,000*
Las Vegas Valley Water District, Nevada
General Obligation (Limited Tax)
(Additionally Secured by Pledged Revenues)
Water Bonds, Series 2010A
(Taxable Direct Pay Build America Bonds)

\$32,515,000*
Las Vegas Valley Water District, Nevada
General Obligation (Limited Tax)
(Additionally Secured by Pledged Revenues)
Water and Refunding Bonds
Series 2010B

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and appendices, is furnished by the Las Vegas Valley Water District, Nevada (the “District” and the “State,” respectively), to provide information about the District and its \$75,860,000* General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Bonds, Series 2010A (Taxable Direct Pay Build America Bonds) (the “2010A Bonds”) and \$32,515,000* General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water and Refunding Bonds, Series 2010B (the “2010B Bonds,” and together with the 2010A Bonds, the “2010 Bonds”). The 2010 Bonds will be issued pursuant to a resolution (the “Bond Resolution”), adopted by the District’s Board of Directors (the “Board”) on March 2, 2010.

The offering of the 2010 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 2010 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 pages and the appendices, is unauthorized. Undefined capitalized terms have the meanings given in the Bond Resolution. See Appendix B - Summary of Certain Provisions of the Bond Resolution.

The District

General. The District was created under a special act of the State Legislature in 1947 as a governmental subdivision of 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 (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.”

Operation of the Southern Nevada Water Authority. The Southern Nevada Water Authority (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 a 1995 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.

* Subject to change.

The District operates and maintains the SNWS, as agent for the SNWA, pursuant to an Amended Facilities and Operations Agreement, effective June 20, 2002 (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"). The Operations Agreement has been amended several times. 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 70% of the water deliveries from the SNWS in fiscal year 2008-09.

The 2010 Bonds; Prior Redemption

General. The 2010 Bonds are issued solely as fully registered certificates in the denomination of \$5,000, or any integral multiple thereof. The 2010 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 2010 Bonds. Purchases of the 2010 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2010 Bonds. See "THE 2010 BONDS--Book-Entry Only System." Each series of the 2010 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 2010 Bonds is described in "THE 2010 BONDS--Payment Provisions."

Redemption Provisions. The 2010 Bonds of each series are subject to redemption prior to maturity at the option of the District as described in "THE 2010 BONDS--Redemption Provisions." At the option of the winning bidder, the 2010 Bonds of each series also may be subject to mandatory sinking fund redemption. See the Official Notice of Bond Sale attached hereto as Appendix F.

Taxable Build America Bonds. In February 2009, as part of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), Congress added Sections 54AA and 6431 to the Tax Code, which permit state or local governments to obtain certain tax advantages when issuing taxable obligations that meet certain requirements of the Tax Code and the related Treasury regulations. Such bonds are referred to as "Build America Bonds." A Build America Bond is a qualified bond under Section 54AA(g) of the Tax Code (a "Qualified Build America Bond") if it meets certain requirements of the Tax Code and the related Treasury Regulations and the issuer has made an irrevocable election to have the special rule for qualified bonds apply. Interest on Qualified Build America Bonds is included in gross income for federal income tax purposes, and owners of Qualified Build America Bonds will not receive any tax credits as a result of ownership of such Qualified Build America Bonds when an issuer has elected to receive the Direct Interest Subsidy Payment, as defined below.

The District will make an irrevocable election to treat the 2010A Bonds as Qualified Build America Bonds. As a result of this election, interest on the 2010A Bonds will be includable in gross income of the holders thereof for federal income tax purposes and the holders of the 2010A Bonds will not be entitled to any tax credits as a result of either ownership of the 2010A Bonds or receipt of any interest payments on the 2010A Bonds. See "TAX MATTERS--Federal Tax Matters - Build America Bonds." The District intends to apply for Direct Interest Subsidy Payments from the Secretary under the "Build America Program" pursuant to Section 6431 of the Tax Code. Such payments, if received by the District, will be used under the Bond Resolution to pay interest on, or to reimburse the District for interest paid on, the 2010A Bonds. The District will be required to pay interest on the 2010A Bonds regardless of whether Direct Interest Subsidy Payments are received.

No Assurances That the District Will Receive BAB Credits. The amount of any BAB Credit is subject to legislative changes by Congress. Further, BAB Credits will only be paid if the 2010A Bonds are Qualified Build America Bonds. For the 2010A Bonds to be and remain Qualified Build America Bonds, the District must comply with certain covenants and the District must establish certain facts and

expectations with respect to the 2010A Bonds, the use and investment of proceeds thereof and the use of property financed thereby. If the District fails to file the Form 8038-CP or other necessary tax return in a timely fashion, it is possible that the District will never receive BAB Credits for that payment date. Also, BAB Credits are subject to offset against certain amounts that may, for unrelated reasons, be owed by the District to an agency of the United States of America, such as Federal withholding tax owed by the District for wages paid to its employees, if any. Also see "TAX MATTERS."

Authority for Issuance

The 2010 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, as amended (the "Local Government Securities Law" or the "Bond Act"); NRS 350.020(3); Chapter 348 of NRS; and the Bond Resolution.

Purpose

Proceeds of the 2010A Bonds are expected to be used to: (i) acquire and construct water improvement projects for the District (the "Improvement Project"); and (ii) pay the costs of issuing the 2010A Bonds. See "SOURCES AND USES OF FUNDS."

Proceeds of the 2010B Bonds will be used to: (i) refund certain outstanding District bonds, as more particularly described herein; (ii) pay a portion of costs of the Improvement Project, including capitalized interest; and (iii) pay the costs of issuing the 2010B Bonds. See "SOURCES AND USES OF FUNDS."

The bonds to be refunded pursuant to the Refunding Project include: (i) \$6,925,000* aggregate principal amount of the District's General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Improvement and Refunding Bonds, Series 2003A (the "2003 Bonds"), outstanding as of June 1, 2010, in the aggregate principal amount of \$132,875,000; (ii) \$5,885,000* aggregate principal amount of the District's General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Improvement Bonds, Series 2006A (the "2006A Bonds"), outstanding as of June 1, 2010, in the aggregate principal amount of \$146,215,000; (iii) \$2,900,000* aggregate principal amount of the District's General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Adjustable Rate Water Improvement Bonds, Series 2006B (the "2006B Bonds"), outstanding as of June 1, 2010, in the aggregate principal amount of \$72,365,000; and (iv) \$2,900,000* aggregate principal amount of the District's General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Adjustable Rate Water Improvement Bonds, Series 2006C (the "2006C Bonds"), outstanding as of June 1, 2010, in the aggregate principal amount of \$72,365,000.

The 2003 Bonds to be refunded (the "Refunded 2003 Bonds") consist of the 2003 Bonds maturing on June 1, 2011 and June 1, 2012. The 2006A Bonds to be refunded (the "Refunded 2006A Bonds") consist of the 2006A Bonds maturing on June 1, 2011 and June 1, 2012. The 2006B Bonds and the 2006C Bonds (the "Refunded 2006B Bonds" and the "Refunded 2006C Bonds," respectively) to be refunded are subject to mandatory sinking fund redemption June 1, 2011 and June 1, 2012. The Refunded 2003 Bonds, the Refunded 2006A Bonds, the Refunded 2006B Bonds and the Refunded 2006C Bonds are referred to together as the "Refunded Bonds."

Security

General Obligation. The 2010 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. See

* Subject to change.

“SECURITY FOR THE BONDS--General Obligation Bonds” and “PROPERTY TAX INFORMATION--Property Tax Limitations.”

Net Pledged Revenues Additionally Secure the 2010 Bonds. The 2010 Bonds are additionally secured by an irrevocable lien on the net revenues received by the District from the sale and distribution of water, connection charges or otherwise derived from the works or property of the District, including works or property acquired in the future (the “Water System”) after payment of the reasonable and necessary costs of the operation and maintenance expenses of the Water System and the general expenses of the District (the “Net Pledged Revenues”). See “SECURITY FOR THE BONDS--Net Pledged Revenues” and Appendix B - Summary of Certain Provisions of the Bond Resolution.

The 2010 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues, subject to and after the prior lien on the Net Pledged Revenues of any superior lien obligations of the District hereafter issued in accordance with the Bond Resolution (“Superior Lien Obligations”) and on a parity with the lien of (i) the District’s currently outstanding parity lien bonds (the “Parity Bonds”) described below, and (ii) any additional parity lien obligations issued in the future in accordance with the Bond Resolution (the “Additional Parity Bonds”). See “SECURITY FOR THE BONDS--Additional Securities.” The District has not issued any Superior Lien Obligations as of the date of this Official Statement and does not have any current plans to do so.

Outstanding Parity Bonds. The following table illustrates the District’s Outstanding Parity Bonds as of June 1, 2010 (*not* including the issuance of the 2010 Bonds or the effect of the Refunding Project). All of the Outstanding Parity Bonds are District general obligation bonds that are additionally secured by the Net Pledged Revenues.

Outstanding Parity Bonds(1)

<u>Title of Issue</u>	<u>Date of Issuance</u>	<u>Original Amount</u>	<u>Outstanding as of June 1, 2010</u>
The 2003 Bonds	01/01/03	\$168,685,000	\$ 132,875,000
Refunding Bonds, Series 2005A	05/04/05	302,425,000	255,810,000
The 2006A Bonds	06/15/06	151,555,000	146,215,000
Water Improvement and Refunding Bonds, Series 2008A	02/19/08	190,760,000	<u>178,685,000</u>
Total			\$713,585,000

(1) Does not take the issuance of the 2010 Bonds or the Refunding Project into account.

Subordinate Bonds. In addition to the Outstanding Parity Bonds, the District currently has outstanding the 2006B Bonds and the 2006C Bonds (the “Subordinate Bonds”), which have a lien on the Net Pledged Revenues that is subordinate to the lien thereon of the 2010 Bonds and the Outstanding Parity Bonds. Liquidity for the purchase price of 2006B Bonds and 2006C Bonds that are tendered but not remarketed is provided by Dexia Crédit Local, acting through its New York Branch pursuant to a separate standby bond purchase agreement for each series of bonds. Each standby bond purchase agreement will remain in effect until July 20, 2016, unless extended or terminated pursuant to its terms. Each standby bond purchase agreement may be suspended or terminated without prior notice under certain circumstances described therein. Although it has no current plans to do so, in the future the District may determine to refinance additional 2006B Bonds and 2006C Bonds as fixed rate general obligations additionally secured by District pledged revenues, including Additional Parity Bonds.

The District has other outstanding obligations that are described in “LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE.” These include, but are not limited to, general obligation bonds of the District 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.

Professionals

Swendseid & Stern, a member in 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 2010 Bonds and 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 2010 Bonds are: NSB Public Finance, a Division of Zions First National Bank, Las Vegas, Nevada; Hobbs, Ong and Associates, Inc., Las Vegas, Nevada; and Public Financial Management, Inc., Seattle, Washington (collectively, the “Financial Advisors”). See “FINANCIAL ADVISORS.” The fees being paid to the Financial Advisors are contingent upon the execution and delivery of the 2010 Bonds. The audited basic financial statements of the District contained in Appendix A include the report of Piercy Bowler Taylor & Kern, Las Vegas, Nevada, independent certified public accountants. 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 2010 Bonds and as Escrow Bank in connection with the Refunding Project (the “Escrow Bank”). Certain mathematical computations regarding the Escrow Account will be verified by Grant Thornton LLP, independent certified public accountants, Minneapolis, Minnesota. See “SOURCES AND USES OF FUNDS--The Refunding Project - Verification of Mathematical Computations.”

Tax Status

In the opinion of Bond Counsel, interest on the 2010A Bonds is included in gross income pursuant to the Internal Revenue Code of 1986, as amended to the date of delivery of the 2010A Bonds (the “Tax Code”). The owners of the 2010A Bonds will not receive a tax credit as a result of holding the 2010A Bonds. See “TAX MATTERS--Federal Tax Matters - Build America Bonds.”

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2010B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2010B 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 - Tax-Exempt Bonds.”

The 2010 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 Undertaking

The District will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing of the 2010 Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2010 Bonds and the District will covenant in the Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the applicable series of 2010 Bonds remains outstanding, the District will annually provide the following information to the Municipal Securities Rulemaking Board (“MSRB”), acting through its Electronic Municipal Market Access system (“EMMA”): (i) certain financial information and operating data; and (ii) notice of certain material events. The form of the Disclosure Certificate is attached hereto as Appendix D. The District has not failed to materially comply with any continuing disclosure undertakings entered into pursuant to the Rule in the last five years.

Certain Bondholder Risks

General. The purchase of the 2010 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.” Accordingly, each prospective purchaser of the 2010 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

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.

Certain Risks Related to Property Taxes. Numerous factors over which the District has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include the valuation of property within the District, the level 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.

Economic conditions have negatively impacted the County as they have the rest of the country. Economic activity has decreased in a variety of sectors throughout the County, including gaming, tourism and construction - areas that have previously provided growth to the County. Furthermore, due to the economic conditions, the County has experienced a housing slump for approximately the past three years. The decline in the economy and the housing slump caused the assessed valuation of taxable property in the District for fiscal year 2010 to decrease by approximately 19.7% from the fiscal year 2009 valuation; preliminary assessed valuation figures for fiscal year 2011 (which are subject to change until July 2010) reflect a further decline of approximately 29% from fiscal year 2010 valuations. In addition, foreclosures in the County have increased significantly in the last several years; it is likely that trend will continue for a period of time that cannot be determined. It cannot be predicted at this time what impact these trends (or other economic trends) would have on property tax collections should the District be required to levy an ad valorem tax in the future.

The District has never levied an ad valorem tax because District 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 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 2010 Bonds. See “PROPERTY TAX INFORMATION--County Property Tax Collections.”

Secondary Market. No guarantee can be made that a secondary market for the 2010 Bonds will develop or be maintained by the Initial Purchaser or others. Thus, prospective investors should be prepared to hold their 2010 Bonds to maturity.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the sections entitled “SOURCES AND USES OF FUNDS--The Improvement Project,” “LAS VEGAS VALLEY WATER DISTRICT FINANCIAL INFORMATION--Budget Summary and Comparison,” other descriptions of budgeted or interim information for fiscal years 2009, 2010 or future years, and other descriptions of the future plans, operations and finances of the District, 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 respective series of 2010 Bonds.

Additional Information

This introduction is only a brief summary of the provisions of the 2010 Bonds, the Bond Resolution and the Refunding Project; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the District, the 2010 Bonds, the Bond Resolution, the Improvement Project and the Refunding Project are included in this Official Statement. All references herein to the 2010 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: Director of Finance
1001 S. Valley View Boulevard
Las Vegas, Nevada 89153
Telephone: (702) 258-3106

NSB Public Finance, a Division of Zions First National Bank
230 Las Vegas Boulevard South, Suite 200
Las Vegas, Nevada 89101
Telephone: (702) 796-7080

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

Public Financial Management, Inc.
719 Second Avenue, Suite 801
Seattle, Washington 98104
Telephone: (206) 264-8900.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds from the sale of the 2010 Bonds are expected to be applied in the following manner.

Sources and Uses of Funds

	<u>2010A Bonds</u>	<u>2010B Bonds</u>
<u>SOURCES:</u>		
Principal amount		
Plus/(less) net original issue premium/(discount)		
Other available funds (1).....		
Total		
<u>USES:</u>		
The Improvement Project		
Capitalized interest (2)		
Deposit to Escrow Account.....		
Costs of issuance (including underwriting discount)		
Total		

- (1) Represents funds on deposit in the bond funds for the Refunded Bonds.
- (2) Expected to be sufficient to pay capitalized interest on the 2010 Bonds through March 1, 2013 (after taking the BAB Credit (defined herein) into account. If not used for capitalized interest, these proceeds may be used to pay a portion of the costs of the Improvement Project.

Source: The Financial Advisors.

The Improvement Project

A portion of the proceeds of the 2010 Bonds are expected to be used to finance or reimburse the District for the costs of the Improvement Project, which is comprised of capital projects in the District's long-range capital plan known as the Major Construction Program ("MCP"). As discussed in the District's fiscal year 2009-2010 budget, the MCP includes pumping stations, reservoirs and wells, land acquisition, water pipelines, and other distribution system facilities that as of December 31, 2009, totaled about \$792 million in projects either under design and construction or pending design and construction. Some projects will become operational in fiscal year 2009-2010 while others will be later. MCP projects may be re-prioritized, deleted, or added at any time.

The Refunding Project

A portion of the 2010B Bond proceeds, together with other available funds, will be used to (i) currently refund the Refunded 2006B Bonds and the Refunded 2006C Bonds; and (ii) advance refund the Refunded 2003 Bonds and the Refunded 2006A Bonds. The District is undertaking the Refunding Project in order to reduce total debt service payable over the next two years.

To accomplish the Refunding Project, the District will deposit a portion of the 2010B Bond proceeds, together with other available District funds, with the Escrow Bank pursuant to an escrow agreement dated as of the date of delivery of the 2010B Bonds. The amounts deposited with the Escrow Bank will be deposited into the escrow account created under the Bond Resolution and invested in government obligations maturing at such times and in such amounts as required to provide funds sufficient to pay: (i) the principal of and interest on the Refunded 2006B Bonds and the Refunded 2006C

Bonds upon prior redemption on June 15, 2010;* and (ii) the principal of and interest on the Refunded 2003 Bonds and the Refunded 2006A Bonds as it becomes due through June 1, 2012.

Verification of Mathematical Computations. Grant Thornton LLP, independent certified public accountants, Minneapolis, Minnesota, will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them by the Financial Advisors, relating to the adequacy of the cash and the maturing principal amounts of and interest due on the Federal Securities held in the Escrow Account to pay all of the principal of and interest on the Refunded Bonds when due, which computations support the conclusion of Bond Counsel that the 2010B Bonds are not “arbitrage bonds” under Section 148 of the Tax Code.

* Subject to change.

THE 2010 BONDS

General

Each series of the 2010 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. Each series of the 2010 Bonds will be dated as of its date of delivery and will mature as set forth on the inside cover page of this Official Statement. The 2010 Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the 2010 Bonds. Purchases of the 2010 Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2010 Bonds. See “Book-Entry Only System” below.

Designation of the 2010A Bonds as “Build America Bonds”

The District intends to elect to treat the 2010A Bonds as “Build America Bonds” under the Recovery Act and to receive a cash subsidy from the United States Treasury in connection therewith. Pursuant to the Recovery Act and subject to certain procedural provisions, the District will receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the 2010A Bonds (“BAB Credits”). Notwithstanding the foregoing, the District will be required to pay all of the principal and interest due on the 2010A Bonds regardless of whether it receives BAB Credits.

Payment Provisions

Interest on the 2010 Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2010. Interest on each series of 2010 Bonds is payable by the Paying Agent on the applicable 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 2010 Bond is registered (i.e., to Cede & Co.), on the 15th day of the month preceding the respective 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 2010 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 2010 Bond by such alternative means as may be mutually agreed to between the registered owner of such 2010 Bond and the Paying Agent. The principal on any 2010 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 2010 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 2010 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 2010 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 2010 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.

Redemption Provisions

2010A Bonds. The following redemption provisions apply to the 2010A Bonds.

Optional Make Whole Redemption. The 2010A Bonds, or portions thereof (\$5,000 or any integral multiple), are subject to redemption prior to their respective maturities at the option of the District, in whole or in part at any time, from such maturities as are selected by the District, and if less than all the 2010A Bonds of a maturity are to be redeemed, the 2010A Bonds of such maturity are to be selected on a pro rata basis as described in “Pro Rata Redemption of 2010A Bonds” below and in the Bond Resolution, at a price equal to the “Make Whole Redemption Price” defined below, plus accrued interest on the 2010A Bonds to be redeemed to the redemption date.

“Make Whole Redemption Price” means a price equal to the greatest of:

- (1) 100% of the principal amount of the 2010A Bonds to be redeemed; or
- (2) the issue price of the 2010A Bonds to be redeemed as set forth on the inside cover page of this Official Statement; or
- (3) the sum of the present value of the remaining scheduled payments of principal and interest on the 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010A Bonds are to be redeemed, discounted to the date on which the 2010A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below), plus 40 basis points.

Notwithstanding the foregoing, if at any time the Make Whole Redemption Price is a price greater than the price the District can legally agree to pay to redeem the 2010A Bonds under the provisions of State law (currently 109%), the District shall not have an option to redeem the 2010A Bonds at that time.

“Treasury Rate” means, with respect to any redemption date for a particular 2010A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2010A Bonds to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Extraordinary Redemption of 2010A Bonds. The 2010A Bonds are subject to extraordinary redemption prior to their respective maturities, at the option of the District, upon the occurrence of an Extraordinary Event (defined below), in whole or in part at any time from any maturities selected by the District and on a pro rata basis as described in “Pro Rata Redemption of 2010A Bonds” below, at the “Extraordinary Redemption Price” defined below, plus accrued interest on the 2010A Bonds to be redeemed to the redemption date.

“Extraordinary Event” means: (1) a material adverse change has occurred to Sections 54AA or 6431 of the Tax Code, (2) there is any guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections, or (3) any other determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of a failure of the District to satisfy the requirements of the tax covenant with respect to the 2010A Bonds (described in “Tax Covenants” below); and as a result thereof, the BAB Credit expected to be received with respect to the

2010A Bonds is eliminated or reduced, as reasonably determined by the Director of Finance, which determination shall be conclusive.

“Extraordinary Redemption Price” means a price equal to the greatest of:

- (1) 100% of the principal amount of the 2010A Bonds to be redeemed; or
- (2) the issue price of the 2010A Bonds to be redeemed set forth on the inside cover page of this Official Statement; or
- (3) The sum of the present value of the remaining scheduled payments of principal and interest on the 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010A Bonds are to be redeemed, discounted to the date on which the 2010A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined above), plus 100 basis points.

Notwithstanding the foregoing, if at any time the Extraordinary Redemption Price is a price greater than the price the District can legally agree to pay to redeem the 2010A Bonds under the provisions of State law (currently 109%), the District shall not have an option to redeem the 2010A Bonds at that time.

Pro Rata Redemption of 2010A Bonds. If a portion of a maturity of the 2010A Bonds (including a 2010A Term Bond) is being redeemed, the portion of a maturity of 2010A Bonds to be redeemed will be selected on a pro rata basis to each Holder of the 2010A Bonds in whose name such 2010A Bonds are registered on the Regular Record Date immediately preceding the redemption date. “Pro rata” for a Holder is determined, in part, by multiplying the principal amount of the 2010A Bonds of a maturity to be redeemed in part on the applicable redemption date by a fraction, the numerator of which is equal to the principal amount of the 2010A Bonds of that maturity owned by the Holder, and the denominator of which is equal to the total amount of the 2010A Bonds of that maturity then Outstanding immediately prior to such redemption date, and then rounding the product down to the next lower integral multiple of \$5,000, provided that the portion of any 2010A Bond to be redeemed shall be in \$5,000 denominations and all 2010A Bonds to remain Outstanding following any redemption shall be in \$5,000 denominations. Adjustments to the foregoing pro rata redemption may be made in the amount of \$5,000 for any Holder, selected by lot, so that the aggregate amount of 2010A Bonds of a maturity being redeemed in part owned by all Holders is equal to the aggregate amount of 2010A Bonds of that maturity to be redeemed.

While DTC is the registered owner of the 2010A Bonds, partial redemptions (including any sinking fund payments) of the 2010A Bonds will be determined in accordance with DTC’s pro rata pass-through distribution of principal procedures or such other DTC procedures as in effect at the time of any such partial redemption.

The District can provide no assurance that DTC or the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners in accordance with the pro rata redemption provisions described above. **Investors should be aware that DTC has indicated that at present, it will redeem bonds only by lot.**

2010B Bonds. The following redemption provisions apply to the 2010B Bonds.

Optional Redemption. The 2010B Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after March 1, 2021, will be subject to redemption prior to their respective maturities at the option of the District on and after March 1, 2020, in whole or in part at any time, from such maturities as are selected by the District, and if less than all the 2010B Bonds of a maturity are to be redeemed, by lot (giving proportionate weight to 2010A Bonds in denominations larger than \$5,000), at a

price equal to the principal amount of each 2010B Bond or portion thereof so redeemed, plus accrued interest thereon to the redemption date.

Notice of Redemption. Notice of any redemption prior to maturity of the 2010 Bonds will be given by the Registrar by registered or certified mail as long as Cede & Co. is the registered owner of the 2010 Bonds and otherwise by first class mail, at least 30 days but not more than 60 days prior to the redemption date, to the Municipal Securities Rulemaking Board (“MSRB”) and the registered owner of any 2010 Bond all or a part of which is called for redemption at the address as it last appears on the registration records of the Registrar. The notice will identify the 2010 Bonds or portions thereof (in the case of redemption of the 2010 Bonds in part but not in whole) to be redeemed, specify the redemption date and state that on the redemption date, the principal amount thereof will become due and payable at the office of the Paying Agent (accrued interest to the redemption date being payable by mail or as otherwise provided in the Bond Resolution) and that after the redemption date, no further interest will accrue on the principal of any 2010 Bonds called for redemption. Actual receipt of mailed notice by the MSRB and registered owners of 2010 Bonds is not a condition precedent to redemption of such 2010 Bonds. Failure to give such notice as described above to registered owner of any 2010 Bond or the MSRB, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2010 Bonds.

A notice of redemption may contain a statement that the redemption is conditioned 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 2010 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 2010 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenants

2010A Bonds. In the Bond Resolution, the District makes an irrevocable election that Section 54AA of the Tax Code shall apply to the 2010A Bonds and that subsection (g) of Sections 54AA will also apply to the 2010A Bonds so that the District will directly receive the BAB Credit. None of the 2010A Bondholders shall be entitled to any credit under Section 54AA(a) of the Tax Code. The District covenants that it will not take any action or omit to take any action with respect to the 2010A Bonds, the proceeds thereof, any other funds of the District or any project financed with the proceeds of the 2010A Bonds if such action or omission would cause the District to not be entitled to the BAB Credit with respect to the 2010A Bonds. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2010A Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met. The District shall timely file any document required by the Internal Revenue Service to be filed in order to claim the BAB Credit. Any BAB Credit received by the District under Section 6431 of the Tax Code with respect to the 2010A Bonds shall be deposited into the 2010 Bond Fund when received and applied as described in the Bond Resolution to the extent needed to provide for the next succeeding interest payment due on the 2010A Bonds; but if taking into account the amount already deposited into the 2010 Bond Fund all or any portion of the BAB Credit is not needed to pay the next succeeding interest payment on the 2010A Bonds, the portion not so needed shall be used to reimburse the District for the amount already deposited into the Bond Fund, and shall be applied as otherwise provided in the Bond Resolution. See Appendix B - Summary of Certain Provisions of the Bond Resolution--Flow of Funds.

2010B Bonds. In the Bond Resolution, the District covenants for the benefit of the registered owners of the 2010B Bonds that it will not take any action or omit to take any action with respect to the 2010B Bonds, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2010B Bonds if such action or omission (i) would cause the interest on the 2010B 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 2010B 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 2010B Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements (defined in Appendix B) of any 2010 Bond have been duly paid, the pledge, the lien and all obligations under the Bond Resolution as to that 2010 Bond shall thereby be discharged and the 2010 Bond shall no longer be deemed to be outstanding within the meaning of the Bond Resolution. There shall be deemed to be such due payment when the District has placed in escrow or in trust with a trust bank located within or without the State, 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 2010 Bond, as the same become due to the final maturity of the 2010 Bond, 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. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the 2010 Bonds at the addresses last shown on the registration records for the 2010 Bonds maintained by the Registrar. With respect to taxable bonds (including the 2010A Bonds), the District is obligated to contribute additional securities or monies to the escrow or trust if necessary to provide sufficient amounts to satisfy the payment obligations on such taxable bonds.

“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. For the purpose of the prior paragraph, “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 2010 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 2010 Bonds. The ownership of one fully registered 2010 Bond for each maturity in each series as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2010 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2010 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 C), 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 2010 Bonds as further described in Appendix C to this Official Statement.

Debt Service Requirements of the 2010 Bonds

The following table sets forth the estimated debt service requirements for the 2010A Bonds and the 2010B Bonds, respectively. 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.”

Debt Service Requirements(1)*

Fiscal Year	The 2010A Bonds*			The 2010B Bonds*			Grand
Ending June 30	Principal	Interest(2)	Total	Principal	Interest(2)	Total	Total
2011	--			--			
2012	--			--			
2013	--			--			
2014	--			\$ 725,000			
2015	--			755,000			
2016	--			785,000			
2017	--			815,000			
2018	--			845,000			
2019	--			880,000			
2020	--			915,000			
2021	--			950,000			
2022	--			1,000,000			
2023	--			1,050,000			
2024	--			1,105,000			
2025	--			1,160,000			
2026	--			1,215,000			
2027	--			1,275,000			
2028	\$ 2,625,000			1,340,000			
2029	2,805,000			1,405,000			
2030	3,000,000			1,480,000			
2031	3,215,000			1,550,000			
2032	3,435,000			1,630,000			
2033	3,675,000			1,710,000			
2034	3,935,000			1,795,000			
2035	4,210,000			1,885,000			
2036	4,505,000			1,980,000			
2037	4,825,000			2,080,000			
2038	5,160,000			2,185,000			
2039	16,640,000			--			
2040	<u>17,830,000</u>			<u>--</u>			
Total	\$75,860,000			\$32,515,000			

- (1) Reflects the payment of interest on the 2010 Bonds on March 1 of the calendar year shown and the payment of principal and interest on September 1 of the prior calendar year. Totals may not add due to rounding.
- (2) With respect to the 2010A Bonds, the amounts shown reflect total interest due on the 2010A Bonds; the amounts are *not* net of the BAB Credit. If the BAB Credit is received, the interest payable by the District on the 2010A Bonds from the Net Pledged Revenues will be lower.

Source: The Financial Advisors.

* Subject to change.

SECURITY FOR THE BONDS

General Obligation Bonds

The 2010 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 INFORMATION--Property Tax Limitations.” The 2010 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 District 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 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 2010 Bonds. See “PROPERTY TAX INFORMATION--County Property Tax Collections.”

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 2010 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2010 Bonds or their security until all of the 2010 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 2010 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District and no property of the District shall be liable to be forfeited or taken in payment of the 2010 Bonds; provided that the payment of the 2010 Bonds is secured by the proceeds of general (ad valorem) taxes and the Net Pledged Revenues pledged for the payment of the 2010 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 2010 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.

Net Pledged Revenues

General. The 2010 Bonds are additionally secured by an irrevocable pledge of and lien on the Net Pledged Revenues. The 2010 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues, subject to and after the prior lien on the Net Pledged Revenues of

any Superior Lien Obligations hereafter issued in accordance with the Bond Resolution and on a parity with the lien of (i) the District's currently Outstanding Parity Bonds, and (ii) any Additional Parity Bonds. See "Additional Securities" below. The District has not issued any Superior Lien Obligations as of the date of this Official Statement.

