A G E N D A
LAS VEGAS VALLEY WATER DISTRICT
BOARD OF DIRECTORS

REGULAR MEETING
9:00 A.M. – DECEMBER 5, 2017

COMMISSION CHAMBERS
CLARK COUNTY GOVERNMENT CENTER
500 S. GRAND CENTRAL PARKWAY, LAS VEGAS, NEVADA
(702) 258-3100

Board of Directors
Marilyn Kirkpatrick, President
Steve Sisolak, Vice President
Susan Brager
Larry Brown
Jim Gibson
Chris Giunchigliani
Lawrence Weekly

John J. Entsminger,
General Manager

Date Posted: November 28, 2017

The Las Vegas Valley Water District makes reasonable efforts to assist and accommodate persons with physical disabilities who desire to attend the meeting. For assistance, call the Agenda Coordinator (702) 258-3939 at least 24 hours prior to the meeting.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED IN THE FOLLOWING LOCATIONS:

LAS VEGAS VALLEY WATER DISTRICT
1001 SOUTH VALLEY VIEW BOULEVARD
LAS VEGAS, NEVADA

CLARK COUNTY GOVERNMENT CENTER
500 SOUTH GRAND CENTRAL PARKWAY
LAS VEGAS, NEVADA

GRANT SAWYER STATE OFFICE BUILDING
555 EAST WASHINGTON AVENUE
LAS VEGAS, NEVADA

REGIONAL JUSTICE CENTER
200 LEWIS AVENUE
LAS VEGAS, NEVADA

All items listed on this agenda are for action by the Board of Directors, unless otherwise indicated. Items may be taken out of order. The Board of Directors may combine two or more agenda items for consideration, and/or may remove an item from the agenda or delay discussions relating to an item on the agenda at any time.

Visit our website at http://www.lvvwd.com/about/board_meetings.html or main office at 1001 S. Valley View Boulevard, Las Vegas, Nevada for Las Vegas Valley Water District agenda postings, copies of supporting material and approved minutes. To receive meeting information, including supporting material, contact the LVVWD Agenda Coordinator at (702) 258-3939 or agendas@lvvwd.com.

CALL TO ORDER, INVOCATION AND PLEDGE OF ALLEGIANCE

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: At this time, the Board of Directors will hear general comments from the public on items listed on this agenda. If you wish to speak to the Board about items within its jurisdiction, but not appearing on this agenda, you must wait until the "Comments by the General Public" period listed at the end of this agenda. Please limit your comments to three minutes or less.

ITEM NO.

1. *For Possible Action*: Approve agenda with the inclusion of tabled and/or reconsidered items, emergency items and/or deletion of items, and approve the minutes from the regular meeting of November 7, 2017.

BUSINESS AGENDA

2. *For Possible Action:* Award a contract for Network Infrastructure Upgrade Services, plus line item quantity adjustments; and authorize the General Manager to sign the construction agreement.

3. *For Possible Action:* Adopt a resolution designating the General Manager as its authorized representative to take action to protect the District's legal interests.

4. *For Possible Action:* Adopt a resolution of intent proposing the issuance of, and authorizing the publication of notices relating to, General Obligation (Limited Tax) Water Bonds (additionally secured by pledged revenues) for the purpose of financing water projects for the Las Vegas Valley Water District; providing the manner, form and content of the notices thereof; authorizing the Chief Financial Officer to arrange for the sale of such bonds; and providing the effective date hereof.

5. *For Possible Action:* Accept the District's Comprehensive Annual Financial Report and corresponding Independent Auditor's Report on Financial Statements and Supplementary Information for the period ending June 30, 2017, and authorize their submission to the Nevada Department of Taxation.

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: At this time, the Board of Directors will hear general comments from the public on matters under the jurisdiction of the Las Vegas Valley Water District. Please limit your comments to three minutes or less.

LAS VEGAS VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
NOVEMBER 7, 2017
MINUTES

CALL TO ORDER	9:03 a.m., Commission Chambers, Clark County Government Center, 500 South Grand Central Parkway, Las Vegas, Nevada
DIRECTORS PRESENT	Marilyn Kirkpatrick, President Steve Sisolak, Vice President Susan Brager James Gibson Chris Giunchigliani Lawrence Weekly
DIRECTORS ABSENT	Larry Brown
STAFF PRESENT	John Entsminger, Julie Wilcox, Dave Johnson, Greg Walch, Brian Thomas
OTHERS PRESENT	None

Unless otherwise indicated, all members present voted in the affirmative.

COMMENTS BY THE GENERAL PUBLIC

For full public comment, visit www.lvvwd.com/apps/agenda/lvvwd/index.cfml

There were no speakers.

ITEM NO.

1. Approval of Agenda & Minutes

FINAL ACTION: A motion was made by Director Gibson to approve the agenda and the minutes from the regular meeting of September 5, 2017. The motion was approved.

CONSENT AGENDA Items 2 – 11 are routine and can be taken in one motion unless a Director requests that an item be taken separately.

2. Approve and authorize the General Manager to sign a cooperative agreement between the Nevada Division of Forestry and the District to conduct inmate conservation camp program services for an annual amount not to exceed $262,500, with an option to renew for five additional one-year periods.

3. Approve and authorize the President to sign an interlocal agreement between Clark County and the District for installation of water facilities at the Spring Mountain Youth Residential Center Project.

4. Approve and authorize the General Manager to sign an interlocal agreement between the City of Henderson and the District for water service to an area of unincorporated Clark County.

5. Approve and authorize the General Manager to sign an agreement between the Nevada Department of Transportation and the District for modification of water facilities as part of the Diamond Interchange at Interstate 15 and Starr Avenue Project.

6. Authorize two renewal option terms to the existing bid for the Backhoe Purchase and Buyback Program with Cashman Equipment Company.

7. Approve and authorize the General Manager to sign an amendment to the existing agreement between the Water Research Foundation and the District for the Major Sources of Nitrosamine Precursors from Raw Waters and Distribution Systems study.

8. Approve and authorize the General Manager to sign a grant award between the Nevada Department of Public Safety and the District to receive funding to perform a security risk assessment on the District's Supervisory Control and Data Acquisition System, and authorize the General Manager to approve future modifications only if the future modifications do not fiscally impact the District.

9. **Approve and authorize the President to sign an amendment to the Interlocal Agreement among Clark County, the Clark County Water Reclamation District, the University Medical Center of Southern Nevada, the Las Vegas Convention and Visitors Authority, the Clark County Regional Flood Control District, the Regional Transportation Commission of Southern Nevada, the Southern Nevada Health District, Henderson District Public Libraries, Mount Charleston Fire Protection District, the Las Vegas Metropolitan Police Department and the District adopting an amended Self-Funded Health Benefits Plan, effective January 1, 2018.**

10. **Approve and authorize the President to sign an amendment to the Interlocal Agreement among Clark County, the Clark County Water Reclamation District, the University Medical Center of Southern Nevada, the Las Vegas Convention and Visitors Authority, the Clark County Regional Flood Control District, the Regional Transportation Commission of Southern Nevada, the Southern Nevada Health District, Henderson District Public Libraries, Mount Charleston Fire Protection District, the Las Vegas Metropolitan Police Department and the District establishing the rates for the Self-Funded Group Medical and Dental Benefits Plan, effective January 1, 2018.**

11. **Approve an amendment to the contract with Health Plan of Nevada, Inc., to provide health maintenance organization services to District employees.**

FINAL ACTION: A motion was made by Director Brager to approve staff's recommendations. The motion was approved.

BUSINESS AGENDA

12. **Award bids for the Supply Contract for Backflow Assemblies to Dana Kepner Company, Inc., Test Gauge, Inc., and Core & Main LP for an aggregate amount not to exceed $642,882.83 for the first year, with an option to renew for four additional one-year terms in accordance with the bid documents.**

FINAL ACTION: A motion was made by Director Giunchigliani to approved staff's recommendations. The motion was approved.

13. **Award a contract for the Charleston Boulevard 2300 Zone Pumping Station Discharge Pipeline to TAB Contractors, Inc., for the amount of $2,360,294, authorize a change order contingency amount not to exceed $230,000, and authorize the General Manager to sign the construction agreement.**

FINAL ACTION: A motion was made by Vice President Sisolak to award the contract. The motion was approved.

14. **Award a contract for Las Vegas On-Call Operation and Maintenance Support Services - 2017 to Las Vegas Paving Corporation for an amount of $1,395,490, authorize a change order contingency amount not to exceed $105,000, and authorize the General Manager to sign the construction agreement.**

FINAL ACTION: A motion was made by Director Gibson to award the contract. The motion was approved.

15. **Approve and authorize the General Manager to sign an agreement between CH2M HILL Engineers, Inc., and the District to provide professional engineering services for the Luce North Site Upgrades Project for an amount not to exceed $137,132, which includes a 15 percent contingency.**

Director Giunchigliani asked if 15 percent is our standard contingency. John Entsminger, General Manager, stated 15 percent is the standard for projects with a similar scope of service.

FINAL ACTION: A motion was made by Vice President Sisolak to approve staff's recommendations. The motion was approved.

16. **Approve and authorize the General Manager to sign an agreement between Altivon, L.P., and the District for the purchase of call center software, network access lines, installation services, and training for an amount not to exceed $4,771,022.55 for a term of five years from date of execution with the option to renew for two additional one-year periods, and authorize an increase not to exceed 5 percent of the annual subscription fee for each of the renewal terms.**

Mr. Entsminger stated that this is part of the District's ongoing efforts to improve communication with customers. Director Giunchigliani asked if customers receive a call if there are any issues with leaks and if this software will improve the timeliness of notifications. Julie Wilcox, Deputy General Manager, Administration, stated that the

District's policy is that customers are contacted as soon as an issue is detected, but may not be known right away if it is an anomaly or not. This software will improve response times as real-time data will be available.

FINAL ACTION: A motion was made by Director Giunchigliani to approve staff's recommendations. The motion was approved.

17. Approve, adopt and authorize the President to sign a resolution concerning the refinancing of water projects; making a finding that no increase in an ad valorem tax is anticipated with respect to the issuance of General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B, in the maximum aggregate principal amount of $90,380,000; requesting the Clark County Debt Management Commission to approve the finding; providing certain details in connection therewith; and providing the effective date hereof.

Mr. Entsminger stated that this resolution is to refinance the company's existing debt at a more advantageous interest rate. The current projection is that there would be a net savings of approximately $10.2 million or 11.5 percent.

FINAL ACTION: A motion was made by Director Brager to approve staff's recommendations. The motion was approved.

18. Adopt a resolution concerning the financing of water projects; directing the notification of the Clark County Debt Management Commission of the District's proposal to borrow money and issue securities to evidence such borrowing in the maximum principal amount of $100,000,000; providing certain details in connection therewith; and providing the effective date hereof.

FINAL ACTION: A motion was made by Director Giunchigliani to adopt the resolution. The motion was approved.

COMMENTS BY THE GENERAL PUBLIC

Vice President Sisolak made an announcement on behalf of the Springs Preserve, stating that all emergency responders and their families are invited to visit the Springs Preserve free of charge on Monday, Tuesday, Wednesday or Friday of Thanksgiving week to show appreciation for all they have done for the Las Vegas community.

Adjournment

There being no further business to come before the board, the meeting adjourned at 9:15 a.m.

APPROVED:

Marilyn K. Kirkpatrick, President

John J. Entsminger, General Manager

Copies of all original agenda items and minutes, including all attachments, are on file in the General Manager's office at the Las Vegas Valley Water District, 1001 South Valley View Boulevard, Las Vegas, Nevada.

LAS VEGAS VALLEY WATER DISTRICT
BOARD OF DIRECTORS
AGENDA ITEM

December 5, 2017

Subject: Construction Award	**Director's Backup**
Petitioner: David L. Johnson, Deputy General Manager, Engineering/Operations	
Recommendations: That the Board of Directors award a contract for Network Infrastructure Upgrade Services to Adobe Communications Electronics, Inc., for the amount of $4,436,622, plus line item quantity adjustments of $563,378, for a total amount not to exceed $5,000,000; and authorize the General Manager to sign the construction agreement.	

Fiscal Impact:
Funds requested for current year expenditures are available in the District's Capital Budget. Funds for future year expenditures will be budgeted accordingly.

Background:
Contract No. G1011, Network Infrastructure Upgrade Services (Contract), provides for the installation of a fiber-optic network for control and monitoring of SCADA and other District security systems. Bid invitations for this Contract were sent to eight local contractors known to have experience in this type of work and posted to the Nevada Government eMarketplace system.

Sealed bids were received and publicly opened on October 19, 2017. Only one bid was received and is listed below:

Adobe Communications Electronics, Inc.	$4,436,622.00

The Adobe Communications Electronics, Inc. (ACE), proposal is considered the best bid received as defined by NRS 338.1389. The attached construction agreement provides for ACE to accept and agree to all Contract terms. ACE is a Nevada corporation located in Las Vegas.

Work to be performed under this Contract will be defined in multiple Task Orders, each requiring General Manager or designee approval, and will be based on approved budget, regardless of total bid price. Payment for work completed will be made at the line item prices in the bid and noted on Attachment A. The total amount of this Contract shall not exceed $5,000,000 and is expected to be completed in three to five years.

This agreement is being entered into pursuant to NRS 338.1389 and Section 1(13) of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada 1947. The office of the General Counsel has reviewed and approved the agreement.

Respectfully submitted:

John J. Entsminger, General Manager
JJE:DLJ:GPK:MB:am
Attachments

AGENDA ITEM # 2

Attachment A

Adobe Communications Electronics, Inc. Bid No. G1011

Item No.	Qty		Description	Unit Price	Total
1.1	75,000	LF	nylon fiber-optic cable (procure, test, install)	10.34	775,500.00
1.2	75,000	LF	PVC fiber-optic cable (procure, test, install)	9.40	705,000.00
1.3	150,000	EA	4" PVC conduit testing	1.02	152,250.00
1.4	10	EA	4" PVC conduit	44,880.00	448,800.00
1.5	5	EA	fiber-optic vault (procure, install)	43,065.00	215,325.00
1.6	5	EA	fiber-optic splice pit (procure, install)	27,280.00	136,400.00
1.7	10	EA	Item 1.1 mobilization	38,690.00	386,900.00
1.8	10	EA	Item 1.2 mobilization	54,940.00	549,400.00
1.9	10	EA	Item 1.3 mobilization	13,350.00	133,500.00
1.10	10	EA	Item 1.4 mobilization	2,640.00	26,400.00
1.11	10	EA	Item 1.5 mobilization	3,960.00	39,600.00
1.12	8	EA	Item 1.6 mobilization	3,630.00	29,040.00
1.13	8	EA	Communications cabinet (install) CCh pigtailed cassettes (procure, install) Item 1.6 mobilization	69,030.00	552,240.00
2.1	1	EA	Bid item allowance	75,000.00	75,000.00
3.1	1	EA	Administration costs	211,267.00	211,267.00
				Bid Total	**$ 4,436,622.00**

DOCUMENT 00 52 00

AGREEMENT

THIS AGREEMENT, made and entered into, by and between Las Vegas Valley Water District, hereinafter referred to as Owner, and Adobe Communications Electronics inc.

, hereinafter referred to as Contractor, with both Owner and Contractor collectively referred to as the Parties,

WITNESSETH: That the Parties do mutually agree as follows:

1. Owner has awarded to Contractor the Contract for:

   Contract Title: NETWORK INFRASTRUCTURE UPGRADE SERVICES

   Contract No: G1011

   Public Works Project Identifying Number: CL-2018-15

2. For and in consideration of the payments and agreements hereinafter mentioned to be made and performed by said Owner, Contractor agrees to perform and complete in a good and workmanlike manner Work as defined in the Contract Documents and to furnish materials and tools and labor necessary to properly perform and complete the Work ready for use in strict accordance with the Contract Documents and under the penalty expressed in the attached bonds, which are hereby declared and accepted as essential parts of this Agreement and to accept as full compensation therefor the Contract Price as defined in the Contract Documents.

3. The Contractor hereby certifies that the Contractor has read and understands every provision contained in the Contract Documents. Contractor shall be bound and shall comply with each and every term, condition, and covenant set forth in the Contract Documents.

4. For performing all Work and furnishing materials and labor necessary thereto, Owner will pay and Contractor shall receive in full compensation the Contract Price, in the manner and upon the conditions set forth in the Contract Documents.

5. Contract Documents which comprise the entire agreement between the Owner and Contractor for the performance of Work consist of the following:
   a. Addenda
   b. General Requirements
   c. Supplementary Conditions
   d. General Conditions
   e. Agreement
   f. Drawings
   g. Technical Specifications
   h. Permits
   i. Bid Form and Accompanying Documents, including without limitation, Affidavit Pertaining to Preference Eligibility

j. Bonds
k. Instructions to Bidders
l. Invitation to Bid and Legal Notice
m. Notice of Award
n. Final Notice to Proceed

6. Affirmative Agreement to Arbitrate. By the signing of this Agreement, Contractor expressly authorizes Article 16 of the General Conditions and affirmatively agrees to settle all disputes, claims, or questions by binding arbitration.

IN WITNESS WHEREOF: The Contractor has caused this agreement to be executed this 14 day of November, 2017.

[CONTRACTOR'S NAME]

Adobe Communications Electronics inc.

By: _____
Signatory Empowered to Bind Contractor

Steve Gomes
Type or Print Name

Project Manager
Official Title

THIS AGREEMENT shall be in full force and effect as of the _____ day of _____, 20_____, when it was duly signed by the proper officer of the Las Vegas Valley Water District.

LAS VEGAS VALLEY WATER DISTRICT

By: _____
John J. Entsminger
General Manager

Approved as to Form:

_____
Attorney for Las Vegas Valley Water District

END OF DOCUMENT

DISCLOSURE OF OWNERSHIP/PRINCIPALS

Business Entity Type (Please select one)

☐ Sole Proprietorship	☐ Partnership	☐ Limited Liability Company	☒ Privately Held Corporation	☐ Publicly Held Corporation	☐ Trust	☐ Non-Profit Organization	☐ Other

Business Designation Group (Please select all that apply)

☐ MBE	☐ WBE	☐ SBE	☐ PBE	☐ VET	☐ DVET	☐ ESB
Minority Business Enterprise	Women-Owned Business Enterprise	Small Business Enterprise	Physically Challenged Business Enterprise	Veteran Owned Business	Disabled Veteran Owned Business	Emerging Small Business

Number of Clark County Nevada Residents Employed: 15

Corporate/Business Entity Name: (Include d.b.a., if applicable)	Adobe Communications Electronics inc		
Street Address:	4360 west Tompkins Ave	Website:	adobe communications.com
City, State and Zip Code:	Las Vegas, NV 89103	POC Name:	Steve Gomes
		Email:	sgomes@adobecommunications.com
Telephone No:	702-227-3444	Fax No:	702-327-6890
Nevada Local Street Address: (If different from above)		Website:	
City, State and Zip Code:		Local Fax No:	
Local Telephone No:		Local POC Name:	
		Email:	

All entities, with the exception of publicly-traded corporations and non-profit organizations, must list the names of individuals, either directly or indirectly, holding more than five percent (5%) ownership or financial interest in the business entity appearing before the Board of Directors.

Publicly-traded corporations and non-profit organizations shall list all Corporate Officers and Directors in lieu of disclosing the names of individuals with ownership or financial interest.

Entities include all business associations organized under or governed by Title 7 of the Nevada Revised Statutes, including but not limited to private corporations, *close corporations, foreign corporations, limited liability companies, partnerships, limited partnerships, and professional corporations.*

Full Name	Title	% Owned (Not required for Publicly Traded Corporations/Non-profit organizations)
Geoff Gomes	CEO	50%
Gordon Loeffler	Treasurer	50%

This section is not required for publicly-traded corporations.

1. Are any individual members, partners, owners or principals, involved in the business entity, an Entity full-time employee(s), or appointed/elected official(s)?

   ☐ Yes ☒ No (If yes, please note that the employee(s), or appointed/elected official(s) may not perform any work on professional service contracts, or other contracts, which are not subject to competitive bid.)

2. Do any individual members, partners, owners or principals have a spouse, registered domestic partner, child, parent, in-law or brother/sister, half-brother/half-sister, grandchild, grandparent, related to an Entity full-time employee(s), or appointed/elected official(s)?

   ☐ Yes ☒ No (If yes, please complete the Disclosure of Relationship form on Page 2. If no, please print N/A on Page 2.)

I certify under penalty of perjury, that all of the information provided herein is current, complete, and accurate. I also understand that the Board will not take action on any item without the completed disclosure form.

Signature: [signature] Print Name: Steve Gomes

Title: Project Manager Date: 10/31/2017

REVISED 7/6/2017

DISCLOSURE OF RELATIONSHIP

List any disclosures below:
(Mark N/A, if not applicable.)

NAME OF BUSINESS OWNER/PRINCIPAL	NAME OF ENTITY* EMPLOYEE/OFFICIAL AND JOB TITLE	RELATIONSHIP TO ENTITY* EMPLOYEE/ OFFICIAL	ENTITY* EMPLOYEE'S/ OFFICIAL'S DEPARTMENT
N/A			

* Entity employee means an employee of Las Vegas Valley Water District, Southern Nevada Water Authority, or Silver State Energy Association .

"Consanguinity" is a relationship by blood. "Affinity" is a relationship by marriage.

"To the second degree of consanguinity" applies to the candidate's first and second degree of blood relatives as follows:

- Spouse – Registered Domestic Partners – Children – Parents – In-laws (first degree)
- Brothers/Sisters – Half-Brothers/Half-Sisters – Grandchildren – Grandparents – In-laws (second degree)

For Entity Use Only:

If no Disclosure or Relationship is noted above or the section is marked N/A, please check this box.