Rates and Charges. The Net Pledged Revenues are derived primarily from the District's rates and charges for services. The District Act authorizes the Board to establish, from time to time, reasonable rates and charges for the products and services furnished by the District's works and properties.

Subject to the limitation that rates and charges shall be reasonable, the Bond Resolution requires the Board to fix rates and charges which will produce sufficient revenues to pay (1) the costs of operating and maintaining the District's works and properties (including the costs of purchasing water from the SNWA), (2) the general expenses of the District, (3) the principal and interest on all outstanding Superior Lien Obligations of the District, and (4) the principal and interest on all other bonds and other obligations of the District, including the 2010 Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds. Pursuant to the Bond Resolution, the rates and charges shall be so fixed that annually, after payment from revenues of the costs of operation and maintenance and the general expenses of the District, the remaining revenue before depreciation, amortization and interest chargeable to the income account, as shown by the books of the District for the latest prior fiscal year with respect to which such books have been examined and reported upon by an independent accountant employed by the District shall be at least one (1) times the combined average annual debt service on all outstanding bonds, notes and other indebtedness payable out of revenues, including the 2010 Bonds. See Appendix B - Summary of Certain Provisions of the Bond Resolution.

It is the general intent of the District Act and the policy of the Board that rates and charges be adequate to provide for all costs and that reliance on ad valorem taxes is to be avoided. There has historically been no reliance on ad valorem taxes to support the District's operations and there is no current plan or intention to call upon ad valorem taxes to support the District's financial requirements.

Historic Net Pledged Revenues and Debt Service Coverage

The following table illustrates a history of Net Pledged Revenues, debt service on the then-Outstanding Parity Bonds in each year shown, and the debt service coverage calculated by comparing the Net Pledged Revenues to the debt service in each year. *There is no assurance that Net Pledged Revenues will be generated at the levels indicated in this table in the future, or that the revenue components will increase. Investors should note that Net Pledged Revenues were not sufficient to pay debt service on the District's Outstanding Parity Bonds in fiscal year 2007.* The District used available funds, including fund balances, to pay debt service. In addition, in 2006, the District formulated and adopted rate and fee increases effective for fiscal year 2007. Those included a 10.1% water rate increase which became effective on January 1, 2007, a 113.5% increase in Facility Connection Charges which became effective in November 2006 and an additional 53.1% increase which became effective in May 2007. An additional water rate increase of approximately 23% became effective in May 2008 and the District's monthly service charge was increased effective January 1, 2010. See "LAS VEGAS VALLEY WATER DISTRICT--Water Rates and Charges - Water Rates."

After issuance of the 2010 Bonds and the completion of the Refunding Project, the combined maximum annual debt service payable on the Outstanding Parity Bonds will be \$65,153,861* payable in fiscal year 2013.*

* Subject to change.

Net Pledged Revenues

<u>Fiscal Year Ended June 30,</u>	2005 (Actual)	2006 (Actual)	2007 (Actual)	2008 (Restated)	2009 (Actual)
Revenues					
Total Operating Revenues (1)(2)	\$351,730,572	\$449,148,467	\$377,460,151	\$355,205,388	\$352,745,194
Facilities Connection Charges	14,486,508	17,066,958	11,242,682	7,826,260	2,379,630
Investment Earnings (3)	<u>5,089,212</u>	<u>2,295,079</u>	<u>7,663,482</u>	<u>4,054,558</u>	<u>2,225,791</u>
Total Revenues:	371,306,292	468,510,504	396,366,315	367,086,206	357,350,615
Operating Expenses (1)(4)	<u>311,851,835</u>	<u>418,824,391</u>	<u>347,731,672</u>	<u>312,112,789</u>	<u>291,519,567</u>
Net Pledged Revenues (5)	\$59,454,457	\$49,686,113	\$48,634,643	\$54,973,417	\$65,831,048
Annual Debt Service on the Outstanding Parity Bonds (6)	\$48,546,901	\$47,271,947	\$51,910,083	\$52,134,194	\$59,995,319
Coverage	1.22x	1.05x	0.94x	1.05x	1.10x

- (1) Includes SNWA charges (Regional Connection Fees, Regional Commodity Fees and Surcharges) that are paid to SNWA as operating expenses. In 2007, SNWA charges decreased by \$47 million and payments to SNWA decreased similarly.
- (2) In 2006, total operating revenues increased by \$97 million primarily due to non-recurring income of \$55 million from the sale of recharged water to the SNWA and an additional \$34 million in regional connection and commodity fees and surcharges.
- (3) Includes only realized investment earnings; does not include unrealized gains or losses. The investment earnings information in this table differs from the same table included in prior District official statements; beginning in 2006, the investment earnings figures have been corrected because the effect of unrealized loss had inadvertently been included.
- (4) Excludes depreciation expense.
- (5) Net Pledged Revenues have fluctuated in the years shown. In fiscal year 2006, although operating expenses increased by \$107 million, \$79 million did not affect Net Pledged Revenues because it was offset by related operating revenues. The \$79 million consists of recharged water inventory expense of \$45 million and \$34 million in SNWA charges (see footnote 2 above). The lower amount of Net Pledged Revenues in fiscal year 2006 was primarily due to personnel costs, maintenance and servicing costs, and consulting and contracting services on software systems primarily related to early operational and support issues with a new customer and information and billing system and to security systems. The lower amount of Net Pledged Revenues in 2007 (and subsequent years) resulted primarily from Facilities Connection Charges being less than expected due to a slowdown in residential construction. Also, a 10% water rate increase did not become effective until January 2007 (halfway through the fiscal year).
- (6) Includes debt service on the Outstanding Parity Bonds payable from the Net Pledged Revenues. Debt service payable on other District obligations is excluded.

Source: Derived from the District's audited financial statements for the years ended June 30, 2005 through 2009.

Additional Securities

Superior Lien Obligations. The District may issue Superior Lien Obligations payable from the Net Pledged Revenues and constituting a lien thereon superior to the lien thereon of the 2010 Bonds and the Outstanding Parity Bonds, provided that prior to the issuance of such Superior Lien Obligations, the District must (i) meet the earnings test for issuance of Additional Parity Bonds (see "Issuance of Additional Parity Bonds" below), (ii) meet the applicable earnings test required by the resolutions authorizing the issuance of any then-outstanding Superior Lien Obligations, and (iii) issue such Superior Lien Obligations solely as special obligations of the District (i.e., such Superior Lien Obligations will not constitute general obligations of the District).

Issuance of Additional Parity Bonds. Nothing in the Bond Resolution prevents the issuance of Additional Parity Bonds, nor prevents the issuance of bonds or securities refunding all or a part of the 2010 Bonds or the Outstanding Parity Bonds, but before any such Additional Parity Bonds are authorized or actually issued, the following tests must be met:

(a) At the time of the adoption of the resolution authorizing the issuance of the Additional Parity Bonds, the District is not in default in making any payments required to be made to the debt service funds, sinking funds or reserve funds for any outstanding obligations payable from Net Pledged Revenues; and

(b) The Net Pledged Revenues (subject to adjustments provided below) projected by the District General Manager, Finance Director 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 facilities to be financed with the proceeds of the Additional Parity Bonds are projected to be completed or (ii) the first fiscal year for which no interest has been capitalized for the payment of any parity lien obligations, including the parity lien obligations proposed to be issued, 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 Superior Lien Obligations, the Outstanding Parity Bonds, the 2010 Bonds, any other Additional Parity Bonds proposed to be issued (excluding any reserves therefor).

(c) In any determination of whether or not Additional Parity Bonds may be issued in accordance with the foregoing earnings test, consideration shall be given to any probable estimated increase or reduction in operation and maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the Additional Parity Bonds.

(d) In any determination of whether or not Additional Parity Bonds 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 Finance Director 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.

(e) For the purposes of subsection (b) above, if any Superior Lien Obligation or Additional Parity Bonds 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 Additional Parity Bonds 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 Additional Parity Bonds 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 2010 Bonds, if any.

For purposes of computing the principal and interest requirements (the "Bond Requirements") for purposes of subsection (b) above for Superior Lien Obligations or Parity Bonds 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 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, 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.

(f) Termination payments due under a Qualified Swap Agreement must be made subordinate to the payments of the Bond Requirements of any 2010 Bonds, unless all of the outstanding 2010 Bonds are insured by a bond insurer whose rating issued by Standard & Poor's Rating Services or Moody's Investors Service or both (whichever has a rating in effect for the outstanding 2010 Bonds) is equal to or better than the rating the 2010 Bonds would have without such insurance, and the insurer of the outstanding 2010 Bonds consents to the lien position of such termination payment prior to the execution of such Qualified Swap Agreement.

(g) 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 and no such covenant or agreement may be materially adverse to the interests of the holders of the 2010 Bonds. 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.

Subordinate Lien Obligations. Nothing in the Bond Resolution prevents the District from issuing additional bonds or other obligations payable from the Net Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the 2010 Bonds.

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

The 2010 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 INFORMATION--Property Tax Limitations.” The 2010 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, 2010, was calculated to be \$89,139,247,482 (excluding the assessed valuation attributable to the Redevelopment Agencies, as defined below), which represented a decline of 19.7% from the assessed valuation calculated for the prior fiscal year. The preliminary assessed valuation of property within the District for the fiscal year ending June 30, 2011 (which remains subject to change until July 2010), is calculated to be \$63,267,062,295 (excluding the assessed valuation attributable to the Redevelopment Agencies). That assessed valuation represents a decline of 29.0% from the assessed valuation calculated for fiscal year 2010. 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 2010, the taxable value of all taxable property within the District is \$254,683,564,234. Based upon the preliminary assessed valuation for fiscal year 2011, the taxable value of all property within the District is \$180,763,035,129.

“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 will be 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
2006	\$ 64,498,993,015	\$ 453,418,961	\$ 64,045,574,054	--
2007	89,520,974,828	596,689,202	88,924,285,626	38.9%
2008	106,134,241,089	852,041,725	105,282,199,364	18.4
2009	111,906,539,236	939,674,716	110,966,864,520	5.4
2010	89,981,571,327	842,323,845	89,139,247,482	(19.7)
2011(2)	63,926,261,627	659,199,332	63,267,062,295	(29.0)

(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: 2006- \$1,083,494,385; 2007 - \$2,101,460,109; 2008 - \$3,078,678,754; 2009 - 3,883,661,314; 2010 - \$3,809,220,347; and 2011 (preliminary) - \$1,832,364,244.

(2) Preliminary values; subject to change until July 2010.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2005-06 through 2009-10, and Fiscal Year 2010-2011 Local Government Revenue Projections - Final (March 15, 2010; revised April 15, 2010).

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.

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 2010 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 "INTRODUCTION--Certain Bondholder Risks."

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)
2005	\$ 1,449,273,775	\$ 1,439,911,686	99.35%	\$ 9,317,091	\$1,449,228,777	100.00%
2006	1,639,442,078	1,632,191,297	99.56	7,195,483	1,639,386,780	100.00
2007	1,927,238,513	1,909,964,723	99.10	16,901,367	1,926,866,090	99.98
2008	2,179,452,860	2,144,481,519	98.40	29,815,636	2,174,297,155	99.76
2009	2,357,540,052	2,310,905,968	98.02	25,895,310	2,336,801,277	99.12
2010(3)	2,276,317,176	2,187,395,155	96.09	--(3)	2,187,395,155	96.09

(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). In 2010, the total does not include any delinquent tax collections since those amounts are still being collected.

(3) As of March 31, 2010.

Source: Clark County Treasurer's Office.

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.

Largest Taxpayers in the District

The following table represents the ten largest property-owning taxpayers in the County and the District based on fiscal year 2009-2010 assessed valuations. The 2009-10 assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll. 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.

The County Assessor's office has prepared preliminary information with respect to the ten largest property-owning taxpayers in the County based upon 2010-11 secured assessed valuations only. However, due to a large number of valuation protests filed in 2010, those values may change and are not presented here.

Published news stories indicate that several of the taxpayers in the following list, including General Growth Properties, Station Casinos Incorporated and Turnberry Associates (or related entities) have filed for bankruptcy protection. It is not possible to predict the timing or the outcome of the bankruptcy proceedings or what effect they may have upon the timely payment of property taxes in the future. Other major taxpayers in the District (such as MGM Mirage and Harrah's Entertainment Incorporated) have experienced varying degrees of financial difficulty in the recent past; 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
Fiscal Year 2009-10

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value(1)</u>
1. MGM Mirage	Hotels/Casinos	\$ 5,596,281,109	6.28%
2. Harrah's Entertainment Incorporated	Hotels/Casinos	2,641,900,413	2.96
3. General Growth Properties	Retail/Shopping Malls/Developer	1,646,740,509	1.85
4. NV Energy	Utility	1,499,669,490	1.68
5. Las Vegas Sands Corporation	Hotels/Casinos	1,205,866,316	1.35
6. Wynn Resorts Limited	Hotels/Casinos	1,096,969,562	1.23
7. Boyd Gaming Corporation	Hotels/Casinos	948,673,823	1.06
8. Station Casinos Incorporated	Hotels/Casinos	791,711,253	0.89
9. Turnberry Associates	Developers	439,365,294	0.49
10. Olympia Group LLC	Real Estate Investors	<u>363,530,756</u>	<u>0.41</u>
TOTAL		\$16,230,708,525	18.21%

(1) Based on the District's fiscal year 2010 assessed valuation of \$89,139,247,482 (which excludes the assessed valuation attributable to the Redevelopment Agencies).

Source: Clark County Assessor's Office website (report dated October 29, 2009).

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 2010 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 State Legislature ("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 statute) 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

As described below, taxes levied to pay debt service on the 2010A Bonds are exempt from the application of the Abatement Act (defined below). Nonetheless, the Abatement Act constitutes a significant limitation on property tax revenues generally.

General. In 2005, the Legislature approved legislation (the "Abatement Act") requiring reductions ("abatements") of ad valorem taxes imposed on property in certain situations. In the Abatement Act, the Legislature determined that year-to-year increases in property tax bills exceeding 3% constitute a severe economic hardship to homeowners; the State constitution permits the Legislature to prevent such hardships. The Abatement Act established formulas to determine whether tax abatements

are required for property owners (including residential and low-income rental property) in any year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues received by any taxing entity on existing property to approximately 3% per year (plus larger increases allowed for non-residential properties). That limitation could negatively impact the finances and operations of the taxing entities in the State, including the District, to an extent that cannot be determined at this time.

The Abatement Act directs the Tax Commission and the Committee on Local Government Finance to adopt regulations for the administration and interpretation of certain of its provisions, and some provisions of the Abatement Act likely will require additional interpretation through legislation, regulation or by the State's courts.

Formulas to Determine Abatements. For existing owner occupied residential properties, an abatement generally is required to reduce the amount of property taxes owed to not more than 3% more than the amount levied in the immediately preceding fiscal year. That same formula applies (as a charitable exemption) to commercial property that qualifies as low-income rental housing. Finally, for all existing properties, an abatement from ad valorem taxation is required to reduce the amount of property taxes owed to no more than an amount determined pursuant to a two-part formula. The first part of the formula requires a determination of the lesser of: (1) the average percentage change in the assessed valuation of all taxable property in the county over the 10-year period immediately preceding the fiscal year in which a levy is to be made; or (2) 8%. The second part of the formula requires determination of the percentage equal to twice the increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year. After making both determinations, the part of the formula that yields the greatest percentage is used to establish the maximum percentage increase (over the prior year) in tax liability for each existing property. The County has used 8% in each year since the Abatement Act was adopted; however, it is not possible to predict whether the calculation will continue to yield that result in future years. This abatement formula also must be applied to existing owner-occupied residential properties and low-income rental properties if it yields a greater reduction in property taxes than the 3% test described above. Unless otherwise provided by a specific statute, if any legislative act imposes a duty on a taxing entity to levy a new ad valorem tax or to increase the rate of an existing ad valorem tax, the amount of any new tax or increase in the rate of the existing tax is exempt from the partial abatement formulas.

In addition to the required abatements, the Abatement Act requires the Nevada Tax Commission to adopt regulations simplifying the procedures to be followed by any business in the State to obtain a reduction in the assessed value of property used to conduct a business if such a reduction is appropriate under the "income approach" to property valuation.

Apportionment of Abatements. If the application of the partial abatement provisions require a reduction in the amount of ad valorem taxes levied in a county for a fiscal year, the Abatement Act requires that the amount of the reduction be allocated among all of the taxing entities and deducted from the amount of ad valorem taxes each taxing entity otherwise would be entitled to receive for that fiscal year. Generally, abatements caused by tax rate increases are to be allocated to the entities that increased their tax rates in proportion to the amount of tax rate increases for each such entity. Other abatements (i.e., those caused by an increase in assessed value) generally are required to be allocated among taxing entities 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. In order to assure that any required abatements apply to all taxing entities uniformly, the Tax Commission has adopted a regulation clarifying that future year abatements resulting from tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly.

Recapture of Lost Revenue in Certain Cases. Notwithstanding the abatement provisions discussed above, if the taxable value of any property (a) decreases by 15% or more from its taxable value on July 1 of the second year immediately preceding the lien date for the current year; and (b) increases by

15% or more from its taxable value for the immediately preceding fiscal year, the amount of ad valorem taxes which would have been collected for the property as a result of that increase in taxable value if not for the required abatement (but excluding any amount attributable to any increase in the taxable value of the property above its taxable value on the date determined pursuant to clause (a) above), must be levied on the property over three fiscal years. The amount of taxes carried forward and levied on any property must be added to the amount of ad valorem taxes each taxing entity would otherwise be entitled to receive in a fiscal year using the allocation formula described above.

Levies for Debt Service. Notwithstanding the abatement provisions discussed above, a taxing entity may, if otherwise authorized by law, increase the rate of an ad valorem tax for the payment of any obligations secured by the proceeds of that tax (“tax-secured obligations”) if the entity determines that the additional tax rate is necessary to satisfy those obligations. Pursuant to the Abatement Act, an additional tax rate is deemed necessary if the rate of the ad valorem tax most recently levied for the payment of the tax-secured obligations will not produce sufficient revenue, after considering the effect of the partial abatement, to satisfy those obligations during the next fiscal year. Such an increase in the rate of an ad valorem tax for the payment of tax-secured obligations is exempt from the partial abatement formulas if the obligations for which that increase is imposed are issued (a) before July 1, 2005 or (b) on or after July 1, 2005, if before the issuance of the obligations (1) the governing body of the taxing entity makes a finding that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term and (2) the debt management commission of the county approves the finding. The Board and the County Debt Management Commission have made the appropriate findings with respect to the 2010A Bonds; accordingly, any increase in the rate of ad valorem taxes required to pay the principal of or interest on the 2010A Bonds is exempt from the partial abatement formulas described above. The tax rate also may be increased if otherwise authorized by law if voter approval is obtained. However, tax rates which were voter-approved before April 6, 2005, generally are not exempt from the Abatement Act formulas. Any increase in property taxes needed to repay the 2010B Bonds is not exempt from partial abatement. However, an increase in taxes is not expected to be needed to repay the 2010B Bonds.

Possible Effects on Operating Levies. Under existing State law, limited tax levies must be used to pay debt service on general obligation bonds before being used for operations. Even though increases in the rate of an ad valorem tax for the payment of tax-secured obligations and voter-approved taxes are exempt from the partial abatement formulas, the revenue limits imposed by the Abatement Act may require taxing entities in the State to cut operating revenues, and therefore the services funded by those revenues, to an extent that cannot be determined at this time. In addition, the abatement formulas may cause the statutory maximum combined overlapping tax rate of \$3.64 per \$100 of assessed valuation to be reached sooner than it would otherwise be reached.

Overlapping Tax Rates and Estimated Overlapping General Obligation Indebtedness

Overlapping Tax Rates. The following table presents a history of the Statewide average tax rate and a five-year tabulation of the overlapping tax rate for a representative taxing area in the City of Las Vegas, the County seat. 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 County for 2009-10 is \$3.4343 (per \$100 of assessed valuation) in Mt. Charleston Town.

Overlapping Tax Rates(1)

<u>Fiscal Year Ended June 30,</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Average Statewide rate	<u>\$3.1124</u>	<u>\$3.1471</u>	<u>\$3.1526</u>	<u>\$3.1727</u>	<u>\$3.2162</u>
Clark County	\$0.6575	\$0.6566	\$0.6541	\$0.6541	\$0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
Las Vegas Artesian Basin	0.0013	0.0009	0.0008	0.0008	0.0011
City of Las Vegas	0.7774	0.7777	0.7715	0.7715	0.7715
Las Vegas-Clark County Library District	0.0866	0.0866	0.0866	0.0866	0.0909
Las Vegas Metro Police	0.2850	0.2850	0.2850	0.2850	0.2850
State of Nevada (2)	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total	\$3.2812	\$3.2802	\$3.2714	\$3.2714	\$3.2760

(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, 2004-05 through 2009-10.

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 June 1, 2010.

Outstanding Overlapping Net General Obligation Indebtedness

<u>Entity(1)</u>	<u>Total General Obligation Indebtedness</u>	<u>Presently Self-Supporting Amount</u>	<u>Net Direct General Obligation Indebtedness</u>	<u>Percent Applicable(2)</u>	<u>Overlapping Net General Obligation Indebtedness(3)</u>
Clark County	\$3,215,447,590	\$3,124,330,000	\$ 91,117,590	99.06%	\$ 90,261,085
Clark County School District (4)	4,636,395,000	919,900,000	3,716,495,000	99.06	3,681,559,947
Henderson	316,764,940	282,369,940	34,395,000	100.00	34,395,000
Las Vegas	380,405,000	308,150,000	72,255,000	100.00	72,255,000
North Las Vegas (5)	355,475,000	297,693,000	57,782,000	100.00	57,782,000
Clark County Water Reclamation District	456,784,780	456,784,780	--	100.00	--
Las Vegas-Clark County Library District	60,375,000	--	60,375,000	100.00	60,375,000
Boulder City Library District	2,845,000	--	2,845,000	100.00	2,845,000
Big Bend Water District	7,541,547	7,541,547	--	100.00	--
Kyle Canyon Water District	13,692	--	13,692	100.00	13,692
State of Nevada	2,274,585,000	684,730,000	1,589,855,000	74.49	<u>1,184,282,990</u>
TOTAL					\$5,183,769,713

(1) Other taxing entities overlap the District and may issue general obligation debt in the future.

(2) Based on fiscal year 2010 assessed valuation in the respective jurisdiction, net of preliminary assessed values attributable to redevelopment agencies.

(3) Applicable Net Overlapping General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times percent applicable.

(4) The Clark County School District currently expects to issue approximately \$110 million of general obligation bonds in July 2010; approximately \$104 million of those bonds will be additionally secured by pledged revenues and will be considered self-supporting.

(5) North Las Vegas currently expects to issue approximately \$145 million of general obligation bonds in June 2010; all of those bonds will be secured by water and wastewater revenues and will be considered self-supporting.

Source: Compiled by the Financial Advisors.

Net Direct & Overlapping General Obligation Indebtedness*

Total General Obligation Indebtedness (1)	\$2,225,305,000*
Less: Self-supporting General Obligation Indebtedness (1)	<u>2,225,305,000*</u>
Net Direct General Obligation Indebtedness	--
Plus: Overlapping Net General Obligation Indebtedness (2)	<u>5,183,769,713</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$5,183,769,713

- (1) As of June 1, 2010; includes the issuance of the 2010 Bonds and the Refunding Project. See "LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE--Outstanding Indebtedness."
- (2) As of June 1, 2010. See the "Outstanding Overlapping Net General Obligation Indebtedness" table above.

Selected Debt Ratios

The following table sets forth historical information relating to the ratio of the District's outstanding general obligation debt and overlapping debt to the District's population and calculated assessed valuation and taxable valuation for the years ending June 30, 2007 through 2011.

Selected General Obligation Debt Ratios

<u>Fiscal Year Ended June 30</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Population(1)	1,954,319	1,967,716	1,952,040	1,952,040	1,952,040
Assessed Value(2)	\$88,924,285,626	\$105,282,199,364	\$110,966,864,520	\$89,139,247,482	\$63,267,062,295
Taxable Value(2)	\$254,069,387,503	\$300,806,283,897	\$317,048,184,343	\$254,683,564,234	\$180,763,035,129
<u>Gross Direct G.O. Debt(3)</u>	\$1,613,860,000	\$1,714,350,000	\$1,673,675,000	\$2,227,489,000	\$2,227,489,000
<u>RATIO TO:</u>					
Per Capita	\$825.79	\$871.24	\$857.40	\$1,411.11	\$1,411.11
Percent of Assessed Value	1.81%	1.63%	1.51%	2.50%	3.52%
Percent of Taxable Value	0.64%	0.57%	0.053%	0.87%	1.23%
<u>Net Overlapping G.O. Debt(3)</u>	\$4,354,078,952	\$5,398,289,274	\$5,265,975,811	\$5,183,769,713	\$5,183,769,713
<u>RATIO TO:</u>					
Per Capita	\$2,227.93	\$2,743.43	\$2,697.68	\$2,655.57	\$2,655.57
Percent of Assessed Value	4.90%	5.13%	4.75%	5.82%	8.19%
Percent of Taxable Value	1.71%	1.79%	1.66%	2.04%	2.87%

- (1) No population for the District is available. This population figure represents the population of the County as of July 1 of each year, as estimated by the Nevada State Demographer. The 2009 estimated population was used for 2010 and 2011 as no estimate is yet available for those years.
- (2) See "Property Tax Base and Tax Roll" for an explanation of Assessed Value and Taxable Value.
- (3) As of June 30 in each year except fiscal years 2010 and 2011. Fiscal year 2010 and 2011 debt information is as of June 1, 2010. In fiscal years 2010 and 2011, includes the issuance of the 2010 Bonds and the Refunding Project.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2006-07 through 2009-10; Fiscal Year 2010-2011 Local Government Revenue Projections - Final (March 15, 2010; revised April 15, 2010); the State Demographer; and debt information compiled by the Financial Advisors.

* Subject to change.

LAS VEGAS VALLEY WATER DISTRICT

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 June 30, 2009, the District had approximately 350,00 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:

<u>Name</u>	<u>Expiration of Term</u>
Rory Reid, President	2011
Steve Sisolak, Vice President	2013
Susan Brager, Member	2011
Larry Brown, Member	2013
Tom Collins, Member	2013
Chris Giunchigliani, Member	2011
Lawrence Weekly, Member	2013

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.

Patricia Mulroy, General Manager. Ms. Mulroy was appointed General Manager of the District in September 1989 after serving as Deputy General Manager for four years. Ms. Mulroy also has been appointed General Manager of the Southern Nevada Water Authority annually since January 1993. Before coming to the District, she was assistant to the Clark County Manager and Court Administrator for

the Las Vegas Justice Court. She began her college career in Munich, West Germany, and completed both her Bachelor's and Master's degrees at the University of Nevada, Las Vegas. Ms. Mulroy is active in water issues on a national basis, serving on the Board of Directors of the Association of Metropolitan Water Agencies. She is a member of the American Water Works Association, the Colorado River Water Users Association, the Western Urban Water Coalition, and serves on the Desert Research Institute Research Foundation Board of Trustees.

Philip Speight, Deputy General Manager, Administration. Mr. Speight became the District's Deputy General Manager of Administration in January 2010. He serves in a similar capacity for the SNWA. Before joining the District, Mr. Speight served 19 years as the city manager of the City of Henderson, Nevada. Mr. Speight graduated from San Jose State University with a B.A. and M.A. He has been active in the Southern Nevada community, serving on various boards and commissions. He is currently a member of the Colorado River Water Users Association and a member of the Henderson Community Foundation Board of Directors.

Thomas A. Minwegen, Deputy General Manager, Engineering/Operations. Mr. Minwegen was appointed Deputy General Manager of Engineering and Operations in 2002. Prior to this appointment, Mr. Minwegen served as Director of Engineering. Mr. Minwegen holds a bachelor of science in civil engineering from Bradley University in Peoria, Illinois and is a registered professional engineer in the State. Mr. Minwegen began working at the District in 1982, and in addition to serving as Director of Engineering, he has held the position of Senior Civil Engineer, Automated Mapping and Drafting Division Manager and Engineering Design Division Manager.

Rick Holmes, Acting Deputy General Manager, SNWA Engineering/Operations. Mr. Holmes began serving as the Acting Deputy General Manager of SNWA Engineering/Operations on May 6, 2010, following the retirement of Kay Brothers, who had held the position of Deputy General Manager of SNWA Engineering/Operations since April 2002. Mr. Holmes joined the District as the Director of Environmental Resources in 2007. Prior to that time, he was employed by The Focus Group; he also has worked for the County as Assistant County Manager and Director of Comprehensive Planning.

Cary M. Casey, Director of Finance. Mr. Casey joined the District in August 1985. His experience includes various positions in finance, accounting, and marketing for several firms and businesses including the Silver Nugget Casino, the Aladdin Hotel and Casino, Del Webb Hotels, and the Park Tahoe Hotel and Casino. Prior to holding these positions, Mr. Casey was an auditor for the Nevada Gaming Control Board. Mr. Casey began his career with the accounting firms of Deloitte, Haskins and Sells and Arthur Andersen & Co. He has a degree in Accounting from the University of Nevada, Las Vegas and is a Certified Public Accountant in the State of Nevada. Mr. Casey is an active member of the American Institute of Certified Public Accountants and the Government Finance Officers Association.

Employee Relations and Pension Benefits

General. The District considers employee relations to be very good. As of April 1, 2010, there were approximately 1,459 permanent 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 confidential 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 2005 and expire on June 30, 2010. The District is in the process of renegotiating the collective bargaining agreements.

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. The Plan uses the “aggregate cost method” for funding. Because this method does not identify or separately amortize unfunded actuarial accrued liabilities, the plan’s unfunded actuarial accrued liability is determined using the entry age normal actuarial cost method. The District’s contributions to the Plan were \$23,587,076 and \$27,262,106 for the fiscal years ended June 30, 2008 and 2009, respectively. The District’s contribution to the Plan for fiscal year 2010 was \$25,000,000.

A more detailed description of the Plan, including additional details regarding benefits, calculation of average monthly compensation, the vesting schedule for benefits, and significant actuarial and other assumptions for the fiscal year ended June 30, 2009, can be found in Note 15 and in the Required Supplementary Information in the audited financial statements attached hereto as Appendix A. Actuarial valuations for the Plan are prepared every year. The funding status of the Plan declined during fiscal year 2009 due to the upheaval in the financial markets; the District currently estimates that the Plan is approximately 50.9% funded.

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”). Until Retirees become eligible for Medicare benefits, 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. 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 dependants covered). As of June 30, 2009, there were 62 Retirees receiving OPEB benefits, which are funded on a pay-as-you-go basis. Detailed information about the District’s OPEB, including eligibility requirements, the funding policy, actuarial methods and assumptions, funding status and funding progress, insured benefit information and information about annual required contributions and unfunded actuarial accrued liability can be found in Note 13 and in the Required Supplementary Information in the audited financial statements attached hereto as Appendix A.

Risk Management

The District employs a multi-faceted approach to risk management, which includes transfer, elimination, avoidance and/or reduction 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, covering 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 losses except earthquake and flood, and underground communications, and water transmission and distribution lines, which have a \$100,000 deductible. This program also provides terrorism insurance for all locations

with a blanket limit of \$500 million for all terrorist acts. 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. The District also purchases employee fidelity insurance in the amount of \$1 million and other miscellaneous coverages.

In contracts, the District obtains indemnification and hold-harmless agreements and requires that contractors name the District as an additional insured under the indemnitor's insurance coverage, in the amount of \$1 million to \$3 million for commercial general and automobile liability insurance. The District provides "all-risk builders risk insurance" for all construction projects with a blanket limit of \$100 million per construction site with a \$50,000 deductible per claim, except earthquake and flood, which has a sublimit of \$10 million and a deductible of \$500,000 per claim. Construction projects valued at more than \$100 million are specifically added to the policy. The District self-insures its workers' compensation exposure for \$500,000 per claim and purchases excess workers' compensation insurance with statutory limits. See Note 9 in the audited financial statements attached hereto as Appendix A for a further description of the District's risk management activities during fiscal year 2009. The District's insurance coverage is substantially similar for 2010.

Intergovernmental Relationships

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, 2009 are as follows: Boulder City (2%), Henderson (15%), North Las Vegas (12%), the District (71%) and Nellis Air Force Base (less than 1%).

Wastewater Treatment Agencies. The wastewater treatment agencies within the County are as follows: Boulder City, Henderson, 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 the Colorado River) 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 Board of Directors of the SNWA (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.

Southern Nevada Water System. The SNWS is the regional system consisting of a 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 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 the SNWS is provided in “Southern Nevada Water System” below.

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 affect 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. The Water System includes 33 reservoirs and 8 tanks with 916 million gallons (“mg”) of storage capacity, 51 pumping stations, 96 wells capable of producing 182 mg per day, and 4,512 miles of pipeline ranging in size from 4” to 84” in diameter. In calendar year 2009, the District produced 108,045 mg of water for distribution. Of that amount, 13,238 mg was pumped from wells (the maximum day production was 116.1 mg; average daily pumping was 36.3 mg); the remainder was purchased from the SNWA. The average daily water use in 2009 was 296.0 mg; the peak daily usage was 428.6 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 CRC in order to provide a reliable source of power to the SNWA and its participating agencies. Due in part to volatility in the power market and large rate increases by NVE in recent years, the District has entered into an interlocal agreement with the SNWA for the purchase of a portion of its electrical power; the District currently plans to increase its power purchases from the SNWA incrementally in future years. See Note 12 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 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. Due to the unprecedented growth in southern Nevada, the District has adopted an aggressive approach to fulfill MCP commitments.

The current ongoing MCP includes new pumping stations, reservoirs and wells, land acquisition, new water pipelines, and recycled water distribution system facilities. Some of these projects became operational in fiscal year 2010, while other projects will be completed in subsequent fiscal years. See "SOURCES AND USES OF FUNDS--The Project." Maintenance and replacement of District facilities are on-going and are not generally included within the MCP.

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. Southern Nevada is experiencing 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 (the "Drought Plan"). See "Southern Nevada Water System" 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 year ended June 30, 2009.

District Accounts and Consumption Information(1)

<u>Description</u>	Number of Active <u>Accounts</u>	Annual Consumption Per Billing (1,000 gal.)	Annual Revenue Produced(2)
Residential - single service	310,306	46,088,751	\$138,018,035
Residential - duplex/triplex/fourplex	2,823	817,068	2,198,817
Apartments/Condos/Townhouses	4,273	15,250,835	46,225,330
Residential, other	284	1,204,773	2,845,324
Hotels	235	8,983,294	30,944,006
Motels	301	1,165,394	3,787,989
Community Facilities	923	2,024,590	7,066,405
Schools	639	1,321,078	3,988,425
Fireline	4,464	2,197,894	8,471,026
Irrigation	5,875	15,207,736	46,600,144
Commercial/Business	7,981	8,616,167	27,733,798
Recreational	71	296,867	1,001,736
Industrial	1,239	1,128,590	3,646,628
Construction Water	10,133	1,306,674	7,058,377
Other	<u>375</u>	<u>253,182</u>	<u>1,855,972</u>
TOTAL	349,922	105,862,893	\$331,442,012

(1) Unaudited. As of June 30, 2009.

(2) Includes SNWA Reliability Charge, SNWA Commodity Charge, and delinquent and other charges. The total includes \$13,864,940 in Regional Commodity and Surcharges.

Source: Las Vegas Valley Water District.

Largest Ratepayers. The following table represents the top ten principal ratepayers for calendar year 2009. 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 2009

<u>Ratepayer</u>	<u>Revenue(1)</u>	<u>% of Total Revenue</u>
Clark County School District	\$ 6,776,951	2.03%
City of Las Vegas	4,011,723	1.20
Clark County	3,243,710	0.97
Venetian Casino Resort LLC	2,255,946	0.67
Wynn Las Vegas	1,910,901	0.57
Oasis Residential Inc.	1,890,026	0.57
Mandalay Bay Hotel	1,838,401	0.55
Bellagio Hotel and Casino	1,824,382	0.55
Mirage Casino-Hotel	1,473,853	0.44
Clark County Aviation	<u>1,417,518</u>	<u>0.42</u>
Total	\$26,643,411	7.97%

(1) Based on total water revenue of \$334,234,027 (unaudited) for calendar year 2009.

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 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. See "SECURITY FOR THE BONDS."

Water Rates. To address the combined water resource challenges of the drought and needed water conservation, the District's Board approved an inverted block water rate structure in 2003, which imposes larger per gallon charges for higher usage. In the fall of 2006, the Board approved an overall inflation based rate increase of 10.1%. This rate increase became effective beginning in January of 2007 and was designed to maintain the conservation based price signal established by the 2003 rate increase by increasing rates based on the change in the Consumer Price Index (CPI) between 2003 and 2006.

On April 15, 2008, at a public rehearing, the District's Board approved an overall rate increase of 23.2% based upon the recommendations made by a 2007 Rates Citizen's Advisory Committee. The Committee's general recommendations included: incrementally increasing the daily service charge to reflect actual service related costs, implementing graduated increases to tier pricing, and taking incremental steps towards charging all single-family residential customers the same rate for the same amount of water, regardless of meter size. The 2008 rate changes included increasing the daily service charge by 50% to bring it closer to the actual cost of service (for example, the monthly service charge for a $\frac{5}{8}$ " meter would increase from \$4.04 to \$6.06), a partial consolidation of water tier thresholds for single-family residential customers with a $\frac{3}{4}$ " or larger meter size and an increase to all water tier prices.

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 $\frac{5}{8}$ " residential meter is set at \$0.2688 per day (approximately \$8.08 per month), while the charge for a larger meter can range up to \$14.0404 per day 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 to be effective January 1, 2011. The 2010 monthly service charge increased \$2 per month for a $\frac{5}{8}$ " meter, with the remainder of the domestic, backflow and fireline charges increased proportionately.

Other Charges. Other charges include a SNWA Commodity Charge of \$0.20/1,000 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 \$0.10 per thousand gallons; increases 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 becomes effective January 1, 2011. The District is implementing 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.

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.

Southern Nevada Water System

The following information about SNWA and the SNWS is provided for informational purposes because the District is the largest member and customer of SNWA and the SNWA provides critical operations, namely water resources and water treatment and delivery to the District. The District purchases nearly 90% of its water from the SNWA.

The Service Area. The Southern Nevada Water System 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. The State Demographer estimated the County's 2009 population to be 1,952,040.

Water Supply in the Service Area. 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 March 2010, the SNWA diverted approximately 414,540 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.

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. As part of its mission, the SNWA maintains several key planning documents, including a Water Resource Plan and a Drought Plan. The SNWA Water Resource Plan and Drought Plan are reviewed annually and updated as needed. These documents summarize 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 http://www.snwa.com/html/wr_resource_plan.html. The most current Drought Plan, which is discussed below, can be viewed on SNWA's website at http://www.snwa.com/html/drought_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. The 2009 Water Resource Plan represents the eighth revision. The SNWA Water Resource Plan provides a demand projection for southern Nevada for a 50-year period 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.

The SNWA has an agreement with the Arizona Water Banking Authority, the Central Arizona Water Conservation District and the Colorado River Commission. As amended in 2004, that agreement guarantees the availability of 1.25 million acre-feet of Colorado River water storage credits for Nevada's future use. The agreement was amended in March 2010 to provide Arizona and the SNWA greater flexibility in determining when withdrawals can be made from the water bank and to provide the SNWA with greater flexibility in paying outstanding amounts due. Under the amended storage agreement, the parties now anticipate that SNWA will be required to begin consumptive use in 2018. The amended agreement will remain in force until the SNWA uses all its storage credits or June 1, 2060, whichever comes first. The SNWA and Arizona have agreed to meet in 2015 (or in the year in which the elevation

of Lake Mead is projected to be at or below 1,075 feet) to discuss, among other items, the timing and magnitude of SNWA's withdrawal requests and estimates of the conservation district's recovery capital and operation costs to be paid by the SNWA to recover water.

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.

Drought Plan. The Colorado River Basin is experiencing one of the worst droughts on record, which impacts Lake Mead reservoir levels. Should the drought worsen and reservoir levels along the Colorado River decline low enough, 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 supplement to the SNWA Water Resource Plan. The original Drought Plan has been amended several times, most recently in February 2009.

The Drought Plan establishes stages of drought conditions (No Drought, Drought Watch, Drought Alert and Drought Critical). The Drought Plan clarifies the overall process for declaring drought stages. In determining whether the various drought stages 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 Drought Watch and Drought Alert. Those restrictions include watering restrictions, golf course watering budgets, more restrictive landscape development codes for new developments and water waste enforcement and fees. Restrictions for a Drought Critical stage will depend on resource needs at the time and will be developed to achieve the greatest level of water savings. Those restrictions will be defined and incorporated into the Drought Plan prior to any declaration of Drought Critical.

Local purveyors in the Las Vegas Valley (including the District) have enacted ordinances to support enforcement of the restrictions included in the Drought Plan and also have implemented rate increases to promote additional conservation and greater awareness of drought conditions. The drought stage currently is Drought Alert.

Integrated Water Planning Process. The SNWA is engaged in the development of additional in-state water resources. The development of these in-state resources will be a significant focus of the SNWA over the next decade. Currently, the SNWA is in the preliminary stages of planning and environmental compliance for the construction of necessary infrastructure to transport unused groundwater in Clark, Lincoln and White Pine counties to the Las Vegas Valley. Applications for various rights-of-way have been submitted to the appropriate Bureau of Land Management ("BLM") offices and technical analyses are underway. In September 2006, the SNWA participated in its first 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, enabling SNWA to develop a maximum of 60,000 acre-feet annually from the basin. To aid in the management of the Spring Valley, SNWA has begun to acquire 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 the spring of 2008, the SNWA amended prior agreements with the Virgin Valley Water District and the Moapa Valley Water District ("MVWD") to implement the acquisition and development of Virgin Valley River water rights and

Muddy River water rights and to provide for the development, treatment and transport of Coyote Spring Valley groundwater through the MVWD system.

Various parties had protested the SNWA's acquisition of the groundwater rights described above. On January 28, 2010, the Nevada Supreme Court issued an opinion which brought into question, in some measure, any water rights applications filed prior to July 2003 that were not acted upon by the State Engineer within one year of the end of the applicable protest period, including the District applications described above. The SNWA has re-filed all applications that could be affected by the Supreme Court decision. It is not certain at this time when the issue of the SNWA's groundwater rights will be settled or what the ultimate disposition of those water rights will be.

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 replace the 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.

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 <u>June 30</u>	Boulder <u>City</u>	Henderson	Las Vegas Valley Water <u>District</u>	Nellis Air <u>Force Base</u>	North Las <u>Vegas</u>	Total <u>Deliveries</u>
2000	9,719	52,344	316,547	2,382	37,731	418,723
2001	10,251	56,983	323,184	1,596	38,799	430,813
2002	11,519	62,970	315,467	1,938	39,318	431,212
2003	13,098	66,507	314,447	2,456	43,079	439,596
2004	11,939	62,716	334,580	1,837	45,180	456,252
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	11,345	66,897	328,435	2,664	53,987	463,328
2009	11,121	64,611	301,854	1,800	51,306	430,692

(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 of 10,000 acre feet in Arizona and 10,000 acre feet in California.

Source: Southern Nevada Water Authority.

Based on nine months of water deliveries in fiscal year 2010, the SNWA currently is projecting total deliveries of 408,247 acre-feet of water in fiscal year 2010, a decrease of approximately 5.3% over fiscal year 2009 deliveries. Deliveries to the District, which is the largest customer of the SNWA, are projected to be 282,234 acre-feet, a decrease of approximately 6.5% from fiscal year 2009 deliveries.

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; 30 pumping stations; 34 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 900 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 Colorado River Commission (CRC), and obligations to pay the

costs associated with several pass-through contracts purchased by CRC 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. 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 \$140 million in projects to be funded by a portion of the SNWA's sales tax (discussed below) and various grants.

Pursuant to an amendment to the Operations Agreement that is in the process of being 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. As of February 2010, the MCCP had an authorized budget of approximately \$4.2 billion, which includes \$710 million for Intake No. 3 in Lake Mead (described below). For the same period, the capital program's total expenditures and commitments were approximately \$4.0 billion, leaving \$0.2 billion uncommitted. The \$4.2 billion in active and completed MCCP projects are broken down as follows: \$2.3 billion on completed projects; \$0.9 billion spent on projects currently open and \$1.0 billion remaining to spend on open projects. \$700 million of that \$1.0 billion is already committed. The largest open project is Intake #3 with a total estimated cost of \$710 million (of which \$195 had already been spent as of December 2009). Other large projects contained in the MCCP include: Interim Colorado River Supplies, including the Arizona Banking project (\$472 million, of which \$232 million has been spent), Water Resource Acquisition and Development (\$149 million, of which \$104 million has been spent), Clark, Lincoln, and White Pine Counties Groundwater Development (\$126 million, of which \$101 million has been spent) and Virgin and Muddy Rivers Water Resources Acquisition (\$125 million, of which \$88 million has been spent) The numbers above do not include an estimated \$381 million of deferred projects which are in the MCCP but not included in the amount that the Board approved.

Construction and related expenditures for the MCCP in fiscal year 2010-11 are projected to be \$256.6 million funded from existing bond proceeds. Additional items included in the MCCP are funds for Colorado River supplies, water resource acquisition and development costs, and Clark, Lincoln and White Pine county groundwater development costs.

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. This project currently is scheduled for completion in 2013.

The funding for most of the MCCC 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) Quarter Penny Sales Tax; (3) Regional Commodity Charge; (4) Regional Reliability Surcharge; and (5) 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 2010, the SNWA has received approximately \$1.292 billion in Regional Connection Charges. This revenue source has been volatile, but is expected to provide more than half of the revenue for the CIP.

Sales Tax. The second major source of revenue for the MCCC is sales tax. This ¼ of 1% sales tax (the "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 the Las Vegas Bay at Lake Mead). The Sales Tax will sunset on June 30, 2025, or when \$2.3 billion has been collected, whichever occurs first. During the term that the Sales Tax is levied, the SNWA is projected to receive about 58% of the gross proceeds; that amount is expected to provide approximately 28% of the MCCC revenue. The SNWA has received approximately \$476 million of the \$766 million gross Sales Tax collected through March 2010. The Sales Tax revenues can be used to make MCCC debt service payments, or to pay construction costs directly which reduces the amount of money that needs to be borrowed. The SNWA plans to use most of the Sales Tax to pay construction costs directly.

Regional Commodity Charge. The third major revenue source for the MCCC is the Regional Commodity Charge imposed per 1,000 gallons of water delivered from any source by the purveyor members of the SNWA. Effective January 1, 2010, this charge increased from \$0.10 per 1,000 gallons of water delivered to \$0.20 cents per 1,000 gallons of water delivered; the SNWA Board has approved a further increase to \$0.30 cents per 1,000 gallons of water delivered effective January 1, 2011. This charge is collected by purveyor members and remitted to the SNWA monthly. Through March 2010, the SNWA has received approximately \$123.8 million of Regional Commodity Charge revenues. This revenue source is projected to provide 10% of total MCCC revenue. The Operations Agreement provides for the commodity charge to be applied to potential future raw 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 March 2010, the SNWA has received approximately \$38.9 million of Regional Reliability Surcharge revenues. This revenue source is projected to provide 5% of MCCC 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 MCCC Funding Plan was developed in 1997. Because which parcels of land will be sold and their sale prices are unknown, revenue is not predictable. Through May 2009, the SNWA has received \$288 million from the SNPLMA.

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, 2009. 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, 2009, 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, 2008. This is the 29th consecutive year that the District has received this recognition. The District has submitted its 2009 CAFR for award consideration.

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 2009-10. During fiscal year 2009-10, the District’s primary challenge is to maintain current service standards in light of reduced revenues derived from water rates, connection fees and other sources. In preparing the 2009-10 Final Budget, the District identified additional reductions and deferrals. As a result, and in addition to savings implemented in the prior fiscal year, the District reduced its projected budget for fiscal year 2009-10 by 9.7%, resulting in a cost savings of approximately \$35.6 million. Major adjustments include reductions to operating capital expenses, contingent staff, and employee payroll. By focusing first on budget reductions, the District intends to minimize impacts to its customers during this economically challenging time.

The cost-saving measures identified for fiscal year 2009-10 are outlined below.

1. The District cut an estimated 78% in operating capital costs from its projected fiscal year 2009-10 budget, resulting in an estimated savings of \$23 million. This includes reductions and deferral to fleet purchases, equipment purchases, facility improvements, and the completion of the Customer Care and Billing conversion.

2. The District cut an estimated 15% in non-payroll operating expenses from its projected fiscal year 2009-10 budget, resulting in an estimated savings of \$9.7million. This includes reductions and

deferral for professional and technical services, travel and training, temporary agency staffing, and advertising.

3. The District cut an estimated 2.6% from its projected fiscal year 2009-10 budget through contingent staff reductions (interns, limited term positions, contractors and temporary help), resulting in a projected cost savings of \$2.9 million. Resource sharing was also implemented to ensure sustained service levels in light of contingent staff reductions.

4. The District also implemented a voluntary leave program for all employees. District employees will also forego a cost of living allowance increase for fiscal year 2009-10.

Factors Affecting the District's Tentative Budget for Fiscal Year 2010-2011. Poor economic conditions are expected to persist during fiscal year 2010-11 and the District will continue to operate under a restricted budget for fiscal year 2010-11. Southern Nevada is projected to lag behind other regions in economic recovery. The District anticipates little growth in accounts and no change in water sales through the coming fiscal year. As a result, the fiscal year 2010-11 Tentative Budget reflects continued budget cuts, deferrals and includes no new positions. With those measures and the effects of the approved rate increases discussed below, the 2010-11 Tentative Budget projects a budget surplus of approximately \$4 million.

Implementing the changes discussed above is expected to significantly reduce projected expenditures for the District and help to meet the continued economic challenges in fiscal year 2010-11. The District will continue to monitor and make appropriate adjustments to ensure that its financial integrity is maintained.

Although the current economic challenges were precipitated by a slowdown in growth, the District's critical function maintaining water service for existing customers remains unchanged. Only a small portion of the organization's operations are related to growth; the organization must continue to maintain its nearly 4,600 miles of transmission lines, 51 pumping stations and 900 million gallons of storage capacity in order to provide water to its existing customers, including more than 1.3 million residents and nearly 40 million visitors annually. The proactive measures being taken by the District to reduce or defer spending where appropriate will ensure the continuance of current service standards.

Recent Rate Increases. In addition to the cost-cutting measures described above, on December 1, 2009, the Board approved two rate increases that increased water bills for all customers effective January 1, 2010, with a second increase to become effective January 1, 2011. The increases are designed to maintain the District's financial stability, finance necessary infrastructure and provide reliable, quality water.

The first rate increase is a direct pass-through of a 10-cent increase in the SNWA's commodity charge, which was approved in September by the SNWA Board. The funds collected by the District under the SNWA regional commodity charge are a dollar-for-dollar pass-through to the SNWA to help pay primarily for the new water intake being built in Lake Mead. The last increase in the SNWA commodity charge was effective in November 2005. The SNWA commodity charge increase will be used to help that agency pay for critical infrastructure to meet the valley's water needs, including a new third intake into Lake Mead that will provide water to all the cities and county. The increases are estimated to increase gross revenues by \$9.9 million in each of 2010 and 2011.

The second rate increase raises the District's monthly service charge by \$2 for a 5/8-inch meter (the most common residential meter) with proportional increases for larger-sized meters. The last service charge and rate increase occurred May 1, 2008. The additional service-charge revenues are needed to meet maintenance and operations expenses to provide reliable water service to customers, as well as to pay down debt on previous infrastructure projects. The increases are estimated to increase the District's net revenues by \$9 million in each of 2010 and 2011.

As a result of both rate increases, typical customers with a 5/8-inch meter will experience an average increase of about \$3.00 a month. Typical customers with a 3/4-inch meter will experience an average increase of about \$3.55 a month. The increases took effect January 1, 2010, with an identical increase in both the service charge and the commodity charge to become effective on Jan. 1, 2011. Typical residential monthly water bills for District customers are lower than nearly two-thirds of the cities in the Western United States and District rates are comparable to the other communities in the Las Vegas Valley.

The District continues to monitor its budget position. In the last several months, the District has taken steps (including the Refunding Project) to reduce the amount of debt service due in the next three fiscal years. In addition, the District expects to continue the cost savings already implemented and to identify additional cost savings (resulting in savings of four to six million dollars per year) beginning in fiscal year 2011; however, those cost savings have not yet been formulated or considered by the Board.

Budget Summary and Comparison

The following table sets forth a summary of the 2008-09 and 2009-10 budgets for the District's Proprietary Enterprise Fund, compared to actual, unaudited (budgetary basis) results for the nine-month periods ending March 31, 2009 and 2010. The table also includes information from the District's Tentative Budget for fiscal year 2010-11. The Tentative Budget is subject to change until May 17, 2010, when the Board will adopt its final budget for fiscal year 2010-11. The following table is presented in budgetary basis and is not intended to conform with generally accepted accounting principles ("GAAP"). The budget information in the table also does not identify beginning fund balances that also are available for appropriation and expenditure. See "Summary of Operating Revenues, Expenses and Changes in Fund Equity" below for a history of fund balances in the District's Proprietary Enterprise Fund.

District Propriety Enterprise Fund Budget Summary and Comparison - Budgetary Basis

	2009 <u>Budget(1)</u>	2009 YTD through 3/31/09(2)	2010 <u>Budget</u>	2010 YTD through 3/31/10(2)	2011 Tentative <u>Budget</u>
Operating Revenue					
Water Sales (3)	\$359,000,000	\$231,512,298	\$319,271,736	\$226,593,196	\$333,362,313
Regional Connection/Other SNWA Fees (4)(5)	88,308,131	25,310,659	23,483,787	10,463,587	30,321,426
Inspection/Application Fees	4,091,893	394,127	239,001	373,961	198,250
Other Revenues (6)	<u>5,959,211</u>	<u>2,251,165</u>	<u>2,974,342</u>	<u>1,299,889</u>	<u>5,945,203</u>
Total Operating Revenue	<u>457,359,235</u>	<u>259,468,249</u>	<u>345,968,865</u>	<u>238,730,633</u>	<u>369,827,192</u>
Operating Expenses					
Purchased Water	86,007,665	57,014,720	75,421,573	54,934,311	80,514,724
Purchased Energy	17,359,000	10,609,808	16,826,900	8,037,344	14,369,500
SNWA (7)	88,308,131	26,518,689	23,483,787	10,988,667	30,321,426
Operation & Maintenance	<u>174,290,109</u>	<u>117,249,808</u>	<u>162,328,896</u>	<u>111,227,494</u>	<u>165,491,641</u>
Total Operating Expenses	<u>365,964,905</u>	<u>211,393,025</u>	<u>278,061,156</u>	<u>185,187,816</u>	<u>290,697,291</u>
Operating Income Before Depreciation Expense	91,394,331	48,075,224	67,907,710	53,542,817	79,129,901
Depreciation Expense	<u>(80,000,000)</u>	<u>(60,719,696)</u>	<u>(82,000,000)</u>	<u>(68,183,050)</u>	<u>(83,000,000)</u>
Total Operating Income	<u>11,394,330</u>	<u>(12,644,472)</u>	<u>(14,092,290)</u>	<u>(14,640,233)</u>	<u>(3,870,099)</u>
Non-operating Income (Expense)					
Interest Expense	(44,800,320)	(27,135,259)	(45,345,969)	(26,330,666)	(39,720,220)
Investment Revenue/Unrestricted	2,000,000	1,905,024	1,000,000	593,495	250,000
Investment Revenue/Restricted	1,450,000	668,352	1,000,000	125,778	250,000
Gain/Loss on Disposition of Property and Equipment, Net	(100,000)	173,892	100,000	92,853	100,000
Other	<u>100,000</u>	<u>217,661</u>	<u>100,000</u>	<u>357,304</u>	<u>100,000</u>
Total Non-operating Income (Expense)	<u>(41,350,320)</u>	<u>(24,170,330)</u>	<u>(43,145,969)</u>	<u>(25,161,236)</u>	<u>(39,020,220)</u>
Income/(Loss) Before Contributions	<u>(29,955,989)</u>	<u>(36,814,802)</u>	<u>(57,238,259)</u>	<u>(39,801,469)</u>	<u>(42,890,319)</u>
Capital Contributions					
Facilities Connection Fees (8)	15,003,608	2,123,751	30,000,000	(817,084)	--
Capital Contributions (less facilities connection fees)	49,996,392	25,547,514	--	20,592,558	25,000,000
Other Contributions	<u>--</u>	<u>51,298</u>	<u>--</u>	<u>29,390</u>	<u>--</u>
Total Contributions	<u>65,000,000</u>	<u>27,722,563</u>	<u>30,000,000</u>	<u>19,804,864</u>	<u>25,000,000</u>
Net Income - Available for Asset Addition and Replacement and for Debt Retirement	<u>\$35,044,011</u>	<u>\$(9,092,239)</u>	<u>\$(27,238,259)</u>	<u>\$(19,996,605)</u>	<u>\$(17,890,319)</u>

(1) Does not reflect fiscal year 2008-09 budget cuts and deferrals.

(2) Unaudited, interim information only.

(3) The 2010 budget information does not include the effects of the rate increase described above, which was effective January 1, 2010.

(4) Despite continued customer growth, regional connection charges in fiscal year 2008-09 and 2009-10 were budgeted to be lower due largely to a decline in residential construction. Through March 31, 2010, \$310,238 in regional connection fees have been refunded.

(5) Regional revenues (SNWA's regional connection fees and regional commodity fees and surcharges) are offset in operating expenses by contributions to SNWA. See Note 6 in the audited financial statements attached hereto as Appendix A. The 2010 budget information does not include the effects of a rate increase that was effective January 1, 2010.

(6) Budgeted amounts include revenues associated with recharged water sales, the Springs Preserve, late fees and other miscellaneous charges associated with water bills.

(7) Consists of SNWA regional revenues (see footnote (5) above) and groundwater management expenses.

(8) Through March 31, 2010, includes \$817,084 in refunded facilities connection fees.

Source: Las Vegas Valley Water District.

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 2005-2009. The information in this table has been derived from the District's CAFRs for fiscal years 2005 through 2009. The information in this table should be read together with the District's audited basic financial statements for the year ended June 30, 2009, 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.

In connection with the fiscal year 2009 audit, the District's auditors noted several significant deficiencies in the District's internal controls over financial reporting, including three material weaknesses. The material weaknesses included lack of functioning control procedures: (i) to determine unbilled water revenue accrual calculations, which resulted in a material overstatement of unbilled water revenue accrual at year end; (ii) for assigning values to donated assets, which resulted in a material understatement of the fair value of donated assets in fiscal year 2009 and prior years; and (iii) for recording refundable advance construction deposits, resulting in the liability for such deposits being understated in a prior year. District management has informed the District's auditors that they have adopted and will monitor compliance with policies and procedures designed to address those issues. More information is available in the District's CAFR, which is available online or from the sources listed in "ADDITIONAL INFORMATION."