☒ No Disclosure

If any Disclosure of Relationship is noted above, please complete the following:

☐ Yes ☐ No Is the Entity employee(s) noted above involved in the contracting/selection process for this particular agenda item?

☐ Yes ☐ No Is the Entity employee(s) noted above involved in any way with the business in performance of the contract?

Notes/Comments:

Signature

Evey Kodweis

Print Name
Authorized Department Representative

LAS VEGAS VALLEY WATER DISTRICT
BOARD OF DIRECTORS
AGENDA ITEM

December 5, 2017

Subject: Resolution	**Director's Backup**
Petitioner: Gregory J. Walch, General Counsel	
Recommendations: That the Board of Directors adopt a resolution designating the General Manager as its authorized representative to take action to protect the District's legal interests.	

Fiscal Impact:
None by approval of the above recommendation.

Background:
On June 29, 2017, the Supreme Court of Nevada issued an opinion in *The Commission on Ethics of the State of Nevada v. Ira Hansen et al.*, finding that an attorney for a public body must have authorization from the client in a public meeting prior to filing a notice of appeal in a litigation matter. Until superseded, *Hansen* appears to require this Board to decide material steps in litigation at a public meeting. The District is currently, and has the likelihood of being in the future a party to litigation, arbitration, administrative hearings, or other such proceedings. It is foreseeable that the District would need to take action defend its rights and interests in those proceedings prior to having an opportunity to bring an item before this Board.

This resolution designates the General Manager of the District, or its designee(s), to take all actions necessary to protect the District's legal interests until such time as the Board may adequately consider the matter. This Resolution shall not limit any prior delegations of authority previously given by the Board to the District's General Manager.

This resolution is authorized pursuant to Section 9.5(1) of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada 1947. The office of the General Counsel has reviewed and approved this agenda item.

Respectfully submitted:

John J. Entsminger, General Manager
JJE:GJW:LEB
Attachment

AGENDA ITEM # 3

RESOLUTION AUTHORIZING THE GENERAL MANAGER OR ITS DESIGNEE TO TAKE ACTION TO PROTECT THE LAS VEGAS VALLEY WATER DISTRICT'S LEGAL INTERESTS.

WHEREAS, the Las Vegas Valley Water District (District) is a political subdivision of the State of Nevada and as such has rights and responsibilities under Nevada, federal, and common law;

WHEREAS, on June 29, 2017, the Supreme Court of Nevada issued an opinion in The Commission on Ethics of the State of Nevada v. Ira Hansen et al., which appears to require the District's Board to decide material steps in litigation at a public meeting;

WHEREAS, the District is or can be a party to litigation, arbitration, administrative hearings, or other such proceedings; and

WHEREAS, in order to facilitate the District's ability to prosecute or defend its interests in such proceedings;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Las Vegas Valley Water District hereby designates the General Manager of the District, or its designee(s) to take all actions deemed necessary by the General Manager to protect the District's legal interests until such time as the Board may adequately consider such actions. This Resolution shall not limit any prior delegations of authority previously given by the Board to the District's General Manager.

Introduced and passed this 5th day of December, 2017.

Attest:

Las Vegas Valley Water District

John J. Entsminger, Secretary

Marilyn K. Kirkpatrick, President

Approved as to form:

Gregory J. Walch, General Counsel

Exhibit A

LAS VEGAS VALLEY WATER DISTRICT
BOARD OF DIRECTORS
AGENDA ITEM

December 5, 2017

Subject: 2018 Resolution of Intent to Issue LVVWD Bonds	**Director's Backup**
Petitioner: Brian G. Thomas, Chief Financial Officer	

Recommendations:

That the Board of Directors adopt a resolution of intent proposing the issuance of, and authorizing the publication of notices relating to, General Obligation (Limited Tax) Water Bonds (additionally secured by pledged revenues) in the maximum aggregate principal amount of $100,000,000 for the purpose of financing water projects for the Las Vegas Valley Water District; providing the manner, form and content of the notices thereof; authorizing the Chief Financial Officer to arrange for the sale of such bonds; and providing the effective date hereof.

Fiscal Impact:
The annual debt service will be supported by water revenues.

Background:
Nevada law authorizes the District to issue general obligation bonds, which are additionally secured by certain revenues, to finance the cost of acquiring and constructing improvements to the water system.

On November 7, 2017, the Board of Directors adopted the 2017 Debt Management Commission (DMC) Notice Resolution, requesting the DMC to meet and approve the District's proposal to issue bonds. On November 16, 2017, the DMC met and approved the District's proposal.

This 2018 Resolution of Intent to Issue Bonds authorizes the publication of required notices. These notices state the District's intent to issue general obligation bonds additionally secured by pledged revenues, initiate a 90-day petition period, and provide for the time and date for a public hearing regarding the issuance of bonds. This 2018 Resolution of Intent also authorizes District staff to arrange for all actions necessary for the sale of the bonds. Further, the resolution expresses the District's intent to utilize some of the proceeds to reimburse capital expenditures made earlier in Fiscal Year 2017-18.

The benefit and need for $100 million in bond proceeds was included in the Fiscal Year 2017-18 budget approved by the Board. In addition, the rate plan approved by the Board in January 2017 anticipated funding the capital improvement plan with both revenues and debt. The bond proceeds are anticipated to be spent in Fiscal Years 2017-18 and 2018-19.

AGENDA ITEM # 4

This resolution is being entered into pursuant to NRS 350.020 and Section 1(10) of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada 1947. The office of the General Counsel has reviewed and approved this agenda item.

Respectfully submitted:

John J. Entsminger, General Manager
JJE:BGT:kan
Attachment

AGENDA
ITEM #

Summary - a resolution of intent to issue general obligation water bonds additionally secured by pledged revenues.

A RESOLUTION OF INTENT PROPOSING THE ISSUANCE OF, AND AUTHORIZING THE PUBLICATION OF NOTICES RELATING TO, GENERAL OBLIGATION (LIMITED TAX) WATER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF $100,000,000 FOR THE PURPOSE OF FINANCING WATER PROJECTS FOR THE LAS VEGAS VALLEY WATER DISTRICT; PROVIDING THE MANNER, FORM AND CONTENTS OF THE NOTICES THEREOF; AUTHORIZING THE CHIEF FINANCIAL OFFICER TO ARRANGE FOR THE SALE OF SUCH BONDS; AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, the Board of Directors (the "Board") of the Las Vegas Valley Water District, in Clark County, Nevada (the "District, the "County," and the "State", respectively), proposes to issue up to $100,000,000 of general obligation water bonds or other obligations of the District additionally secured by pledged revenues, in one series or more (the "Bonds"); and

WHEREAS, such Bonds will be additionally secured by a pledge of the net revenues as set forth in Chapter 167, Statutes of Nevada 1947, as amended (the "Pledged Revenues" and the "Project Act," respectively); and

WHEREAS, based on a revenue study previously presented to the Board on November 7, 2017, the Board has determined and hereby determines that the Pledged Revenues will at least equal the amount required in each year for the payment of interest and principal on such Bonds; and

WHEREAS, the District proposes to incur such general obligations without an election unless a petition signed by the requisite number of registered voters of the District is presented to the Board requiring the District to submit to the qualified electors of the District for their approval or disapproval the following proposal:

GENERAL OBLIGATION (LIMITED TAX) WATER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) PROPOSAL:

Shall the Board of Directors of the Las Vegas Valley Water District be authorized to issue the District's negotiable general obligation (limited tax) water bonds or other obligations (additionally secured by pledged revenues), in one or more series, in an aggregate principal amount not to exceed $100,000,000 to defray wholly or in part the cost of acquiring, constructing, reconstructing, improving, extending and bettering facilities pertaining to a water system for the collection, transportation, treatment, purification and distribution of water, including, without limitation, springs, wells, ponds, lakes, water rights, other raw water sources, basin cribs, dams, spillways, retarding basins, detention basins, reservoirs, towers and other storage facilities, pumping plants, infiltration galleries, filtration plants, purification systems, other water treatment facilities, waterworks plants, pumping stations, gauging stations, ventilating facilities, stream gauges, rain gauges, valves, standpipes, connections, hydrants, conduits, flumes, sluices, canals, channels, ditches, pipes, lines, laterals, service pipes, force mains, submains, syphons, other water transmission and distribution mains, engines, boilers, pumps, meters, apparatus, tools, equipment, fixtures, structures, buildings and other facilities for the acquisition, transportation, treatment, purification and distribution of untreated water or potable water for domestic, commercial and industrial use and irrigation, or any combination thereof (the "Project"), the bonds or other obligations to mature not later than the maximum maturity allowed by law, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time the bonds are sold, to be payable from general (ad valorem) taxes (except to the extent Pledged Revenues are available therefor), and to be issued and sold at par, or below or above par, and otherwise in such manner, upon such terms and conditions, and with such other detail as the Board may determine, including at its option but not necessarily limited to provisions for the

redemption of bonds prior to maturity without or with the payment of a premium?

(the "Proposal"); and

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") 350.011 to 350.0165, inclusive, the Board has submitted the Proposal to the Debt Management Commission of Clark County (the "Commission"); and

WHEREAS, the Commission has heretofore approved the Proposal; and

WHEREAS, NRS 350.020(3) provides that if the payment of a general obligation of the District is additionally secured by a pledge of the revenues of a project to be financed by its issue, and the governing body (i.e., the Board) determines that the pledged revenues will at least equal the amount required in each year for the payment of interest and principal, the District may incur the general obligation without an election, unless a petition requesting an election signed by 5% of the registered voters of the District is presented to the Board within 90 days after the publication of a notice of the adoption of this resolution of intent; and

WHEREAS, NRS 350.020(3) provides that a public hearing must be held before issuing the Bonds.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LAS VEGAS VALLEY WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER:

Section 1. This resolution shall be known as and may be cited by the short title "2017 Resolution of Intent to Issue Bonds (LVVWD)" (this "Resolution").

Section 2. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and the officers of the Board directed:

(a) toward the Project to be financed by the Bonds; and

(b) toward the issuance of the Bonds to defray, in part, the cost thereof;

be, and the same hereby is, ratified, approved and confirmed.

Section 3. The Board and the officers of the Board be, and they hereby are, authorized and directed to publish a notice of the adoption of this resolution of intent relating to the Board's proposal to issue the Bonds in the maximum principal amount of $100,000,000 in a newspaper of general circulation in the District, once as set forth in the notice, or at such other time as specified by the Chief Financial Officer or his designee.

Section 4. Such notice shall be published in substantially the following form:

[Form of Notice of Adoption of Resolution of Intent for Publication]

NOTICE OF THE INTENT OF THE BOARD OF DIRECTORS OF THE LAS VEGAS VALLEY WATER DISTRICT IN CLARK COUNTY, NEVADA, TO ISSUE GENERAL OBLIGATION (LIMITED TAX) WATER BONDS OF THE DISTRICT ADDITIONALLY SECURED BY PLEDGED REVENUES

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the Las Vegas Valley Water District (the "District") in Clark County (the "County"), Nevada, by a resolution, passed, adopted, signed and approved on December 5, 2017, and designated in Section 1 thereof by the short title "2017 Resolution of Intent to Issue Bonds (LVVWD)" has proposed the issuance of the District's general obligation (limited tax) water bonds or other obligations (additionally secured by pledged revenues) (the "Bonds") designated below, as follows:

GENERAL OBLIGATION (LIMITED TAX) WATER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) PROPOSAL:

Shall the Board of Directors of the Las Vegas Valley Water District be authorized to issue the District's negotiable general obligation (limited tax) water bonds or other obligations (additionally secured by pledged revenues), in one or more series, in an aggregate principal amount not to exceed $100,000,000 to defray wholly or in part the cost of acquiring, constructing, reconstructing, improving, extending and bettering facilities pertaining to a water system for the collection, transportation, treatment, purification and distribution of water, including, without limitation, springs, wells, ponds, lakes, water rights, other raw water sources, basin cribs, dams, spillways, retarding basins, detention basins, reservoirs, towers and other storage facilities, pumping plants, infiltration galleries, filtration plants, purification systems, other water treatment facilities, waterworks plants, pumping stations, gauging stations, ventilating facilities, stream gauges, rain gauges, valves, standpipes, connections, hydrants, conduits, flumes, sluices, canals, channels, ditches, pipes, lines, laterals, service pipes, force mains, submains, syphons, other

water transmission and distribution mains, engines, boilers, pumps, meters, apparatus, tools, equipment, fixtures, structures, buildings and other facilities for the acquisition, transportation, treatment, purification and distribution of untreated water or potable water for domestic, commercial and industrial use and irrigation, or any combination thereof (the "Project"), the bonds or other obligations to mature not later than the maximum maturity allowed by law, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time the bonds are sold, to be payable from general (ad valorem) taxes (except to the extent Pledged Revenues are available therefor), and to be issued and sold at par, or below or above par, and otherwise in such manner, upon such terms and conditions, and with such other detail as the Board may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(herein the "Proposal").

The above Proposal has previously been approved upon the adoption of the "2017 Las Vegas Valley Water District DMC Approval Resolution" by the Debt Management Commission of Clark County, Nevada, at a meeting of the Commission.

The Board has determined that the Bonds to be issued for the purpose of financing water projects for the District (as further described in the above Proposal) will be additionally secured by a pledge of certain revenues of the District (the "Pledged Revenues"). The Board has, in addition, determined that the Pledged Revenues will at least equal the amount required in each year for the payment of the interest on and the principal of the Bonds.

Based upon this determination, the Board intends to incur this general obligation as set forth above without an election as provided in NRS 350.020(3), unless within ninety (90) days after the publication of this notice a petition requesting an election is presented to the Board signed by not fewer than five percent (5%) of the registered voters of the District. The number of registered voters is to be determined as of the close of registration for the last preceding general election.

At a meeting or meetings of the Board, the Board shall proceed to enact a resolution or resolutions authorizing the issuance of the Bonds which shall be effective not earlier than ninety (90) days after publication of this notice. Such resolution or resolutions authorizing the issuance of the Bonds will be effective unless prior to 5:00 p.m. on March

8, 2018, a petition is presented to the Chief Financial Officer of the District on behalf of the Board asking for the Board to hold an election upon the question of whether or not the proposed general obligations shall be incurred. The petition for an election referred to herein may be filed with the Chief Financial Officer of the District on behalf of the Board no later than 5:00 p.m. on March 8, 2018 at the office of the Chief Financial Officer of the District, 1001 South Valley View Boulevard, Las Vegas, Nevada during regular office hours of the District. In the event such petition is presented, no such resolution or resolutions shall be adopted except pursuant to an election called and held for such purpose and carried by a majority of the votes cast. In the event no such petition is presented, the Bonds will be authorized as described above. The resolution or resolutions authorizing the Bonds will, in addition, contain provisions for additionally securing the payment of the general obligations by pledging the Pledged Revenues designated above and in the Proposal to the payment of the Bonds.

The authority to issue the Bonds if conferred at the election or if conferred by the fact no petition is presented to the Board requesting such an election within ninety (90) days of the date of publication hereof shall be deemed to be a continuing authority and the Board shall be authorized to sell the Bonds at such time or times and upon such terms and conditions as it deems proper in accordance with the provisions of the Proposal and the laws of the State.

All persons interested are hereby advised that further information regarding the Project to be financed by the Bonds, the Bonds and the revenues to be pledged to the Bonds, and all proceedings in the premises, may be examined in the office of the Chief Financial Officer of the District, 1001 South Valley View Boulevard, Las Vegas, Nevada, during the regular office hours of the District. All persons interested may also obtain additional information regarding the contents of and filing requirements for the petition referred to herein at the office of the Chief Financial Officer of the District, 1001 South Valley View Boulevard, Las Vegas, Nevada, during the regular office hours of the District.

The determination by the Board that the Pledged Revenues will at least equal the amount required in each year for the payment of interest and principal on the Bonds becomes conclusive on the last day for filing the petition, i.e., on March 8, 2018, at 5:00 p.m.

BY ORDER of the Board of Directors of the Las Vegas Valley Water District, in Clark County, Nevada.

DATED this December 5, 2017.

PUBLICATION DATE: December 8, 2017.

/s/ John J. Entsminger
Secretary
Las Vegas Valley Water District

[End of Form of Notice of Adoption of Resolution of Intent for Publication]

Section 5. The District and the officers of the District are authorized to publish a notice of public hearing three times, once each week for three consecutive weeks, the third publication to be made at least 10 days before the date of the public hearing described in the following notice, in a newspaper of general circulation in the District, at least as large as 5 inches high by 4 inches wide, in substantially the following form:

[Form of Notice of Public Hearing]

NOTICE OF PUBLIC HEARING ON THE INTENT OF THE BOARD OF DIRECTORS OF THE LAS VEGAS VALLEY WATER DISTRICT IN CLARK COUNTY, NEVADA, TO ISSUE GENERAL OBLIGATION (LIMITED TAX) WATER BONDS ADDITIONALLY SECURED BY PLEDGED REVENUES.

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the Las Vegas Valley Water District (the "District"), Nevada, by a resolution, passed, adopted, signed and approved on December 5, 2017, and designated in Section 1 thereof by the short title "2017 Resolution of Intent to Issue Bonds (LVVWD)" has proposed the issuance of the District's general obligation (limited tax) water bonds or other obligations (additionally secured by pledged revenues) (the "Bonds") designated below, as follows:

GENERAL OBLIGATION (LIMITED TAX) WATER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) PROPOSAL:

Shall the Board of Directors of the Las Vegas Valley Water District be authorized to issue the District's negotiable general obligation (limited tax) water bonds or other obligations (additionally secured by pledged revenues), in one or more series, in an aggregate principal amount not to exceed $100,000,000 to defray wholly or in part the cost of acquiring, constructing, reconstructing, improving, extending and bettering facilities pertaining to a water system for the collection, transportation, treatment, purification and distribution of water, including, without limitation, springs, wells, ponds, lakes, water rights, other raw water sources, basin cribs, dams, spillways, retarding basins, detention basins, reservoirs, towers and other storage facilities, pumping plants, infiltration galleries, filtration plants, purification systems, other water treatment facilities, waterworks plants, pumping stations, gauging stations, ventilating facilities, stream gauges, rain gauges, valves, standpipes, connections, hydrants, conduits, flumes, sluices, canals, channels, ditches, pipes, lines, laterals, service pipes, force mains, submains, syphons, other water transmission and distribution mains, engines, boilers, pumps, meters, apparatus, tools, equipment, fixtures, structures, buildings and other facilities for the acquisition, transportation, treatment, purification and

distribution of untreated water or potable water for domestic, commercial and industrial use and irrigation, or any combination thereof (the "Project"), the bonds or other obligations to mature not later than the maximum maturity allowed by law, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time the bonds are sold, to be payable from general (ad valorem) taxes (except to the extent Pledged Revenues are available therefor), and to be issued and sold at par, or below or above par, and otherwise in such manner, upon such terms and conditions, and with such other detail as the Board may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the "Proposal"); and

The above Proposal was previously approved upon the adoption of the "2017 Las Vegas Valley Water District DMC Approval Resolution" by the Debt Management Commission of Clark County, Nevada.

The Board has determined that the Bonds to be issued for the purpose of financing water projects for the District (as further described in the above Proposal) will be additionally secured by a pledge of certain revenues of the District (the "Pledged Revenues"). The Board has, in addition, determined that the Pledged Revenues will at least equal the amount required in each year for the payment of the interest on and the principal of the Bonds.

All persons interested are hereby advised that the Board will hold a public hearing on the Proposal on January 2, 2018 at 9:00 a.m. at the Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada. All persons are invited to attend and to be heard regarding the Proposal. Further information regarding the Proposal, the Project to be financed by the Bonds, the Bonds and the revenues to be pledged to the Bonds, and all proceedings, may be examined by interested persons in the office of the Chief Financial Officer of the District, 1001 South Valley View Boulevard, Las Vegas, Nevada, during the regular office hours of the District.

BY ORDER of the Board of Directors of the Las Vegas Valley Water District, Nevada.

DATED this December 5, 2017.

PUBLICATION DATES: December 8, 2017, December 15, 2017, December 22, 2017

/s/ John J. Entsminger
Secretary
Las Vegas Valley Water District

[End of Form of Notice of Public Hearing]

Section 6. A public hearing on the Bonds is hereby ordered to be held before the Board at the time, date and place specified in the notice set forth in Section 5 hereof, or at such date designated by the Chief Financial Officer or his designee.

Section 7. The Chief Financial Officer or his designee is hereby authorized to arrange for the issuance and sale of the Bonds in one or more series, in a total principal amount of not more than $100,000,000 to carry out the Project in accordance with the Project Act and NRS 350.500 to 350.720, inclusive (the "Bond Act").

Section 8. The Chief Financial Officer or his designee is authorized to specify the terms of the Bonds, the method of their sale (including, if applicable, requesting the State to issue general obligation bonds to purchase the Bonds), the final principal amount of the Bonds (not in excess of $100,000,000) the terms of their repayment and security therefor, and other details of the Bonds, and, if applicable, to advertise the Bonds for sale, subject to the Project Act, the Bond Act and ratification by the Board by the adoption of one or more bond resolutions specifying the Bond terms and details and approving their sale (the "Bond Resolutions").

Section 9. The officers of the District are hereby authorized to take all action necessary or appropriate to effectuate the provisions of this resolution, including without limitation (a) assembling of financial and other information concerning the District, and the Bonds; and, if deemed appropriate by the Chief Financial Officer, (b) preparing and circulating an official statement for the Bonds, including, but not limited to a preliminary official statement, a notice of bond sale for the Bonds, or both, in the forms specified by the Chief Financial Officer or his designee. The Chief Financial Officer or his designee is authorized to deem the official statement or preliminary official statement to be a "final" official statement on behalf of the District for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 10. The Chief Financial Officer or his designee shall, after arranging for the sale of the Bonds, present the proposed terms of the sale to the Board for its approval by adoption of the Bond Resolutions.

Section 11. The Bonds, in the event no petition is filed during the period allowed by NRS 350.020(3), shall be authorized by a resolution or resolutions to be adopted by the Board after the expiration of the above specified period of publication.

Section 12. The authority to issue the Bonds designated in the Proposal set forth in the notice shall be deemed and considered a continuing authority to issue and deliver the Bonds designated in such Proposal at one time or from time to time, in one or more series, all as ordered by the Board. Neither the partial exercise of the authority so conferred nor the lapse of time shall be considered as exhausting or limiting the full authority so conferred.

Section 13. In order to permit the Board to reimburse itself for prior expenditures relating to the Project financed with the proceeds of one or more series of the Bonds, the interest on which will be excluded from gross income for federal income tax purposes, the Board hereby determines and declares that:

(a) The maximum aggregate principal amount of the Bonds expected to be issued for the Project is set forth in the Proposal;

(b) The Board reasonably expects to incur expenditures with respect to the Project prior to the issuance of one or more series of the Bonds and to reimburse those expenditures from the issuance of the Bonds;

(c) The payment of costs related to the Project and the reimbursement of such costs from the proceeds of the Bonds is consistent with the Board's budgetary and financial circumstances as of the date of this resolution. The Board does not currently have moneys which are, nor does the Board reasonably expect moneys to be, allocated on a long-term basis, reserved or otherwise available pursuant to the Board's budget to pay the expenditures which the Board intends to reimburse.

Section 14. The officers of the Board be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 15. All resolutions, or parts thereof, in conflict with the provisions of this resolution, are hereby repealed to the extent only of such

inconsistency. This repealer shall not be construed to revive any resolution, or part thereof, heretofore repealed.

Section 16. If any section, paragraph, clause or other provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or other provision shall not affect any of the remaining provisions of this resolution.

Section 17. This resolution shall become effective and be in force immediately upon its adoption, except that if a petition is presented to the District on or before 5:00 p.m. on March 8, 2018, asking for an election upon the question of whether or not the proposed general obligations shall be incurred and such petition satisfies the requirements of NRS 350.020(3), the Chief Financial Officer shall take no further action with respect to the sale of the Bonds unless otherwise directed by the Board.

INTRODUCED, ADOPTED AND APPROVED BY AT LEAST TWO-THIRDS MAJORITY OF THE BOARD this December 5, 2017.

(SEAL)

_____
Marilyn K. Kirkpatrick, President

Attest:

_____
John J. Entsminger, Secretary

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)
)
LAS VEGAS VALLEY)
WATER DISTRICT)

I, the duly chosen and qualified Secretary of the Las Vegas Valley Water District (the "District"), do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution adopted by the Board of Directors of the District (the "Board") on December 5, 2017.

2. The original of the resolution has been approved and authenticated by the signatures of the President of the District and the Board and myself as Secretary of the District and the Board, and sealed with the seal of the District, and has been recorded in the minute book of the Board kept for that purpose in my office which record has been duly signed by such officers and properly sealed.

3. All of the members of the Board present at the meeting voted on the passage of the resolution as follows:

Those Voting Aye: Susan Brager
Lawrence L. Brown III
James Gibson
Chris Giunchigliani
Marilyn K. Kirkpatrick
Steve Sisolak
Lawrence Weekly

Those Voting Nay: _____
_____

Those Abstaining: _____
_____

Those Absent: _____
_____

4. All members of the Board were given due and proper notice of the meeting.

5. Pursuant to NRS 241.020, written notice of the meeting was given by 9:00 a.m. at least three working days before the meeting, including in the notice the time, place, location and agenda of the meeting:

(i) By giving a copy of the notice to each member of the Board;

(ii) By posting a copy of the notice on the District's website, if any, and on the State of Nevada's official website; at the principal office of the Board, or if there is no principal office, at the building in which the meeting is to be held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

(i) Las Vegas Valley Water District
1001 S. Valley View Boulevard
Las Vegas, Nevada

(ii) Clark County Government Center
500 South Grand Central Parkway
Las Vegas, Nevada

(iii) Grant Sawyer State Office Building
555 East Washington Avenue
Las Vegas, Nevada

(iv) Regional Justice Center
200 Lewis Avenue
Las Vegas, Nevada

and

(iii) By giving a copy of the notice to each person, if any, who has requested notice of the meetings of the Board in accordance with the requirements of chapter 241 of NRS.

6. A copy of the notice so given of the meeting of the Board held on December 5, 2017, is attached hereto as Exhibit A.

7. Upon request, the governing body provides, at no charge, at least one copy of the agenda for its public meetings, any proposed ordinance, resolution or regulation which will be discussed at the public meeting, and any other supporting materials provided to the members of the governing body for an item on the agenda, except

for certain confidential materials and materials pertaining to closed meetings, as provided by law.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Las Vegas Valley Water District in Clark County, Nevada, this December 5, 2017.

_____

John J. Entsminger, Secretary
Las Vegas Valley Water District

EXHIBIT "A"

(Attach Copy of Notice of Meeting)

LAS VEGAS VALLEY WATER DISTRICT
BOARD OF DIRECTORS
AGENDA ITEM

December 5, 2017

Subject: Comprehensive Annual Financial Report	**Director's Backup**
Petitioner: Brian G. Thomas, Chief Financial Officer	
Recommendations: That the Board of Directors accept the District's Comprehensive Annual Financial Report and corresponding Independent Auditor's Report on Financial Statements and Supplementary Information for the period ending June 30, 2017, and authorize their submission to the Nevada Department of Taxation.	

Fiscal Impact:
None by approval of the above recommendation.

Background:
The District prepared a Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2017. The CAFR contains the District's financial statements and the related notes to the financial statements, which were audited by the District's independent auditor, Piercy Bowler Taylor & Kern. The CAFR, including the auditors' reports, is being presented to the Board of Directors and, upon acceptance, will be submitted to the Nevada Department of Taxation in accordance with Nevada Revised Statute (NRS) 354.624(6).

This action is authorized pursuant to NRS 354.624(6). The office of the General Counsel has reviewed and approved this agenda item.

Respectfully submitted:

John J. Entsminger, General Manager
JJE:BGT:kan
Attachment

AGENDA ITEM # 5

LAS VEGAS VALLEY WATER DISTRICT™

LAS VEGAS VALLEY WATER DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

A DISCRETELY PRESENTED COMPONENT UNIT OF CLARK COUNTY, NEVADA FOR FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

The Las Vegas Valley Water District maintains more than 6,500 miles of water transmission and distribution pipes; more than 394,000 water meters; water pumping stations with the capacity to move more than 1 million gallons of water per minute; and drinking water reservoirs that can hold nearly a billion gallons. Visit **lvvwd.com** for more information.

Las Vegas Valley Water District

Comprehensive Annual Financial Report
A Discretely Presented Component Unit of Clark County, Nevada

Fiscal Years Ended June 30, 2017 and 2016

John J. Entsminger
General Manager

Brian G. Thomas
Chief Financial Officer

Prepared by the Accounting Division of the Finance Department
Robert Smith, Accounting Manager
1001 South Valley View Boulevard, Las Vegas, Nevada 89153
(702) 258-3119 www.lvvwd.com

INTRODUCTORY SECTION

- **Table of Contents**
- **Transmittal Letter**
- **Certificate of Achievement for Excellence in Financial Reporting**
- **Organization Chart**
- **Principal Officials**

LAS VEGAS VALLEY WATER DISTRICT™

Las Vegas Valley Water District

Comprehensive Annual Financial Report
Table of Contents

Beginning on
Page No.

Introductory Section
- Table of Contents i
- Transmittal Letter 1
- Certificate of Achievement for Excellence in Financial Reporting 9
- Organization Chart 10
- Principal Officials 11

Financial Section
- Independent Auditors' Report on Financial Statements and Supplementary Information 13
- Management's Discussion and Analysis 15
- Basic Financial Statements
  - Statements of Net Position 23
  - Statements of Revenues, Expenses and Changes in Net Position 25
  - Statements of Cash Flows 26
  - Statements of Fiduciary Net Position 27
  - Statements of Changes in Fiduciary Net Position 28

  Notes to Basic Financial Statements
  - Note 1. Summary of Significant Accounting Policies 29
  - Note 2. Capital Assets 35
  - Note 3. Short-Term Debt 37
  - Note 4. Long-Term Debt 38
  - Note 5. Restricted Cash, Investments, Accounts Receivable and Accounts Payable 46
  - Note 6. Unearned Revenue 47
  - Note 7. Southern Nevada Water Authority (SNWA) 48
  - Note 8. Southern Nevada Water System (SNWS) 49
  - Note 9. Enterprise Fund Investments 49
  - Note 10. Risk Management 52
  - Note 11. Capital Contributions 53
  - Note 12. Related Party Transactions 54
  - Note 13. Commitments and Contingencies 55
  - Note 14. Post-Employment Benefits Other Than Pensions (OPEB) 56
  - Note 15. Defined Benefit Pension Plan 59
  - Note 16. Subsequent Events 68

Las Vegas Valley Water District

Comprehensive Annual Financial Report
Table of Contents

	Beginning on Page No.
Required Supplementary Information	
Schedule of Changes in Net Pension Liability	69
Schedule of Defined Benefit Plan Contributions	70
Schedule of Defined Benefit Plan Investment Returns	71
Schedule of Funding Progress Postemployment Benefit Plan Other than Pension	72
Other Supplementary Information	
Statements of Revenues, Expenses and Changes in Net Position – Actual and Budget	73
Statistical Section (unaudited)	
Net Position by Component	75
Changes in Net Position	76
Water Consumption, Revenue and Active Accounts	77
Revenue Analysis - by Class of Service	78
Water Rates – Last Ten Fiscal Years	79
2017 Municipal Water Rates Survey	84
Top Ten Principal Ratepayers - Calendar Year 2016 and Nine Years Ago	85
Ratios of Outstanding Total Net Debt – Last Ten Fiscal Years	87
Net Pledged Revenue Coverage – Last Ten Fiscal Years	88
Outstanding Direct and Overlapping General Obligation Indebtedness	89
Demographic Statistics – Last Ten Calendar Years	91
Clark County Principal Employers – 4th Quarter, 2016 and Nine Years Ago	92
Ten Largest Property-Owning Taxpayers	93
Authorized Full-Time Equivalent Employees by Department	95
Water Production by Month – Last Ten Calendar Years	96
Pumpage From Wells by Months – Last Ten Calendar Years	97
Surface Water by Month - Southern Nevada Water System – Last Ten Calendar Years	98
Water Production Maximum and Minimum Days by Month – Last Ten Calendar Years	99
Annual Treated Water Delivered by The Southern Nevada Water System	100
Enterprise Fund Selected Capital Asset Statistics	101
Schedule of Insurance as of June 30, 2017	102
Independent Auditors' Report	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	105

LAS VEGAS VALLEY
WATER DISTRICT

1001 South Valley View Boulevard
Las Vegas, NV 89153
(702) 870-2011 • lvvwd.com

November 1, 2017

Board of Directors
Las Vegas Valley Water District
1001 S. Valley View Boulevard
Las Vegas, NV 89153

We are pleased to present the Las Vegas Valley Water District's (District) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. The CAFR was prepared in conformance with accounting principles generally accepted in the United States (GAAP).

District management is responsible for the completeness and reliability of the financial information presented in this report. To provide reasonable assurance of the proper recording of transactions, management has established and maintains a system of internal accounting and other controls. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits derived. Where necessary, the basic financial statements include amounts based upon management's best estimates and judgments.

Nevada Revised Statute 354.624 and bond covenants require an annual audit of the basic financial statements of the District. Piercy Bowler Taylor & Kern, a firm of licensed certified public accountants, has audited the District's basic financial statements as of and for the fiscal years ended June 30, 2017 and 2016. The objective of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal years ended June 30, 2017 and 2016 are free of material misstatement. An independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based on the audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's basic financial statements for the fiscal years ended June 30, 2017 and 2016 are fairly presented in all material respects in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

THE REPORTING ENTITY AND ITS SERVICES

The District is a governmental subdivision of the State of Nevada and a quasi-municipal corporation created by a special act of the Nevada Legislature in 1947. The District was established to acquire and distribute water primarily in the Las Vegas Valley, which includes the unincorporated metropolitan area of Clark County and the City of Las Vegas. The District commenced operations on July 1, 1954.

The District is governed by a seven-member Board of Directors (Board) comprised of the elected Clark County Commissioners. The Board has the sole authority to set rates and charges for water. Such rates and charges must be reasonable and cannot be applied until after a public hearing and subsequent Board approval. The enabling legislation that created the District, in conjunction with various bond covenants, require that rates and charges be sufficient to provide for operation and maintenance costs, general expenses of the District and debt service payments. Day-to-day operations of the District are directed by a general manager appointed by the Board and two deputy general managers. The District's vision is "To be a global leader in service, innovation and stewardship" and its mission is to "Provide

world class water service in a sustainable, adaptive and responsible manner to our customers through reliable, cost effective systems." The Board has adopted a series of strategic goals to support the District's vision and mission.

Beginning in September 2008, the District was appointed to be the operating agent for the Big Bend Water District (BBWD). Prior to the appointment, BBWD's operating agent was the Clark County Water Reclamation District. The BBWD was established in 1983 under the provisions of Nevada Revised Statutes 318 for the purpose of obtaining and distributing water in Laughlin, Nevada. The Clark County Board of Commissioners serves as the BBWD Board of Trustees.

The District also functions as the operating agent for the Southern Nevada Water Authority (SNWA). The SNWA is a joint powers authority created in 1991 to address Southern Nevada's unique water needs on a regional basis. The SNWA is charged with acquiring and managing current and future resources, constructing and managing regional water facilities and promoting water conservation. The District is one of the SNWA's seven member agencies. In 1996, the SNWA assumed all assets and liabilities of the Southern Nevada Water System (SNWS) from the Colorado River Commission of Nevada (CRC). Originally financed and constructed by the State of Nevada with assistance from the federal government, the SNWS treats and conveys Colorado River water from Lake Mead to the Las Vegas Valley. The District operates the SNWS on behalf of the SNWA as it did previously for the CRC. Additional information on the District's relationship to the SNWS and the SNWA can be found in the notes to the basic financial statements (Notes 7, 8 and 12).

As required by Nevada law, the District's budget is approved annually by its Board following a public hearing, and a copy of the budget is submitted to the Nevada Department of Taxation. Budgetary controls are established at the levels of total estimated operating and non-operating expenditures, including capital expenditures.

The budget provides the fiscal plan for District expenditures at various levels. These levels always include departments and divisions, and in some instances, sections. Most disbursements are made through the issuance of purchase orders. Purchases of new furniture and vehicles are administered by the District's Resources and Facilities Department and Fleet Division, respectively; communication and computer equipment purchases are administered under the authority of the Information Technology Department; and new positions are controlled by the Human Resources Department. Financial Services prepares variance reports by division, and division managers are accountable for expenditures over and under budget.

The District's financial report is included as a discretely (separately) presented component unit within Clark County's CAFR. The District does not function as an integral part of Clark County's government, but the exclusion of the District's financial statements would render the financial statements of Clark County incomplete.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. According to a report from the University of Nevada, Las Vegas' Center for Business and Economic Research (CBER) issued on June 14, 2017, the Southern Nevada economy will continue to see improvement through 2017 and 2018 but with some indicators showing slower growth in 2018 as compared to 2017. The 2017 Midyear Economic Outlook publication states that employment growth continues to outpace the national average; taxable sales continue to exhibit a strong upward movement; and visitor volume continues to grow to new records. Southern Nevada continues to get help from real estate and construction. A wide range of industries are also growing. CBER expects population, total personal income, employment and gross gaming revenue to continue to grow in 2018 but at a lesser rate than in 2017. Because the Southern Nevada economy is heavily dependent on tourism, its outlook is tied to the growth of the U.S. and western states' economies.

The Southern Nevada unemployment rate continues to show improvement. The Nevada Department of Employment, Training and Rehabilitation (DETR) reported that the unemployment rate for the Las Vegas Metropolitan Statistical Area (MSA) for June 2017 was 5.1%. This compares to an unemployment rate of 6.1% for June 2016. The seasonally adjusted unemployment rate for the State of Nevada was 4.7% for June 2017 compared to 5.7% for June 2016. Nevada's unemployment rate is slightly above the national average.

The average seasonally adjusted unemployment rate for the United States was 4.4% for June 2017 and 4.9% for June 2016. June 2017 was the 78th straight month of year-to-year job gains across Nevada. Additionally, annualized employment growth in Nevada has exceeded national job gains for the 59th consecutive month. The number of Nevadans working in June 2017 was at a record high, reaching 1.4 million. Total employment for the Las Vegas MSA was 1.0 million in June 2017 compared to 983.1 thousand in June 2016, an increase of 2.7%.

Organizational Structure. Over the past four years, the District's organizational structure has evolved to meet the demands of a refocused emphasis on infrastructure management, conservation, customer service initiatives and other projects. The organization's departments and divisions are positioned to provide more cost efficiencies, operational maintenance and an enhanced customer care experience.

System Profile. For over a half-century, the District's customers have enjoyed one of the nation's most reliable municipal water systems. During that time, the District has developed from a system serving a population of approximately 25,000 exclusively with groundwater to a 300 square mile water delivery network providing Colorado River water to the vast majority of its more than 387,000 customer accounts.

The District operates and maintains a complex water distribution system consisting of:

- 6,500 miles of pipeline
- 38 reservoirs
- 52 pumping stations
- 921 million gallons of storage capacity
- 64 production wells
- 26 artificial recharge wells
- More than 394,000 water meters
- Solar-electric facilities with the capacity to generate 3.1 megawatts of power

Each of these components is critical to ensuring that District customers have reliable access to water at all times.

Capital Improvements and Asset Management. Despite the relative youth of the District's water system, various components of it are more than 50 years old and reaching the end of their useful lives. Capital improvements are necessary to continue reliable operation of the water distribution system as well as addressing state mandated water quality issues and new development needs. To continue meeting customer needs and conservation goals, water infrastructure requires consistent monitoring, maintenance, rehabilitation and eventual replacement. Under the District's asset management plan, the condition of existing water infrastructure is assessed to forecast short and long-term capital replacement needs. These assessments allow staff to determine costs and timelines associated with major capital projects while ensuring the availability of adequate financial resources to replace infrastructure reaching the end of its useful life. The proactive monitoring and maintenance of District assets helps to prevent costly emergency repairs, avoid unanticipated service interruptions, reduce maintenance deferrals and provide a more reliable water system for customers.

In January 2017, the District's Board adopted a $616 million (in 2016 dollars) 10-year Capital Improvement Plan (CIP) that will guide decisions related to asset management, necessary water system expansion and water quality compliance activities. The CIP represents a significant investment over a 10-year planning horizon to facilitate improvements to the following key system components:

- Reservoirs
- Pumping stations
- Pipelines and service laterals
- Valves and vaults
- Meters
- Water quality systems
- Groundwater wells
- Facilities and building improvements

- Electrical systems
- Communication systems
- New facilities

Projections indicate that an investment of approximately $390 million will be required over the 10-year planning horizon to maintain system infrastructure in a manner that meets current service levels and water quality standards. Key projects include: reservoir and pumping station maintenance and rehabilitation; replacement and renewal of vaults and valves; pipeline and service lateral replacement; cyclical water meter replacement; and upgrades to the Supervisory Control and Data Acquisition (SCADA) control system.

In addition to rigorous and regular testing, the District must comply with various state and federal mandates to protect water quality throughout the system. One of these mandates is backflow protection, a mechanism that prevents the reintroduction of water from private properties into the municipal water system. Approximately 32,000 meters within the District's service area do not currently have backflow protection. While a portion of these meters will be retrofitted as needed in the years to come, the District has identified more than 11,000 meters to be included in the backflow retrofit program over the next decade at an annual cost of approximately $10 million.

The District projects approximately $126 million will be spent on the construction of a total of four reservoirs, four pumping stations and associated appurtenances in the northwest, southwest and far west parts of the valley. These projects will benefit existing customers and facilitate access to the municipal water supply for planned developments.

Financial Policy. The District's financial policy is to charge reasonable rates, fees and other charges sufficient to pay for water service, the costs of operation and maintenance of its facilities, the general expenses of the District, necessary capital expenditures, and principal and interest on all bonds and other obligations of the District. It is also District policy to establish rates and charges sufficient to maintain a debt service coverage ratio in accordance with its bond covenants. The District deposits all monies received from the sale or distribution of water or otherwise derived from the works or property of the District into the Revenue Fund. Further, the District keeps proper books of record and account in accordance with sound accounting practice; complete and correct entries are made of its works, properties, and the revenues received.

Long-Term Financial Planning. The District is consistently engaged in proactive, long-term financial planning to identify future infrastructure needs and ensure rates are predictable and increases controlled. The District's long-term financing plan includes utilizing a combination of the District's unrestricted cash funds and debt financing to fund capital expenditures.

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

In January 2016, the District's Board approved a reserve policy to provide guidance for maintaining adequate cash and investment reserves. Maintaining adequate reserves is an important tool in mitigating the risks of significant and unexpected decreases in sources of funds and/or increases in the uses of funds. Maintaining adequate reserves helps to ensure stable services and fees and allows the District to better respond to unforeseen negative changes in the local economy while providing a continuous and reliable water supply. In addition, prudent reserves along with a formal reserve policy are a key factor rating agencies consider in their evaluation of creditworthiness.