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

<u>Fiscal Year Ending June 30,</u>	<u>2005</u> <u>(Actual)</u>	<u>2006</u> <u>(Actual)</u>	<u>2007</u> <u>(Actual)</u>	<u>2008</u> <u>(Restated)</u>	<u>2009</u> <u>(Actual)</u>
Operating Revenues					
Water sales	\$232,331,157	\$238,869,865	\$268,622,298	\$291,695,857	\$317,577,072
Regional connection fees (1)	102,141,857	133,415,890	83,288,614	40,523,611	17,935,452
Regional commodity & surcharges (1)	7,395,805	10,301,550	13,659,171	13,694,038	13,864,940
Recharged water sales (2)	--	56,831,464	7,223,446	5,521,199	885,753
Inspection/application fees	9,844,628	9,713,002	4,439,131	2,001,343	521,941
Springs Preserve	--	--	--	1,740,833	1,944,602
Other revenues	<u>17,125</u>	<u>16,696</u>	<u>227,491</u>	<u>28,507</u>	<u>15,434</u>
Total operating revenues	<u>351,730,572</u>	<u>449,148,467</u>	<u>377,460,151</u>	<u>355,205,388</u>	<u>352,745,194</u>
Operating Expenses					
Purchased water (3)	69,290,300	120,403,765	86,757,838	84,433,787	79,110,078
Purchased energy (3)	14,010,607	21,490,436	17,357,409	15,297,584	14,715,831
SNWA (4)	110,616,367	144,926,640	98,144,211	55,419,987	33,009,597
Operation & maintenance (5)	<u>117,934,561</u>	<u>132,003,550</u>	<u>145,472,214</u>	<u>156,961,431</u>	<u>164,684,061</u>
Total operating expenses	<u>311,851,835</u>	<u>418,824,391</u>	<u>347,731,672</u>	<u>312,112,789</u>	<u>291,519,567</u>
Operating Income Before Depreciation Expense	39,878,738	30,324,076	29,728,479	43,092,599	61,225,627
Depreciation expense	<u>(48,471,178)</u>	<u>(57,838,741)</u>	<u>(69,700,030)</u>	<u>(80,558,454)</u>	<u>(83,026,725)</u>
Operating Income (Loss)	<u>(8,592,440)</u>	<u>(27,514,665)</u>	<u>(39,971,551)</u>	<u>(37,465,855)</u>	<u>(21,801,098)</u>
Non-Operating Income (Expense)					
Interest expense	(24,516,679)	(23,537,538)	(33,906,908)	(35,326,780)	(36,106,404)
Interest income - unrestricted	6,446,924	2,008,037	7,622,213	3,962,864	1,447,684
Interest income - restricted	94,642	1,159,331	4,401,968	1,580,550	818,883
Other (6)	<u>179,065</u>	<u>(110,332)</u>	<u>(225,958)</u>	<u>423,351</u>	<u>481,205</u>
Total Non-Operating (Expense)	<u>(17,796,048)</u>	<u>(20,480,502)</u>	<u>(22,108,685)</u>	<u>(29,360,015)</u>	<u>(33,358,632)</u>
Loss Before Capital Contributions	(26,388,488)	(47,995,167)	(62,080,236)	(66,825,870)	(55,159,730)
Capital contributions	100,022,381	101,278,879	91,899,145	63,324,840	34,879,776
Other contributions	--	--	<u>199,000</u>	<u>126,353</u>	<u>50,228</u>
Net Income (Loss)	<u>73,633,893</u>	<u>53,283,712</u>	<u>30,017,909</u>	<u>(3,374,677)</u>	<u>(20,229,726)</u>
Fund Equity, Beginning of Year as Previously Reported (7)	976,993,946	--	--	1,144,858,395	1,139,461,514
Adjustment (8)	<u>10,928,935</u>	<u>--</u>	<u>--</u>	<u>19,968,343</u>	<u>21,990,547</u>
Restated Fund Equity, Beginning (7)	<u>987,922,881</u>	<u>1,061,556,774</u>	<u>1,114,840,486</u>	<u>1,164,826,738</u>	<u>1,161,452,061</u>
Fund Equity, End of Year (7)	<u>\$1,061,556,774</u>	<u>\$1,114,840,486</u>	<u>\$1,144,858,395</u>	<u>\$1,161,452,061</u>	<u>\$1,141,222,335</u>

Footnotes on next page.

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- (1) Regional revenues (regional connection fee, commodity and surcharges) are offset in operating expenses by contributions to SNWA. See footnote (4) below and Notes 6 and 7 in the audited financial statements attached hereto as Appendix A.
 - (2) Fiscal year 2006 sales primarily represent the sale of recharged water inventory. See Note 1 to the audited financial statements attached hereto as Appendix A for a further description of recharged water.
 - (3) The large increase in fiscal year 2006 includes cost of sale of water recharged inventory (see footnote (2) above). Disregarding the cost of that sale, purchased water and purchased energy increases in fiscal years 2006 and 2007 are consistent with customer growth and water consumption.
 - (4) Consists of SNWA regional revenue payments (see footnote (2)) and groundwater management expenses.
 - (5) The increase in operation and maintenance expenses in fiscal year 2006 were primarily due to personnel costs, maintenance and servicing costs, and consulting and contracting services on software systems (due in part to an unanticipated number of application enhancements and support activities during the year). Most of those costs are related to early operational and support issues with the new customer information and billing system and District and SNWS security systems. The increase in operation and maintenance expenses in fiscal year 2007 were primarily due to personnel costs, maintenance and servicing costs, consulting and contracting services, as well as pre-opening costs and the start-up phases of operations of the Spring Preserve. In fiscal year 2008, operation and maintenance expenses increased 8% due primarily to personnel costs.
 - (6) Includes net gains/losses on the disposition of property and equipment and other expenses.
 - (7) Fund Equity includes the value of all assets attributable to the proprietary fund, not just those acquired during the year presented.
 - (8) In 2005, includes the effect of previously omitted assets and fund equity from capital contributions. The 2008 and 2009 adjustments reflect 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, 2005 through 2009.

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 is a function of its capital needs and revenues generated from District facilities.

Outstanding Indebtedness

The following table illustrates the District's outstanding general obligation bonds as of June 1, 2010, including the issuance of the 2010 Bonds and after taking the Refunding Project into account.

District Outstanding Indebtedness* As of June 1, 2010

	<u>Issue Date</u>	<u>Original Amount</u>	<u>Amount Outstanding*</u>
<u>GENERAL OBLIGATION/DISTRICT REVENUE SUPPORTED BONDS (1)</u>			
Parity Lien Obligations			
Water Improvement and Refunding Bonds, Series 2003A	01/01/03	\$168,685,000	\$125,950,000*
Refunding Bonds, Series 2005A	05/04/05	302,425,000	255,810,000
Water Improvement Bonds, Series 2006A	06/15/06	151,555,000	140,330,000*
Water Improvement and Refunding Bonds, Series 2008A	02/19/08	190,760,000	178,685,000
Water Bonds (Taxable BABS), Series 2010A (this issue)	06/15/10	75,860,000*	75,860,000*
Water and Refunding Bonds, Series 2010B (this issue)	06/15/10	32,515,000*	<u>32,515,000*</u>
Total Parity Lien Obligations			809,150,000*
Subordinate Lien Obligations			
Adjustable Rate Water Improvement Bonds, Series 2006B (2)	07/20/06	75,000,000	69,465,000*
Adjustable Rate Water Improvement Bonds, Series 2006C (2)	07/20/06	75,000,000	<u>69,465,000*</u>
Total Subordinate Lien Obligations			<u>138,930,000*</u>
Total District Revenue Supported Bonds			<u>948,080,000*</u>
<u>GENERAL OBLIGATION/SNWA REVENUE SUPPORTED BONDS (3)</u>			
Parity Obligations			
Refunding Bonds, Series 2003B	01/01/03	250,000,000	188,880,000
Refunding Bonds, Series 2008B	02/19/08	171,720,000	168,265,000
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	10,000,000
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	<u>71,965,000</u>
Total SNWA Parity Obligations			<u>877,225,000</u>
Subordinate Obligations			
Water Commercial Paper Notes	various	400,000,000	<u>400,000,000</u>
Total SNWA Revenue Supported Bonds			<u>1,277,225,000</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDS			2,225,305,000*
<u>SUBORDINATE DISTRICT REVENUE SUPPORTED BONDS (4)</u>			
Subordinate Lien Revenue Bond (Clean Renewable Energy), Series 2008	07/15/08	2,520,000	<u>2,184,000</u>
GRAND TOTAL			\$2,227,489,000*

Footnotes on the following page

* Subject to change.

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- (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. Takes the issuance of the 2010 Bonds and the effect of the Refunding Project into account.
 - (2) See “INTRODUCTION--Security - Subordinate Bonds” for a description of the standby bond purchase agreements in place with respect to the 2006B Bonds and the 2006C Bonds.
 - (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 SNWA Pledged Revenues, but are payable after the other bonds in this category.
 - (4) In July 2008, the District issued its Subordinate Lien Revenue Bond (Clean Renewable Energy) Bond, Series 2008 (the “CREBS”), to finance the cost of constructing and equipping a solar energy project. The CREBS is 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 11 and 12 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 received authorization from the County Debt Management Commission to issue \$300,000,000 in general obligation water improvement bonds (additionally secured by pledged revenues) for the purpose of acquiring and constructing improvements for water projects. Approximately \$150,000,000 of that authorization remains. The District is issuing the 2010A Bonds and a portion of the 2010B Bonds (\$_____ aggregate principal amount) of the 2010B Bonds pursuant to that authorization. The remaining bonds will be issued as determined by the District.

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.

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. *The table does not take the issuance of the 2010 Bonds or the effect of the Refunding Project into account.* This table does not include debt service attributable to the Notes or the District’s CREBS.

District Annual Debt Service Requirements

FY Ending June 30	General Obligation - District Revenue-Supported Bonds(2)(3)		General Obligation - SNWA Revenue-Supported Bonds(4)		Total Debt Service on 2010 Bonds(5)	Grand Total
	Principal	Interest	Principal	Interest		
2011	\$ 27,370,000	\$ 41,987,319	\$ 9,275,000	\$ 52,986,849		
2012	26,905,000	40,634,760	9,725,000	52,523,099		
2013	28,310,000	39,275,241	21,620,000	52,036,849		
2014	26,370,000	37,876,019	23,430,000	50,934,287		
2015	27,710,000	36,564,081	24,625,000	49,743,587		
2016	28,215,000	35,194,737	24,105,000	48,492,099		
2017	29,670,000	33,772,798	22,785,000	47,265,499		
2018	31,175,000	32,305,881	23,935,000	46,103,737		
2019	32,770,000	30,754,969	25,165,000	44,883,237		
2020	34,450,000	29,132,852	26,450,000	43,599,924		
2021	36,205,000	27,402,890	27,815,000	42,250,974		
2022	38,065,000	25,609,494	29,210,000	40,864,824		
2023	39,890,000	23,847,181	30,680,000	39,404,324		
2024	41,800,000	21,999,419	32,145,000	37,955,299		
2025	43,925,000	19,922,866	33,680,000	36,428,055		
2026	46,170,000	17,761,100	35,380,000	34,775,018		
2027	39,380,000	15,482,050	23,490,000	33,038,555		
2028	27,525,000	13,549,109	4,455,000	31,864,055		
2029	28,915,000	12,195,459	4,685,000	31,631,768		
2030	30,335,000	10,805,775	4,935,000	31,387,480		
2031	31,825,000	9,342,913	8,955,000	31,128,392		
2032	33,405,000	7,811,305	25,865,000	30,492,887		
2033	24,895,000	6,194,639	40,725,000	28,630,013		
2034	26,130,000	5,014,650	42,650,000	25,674,797		
2035	27,430,000	3,751,650	44,635,000	22,617,999		
2036	28,800,000	2,426,491	46,670,000	19,486,202		
2037	10,085,000	1,033,750	48,800,000	16,211,621		
2038	10,590,000	529,500	75,515,000	12,787,589		
2039	--	--	105,820,000	7,468,650		
2040	--	--	--	--		
Total	\$858,315,000	\$582,178,898	\$877,225,000	\$1,042,667,669		

- (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 the 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.
- (3) Includes estimated debt service on the Subordinate Lien Obligations (Series 2006B and Series 2006C) in the aggregate principal amount of \$150,000,000, with an assumed sinking fund schedule and interest estimated at a constant rate of 5.00%. However, the interest rate on the 2006B Bonds and the 2006C Bonds will vary and if the average annual rate of interest exceeds 5.00% in any one year, the interest paid will be higher than the amounts shown here. The average interest rate on the 2006B Bonds and the 2006C Bonds has been less than 5% since their issuance. The interest rate at June 30, 2009, for the 2006B Bonds and the 2006C Bonds was 0.70%. Pursuant to GAAP, these rates were used by the District to calculate future interest requirements for the 2006B and 2006C Bonds outstanding as of June 30, 2009, 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. Amounts shown here reflect total interest; the amounts are *not* net of any applicable BAB Credit amounts.
- (5) Total combined debt service on the 2010A Bonds and the 2010B Bonds. The amounts shown reflect total interest due on the 2010A Bonds; the amounts are *not* net of the BAB Credit. If the BAB Credit is received, the interest payable on the 2010A Bonds from the Net Pledged Revenues will be lower.

Source: Compiled by the Financial Advisors.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the economic and demographic conditions in the County. This information is intended only to provide prospective investors with general information regarding the District's community. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The information presented was obtained from the sources indicated, and the District makes no representation as to the accuracy or completeness of the 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. Between 2000 and 2009, the County's population increased 41.9% and the State's population increased 35.7%.

<u>Population</u>				
Year	Clark County	Percent Change	State of Nevada	Percent Change
1970	273,288	--	488,738	--
1980	463,087	69.6%	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
2005	1,796,380	--	2,518,869	--
2006	1,874,837	4.4	2,623,050	4.1
2007	1,954,319	4.2	2,718,337	3.6
2008	1,967,716	0.7	2,738,733	0.8
2009	1,952,040	(0.8)	2,711,205	(1.0)

Sources: 1970, 1980, 1990 and 2000 are U.S. census figures which were effective April 1st. Figures for 2005 - 2009 are estimates by the Nevada State Demographer as of July 1, and are subject to periodic revision.

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, 2009.

<u>Age Distribution</u>			
Age	Percent of Population		
	Clark County	State of Nevada	United States
0-17	26.3%	25.6%	24.3%
18-24	8.3	8.4	9.8
25-34	15.0	14.4	13.3
35-44	15.2	14.7	13.9
45-54	13.5	13.9	14.5
55-64	10.9	11.4	11.3
65-74	6.4	6.8	6.7
75 and Older	4.4	4.8	6.2

Source: © 2009 CLARITAS INC.

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

Year	Clark County	State of Nevada	United States
2005	\$42,168	\$42,322	\$39,324
2006	43,682	43,676	40,529
2007	45,135	45,041	41,255
2008	48,012	47,381	41,792
2009	48,555	48,138	42,513

Source: © 2009 CLARITAS INC. (Years prior to 2009 provided by the following Claritas informed publications: Sales & Marketing Management: *2005 Survey of Buying Power*, and Trade Dimensions International Inc. – Demographics USA – County Edition, 2006-2008.).

Percent of Households by Effective Buying Income Groups - 2009

Effective Buying Income Group	Clark County Households	State of Nevada Households	United States Households
Under \$24,999	20.1%	20.5%	26.6%
\$25,000 - \$49,999	31.6	31.8	32.8
\$50,000 - \$74,999	22.8	22.8	19.9
\$75,000 - \$99,999	14.2	14.0	10.9
\$100,000 - \$149,999	7.3	7.0	6.4
\$150,000 or more	4.0	3.9	3.4

Source: © 2009 CLARITAS INC.

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

Per Capita Personal Income⁽¹⁾

Year	Clark County	State of Nevada	United States
2004	\$34,285	\$35,277	\$33,881
2005	37,555	38,117	35,424
2006	38,730	39,231	37,698
2007	39,945	40,930	39,392
2008	39,920	40,936	40,166
2009 ⁽²⁾	n/a	38,578	39,138

(1) County figures revised April 2010; state and national figures revised March 2010. All figures are subject to periodic revisions.

(2) Preliminary.

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

Employment

Beginning with the release of January 2005 data, the State of Nevada's Department of Employment, Training and Rehabilitation began publishing labor force and industrial employment data using a new Bureau of Labor Statistics methodology. This new methodology introduces newly-defined metropolitan statistical areas ("MSA"). The Las Vegas MSA has been reconfigured to include Clark County only and is defined as the "Las Vegas - Paradise MSA." The average annual labor force summary for the Las Vegas-Paradise MSA is as follows:

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

Calendar Year ⁽¹⁾	2005	2006	2007	2008	2009	2010 ⁽²⁾
TOTAL LABOR FORCE	873.4	917.4	953.6	999.3	982.5	987.7
Unemployment	36.4	38.4	45.9	67.1	117.4	136.3
Unemployment Rate ⁽³⁾	4.2%	4.2%	4.8%	6.7%	12.0%	13.8%
Total Employment ⁽⁴⁾	837.0	879.0	907.7	932.2	865.1	851.4

(1) Revised 2005 numbers as of May 2007; revised 2006 and 2007 numbers as of April 2008; revised 2008 number as of January 2009; and revised 2009 numbers as of February 2010.

(2) Averaged figures for 1st quarter 2010.

(3) The annual average U.S. unemployment rates for the years 2005 through 2009 are 5.1%, 4.6%, 4.6%, 5.8% and 9.3%, 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 non-agricultural industrial employment in the Las Vegas-Paradise MSA.

Establishment Based Industrial Employment⁽¹⁾
Las Vegas-Paradise MSA, Nevada (Clark County) (Estimates in Thousands)

<u>Calendar Year</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽²⁾</u>
Natural Resources and Mining	0.4	0.5	0.5	0.5	0.4	0.2
Construction	101.5	108.6	102.4	93.4	74.7	50.1
Manufacturing	25.0	27.1	26.8	26.5	23.7	20.1
Trade (Wholesale and Retail)	116.0	121.3	124.3	126.6	117.5	107.7
Transportation, Warehousing & Utilities	32.4	34.8	36.7	37.3	37.4	33.5
Information	10.4	11.0	11.5	11.1	10.3	9.1
Financial Activities	48.8	50.2	50.2	48.6	45.4	41.0
Professional and Business Services	106.1	115.2	115.5	112.5	104.3	100.6
Education and Health Services	57.6	60.1	63.5	66.4	68.7	69.0
Leisure and Hospitality (casinos excluded)	87.4	93.3	97.9	100.4	99.4	91.5
Casino Hotels and Gaming	174.9	178.4	174.6	172.5	153.6	152.3
Other Services	23.5	24.8	25.6	26.1	25.9	23.4
Government	<u>87.5</u>	<u>92.1</u>	<u>97.4</u>	<u>102.1</u>	<u>98.7</u>	<u>97.2</u>
TOTAL ALL INDUSTRIES	<u>871.6</u>	<u>917.3</u>	<u>926.8</u>	<u>924.0</u>	<u>859.9</u>	<u>795.5</u>

(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 for 1st quarter 2010.

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
3rd Quarter 2009

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

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	3 rd Qtr 2009	3 rd Qtr 2008	Percent Change 2009/2008	Employment Totals 3 rd Qtr 2009
TOTAL NUMBER OF WORKSITES	49,520	50,518	(2.0)%	712,149
Less Than 10 Employees	37,962	38,009	(0.1)	88,052
10-19 Employees	5,665	5,951	(4.8)	75,546
20-49 Employees	3,654	3,987	(8.4)	108,595
50-99 Employees	1,296	1,454	(10.9)	86,314
100-249 Employees	648	775	(16.4)	94,890
250-499 Employees	154	171	(9.9)	54,609
500-999 Employees	76	105	(27.6)	54,410
1000+ Employees	65	66	(1.5)	149,733

(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⁾

<u>Fiscal Year⁽²⁾</u>	<u>County Total</u>	<u>Percent Change</u>	<u>State Total</u>	<u>Percent Change</u>
2005	\$32,606,312,337	--	\$44,192,447,817	--
2006	35,745,051,299	9.6%	48,581,095,724	9.9%
2007	36,262,388,158	1.5	49,427,707,106	1.7
2008	35,930,373,796	(0.9)	48,196,848,945	(2.5)
2009	31,378,241,926	(12.7)	42,056,614,338	(12.7)
July 08-Feb 09	\$21,384,733,496	--	\$28,738,867,298	--
July 09-Feb 10	18,208,242,757	(14.9)%	24,695,402,810	(14.1)%

(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 and condos) building permits within the County and its incorporated areas.

Residential Building Permits
(Values in Thousands)

	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010⁽³⁾</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
Las Vegas	2,998	\$ 386,419	2,406	\$ 319,664	1,152	\$262,902	758	\$110,310	318	\$46,278
North Las Vegas	3,990	633,934	2,346	336,718	907	215,858	529	71,285	201	25,516
Henderson	4,326	621,443	2,463	345,828	1,098	146,907	527	64,992	219	25,758
Mesquite	337	50,433	479	66,124	378	60,870	105	15,485	19	2,321
Unincorporated										
Clark County	10,022	2,270,947	6,102	2,818,856	2,676	619,447	2,019	225,503	362	35,290
Boulder City ⁽¹⁾⁽²⁾	16	7,979	19	4,430	88	15,388	--	--	2	654
TOTAL	21,689	\$3,971,155	13,815	\$3,891,620	6,299	\$1,309,428	3,938	\$487,575	1,121	\$135,817

(1) Boulder City imposed a strict growth control ordinance effective July 1, 1979.

(2) Due to problems with a new computer program, Boulder City did not generate 2009 reports.

(3) Permits issued through March 2010.

Source: Department of Building - Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County Development Services 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

<u>Calendar Year</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽²⁾</u>
Las Vegas	\$1,517,709,030	\$1,662,736,850	\$1,085,621,651	\$ 715,859,589	\$ 891,031,421	\$83,208,010
North Las Vegas	1,311,961,499	881,272,586	906,339,931	468,943,518	212,624,500	40,774,033
Henderson	1,104,540,539	946,162,801	808,502,032	446,490,205	182,468,813	39,666,073
Mesquite	148,668,272	95,349,631	117,115,672	102,527,883	27,030,053	6,205,526
Unincorporated Clark						
County	4,221,262,482	4,877,842,956	6,840,305,524	4,219,999,765	1,093,816,982	253,985,422
Boulder City	20,067,637	29,721,714	14,317,325	36,862,942	--(1)	7,280,799
TOTAL	\$8,324,209,459	\$8,493,086,538	\$9,772,202,135	\$5,990,683,902	\$2,406,971,769	\$431,119,863
Percent Change	12.07%	2.03%	15.06%	(38.70)%	(59.82)%	--

(1) Boulder City 2009 numbers are not available due to computer program malfunction.

(2) Permits issued through March 2010.

Source: Department of Building - Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County Development Services and Boulder City.

Gaming

General. The economy of County (and the State) is substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. Prior to 2002, gross taxable gaming revenues in the State and the County had never declined on a year-to-year basis, notwithstanding the changing economic condition of the United States, although the rate of growth had fluctuated over time. The following table shows a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State. Over the last five years, an average of 83% of the State's total gross taxable gaming revenue has been generated from Clark County.

Gross Taxable Gaming Revenue and Total Gaming Taxes⁽¹⁾

Fiscal Year Ended	Gross Taxable Gaming Revenue ⁽²⁾		% Change Clark County	State Gaming Collection ⁽³⁾		% Change Clark County
<u>June 30</u>	<u>State Total</u>	<u>Clark County</u>	<u>County</u>	<u>State Total</u>	<u>Clark County</u>	<u>County</u>
2005	\$10,609,819,932	\$ 8,742,377,274	--	\$ 904,122,239	\$754,652,285	--
2006	11,802,532,867	9,835,182,641	12.50%	1,002,447,124	848,204,810	12.40%
2007	12,220,635,559	10,234,740,450	4.06	1,036,688,550	880,339,709	3.79
2008	11,925,274,493	10,022,684,089	(2.07)	980,052,427	831,333,768	(5.57)
2009	10,244,586,809	8,571,914,664	(14.47)	858,007,713	730,603,021	(12.12)
July 08 – Mar 09	\$7,798,638,347	\$6,522,576,305	--	\$587,243,351	\$502,192,606	--
July 09 – Mar 10	7,281,343,535	6,142,711,004	(5.82)%	557,342,788	479,724,637	(4.47)%

(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, as well as the tribal casinos, 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 and internet gaming. As presently operated, lotteries offer a considerably different gaming product than that offered in Nevada. The District cannot predict the impact of legalization of state lotteries and casino gaming in other states on the economy of the County or the State.

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. It is not possible to predict at this time whether tribal casinos will negatively impact District revenues in the future.

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 2005. Las Vegas, as did most of the tourism industry, saw declines in tourism indicators in 2008 and 2009 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⁾
2005	38,566,717	133,186	89.2%	63.1%
2006	38,914,889	132,605	89.7	63.4
2007	39,196,761	132,947	90.4	63.2
2008	37,481,552	140,529	86.0	60.4
2009	36,351,469	148,941	81.5	55.1
2010 ⁽³⁾	8,958,869	148,891	77.7	--

(1) The sample size for this survey represents approximately 75% of the hotel/motel rooms available.

(2) Smith Travel Research, Lodging Outlook.

(3) Data through March 2010.

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
2005	\$193,136,789	--
2006	207,289,931	7.33%
2007	219,713,911	5.99
2008	207,117,817	(5.73)
2009	153,150,310	(26.06)
2010(2)	26,166,937	--

(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) Through February 2010.

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.

McCarran was the seventh busiest airport in North America and 15th busiest in the world, according to the year-end 2008 report from Airports Council International, in addition to being designated as an international port of entry. Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. In 2007, McCarran completed the busiest year in its 60-year history, with approximately 47.7 million arriving and departing passengers. Passenger traffic declined in 2008 and 2009. In addition to scheduled carriers, McCarran is served by supplemental,

commuter and charter carriers and continuously updates its long-range plan to meet anticipated growth in airline passengers and aircraft operations by building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

Calendar Year	Scheduled Carriers	Charter, Commuter & Other Aviation	Total	Percent Change
2005	40,948,538	4,951,161	45,899,699	--
2006	43,719,825	2,584,551	46,304,376	0.9%
2007	45,231,266	2,497,148	47,728,414	3.1
2008	42,297,497	1,777,145	44,074,642	(7.7)
2009	39,095,919	1,373,093	40,469,012	(8.2)
Jan-March 2009	9,432,570	258,481	9,691,051	--
Jan-March 2010	8,968,278	383,475	9,351,753	(3.5)%

Source: McCarran International Airport website.

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.

CenturyLink (formerly 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 the County as a Subpart 1 ozone nonattainment area. The classification requires the 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, the 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. The 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 the College of Southern Nevada (a two-year institution), by Nevada State College in Henderson (a four-year institution) and by the University of Nevada, Las Vegas (a four-year university). All of these institutions are part of the Nevada System of Higher Education.

TAX MATTERS

Federal Tax Matters

Build America Bonds. In the opinion of Bond Counsel, interest on the 2010A Bonds *is included* in gross income pursuant to the Tax Code. The District has designated the 2010A Bonds as “Build America Bonds” pursuant to Section 54AA(d)(1) of the Tax Code. Pursuant to Section 54AA(g)(2) of the Tax Code, the District has elected to receive a credit under Section 6431 of the Tax Code in connection with the 2010A Bonds, in lieu of any credit otherwise available to the Owners under Section 54AA(a) of the Tax Code. The owners of the 2010A Bonds will not receive a tax credit as a result of holding the 2010A Bonds.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the 2010A Bonds. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2010A 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.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2010A 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 2010A Bonds. In addition, future court actions or regulatory decisions could affect the market value of the 2010A Bonds. Owners of the 2010A Bonds are advised to consult with their own tax advisors with respect to such matters.

The Service routinely examines municipal bond issues for compliance with the applicable tax laws and regulations. Like other municipal bonds, Build America Bonds, and the application of the proceeds thereof to expenditures, are subject to numerous requirements set forth in the Tax Code and regulations promulgated thereunder, and are subject to scrutiny by the Service. The Service’s scrutiny of such bonds is likely to include an inquiry into the requirement that proceeds of such bonds, net of any proceeds used for issuance costs and funding of a reserve fund, must be used for “capital expenditures”, as that term is used in Section 54AA of the Tax Code. Further, the Service may determine to examine a greater percentage of Build America Bonds than the percentage of other municipal bonds it examines under its current practices. If, as a result of such an examination of the 2010A Bonds, the Service makes an initial determination that the District did not comply with the applicable rules, the Service could suspend paying BAB Credit to the District even before it makes a final determination that the applicable tax rules were violated. In addition, the Service could seek to recover BAB Credit amounts previously paid to the District.

Any tax advice concerning the 2010A Bonds, interest on the 2010A Bonds or any other federal income tax issues associated with the 2010A Bonds, express or implicit in the provisions of this Official Statement, is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on any taxpayer by the Service. This document supports the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Tax-Exempt Bonds. In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2010B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2010B 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 2010B 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 2010B 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 2010B Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2010B Bonds; (b) limitations on the extent to which proceeds of the 2010B 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 2010B Bonds above the yield on the 2010B 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 2010B Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the 2010B Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2010B 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 2010B 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 2010B Bonds.

With respect to 2010B 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 March 1 and September 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 2010B Bonds. Owners of the 2010B 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 2010B 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 2010B Bonds may be sold at a premium, representing a difference between the original offering price of those 2010B 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 2010B 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 2010B Bonds. Owners of the 2010B 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 2010B 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 2010B Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2010B Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2010B Bonds or any other date, 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 2010B Bonds. Owners of the 2010B Bonds are advised to consult with their own tax advisors with respect to such matters.

The 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 2010B Bonds. If an audit is commenced, the market value of the 2010B Bonds may be adversely affected. Under current audit procedures the Service will treat the District as the taxpayer and the 2010B 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 2010B Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the District, the Financial Advisors, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2010B Bond holder with respect to any audit or litigation costs relating to the 2010B Bonds.

State Tax Exemption

The 2010 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 2010 Bonds or (ii) in any way contesting or affecting the validity of the 2010 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 2010 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 2010 Bonds.

Approval of Certain Legal Proceedings

The approving opinions of Swendseid & Stern, a member in Sherman & Howard L.L.C., as Bond Counsel, will be delivered with each series of 2010 Bonds. Forms of the respective Bond Counsel opinions are attached to this Official Statement as Appendix E. The opinions 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. Swendseid & Stern, a member in Sherman & Howard L.L.C., has also 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, Charles K. Hauser.

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 Section 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 \$75,000 per cause of action. The limit will increase to \$100,000 effective October 1, 2011. The increase in the limitation will have the effect of increasing the liability insurance costs for the District. 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.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") have assigned the 2010 Bonds the ratings shown on the cover page of this Official Statement. The Moody's rating carries a negative outlook. 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 any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007.

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 lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the District's obligations under the Disclosure Certificate, neither the District nor the Financial Advisors has undertaken any responsibility either to bring to the attention of the owners of the 2010 Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2010 Bonds.

INDEPENDENT AUDITORS

The audited basic financial statements of the District as of and for the year ended June 30, 2009, 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.

The audited basic financial statements of the District, 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.

FINANCIAL ADVISORS

NSB Public Finance, a Division of Zions First National Bank, Hobbs, Ong & Associates, Inc. and Public Financial Management, Inc. are serving as Financial Advisors to the District in connection with the 2010 Bonds. See "INTRODUCTION--Additional Information" for contact information for the Financial Advisors. 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.

PUBLIC SALE

The District expects to offer the 2010 Bonds at a public sale to be held on May 25, 2010. See the Official Notice of Bond Sale attached hereto as Appendix F.

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 2010 Bonds have been duly authorized by the Board.

**LAS VEGAS VALLEY WATER DISTRICT,
NEVADA**

By: _____
Director of Finance

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APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF LAS VEGAS VALLEY WATER DISTRICT, NEVADA FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008

NOTE: The audited basic financial statements of the District included in this Appendix A have been excerpted from the District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto has 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. The auditor's separate report on internal controls also has been excluded purposely from this Official Statement.

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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 basic financial statements of the Las Vegas Valley Water District (the District) as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of 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* and should be considered in assessing the results of our audits.

The management's discussion and analysis, the schedule of employer contribution and the schedules of funding progress on pages 10 through 16 and 51 through 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and therefore, express no opinion on it.

Our audits were made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis, are not a required part of the basic financial statements and have not been subjected to the auditing procedures applied in the audits of the basic financial statements. Accordingly, we express no opinion on them.

Piercy Bowler Taylor & Kern

December 8, 2009

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MANAGEMENT'S DISCUSSION AND ANALYSIS

We offer readers this narrative overview and analysis of the financial activities of the Las Vegas Valley Water District (the District) for the fiscal year ended June 30, 2009. 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 through 6 of this report. Unless otherwise indicated, all amounts are expressed in thousands of dollars.