In February 2016, the Board appointed a nine-member citizen's advisory committee to evaluate organizational initiatives and make recommendations to the Board. Specifically, the committee was tasked with evaluating funding options for the proposed 10-year CIP and changes to the District's Service Rules. The committee met nine times between February and October 2016 and evaluated equity within the Service Rules, the need to invest in infrastructure maintenance, maintain revenue stability and other water-related issues. After careful deliberation, the committee presented 11 recommendations to the Board. In January 2017, the Board approved the recommendations

which included, among other things, tier consumption rate and service charge increases of 3% each in 2017 and 2018 and annual increases tied to the Consumer Price Index in the years following. The initial rate increases became effective in February 2017 and were the first District water rate increase since retail water rates were increased in 2008. The recommendations adopted by the Board will fund the District's operating and capital needs over the next 10 years and meet the reserve targets set forth in the Board adopted Reserve Policy.

The District also collects from District customers and remits to the SNWA several fees and charges. In December 2013, the District's Board approved a series of increases to the SNWA Infrastructure Charge and SNWA Commodity Charge. Increases to these SNWA charges were effective on January 1, 2014 and increased annually on January 1 through 2017. Revenues generated from these SNWA charges will help to fund debt service on SNWA bond obligations and future regional infrastructure.

In March 2015, the District's Board approved additional increases to the SNWA Infrastructure Charge (no increases to infrastructure fireline charges). Increases to these SNWA charges were effective on January 1, 2016 and will increase annually on January 1 through 2018. Revenues generated from these SNWA charges will help fund debt service on SNWA bond obligations associated with a new low lake level pumping station that is needed to maintain Southern Nevada's access to Colorado River water even in severe drought conditions. Revenue from the SNWA Infrastructure Charge, as well as revenue from other SNWA fees and charges, is remitted to the SNWA (see Note 7 - Southern Nevada Water Authority (SNWA)).

Debt Issuances. Significant investment in the community water system is critical to its operational reliability. The District is sensitive to the financial impacts that projects can have on customers and stakeholders. To help mitigate these costs, the District monitors the availability of Nevada State Revolving Fund money to support asset management projects. The District also remains vigilant in seeking savings through refunding opportunities on its outstanding debt. District refundings of outstanding debt during fiscal year 2017 resulted in $18.1 million in net present value savings and a reduction in debt service payments through fiscal year 2038 of $24.7 million.

On July 18, 2016, the District issued $125.6 million par value general obligation adjustable rate bonds that refunded and/or defeased $125.4 million in principal payments on prior issued adjustable rate bonds (see Note 4 – Long-Term Debt).

On September 15, 2016, the District entered into an agreement with the State of Nevada Department of Conservation and Natural Resources to receive a loan from the State Revolving Fund (SRF) for an amount not to exceed $15 million. Disbursement of loan amounts is based upon submittal of proper and acceptable costs that have been incurred. As of June 30, 2017, $6.8 million is outstanding (see Note 4 – Long-Term Debt).

On April 6, 2016, the District issued $130.1 million par value general obligation bonds that refunded and/or defeased $138.6 million in principal payments on prior issued bonds (see Note 4 – Long-Term Debt).

On April 6, 2016, the District issued $22.1 million par value general obligation bonds additionally secured by SNWA pledged revenues that refunded and/or defeased $23.3 million in principal payments on prior issued SNWA bonds (see Note 4 – Long-Term Debt).

On May 3, 2017, the District entered into an agreement with the State of Nevada Department of Conservation and Natural Resources to receive a loan from the State Revolving Fund (SRF) for an amount not to exceed $15 million. Disbursement of loan amounts is based upon submittal of proper and acceptable costs that have been incurred. As of June 30, 2017, $0.1 million is outstanding (see Note 4 – Long-Term Debt).

Major Initiatives. The District evaluates on an ongoing basis opportunities to improve efficiencies and performance through major initiatives. The District has made significant efforts during the past year to increase its ability to respond to changes in the economy, environment and customer base through the efficient use of existing assets, the optimization of available resources and greater focus on customer experience. Major initiatives for fiscal year 2017 include:

- To continue meeting customer needs and conservation goals, water infrastructure requires constant monitoring, maintenance, rehabilitation and eventual replacement. Under the District's Asset Management Plan, the condition of existing water infrastructure is assessed to forecast short and long-term capital replacement needs. These assessments allow staff to determine costs and timelines associated with major capital projects while ensuring the availability of adequate financial resources to replace infrastructure reaching the end of its service life. The proactive monitoring and maintenance of the District's assets help to prevent costly emergency repairs, avoid unanticipated service interruptions, reduce maintenance deferrals and provide a more reliable water supply for its customers.

- The District recently deployed a pipeline monitoring technology known as PipeMinder which monitors underground pipelines and provides real-time hydraulic data about the behavioral flow of water within the pipelines. The PipeMinder system provides high-resolution views of pressure, flows and stresses that water distribution network experiences on a daily basis and utilizes cloud-based reporting that provides simple access to real-time data. This technology allows the District to monitor critical areas of the water system and ensure swift response if issues arise. Before this technology existed, water managers either excavated and replaced pipelines before they failed or waited for failures and leaks to occur and made the appropriate repairs. The District's overall asset management efforts are now bolstered with PipeMinder's data allowing for more effective prioritization of capital projects and ensuring ratepayers' dollars are maximized and managed responsibly.

- Efforts to increase customer care efficiency continue to yield positive results and staff perpetually evaluate opportunities to streamline operations and reduce costs. Customer Care and Field Services staff currently initiate between 4,000 – 5,000 phone calls per month to notify customers of abnormal meter reads potentially stemming from on-property leaks. With the recently installed use of Itron Analytics software, staff can now conduct hourly meter reads and advise customers of possible leaks in an even shorter timeframe. In addition to increased responsiveness and customer interaction, this also results in decreased water waste and reduced service demands for onsite monitoring.

- The District launched a mobile website in October 2015 which became a popular tool for customers throughout the following year. In 2016, 25% of all visits to the District website came from mobile devices, a trend expected to increase as more customers shift to mobile devices as a primary means of internet access. The District's online and mobile experience is continually improving to bring customers the best service possible. For that reason, a brand new, fully-responsive and mobile-friendly http://www.lvvwd.com was launched in 2017.

- To ensure water supplies remain available, the District, the SNWA and its other member agencies have implemented a number of initiatives. These efforts include water conservation programs, securing additional water resources and when appropriate, banking unused water resources. The District's award winning conservation efforts have been particularly effective. Over the last 10 years, the District's average monthly use for residential single-service declined by 19 percent, from approximately 13,800 gallons in fiscal year 2007 to approximately 11,100 gallons in fiscal year 2017.

Springs Preserve. The Springs Preserve, located on District property, is a 180-acre cultural and historical attraction designed to commemorate Las Vegas' dynamic history and provide a vision for a sustainable future.

In 2017, the Springs Preserve celebrates its 10th birthday. It continues to serve as a hub for sustainable education and initiatives in the community. In conjunction with its milestone anniversary, a number of permanent exhibits are opening to the public in 2017.

In February 2017, "Boomtown 1905" opened. Re-creating a historical streetscape, this exhibit transports visitors to Las Vegas' humble beginnings between 1905 and 1920. The streetscape was funded primarily through the Southern Nevada Public Lands Management Act.

The WaterWorks exhibit opened in September 2017 and offers visitors an in-depth look at the treatment and delivery process that takes place before water comes out of the tap. This exhibit was funded primarily by the One Drop Foundation, with support from the Royal Bank of Canada.

The children's playground underwent a redesign with help from students at UNLV and conceptual input from a large group of children ranging from five to ten years old. The redesigned playground opened in October 2017.

Development of a teaching garden for local students, teachers, and visitors is currently underway. The garden will provide an opportunity to receive hands-on gardening tips as well as lessons in Science, Technology, Engineering and Math (STEM). The Roger's Foundation has generously donated $100,000 to the Springs Preserve to develop and equip the garden.

Due to new and changing exhibits such as these, exciting programming and engaging community events, membership and admission to the Springs Preserve continue to increase. The Springs Preserve welcomed approximately 290,000 visitors in fiscal year 2017, a 13% increase over fiscal year 2016. Approximately 25,000 students visited the Springs Preserve through the field trip program in fiscal year 2017. Operating revenues totaled $2.7 million in fiscal year 2017, a 5% increase over fiscal year 2016. Facility staff is continuing efforts to add even more value with many new permanent exhibits coming online thanks to successful fundraising efforts.

Additionally, a Springs Preserve mobile app was launched in August 2016, offering guests tools to help them navigate the property, purchase tickets or memberships and receive information about current and upcoming events, exhibits and classes.

CONTINUING DISCLOSURE

On November 10, 1994, the U.S. Securities and Exchange Commission (SEC) amended the Securities Exchange Act of 1934, Rule 15c2-12, regarding continuing disclosure by issuers of municipal securities for the benefit of holders of such securities. Along with other requirements, the amendments require that certain annual financial information be provided to various information repositories for bond issues sold on or after July 3, 1995. The annual financial information must include an update of the same historical financial statements that are included in the final official statement issued at the time of the bond sale. The required annual financial information for the District is incorporated in the Statements of Revenues, Expenses, and Changes in Net Position, page 25, and in Note 4, Long-Term Debt, pages 38 to 45, inclusive. Additional required information can be found in the Statistical Section on pages 74 to 100, inclusive. The District posts its CAFR to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website to comply with the District's ongoing disclosure requirements.

AWARDS AND ACKNOWLEDGMENTS

CAFR - The Government Finance Officers Association (GFOA) of the United States and Canada awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the District for its CAFR for the fiscal year ended June 30, 2016. This is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

To receive this award, a governmental unit must publish an easily readable and efficiently organized financial report that conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States (GAAP) as well as other applicable legal requirements. The District has received this award for the last 38 consecutive years.

We believe this report continues to conform to certificate requirements and plan to submit it to the GFOA after approval from the Board.

Budget - In addition, the District has also received the GFOA's "Distinguished Budget Presentation Award" for its budget documents for the previous 22 consecutive years. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as an operations guide, a financial plan and a policy and communication document.

The Distinguished Budget Presentation Award is awarded on an annual basis. We believe the current budget continues to conform to program requirements and we have submitted it for award consideration.

Public Services – The District's Public Services department earned three awards in the Public Relations Society of America Pinnacle Awards program. The District received the Pinnacle, Springs Preserve social media; Pinnacle Springs Preserve television program; and Award of Excellence, employee videos. The Las Vegas Valley's 20th annual awards recognized public relations strategies and tactics employed by communicators throughout the metropolitan area.

Springs Preserve – The Springs Preserve earned the title of "Best Nature Park in Las Vegas" from the Las Vegas Review-Journal's Best of Las Vegas poll 2016. The Springs Preserve and the DesertSol solar house received honorable mentions from the American Alliance of Museums in their Sustainable Excellence Awards competition. The Sustainable Excellence Award honors museums that educate, facilitate and encourage green practices. MSN Lifestyle named the Springs Preserve the "Best Wedding Venue in Nevada". The Springs Preserve earned the TripExpert Expert Choice Award which reflects the views of journalists and professional travel writers and is bestowed upon the best attractions around the world. The Springs Preserve was also the recipient of a Best of Las Vegas award from Las Vegas Weekly Magazine for the Best Instagram Feed for the third consecutive year.

Fleet – The District's Fleet division was named 15th of the top 50 fleets in North America by Green Fleet Awards. This award recognizes fleet operations that went above and beyond in the utilization of green fuels and green technologies with a focus on sustainability. The District's Fleet division was also named 46th of the top 100 fleets in North America by 100 Best Fleets. This award recognizes fleet operations that embrace and utilize cutting edge technologies and/or practices in the management and operation of the fleet, including vehicles/equipment, personnel, facilities and operating systems.

Other Acknowledgements - We express our appreciation to the District's accounting staff for their dedication in the preparation of this report, the staff members of other departments for their assistance, and the auditing firm of Piercy Bowler Taylor & Kern for their professional services. We also acknowledge the members of the Board of Directors for their continued support and sound governance.

Sincerely,

John J. Entsminger
General Manager

Brian G. Thomas
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

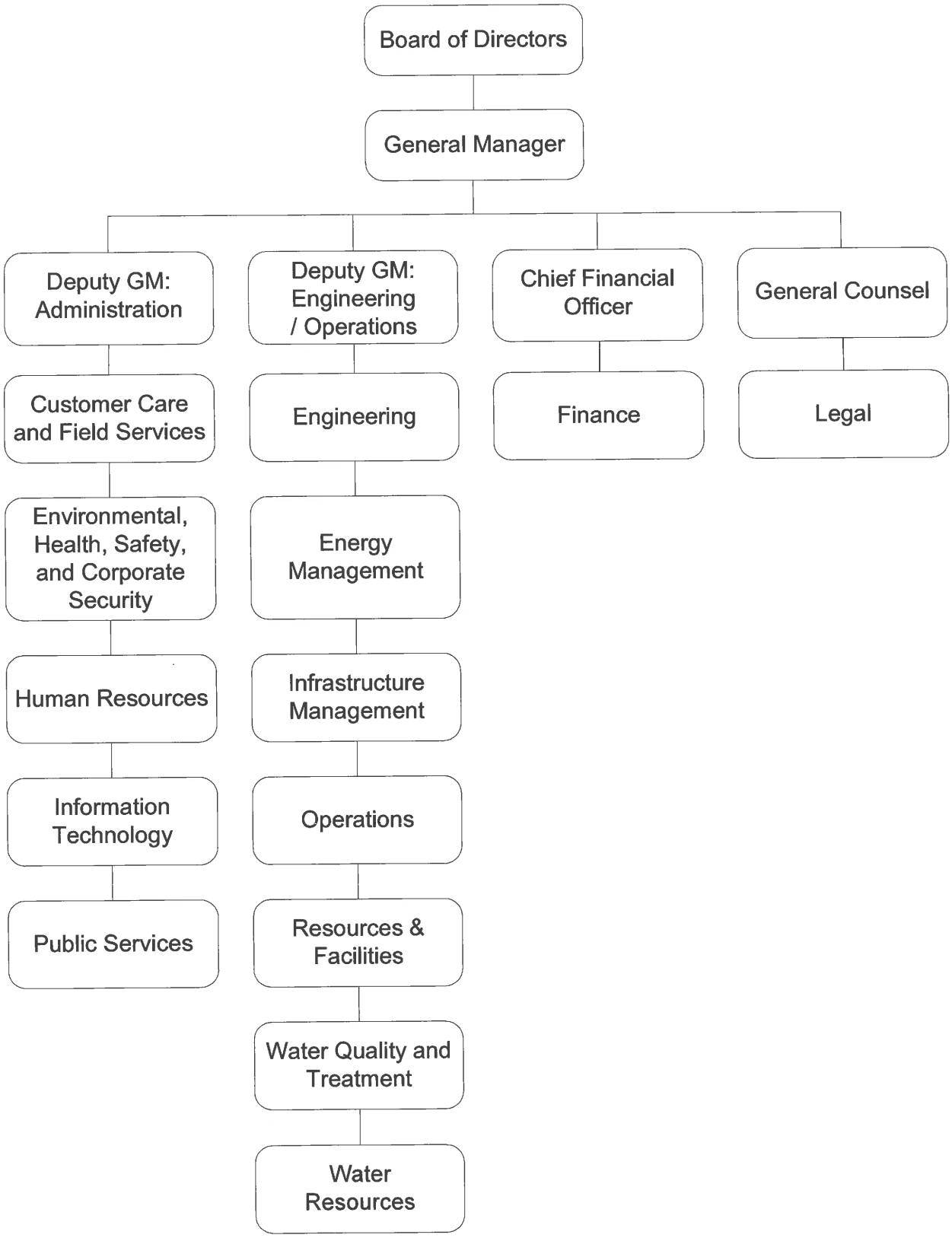
Las Vegas Valley Water District
Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Las Vegas Valley Water District
Organization Chart
As of June 30, 2017



Las Vegas Valley Water District

Board of Directors

Marilyn Kirkpatrick, President
Steve Sisolak, Vice President
Susan Brager
Larry Brown
James Gibson
Chris Giunchigliani
Lawrence Weekly

Executive Management

John J. Entsminger
General Manager

Julie A. Wilcox
Deputy General Manager
Administration

Gregory J. Walch
General Counsel

David L. Johnson
Deputy General Manager
Engineering/Operations

Brian G. Thomas
Chief Financial Officer

1001 South Valley View Boulevard, Las Vegas, Nevada 89153

THIS PAGE LEFT

INTENTIONALLY BLANK

FINANCIAL
SECTION

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

LAS VEGAS VALLEY
WATER DISTRICT™

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

We have audited the accompanying financial statements of the Las Vegas Valley Water District (the District), a discretely presented component unit of Clark County, Nevada, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2017 and 2016, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of defined benefit plan contributions, schedule of defined benefit plan investment returns and schedule of funding progress

6100 Elton Avenue, Ste. 1000 • Las Vegas, Nevada 89107 • 702-384-1120 • fax 702-870-2474 • pbtk.com

postemployment benefits other than pensions on pages 15-22 and 69-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Piercy Bowl Taylor Kern

Las Vegas, Nevada
November 1, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Las Vegas Valley Water District's (District) financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2017 and 2016. This discussion and analysis should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

Fiscal Year 2017 Financial Highlights

- Operating income before depreciation expense in fiscal year 2017 increased to $104.2 million from $96.7 million in fiscal year 2016, an increase of $7.5 million or 7.7%. Change in net position improved from $25.6 million in fiscal year 2016 to $33.2 million in fiscal year 2017, an improvement of $7.6 million or 29.7%. A more detailed explanation of the changes in operating income before depreciation expense and change in net position can be found in the Fiscal Year 2017 Summary included in this Management's Discussion and Analysis.

- Unrestricted net position increased $50.1 million or 53.6% to $143.5 million in fiscal year 2017 from $93.4 million in fiscal year 2016 offset by a $16.1 million decrease in net position on net investment in capital assets and a $0.8 million decrease in net position restricted for debt service, resulting in the $33.2 million change in net position.

- Net capital assets decreased $20.9 million or 1.2% to $1,670.4 million in fiscal year 2017 from $1,691.3 million in fiscal year 2016 because net increase in accumulated depreciation ($78.9 million) exceeded net increase in acquisition and construction of capital assets ($58.0 million).

- Unrestricted cash/investments increased $51.4 million or 22.8% to $276.9 million in fiscal year 2017 from $225.5 million in fiscal year 2016. Net cash flow from operations, investment earnings, and capital contributions continue to exceed disbursements for acquisition and construction of capital assets and debt service.

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

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

Proprietary fund. The proprietary fund reports all of the District's operations, except pension activity. The operations are reported similar to a private-sector business enterprise. There are three components presented in the basic financial statements: 1) comparative statements of net position, 2) comparative statements of revenues, expenses and changes in net position, and 3) comparative statements of cash flows. These can be found on pages 23 to 26 of this report.

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

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

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

Fiduciary pension trust fund. The fiduciary pension trust fund accounts for the assets, liabilities and changes in net assets of the District's defined benefit pension plan. The fiduciary fund is not reflected in the proprietary fund financial statement because fiduciary fund resources are not available to support District operations. The fiduciary pension trust fund is accounted for in essentially the same manner as the proprietary fund. The fiduciary pension trust fund financial statements can be found on pages 27 to 28 of this report.

A more detailed description of the plan, including additional details regarding benefits, calculations of average monthly compensation, the vesting schedule for benefits, the valuation date, actuarial cost method, asset valuation method (including the use of smoothing techniques) and other significant assumptions for the fiscal year ended June 30, 2017 can be found in Note 15 and in the Required Supplementary Information in the audited financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the District's basic financial statements. The notes to the basic financial statements can be found on pages 29 to 68 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report includes required supplementary information describing the District's contributions to, and funding progress of, the pension plan for District employees. Also included is a schedule of funding progress for the District's postemployment benefits other than pensions. Required supplementary information can be found on pages 69 to 72 of this report.

Other supplementary information. In compliance with Nevada Revised Statute 354, the actual and budget statements of revenues, expenses and changes in net position are presented. Other supplementary information can be found on page 73 of this report.

Financial position. As noted earlier, the value remaining after the subtraction of the liabilities from the assets is net position that over time may serve as a useful indicator of financial condition. The following schedule provides an overview of the District's financial position for the fiscal years ended June 30, 2017, 2016 and 2015.

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

	June 30,		
	2017	2016	2015
ASSETS			
Current and Other Assets	$ 2,929,305	$ 2,947,090	$ 2,457,842
Capital Assets, Net	1,670,395	1,691,301	1,698,484
Total Assets	4,599,700	4,638,391	4,156,326
DEFERRED OUTFLOW OF RESOURCES	16,217	30,760	7,082
Total Assets and Deferred Outflow of Resources	$ 4,615,917	$ 4,669,151	$ 4,163,408
LIABILITIES			
Current Liabilities	$ 669,573	$ 656,705	$ 626,671
Noncurrent Liabilities	2,913,537	3,011,856	2,574,340
Total Liabilities	3,583,110	3,668,561	3,201,011
DEFERRED INFLOW OF RESOURCES	19,348	20,320	7,723
NET POSITION			
Net Investment in Capital Assets	860,076	876,206	853,977
Restricted for Debt Service/Capital Projects	9,914	10,687	10,127
Unrestricted	143,469	93,377	90,570
Total Net Position	1,013,459	980,270	954,674
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 4,615,917	$ 4,669,151	$ 4,163,408

Most of the District's net position is in capital assets. Capital assets are extended and improved as needed to provide continuous and reliable water service while meeting the demands of growth. The District's net investment in capital assets was 85% of total net position as of June 30, 2017 and was 89% as of June 30, 2016 and 2015. The current fiscal year decrease is due to depreciation expense exceeding capital contributions and capital expenditures. The prior fiscal year is flat due to depreciation expense approximately equaling capital contributions and capital expenditures.

As of June 30, 2017, $9.9 million of the District's net position was restricted for bond debt service and capital projects. As of June 30, 2016, $10.7 million of the District's net position was restricted for bond debt service and capital projects. Bond debt service funds are restricted by bond covenants while sales tax revenue is restricted by enabling legislation for use related to capital projects. The remaining balance of net position is unrestricted and may be used for asset addition and replacement, debt retirement and other obligations.

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

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

	Years Ended June 30,		
	2017	2016	2015
Operating Revenues:			
Water Sales	$ 349,946	$ 334,838	$ 331,654
Inspection / Application Fees	2,098	2,444	3,612
Springs Preserve	2,785	2,643	2,443
Other	60	61	81
Total Operating Revenues	354,889	339,986	337,790
Non-Operating Revenues			
Interest and Investment Revenue	1,312	2,779	1,514
Total Revenues Excluding Capital Contributions	356,201	342,765	339,304
Operating Expenses:			
Purchased Water	90,346	87,093	84,918
Purchased Energy	9,020	9,762	11,328
Operation and Maintenance	151,367	146,458	149,751
Total Operating Expenses	250,733	243,313	245,997
Non-Operating Expenses/(Revenues)			
Interest Expense	27,777	28,545	34,632
Other	(2,386)	(703)	1,906
Total Non-Operating Expenses/(Revenues)	25,391	27,842	36,538
Depreciation Expense	83,928	81,861	80,750
Total Expenses	360,052	353,016	363,285
Loss Before Contributions	(3,851)	(10,251)	(23,981)
Capital Contributions	37,040	35,847	34,526
Change in Net Position	33,189	25,596	10,545
Net Position, Beginning of the Year	980,270	954,674	1,047,962
Prior Period Adjustment of Net Pension Liability	-	-	(103,833)
Net Position, Beginning of the Year as Adjusted	-	-	944,129
Net Position, End of the Year	$ 1,013,459	$ 980,270	$ 954,674

Results of operations

Fiscal Year 2017 Summary

Total operating revenues increased to $354.9 million in fiscal year 2017 from $340.0 million in fiscal year 2016, an increase of $14.9 million or 4.4%. Water sales revenue increased to $349.9 million in fiscal year 2017 from $334.8 million in fiscal year 2016, an increase of $15.1 million or 4.5%. In January 2017, the District's Board approved tier consumption rate and service charge increases of 3%, which became effective in February 2017 and contributed to the increase in water sales revenue. Water consumption was 108.2 million gallons in fiscal year 2017 compared to 103.9 million gallons in fiscal year 2016, an increase of 4.3 million gallons or 4.1%. The number of active accounts increased to 388 thousand at June 30, 2017 from 381 thousand at June 30, 2016, an increase of 7 thousand active accounts or 1.8%. Since water rates are based upon usage and because of the emphasis placed upon conservation, it is possible for active accounts, usage and revenues to increase or decrease at different rates. Inspection/application fees decreased to $2.1 million in fiscal year 2017 from $2.4 million in fiscal year 2016, a decrease of $0.3 million or 14.2%. Operating revenues at the Springs Preserve were the highest since opening in 2007, increasing to $2.8 million in fiscal year 2017 from $2.7 million in fiscal year 2016, an increase of $0.1 million or 5.4%.

Total operating expenses increased to $250.7 million in fiscal year 2017 from $243.3 million in fiscal year 2016, an increase of $7.4 million or 3.0%. Purchased water expense increased to $90.4 million in fiscal year 2017 from $87.1 million in fiscal year 2016, an increase of $3.3 million or 3.7%. This increase was primarily due to increased water consumption by customers. Purchased energy expense decreased to $9.0 million in fiscal year 2017 from $9.7 million in fiscal year 2016, a decrease of $0.7 million or 7.6%. This decrease was primarily due to a decrease in both electricity expense and natural gas expense. Operations and maintenance expense increased to $151.4 million in fiscal year 2017 from $146.5 million in fiscal year 2016, an increase of $4.9 million or 3.4%. This increase resulted primarily from an increase in payroll and payroll related expenses of approximately $2.6 million, an increase in materials and supplies expense of approximately $1.9 million and an increase in professional services expense of approximately $1.0 million.

Depreciation expense increased by $2.1 million or 2.5% to $83.9 million in fiscal year 2017 from $81.8 million in fiscal year 2016.

Interest expense decreased by $0.7 million or 2.7% to $27.8 million in fiscal year 2017 from $28.5 million in fiscal year 2016. This decrease is primarily due to the refinancing at lower interest rates of the District's Series 2008A general obligation water improvement and refunding bonds and because principal payments reduced long-term debt in fiscal year 2017 compared to fiscal year 2016.

Interest income decreased by $1.5 million or 52.8% to $1.3 million in fiscal year 2017 from $2.8 million in fiscal year 2016. This decrease is primarily due to the net decrease in the fair value of investments. The District typically holds investments to maturity so no actual loss is anticipated.

Other non-operating revenues (expenses) improved by $1.7 million to $2.4 million in fiscal year 2017 from $0.7 million in fiscal year 2016. This is primarily due to a decrease in the loss on retirement of capital assets due to replacement of water meters and automatic meter reader devices.

Capital contributions increased by $1.2 million or 3.3% to $37.0 million in fiscal year 2016 from $35.8 million in fiscal year 2016. This reflects a decrease in facilities connection fees, which decreased by $1.0 million to $12.2 million in fiscal year 2017 from $13.2 million in fiscal year 2016, and an increase in donated mains and services, which increased by $2.4 million to $18.9 million in fiscal year 2017 from $16.5 million in fiscal year 2016.

Change in net position was $33.2 million in fiscal year 2017, an improvement of $7.6 million or 29.7% from the change in net position of $25.6 million in fiscal year 2016 primarily due to the above explanations.

Fiscal Year 2016 Summary

Total operating revenues increased slightly to $340.0 million in fiscal year 2016 from $337.8 million in fiscal year 2015, an increase of $2.2 million or 0.7%. Water sales revenue increased slightly to $334.8 million in fiscal year 2016 from $331.7 million in fiscal year 2015, an increase of $3.1 million or 1.0%. Water consumption was 103.9 million gallons in fiscal year 2016 compared to 102.0 million gallons in fiscal year 2015, an increase of 1.9 million gallons or 1.9%. The number of active accounts increased to 381 thousand at June 30, 2016 from 373 thousand at June 30, 2015, an increase of 8 thousand active accounts or 2.1%. Since water rates are based upon usage and because of the emphasis placed upon conservation, it is possible for active accounts, usage and revenues to increase or decrease at different rates. Inspection/application fees decreased to $2.4 million in fiscal year 2016 from $3.6 million in fiscal year 2015, a decrease of $1.2 million or 32.3%. Operating revenues at the Springs Preserve increased to $2.7 million in fiscal year 2016 from $2.5 million in fiscal year 2015, an increase of $0.2 million or 8.2%.

Total operating expenses decreased to $243.3 million in fiscal year 2016 from $246.0 million in fiscal year 2015, a decrease of $2.7 million or 1.1%. Purchased water expense increased to $87.1 million in fiscal year 2016 from $84.9 million in fiscal year 2015, an increase of $2.2 million or 2.6%. This increase was primarily due to increased water consumption by customers. Purchased energy expense decreased to $9.8 million in fiscal year 2016 from $11.3 million in fiscal year 2015, a decrease of $1.5 million or 13.8%. This decrease was primarily due to a decrease in both electricity expense and natural gas expense. Operations and maintenance expense decreased to $146.5 million in fiscal year 2016 from $149.8 million in fiscal year 2015, a decrease of $3.3 million or 2.2%. This decrease resulted primarily from a decrease in materials and supplies expense of approximately $2.3 million.

Depreciation expense increased by $1.1 million or 1.4% to $81.8 million in fiscal year 2016 from $80.7 million in fiscal year 2015.

Interest expense decreased by $6.1 million or 17.6% to $28.5 million in fiscal year 2016 from $34.6 million in fiscal year 2015. This decrease is primarily due to the refinancing of the District's Series 2005A general obligation refunding bonds and the District's Series 2006A general obligation refunding bonds at lower interest rates and because principal payments reduced long-term debt in fiscal year 2016 compared to fiscal year 2015.

Other non-operating revenues (expenses) improved by $2.6 million to $0.7 million in fiscal year 2016 from ($1.9 million) in fiscal year 2015. This is primarily due to a decrease in the loss on retirement of capital assets due to replacement of water meters and automatic meter reader devices.

Capital contributions increased by $1.3 million or 3.8% to $35.8 million in fiscal year 2016 from $34.5 million in fiscal year 2015. This is primarily due to a decrease in facilities connection fees which decreased by $4.4 million to $13.2 million in fiscal year 2016 from $17.6 million in fiscal year 2015; an increase in donated mains and services which increased by $3.7 million to $16.5 million in fiscal year 2016 from $12.8 million in fiscal year 2015 and an increase in Springs Preserve capital contributions which increased by $2.7 million to $3.1 million in fiscal year 2016 from $0.4 million in fiscal year 2015.

Change in net position was $25.6 million in fiscal year 2016, which was an improvement of $15.0 million or 142.7% from the change in net position of $10.6 million in fiscal year 2015 primarily due to the above explanations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets on June 30, 2017 was $1.7 billion (net of accumulated depreciation). Capital assets include land, collecting and impounding reservoirs, pumping stations and equipment, transmission and distribution mains, service pipes from the distribution mains to customer meters, and transportation and office equipment. Additional information on the types and values of the District's capital assets can be found in Notes 1 and 2 to the basic financial statements of this report.

The District's ongoing capital improvements expenditures are funded with state revolving fund loan proceeds and with revenue funds and include new pumping stations, reservoirs and wells, land acquisition, new water pipelines and recycled water distribution system facilities. Total ongoing capital improvements in fiscal year 2017 were $39.2 million, net of current and prior period reimbursements. Total contract commitments were $16.3 million at June 30, 2017.

Significant ongoing capital improvements expenditures during the current fiscal year include the following:

- Large Meter Replacement Program. State Revolving Loan fund expenditures in fiscal year 2017 were $3.5 million. There were no contract commitments at June 30, 2017.

- Service Line Replacements. State Revolving fund expenditures in fiscal year 2017 were $2.9 million. There were no contract commitments at June 30, 2017.

- Fayle Water Facility Improvements. State Revolving Loan fund expenditures in fiscal year 2017 were $1.5 million. Contract commitments at June 30, 2017 were $0.9 million.

- Springs Preserve WaterWorks Exhibit. Expenditures in fiscal year 2017 were $1.4 million. There were no contract commitments at June 30, 2017.

- Maintenance Engineering Project System Upgrade. Expenditures in fiscal year 2017 were $1.4 million. There were no contract commitments at June 30, 2017.

Long-term debt. At the end of fiscal year 2017, the District had total bond debt and State Revolving Fund loans outstanding of $2.8 billion, $2.0 billion of which is secured by pledged revenue of the SNWA that does not affect the District's financial position. All but $1.0 million of the debt is general obligation debt. The District issued a $2.5 million Subordinate Lien Revenue Clean Renewable Energy Bond (CREB) in fiscal year 2009, which is a tax-credit bond in which the holder realizes a tax-credit in lieu of or in addition to an interest payment. This bond is secured by net revenues.

As of June 30, 2017, Moody's rates the District's general obligation bonds, including advanced refunded bonds in escrow, Aa1 and Standard & Poor's rates them AA. No rating was requested on the $2.5 million CREB revenue bond.

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

Economic factors and next year's budget. The Southern Nevada economy continued to experience growth during fiscal year 2017. New service applications increased by 4,277 applications in calendar year 2016 and by 7,726 applications in calendar year 2015. The number of active customer accounts increased by 7,038 accounts or 1.8% to 387,829 active accounts as of June 30, 2017 from 380,791 active accounts as of June 30, 2016. The District projects continued modest growth for fiscal year 2018.

To ensure water supplies remain available, the District, SNWA and its other member agencies have implemented a number of initiatives. These efforts include water-conservation programs, securing additional water resources and banking unused resources. Water conservation efforts have been particularly effective. Over the last 10 years, the District's average monthly water use for residential single-services declined by 19%.

Over the last 17 years, the Colorado River Basin has experienced a prolonged drought, which has affected Lake Powell's and Lake Mead's reservoir levels. As of September 18, 2017, reservoir storage levels at Lake Powell and Lake Mead were at 61% and 39% of capacity, respectively. Lake Mead's surface elevation was down approximately 134 feet from its pre-drought conditions. Because of the "V" shape of Lake Mead, this results in an approximately 60% reduction in water levels over the indicated time period. Should the drought continue and reservoir levels continue to decline, the Lower Basin States (including Nevada) could see their basic apportionment of the Colorado River water curtailed in future years.

The fiscal year 2018 budget projects $85.9 million in capital expenditures. Included in next year's budget is the construction of a new reservoir, a multi-site large backflow installations project, small backflow installations, a large meter replacement project and various main and pipeline replacements.

Requests for information. This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Office of the Chief Financial Officer, Las Vegas Valley Water District, 1001 South Valley View Blvd, Las Vegas, NV 89153 (telephone number 702-258-3106). This report is also available on the District's Website: https://www.lvvwd.com/about/budget-financial-reports/index.html.

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF NET POSITION
PROPRIETARY (ENTERPRISE) FUND
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	$ 56,085,595	$ 66,260,363
Investments	220,778,816	159,192,448
Interest receivable	535,933	337,305
Accounts receivable, net of allowance for doubtful accounts	71,437,977	66,060,435
Inventories and prepaid expenses	19,392,190	20,296,301
Restricted assets:		
Cash and cash equivalents	8,193,516	11,545,770
Investments	64,077,036	61,995,224
Due from related party	478,997,087	474,769,176
Total current assets	919,498,150	860,457,022
NONCURRENT ASSETS		
Other assets	179,747	59,407
Due from related party, unrestricted	76,456,853	82,208,793
Due from related party, restricted	1,933,170,000	2,004,365,000
Total noncurrent assets, excluding capital assets	2,009,806,600	2,086,633,200
Capital assets:		
Property and equipment	2,982,653,315	2,905,990,548
Less accumulated depreciation	(1,339,227,601)	(1,260,299,320)
	1,643,425,714	1,645,691,228
Construction in progress	26,969,533	45,610,262
Total capital assets, net	1,670,395,247	1,691,301,490
Total noncurrent assets	3,680,201,847	3,777,934,690
TOTAL ASSETS	4,599,699,997	4,638,391,712
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount related to bond refundings	1,203,447	1,324,803
Deferred amount related to pension	15,013,939	29,434,922
TOTAL DEFERRED OUTFLOW OF RESOURCES	16,217,386	30,759,725
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 4,615,917,383	$ 4,669,151,437

(Continued)

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

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF NET POSITION
PROPRIETARY (ENTERPRISE) FUND
JUNE 30, 2017 AND 2016
(Continued)

	2017	2016
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities	$ 79,967,653	$ 72,932,659
Service installation deposits	762,142	736,642
Customer advances for construction	4,459,691	4,950,939
Payroll and related liabilities	37,303,383	36,518,726
Current portion of bonds payable	30,408,000	27,808,000
Current portion of bonds payable, related party	70,035,000	62,095,000
Commercial paper payable, related party	400,000,000	400,000,000
Accrued bond interest	5,253,318	7,194,618
Current portion of state revolving fund loans	454,879	-
Accrued state revolving fund loan interest	255,527	32,262
Accrued debt interest, related party	8,962,087	12,674,176
Construction contracts payable	778,534	713,330
Customer guarantee deposits	24,009,387	23,392,934
Agency account	2,030,740	1,613,062
Advance from related party	4,892,721	6,042,999
Total current liabilities	669,573,062	656,705,347
NONCURRENT LIABILITIES		
Net pension liability	187,246,795	203,491,989
Liability for postemployment benefits other than pension	19,303,188	16,381,009
Unearned revenue	1,552,033	1,718,873
Bonds payable, net of current portion	746,566,918	782,209,432
State revolving fund loans	25,698,816	3,689,827
Bonds payable, related party, net of current portion	1,933,170,000	2,004,365,000
Total noncurrent liabilities	2,913,537,750	3,011,856,130
TOTAL LIABILITIES	3,583,110,812	3,668,561,477
DEFERRED INFLOW OF RESOURCES		
Deferred amount related to bond refundings	8,394,596	6,402,623
Deferred amount related to pension	8,475,883	2,901,157
Deferred amount - related party	2,477,269	11,016,172
TOTAL DEFERRED INFLOW OF RESOURCES	19,347,748	20,319,952
NET POSITION		
Net investment in capital assets	860,075,485	876,206,238
Restricted for debt service	9,751,045	10,539,353
Restricted for capital projects	162,776	147,013
Unrestricted	143,469,517	93,377,404
TOTAL NET POSITION	1,013,458,823	980,270,008
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 4,615,917,383	$ 4,669,151,437

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

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY (ENTERPRISE) FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Water sales	$ 349,945,542	$ 334,838,222
Inspection / application fees	2,097,655	2,443,875
Springs Preserve	2,784,944	2,643,382
Other	60,374	60,910
Total operating revenues	354,888,515	339,986,389
OPERATING EXPENSES		
Purchased water	90,345,870	87,093,101
Purchased energy	9,019,972	9,761,793
Operation and maintenance	151,366,913	146,457,928
Total operating expenses	250,732,755	243,312,822
OPERATING INCOME BEFORE DEPRECIATION EXPENSE	104,155,760	96,673,567
Depreciation expense	(83,928,107)	(81,861,319)
OPERATING INCOME	20,227,653	14,812,248
NON-OPERATING (EXPENSES) / REVENUES		
Interest expense	(27,777,621)	(28,545,553)
Interest and investment revenue, unrestricted	1,042,888	2,577,164
Interest and investment revenue, restricted	269,500	202,125
Other	2,386,071	702,547
Total non-operating (expenses) / revenues	(24,079,162)	(25,063,717)
LOSS BEFORE CONTRIBUTIONS	(3,851,509)	(10,251,469)
Capital contributions	37,040,324	35,847,446
CHANGE IN NET POSITION	33,188,815	25,595,977
NET POSITION, BEGINNING OF THE YEAR	980,270,008	954,674,031
NET POSITION, END OF THE YEAR	$ 1,013,458,823	$ 980,270,008

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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 348,578,694	$ 338,822,158
Cash payments to suppliers for goods and services	(120,377,286)	(122,153,288)
Cash payments for salaries and benefits	(117,418,084)	(112,002,882)
Other cash receipts	398,727	559,774
Other cash payments	(6,410)	(6,291)
Net cash provided by operating activities	111,175,641	105,219,471
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(45,811,647)	(60,578,210)
Capital contributed for construction	20,801,855	19,170,690
Proceeds from sale of property and equipment	653,975	400,529
Proceeds of bond sale	1,520,000	124,215
Proceeds of State Revolving Fund Loans	22,463,868	2,391,518
Bond issue costs	(500,443)	(108,437)
State Revolving Fund Loan Issue Costs	(65,224)	-
Principal paid on bonds	(28,525,849)	(27,918,000)
Interest paid	(33,624,653)	(32,304,925)
Interest rebate	1,405,623	1,406,378
Construction deposits	(465,748)	(409,793)
Net cash used in capital and related financing activities	(62,148,243)	(97,826,035)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(282,828,870)	(165,420,385)
Proceeds from sales and redemptions of investment securities	217,139,996	162,530,166
Interest income on investments	3,134,454	2,419,252
Net cash used in investing activities	(62,554,420)	(470,967)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(13,527,022)	6,922,469
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	77,806,133	70,883,664
UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	56,085,595	66,260,363
RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	8,193,516	11,545,770
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 64,279,111	$ 77,806,133
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME	$ 20,227,653	$ 14,812,248
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	83,928,107	81,861,319
Changes in assets and liabilities:		
(Increase) in accounts receivable	(7,247,973)	(2,337,178)
(Increase)/Decrease in inventories and prepaid expenses	904,111	(1,651,081)
Increase in accounts payable for operations	7,497,105	846,631
Increase in payroll and other accrued liabilities	5,565,607	11,225,871
Decrease in unearned revenue for operations	(30,912)	(30,912)
Other	331,943	492,573
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 111,175,641	$ 105,219,471
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital asset contributions	$ 16,238,469	$ 16,676,756
Change in fair value of investments	(2,020,694)	298,086
Bond issuance costs deducted from bond proceeds	(1,016,120)	(182,271)
Refunding bonds issued plus premium	270,838,152	127,981,602
Bonds refunded plus unamortized premium	(271,493,771)	(130,172,462)
Deferred gain on refunded bonds	2,493,890	2,497,347
Debt issued on behalf of related party	22,115,000	497,785,000

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

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUND
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents:		
Money market funds	$ 2,071,149	$ 1,157,413
Investments at contract value:		
Insurance account and contracts	2,503,803	4,647,456
Investments at fair value:		
Domestic equity funds	225,207,284	179,995,447
Domestic bond funds	96,208,620	88,870,824
International equity fund	59,290,314	44,956,271
Global REIT	11,335,519	11,215,646
	392,041,737	325,038,188
Total investments	396,616,689	330,843,057
Accrued interest receivable	42,276	91,869
Total assets	$ 396,658,965	$ 330,934,926
NET POSITION		
Held in trust for pension benefits	$ 396,658,965	$ 330,934,926

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

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
ADDITIONS		
Employer contributions	$ 31,069,130	$ 29,414,230
Employee contributions	118,901	217,031
Total contributions	31,188,031	29,631,261
Investment earnings:		
Interest	173,415	195,317
Net change in fair value of investments	49,216,856	3,903,193
Total investment earnings	49,390,271	4,098,510
Less investment expense	(121,863)	(114,938)
Net investment earnings	49,268,408	3,983,572
Total additions	80,456,439	33,614,833
DEDUCTIONS		
Administrative and general	344,057	370,847
Benefits	14,388,343	11,626,003
Total deductions	14,732,400	11,996,850
Net increase	65,724,039	21,617,983
NET POSITION		
Beginning of year	330,934,926	309,316,943
End of year	$ 396,658,965	$ 330,934,926

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Las Vegas Valley Water District (District) are prepared in conformity with generally accepted accounting principles (GAAP) 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 (Board), and the exclusion of the District's financial statements would render the financial statements of Clark County incomplete, the District is included as a discretely (separately) presented component unit within the Clark County Comprehensive Annual Financial Report. 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. 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 and capital expenditures. Typically, unrestricted resources are used first for all expenditures, followed by reimbursement from restricted resources when appropriate. When both restricted and unrestricted resources are available for the same expenditure, restricted resources are generally used first.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues include revenues derived from water sales, water related activities and the Springs Preserve. Operating expenses include all expenses applicable to the furnishing of these services. Non-operating revenues and expenses include revenues and expenses not associated with the District's normal business of supplying water or with the Springs Preserve.