Financial highlights.

Years ended and at June 30 (in thousands):

	2009	2008	2007
		(Restated)	(Restated)
Operating Revenues*	\$ 320,945	\$ 300,988	\$ 280,512
Operating Income before Depreciation	61,226	43,093	29,728
Capital Contributions	34,880	63,325	93,925
Total Assets	2,982,904	3,017,016	2,912,232
Total Liabilities	1,841,682	1,855,564	1,747,405
Fund Equity	1,141,222	1,161,452	1,164,827
Unrestricted Cash/ Investments	94,169	81,457	112,288
Liabilities to Assets Ratio	0.62	0.62	0.60

*Excludes regional connection fees, commodity and surcharges that are offset in operating expenses by contributions to the Southern Nevada Water Authority (SNWA) (Note 6 and 11).

Operating revenues in fiscal year 2009 increased \$20.0 million. This is attributable to a 23% average water rate increase that became effective May 1, 2008. The effect of the rate increase was partly offset by a \$4.6 million decrease in recharged water sales. Operating revenues in fiscal year 2008 increased \$20.5 million, which is also attributable to the May 2008 rate increase.

The improved unrestricted cash/investment position in fiscal year 2009 resulted from reduced purchases for goods and services and capital assets. The decrease in unrestricted cash and investments in fiscal year 2008 was primarily due to capital asset additions.

The liability-to-asset ratio, which indicates the degree to which the District's assets are financed through borrowings and other obligations, has remained fairly steady. In fiscal years 2009 and 2008 it was 62% and in fiscal year 2007, 60%.

The District's financial position remains strong.

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 for 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 balance sheets, 2) statements of revenues, expenditures and changes in fund equity, and 3) statements of cash flows. These can be found on pages 17-20 of this report.

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

The statements of revenues, expenses and changes in fund equity outline how the District's fund equity has changed over time. All changes in fund equity 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 flow is to provide relevant information about the District's cash receipts and cash payments; these are segregated between 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 21-22 of this report.

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 23 - 50 of this report.

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 51 - 53 of this report.

Financial analysis. As noted above, the value remaining after the subtraction of the liabilities from the assets is fund equity (net assets for the fiduciary pension fund) that over time may serve as a useful indicator of financial position. Most of the District's equity is in capital assets. The District's investment in capital assets, net of related debt, increased from 88% at June 30, 2007 to 91% at June 30, 2008, and to 92% at June 30, 2009. Capital assets are extended and improved as needed to provide continuous and reliable water service to customers while meeting the demands of growth. Capital assets are not available to repay outstanding bond debt or other liabilities.

CONDENSED COMPARATIVE BALANCE SHEETS
PROPRIETARY (ENTERPRISE) FUND
(IN THOUSANDS)

	2009	2008	2007
		(Restated)	(Restated)
Current and Other Assets	\$ 1,031,573	\$ 1,111,880	\$ 1,109,911
Capital Assets, Net	1,951,331	1,905,136	1,802,321
Total Assets	<u>\$ 2,982,904</u>	<u>\$ 3,017,016</u>	<u>\$ 2,912,232</u>
Current Liabilities	\$ 577,099	\$ 552,061	\$ 550,226
Noncurrent Liabilities	1,264,583	1,303,503	1,197,179
Total Liabilities	<u>1,841,682</u>	<u>1,855,564</u>	<u>1,747,405</u>
Invested in Capital Assets, Net of			
Related Debt	1,054,038	1,061,830	1,019,930
Restricted for Debt Service/Capital Projects	10,909	13,546	5,166
Unrestricted	76,275	86,076	139,731
Total Fund Equity	<u>1,141,222</u>	<u>1,161,452</u>	<u>1,164,827</u>
Total Liabilities and Fund Equity	<u>\$ 2,982,904</u>	<u>\$ 3,017,016</u>	<u>\$ 2,912,232</u>

For fiscal year 2009, 0.96% of the District's fund equity was restricted for bond debt service and capital projects. Bond debt service funds are restricted by bond covenants, and sales tax revenue is restricted by enabling legislation for use related to capital projects. For fiscal year 2008, 1.17% was restricted for these purposes, and in fiscal year 2007, 0.44%. These restrictions and other commitments and limitations do not significantly affect the availability of fund resources for future use. The remaining balance of fund equity 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 fund equity.

**CONDENSED STATEMENTS OF REVENUE, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY (ENTERPRISE) FUND
(IN THOUSANDS)**

	2009	2008 (Restated)	2007 (Restated)
Operating Revenues:			
Water Sales	\$ 317,577	\$ 291,696	\$ 268,622
Regional Connection Fees	17,935	40,524	83,289
Regional Commodity and Surcharges	13,865	13,694	13,659
Recharged Water Sales	886	5,521	7,223
Other Fees	2,482	3,770	4,667
Total Operating Revenues	352,745	355,205	377,460
Non-Operating Revenues			
Interest and Investment Revenue	2,266	5,543	12,024
Other	481	423	
Total Revenues Excluding Capital and Other Contributions	355,492	361,171	389,484
Operating Expenses:			
Purchased Water	79,110	84,434	86,758
Purchased Energy	14,716	15,297	17,357
Connection, Commodity, Reliability and Groundwater Charges	33,009	55,420	98,144
Operation and Maintenance	164,684	156,961	145,472
Total Operating Expenses	291,519	312,112	347,731
Non-Operating Expenses			
Interest Expense	36,106	35,327	33,907
Other	-	-	226
Total Non-Operating Expenses	36,106	35,327	34,133
Depreciation Expense	83,027	80,558	70,527
Total Expenses	410,652	427,997	452,391
Loss Before Contributions	(55,160)	(66,826)	(62,907)
Capital and Other Contributions	34,930	63,451	93,925
Net Income/(Loss)	(20,230)	(3,375)	31,018
Fund Equity, Beginning of the Year as Previously Reported	1,139,462	1,144,858	1,114,840
Adjustment for Prior Years	21,990	19,969	18,969
Fund Equity, Beginning of the Year Restated	1,161,452	1,164,827	1,133,809
Fund Equity, End of the Year	\$ 1,141,222	\$ 1,161,452	\$ 1,164,827

Results of operations

Fiscal Year Ended June 30, 2009

Water sales in fiscal year 2009 increased by \$25.9 million due to the 23% average water rate increase effective May 1, 2008, even though water consumption decreased. Revenue from regional connection fees decreased by \$22.6 million due to continued decline in construction. However, regional connection fees do not affect operating income because operating revenue from regional connection fees is offset by operating expenses when remittances are made to the SNWA. Recharged water revenue (see Note 1) declined by \$4.6 million in fiscal year 2009. This decline was due to the limited capacity of the aquifers and to alternate types of recharging by the SNWA.

The cost of water and the cost of energy to pump and distribute water throughout the District's service area is largely dependent upon customer demand and the price of both water and energy. Consistent with the decrease in water consumption and recharged water cost (see above), purchased water decreased \$5.3 million and purchased energy decreased \$0.6 million in fiscal year 2009.

Operation and maintenance expenses were \$164.7 million for fiscal year 2009, compared to \$157.0 million for fiscal year 2008. This represents an increase of \$7.7 million or 5.9%. The increase for fiscal year 2009 was \$3.8 million less than the \$11.5 million increase experienced in fiscal year 2008. As in fiscal year 2008, the increase in fiscal year 2009 was primarily driven by personnel cost.

Capital and other contributions decreased by \$28.5 million from fiscal year 2008. The decrease reflects the decrease in construction activity due to a weakened economy and refunds to developers for discontinued projects.

Interest and investment revenue declined by \$3.3 million. The decrease is consistent with interest rate declines and the fact that no significant new bond proceeds were available for investing.

Fiscal Year Ended June 30, 2008

Water sales in fiscal year 2008 increased \$23.1 million or 8.6% due to a 23% average water rate increase effective May 1, 2008. Revenue from regional connection fees decreased \$42.7 million due to the continued decline in construction. As previously noted, regional connection fees do not affect operating income; the operating revenue is offset by operating expenses when remittances are made to the SNWA. In its first full year of operations, Springs Preserve revenue increased \$1.5 million in fiscal year 2008.

Consistent with a 4.4% decrease in water consumption, attributable to conservation, purchased water decreased \$2.3 million and purchased energy decreased \$2.1 million. Connection, commodity, reliability and groundwater charges decreased \$42.7 million, mirroring the decrease in revenue discussed above.

Operation and maintenance expenses were \$157.0 million for fiscal year 2008, compared to \$145.5 million in fiscal year 2007. This represents an increase of \$11.5 million or 8%. The increase was driven primarily by an increase in personnel cost. Personnel cost is a significant component in the operation and maintenance of an expanding water system. Other factors include infrastructure and equipment, fleet maintenance, engineering, customer operations, data processing, legal, human resources, procurement, accounting and finance, executive management, Springs Preserve and general and administrative.

Capital and other contributions decreased \$30.5 million from fiscal year 2007. The decrease reflects the decrease in construction activity due to a weakened economy.

Interest and investment revenue declined by \$6.5 million. This is consistent with interest rate declines during fiscal year 2008.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets as of June 30, 2009, amounts to \$1.9 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 on pages 25, 29-30.

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 net MCP expenditures in fiscal year 2009 were \$76.3 million. Approximately \$0.6 million of this amount is expected to be reimbursed by grant proceeds. Total contract commitments were \$64.9 million at June 30, 2009.

Major MCP expenditures during the current fiscal year and commitments as of June 30, 2009, include the following:

- On June 15, 2004, Contract No. 1150 was added to the MCP for the design and construction of the Cactus 2538 Zone Reservoir and 2635 Zone Pumping Station. The contract includes construction of a 30-million gallon buried concrete reservoir along with a pumping station with an ultimate capacity of 47.2 million gallons per day. Expenditures in fiscal year 2009 were \$24.6 million. Contract commitments at June 30, 2009, were \$11.3 million.
- On January 2, 2007, Contract No. C1151 was added to the MCP for a 20-million gallon buried, reinforced concrete reservoir with appurtenant piping, underground vaults, site work, electrical equipment, and other ancillary work. Expenditures in fiscal year 2009 were \$3.2 million. Contract commitments at June 30, 2009, were \$7.8 million.
- On March 18, 2003, Contract No. C1174 was added to the MCP for a 29-million gallon per day pumping station. Expenditures for C1174 in fiscal year 2009 were \$3.2 million. There were no contract commitments at June 30, 2009.
- On April 19, 2005, Contract No. C1183 was added to the MCP for the design and construction of emergency connections between two pressure zones. Expenditures for C1183 in fiscal year 2009 were \$1.6 million. There were no contract commitments at June 30, 2009.
- On October 5, 2004, Contract No. 1192 was added to the MCP for the design and construction of the Meranto 3090 Zone Pumping Station. The contract includes the construction of a 15-million gallon per day pumping station. Expenditures in fiscal year 2009 were \$8.6 million. There were no contract commitments at June 30, 2009.
- On October 17, 2006, Contract No. 1198 was added to the MCP for the modification of surge tanks at the Grand Canyon, Rice, Ronzone, and Underhill Pumping Station sites. Expenditures in fiscal year 2009 were \$1.6 million. Contract commitments at June 30, 2009, were \$0.2 million.
- On June 15, 2004, Contract No. C1217 was added to the MCP for a reservoir inlet/outlet pipeline. Expenditures for C1217 in fiscal year 2009 were \$5.9 million. Contract commitments at June 30, 2009, were 6.7 million.
- On March, 18 2003, Contract No. 1234 was added to the MCP to include electrical system upgrade to the East Administration Building to remedy National Electrical Code issues, improve reliability and to meet the needs of existing and future occupants. Expenditures in fiscal year 2009 were \$2.5 million. Contract commitments at June 30, 2009, were \$0.9 million.
- On June 15, 2004, Contract No. 1252 was added to the MCP for the removal of equipment and buildings at Wells Nos. 2A and 5A and to include the installation of well pump and motor, instrumentation and control equipment, piping and appurtenances at each well site. Expenditures in fiscal year 2009 were \$4.7 million. Contract commitments at June 30, 2009, were \$0.4 million.

- Expenditures for MCP No. G0010, Replacement of Service Lines, in fiscal year 2009 were \$3.5 million. There were no contract commitments at June 30, 2009.
- Expenditures for MCP No. G0359, Security System Equipment and Services, in fiscal year 2009 were \$1.6 million. Contract commitments at June 30, 2009, were \$3.6 million
- Expenditures for MCP Contract No. G0370, System Improvement Projects, Phase VII, in fiscal year 2009 includes \$1.2 million at the Interstate 15 Interchange at Silverado Ranch Blvd., and \$1.5 million at the Downtown Bus Rapid Transit Connector. Commitments at June 30, 2009, totaled \$4.3 million.

Major capital assets funded by revenue proceeds during the year include \$1.0 million for well and well pump rehabilitation, with no commitments at June 30, 2009, and \$1.8 million for information technology infrastructure, including \$0.9 million for storage growth and increased replication capacity. Commitments at June 30, 2009, were \$872,000.

Long-term debt. At the end of fiscal year 2009, the District had total bonded debt outstanding of \$1.3 billion, \$389.3 million of which is secured by pledged revenue of the SNWA and does not affect the District's financial position. All but \$2.5 million of the debt is general obligation debt. As discussed in Note 4, the District issued a \$2.5 million Subordinate Lien Revenue Clean Renewable Energy Bond in fiscal year 2009, a tax-credit bond where the holder realizes a tax-credit in lieu of or in addition to an interest payment.

As of June 30, 2009, Moody's rates the District's general obligation bonds Aa1 and Standard & Poor's rates them AA+. However, in July 2009, Moody's downgraded their rating to Aa2 and revised the outlook on the District's bonds to negative from stable. No rating was requested on the \$2.5 million revenue bond. District bonds that are guaranteed under an insurance policy and advanced refunded bonds are rated Aaa by Moody's and AAA by Standard & Poor's.

Economic factors and next year's budget. The southern Nevada region is among the hardest hit by the collapse of the national finance and housing markets. After a decade of 4% to 6% account growth experienced in the Las Vegas Valley, the increase in new services was only 2% in fiscal years 2008 and 2009.

As a result, facility connection charge revenues and applications and inspection fees were significantly lower than expected. Moreover, conservation programs, price increases, foreclosures and other factors resulted in reduced water use, a trend that is expected to continue in fiscal year 2010.

Owing to these circumstances and with the stated aim of avoiding an immediate rate increase, the District moved quickly to reduce and defer spending by \$412 million, primarily in the major construction program. For fiscal year 2010, the District identified additional reductions and deferrals totaling \$35.6 million. Major adjustments to the 2010 budget reflect reductions to operating capital expenditures, contingent staff, and to employee payroll that includes an employee voluntary leave program and a waived cost of living adjustment. Even so, current estimates indicate that a water rate increase may soon be necessary if current economic conditions persist.

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 Finance Director, Las Vegas Valley Water District, 1001 South Valley View Blvd, Las Vegas, NV 89153 (telephone number 702-258-3106). Our report is also available on our website: [www.lvwd.com/html/about annual report.html](http://www.lvwd.com/html/about%20annual%20report.html).

**LAS VEGAS VALLEY WATER DISTRICT
BALANCE SHEETS
PROPRIETARY (ENTERPRISE) FUND
JUNE 30, 2009 AND 2008**

	2009	2008 (Restated)
ASSETS		
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	\$ 6,335,434	\$ 4,014,616
Investments	87,833,319	77,442,274
Interest receivable	294,699	534,830
Accounts receivable, net of allowance for doubtful accounts	48,580,182	57,197,279
Inventories and prepaid expenses	12,875,385	13,477,024
Restricted assets:		
Investments	78,274,117	141,223,172
Due from related party	417,941,956	417,824,730
Total current assets	<u>652,135,092</u>	<u>711,713,925</u>
NONCURRENT ASSETS:		
Long term receivables	-	5,069,547
Other assets	5,114,773	5,251,586
Due from related party, unrestricted	1,192,847	544,970
Due from related party, restricted	373,130,000	389,300,000
Total noncurrent assets excluding capital assets	<u>379,437,620</u>	<u>400,166,103</u>
Capital assets:		
Property and equipment	2,569,987,265	2,415,793,450
Less accumulated depreciation	<u>(718,023,561)</u>	<u>(636,452,199)</u>
	1,851,963,704	1,779,341,251
Construction in progress	99,367,614	125,795,040
Total capital assets, net	<u>1,951,331,318</u>	<u>1,905,136,291</u>
Total noncurrent assets	<u>2,330,768,938</u>	<u>2,305,302,394</u>
TOTAL ASSETS	<u><u>\$ 2,982,904,030</u></u>	<u><u>\$ 3,017,016,319</u></u>

The accompanying notes are an integral part of these financial statements.
(Continued)

LAS VEGAS VALLEY WATER DISTRICT
BALANCE SHEETS
PROPRIETARY (ENTERPRISE) FUND
JUNE 30, 2009 AND 2008
(Continued)

	2009	2008 (Restated)
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 46,931,034	\$ 46,352,503
Service installation deposits	783,125	848,625
Customer advances for construction	14,635,191	15,402,148
Payroll and other accrued liabilities	32,521,433	28,582,487
Current portion of bonds payable	26,228,000	25,265,000
Current portion of bonds payable, related party	16,170,000	15,410,000
Commercial paper payable, related party	400,000,000	400,000,000
Accrued bond interest	6,212,623	6,022,809
Accrued debt interest, related party	1,771,956	2,414,730
Construction contracts payable	3,133,720	6,141,037
Customer guarantee deposits	9,933,670	5,621,507
Agency account	8,465,437	-
Advance from related party	10,312,399	-
Total current liabilities	<u>577,098,588</u>	<u>552,060,846</u>
NONCURRENT LIABILITIES		
Liability for postemployment benefits other than pension	4,037,408	1,867,960
Deferred revenue	2,173,252	2,348,890
Bonds payable, net of current portion	860,499,000	884,375,000
Bonds payable, related party, net of current portion	373,130,000	389,300,000
Unamortized bond premiums	35,353,286	36,954,937
Deferred amount on refunding bonds	(10,609,839)	(11,343,375)
Total noncurrent liabilities	<u>1,264,583,107</u>	<u>1,303,503,412</u>
TOTAL LIABILITIES	<u>1,841,681,695</u>	<u>1,855,564,258</u>
FUND EQUITY		
Invested in capital assets, net of related debt	1,054,055,721	1,061,830,231
Restricted for debt service	10,523,591	13,134,669
Restricted for capital projects	385,338	411,597
Unrestricted	76,257,685	86,075,564
TOTAL FUND EQUITY	<u>1,141,222,335</u>	<u>1,161,452,061</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 2,982,904,030</u></u>	<u><u>\$ 3,017,016,319</u></u>

The accompanying notes are an integral part of these basic financial statements.

**LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
PROPRIETARY (ENTERPRISE) FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008 (Restated)
OPERATING REVENUES:		
Water sales	\$ 317,577,072	\$ 291,695,857
Regional connection fees	17,935,452	40,523,611
Regional commodity charges and surcharge	13,864,940	13,694,038
Recharged water sales	885,753	5,521,199
Inspection/application fee	521,941	2,001,343
Springs Preserve	1,944,602	1,740,833
Other	15,434	28,507
Total operating revenues	<u>352,745,194</u>	<u>355,205,388</u>
OPERATING EXPENSES:		
Purchased water	79,110,078	84,433,787
Purchased energy	14,715,831	15,297,584
Connection, commodity, reliability and groundwater charge	33,009,597	55,419,987
Operation and maintenance	164,684,061	156,961,431
Total operating expenses	<u>291,519,567</u>	<u>312,112,789</u>
OPERATING INCOME BEFORE DEPRECIATION EXPENSE	61,225,627	43,092,599
Depreciation expense	<u>(83,026,725)</u>	<u>(80,558,454)</u>
OPERATING LOSS	<u>(21,801,098)</u>	<u>(37,465,855)</u>
NON-OPERATING REVENUES / (EXPENSES)		
Interest expense	(36,106,404)	(35,326,780)
Interest and investment revenue, unrestricted	1,447,684	3,962,864
Interest and investment revenue, restricted	818,883	1,580,550
Other	481,205	423,351
Total non-operating expenses, net	<u>(33,358,632)</u>	<u>(29,360,015)</u>
LOSS BEFORE CONTRIBUTIONS	(55,159,730)	(66,825,870)
Capital contributions	34,879,776	63,324,840
Other contributions	<u>50,228</u>	<u>126,353</u>
NET INCOME / (LOSS)	(20,229,726)	(3,374,677)
FUND EQUITY, BEGINNING OF THE YEAR AS PREVIOUSLY REPORTED	1,139,461,514	1,144,858,395
Adjustment	<u>21,990,547</u>	<u>19,968,343</u>
FUND EQUITY BEGINNING OF THE YEAR AS RESTATED	<u>1,161,452,061</u>	<u>1,164,826,738</u>
FUND EQUITY, END OF THE YEAR	<u>\$ 1,141,222,335</u>	<u>\$ 1,161,452,061</u>

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, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 364,213,119	\$ 349,238,081
Cash payments to suppliers for goods and services	(142,984,147)	(210,020,041)
Cash payments for salaries and benefits	(121,343,940)	(108,628,284)
Other cash receipts	237,034	447,187
Other cash payments	(57,352)	(9,039)
Net cash provided by operating activities	<u>100,064,714</u>	<u>31,027,904</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Contributions	<u>50,228</u>	<u>126,353</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(107,998,207)	(134,956,122)
Capital contributed for construction	9,121,880	48,233,187
Proceeds from sale of property and equipment	259,900	222,337
Proceeds from sale of general obligation bonds	2,520,000	157,480,955
Bond issue costs	(55,386)	(236,478)
Principal paid on bonds	(25,433,000)	(20,565,000)
Interest paid	(40,367,113)	(35,898,574)
Construction deposits	(832,457)	(1,354,238)
Net cash used in capital and related financing activities	<u>(162,784,383)</u>	<u>12,926,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(11,106,843,262)	(19,748,582,048)
Proceeds from sales and redemptions of investment securities	11,168,829,823	19,667,820,500
Interest Income on Investments	3,003,696	2,413,458
Net cash provided by (used in) investing activities	<u>64,990,257</u>	<u>(78,348,090)</u>
NET (DECREASE)/INCREASE IN CASH	2,320,818	(34,267,766)
CASH AT BEGINNING OF YEAR	<u>4,014,616</u>	<u>38,282,382</u>
CASH AT END OF YEAR	<u><u>\$ 6,335,434</u></u>	<u><u>\$ 4,014,616</u></u>
RECONCILIATION OF OPERATING INCOME BEFORE DEPRECIATION EXPENSE TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME BEFORE DEPRECIATION EXPENSE	\$ 61,225,627	\$ 43,092,599
Adjustments to reconcile operating income before depreciation expense to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	8,617,097	(7,882,873)
(Increase) decrease in inventories and prepaid expenses	601,639	(2,982,707)
(Increase) decrease in long-term receivable for operations	5,661,922	(223,443)
Increase (decrease) in accounts payable for operations	12,749,810	(6,954,360)
Increase in payroll and other accrued liabilities	11,075,283	5,599,959
Decrease in deferred revenue for operations	(30,912)	(30,912)
Other	164,248	409,641
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 100,064,714</u></u>	<u><u>\$ 31,027,904</u></u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital asset contributions	\$ 25,757,896	\$ 15,091,653
Change in fair value of investments	(778,107)	(91,694)
Bond issuance costs deducted from bond proceeds	-	(491,787)
Debt issued on behalf of related party	-	171,720,000
Reduction of debt issued on behalf of related party	(15,410,000)	(197,975,000)

The accompanying notes are an integral part of these financial statements.

**LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Investments at contract value:		
Insurance account and contracts	\$ 29,287,003	\$ 28,679,229
Investments at fair value:		
Domestic equity fund	54,042,173	50,866,381
Domestic bond fund	47,535,556	45,523,709
Money market fund	84,805	77,596
	<u>101,662,534</u>	<u>96,467,686</u>
Total investments	130,949,537	125,146,915
Accrued interest receivable	<u>1,110,727</u>	<u>1,055,954</u>
Total assets	<u>\$ 132,060,264</u>	<u>\$ 126,202,869</u>
<u>NET ASSETS</u>		
Held in trust for pension benefits	<u>\$ 132,060,264</u>	<u>\$ 126,202,869</u>

The accompanying notes are an integral part of these financial statements.

**LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<u>ADDITIONS</u>		
Employer contributions	\$ 27,262,106	\$ 23,587,076
Employee contributions	72,431	13,239
Total contributions	<u>27,334,537</u>	<u>23,600,315</u>
Investment earnings:		
Interest	1,715,012	1,516,502
Net decrease in fair value of investments	(11,074,609)	(3,744,154)
Total investment loss	<u>(9,359,597)</u>	<u>(2,227,652)</u>
Less investment expense	(105,043)	(84,213)
Net investment loss	<u>(9,464,640)</u>	<u>(2,311,865)</u>
Total additions	<u>17,869,897</u>	<u>21,288,450</u>
<u>DEDUCTIONS</u>		
Administrative and general	204,231	181,558
Benefits	11,808,271	14,046,066
Total deductions	<u>12,012,502</u>	<u>14,227,624</u>
Net increase	5,857,395	7,060,826
<u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</u>		
Beginning of year	126,202,869	119,142,043
End of year	<u>\$ 132,060,264</u>	<u>\$ 126,202,869</u>

The accompanying notes are an integral part of these financial statements.

LAS VEGAS VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Las Vegas Valley Water District (the District) are prepared in conformity with accounting principles generally accepted in the United States of America 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 (the 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 and regional commodity charges and surcharges. These regional revenues are offset in operating expenses by equivalent contributions to the Southern Nevada Water Authority (SNWA) (see Notes 6, 7 and 11). 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

The fiduciary pension trust fund accounts for the assets, liabilities, and changes in net assets of the District's defined benefit pension plan in accordance with GASB Statements Nos. 25, 27 and 50. 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.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are comprised of cash on hand and demand deposits. No investments, except the District's interest-bearing checking account, are considered cash equivalents, regardless of liquidity or maturity. At June 30, 2009, the District's carrying amount of deposits was \$6,335,434 and the bank balance was \$7,557,729. The District often carries 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, except some pension assets, are U.S. Government sponsored agency obligations and are reported at fair value. Pension assets (Note 15) are comprised of equity and bond funds, insurance contracts and pooled accounts, and a money market account. The equity and bond funds represent units of investments in aggregate indexed accounts. These accounts and the money market account 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 (a related party, see Notes 6, 7 and 11) 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 deferred revenue.

In February 2006, the District and the other purveyor members terminated the 1993 agreement and agreed to the sale and transfer of water banked, about 290,000 acre-feet, 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 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 2009, the District recorded \$0.9 million in operating revenue for recharged water sold to the SNWA. In fiscal year 2008, \$5.5 million was recorded.

Inventories

Inventories is primarily comprised of materials and supplies, which are stated at the lower of market or average cost.

Restricted Assets

Restricted assets include amounts due from SNWA for the repayment of District notes and bonds whose proceeds were delivered to 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 mains constructed larger in diameter than currently necessary to meet estimated future demands on the District's distribution system. Note 5 provides a disaggregation of the restricted investment accounts.

Capital Assets

Property and equipment are recorded at purchased 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 market value. 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 at least one year 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 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 2009 and 2008 were as follows:

	2009	2008
Bond interest	\$ 39,877,599	\$ 37,984,157
Other interest expense	85,682	284,041
Total interest expense	39,963,281	38,268,198
Bond interest expense capitalized	(3,856,877)	(2,941,418)
Net interest expense	<u>\$ 36,106,404</u>	<u>\$ 35,326,780</u>
Interest income capitalized		
Reduction of restricted interest income	<u>\$ 1,460,112</u>	<u>\$ 1,165,500</u>

Accumulated Unpaid Employee Benefits

Accumulated unpaid vacation and sick pay are accrued based on the vested rights of the employees, using the accrual basis of accounting.

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*. Following the transition rules of that statement, the District elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2008. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of the District, which are calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements, plus one year's interest on the beginning of the year net OPEB obligation. The OPEB obligation at June 30, 2009, 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. Refer to Note 13 for additional information regarding the District's OPEB obligation.

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 from the State of Nevada. The sales tax is restricted for construction purposes in a rural area. Sales tax received in fiscal year 2009 was \$45,494 and in fiscal year 2008 it was \$55,215. 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.

Other Contributions

In fiscal year 2009, other contributions consist of \$47,500 from the Las Vegas Springs Preserve Foundation (Foundation) for operating expenses for the Springs Preserve (Note 11), and \$2,728 from the Nevada Department of Environmental Protection for wellhead protection. In fiscal year 2008, other contributions consist of \$126,353 from the Foundation for operating expenses for the Springs Preserve.

Fund Equity

Fund equity is displayed in three components:

- (1) *Invested in capital assets, net of related debt.* This component represents the District's equity interest 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 fund equity 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 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (Statement No 53), effective for periods beginning after June 15, 2009, with earlier adoption encouraged. The District has elected to early adopt Statement No. 53 in fiscal year 2009. The statement improves how state and local governments report information about derivative instruments in their financial statements, requiring governments to measure most derivative instruments at fair value in financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. However, since the District is almost certain to take delivery of energy associated with the derivative instruments (Note 12), they are considered outside the scope of Statement No. 53 (in accordance with paragraph 14). Accordingly, the adoption of Statement No. 53 did not affect the District's financial position, results of operation, or cash flows.

In March, 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning after June 15, 2010, with earlier adoption encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. However, since the District does not report its operations using governmental fund types, Statement No. 54 is not applicable to the District.

In March 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and was effective upon issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles for state and local governments into the Governmental Accounting Standards Board's literature. Adoption of Statement No. 55 did not materially affect the District's financial position, results of operation or cash flows.

In March, 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, and was effective upon issuance. This Statement incorporates accounting and financial reporting guidance previously contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments. This Statement does not establish new accounting standards, but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. Adoption of Statement No. 56 did not materially affect the District's financial position, results of operation or cash flows.