Included in operating revenues are regional connection fees, regional commodity charges and infrastructure charges. These regional revenues are offset in operating expenses by equivalent contributions to the Southern Nevada Water Authority (SNWA), a related party.

To avoid a "grossing-up" effect on operating revenues and operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position, revenue collected for the SNWA is offset against the related remittances to the SNWA. Any remaining balance is classified as an operating expense and adjusted in a following period.

Operating revenues do not include discounts and allowances. Operating expenses (and work-in-progress accounts) include allocations for indirect costs. These indirect costs include payroll taxes and employee benefits, which are initially charged to administrative and general expense accounts, but reported only in the accounts to which they are allocated. Depreciation expense is reported separately from operating expenses, but it is a subcategory of operating expenses.

Non-operating revenues and expenses include interest and investment income and expense, and other peripheral activities. Although capital contributions, as well as extraordinary items, if any, are shown separately, they are subcategories of non-operating revenues and expenses.

Fiduciary Pension Trust Fund and Pension Account

The fiduciary pension trust fund accounts for the assets, liabilities, and changes in net position of the District's defined benefit pension plan in accordance with GASB Statements No. 67, 68, and 71. The fiduciary pension trust fund is accounted for in essentially the same manner as the proprietary (enterprise) fund using the same measurement focus and basis of accounting.

Retiree benefits not accounted for in the fiduciary pension trust fund were purchased through annuity contracts funded in a contractual allocated Pension Account with an insurance company through December 31, 2013. Beginning January 1, 2014, retiree benefits are paid by the fiduciary pension trust fund account held by a large multi- national bank and are accounted for in the fiduciary pension trust fund. The assets and liabilities of the Pension Account are not recorded on the District's books.

Postemployment Benefits Other Than Pensions (OPEB)

Effective July 1, 2007, the District implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The OPEB plan is administered by the District and not by a trust or equivalent arrangement.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand and interest-bearing bank deposits. No investments are considered cash equivalents regardless of liquidity or maturity. The total carrying amount of District cash on hand and on deposit was $64.3 million, as of June 30, 2017 and $77.8 million as of June 30, 2016. As of June 30, 2017, bank balances were $64.3 million. As of June 30, 2016, bank balances were $79.2 million. 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, with the exception of certain pension investments, are reported at fair value and consist of bank certificates of deposit, U.S. Government sponsored agency obligations, and municipal bonds. Pension assets (Note 15) are comprised of equity and bond funds, a global real estate investment trust (REIT), insurance contracts, pooled accounts, and a money market account. The equity and bond funds, global REIT 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 with a financial strength rating of A++ by A.M. Best rating company.

Inventories

Inventories consist primarily of materials and supplies stated at the lower of market or average cost.

Restricted Assets

Restricted assets include amounts due from the SNWA for the repayment of the District's notes and bonds whose proceeds were delivered to the SNWA (Notes 3 and 4). Restricted assets also include certain resources set aside to repay bond debt in accordance with bond covenants. Further, the District has restricted investments for customer security deposits, sales tax and oversized mains. Oversized mains are constructed to meet estimated future demands on the District's distribution system.

Capital Assets

Property and equipment are recorded at purchase or construction cost, except for certain facilities that were transferred to the District at approximate original cost less estimated accumulated depreciation. Developer donated facilities are recorded at engineering estimates of acquisition value at the time the assets are donated. Expenditures for improvements and betterments, including labor and indirect costs, are capitalized. The capitalization threshold is generally $10,000 and an estimated useful life of at least three years following the date of acquisition. Like items with individual costs below $10,000, purchased as a group, are capitalized if their collective cost exceeds $25,000 and they have an estimated useful life of at least three years. Depreciation is computed using the straight-line method over the following estimated useful lives:

Transportation/Work/Equipment	3 – 10 Years
Office Furniture and Equipment	5 – 10 Years
Purification Equipment	15 – 25 Years
Pumping Stations and Wells	11 – 30 Years
Meters/Services	20 – 30 Years
Collecting and Impounding Structures	10 – 50 Years
Organization Costs and Improvements	20 – 50 Years
Telemetering/Valves and Miscellaneous	10 – 75 Years
Transmission/Distribution/Mains	50 – 75 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 Financial Accounting Standards Board (FASB) Statement No. 34, as amended by Statement No. 62, and offsets capitalized interest cost with interest income related to unspent bond proceeds.

Interest expense and capitalized interest expense and income for fiscal years 2017 and 2016 were as follows:

	2017	2016
Bond interest	$ 28,548,949	$ 29,191,546
Other interest expense	6,409	6,291
Total interest expense	28,555,358	29,197,837
Bond interest expense capitalized	(777,737)	(652,284)
Net interest expense	$ 27,777,621	$ 28,545,553

Accumulated Unpaid Employee Benefits

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

Capital Contributions

Capital contributions are contributions in cash to connect to the existing system and donations, or contributions in cash, services, or property from any person or governmental agency for the acquisition, relocation, improvement or construction of property, facilities, or equipment. Capital contributions include shared sales tax revenue received from the State of Nevada. The sales tax proceeds received are statutorily restricted for construction purposes in a rural area. Sales tax proceeds received in fiscal year 2017 were $49,468 and in fiscal year 2016 were $47,288. No distinction is made between property acquired through capital contributions and property purchased from funds received through operating channels. Depreciation is recorded and the property is retired in the appropriate manner.

Net Position

Net Position is displayed in three components:

(1) *Net investment in capital assets*. This component represents the District's net position in its capital assets. It reflects the cost of capital assets, less accumulated depreciation and less the outstanding principal of related debt, excluding unspent proceeds.

(2) *Restricted*. This component reflects the carrying value of assets, less related liabilities, that are restricted by law or by other externally imposed restrictions, such as bond covenants. Assets that are restricted only because of District imposed limitations are not included in the calculation.

(3) *Unrestricted*. This component represents the remaining net position balance that is available to support District operations and capital asset acquisition/construction.

Legal Costs

The District does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters, but rather records such as period costs when services are rendered.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. The District is currently evaluating how the adoption of Statement No. 75 will affect the District's financial position, results of operation or cash flow.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split Interest Agreements*, which is effective for fiscal years beginning after December 15, 2016 and should be applied retroactively. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is the beneficiary of the agreement. The District does not expect the adoption of Statement No. 81 to affect the District's financial position, results of operation or cash flow.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for fiscal years beginning after June 15, 2018. Earlier application is encouraged. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The District is currently evaluating how the adoption of Statement No. 83 will affect the District's financial position, results of operation or cash flow.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2018. Earlier application is encouraged. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The District is currently evaluating how the adoption of Statement No. 84 will affect the District's financial position, results of operation or cash flow.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The objective of this Statement is to address practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District is currently evaluating how the adoption of Statement No. 85 will affect the District's financial position, results of operation or cash flow.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The District is currently evaluating how the adoption of Statement No. 86 will affect the District's financial position, results of operation or cash flow.

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The District is currently evaluating how the adoption of Statement No. 87 will affect the District's financial position, results of operation or cash flow.

Other Reclassifications

Certain minor reclassifications have been made in the fiscal year 2016 basic financial statements to conform to the fiscal year 2017 presentation.

Estimates

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

NOTE 2. CAPITAL ASSETS

For the year ended June 30, 2017, capital asset activity is as follows:

	Balance June 30, 2016	Additions and Adjustments	Retirements	Balance June 30, 2017
Property and Equipment				
Capital Assets, not Depreciated:				
Land and Land Rights	$ 23,571,806	$ -	$ -	$ 23,571,806
Construction in Progress	45,610,262	37,103,284	55,744,013	26,969,533
Total Capital Assets, not Depreciated	69,182,068	37,103,284	55,744,013	50,541,339
Capital Assets, Depreciated:				
Organization Costs and Improvements	1,643,644	-	8,908	1,634,736
Collecting and Impounding Structures	858,381,418	18,756,050	152,576	876,984,892
Pumping Stations and Wells	286,763,906	23,272,159	437,809	309,598,256
Purification Equipment	855,269	-	11,146	844,123
Transmission/Distribution/Mains	955,689,884	17,645,794	-	973,335,678
Telemetering/Valves and Miscellaneous	55,925,782	533,900	36,950	56,422,733
Meters/Services	563,140,514	13,386,183	9,159	576,517,538
Office Furniture and Equipment	111,201,987	1,731,262	457,786	112,475,463
Transportation/Work/Equipment	48,816,339	6,349,124	3,897,372	51,268,090
Total Capital Assets, Being Depreciated	2,882,418,744	81,674,472	5,011,706	2,959,081,509
Total	**2,951,600,810**	**118,777,756**	**60,755,719**	**3,009,622,848**
Accumulated Depreciation				
Organization Costs and Improvements	1,521,685	31,246	8,908	1,544,023
Collecting and Impounding Structures	435,487,841	33,491,621	145,032	468,834,430
Pumping Stations and Wells	177,000,027	11,069,278	437,487	187,631,818
Purification Equipment	616,952	30,836	11,146	636,642
Transmission/Distribution/Mains	227,760,659	12,991,867	-	240,752,526
Telemetering/Valves and Miscellaneous	17,346,111	890,540	35,798	18,200,854
Meters/Services	253,261,655	19,411,807	7,743	272,665,719
Office Furniture and Equipment	104,153,599	2,591,735	457,786	106,287,547
Transportation/Work/Equipment	43,150,790	3,419,177	3,895,927	42,674,040
Total	**1,260,299,320**	**83,928,107**	**4,999,826**	**1,339,227,601**
Total Capital Assets, net	**$ 1,691,301,490**	**$ 34,849,650**	**$ 55,755,893**	**$ 1,670,395,247**

*Balances may not total due to rounding.

For the year ended June 30, 2016, capital asset activity is as follows:

	Balance June 30, 2015	Additions and Adjustments	Retirements	Balance June 30, 2016
Property and Equipment				
Capital Assets, not Depreciated:				
Land and Land Rights	$ 22,583,716	$ 988,090	$ -	$ 23,571,806
Construction in Progress	15,677,478	54,184,104	24,251,320	45,610,262
Total Capital Assets, not Depreciated	38,261,194	55,172,194	24,251,320	69,182,068
Capital Assets, Depreciated:				
Organization Costs and Improvements	1,648,018	-	4,375	1,643,644
Collecting and Impounding Structures	853,906,699	4,474,719	-	858,381,418
Pumping Stations and Wells	281,433,822	5,330,084	-	286,763,906
Purification Equipment	855,269	-	-	855,269
Transmission/Distribution/Mains	939,588,545	16,101,339	-	955,689,884
Telemetering/Valves and Miscellaneous	53,446,970	2,481,295	2,484	55,925,782
Meters/Services	553,794,755	12,531,383	3,185,624	563,140,514
Office Furniture and Equipment	109,303,304	1,973,544	74,860	111,201,987
Transportation/Work/Equipment	48,291,012	2,469,252	1,943,925	48,816,339
Total Capital Assets, Being Depreciated	2,842,268,393	45,361,618	5,211,266	2,882,418,744
Total	**2,880,529,587**	**100,533,812**	**29,462,586**	**2,951,600,810**
Accumulated Depreciation				
Organization Costs and Improvements	1,494,814	31,246	4,375	1,521,685
Collecting and Impounding Structures	402,110,919	33,376,922	-	435,487,841
Pumping Stations and Wells	165,866,373	11,133,654	-	177,000,027
Purification Equipment	585,990	30,962	-	616,952
Transmission/Distribution/Mains	215,032,138	12,728,521	-	227,760,659
Telemetering/Valves and Miscellaneous	16,487,726	860,869	2,484	17,346,111
Meters/Services	235,740,936	19,103,119	1,582,399	253,261,655
Office Furniture and Equipment	101,910,306	2,318,154	74,860	104,153,599
Transportation/Work/Equipment	42,816,842	2,277,874	1,943,925	43,150,790
Total	**1,182,046,044**	**81,861,321**	**3,608,043**	**1,260,299,320**
Total Capital Assets, net	**$ 1,698,483,543**	**$ 18,672,492**	**$ 25,854,543**	**$ 1,691,301,490**

*Balances may not total due to rounding.

NOTE 3. SHORT-TERM DEBT

On March 10, 2004, the District began a Tax-Exempt Commercial Paper (TECP) program for the SNWA, authorizing a maximum of $400.0 million in general obligation (limited tax) commercial paper notes (notes) supported by the SNWA revenues. Proceeds from the sale of the notes were used to fund the SNWA's capital expenditures, to purchase a 25% interest in the Silverhawk power plant, and to purchase water resources. The TECP program was most recently renegotiated on April 4, 2017, and is currently facilitated by letters of credit between the District, Sumitomo Mitsui Banking Corporation ($250.0 million), and U.S. Bank National Association ($150.0 million). The termination date for the agreement with Sumitomo Mitsui Banking Corporation is April 2, 2021. The termination date for the agreement with U.S. Bank National Association is April 3, 2020. The District's commercial paper, comprised of 10 tranches ranging in size from $0.5 million to $50.0 million, is traded on the open market and subject to market interest fluctuations.

The notes have multiple interest rates, ranging from 0.86% to 0.96% with a 0.92% average rate. The notes matured in 2017 as follows: $222.0 million in July, $127.5 million in August, and $50.5 million in September. The District replaced the maturing notes with additional notes. Standard & Poor's rating is A-l+ and Moody's is P-1 based on ratings dated February 2017 and March 2017 respectively.

As of June 30, 2017 and 2016, the entire $400.0 million principal balance was outstanding. Principal and accrued interest total $400.4 million as of June 30, 2017. The liability for the notes and the receivable from the SNWA are shown in the basic financial statements of the District.

In fiscal years 2017 and 2016, other than interest payments on the notes and rollover of principal, the District had no short-term debt activity.

For the years ended June 30, 2017 and June 30, 2016, short-term debt activity is as follows:

	June 30, 2017	June 30, 2016
Balance Beginning of Period	$ 400,000,000	$ 400,000,000
Additions	2,818,360,000	2,624,180,000
Retirements	(2,818,360,000)	(2,624,180,000)
Balance End of Period	$ 400,000,000	$ 400,000,000
End of Period		
Accrued Interest	$ 429,021	$ 193,184
Average Interest Rate	0.92%	0.46%
Number of Traunches	10	12
Smallest	$ 500,000	$ 6,600,000
Largest	$ 50,000,000	$ 150,000,000
Shortest Maturity, in days	33	34
Longest Maturity, in days	92	91

NOTE 4. LONG-TERM DEBT

For the year ended June 30, 2017, long-term debt activity is as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year	Due After One Year
Bonds payable	$ 748,441,000	$ 255,755,000	$ (291,898,000)	$ 712,298,000	$ 30,408,000	$ 681,890,000
Unamortized premium	61,576,432	15,083,152	(11,982,666)	64,676,918	-	64,676,918
Total bonds payable	810,017,432	270,838,152	(303,880,666)	776,974,918	30,408,000	746,566,918
State Revolving Fund Loans	3,689,827	22,463,868	-	26,153,695	454,879	25,698,816
Bonds payable, related party	2,066,460,000	22,115,000	(85,370,000)	2,003,205,000	70,035,000	1,933,170,000
Total long-term debt	$ 2,880,167,259	$ 315,417,020	$ (389,250,666)	$ 2,806,333,613	$ 100,897,879	$ 2,705,435,735

For the year ended June 30, 2016, long-term debt activity is as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year	Due After One Year
Bonds payable	$ 794,824,000	$ 108,220,000	$ (154,603,000)	$ 748,441,000	$ 27,808,000	$ 720,633,000
Unamortized premium	49,043,112	19,761,602	(7,228,282)	61,576,432	-	61,576,432
Total bonds payable	843,867,112	127,981,602	(161,831,282)	810,017,432	27,808,000	782,209,432
State Revolving Fund Loan	1,298,309	2,391,518	-	3,689,827	-	3,689,827
Bonds payable, related party	1,612,655,000	497,785,000	(43,980,000)	2,066,460,000	62,095,000	2,004,365,000
Total long-term debt	$ 2,457,820,421	$ 628,158,120	$ (205,811,282)	$ 2,880,167,259	$ 89,903,000	$ 2,790,264,259

Bonds Secured by SNWA Pledged Revenue

As of June 30, 2017, the District had $2,003.2 million outstanding general obligation bonds additionally secured by pledged revenue of the SNWA. The bond proceeds were delivered to the SNWA to finance water projects and to refund existing debt. The receivable from the SNWA, as well as the liability for the bonds, is shown on the basic financial statements of the District. As of June 30, 2017, bond principal and accrued interest total $2,012.2 million, of which $9.0 million represents accrued bond interest due within one year.

General Obligation Bond Covenants

Management believes that the District has complied with all legal requirements, limitations and restrictions of the bond covenants. Such covenants include minimum revenue requirements and maintenance of a bond service account.

After payment of the costs of operation, maintenance and general expenses of the District, excluding depreciation expense and including interest income on operating funds, the District is required to establish rates sufficient to provide annual "Revenues" equal to the average annual debt service, excluding bond debt secured by pledged revenue of the SNWA. Net revenue available for debt service for the year ended June 30, 2017 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, 2017 the bond service account balance of $9.8 million met the scheduled requirement.

In-Substance Debt Defeasance and Deferred Balance

In prior years, the District issued bonds to advance refund various debt issues, resulting in the in-substance defeasance of the old debt. Proceeds from the new debt and other funds were placed into escrow and invested to pay principal and interest on the old debt at a future time. When the funds were put into escrow, the liability for the old debt was removed from the District's statement of net position. As of June 30, 2017, outstanding in-substance defeased debt totaled $408.0 million.

For current refundings and advance refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the shortest term of the related debt obligations. At June 30, 2017, the aggregate unamortized deferred loss was $1.2 million and the aggregate unamortized deferred gain was $8.4 million.

Current Year Debt Issuances

On July 18, 2016 the District issued Series 2016D, $125.6 million par value general obligation adjustable rate refunding bonds. The bonds were dated and delivered July 18, 2017. Proceeds of the bonds, less $0.2 million to pay the costs of issuing the bonds, were deposited into escrow to currently refund at 100% of par $62.7 million of the District's Series 2006B general obligation adjustable rate water improvement bonds and to currently refund at 100% of par $62.7 million of the District's Series 2006C general obligation adjustable rate water improvement bonds.

On September 15, 2016 the District entered into an agreement with the State of Nevada Department of Conservation and Natural Resources to receive a loan from the State Revolving Fund (SRF) for an amount not to exceed $15 million. Funds will be used for water system rehabilitation projects. The SRF loan is secured by a $15 million general obligation bond the District provided to the State of Nevada as collateral for the loan. Disbursement of loan amounts is based upon submittal of proper and acceptable costs that have been incurred. As of June 30, 2017 $6.8 million is outstanding. The interest rate on the loan is fixed at 1.78% and the term is 20 years. Interest payments are payable semiannually on January 1 and July 1 each year and commenced January 1, 2017. Principal payments are payable semiannually on January 1 and July 1 of each year, commencing on the first January 1 or July 1 immediately following the date the maximum principal amount is drawn; the date the projects are complete; or three years from the date of the loan contract, whichever occurs first.

On March 14, 2017 the District issued Series 2017A, $130.1 million par value general obligation refunding bonds for a net premium of $15.1 million and a true interest cost of 3.37%. The bonds were dated and delivered March 14, 2017. Proceeds of the bonds, less $1.4 million to pay the costs of issuing the bonds, were deposited into escrow to purchase government securities to advance refund at 100% of par plus accrued interest $138.6 million of the District's Series 2008A general obligation water improvement and refunding bonds. The average coupon rate of the Series 2008A refunded bonds is 5.00%

On March 14, 2017 the District issued Series 2017B, $22.1 million par value general obligation refunding bonds additionally secured by SNWA pledged revenues for a net premium of $3.2 million and a true interest cost of 2.64%. The bonds were dated and delivered March 14, 2017. Proceeds of the bonds, less $0.2 million to pay the costs of issuing the bonds, were deposited into escrow to purchase government securities to advance refund at 100% of par plus accrued interest $7.7 million of the SNWA's Series 2009B general obligation water improvement bonds and to advance refund at 100% of par plus accrued interest $15.6 million of the SNWA's Series 2009D general obligation water improvement and refunding bonds. The average coupon rate of the 2009B and 2009D refunded bonds is 5.04%.