Prior Period Adjustments

The fiscal 2008 basic financial statements have been retroactively restated to adjust the value of donated capital assets (water mains and service lines) and to record a customer deposit liability that was initially recorded as capital contribution income prior to 2008. The effects of the adjustments on the 2008 basic financial statements are summarized in the following table:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>Adjusted</u>
Balance Sheet			
Total capital assets	\$1,882,271,744	\$22,864,547	\$1,905,136,291
Total current liabilities	551,186,846	874,000	552,060,845
Total fund equity:			
Beginning of year	1,144,858,395	19,968,343	1,164,826,738
End of year	1,139,461,514	21,990,547	1,161,452,061
Statement of Revenues, Expenses and Changes in Fund Equity			
Capital contributions	\$60,376,391	\$2,948,449	\$63,324,840
Depreciation expense	<u>79,632,209</u>	<u>926,245</u>	<u>80,558,454</u>
Net Income (Loss)	<u>(\$5,396,881)</u>	<u>\$2,022,204</u>	<u>(\$3,374,677)</u>

Reclassifications

Certain minor reclassifications have been made in the fiscal 2008 basic financial statements to conform to the fiscal 2009 presentation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, 2009, capital asset activity is as follows:

	Balance June 30, 2008 (Restated)	Additions and Adjustments	Retirements	Balance June 30, 2009
<u>Property and Equipment</u>				
Capital Assets, not being depreciated, excluding construction in progress:				
Land and Land Rights	\$ 11,883,184	\$ 80,000	\$ -	\$ 11,963,184
Capital Assets, being depreciated:				
Organization and Improvements	1,650,639	-	-	1,650,639
Collect and Impounding Structures	758,495,775	12,375,379	-	770,871,154
Pumping Stations and Wells	186,957,055	64,978,852	-	251,935,907
Purification Equipment	824,654	-	-	824,654
Transmission/Distribution/Mains	830,524,513	22,748,401	-	853,272,914
Telemetry/Valves and Miscellaneous	35,508,091	6,371,820	-	41,879,911
Services	462,996,836	13,057,828	-	476,054,664
Office Furniture and Equipment	84,105,268	31,076,458	19,012	115,162,714
Transportation/Work/Equipment	42,847,435	5,047,657	1,523,568	46,371,524
Total Capital Assets, being depreciated	2,403,910,266	155,656,395	1,542,580	2,558,024,081
Total Capital Assets, excluding construction in progress	2,415,793,450	155,736,395	1,542,580	2,569,987,265
Construction in Progress	125,795,040	111,106,033	137,533,459	99,367,614
Total	2,541,588,490	266,842,428	139,076,039	2,669,354,879
<u>Accumulated Depreciation</u>				
Organization and Improvements	1,278,679	31,259	-	1,309,938
Collect and Impounding Structures	182,091,965	29,419,830	-	211,511,794
Pumping Stations and Wells	86,521,535	9,480,606	-	96,002,141
Purification Equipment	380,084	32,359	-	412,443
Transmission/Distribution/Mains	130,906,461	11,341,867	-	142,248,328
Telemetry/Valves and Miscellaneous	10,736,300	890,734	-	11,627,034
Services	133,698,562	16,925,535	-	149,624,097
Office Furniture and Equipment	55,058,613	11,038,921	17,934	66,079,600
Transportation/Work/Equipment	36,780,000	3,903,512	1,475,327	39,208,185
Total	636,452,199	83,064,623	1,493,261	718,023,561
Total Capital Assets, net	\$ 1,905,136,291	\$ 183,777,805	\$ 137,582,778	\$ 1,951,331,318

For the year ended June 30, 2008, capital asset activity is as follows:

	Balance June 30, 2007 (Restated)	Additions and Adjustments (Restated)	Retirements	Balance June 30, 2008 (Restated)
<u>Capital Assets</u>				
Capital Assets, not being depreciated, excluding construction in progress:				
Land and Land Rights	\$ 11,772,711	\$ 137,750	\$ 27,277	\$ 11,883,184
Capital Assets, being depreciated:				
Organization and Improvements	1,650,639	-	-	1,650,639
Collect and Impounding Structures	732,809,062	26,082,386	395,673	758,495,775
Pumping Stations and Wells	171,085,880	15,871,175	-	186,957,055
Purification Equipment	824,654	-	-	824,654
Transmission/Distribution/Mains	785,544,082	44,998,247	17,816	830,524,513
Telemetry/Valves and Miscellaneous	27,089,350	8,418,741	-	35,508,091
Services	435,363,293	27,633,543	-	462,996,836
Office Furniture and Equipment	80,522,342	4,110,163	527,237	84,105,268
Transportation/Work/Equipment	41,677,747	1,925,800	756,112	42,847,435
Total Capital Assets, being depreciated	2,276,567,049	129,040,055	1,696,838	2,403,910,266
Total Capital Assets, excluding construction in progress	2,288,339,760	129,177,805	1,724,115	2,415,793,450
Construction in Progress	71,072,114	151,570,148	96,847,222	125,795,040
Total	2,359,411,874	280,747,953	98,571,337	2,541,588,490
<u>Accumulated Depreciation</u>				
Organization and Improvements	1,247,420	31,259	-	1,278,679
Collect and Impounding Structures	153,428,351	28,820,585	156,971	182,091,965
Pumping Stations and Wells	78,592,870	7,928,665	-	86,521,535
Purification Equipment	341,150	38,934	-	380,084
Transmission/Distribution/Mains	120,045,495	10,865,483	4,517	130,906,461
Telemetry/Valves and Miscellaneous	9,990,459	745,841	-	10,736,300
Services	116,172,790	16,525,772	-	132,698,562
Office Furniture and Equipment	43,645,819	11,939,743	526,949	55,058,613
Transportation/Work/Equipment	33,627,593	3,906,400	753,993	36,780,000
Total	557,091,947	80,802,682	1,442,430	636,452,199
Total Capital Assets, net	\$ 1,802,319,927	\$ 199,945,271	\$ 97,128,907	\$ 1,905,136,291

NOTE 3. SHORT-TERM DEBT

On March 2, 2004, the District approved by resolution the issuance of a maximum of \$400 million in general obligation (limited tax) commercial paper, supported by SNWA revenues. The commercial paper is further backed by letters of credit by JP Morgan Chase and BNP Paribas. The letters of credit expire May 6, 2010, with options for renewal. Outstanding notes have multiple interest rates, ranging from 0.150% to 0.450%, with a 0.310% average rate. The outstanding principal balance at June 30, 2009, is \$400 million. Of that amount, \$224 million matures on various dates in July 2009; \$70 million in August 2009; \$30 million in September 2009; and, \$76 million in October 2009. The District intends to replace maturing notes in fiscal year 2010 with additional short-term notes. Standard & Poor's and Moody's rated the commercial paper "A-1" and "P-1," respectively.

Proceeds from the issuance of the commercial paper were delivered to SNWA (Notes 6 and 11) to finance water projects. Of the \$400 million authorized, \$200 million was used to fund capital improvements, \$100 million was used to purchase a 25% interest in a power plant, and \$100 million was used to acquire water resources.

At June 30, 2009, the outstanding commercial paper balance remains unchanged from the June 30, 2008, balance of \$400 million. In fiscal year 2009, other than interest payments and rollover of principal, the District had no short-term debt activity.

The receivable from SNWA and the liability for the commercial paper are shown in the basic financial statements of the District. As of June 30, 2009, principal and accrued interest receivable for the commercial paper is \$400,145,955. Total principal and interest receivable from SNWA at June 30, 2009, is \$791,071,956, consisting of \$400,145,955 for the commercial paper and \$390,926,001 for the bonds (Note 4).

NOTE 4. LONG-TERM DEBTChanges in Long-Term Debt

For the year ended June 30, 2009, long-term debt activity is as follows:

	<u>General Obligation and Revenue Bonds</u>
Bonds payable at June 30, 2008	\$ 1,314,350,000
Current portion payable at June 30, 2008	<u>(40,675,000)</u>
Bonds payable after one year at June 30, 2008	1,273,675,000
New bond issued fiscal year 2008/2009	2,520,000
New bond payment fiscal year 2008/2009	(168,000)
Current portion payable at June 30, 2009	<u>(42,398,000)</u>
Bonds payable after one year at June 30, 2009	<u>\$ 1,233,629,000</u>

Bonds Secured by SNWA Pledged Revenue

As of June 30, 2009, the District had \$389,300,000 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 financial statements of the District. As of June 30, 2009, principal and accrued interest totaled \$390,926,001, of which \$17,796,001 is 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, as follows.

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 1.00 times 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, 2009, 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, 2009, investments totaling \$10,523,591 met the scheduled requirements (also see Note 5).

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 balance sheet. As of June 30, 2009, outstanding in-substance defeased debt totaled \$211,820,000.

For current refundings (new debt proceeds are used to repay the old debt immediately) 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 terms of the related debts. At June 30, 2009, the aggregate unamortized deferred balance, reported on the balance sheet as a non-current liability deduction, is \$10,609,839.

Current Year New Debt

On July 15, 2008, the District issued a \$2,520,000 Subordinate Lien Revenue (Clean Renewable Energy) Bond with a true interest cost of 1.300%. The bond was dated and delivered July 15, 2008.

The proceeds from the bond were used to reimburse the District for the capital cost of constructing and equipping a solar project at the Springs Preserve. The bond was issued pursuant to the Clean Renewable Energy Program under Section 54 of the Internal Revenue Code of 1986, as amended, a tax-credit bond program where the holder of the bond realizes a tax-credit in-lieu of or in addition to an interest payment from the District.

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 (2006BC Bonds). Each series of the 2006BC Bonds currently bear interest at a Daily Rate. While in the Daily Rate Mode, the interest rate for the 2006BC 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 2006BC 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. The interest rate at June 30, 2009, for the 2006BC Bonds was .70%. This rate was used to calculate future interest requirements for the 2006BC Bonds outstanding as of June 30, 2009.

As of June 30, 2009, general obligation bonds payable are as follows:

GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS
(REVENUE SUPPORTED).....

	2003A	2005A	2006A	2006B
Date of issue	January 1, 2003	May 4, 2005	June 15, 2006	July 20, 2006
Coupon interest rate	4.0% to 5.25%	4.0% to 5.0%	4.75% to 5.0%	Variable
Interest payment dates	6/1 and 12/1	6/1 and 12/1	6/1 to 12/1	Monthly
Principal payment date	June 1	June 1	June 1	June 1
Original amount	\$ 168,685,000	\$ 302,425,000	\$ 151,555,000	\$ 75,000,000
Redeemed as of 6/30/09	(12,335,000)	(35,325,000)	(2,605,000)	(1,285,000)
Advance refunded	(20,260,000)			
Outstanding as of 6/30/09	136,090,000	267,100,000	148,950,000	73,715,000
Less current portion	(3,215,000)	(11,290,000)	(2,735,000)	(1,350,000)
Portion due after one year	<u>\$ 132,875,000</u>	<u>\$ 255,810,000</u>	<u>\$ 146,215,000</u>	<u>\$ 72,365,000</u>

	2006C	2008A	2008 CREB ⁽¹⁾
Date of issue	July 20, 2006	February 19, 2008	July 15, 2008
Coupon interest rate	Variable	5.00%	1.30%
Interest payment dates	Monthly	8/1 and 2/1	9/15,12/15,3/15,6/15
Principal payment date	June 1	Feb 1	Dec 15
Original amount	\$ 75,000,000	\$ 190,760,000	\$ 2,520,000
Redeemed as of 6/30/09	(1,285,000)	(5,955,000)	(168,000)
Advance refunded			
Outstanding as of 6/30/09	73,715,000	184,805,000	2,352,000
Less current portion	(1,350,000)	(6,120,000)	(168,000)
Portion due after one year	<u>\$ 72,365,000</u>	<u>\$ 178,685,000</u>	<u>\$ 2,184,000</u>

GENERAL OBLIGATION BONDS – PLEDGED SNWA REVENUE
(REVENUE SUPPORTED).....

	2003B	2005B	2008B
Date of issue	January 1, 2003	May 4, 2005	February 19, 2008
Coupon interest rate	4.0% to 5.25%	3.75% to 5.0%	3.5% to 5.0%
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	\$ 250,000,000	\$ 27,925,000	\$ 171,720,000
Redeemed as of 6/30/09	(37,735,000)	(20,915,000)	(1,695,000)
Advance refunded			
Outstanding as of 6/30/09	212,265,000	7,010,000	170,025,000
Less current portion	(7,400,000)	(7,010,000)	(1,760,000)
Portion due after one year	<u>\$ 204,865,000</u>	<u>\$ -</u>	<u>\$ 168,265,000</u>

(1) 2008 CREB (Clean Renewable Energy Bond) is a revenue bond only.

As of June 30, 2009, annual requirements to retire general obligation and revenue bonds outstanding are as follows:

Fiscal Years Ending	Number of Years	General Obligation (Revenue Supported) and Revenue Bonds ⁽¹⁾		General Obligation Bonds (Pledged SNWA Revenue)	
		Principal	Interest	Principal	Interest
2010	1	\$ 26,228,000	\$ 37,703,963	\$ 16,170,000	\$ 19,512,019
2011	1	27,538,000	36,514,879	17,065,000	18,711,419
2012	1	27,073,000	35,257,447	17,920,000	17,838,693
2013	1	28,478,000	34,028,848	18,840,000	16,922,207
2014	1	26,538,000	32,735,987	20,160,000	15,958,643
2019	5	150,380,000	144,856,947	101,685,000	64,174,942
2024	5	191,082,000	108,187,453	122,280,000	36,885,481
2029	5	185,915,000	64,199,530	75,180,000	6,883,713
2034	5	146,590,000	30,958,053		
2038	4	76,905,000	6,664,920		
Total		<u>\$886,727,000</u>	<u>\$531,108,027</u>	<u>\$389,300,000</u>	<u>\$196,887,117</u>

Total General Obligation and Revenue Bonds				
Fiscal Years Ending	Number of Years	Principal	Interest	Principal and Interest
2010	1	\$ 42,398,000	\$ 57,215,982	\$ 99,613,982
2011	1	44,603,000	55,226,298	99,829,298
2012	1	44,993,000	53,096,140	98,089,140
2013	1	47,318,000	50,951,055	98,269,055
2014	1	46,698,000	48,694,630	95,392,630
2019	5	252,065,000	209,031,889	461,096,889
2024	5	313,362,000	145,072,934	458,434,934
2029	5	261,095,000	71,083,243	332,178,243
2034	5	146,590,000	30,958,053	177,548,053
2038	4	76,905,000	6,664,920	83,569,920
Total		<u>\$1,276,027,000</u>	<u>\$727,995,144</u>	<u>\$2,004,022,144</u>

(1) Revenue (Clean Renewable Energy) Bond issued July 15, 2008. Outstanding balance \$2,352,000 at June 30, 2009.

NOTE 5. RESTRICTED INVESTMENTS, ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLERestricted Investments

At June 30, 2009, and 2008, the balance of the restricted investment accounts is comprised of the following:

	<u>2009</u>	<u>2008</u>
General Obligation Bond Current Debt Service	\$ 10,523,591	13,134,669
Bond Acquisition and Construction	14,177,548	91,945,502
Customer Guarantee Deposits	9,933,670	5,621,507
Major Maintenance Contingency Account	3,679,184	3,586,193
Oversizing Account	31,109,349	26,523,704
Big Bend Agency Account	8,465,437	-
Sales Tax Account	385,338	411,597
Total Restricted Investments	<u>\$ 78,274,117</u>	<u>\$ 141,223,172</u>

Accounts Receivable

Accounts receivable include water accounts receivable and other accounts receivable as shown below. The net accounts receivable balance at June 30, 2009, is expected to be collected within one year. The total allowance for doubtful accounts of \$1,150,000 is believed to be reasonable and adequate at June 30, 2009.

Water Accounts Receivable:

	<u>2009</u>	<u>2008</u>
Receivable from Billings	\$ 27,811,561	\$ 20,926,261
Receivable from Unbilled Water Revenue	15,167,400	26,994,165
Allowance for Doubtful Accounts	<u>(1,430,000)</u>	<u>(1,030,000)</u>
Water Accounts Receivable, net	<u>41,548,961</u>	<u>46,890,426</u>

Other Accounts Receivable:

SNWA	-	8,857,997
Other Governments	3,084,151	1,178,403
Inspection, Jobbing, Other	3,977,070	320,453
Allowance for Doubtful Accounts	<u>(30,000)</u>	<u>(50,000)</u>
Other Accounts Receivable, net	<u>7,031,222</u>	<u>10,306,853</u>
Accounts Receivable, net	<u>\$ 48,580,182</u>	<u>\$ 57,197,279</u>

Accounts Payable

Accounts Payable includes all amounts payable by the District within one year not provided for in other accounts. At June 30, 2009 and 2008, Accounts Payable consists of the following:

	2009		
	SNWA	Other Vendors	Total Payables
Purchased Water	\$ 6,547,395	\$ -	\$ 6,547,395
SNWA Expenses	4,551,549	-	4,551,549
Other Expenses	20,101	27,306,005	27,326,106
Capital Assets and Contracts	-	8,505,984	8,505,984
Total	<u>\$ 11,119,045</u>	<u>\$ 35,811,989</u>	<u>\$ 46,931,034</u>

	2008		
	SNWA	Other Vendors	Total Payables
Purchased Water	\$ 7,178,518	\$ -	\$ 7,178,518
SNWA Expenses	1,532,931	-	1,532,931
Other Expenses	100,201	25,840,230	25,940,431
Capital Assets and Contracts	-	11,700,623	11,700,623
Total	<u>\$ 8,811,650</u>	<u>\$ 37,540,853</u>	<u>\$ 46,352,503</u>

NOTE 6. 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 Director of Finance 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. For this reason, the District records capital contributions as an operating expense or, as noted below, in some instances as capital projects.

In 1995, the SNWA approved agreements 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 approved the collection of regional a connection charge, regional commodity charge, and regional reliability surcharge to fund these contributions. The District records these revenues as operating revenues and, as stated above, the District records contributions to the SNWA as operation expenses, except for District funded capital projects. On a

District funded capital project, no regional revenue is collected, but a contribution to the SNWA is still required and is charged to the capital project instead of operating expenses. The District does not act as a collecting agency for the SNWA. If regional revenue is not collected, the District still has a liability to the SNWA.

Audited financial reports of the SNWA for fiscal year 2009 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 7. SOUTHERN NEVADA WATER SYSTEM (SNWS)

The District operates the SNWS, a regional system consisting of a water treatment plant and pumping and distribution facilities that supply water to the water purveyors in southern Nevada, for the SNWA.

During fiscal year 2009, the SNWA reimbursed the District \$110,945,112 for expenditures (excluding funds advanced for unbilled expenditures – see Note 11) made by the District on behalf of the SNWA. For these and other costs of the SNWA, including debt service, the SNWA billed the District for its share based on water delivered at a flat rate per acre-foot (wholesale delivery charge). The wholesale delivery charge is recorded as a component of Purchased water expense in the District's financial statements.

The contributions for the SNWS expansion in fiscal 2009 and 2008 totaled \$31,798,812 and \$54,209,202, respectively. Additionally, the District contributed \$1,210,785 in both fiscal 2009 and fiscal 2008 to help fund a groundwater management program in the Las Vegas Valley. Total contributions to the SNWA for fiscal 2009 and 2008 were \$33,009,597 and \$55,419,987, respectively, and are presented as a component of Operation and maintenance expense in the District's financial statements.

NOTE 8. ENTERPRISE FUND INVESTMENTS

The District's investment policy limits investments and risks to those permitted under the laws of the State of Nevada. Investments and risks authorized by Nevada Revised Statutes relevant to District investments are as follows:

- 1) Obligations of U.S. agencies or instrumentalities or a corporation sponsored by the government not to exceed ten years maturity after the date of purchase. Credit quality ratings and percent allowed of total investments are not specified.
- 2) Commercial paper issued by a corporation organized 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-1," "P-1" or its equivalent, or better, except that investments 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.
- 3) Percent of investments allowed with any one issuer is not specified for the investments in the District's portfolio.

As of June 30, 2009, the District's portfolio had the following investments in ascending maturity date order.

District #	Investment Type	Scheduled Maturities ¹	Estimated Fair Value
09-2059	U.S. agency	07/01/2009	6,300,000
09-2061	U.S. agency	07/01/2009	45,000,000
09-2062	U.S. agency	07/01/2009	30,000,000
09-2060	U.S. agency	07/20/2009	3,299,862
09-2058	U.S. agency	07/17/2009	39,998,933
09-1850	U.S. agency	10/28/2009	10,478,594
09-1385	U.S. agency	10/28/2009	997,558
09-1851	U.S. agency	11/02/2009	2,706,035
09-1571	U.S. agency	11/18/2009	199,421
09-1248	U.S. agency	12/03/2013	1,220,866
09-1260	U.S. agency	12/13/2013	8,983,064
09-1140	U.S. agency	07/05/2014	16,586,400
09-1178	U.S. agency	07/05/2014	336,704
Total Investments			<u>\$166,107,436</u>

¹U.S. agencies are callable at any time.

As of June 30, 2008, the District's portfolio had the following investments in ascending maturity date order.

District #	Investment Type	Scheduled Maturities ¹	Estimated Fair Value
08-2139	U.S. agency	07/01/2008	50,000,000
08-2141	U.S. agency	07/01/2008	30,000,000
08-2142	U.S. agency	07/01/2008	45,000,000
08-2097	U.S. agency	07/02/2008	29,998,249
08-2065	U.S. agency	07/09/2008	\$953,523
08-2056	U.S. agency	07/14/2008	9,992,408
08-1381	U.S. agency	02/01/2013	1,890,586
08-1500	U.S. agency	02/27/2013	9,520,805
08-1522	U.S. agency	06/03/2013	9,896,900
08-2122	U.S. agency	06/26/2013	9,033,750
08-1474	U.S. agency	08/21/2013	19,868,800
08-2140	U.S. agency	12/30/2013	2,510,425
Total Investments			<u>\$218,665,446</u>

¹U.S. agencies are callable at any time.

Credit Quality with Credit Exposure as a Percentage of Total Investments

		<u>2009</u>	<u>2008</u>
U.S. agencies	Aaa/AAA	100%	100%

The Aaa ratings were by Moody's and the AAA ratings were by Standard & Poor's.

Concentration of Credit Risk

At June 30, 2009, the following investments individually comprise 5% or more of the District's total investment portfolio (excluding the pension fund):

Federal Home Loan Bank	81.67%
Federal National Mortgage Assn.	10.19%
Federal Home Loan Mortgage Corp.	7.41%

At June 30, 2008, the following investments individually comprise 5% or more of the District's total investment portfolio (excluding the pension fund):

Farmers Mortgage Corporation	34.30%
Federal Home Loan Bank	51.32%
Federal National Mortgage Assn.	13.23%

NOTE 9. 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 to, 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 and finances these risks through a combination of purchasing commercial insurance and self-assumption of some risk. On January 1, 2003, the District implemented a self-insured workers' compensation program. Under the current program the District assumes the first \$500,000 per claim. The District purchases excess workers' compensation insurance with statutory limits for any claims, which exceed the self-insured retention of \$500,000.

On May 1, 2003, the District implemented a self-insurance program for its automobile and general liability exposure. The District assumes the first \$1 million for any one claim and purchases \$30 million of excess liability insurance. The District also self-insures its fleet of vehicles for any damage. The District purchases property insurance covering its buildings, contents and equipment from the commercial insurance market. This program has a \$1 million deductible for damage to District properties valued over \$25 million, and a \$100,000 deductible for damage to District properties valued under \$25 million. Earthquake, flood, underground communications, water transmission and distribution lines have a \$100,000 deductible. The District also has a \$100,000 deductible for errors and omissions claims. The amount of settlements and awards did not exceed insurance coverage in each of the past three years.

GASB Statement 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. 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 2009 and 2008, changes in the balance of claims for retained risks are 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
2008	\$1,931,000	\$856,000	\$(755,000)	\$2,032,000
2009	2,032,000	708,000	(817,000)	1,923,000

NOTE 10. CAPITAL CONTRIBUTIONS

For the fiscal years ended June 30, 2009 and 2008, capital contributions are as follows:

	2009	2008
		(Restated)
Mains and Services	\$ 24,121,124	\$ 51,057,765
Facilities Connection Charges	2,379,630	7,826,260
Oversizing Charges	7,246,046	944,025
Springs Preserve	695,309	2,883,768
Frontage Connection Charges	196,246	382,676
Fees and Other Contributions	241,421	230,346
Total	<u>\$34,879,776</u>	<u>\$63,324,840</u>

NOTE 11. OTHER RELATED PARTY TRANSACTIONSSouthern Nevada Water Authority (SNWA)

In 1991, the District joined with other local governmental entities to form the SNWA (see Note 6), 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. During 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, 2009, is \$10,312,399.

The District has allocated to and recorded \$1,192,847 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 13), 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. In fiscal year 2008, the unreimbursed portion of \$5,069,547 was classified in the balance sheet as a long term receivable because it was considered unlikely the funds would be collected within one year. However, in fiscal year 2009, the unreimbursed portion of \$2,709,470 is classified as a current receivable.

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 12. COMMITMENTS AND CONTINGENCIES

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

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 and cash flows of the District.

At June 30, 2009, commitments for unperformed work on outstanding contracts totaled \$64.9 million.

Forward Energy Contracts

The District and 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 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 District's portfolio of energy derivatives is comprised solely of electricity forward contracts. The portfolio exists solely for the purpose of providing the District's projected energy requirements through December 2014, 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, 2009, the District had commitments totaling \$31,091,114 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. Rebutable 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 between the SNWA and the lessor 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 as much as 16,000 more square feet. During fiscal year 2009, the District occupied about 36,000 square feet of the office space for a total cost of \$1,591,384.

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 will be responsible for paying the pro-rated 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 year 2009.

The District must comply with all applicable and appropriate provisions of the lease between the SNWA and the lessor 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:

2010	\$1,564,881
2011	1,564,881
2012	1,564,881
2013	1,564,881
2014	1,564,881
Later years	<u>20,604,269</u>
Total	<u>\$28,428,674</u>

NOTE 13. 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 occurs, rather than in the 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 15), 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 2009, actuarial projected age-adjusted premiums totaled \$780,281. Retirees receiving benefits contributed \$22,675, approximately 3%, resulting in District contributions of \$757,606.

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, 2009, 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)	\$2,842,996
Interest on net OPEB obligation	84,058
Adjustment to annual required contribution	
Annual OPEB cost (expense)	2,927,054
Contributions made	757,606
Increase in net OPEB obligation	2,169,448
Net OPEB obligation, beginning of the year	1,867,960
Net OPEB obligation, end of the year	\$4,037,408

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 and 2008 are shown below. Because GASB Statement No. 45 was implemented prospectively in fiscal year 2008, only two years are reported. The schedule will ultimately present information for the three most recent years.

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 2,505,749	25.5%	\$1,867,960
2009	\$ 2,927,054	25.9%	\$4,037,408

Funded Status and Funding Progress

As of June 30, 2006, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$15.8 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$15.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$87.0 million and the ratio of the UAAL to the covered payroll was 18.1%.

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 the 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, 2006, 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 4.5% discount rate, based on the expected long-term investment return on the District's assets and an annual healthcare cost trend of 11% initially, reduced by 1% annually to an ultimate rate of 5% after six years.

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, 2009, 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 year 2009 and 2008, the District paid premiums of \$791,813 and \$720,182, respectively.

NOTE 14. TERMINATION BENEFITS

During fiscal years 2009 and 2008, the District did not have an involuntary termination plan, did not offer benefits for voluntary early termination of service, and did not have outstanding balances for previous years at the respective year end.

NOTE 15. DEFINED BENEFIT PENSION PLANPlan Description

The District contributes to the Las Vegas Valley Water District Pension Plan (the 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 employees may purchase additional years of service for eligibility and increased benefits. During fiscal years 2009 and 2008, employee contributions for this purpose were \$72,430 and \$13,239, 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.

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, 2009 and 2008, participants in the plan consist of the following:

	2009	2008
Participant Count		
- Retirees in pay status with unpurchased benefits	165	150
- Terminated employees not yet receiving benefits	297	301
 - Active employees - fully vested	 951	 894
- nonvested	506	410
 - Total Active Employees	 1,457	 1,304
- Total Participants	1,919	1,755

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage Of APC Contribution	Net Pension Obligation
2007	\$22,040,681	100%	-
2008	\$23,587,076	100%	-
2009	\$27,262,106	100%	-

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. Benefit obligations are recognized and paid when due by purchasing annuities from a life insurance company.

Method Used to Value Investments

Domestic equity and domestic bond amounts represent units of investments in aggregate indexed accounts. These accounts and the money market account 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. Excluded from the plan assets are annuities, which are purchased for retired employees or their beneficiaries from an insurance company rated at least A+ by A.M. Best rating company.

Annual Required Contribution, Annual Pension Cost and Net Pension Obligation

The District's policy is to pay the current year's annual required contribution when due. Thus, the annual required contribution, annual pension cost and net pension obligation are the same. These costs were \$27,262,106 for the year ended June 30, 2009, and \$23,587,076 for the year ended June 30, 2008.

Funded Status and Funding Progress

The Plan uses the aggregate actuarial cost method. Because this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about the plan's funded status and funding

progress has been prepared using the entry age normal actuarial cost method. The information presented below is intended to serve as a surrogate for the funded status and funding progress of the plan.

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 schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, will eventually present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, since fiscal year 2008 was the transition year for calculating the Plan's funded status and funding progress using the entry age normal actuarial cost method, only two years are available for display.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Normal Actuarial Accrued Liability (AAL)		Unfunded Actuarial Accrued Liability (UAAL)		UAAL as a Percentage of Covered Payroll
				Funded Ratio	Covered Payroll	
July 1, 2007	\$119,142,043	\$222,471,907	\$103,329,864	53.60%	\$97,880,824	105.60%
July 1, 2008	\$127,170,936	\$250,041,067	\$122,830,131	50.90%	\$111,054,552	110.60%

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.

Additional Information Latest Actuarial Valuation

Valuation date	July 1, 2008. An actuarial valuation has been performed at the beginning of each plan year since February 1987.
Actuarial cost method	Aggregate Cost Method for funding. Entry age normal cost method as a surrogate for funded status and funding progress of the plan. Entry Age is the date the employee officially enters the plan, which is the first July 1 on or after the attainment of age 20 and ½ year service.
Asset valuation method	Market.
Additional assumptions:	
Investment rate of return	8% per year compounded annually.
Projected salary increases	3% per year compounded annually, attributable to inflation; additional 3% attributable to seniority/merit.
Cost of living adjustments	Postretirement benefit increases limited to certain maximum rates.

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.

<u>Investment Type</u>	<u>Percent of Portfolio</u>
Fixed-Income Securities	60% +/- 3%
Equities	40% +/- 3%

At June 30, 2009, the Pension Trust Fund had the following investments (includes contract investments at contract value).