On May 3, 2017 the District entered into an agreement with the State of Nevada Department of Conservation and Natural Resources to receive a loan from the State Revolving Fund (SRF) for an amount not to exceed $15 million. Funds will be used for water system rehabilitation projects. The SRF loan is secured by a $15 million general obligation bond the District gave to the State of Nevada as collateral for the loan. Disbursement of loan amounts is based upon submittal of proper and acceptable costs that have been incurred. As of June 30, 2017, $0.1 million is outstanding. The interest rate on the loan is fixed at 2.41% and the term is 20 years. Interest payments are payable semi-annually on January 1 and July 1 of each year and commenced July 1, 2017. Principal payments are payable semi-annually on January 1 and July 1 of each year, commencing on the first January 1 or July 1 immediately following the date the maximum principal amount is drawn; the date the projects are complete; or three years from the date of the loan contract, whichever occurs first.

The refunding of the Series 2008A bonds by the Series 2017A issue resulted in an accounting gain of $2.5 million. Following GASB Statement No. 65, the District has deferred the accounting gain and will amortize it as a component of interest expense through fiscal year 2038. The District reduced its debt service payments through fiscal year 2038 by $24.7 million and obtained a present value economic gain of $18.1 million.

Because the liability for bonds additionally secured by pledged revenue of the SNWA are offset by an SNWA receivable, issuing the Series 2017B bonds had no effect on the District's operations or financial position.

Adjustable Rate Bonds

On July 18, 2016 the District issued Series 2016D, $125.6 million par value general obligation adjustable rate refunding bonds. The interest rate on the bonds is variable based upon LIBOR, with a three-year term and resets and is paid monthly. Principal payments are payable on June 1 of each year and commenced June 1, 2017. The Series 2016D bonds currently refunded the District's Series 2006B ($62.7 million) and Series 2006C ($62.7 million) variable rate bonds. The interest rate on each series of the 2006B and 2006C bonds bore interest at a Daily Rate. At June 30, 2017 the interest rate for the 2016D bonds was 1.06035%. As required by GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, this rate was used to calculate future interest requirements for the 2016D bonds outstanding as of June 30, 2017.

General obligation bonds and a subordinate lien revenue bond payable as of June 30, 2017:

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

	2008A	2008 CREB[1]	2010A BABS[2]
Date of issue	February 19, 2008	July 15, 2008	June 15, 2010
Coupon interest rate	5.00%	1.30%	5.60% to 5.70%
Interest payment dates	8/1 and 2/1	9/15, 12/15, 3/15, 6/15	9/1 and 3/1
Principal payment date	February 1	December 15	March 1
Original amount	$ 190,760,000	$ 2,520,000	$ 75,995,000
Redeemed as of 6/30/17	(48,180,000)	(1,512,000)	-
Advance refunded	(138,590,000)	-	-
Outstanding as of 6/30/17	3,990,000	1,008,000	75,995,000
Less current portion	(3,990,000)	(168,000)	-
Portion due after one year	$ -	$ 840,000	$ 75,995,000

	2010B	2011D	2012A
Date of issue	June 15, 2010	October 19, 2011	September 5, 2012
Coupon interest rate	2.00% to 4.625%	2.00% to 5.25%	5.00%
Interest payment dates	9/1 and 3/1	6/1 and 12/1	6/1 and 12/1
Principal payment date	March 1	June 1	June 1
Original amount	$ 31,075,000	$ 78,680,000	$ 39,310,000
Redeemed as of 6/30/17	(3,175,000)	(20,670,000)	-
Outstanding as of 6/30/17	27,900,000	58,010,000	39,310,000
Less current portion	(860,000)	(4,650,000)	-
Portion due after one year	$ 27,040,000	$ 53,360,000	$ 39,310,000

	2015A	2016B	2016D
Date of issue	June 1, 2015	April 6, 2016	July 18, 2016
Coupon interest rate	2.00% to 5.00%	2.50% to 5.00%	Variable
Interest payment dates	6/1 and 12/1	6/1 and 12/1	Monthly
Principal payment date	June 1	June 1	June 1
Original amount	$ 172,430,000	$ 108,220,000	$ 125,650,000
Redeemed as of 6/30/17	(23,810,000)	(2,690,000)	(3,820,000)
Outstanding as of 6/30/17	148,620,000	105,530,000	121,830,000
Less current portion	(12,535,000)	(3,620,000)	(3,990,000)
Portion due after one year	$ 136,085,000	$ 101,910,000	$ 117,840,000

Continued *GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS*

……(REVENUE SUPPORTED)……

	2017A
Date of issue	March 14, 2017
Coupon interest rate	4.00% to 5.00%
Interest payment dates	8/1 and 2/1
Principal payment date	February 1
Original amount	$ 130,105,000
Redeemed as of 6/30/17	-
Outstanding as of 6/30/17	130,105,000
Less current portion	(595,000)
Portion due after one year	$ 129,510,000

[1] 2008 CREB (Clean Renewable Energy Bond) subordinate lien revenue bond.

[2] BABS are Build America Bonds that provide for federal subsidy payments to the issuer as of each interest payment date, resulting in an effective interest rate of 3.731% for the 2010A Bonds and 4.674% for the 2009A Pledged SNWA Revenue Bonds. As a result of the federal budget cuts known as "sequestration," the federal subsidy payments for these bonds were reduced by 6.9% for fiscal year 2017.

STATE REVOLVING FUND LOANS

… … … …(REVENUE SUPPORTED)… … … …

	State Revolving Fund Loan 2014	State Revolving Fund Loan 2016	State Revolving Fund Loan 2017
Date of issue	December 1, 2014	September 15, 2016	May 3, 2017
Coupon interest rate	2.57%	1.78%	2.41%
Interest payment dates	1/1 and 7/1	1/1 and 7/1	1/1 and 7/1
Principal payment dates	1/1 and 7/1	1/1 and 7/1	1/1 and 7/1
Amount Available	$ 20,000,000	$ 15,000,000	$ 15,000,000
Amount Drawn as of 6/30/17	19,242,922	6,804,546	106,227
Redeemed as of 6/30/17	-	-	-
Outstanding as of 6/30/17	19,242,922	6,804,546	106,227
Less current portion	(454,879)	-	-
Portion due after one year	$ 18,788,043	$ 6,804,546	$ 106,227

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

	2008B	2009A BABS[1]	2009B
Date of issue	February 19, 2008	August 5, 2009	August 5, 2009
Coupon interest rate	3.50% to 5.00%	7.10%	4.00% to 5.25%
Interest payment dates	6/1 and 12/1	6/1 and 12/1	6/1 and 12/1
Principal payment date	June 1	June 1	June 1
Original amount	$ 171,720,000	$ 90,000,000	$ 10,000,000
Redeemed as of 6/30/17	(22,320,000)	-	(1,490,000)
Advance refunded	(51,930,000)	-	(7,675,000)
Outstanding as of 6/30/17	97,470,000	90,000,000	835,000
Less current portion	(8,835,000)	-	(410,000)
Portion due after one year	$ 88,635,000	$ 90,000,000	$ 425,000

	2009D	2011A	2011B
Date of issue	December 23, 2009	May 26, 2011	October 19, 2011
Coupon interest rate	4.25% to 5.25%	3.051% to 5.434%	2.789% to 4.958%
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	$ 71,965,000	$ 58,110,000	$ 129,650,000
Redeemed as of 6/30/17	(15,375,000)	(8,755,000)	(18,695,000)
Advance refunded	(15,600,000)	-	-
Outstanding as of 6/30/17	40,990,000	49,355,000	110,955,000
Less current portion	(3,550,000)	(4,560,000)	(9,775,000)
Portion due after one year	$ 37,440,000	$ 44,795,000	$ 101,180,000

	2011C	2012B	2015
Date of issue	October 19, 2011	July 31, 2012	January 13, 2015
Coupon interest rate	2.00% to 5.00%	3.00% to 5.00%	4.00% to 5.00%
Interest payment dates	6/1 and 12/1	6/1 and 12/1	6/1 and 12/1
Principal payment date	June 1	June 1	June 1
Original amount	$ 267,815,000	$ 360,000,000	$ 332,405,000
Redeemed as of 6/30/17	(46,990,000)	(20,445,000)	-
Outstanding as of 6/30/17	220,825,000	339,555,000	332,405,000
Less current portion	(10,620,000)	(7,345,000)	-
Portion due after one year	$ 210,205,000	$ 332,210,000	$ 332,405,000

Continued *GENERAL OBLIGATION BONDS – PLEDGED SNWA REVENUE ……(REVENUE SUPPORTED)……*

	2015B	2015C	2016A
Date of issue	June 1, 2015	June 18, 2015	April 6, 2016
Coupon interest rate	4.00% to 5.00%	3.00% to 5.00%	3.00% to 5.00%
Interest payment dates	6/1 and 12/1	3/15 and 9/15	6/1 and 12/1
Principal payment date	December 1	September 15	June 1
Original amount	$ 177,635,000	$ 42,125,000	$ 497,785,000
Redeemed as of 6/30/17	(10,675,000)	(2,640,000)	(5,530,000)
Outstanding as of 6/30/17	166,960,000	39,485,000	492,255,000
Less current portion	(11,165,000)	(2,730,000)	(11,045,000)
Portion due after one year	$ 155,795,000	$ 36,755,000	$ 481,210,000

	2017B
Date of issue	March 14, 2017
Coupon interest rate	3.00% to 5.00%
Interest payment dates	6/1 and 12/1
Principal payment date	June 1
Original amount	$ 22,115,000
Redeemed as of 6/30/17	-
Outstanding as of 6/30/17	22,115,000
Less current portion	-
Portion due after one year	$ 22,115,000

[1] BABS are Build America Bonds that provide for federal subsidy payments to the issuer as of each interest payment date, resulting in an effective interest rate of 3.731% for the 2010A Bonds and 4.674% for the 2009A Pledged SNWA Revenue Bonds. As a result of the federal budget cuts known as "sequestration," the federal subsidy payments for these bonds were reduced by 6.9% for fiscal year 2017.

As of June 30, 2017, annual requirements to retire outstanding bonds were as follows:

Fiscal Years Ending	Number of Years	General Obligation (Revenue Supported) and Revenue Bonds[1] Principal	Interest	State Revolving Fund Loans Principal	Interest	General Obligation Bonds (Pledged SNWA Revenue) Principal	Interest
2018	1	$ 30,408,000	$ 29,521,421	$ 454,879	$ 564,639	$ 70,035,000	$ 98,888,863
2019	1	30,833,000	29,132,232	927,368	600,613	73,645,000	95,899,013
2020	1	32,348,000	27,808,069	1,123,615	576,627	76,890,000	92,577,840
2021	1	33,923,000	26,418,280	1,330,219	547,376	82,585,000	88,997,398
2022	1	35,643,000	24,919,861	1,361,829	515,767	86,865,000	85,144,269
2027	5	197,088,000	99,469,569	7,310,831	2,077,148	463,445,000	358,476,853
2032	5	163,070,000	60,530,648	8,224,631	1,163,348	243,455,000	267,942,316
2037	5	138,775,000	28,505,471	5,420,323	224,083	403,810,000	194,020,665
2042	5	50,210,000	5,587,955	-	-	394,720,000	75,781,450
2046	4	-	-	-	-	107,755,000	13,797,750
Total		$ 712,298,000	$ 331,893,505	$ 26,153,695	$ 6,269,601	$ 2,003,205,000	$ 1,371,526,418

Fiscal Years Ending	Number of Years	Total General Obligation and Revenue Bonds Principal	Interest	Principal and Interest
2018	1	$ 100,897,879	$ 128,974,924	$ 229,872,802
2019	1	105,405,368	125,631,859	231,037,227
2020	1	110,361,615	120,962,536	231,324,151
2021	1	117,838,219	115,963,054	233,801,274
2022	1	123,869,829	110,579,896	234,449,725
2027	5	667,843,831	460,023,570	1,127,867,401
2032	5	414,749,631	329,636,311	744,385,941
2037	5	548,005,323	222,750,219	770,755,542
2042	5	444,930,000	81,369,405	526,299,405
2046	4	107,755,000	13,797,750	121,552,750
Total		$ 2,741,656,695	$ 1,709,689,524	$ 4,451,346,219

[1] Includes Revenue (Clean Renewable Energy) Bond Issued July 15, 2008. Outstanding balance $1,008,000 at June 30, 2017.

NOTE 5. RESTRICTED CASH, INVESTMENTS, ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Restricted Cash

At June 30, 2017 and 2016, the balances of the restricted cash accounts were as follows:

	2017	2016
SNWA Energy Collateral	$ 6,000,000	$ 6,000,000
Big Bend Agency Account	2,030,740	1,613,062
Sales Tax Account	162,776	147,013
Major Maintenance Contingency Account	-	3,785,695
Total Restricted Cash	$ 8,193,516	$ 11,545,770

Restricted Investments

At June 30, 2017 and 2016, the balances of the restricted investment accounts were as follows:

	2017	2016
Oversizing Account	$ 30,316,604	$ 28,062,937
Customer Guarantee Deposits	24,009,387	23,392,934
Sinking Fund Debt Service	9,751,045	10,539,353
Total Restricted Investments	$ 64,077,036	$ 61,995,224

Accounts Receivable

Accounts receivable include water accounts receivable and other accounts receivable as shown below. The net accounts receivable balance at June 30, 2017, is expected to be collected within one year. The total allowance for doubtful accounts of $1,748,373 is believed to be reasonable and adequate at June 30, 2017.

	2017	2016
Water Accounts Receivable:		
Outstanding Billings	$ 39,737,524	$ 35,574,376
Unbilled Water Revenue	29,992,592	27,080,129
Allowance for Doubtful Collection	(1,661,373)	(1,596,384)
Water Accounts Receivable, net	68,068,743	61,058,121
Other Accounts Receivable:		
Other Governments	510,168	1,025,618
Other	2,946,066	4,011,696
Allowance for Doubtful Collection	(87,000)	(35,000)
Other Accounts Receivable, net	3,369,234	5,002,314
Total Accounts Receivable, net	$ 71,437,977	$ 66,060,435

Accounts Payable and Other Accrued Liabilities

Accounts payable includes all amounts payable by the District within one year not provided for in other accounts. At June 30, 2017 and 2016, Accounts Payable consists of the following:

	2017				
	SNWA	City of Las Vegas	Clark County	Other Vendors	Total Payables
Purchased Water (SNWA)	$ 8,583,878	$ -	$ -	$ -	$ 8,583,878
Other SNWA Expenses	16,838,883	-	-	-	16,838,883
Recycled Water Distribution	-	10,720,174	28,284,246	-	39,004,420
Other Expenses	175,534	8,789	-	13,548,927	13,733,250
Capital Assets and Contracts	-	-	-	1,807,222	1,807,222
Total	$ 25,598,295	$ 10,728,963	$ 28,284,246	$ 15,356,149	$ 79,967,653

	2016				
	SNWA	City of Las Vegas	Clark County	Other Vendors	Total Payables
Purchased Water (SNWA)	$ 8,173,322	$ -	$ -	$ -	$ 8,173,322
Other SNWA Expenses	14,454,186	-	-	-	14,454,186
Recycled Water Distribution	-	10,323,716	25,001,806	-	35,325,522
Other Expenses	44,064	19,088	-	11,496,866	11,560,018
Capital Assets and Contracts	-	-	-	3,419,611	3,419,611
Total	$ 22,671,572	$ 10,342,804	$ 25,001,806	$ 14,916,477	$ 72,932,659

NOTE 6. UNEARNED REVENUE

	2017	2016
Developer Advance	$ 571,872	$ 602,784
Facility Charges	174,250	170,650
Oversizing Charges	34,210	33,580
Prepaid Meters/AMRs	771,701	911,859
Total	$ 1,552,033	$ 1,718,873

In prior fiscal years, a developer paid the District a total of $1.0 million to partially offset the District's future cost of maintaining and operating a small pump station constructed at the developer's expense to serve the developer's property. The developer also agreed to pay the District a monthly operating and maintenance assessment until January 1, 2036. The $1.0 million, classified as unearned revenue, is being amortized $31 thousand annually as an offset to operating expenses through January 1, 2036.

At June 30, 2017, based on estimated probable future refunds, the District classified as unearned revenue $0.2 million in facilities charges and $34 thousand in oversizing charges, and at June 30, 2016, $0.2 million in facilities charges and $34 thousand in oversizing charges.

Developers frequently pay the District in advance for water meters and automatic meter reading devices (AMRs) that they pick up at a later time from the District warehouse. Prepaid water meters and AMRs are classified as unearned revenue. The prepaid meters/AMRs balance totaled $0.8 million at June 30, 2017 and $0.9 million at June 30, 2016.

NOTE 7. SOUTHERN NEVADA WATER AUTHORITY (SNWA)

The SNWA is a political subdivision of the State of Nevada created in 1991 by a cooperative agreement among the District, the Big Bend Water District, the City of Boulder City, the City of Henderson, the City of Las Vegas, the City of North Las Vegas, and the Clark County Water Reclamation District (member agencies). The SNWA was created to secure additional supplies of water and effectively manage existing supplies of water on a regional basis through the cooperative action of the member agencies.

The SNWA is governed by a seven-member board of directors, comprised of one director from each member agency. The District is the operating agent for the SNWA; the General Manager of the District is the General Manager of the SNWA, and the Chief Financial Officer for the District is the Treasurer of the SNWA.

The SNWA has the power to periodically assess the member agencies directly for operating and capital costs and for the satisfaction of any liabilities imposed against the SNWA. The District and other members do not have an express claim to the resources of the SNWA except that upon termination of the joint venture any assets remaining after payment of all obligations shall be returned to the contributing member agencies.

In 1995, agreements were approved for the repayment of the cost of an additional expansion of the Southern Nevada Water System (SNWS). The agreements require contributions from purveyor members, including the District, benefiting from the expansion. In 1996, the District's Board approved the collection from District customers and remittance to the SNWA a regional connection charge, regional commodity charge and regional reliability charge to fund these contributions. In March 2012, a regional infrastructure charge based upon meter size was approved, which has been modified since that time to account for changing conditions.

The District records these revenues as operating revenues and the contributions as operating expenses. However, to avoid a "grossing-up" effect on operating revenues and operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position, revenue collected for the SNWA is offset against the related remittances to the SNWA. Any remaining balance is classified as an operating expense and adjusted in a following period. The table below shows the SNWA regional charges collected for and remitted to the SNWA for fiscal years 2017 and 2016.

	2017	2016
Connection charges, net of refunds	$ 41,373,197	$ 42,728,316
Commodity and reliability charges	50,977,332	44,579,908
Infrastructure charges	94,278,922	75,898,495
Total	$ 186,629,451	$ 163,206,719

Audited financial reports of the SNWA for fiscal year 2017 can be obtained on the SNWA internet website: www.snwa.com/about/reports_financial.html or by writing to:

Office of the Treasurer
Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, NV 89153

NOTE 8. SOUTHERN NEVADA WATER SYSTEM (SNWS)

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

During fiscal year 2017, the District billed the SNWA $117.2 million for expenditures made on behalf of the SNWA. During fiscal year 2016, the District billed the SNWA $112.7 million for expenditures made on behalf of the SNWA. The SNWA, in turn, billed the District for its share of these and other costs, computed at a flat rate per acre-foot of water delivered (wholesale delivery charge). The District records the wholesale delivery charge as a component of purchased water expense.

NOTE 9. ENTERPRISE FUND INVESTMENTS

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

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

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

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

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

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

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

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

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

- Obligations of the Federal Agricultural Mortgage Corporation.

The District's investments were as follows:

Investment Type	Estimated Fair Value June 30, 2017	Estimated Fair Value June 30, 2016
U.S. Agency Non-Callable Bonds	$ 220,717,414	$ 148,037,450
U.S. Treasury Notes	44,156,300	43,004,900
Negotiable CDs	9,995,760	10,006,676
Commercial Paper	4,999,178	7,965,056
U.S. Agency Callable Bonds	4,987,200	5,036,950
U.S. Agency Discount Notes	-	6,076,020
Municipal Bonds	-	1,060,620
	$ 284,855,852	$ 221,187,672

Credit Risk

As of June 30, 2017, the District's investment ratings and estimated fair values were as follows:

Investment Type	S&P	Moody's	Fair Value
U.S. Agency Non-Callable Bonds	AA+	Aaa	$ 205,260,239
U.S. Agency Non-Callable Bonds	Unrated	Unrated	15,457,175
Negotiable CDs	A-1	P-1	5,001,909
Commercial Paper	A-1	P-1	4,999,178
Negotiable CDs	A-1+	P-1	4,993,851
U.S. Agency Callable Bonds	AA+	Aaa	4,987,200

As of June 30, 2016, the District's investment ratings and estimated fair values were as follows:

Investment Type	S&P	Moody's	Fair Value
U.S. Agency Non-Callable Bonds	AA+	Aaa	$ 127,474,150
U.S. Agency Non-Callable Bonds	Unrated	Unrated	20,563,300
Negotiable CDs	A-1+	P-1	10,006,676
Commercial Paper	A-1	P-1	7,965,056
U.S. Agency Discount Notes	Unrated	Unrated	6,076,020
U.S. Agency Callable Bonds	AA+	Aaa	5,036,950
Municipal Bonds	Unrated	Aa1	1,060,620

Concentration of Credit Risk

As of June 30, 2017, the following investments individually comprise 5% or more of the District's total investment portfolio (excluding the pension fund):

Issuer	Investment Type	Percentage of Investments
Federal Home Loan Bank	U.S. Agency Bonds	37%
Federal Home Loan Mortgage Corporation	U.S. Agency Bonds	13%
Federal Farm Credit Bank	U.S. Agency Bonds	12%
Federal National Mortgage Association	U.S. Agency Bonds	12%
Federal Agricultural Mortgage Corporation	U.S. Agency Bonds	5%

As of June 30, 2016, the following investments individually comprise 5% or more of the District's total investment portfolio (excluding the pension fund):

Issuer	Investment Type	Percentage of Investments
Federal Home Loan Bank	U.S. Agency Bonds	30%
Federal Farm Credit Bank	U.S. Agency Bonds	14%
Federal Agricultural Mortgage Corporation	U.S. Agency Bonds	9%
Federal National Mortgage Association	U.S. Agency Bonds	9%
Federal Home Loan Mortgage Corporation	U.S. Agency Bonds	7%

Interest Rate Risk

As of June 30, 2017, the District's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. Agency Non-Callable Bonds	$ 220,717,414	592
U.S. Treasury Notes	44,156,300	857
Negotiable CDs	9,995,760	170
Commercial Paper	4,999,178	4
U.S. Agency Callable Bonds	4,987,200	1,823
Total Fair Value	$ 284,855,852	
Portfolio Weighted Average Maturity		630

As of June 30, 2016, the District's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. Agency Non-Callable Bonds	$ 148,037,450	550
U.S. Treasury Notes	43,004,900	695
Negotiable CDs	10,006,676	108
Commercial Paper	7,965,056	181
U.S. Agency Discount Notes	6,076,020	50
U.S. Agency Callable Bonds	5,036,950	1,308
Municipal Bonds	1,060,620	714
Total Fair Value	$ 221,187,672	
Portfolio Weighted Average Maturity		549

The District's policy related to interest rate risk is:

a. In order to ensure liquidity and to provide for the District's cash flow needs, 5 percent of the District's investment portfolio must mature within 90 days.
b. The average weighted duration of the District's investment portfolio will not exceed 2.5 years.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1. Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2. Inputs are other observable inputs.
- Level 3. Inputs are unobservable.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is deemed significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2017 and June 30, 2016, the District's Level 1 investments were valued based on quoted market prices provided by recognized broker dealers and its Level 2 investments were valued, by recognized broker dealers, based on a matrix pricing model that maximizes the use of observable inputs for similar securities.