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Percent of Total</u>
Fixed Income Securities	\$ 76,907,364	58.73%
Equities	<u>54,042,173</u>	<u>41.27%</u>
Total	<u>\$130,949,537</u>	<u>100%</u>

<u>Investment</u>	<u>Maturities</u>	<u>Carrying Value</u>
Domestic Equity Fund	N/A	\$54,042,173
Domestic Bond Fund	Weighted Average 6.59 years	47,535,556
Money Market Fund	Weighted Average 44 days	84,805
Union Central Life Ins. Co., Contract	Open	1,475,509
N.Y. Life Insurance Co., Contract	Open	5,080,222
N. Y. Life Insurance Co., Contract	7/30/10	4,754,544
N.Y. Life Insurance Co., Contract	9/3/10	4,760,989
N.Y. Life Insurance Co., Contract	10/1/10	4,595,215
N.Y. Life Insurance Co. Contract	9/4/12	4,302,626
N.Y. Life Insurance Co., Contract	10/1/12	<u>4,317,898</u>
Total		<u>\$130,949,537</u>

At June 30, 2008, the Pension Trust Fund had the following investments (includes contract investments at contract value).

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Percent of Total</u>
Fixed Income Securities	\$ 74,280,534	59.35%
Equities	<u>50,866,381</u>	<u>40.65%</u>
Total	<u>\$125,146,915</u>	<u>100%</u>

<u>Investment</u>	<u>Maturities</u>	<u>Carrying Value</u>
Domestic Equity Fund	N/A	\$50,866,381
Domestic Bond Fund	Weighted Average 7.30 years	45,523,709
Money Market Fund	Weighted Average 19 days	77,596
Union Central Life Ins. Co., Contract	Open	1,443,041
N.Y. Life Insurance Co., Contract	Open	5,575,888
N. Y. Life Insurance Co., Contract	7/30/10	4,529,491
N.Y. Life Insurance Co., Contract	9/3/10	4,543,424
N.Y. Life Insurance Co., Contract	10/1/10	4,104,459
N.Y. Life Insurance Co. Contract	9/4/12	4,376,924
N.Y. Life Insurance Co., Contract	10/1/12	<u>4,106,002</u>
Total		<u>\$125,146,915</u>

Credit Exposure As a Percentage of Total Fixed-Income Investments

	<u>2009</u>	<u>2008</u>
Domestic Bond Fund	61.81%	61.29%
Money Market Fund	00.11%	00.10%
Contracts	38.08%	38.61%

Credit Quality of Fixed Income Investments

The pension fund fixed-income investments are in contracts with insurance companies and in domestic equity and bond funds and a money market fund with banks. Credit rating agencies do not rate insurance company contracts or bank accounts.

The managing institution of the domestic bond fund reports an overall rating of AA at June 30, 2009 and AA+ at June 30, 2008, for the underlying securities. The fund is benchmarked off the Capital Aggregate Bond Index; therefore, the fund uses Barclays rating methodology. The methodology uses the middle rating of Moody's, Standard & Poors, and Fitch after dropping the highest and lowest available ratings.

The bank for the money market account invests in a money market fund, Federated Treasury Obligations. Federated reports ratings of AAA/Aaa by Standard & Poors and Moody's, respectively, at June 30, 2009, and 2008.

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 man rule is followed. More than 5% of the pension investments, excluding the money market and domestic equity and bond funds, were as follows: New York Life Insurance Company at June 30, 2009 and 2008 was 21% and 22%, respectively.

NOTE 16. SUBSEQUENT EVENTS

In July 2009, Moody's Investors Service, Inc. downgraded the rating on the District's outstanding general obligation bonds to Aa2 from Aa1. Additionally, the outlook on the District's bonds was revised to negative from stable.

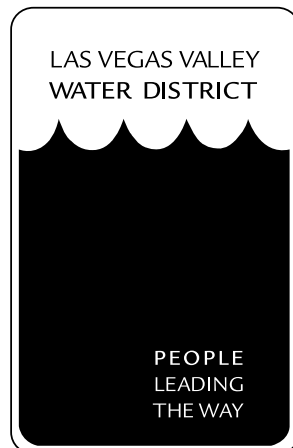
On August 5, 2009, the District issued \$100 million in general obligation bonds additionally secured by pledged revenue of the SNWA. The purpose of the bonds is to (i) finance certain additions, betterments and improvements to the SNWS, which is owned by the SNWA, and (ii) pay the costs of issuing the bonds.

On December 1, 2009, the Board of Directors approved a resolution to issue \$425 million in general obligation bonds additionally secured by pledged revenue of the SNWA. The purpose of the bonds will be to (i) finance certain additions, betterments and improvements to the SNWS, (ii) refund existing District bonds issued on behalf of the Authority in an amount not to exceed \$25 million, and (iii) pay the costs of issuing the bonds.

On December 1, 2009, the Board of Directors approved an action to establish increases in the SNWA Regional Commodity Charge and increases to the District's domestic, backflow, and fireline service charges effective January 1, 2010, and January 1, 2011.

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REQUIRED SUPPLEMENTARY INFORMATION



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LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTION
FIDUCIARY FUND TYPE PENSION TRUST FUND

Year Ended <u>30-Jun</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2004	12,923,933	100%
2005	15,137,310	100%
2006	18,913,372	100%
2007	22,040,681	100%
2008	23,587,076	100%
2009	27,262,106	100%

Annual required contributions are determined as part of the actuarial valuations at July 1 of each plan year using the aggregated actuarial cost method.

Additional actuarial assumptions as of the latest actuarial valuation:

Investment rate of return	8.0%
Projected salary increases	6.0%

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF FUNDING PROGRESS
FIDUCIARY FUND TYPE PENSION TRUST

Schedule B-2

The Las Vegas Valley Water District Pension Plan uses the aggregate actuarial cost method. Because this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about the plan's funded status and funding progress has been prepared using the entry age normal actuarial cost method. The information presented below is intended to serve as a surrogate for the funded status and funding progress of the plan.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Normal Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/07	\$119,142,043	\$222,471,907	\$103,329,864	53.60%	\$97,880,824	105.60%
07/01/08	\$127,179,936	\$250,041,067	\$122,870,131	50.90%	\$111,054,552	110.60%

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, 2007 actuarial valuation is the first to use the entry age actuarial cost method. As additional actuarial valuations using this method are obtained, this schedule will ultimately present information from the six most recent valuations.

Schedule B-3

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFIT PLAN
PROPRIETARY ENTERPRISE FUND

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
07/01/06		\$15,776,208	\$15,776,208	0.00%	\$86,960,597	18.10%

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 and only valuation of the post employment benefit plan. As additional actuarial valuations are obtained, this schedule will ultimately present information from the six most recent valuations.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following statements are summaries of certain provisions of the 2010A&B Bond Resolution (also referred to in this Official Statement as the “Bond Resolution”). Such statements do not purport to be complete and reference is made to the 2010A&B 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 2010A&B Bond Resolution are defined substantially as follows:

“BAB Credit” means the credit received by the District as provided in Section 6431 of the Tax Code, in lieu of any credit otherwise available to bond holders under Section 54AA(a) of the Tax Code.

“Bond Requirements” means the principal of and the interest on the Bonds, as such principal 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 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 2010A&B 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 45 of the 2010A&B 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, such as the 2010A 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 Finance Director 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, collectively, the 2010A Bonds and the 2010B Bonds.

“combined average annual principal and interest requirements” means (i) the sum of the Bond Requirements of the Bonds and any other Superior Lien Obligations and Parity Lien Obligations payable from the Net Pledged Revenues, which Bond Requirements come due during any fiscal year from the date of calculation to the last day on which any of the Bonds are due and payable, but not including any securities which are no longer outstanding under the defeasance provisions of the 2010A&B Bond Resolution, (ii) divided by the number of years (including any fraction thereof) from the date of the calculation of the combined average annual principal and interest requirements to the last day on which any of the Bonds are due and payable. 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 and 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.

“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 of the 2010A&B 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 an 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.

“Net Pledged Revenues” means the revenue received by the District from the sales or distribution of water or otherwise derived from the works or property of the District (including the Project and works and properties hereafter constructed or acquired) after payment therefrom of the reasonable and necessary

costs of the operation and maintenance of the works and properties of the District and the general expenses of the District.

“Parity Lien Obligations” means the outstanding:

A. General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Improvement and Refunding Bonds, Series 2003A, in the original principal amount of \$168,685,000 (the “2003 Bonds”);

B. General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Refunding Bonds, Series 2005A, in the original principal amount of \$302,425,000 (the “2005 Bonds”);

C. General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Improvement Bonds, Series 2006A, in the original principal amount of \$151,555,000 (the “2006 Bonds”);

D. General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Improvement and Refunding Bonds, Series 2008A, in the original principal amount of \$190,760,000 (the “2008 Bonds”);

E. General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Bonds, Series 2010A (Taxable Direct Pay Build America Bonds) (the “2010A Bonds”);

F. General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water and Refunding Bonds, Series 2010B (the “2010B Bonds”) and any other bonds or other securities hereafter issued on a parity with the Parity Lien Obligations.

“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 2010A&B Resolution.

“Registrar” means The Bank of New York Mellon Trust Company, N.A. or any successor serving as registrar for the Bonds.

“Superior Lien Obligations” means the obligations of the District issued with a lien on the Net Pledged Revenues which is superior to the lien of the Bonds, and which are issued as special obligations of the District.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds.

“2010A Bonds” means the Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Bonds, Series 2010A (Taxable Direct Pay Build America Bonds).

“2010B Bonds” means the Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water and Refunding Bonds, Series 2010B.

Security for the Bonds

The Bonds are general obligation bonds of the District and are additionally payable from and secured by the Net 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 Net Pledged Revenues subject to the prior lien thereon for payment of the Superior Lien Obligations.

Flow of Funds

All moneys received by the District from the sale or distribution of water or otherwise derived from the works or property of the District shall be deposited into the Revenue Fund, and no disbursements shall be made from the Revenue Fund except as provided in the 2010A&B Bond Resolution. After making payments for the operation and maintenance expenses and general District expenses into the “Water Maintenance and Operation Fund,” and transferring the required sums into the funds for any Superior Lien Obligations (i.e., including any superior bond fund, rebate fund and reserve fund as provided in the 2010A&B Bond Resolution) and concurrently with the requirements of the resolutions authorizing other Parity Lien Obligations:

(a) moneys in the Revenue Fund shall be transferred on the first day of each month commencing on the first day of the month after the month in which the Bonds are dated (after taking into account any accrued interest paid into the 2010 Bond Fund) there shall be set aside from the Revenue Fund, there shall be simultaneously transferred to and placed in the 2010 Bond Fund: (i) a sum at least equal to the amount, if paid monthly, of the interest coming due on the Bonds on the first interest payment date of the Bonds, and monthly thereafter a sum equal to 1/6 of the payment of the semiannual interest coming due on the Bonds, and (ii) a sum at least equal to the amount, if paid monthly, of the principal coming due on the Bonds on the first principal payment date of the Bonds, and monthly thereafter, a sum equal to 1/12 of the amount necessary, together with any other moneys from time to time available therefor from whatever source, including without limitation the moneys, if any provided from any BAB Credit received by the District, to pay the next maturing installment of principal of the Bonds then outstanding. The money credited to the 2010 Bond Fund shall be used to pay the Bond Requirements of the Bonds as the Bond Requirements become due.

(b) subsequent to the payments summarized in (a) above, there must be deposited into the "2010 Rebate Fund" (and the rebate funds for Parity Lien Obligations) the amounts required pursuant to Section 148 of the Tax Code and the regulations thereunder; and

(c) subsequent to the payments summarized in (a) and (b) above, there may be paid out of any moneys remaining in the Revenue Fund the payment of bond requirements of subordinate securities payable from the Net Pledged Revenues and hereafter authorized to be issued, including reasonable reserves for such securities.

No payment need be made into the 2010 Bond Fund if the amounts in the 2010 Bond Fund total 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 2010 Bond Fund or the 2010 Rebate Fund the full amount above stipulated from Net Pledged Revenues, then an amount shall be paid first into the 2010 Bond Fund and second into the 2010 Rebate Fund at such time equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated, from the first Net Pledged Revenues available therefor. If Parity Lien Obligations (other than the 2010A&B Bonds) are outstanding, 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 Lien Obligations, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate funds.

Parity Lien Obligations

Parity Lien Obligations (including refunding bonds) may be issued if:

(a) at the time of the adoption of the resolution authorizing the issuance of such Parity Lien Obligations, the District is not in default in making any payments required to be made into the debt service, sinking or reserve funds for any outstanding obligations payable from the Net Pledged Revenues; and

(b) The Net Pledged Revenues (subject to adjustments as hereinafter provided) projected by the District General Manager, Finance Director 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 facilities to be financed with the proceeds of the additional Parity Lien Obligations are projected to be completed or (ii) the first fiscal year for which no interest has been capitalized for the payment of any Parity Lien Obligations, including the Parity Lien Obligations proposed to be issued, 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 Superior Lien Obligations, the outstanding Parity Lien Obligations, the Bonds, any other additional outstanding Parity Lien Obligations of the District and the Parity Lien Obligations proposed to be issued (excluding any reserves therefor).

In any determination of whether or not additional Parity Lien Obligations may be issued in accordance with the foregoing earnings test, consideration shall be given to any probable estimated increase or reduction in operation and maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Parity Lien Obligations.

In any determination of whether or not additional Parity Lien 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 any capitalized interest of any outstanding securities with a term of one year or less which the General Manager or Finance Director 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 the 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 provided in the 2010A&B Bond Resolution and no such covenant or agreement may be materially adverse to the interests of the holders of the Bonds. 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 2010A&B Bond Resolution.

The Bonds and any Parity Lien Obligations hereafter outstanding will not be entitled to any priority one over the other in the application of the Net Pledged Revenues, regardless of the time or times of the issuance of the Bonds and any other such securities.

Superior Lien Obligations

Additional Superior Lien Obligations may be issued if the proposed Superior Lien Obligations meet the earnings test for the issuance of Parity Lien Obligations listed above, meets the applicable earnings test required by the resolutions authorizing the issuance of the outstanding Superior Lien Obligations, and are issued as special obligations of the District.

Subordinate Bonds

The 2010A&B Bond Resolution provides that the District may issue subordinate bonds or securities.

Tax Covenant

The District covenants that it will not take any action or omit to take any action with respect to the 2010A Bonds, the proceeds thereof, any other funds of the District or any project financed with the proceeds of the 2010A Bonds if such action or omission would cause the District to not be entitled to the BAB Credit with respect to the 2010A Bonds. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2010A Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met. The District shall timely file any document required by the Internal Revenue Service to be filed in order to claim the BAB Credit. Any BAB Credit received by the District under Section 6431 of the Tax Code with respect to the 2010A Bonds shall be deposited into the 2010 Bond Fund when received and applied as described in the 2010A&B Bond Resolution to the extent needed to provide for the next succeeding interest payment due on the Bonds; but if taking into account the amount already deposited into the 2010 Bond Fund all or any portion of the BAB Credit is not needed to pay the next succeeding interest payment on the Bonds, the portion not so needed shall be used to reimburse the District for the amount already deposited into the Bond Fund, and shall be applied as otherwise provided in Sections 39 through 44 of the 2010A&B Bond Resolution.

The District covenants for the benefit of the registered owners of the 2010B Bonds that it will not take any action or omit to take any action with respect to the 2010B Bonds, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2010B Bonds if such action or omission (i) would cause the interest on the 2010B 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 2010B 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 adjustments 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 2010B Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Rate Covenant

Subject to the limitation that rates and charges must be reasonable, the District covenants in the 2010A&B Bond Resolution to charge fees, rates and other charges for the service, facilities and water of the District which will be sufficient, after making allowances for contingencies and error in the estimates, to pay the following items of cost and expense in the order set forth: (a) costs of operating and maintaining the works and properties of the District; (b) the general expenses of the District; (c) the principal and interest on all Superior Lien Obligations as the same fall due (including any Superior Lien Obligations issued in the future); and (d) the principal and interest on all other bonds and other obligations of the District, including the Bonds, and the payments required to be made into the 2010 Bond Fund. In addition, the District covenants that rates and charges shall be so fixed that annually, after payment from revenues of the costs of operation and maintenance and the general expenses of the District, the remaining revenue before depreciation, amortization and interest chargeable to the income account, as shown by the books of the District for the latest prior fiscal year with respect to which such books have been examined and reported upon by an independent accountant employed by the District, shall be at least one (1) times the combined average annual debt service on all outstanding bonds, notes and other indebtedness payable out of revenues.

Qualified Swap Covenant

The District covenants in the 2010A&B Bond Resolution 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.

Other Protective Covenants

The District also covenants with the registered owners of the Bonds that (a) it will at all times operate its works and properties in a sound and economical manner and will maintain, preserve and keep the same property, or cause the same to be so maintained, preserved and kept, in good repair, working order and condition; (b) it will not sell, lease or otherwise dispose of as a whole, or substantially as a whole, the works or properties of the District (unless provision is made for the payments required by the 2010A&B Bond Resolution or unless the District continues to operate the works and properties); (c) it will maintain with responsible insurers all such insurance as is customarily maintained with respect to works and properties of like character against loss of or damage to such works or properties and against public or other liability to the extent reasonably necessary to protect the interest of the District and the registered owners of the Bonds; (d) it will not furnish any free water or other service and will not charge any governmental entity lower rates than those charged other persons for similar services except that the District may under certain circumstances charge lower fees for water used for fire protection purposes; and (e) it will not issue any obligations having a priority over the Bonds for payment of principal and interest from general taxes.

Defeasance

When all the Bond Requirements of any Bond have been duly paid, the pledge, the lien and all obligations under the 2010A&B 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 2010A&B 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. In the case of the 2010A Bonds, the District is obligated to contribute additional securities or monies to the escrow or trust if necessary to provide sufficient amounts to satisfy the payment obligations on the 2010A Bonds.

Amendment of the 2010A&B Bond Resolution

The 2010A&B 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 2010A&B Bond Resolution. The 2010A&B 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 2010A&B 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 of any outstanding Bond or any installment of interest thereon; (ii) a reduction of the principal amount of any outstanding Bond, interest rate or redemption premium payable in connection with any Bond; (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 favor any such amendment or modification; (iv) the establishment of priorities between Bonds issued and outstanding under the provisions of the 2010A&B 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 2010A&B 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 2010A&B 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 2010A&B Bond Resolution.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2010 Bonds. The 2010 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 2010 Bond certificate will be issued for each 2010 Bond of the same series and maturity and bearing the same interest rate, each in the aggregate principal amount of such maturity and interest rate, 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2010 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 2010 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 2010 Bonds, except in the event that use of the book-entry system for the 2010 Bonds is discontinued.

To facilitate subsequent transfers, all 2010 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 2010 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 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 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 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2010 Bond documents. For example, Beneficial Owners of 2010 Bonds may wish to ascertain that the nominee holding the 2010 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 2010 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 2010 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 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2010 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 2010 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2010 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, 2010 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 D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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 Issuer's Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Bonds, Series 2010A (Taxable Direct Pay Build America Bonds) in the aggregate principal amount of \$_____ and Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water and Refunding Bonds Series 2010D, in the aggregate principal amount of \$_____ (collectively, the "Bonds"). The Bonds are being issued pursuant to the Resolution adopted by the Board of Directors of the Issuer on March 2, 2010 (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 MSRB's required method of filing 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, 2010, 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 send or cause to be sent a notice in substantially the form attached as Exhibit "A" to the MSRB.

(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 provide or cause to be provided, in a timely manner, notice of any of the following events with respect to the Bonds, if such event is material, to the MSRB:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults;
- (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 or events affecting the tax-exempt status of the Bonds;
- (g) Modifications to rights of bondholders;
- (h) Bond calls;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds; or
- (k) Rating changes.

SECTION 6. Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

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.

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: _____, 2010.

LAS VEGAS VALLEY WATER
DISTRICT, NEVADA

Finance Director

EXHIBIT "A"

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
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 Pledged Revenues) Water Bonds, Series 2010A (Taxable Direct Pay Build America Bonds); and General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water and Refunding Bonds, Series 2010B

Date of Issuance: _____, 2010.

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 March 2, 2010 and the Continuing Disclosure Certificate executed on _____, 2010 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)

APPENDIX E

FORMS OF APPROVING OPINIONS OF BOND COUNSEL

2010A Bonds

[Closing date]

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 Pledged Revenues)
Water Bonds**

Series 2010A (Taxable Direct Pay Build America Bonds)

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 Pledged Revenues) Water Bonds, Series 2010A (Taxable Direct Pay Build America Bonds)" (the "Bonds") in the aggregate principal amount of \$_____, pursuant to an authorizing resolution adopted and approved by the District's Board of Directors on March 2, 2010 (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 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 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, 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 Net Pledged Revenues. The Bond Resolution creates a valid lien on the Net 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 Net 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 Net Pledged Revenues and on the Bond Fund that is superior to the lien thereon of the Bonds. The Bond Resolution also creates a valid lien on the 2010 Bond Fund pledged therein for the security of the Bonds. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Pledged Revenues or on the 2010 Bond Fund created by the Bond Resolution.

5. Interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended to the date hereof.

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.

The provisions of this opinion letter concerning federal tax issues are not intended or written to be used and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on any taxpayer by the Internal Revenue Service. This writing supports the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

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,

2010B Bonds

[Closing date]

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 Pledged Revenues)
Water and Refunding Bonds
Series 2010B

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 Pledged Revenues) Water and Refunding Bonds, Series 2010B" (the "Bonds") in the aggregate principal amount of \$_____, pursuant to an authorizing resolution adopted and approved by the District's Board of Directors on March 2, 2010 (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 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 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, 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 Net Pledged Revenues. The Bond Resolution creates a valid lien on the Net 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 Net 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 Net 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 Net 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 expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Bonds and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

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,

APPENDIX F

OFFICIAL NOTICE OF BOND SALE

**LAS VEGAS VALLEY WATER DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
WATER BONDS
SERIES 2010A (TAXABLE DIRECT PAY BUILD AMERICA BONDS)
AND
LAS VEGAS VALLEY WATER DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
WATER AND REFUNDING BONDS
SERIES 2010B**

PUBLIC NOTICE IS HEREBY GIVEN that the Board of Directors of the Las Vegas Valley Water District, Clark County, Nevada (the “Board,” the “District,” the “County” and the “State,” respectively), on May 25, 2010 at 8:00 a.m. local time, for the above 2010A Bonds and at 9:00 a.m. local time, for the above 2010B Bonds in the office of:

**THE LAS VEGAS VALLEY WATER DISTRICT
Finance Conference Room
1001 South Valley View
Las Vegas, Nevada 89153**

will cause to be received and publicly opened sealed bids and cause to be received electronically via PARITY, a Division of Thomson Financial Municipals Group, Inc. (“PARITY”) for the purchase of the bonds of the District, particularly described below. Sealed bids must be delivered via messenger (no bids will be received by mail) at location specified above addressed to the Director of Finance of the District (the “Director of Finance”), or bids may be submitted via PARITY, and must be received on or before 8:00 a.m., local time, for the 2010A Bonds, and on or before 9:00 a.m. local time, for the 2010B Bonds on such day of sale (or at such other date and time as is announced via Thomson Municipal Market Monitor (“TM3”) or Bloomberg Financial Markets (“Bloomberg”).

BOND PROVISIONS

THE BONDS: The Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Bonds, Series 2010A (Taxable Direct Pay Build America Bonds) (the “2010A Bonds”), in the aggregate principal amount of \$75,860,000* will be dated as of the date of delivery, will be issued in fully registered, book entry form in denominations of \$5,000 or any integral multiple thereof. The Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water and Refunding Bonds, Series 2010B (the “2010B Bonds”), in the aggregate principal amount of \$32,515,000* will be dated as of the date of delivery, will be issued in fully registered book entry form in denominations of \$5,000 or any integral multiple thereof. The 2010A Bonds (i.e., the Taxable Direct Pay Build America Bonds) are expected to entitle the District to receive a tax credit equal to 35% of each interest payment on the 2010A Bonds (the “BAB Credit”) under Section 54AA of the Internal Revenue Code of 1986, as amended to the date of delivery of the (the “Tax Code”). The BAB Credit will be for the District’s benefit, and no owner of any 2010A Bond will be entitled to claim a tax credit under Section 54AA of the Code as a result of

* Preliminary, subject to change.

ownership of any of the 2010A Bonds. The 2010A Bonds and the 2010B Bonds (the “Bonds”) will be issued by means of a book entry system with no physical distribution of Bonds to the public. See “BOOK ENTRY TRANSFER AND EXCHANGE” below.

MATURITIES: Except as provided under “**MANDATORY SINKING FUND REDEMPTION**”, the 2010A Bonds and the 2010B Bonds will mature on the dates and in each of the designated amounts of principal, as indicated in the 2010A Maturity Schedule and the 2010B Maturity Schedule (the “Maturity Schedules”) set forth in the Preliminary Official Statement relating to the Bonds, (the “Preliminary Official Statement”) or as amended and available from the Financial Advisors prior to the bond sale. The amounts of the Bonds maturing in each year may be changed from those listed in the respective Maturity Schedules as described in “**ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID**” below. It is anticipated that the Maturity Schedules will also be available electronically via TM3 or Bloomberg.

ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID:

The aggregate principal amount and the principal amount of each maturity of each series of Bonds described herein are subject to adjustment by the District, after the determination of the best bid. Changes to be made will be communicated to the successful bidder by the time of written award of the series of Bonds to the successful bidder. Such changes will not reduce or increase the principal amount of the Bonds of any maturity by more than thirty percent (30%) from the amount shown in the applicable Maturity Schedule and will not reduce or increase the total aggregate principal amount by more than thirty percent (30%). The price bid (i.e., par less the discount bid or plus the premium bid) by a successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the series of Bonds to the public and the price to be paid to the District (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the series of Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the respective Maturity Schedules.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by facsimile transmission to (702) 258-3230 within one-half hour of the time of bid opening, the amount of any original issue premium or discount on each maturity of the applicable series of Bonds, the amount received from the sale of the series of Bonds to the public that will be retained by the successful bidder as its compensation, and in the case of a bid submitted with bond insurance, the cost of the insurance premium. A bidder who intends to insure a series of Bonds shall also state, in that facsimile transmission, whether the amount of the insurance premium will change as a result of changes in the principal amount of the Bonds or the amount of the principal maturing in any year, and the method used to calculate any such change in the insurance premium.

DISCOUNT, OR PREMIUM PERMITTED: A bidder may offer to purchase the 2010A Bonds at par, at a discount of not exceeding 1.5% of the principal amount thereof or at a premium of not exceeding 4% of the principal amount thereof. **The reoffering price of any 2010A Bonds may not exceed 104% of the principal amount thereof. See “REOFFERING PRICES,” below.** A bidder may offer to purchase the 2010B Bonds at par, at a discount of not exceeding 1.5% of the principal amount thereof, or at a premium of not exceeding 7% of the principal amount thereof.

REOFFERING PRICES: The successful bidder or bidders (or manager of the purchasing account or accounts) shall notify the District by facsimile transmission to (702) 258-3230 within one-half hour of the bid opening, of the initial offering prices of such Bonds to the public. The information about the initial offering prices described in this paragraph shall be based on the successful bidders' expectations as of the date of sale. The facsimile notification must be confirmed in writing in the

form and substance satisfactory to Swendseid & Stern, a member in Sherman & Howard L.L.C. (“Bond Counsel”) prior to the delivery of the Bonds, which shall be in the forms of the purchaser’s certificates set forth below for the 2010A Bonds and the 2010B Bonds. By submitting a bid for a series of Bonds, the winning bidder for each series of Bonds is agreeing to execute and deliver to the District at closing the applicable purchaser’s certificate as set forth below:

2010A Purchaser’s Certificate: “IT IS HEREBY CERTIFIED by the undersigned on behalf of _____, as representative of the underwriters (the “Underwriters”) for the “The Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Bonds, Series 2010A (Taxable Direct Pay Build America Bonds) (the “2010A Bonds”):

1. We acknowledge receipt of the 2010A Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in the Bond Resolution adopted by the governing body of the Las Vegas Valley Water District (the “Issuer”) on March 2, 2010, and the instruments described therein, and such 2010A Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the 2010A Bonds on the sale date at the initial public offering prices shown on the cover page of the Official Statement for the 2010A Bonds. (If a yield is shown on the cover page for any maturity, “price” herein means the dollar price that produces that yield.) **For each maturity of the 2010A Bonds, those prices do not exceed 104% of the par amount of those 2010A Bonds.** Not more than \$_____ will be paid to the Underwriters from the proceeds of the sale of the 2010A Bonds.

3. Except as provided in the third sentence of this paragraph 3, the first price at which a substantial amount of each maturity of the 2010A Bonds was sold to the public (“public” in this certificate excludes bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) is the price shown on the cover page of the Official Statement for that maturity of the 2010A Bonds. For this purpose, “substantial amount” is 10% or more of each maturity. If less than 10% of any maturity of the 2010A Bonds was sold on the sale date, it was our reasonable expectation on the sale date that the first price at which at least 10% of that maturity of the 2010A Bonds would be sold to the public on the sale date would be the price shown for that maturity on the cover page of the Official Statement. It was our reasonable expectation as of the sale date that (i) none of the 2010A Bonds would be sold by us on the sale date to the public at prices higher than the prices on the cover page of the Official Statement, and (ii) the prices on the cover page of the Official Statement represent a fair market value for each maturity of the 2010A Bonds.

4. The above certifications are provided for informational purposes only. The Issuer and its counsel may rely on these certifications in concluding that the 2010A Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the “Code”), relating to Build America Bonds; however, nothing herein represents our interpretation of any law, including the Code, or any regulations and we are not providing any interpretations of law or regulations in executing and delivering this certificate.”

2010B Purchaser’s Certificate: “ IT IS HEREBY CERTIFIED by the undersigned on behalf of _____, as representative of the underwriters (the “Underwriters”) for the “The Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Bonds, Series 2010b (the “2010B Bonds”):

1. We acknowledge receipt of the 2010B Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in the Bond Resolution adopted by the governing body of the Las Vegas Valley Water District (the "Issuer") on March 2, 1010, and the instruments described therein, and such 2010B Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the 2010B Bonds on this sale date at the initial public offering prices (or yields) shown on the cover page of the Official Statement. (If a yield is shown on the cover page for any maturity, "price" herein means the dollar price that produces that yield.) Not more than \$_____ will be paid to the Underwriters from the proceeds of the sale of the 2010B Bonds.

3. Except as provided in the third sentence of this paragraph 3, the first price at which a substantial amount of each maturity of the 2010B Bonds was sold to the public ("public" in this certificate excludes bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) is the price shown on the cover page of the Official Statement for that maturity of the 2010B Bonds. For this purpose, "substantial amount" is 10% or more of each maturity. If less than 10% of any maturity of the 2010B Bonds was sold on the sale date, it was our reasonable expectation on the sale date that the first price at which at least 10% of that maturity of the 2010B Bonds would be sold to the public on the sale date would be the price shown for that maturity on the cover page of the Official Statement. It was our reasonable expectation as of the sale date that (i) none of the 2010B Bonds would be sold by us on the sale date to the public at prices higher than the prices on the cover page of the Official Statement, and (ii) the prices on the cover page of the Official Statement represent a fair market value for each maturity of the 2010B Bonds.

4. The above certifications are provided for informational purposes only. The Issuer and its counsel may rely on these certifications in concluding that the 2010B Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law, including the Code, or any regulations and we are not providing any interpretations of law or regulations in executing and delivering this certificate."

OPTIONAL PRIOR REDEMPTION:

2010A Bonds. The 2010A Bonds, or portions thereof (\$5,000 or any integral multiple), are subject to redemption prior to their respective maturities at the option of the District, in whole or in part at any time, from such maturities as are selected by the District, and if less than all the 2010A Bonds of a maturity are to be redeemed, the 2010A Bonds of such maturity are to be selected on a pro rata basis as described below and in the Bond Resolution (as defined in "BOND RESOLUTION" below), at a price equal to the "Make Whole Redemption Price", defined below, plus accrued interest thereon to the redemption date; provided, however, that if at any time the Make Whole Redemption Price is a price that exceeds the price the District can legally agree to pay to redeem 2010A Bonds under the provisions of State law, the District shall not have an option to redeem 2010A Bonds at that time pursuant to the provisions of this paragraph.

"Make Whole Redemption Price" means: a price equal to the greatest of

(1) 100% of the principal amount of the 2010A Bonds to be redeemed or

(2) The issue price of the 2010A Bonds to be redeemed shown on the cover page of the Official Statement; or

(3) The sum of the present value of the remaining scheduled payments of principal and interest on the 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010A Bonds are to be redeemed, discounted to the date on which the 2010A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 40 basis points.

“Treasury Rate” means, with respect to any redemption date for a particular 2010A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2010A Bonds to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

2010B Bonds: The 2010B Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after March 1, 2021, are subject to redemption prior to their respective maturities at the option of the District on and after March 1, 2020, in whole or in part at any time, from such maturities as are selected by the District, and if less than all the Bonds of a maturity are to be redeemed, the 2010B Bonds of such maturity are to be selected by lot as described below in the Bond Resolution, giving proportionate weight to 2010A Bonds in denominations larger than \$5,000, at a price equal to the principal amount of each Bond or portion thereof so redeemed plus accrued interest thereon to the redemption date.

MANDATORY SINKING FUND REDEMPTION: A bidder may request that the Bonds maturing on or after March 1, 2021 be included in a term bond or term bonds (the “Term Bonds”). Amounts included as a Term Bond must consist of consecutive maturities, must bear the same rate of interest and must include the entire principal amount for any maturity included in the Term Bond (i.e., the principal amount maturing in any year may not be divided between a serial maturity and a mandatory sinking fund redemption). Any such Term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond or Term Bonds. Once a Term Bond has been created, no more serial Bonds may be structured. Term Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date, on a pro rata basis as described below in the case of the 2010A Bonds, and by lot in the case of the 2010B Bonds, and otherwise in the manner and as provided in the Bond Resolution. Any election to designate the Bonds as being included in a Term Bond must be made at the time of submitting a bid (see “TERMS OF SALE-BID PROPOSALS” below).

EXTRAORDINARY REDEMPTION. The 2010A Bonds are subject to extraordinary redemption prior to their respective maturities, at the option of the District, upon the occurrence of an Extraordinary Event (defined below), in whole or in part at any time from any maturities selected by the District and on a pro rata basis as described below, at the “Extraordinary Redemption Price” as defined below plus accrued interest thereon to the redemption date; provided, however, that if at any time the Extraordinary Redemption Price is a price that exceeds the price the District can legally agree to pay to redeem 2010A Bonds under the provisions of State law, the District shall not have an option to redeem 2010A Bonds at that time pursuant to the provisions of this paragraph. For the purposes of this paragraph:

“Extraordinary Event” means:

- (1) a material adverse change has occurred to Sections 54AA or 6431 of the Tax Code,
- (2) there is any guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections, or
- (3) any other determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of a failure of the District to satisfy the requirements of Section 51, Covenant 9A of the Bond Resolution;

and as a result thereof, the BAB Credit expected to be received with respect to the 2010A Bonds is eliminated or reduced, as reasonably determined by the Director of Finance, which determination shall be conclusive.

“Extraordinary Redemption Price” means: a price equal to the greatest of

- (1) 100% of the principal amount of the 2010A Bonds to be redeemed or
- (2) The issue price of the 2010A Bonds to be redeemed as shown on the cover page of the Official Statement; or
- (3) The sum of the present value of the remaining scheduled payments of principal and interest on the 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010A Bonds are to be redeemed, discounted to the date on which the 2010A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined above), plus 100 basis points.

PRO RATA REDEMPTION. If a portion of a maturity of the 2010A Bonds (including a 2010A Term Bond) is being redeemed, the portion of a maturity of 2010A Bonds to be redeemed will be selected on a pro rata basis to each Holder of the 2010A Bonds in whose name such 2010A Bonds are registered on the Regular Record Date immediately preceding the redemption date. “Pro rata” for a Holder is determined, in part, by multiplying the principal amount of the 2010A Bonds of a maturity to be redeemed in part on the applicable redemption date by a fraction, the numerator of which is equal to the principal amount of the 2010A Bonds of that maturity owned by the Holder, and the denominator of which is equal to the total amount of the 2010A Bonds of that maturity then Outstanding immediately prior to such redemption date, and then rounding the product down to the next lower integral multiple of \$5,000, provided that the portion of any 2010A Bond to be redeemed shall be in \$5,000 denominations and all 2010A Bonds to remain Outstanding following any redemption shall be in \$5,000 denominations. Adjustments to the foregoing pro rata redemption may be made in the amount of \$5,000 for any Holder, selected by lot, so that the aggregate amount of 2010A Bonds of a maturity being redeemed in part owned by all Holders is equal to the aggregate amount of 2010A Bonds of that maturity to be redeemed.

While DTC is the registered owner of the 2010A Bonds, partial redemptions (including any sinking fund payments) of the 2010A Bonds will be determined in accordance with DTC's procedures. The District intends that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the District and the beneficial owners of the 2010A Bonds be made in accordance with the pro rata redemption provisions described above. However, the selection of the 2010A Bonds for redemption in DTC's book-entry only system is subject to DTC's practices and procedures as in effect at the time of any such partial redemption. The District can provide no assurance

that DTC or the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners in accordance with the pro rata redemptions provisions described above.

INTEREST RATES AND LIMITATIONS: The following interest limitations are applicable to the Bonds:

(A) Interest on the Bonds will be payable on March 1 and September 1 of each year commencing on September 1, 2010.

(B) The interest rate specified for any maturity of the Bonds and the True Interest Cost (see “Basis of Award” below) of the Bonds may not exceed by more than 3% the “Index of Twenty Bonds” which is most recently published in The Bond Buyer before the bids are received. In the case of the 2010A Bonds, this limitation is applied AFTER deducting from each interest payment the expected BAB Credit in the amount of 35% of each such interest payment.

(C) Only one interest rate can be stated for any maturity, i.e., all 2010A Bonds with the same maturity date must bear the same rate of interest and all 2010B Bonds with the same maturity date must bear the same rate of interest.

(D) Each interest rate for the 2010A Bonds specified must be an even multiple of 1/1000 of 1% per annum; each interest rate for the 2010B Bonds specified must be stated in a multiple of 1/8th or 1/20th of 1% per annum.

(E) The difference between the highest interest rate stated for any maturity of any series and lowest interest rate stated for any maturity of that series cannot exceed 3 percent.

(F) If a bidder elects to submit a bid with Term Bonds, no serial maturities may be bid after the maturity of any Term Bond.

(G) No bidder for the 2010A Bonds may sell any of the 2010A Bonds to the public at a price in excess of 104% of their principal amount (See, “REOFFERING PRICES,” above.)

(H) Each Bond as initially issued will bear interest from its dated date to its stated maturity or prior redemption date at the interest rate stated in the bid. A zero rate of interest may not be named.

It is permissible to bid different interest rates for the Bonds, but only as stated in the bid and subject to the above limitations.

PAYMENT: The principal of the Bonds shall be payable at the office of The Bank of New York Mellon Trust Company, N.A., as Paying Agent, or such other office as designated by the Paying Agent, to the registered owner thereof as shown on the registration records of The Bank of New York Mellon Trust Company, N.A., as Registrar, upon maturity or prior redemption thereof, upon presentation and surrender of such Bond at such Paying Agent. Payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or if such date is not a business day, on the next succeeding business date), to the registered owner thereof at the address as it appears on the registration records of the Registrar as of the close of business on the fifteenth day of the calendar month next preceding each interest payment date for the Bonds (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the “Regular Record Date”). If any Bond is not paid upon presentation at maturity, it will draw interest at the same rate until the principal is paid in full. Alternative arrangements for the payment of interest may be made upon agreement between the Paying Agent and any registered owner. All such payments

shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

BOOK ENTRY/TRANSFER AND EXCHANGE: The Bonds will be issued as fully registered book entry bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be issued in registered form and bond certificates for each maturity of each series of Bonds will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. A successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Paying Agent by wire transfer or in same day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the District nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

AUTHORIZATION OF BONDS: The Bonds are authorized to be issued pursuant to Chapter 167, Statutes of Nevada 1947 (the “Project Act”), Chapter 350 of NRS (the “Bond Act”) and Chapter 348 of NRS (the “Supplemental Bond Act”).

SECURITY AND PAYMENT: The Bonds will, in the opinion of Bond Counsel, be direct general obligations of the District, payable as to all principal and interest from general (ad valorem) taxes (herein “General Taxes”) levied against all taxable property within the District except to the extent that other revenues are made available therefor, subject to the limitations imposed by the statutes and Constitution of the State (see “CONSTITUTIONAL TAX LIMITATIONS” and “STATUTORY TAX LIMITATION” below).

The Bonds will be a debt of the District, and the Board shall pledge the full faith and credit of the District for their payment.

ADDITIONAL SECURITY FOR THE BONDS: The Bonds also will be secured by an irrevocable pledge of revenues received by the District from the sale or distribution of water, connection charges, or otherwise derived from the works or property of the District (including works and properties hereafter constructed or acquired) after payment therefrom of the reasonable and necessary costs of the operation and maintenance of the works and properties of the District and the general expenses of the District (the “Pledged Revenues”).

SPECIAL ACCOUNT FOR THE BONDS: As security for the payment of the Bond Requirements there will be irrevocably and exclusively pledged, pursuant to Bond Resolution, a special account, identified as the “Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water and Refunding Bonds, Series 2010A&B Bond Fund” into which account the District covenants to pay from the Pledged Revenues sums sufficient to pay when due the Bond Requirements due in connection with the Bonds except to the extent other monies are available therefor.

BOND LIENS: The Bonds shall be equally and ratably secured by a lien on the Pledged Revenues, and the Bonds shall constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues, subject to and after any superior bonds or superior securities outstanding or

hereafter issued with a lien on the Pledged Revenues superior to the lien of the Bonds, and on a parity with the pledge of and lien on the Pledged Revenues to secure the payment of the Las Vegas Valley Water District, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Improvement and Refunding Bonds, Series 2003 (the “2003 Bonds”); the Las Vegas Valley Water District, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Refunding Bonds, Series 2005A (the “2005 Bonds”); the Las Vegas Valley Water District, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Improvement Bonds, Series 2006A (the “2006A Bonds”); the Las Vegas Valley Water District, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Improvement and Refunding Bonds, Series 2008 (the “2008 Bonds”); and any parity securities hereafter authorized to be issued (the “Parity Lien Obligations”).

ISSUANCE OF SECURITIES IN ADDITION TO THE BONDS: Other securities, in addition to the Bonds and the Parity Lien Obligations, subject to expressed conditions, may be issued and made payable from the Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon superior to or on a parity with the lien of such 2010A Bonds and the Parity Lien Obligations, in accordance with the provisions of the Bond Resolution (See APPENDIX “B”, SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION).

BOND INSURANCE/RATING LETTERS: The Bonds may be insured at bidder's option and expense. The District will pay for the ratings on the Bonds from Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Rating Services.

BOND RESOLUTION: The resolution authorizing the issuance of the Bonds was adopted by the Board of Directors of the District on March 2, 2010 (the “Bond Resolution”). The Bond Resolution sets forth, among other matters, the form, terms and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefor, and other details concerning the Bonds, the use of Bond proceeds, and the District, including, without limitation, covenants and agreements in connection therewith. Copies of the Bond Resolution are on file with the Director of Finance and are available for public inspection at his office at the Las Vegas Valley Water District Administration Building, 1001 South Valley View, Las Vegas, Nevada.

ISSUANCE OF ADDITIONAL SECURITIES: The Board reserves the privilege of issuing additional general obligation bonds at any time and from time to time for any lawful purpose.

FEDERAL TAX EXEMPTION: In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described in the Preliminary Official Statement (defined below), interest on the 2010B Bonds is excluded from gross income under federal income tax laws pursuant to the Tax Code and 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 further described in the Preliminary Official Statement.

STATE TAX EXEMPTION: In the opinion of Bond Counsel, under the laws of the State in effect on the date of delivery of the Bonds, 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.

CONSTITUTIONAL TAX LIMITATION: Section 2, article 10, State Constitution, provides:

“The total tax levy for all public purposes including levies for bonds, within the state, or any subdivision thereof, shall not exceed five cents on one dollar of assessed valuation.”

STATUTORY TAX LIMITATION: NRS 361.453 provides:

“Except as otherwise provided . . . , the total ad valorem tax levy for all public purposes must not exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the state board of examiners if the state board of examiners is directed by law to fix a lesser or greater amount for that fiscal year.”

STATUTORY PRIORITY FOR THE BONDS: NRS 361.463:

“1. In any year in which the total taxes levied by all overlapping units within the boundaries of the state exceed the limitation imposed by NRS 361.453, and it becomes necessary for that reason to reduce the levies made by any of those units, the reduction so made must be in taxes levied by those units (including the state) for purposes other than the payment of bonded indebtedness, including interest thereon.

2. The taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over taxes levied by each such unit (including the state) for all other purposes where reduction is necessary to comply with the limitation imposed by NRS 361.453.”

STATUTORY PROVISIONS FOR TAX LEVIES: NRS 350.592 provides in relevant

part:

“1. There must be levied annually in due season a special tax on all property, both real and personal, subject to taxation within the boundaries of the municipality, fully sufficient together with the revenue which will result from application of the rate to the net proceeds of minerals, without regard to any statutory or charter tax limitation, other than the limitation set forth in NRS 361.453, to pay the interest on the general obligation municipal securities and to pay and retire the securities as provided in the Local Government Securities Law and in any act supplemental hereto. The amount of money to be raised by the tax must be included in the annual estimate or budget for each county within the state for each year for which the tax is hereby required to be levied. The tax must be levied and collected in the same manner and at the same time as other taxes are levied and collected.

2. The proceeds thereof levied to pay interest on the securities must be kept by the treasurer in a special fund, separate and apart from all other funds, and the proceeds of the tax levied to pay the principal of the securities must be kept by the treasurer in a special fund, separate and apart from all other funds. The two special funds must be used for no other purpose than the payment of the interest on the securities and the principal thereof, respectively, when due; * * *.”

TIMES OF LEVIES: NRS 350.594 provides:

“Such tax shall be levied immediately after the issuance of any general obligation securities issued in accordance with the provisions of the Local Government Securities Law, and annually thereafter, at the times and in the manner provided by law, until all of the securities, and the interest thereon, have been fully discharged. Such tax may be first levied after the municipality has contracted to sell any securities but before their issuance.”

USE OF GENERAL FUND: NRS 350.596 provides:

“Any sums coming due on any general obligations 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.”

USE OF OTHER FUNDS: NRS 350.598 provides:

“Nothing contained in the Local Government Securities Law shall be so construed as to prevent the municipality from applying any funds (other than taxes) that may be available for that purpose to the payment of the interest on or the principal of any general obligation municipal securities as the same respectively mature, and regardless of whether the payment of the general obligation municipal securities is additionally secured by a pledge of revenues, and upon such payments, the levy or levies of taxes provided in the Local Government Securities Law may thereupon to that extent be diminished.”

STATUTORY APPROPRIATIONS: NRS 350.602 provides:

“There is by the Local Government Securities Law, and there shall be by ordinance authorizing the issuance of any indebtedness contracted in accordance with the provisions of the Local Government Securities Law, specially appropriated the proceeds of such taxes to the payment of such principal and interest; and such appropriations shall not be repealed nor the taxes postponed or diminished (except as herein otherwise expressly provided) until the principal of and interest on the municipal securities evidencing such debt have been wholly paid.”

NO PLEDGE OF PROPERTY: The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District.

IMMUNITY OF INDIVIDUALS: NRS 350.606 provides:

“No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with any bonds or other municipal securities or for any claim based thereon or otherwise upon the ordinance authorizing their issuance or other instrument appertaining thereto, against any individual member of the governing body or any officer or other agent of the municipality, past, present or future, either directly or indirectly through the governing body or the municipality, or otherwise, whether by virtue of any

constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the securities and as a part of the consideration of their issuance specially waived and released.”

ACTS IRREPEALABLE: NRS 350.610 provides:

“The faith of the state is hereby pledged that the Local Government Securities Law, any law supplemental or otherwise appertaining thereto, and any other act concerning the bonds or other municipal securities, taxes or the pledged revenues or any combination of such securities, such taxes and such revenues shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding municipal securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities.”

TERMS OF SALE

BID PROPOSALS: Except as otherwise provided below in “ELECTRONIC BIDDING”, each bidder must use the printed official bid forms provided by the District. Any bid in any other form may be disregarded. A bidder is required to submit an unconditional bid for all the 2010A Bonds and/or all the 2010B Bonds specifying:

As to the 2010A Bonds, the lowest rate or rates of interest and any premium or discount at which the bidder will purchase all of the 2010A Bonds. As to the 2010B Bonds, the lowest rate or rates of interest and any premium or discount at which the bidder will purchase all of the 2010B Bonds.

Bids submitted on an official bid form must be in a sealed envelope marked on the outside:

“Proposal for 2010A Bonds”

or

“Proposal for 2010B Bonds”

and addressed to:

**Director of Finance
Las Vegas Valley Water District**

ELECTRONIC BIDDING: By utilizing PARITY, a prospective electronic bidder represents and warrants to the District that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds. Unless submitted by official printed bid form as set forth above, bids must be submitted electronically by means of PARITY for the purchase of the 2010A Bonds by 8:00 a.m., local time, and for the purchase of the 2010B Bonds by 9:00 a.m., local time, on May 25, 2010. Once the bids are communicated electronically via PARITY, each bid will constitute an irrevocable offer

to purchase the Bonds on the terms set forth in this Official Notice of Bond Sale and any amendments thereto.

Each prospective electronic bidder shall be solely responsible to register to bid via PARITY as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the District nor the Financial Advisors shall have any duty or be obligated to provide or assure such access to any qualified prospective bidder, and neither the District nor the Financial Advisors shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The District is using PARITY as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the Bonds.

Each electronic bidder is required to transmit electronically via PARITY an unconditional bid specifying the lowest rate or rates of interest and the premium, or discount, as applicable, at which the bidder will purchase the Bonds. Each bid must be for all the Bonds herein offered for sale.

GOOD FAITH DEPOSIT: Bidders submitting a good faith deposit ("Deposit") by check or wire transfer may, **but are not required to, submit a check or wire transfer prior to the bid opening.** A Deposit may be submitted in the form of a certified, treasurer's or cashier's check drawn on a solvent commercial bank or trust company in the United States of America or a Financial Surety Bond issued by an insurance company licensed to issue such surety bond in the State of Nevada, made payable to:

Las Vegas Valley Water District, Nevada

in the amount of :

**\$750,000 for the 2010A Bonds
\$350,000 for the 2010B Bonds**

is required for each bid to be accepted. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, a copy of such surety bond must be submitted to the District or its Financial Advisors prior to the opening of the bids. The Financial Surety Bond must identify the series of Bonds and each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the winning bidder on the series of Bonds is determined to be a bidder utilizing a Financial Surety Bond, then that bidder is required to submit its Deposit to the District in the form of a cashier's check (or wire transfer such amount as instructed by the District or its Financial Advisors) not later than 10:00 a.m. (District's local time) on the next business day following the bid opening. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the District to satisfy the Deposit requirement.

If the apparent winning bidder on a series of Bonds is determined to be a bidder who has not submitted a Deposit in the form of a Financial Surety Bond or check, as provided above, the Financial Advisors will request the apparent winning bidder(s) to immediately wire the Deposit to the District and provide the Federal wire reference number of such Deposit to the Financial Advisors within 90 minutes of such request by the Financial Advisors. The Bonds will not be officially awarded to a bidder who has not submitted a Deposit in the form of a Financial Surety Bond, check or wire, as provided above, until such time as the bidder has provided a Federal wire reference number for the Deposit to the Financial Advisors.

No interest on the Deposit will accrue to any bidder. The Deposit of a winning bidder of a series of Bonds will be applied to the purchase price of the applicable series of Bonds. In the event a winning bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the District. The Deposit will be returned to such successful bidder in the event the District is unable to deliver the series of Bonds as provided under "MANNER AND TIME OF DELIVERY", below. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.

CUSIP NUMBERS: Each series of Bonds will be assigned separate CUSIP identification numbers. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by a purchaser to accept delivery of any payment for the series of Bonds in accordance with the terms of the purchase contract. All expenses relating to printing the CUSIP numbers on the series of Bonds will be paid by the District; but the CUSIP Service Bureau charge for the assignment of the numbers will be the responsibility of and must be paid by the purchaser(s).

SALE RESERVATIONS: The Board reserves the privilege:

- A. Of waiving any irregularity or informality in any bid;
- B. Of rejecting any and all bids; and
- C. Of reoffering any series of Bonds for sale, as provided by law.

If bids are not taken or if all bids are rejected on May 25, 2010, the District may reoffer any series of Bonds for sale any time thereafter. The time and date of any subsequent Bond sale will be announced via TM3 and Bloomberg wire service before the time of the sale.

BASIS OF AWARD – 2010A BONDS: Subject to such sale reservations, the 2010A Bonds will be sold by the District to the responsible bidder making the best bid. The best bid will be determined by computing the actuarial yield on the 2010A Bonds (i.e., using an actuarial or true interest cost method) for each bid received. "True Interest Cost" on the 2010A Bonds as used herein means that yield which if used to compute the present worth as of the estimated delivery date of the 2010A Bonds of all payments of principal and interest to be made on such 2010A Bonds from the estimated delivery date to their respective maturity dates (or mandatory sinking fund redemption dates), using the interest rates specified in the bid and the principal amounts specified in the 2010A Maturity Schedule, produces an amount equal to the principal amount of 2010A Bonds, or plus any premium bid less any discount bid. The interest payable on the 2010A Bonds on each semiannual interest payment date, used in the calculation of true interest cost, will be the amount calculated to be paid at the interest rates stated in the bid, less 35% of each such calculated amount, which represents the 35% BAB credit. All interest calculations and the calculation of the best bid shall be based on a 360-day year and a semiannual compounding interval. If an award is made, it will be made to the bidder whose bid results in the lowest true interest cost. If there are two or more equal bids for the 2010A Bonds are received and such equal bids are the best bids received, the District will determine which bid will be accepted.

BASIS OF AWARD - 2010B BONDS: The 2010B Bonds, subject to such sale reservations, will be sold by the District to the responsible bidder making the best bid for all the 2010B Bonds. The best bid will be determined by computing the True Interest Cost on the 2010B Bonds (i.e., using an actuarial or true interest cost method) for each bid received. An award on the 2010B Bonds will be made (if any is made) to the responsible bidder submitting the bid which results in the lowest true interest cost on the 2010B Bonds. "True Interest Cost" on the 2010B Bonds, as used herein, means that yield which if used to compute the present worth as of the date of the 2010B Bonds of all payments of principal and interest to be made on the 2010B Bonds from their date to their respective maturity dates (or

any mandatory sinking fund redemption dates), using the interest rates specified in the bid, and in using the principal amounts shown in the 2010B Maturity Schedule, produces an amount equal to the principal amount of the 2010B Bonds, plus any premium or less any discount bid. No adjustment shall be made in such calculation for accrued interest on the 2010B Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360 day year and a semiannual compounding interval. If there are two or more equal bids and such equal bids are the best bids received, the District will determine which bid will be accepted.

PLACE AND TIME OF AWARD: Bids will be opened on behalf of the Board at the time and place stated. The General Manager of the District or the Director of Finance will take action, upon the determination of the best bid for the 2010A Bonds and the best bid for the 2010B Bonds, not later than 36 hours after the time stated for opening bids. A bid may not be withdrawn before that time (i.e., a bid may not be withdrawn until 36 hours after the time stated for opening bids). An award may be made after the stated period if the bidder shall not have given to the Director of Finance notice in writing of the withdrawal of its bid.

MANNER AND TIME OF DELIVERY: The applicable Deposit will be credited to the applicable purchaser at the time of delivery of the series of Bonds (without accruing interest). If the successful bidder for a series of Bonds fails, neglects, or refuses to complete the purchase of the series of Bonds on the date on which the series of Bonds are made ready and are tendered by the District for delivery, the amount of its Deposit will be forfeited (as liquidated damages for noncompliance with the bid) to the District. In that event, the District may reoffer the series of Bonds for sale, as provided by law. A purchaser will not be required to accept delivery of the series of Bonds if they are not ready and are not tendered by the District for delivery within 60 days from the date for opening bids; and if the series of Bonds are not so tendered within such period of time, the Deposit (with the interest earned by the District thereon) will be refunded to the purchaser upon its request. The series of Bonds will be made available for delivery by the District to the purchaser as soon as reasonably possible after the date of the sale, and the District contemplates delivering the Bonds on or about **June 15, 2010**. The purchaser(s) of the Bonds will be given 72 hours' notice of the time fixed by the Board for tendering the Bonds for delivery.

PAYMENT AT AND PLACE OF DELIVERY: The successful bidder(s) will be required to accept delivery of the applicable series of Bonds at DTC in New York, New York. Payment of the balance of the purchase price due for the series of Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the Board for immediate and unconditional credit to the account of the District, at a bank designated by the Director of Finance, so that such Bond proceeds may be deposited or invested, as the Director of Finance may determine, simultaneously with the delivery of the series of Bonds. The balance of the purchase price must be paid in such funds and not by any waiver of interest, and not by any other concession as a substitution for such funds.

CONSENT TO JURISDICTION: A bid submitted by sealed bid or electronic bidding, if accepted by the Director of Finance on behalf of the District, forms a contract between the winning bidder and the District subject to the terms of this Official Notice of Bond Sale. By submitting a bid, the bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in Clark County or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising as a result of the submittal of the bid, and the bidder irrevocably agrees that all claims in respect to any such suit, action or proceeding may be heard and determined by such court. The bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid.

INFORMATION: This Official Notice of Bond Sale, an official statement, the Bond Resolution and financial and other information concerning the District and the Bonds may be obtained prior to the sale from:

The District's Financial Advisors:

**NSB Public Finance
A Division of Zions First National Bank
230 Las Vegas Boulevard South, Suite 200
Las Vegas, Nevada 89101
(702) 796-7080**

and

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

and

**Public Financial Management, Inc.
719 Second Avenue, Suite 801
Seattle, Washington 98104
(206) 264-8900**

or

The Director of Finance:

**Cary Casey
Las Vegas Valley Water District
1001 South Valley View
Las Vegas, Nevada 89153
(702) 258-3106**

LEGAL OPINIONS, BONDS AND TRANSCRIPT: The validity and enforceability of the Bonds will be approved by and an opinion as special counsel to the District will be rendered by:

**Swendseid & Stern
a member in Sherman & Howard L.L.C.
3960 Howard Hughes Parkway, Suite 500
Las Vegas, Nevada 89169
(702) 387-6073**

whose final, approving opinions, the opinion of special counsel to the District, together with the printed Bonds, a certified transcript of the legal proceedings, including a certificate stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery (the "Closing Date"), and other closing documents, will be furnished to the initial purchaser(s) of the Bonds. The form of the approving opinions of Bond Counsel appears as Appendix E in the Preliminary Official Statement for the Bonds.

OFFICIAL STATEMENT: The District has prepared the Preliminary Official Statement which is deemed by the District to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12(b) of the Securities and Exchange Commission (the "Rule"), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject

to revision, amendment and completion in a final official statement (the “Final Official Statement” or “Official Statement”).

The District will prepare a Final Official Statement, dated the date of its delivery to the winning bidders as soon as practicable after the date of the award to the winning bidders. The District will provide to the winning bidder of the 2010A Bonds up to 150 copies of the Final Official Statement and to the winning bidder of the 2010B Bonds up to 100 copies of the Final Official Statement, on or before seven business days following the date of the award to the winning bidder(s). The Final Official Statement will be delivered to the winning bidders at the offices of NSB Public Finance at the address listed above. If a winning bidder fails to pick up the Final Official Statements at the offices of NSB Public Finance, the Final Official Statements will be forwarded to the winning bidder by mail or another delivery service mutually agreed to between such winning bidder and NSB Public Finance. A winning bidder may obtain additional copies of the Final Official Statement at the expense of the winning bidder.

The District authorizes the winning bidder(s) to distribute the Final Official Statement in connection with the offering of the Bonds.

For a period beginning on the date of the Final Official Statement and ending twenty five days following the date a winning bidder shall no longer hold for sale any of the series of Bonds (such date shall be the Closing Date unless the winning bidder advises the District in writing of another date), if any event concerning the affairs, properties or financial condition of the District shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of the winning bidder, the District shall forthwith notify that winning bidder of any such event of which it has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the District and the winning bidder, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

DISCLOSURE CERTIFICATES: The final certificates included in the transcript of legal proceedings will include:

1. A certificate, dated the Closing Date, and signed by the President and Secretary of the Board, the Director of Finance, and the Attorney for the District, in which each of them states, after reasonable investigation, that to the best of his or her knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement as it pertains to the District and the Bonds does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (c) no event affecting the District has occurred since the date of the Final Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representations concerning pricing information contained in the Final Official Statement; and

2. A certificate, dated the Closing Date, and signed by the Director of Finance, stating after reasonable investigation, that, to the best of his knowledge, as of the date of the Final Official Statement and on the date of such certificate, the information contained in the Final Official Statement relating to revenues and expenditures of the District is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be included therein in order that the Final Official Statement be not misleading for the purpose for which it is to be used.

CONTINUING DISCLOSURE UNDERTAKING: Pursuant to the Rule, the District will undertake in continuing disclosure certificates which are authorized in the Bond Resolution to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrences of certain material events. A copy of the continuing disclosure certificate is included as Appendix D to the Preliminary Official Statement.

Dated this May 13, 2010.

LAS VEGAS VALLEY WATER DISTRICT,

/s/ Cary Casey
Director of Finance