At June 30, 2017 and June 30, 2016, the District had the following investments by fair value level:

		Fair Value Measurements Using		
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agency Non-Callable Bonds	$ 220,717,414	$ -	$ 220,717,414	$ -
U.S. Treasury Notes	44,156,300	44,156,300	-	-
Negotiable Certificates of Deposit	9,995,760	-	9,995,760	-
Commercial Paper	4,999,178	-	4,999,178	-
U.S. Agency Callable Bonds	4,987,200	-	4,987,200	-
Total Investments	$ 284,855,852	$ 44,156,300	$ 240,699,552	$ -

		Fair Value Measurements Using		
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agency Non-Callable Bonds	$ 148,037,450	$ -	$ 148,037,450	$ -
U.S. Treasury Notes	43,004,900	43,004,900	-	-
Negotiable Certificates of Deposit	10,006,676	-	10,006,676	-
Commercial Paper	7,965,056	-	7,965,056	-
U.S. Agency Discount Notes	6,076,020	-	6,076,020	-
U.S. Agency Callable Bonds	5,036,950	-	5,036,950	-
Municipal Bonds	1,060,620	-	1,060,620	-
Total Investments	$ 221,187,672	$ 43,004,900	$ 178,182,772	$ -

NOTE 10. RISK MANAGEMENT

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

The District purchases insurance from the commercial insurance market on real and personal property, including earthquake and flood, with common policy restrictions covering direct physical loss of, or damage to, buildings, fixtures, equipment, boilers, machinery, and supplies. The blanket limit of liability under the property insurance program is $500.0 million with a deductible of $1.0 million for all locations except earthquake and flood which has a limit of $100.0 million and $50.0 million respectively and a deductible of $0.1 million. This program also provides terrorism insurance for all locations with a blanket limit of $500.0 million for all terrorist acts. The

District self-insures the first $1.0 million for automobile and general liability exposure and purchases excess liability insurance in the amount of $30.0 million. Employee fidelity insurance in the amount of $3.0 million and other miscellaneous coverage are also purchased. For the fiscal year ended June 30, 2017, the District had no significant reductions in insurance coverage from the prior fiscal year.

In contracts, the District obtains indemnification and hold harmless agreements. These agreements require that contractors name the District as an additional insured under the indemnitor's insurance coverage, usually in the amount of $1.0 million to $10.0 million for commercial general and automobile liability insurance. The District provides builders risk insurance for all construction projects with a blanket limit of $500.0 million per contract, with a $50,000 deductible per occurrence, except earthquake and flood where the deductible is $0.5 million per occurrence. This coverage is included under the property insurance policy.

GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* requires that for retained risks, a liability for claims be reported if information available prior to issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. As of June 30, 2017, the District has no significant retained risks and therefore has no accrued liability for retained risks. In addition, there are also situations in which incidents occur before the balance sheet date, but claims are not reported or asserted when the financial statements are prepared. These incurred but not reported claims have been estimated based upon the District's past experience and adjusted for current trends. A summary is provided in the table below.

During fiscal years 2017 and 2016, changes in the balance of claims for retained risks were as follows (rounded to the nearest thousand):

Fiscal Year	Beginning of fiscal year liability	Current Year Claims and changes in estimates	Claim Payments	Balance at fiscal year end
2017	$ 1,933,000	$ 1,255,000	$ (1,116,000)	$ 2,072,000
2016	1,929,000	1,013,000	(1,009,000)	1,933,000

NOTE 11. CAPITAL CONTRIBUTIONS

For the fiscal years ended June 30, 2017 and 2016, capital contributions, excluding unearned revenue, are as follows:

	2017	2016
Mains and Services	$ 18,859,281	$ 16,457,675
Facilities Connection Charges, net of refunds	12,241,154	13,239,500
Oversizing Charges, net of refunds	2,027,545	2,276,640
Springs Preserve	3,153,691	3,136,317
Frontage Connection Charges	668,985	638,155
Fees and Other Contributions	89,668	99,159
Total	$ 37,040,324	$ 35,847,446

Probable future refunds have been estimated and recorded as a component of unearned revenue. (See Note 6, Unearned Revenue).

NOTE 12. RELATED PARTY TRANSACTIONS

Southern Nevada Water Authority (SNWA)

In 1991, the District joined with other local governmental entities to form the SNWA (see Note 7), defined by Nevada law as a political subdivision of the State of Nevada. By GASB definition, the SNWA is a joint venture. The District is confident that the amounts related to debt secured by SNWA pledged revenue (Notes 3 and 4) are collectible.

Besides being a member of the SNWA, the District is its operating agent. Beginning in fiscal year 2009, the SNWA advanced funds to the District for expenditures to be made on its behalf. The District credits the SNWA interest on the monthly average advance balance at the District's current investment earnings rate. The advance balance at June 30, 2017 and at June 30, 2016, was $4.9 million and $6.0 million respectively.

The District has allocated to and recorded $68.7 million at June 30, 2017 and $75.4 million at June 30, 2016 as a noncurrent receivable from the SNWA for net pension liability (Note 15) for District employees devoted to SNWA operations. The District has allocated to and recorded $6.3 million at June 30, 2017 and $5.2 million at June 30, 2016 as a noncurrent receivable from the SNWA for postemployment benefits other than pensions (Note 14) for District employees devoted to SNWA operations. The District is confident that the amounts are collectible.

Springs Preserve

In 1998, the District entered into a partnership with the Las Vegas Springs Preserve Foundation, a tax-exempt charitable organization founded to provide funding for the Springs Preserve. The Springs Preserve is a cultural and historic attraction located on District property. The 180-acre national historic site is widely known as the "birthplace" of Las Vegas. The presence of an abundant water supply at the site was the original catalyst for the growth, development, and the resulting economic prosperity of the Las Vegas Valley. The Springs Preserve opened in June 2007.

Besides investing its own funds toward the Springs Preserve, the District has expended funds that have been or will be reimbursed by the State and by others through grants and gifts. The unreimbursed portion at June 30, 2017 was $0.3 million, and at June 30, 2016 was $2.2 million.

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.

The District has allocated to and recorded $1.4 million at June 30, 2017 and $1.5 million at June 30, 2016 as a noncurrent receivable from the BBWD for net pension liability (Note 15) for District employees devoted to BBWD operations. The District has allocated to and recorded $74 thousand at June 30, 2017 and $52 thousand at June 30, 2016 as a noncurrent receivable from the BBWD for postemployment benefits other than pensions (Note 14) for District employees devoted to BBWD operations. The District is confident that the amounts are collectible.

NOTE 13. COMMITMENTS AND CONTINGENCIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and the District's general counsel that the resolution of these matters will not have a material adverse effect on the future financial condition, results of operations or cash flows of the District.

At June 30, 2017 and 2016, commitments for unperformed work on outstanding contracts totaled $16.3 million and $10.8 million, respectively.

Forward Energy Contracts

The District and the SNWA actively manage a portfolio of energy resources. The agencies adhere to a strict set of energy risk management procedures established by a Risk Management Committee that serves to fulfill the Energy Risk Management Policy adopted by the District's Board.

To provide energy at a known and budgeted cost, the District has entered into forward energy contracts with the SNWA. Because Las Vegas is at a higher elevation than its principal major water supply, reliable electrical service is essential to the District's ability to deliver water. To better manage energy reliability and costs, the District manages a significant portion of its energy supply, rather than purchasing energy from the local regulated investor-owned utilities under tariff rates approved by the Nevada Public Utilities Commission.

The portfolio exists solely for the purpose of providing the District's projected energy requirements through December 2021, 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, 2017, the District had commitments totaling $15.9 million related to its forward energy contracts. As of June 30, 2016, the District had commitments totaling $15.3 million related to its forward energy contracts.

Arbitrage Rebate Requirement

The federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the District. Under this Act, an amount may be required to be rebated to the United States Treasury (called "arbitrage") for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in adjustments to this determination.

Operating Lease

The District entered into a sublease agreement with the SNWA for office space and parking for a term of no longer than 20 years, commencing September 1, 2007. The lease agreement includes the right to sublease and a purchase option. In December 2007, the SNWA purchased part of the premises, including part of the premises subleased to the District. Under the terms of the sublease agreement, the sublease will continue as a lease on any space purchased by the SNWA as long as the space is not needed by the SNWA. The sublease agreement may be terminated by the SNWA if breached by the District. Cancellation of the sublease at any time by the District is not prohibited.

The sublease agreement provides for the District to sublease about 35,000 square feet of office space with an option to sublease up to an additional 16,000 square feet. During fiscal years 2017 and 2016, the District occupied about 35,000 square feet of the office space for a total cost of $1.6 million in fiscal years 2017 and 2016.

The sublease agreement contains provisions for contingent rentals (rentals in which amounts are dependent upon some factor other than the passage of time). The District is responsible for paying, and does pay $11 thousand monthly, for the amortized value of tenant improvements during the time that the improved space is occupied by the District. Should the SNWA assign designated parking spaces to the District, the District will pay to the SNWA an additional $75 per space per month for each such parking space designated. The District had no contingent rental expenditures in fiscal years 2017 and 2016.

The District must comply with all applicable and appropriate provisions of the lease and will take no action or fail to act in such a way that would cause the SNWA to be in breach of any provision, rule or regulation of the lease agreement. Further, the District shall not enter into any assignments or subleases of the premises without the written consent of the SNWA.

Following is a schedule by fiscal year of estimated future minimum rental payments under the sublease:

2018	$ 1,564,869
2019	1,564,869
2020	1,564,869
2021	1,564,869
2022	1,564,869
Later years	8,085,157
Total	$ 15,909,502

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

From the accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the costs occur rather than in future years when it will be paid. Following the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB Statement No. 45), the District recognizes the cost of postemployment healthcare in the year when the employee services are received by reporting the accumulated liability from the prior years and providing useful information in assessing potential demands on the District's future cash flows.

Plan Description

The District contributes to a single-employer defined benefit "other postemployment benefit plan" (OPEB plan) as explained below. Benefit provisions are established and may be amended by the District's Board subject to collective bargaining agreements. Unlike the pension plan (Note 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 2017, actuarial projected age-adjusted premiums totaled $2.1 million. Retirees receiving benefits contributed $0.1 million, approximately 4%, resulting in District contributions of $2.0 million. For fiscal year 2016, actuarial projected age-adjusted premiums totaled $1.8 million. Retirees receiving benefits contributed $0.1 million, approximately 4%, resulting in District contributions of $1.7 million.

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 twenty years for the fiscal year ended June 30, 2017 and over a period not to exceed thirty years for the fiscal year ended June 30, 2016. For the fiscal years ended June 30, 2017 and June 30, 2016, 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.

	As of June 30, 2017	As of June 30, 2016
Annual Required Contribution (ARC)	$ 5,431,809	$ 3,176,606
Interest on prior year net OPEB obligation	655,240	605,785
Adjustment to annual required contribution	(1,158,987)	(842,131)
Annual OPEB cost	4,928,062	2,940,260
Contributions made	(2,005,883)	(1,703,882)
Increase in net OPEB obligation	2,922,179	1,236,378
Net OPEB obligation, beginning of the year	16,381,009	15,144,631
Net OPEB obligation, end of the year	$ 19,303,188	$ 16,381,009

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent fiscal years are shown below.

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 4,928,062	40.7%	$ 19,303,188
2016	2,940,260	58.0%	16,381,009
2015	3,028,280	53.2%	15,144,631

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $41.3 million and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $41.3 million. The covered payroll (annual payroll of active employees covered by the plan) was $118.1 million and the ratio of the UAAL to the covered payroll was 34.9%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare costs. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, will present in subsequent years, as additional valuations are obtained, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The reference to the schedule of funding progress presented as RSI does not represent or imply incorporation of the schedule into the notes to the basic financial statements.

Actuarial Methods and Assumptions

	July 1, 2016 Actuarial Valuation	July 1, 2014 Actuarial Valuation
Actuarial Cost Method	Entry age normal	Projected unit credit
Amortization Method	20-year amortization of unfunded liability (closed period) as a level percent of pay	30-year amortization of unfunded liability (closed period) as a level percent of pay
Discount Rate	4.00%	4.00%
Inflation Rate	2.75%	2.50%
Mortality	RP-2000 combined healthy / disabled mortality table projected to 2015 using projection scale AA	1994 group annuity mortality basic table projected to 2004
Healthcare Inflation Rate	Initial rate of 6.75% grading down over 57 years to an ultimate rate of 4.25%	Initial rate of 7.00% grading down over 56 years to an ultimate rate of 4.50%

Changes in Actuarial Accrued Liability

Actuarial Accrued Liability as of July 1, 2014	$	28,365,781
Normal Cost (2 years from July 1, 2014 to July 1, 2016)		3,292,305
2-Year Decrease in Discount Period		2,311,202
Retiree Benefits Paid		(3,488,068)
Premium increases less than expected		(1,874,351)
Changes of Assumptions		6,611,539
Differences between actual and expected experience with regard to economic or demographic factors		6,040,219
Total Changes		12,892,846
Actuarial Accrued Liability as of July 1, 2016	$	41,258,627

Insured Benefit

GASB Statement No. 45 defines an insured benefit as an OPEB financing arrangement whereby an employer pays premiums to an insurance company, *while employees are in active service,* in return for which the insurance company unconditionally undertakes an obligation to pay the postemployment benefits of those employees or their beneficiaries, as defined in the employer's plan. Insured benefits are excluded from the calculation of annual OPEB cost and the net OPEB obligation.

The District provides long-term disability benefits for totally or partially disabled employees earning less than 20% of their indexed total monthly earnings by paying premiums to an insurer while the employees are in active service for covered events that occur during the premium period. Generally, benefits are paid only to totally disabled-separated employees.

Subject to collective bargaining agreements, benefit provisions are established and may be amended by the District's Board. The obligation to pay the benefits has been effectively transferred from the District to an insurance company. The District has not guaranteed benefits in the event of the insurance company's insolvency. For fiscal years 2017 and 2016, the District paid premiums of $0.4 million and $0.5 million, respectively.

NOTE 15. DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the Las Vegas Valley Water District Pension Plan (Plan), a single-employer defined benefit pension trust fund established by the District to provide pension benefits solely for the employees of the District. A Board of Trustees, comprised of the District's Board, has the authority to establish and amend the benefit provisions of the Plan and the contribution requirements of the District and its employees. Employee contributions are not required or permitted, except under certain conditions in which employees may purchase additional years of service for eligibility and increased benefits. During fiscal years 2017 and 2016, employee contributions for this purpose were $0.1 million and $0.2 million, 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 50% of the employer contribution rate charged by Nevada PERS to employers who pay the full contribution rate, as 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, increased by 50% of the employer contribution rate charged by Nevada PERS to employers who pay the full contribution rate that is in effect for the 36 consecutive months of highest compensation, while participating in the Plan.

For participants in the plan prior to January 1, 2001, benefits start to vest after three years of service with a 20% vested interest. The benefit increases to 40% after four years of service and 100% after five years of service. New participants after January 1, 2001 start to vest at 5 years of service, at which time they are vested 100%. The Plan also provides for early retirement and pre-retirement death benefits. The Plan is not subject to the Employee Retirement Income Security Act (ERISA) of 1974, but is operated consistent with ERISA fiduciary requirements.

For employees on or after January 1, 2001, benefits are increased after retirement by cost of living adjustments that become effective on the first month following the anniversary of benefit commencement according to the following schedule:

0.0%	following the 1st, 2nd and 3rd anniversaries
2.0%	following the 4th, 5th and 6th anniversaries
3.0%	following the 7th, 8th and 9th anniversaries
3.5%	following the 10th, 11th and 12th anniversaries
4.0%	following the 13th and 14th anniversaries
5.0%	following each anniversary thereafter

However, if the benefit amount at the time of an increase is at least or equal to the original benefit amount multiplied by cumulative inflation since retirement, as measured by the increase in the Consumer Price Index (All Items), then the increase cannot exceed the average rate of inflation for the three proceeding years.

The District contributes amounts actuarially determined necessary to fund the Plan to pay benefits when due, and to provide an allowance sufficient to finance the administrative costs of the Plan. Contributions cannot revert to or be revoked by the District or be used for any purpose other than the exclusive benefit of the participants.

At June 30, 2017 and 2016, participants in the plan consist of the following:

		2017	2016
Participant Count			
Retirees in pay status with unpurchased		308	313
Terminated employees not yet receiving		388	393
Retirees paid monthly from plan		264	203
Active employees	- fully vested	1,009	1,036
	- nonvested	110	80
Total Active Employees		1,119	1,116
Total Participants		2,079	2,025

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Employer contributions are recognized when due. Participants do not make contributions except voluntarily under certain conditions to purchase additional years of service. Participant contributions are non-refundable.

Allocated Insurance Contracts

Through December 31, 2013, benefit obligations were recognized and paid when due by purchasing annuity contracts from a life insurance company with a financial strength rating of A++ by A.M. Best rating company. Beginning January 1, 2014, benefit obligations are paid by the Plan through a large multi-national bank. Cost of living adjustments for benefit obligations that were initially paid by purchasing annuity contracts from a life insurance company continue to be paid by purchasing additional annuity contracts from a life insurance company. The costs to purchase annuity contracts from a life insurance company for cost of living adjustments were $3.5 million and $3.1 million for the years ended June 30, 2017 and June 30, 2016, respectively. The obligation for the payment of benefits covered by these annuity contracts have been transferred to a life insurance company and are excluded from the Plan assets.

Method Used to Value Investments

The domestic equity, international equity, domestic bond, global real estate investment trust (REIT) and money market accounts are stated at fair value, measured by the underlying market value as reported by the managing institutions. Investments at contract value are insurance contracts and pooled accounts, stated at contract value as determined by the insurance companies in accordance with the terms of the contracts.

Actuarially Determined Contribution

The District's policy is to pay the current year's actuarially determined contribution when due. This amount was $31.1 million and $29.4 million for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based upon the discount rate and actuarial assumptions listed below. The total pension liability was then projected forward to the measurement date taking into account any significant changes between the valuation date and the fiscal year end. The liabilities are calculated using a discount rate that is a blend of the expected investment rate of return and a high quality bond index rate. The expected investment rate of return applies for as long as the Plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If Plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date. The disclosures below exclude assets and liabilities held with a life insurance company, which provides benefits for retirees or their beneficiaries whose benefits were purchased with annuity contracts from the life insurance company.

The components of net pension liability are:

	As of June 30, 2017	As of June 30, 2016
Total Pension Liability	$ 583,905,760	$ 534,426,915
Fiduciary Net Position	396,658,965	330,934,926
Net Pension Liability	$ 187,246,795	$ 203,491,989
Fiduciary Net Position as a % of Total Pension Liability	67.93%	61.92%
Covered Payroll	$ 118,090,682	$ 110,683,142
Net Pension Liability as a % of Covered Payroll	158.56%	183.85%
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
GASB No. 67 Reporting Date	June 30, 2017	June 30, 2016
Depletion Date	None	None
Discount Rate	7.25%	7.25%
Expected Rate of Return, Net of Investment Expenses	7.25%	7.25%
Municipal Bond Rate	N/A	N/A

If the assets and liabilities for retirees or their beneficiaries whose benefits were purchased with annuity contracts from a life insurance company were included with the Plan assets:

	As of June 30, 2017	As of June 30, 2016
Fiduciary Net Position as a % of Total Pension Liability	75.26%	71.17%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) and 1 percentage point higher (8.25%) than the current rate.

	As of June 30, 2017		
	1% Decrease In Discount Rate	Discount Rate	1% Increase In Discount Rate
Sensitivity Analysis	6.25%	7.25%	8.25%
Total Pension Liability	$ 675,530,365	$ 583,905,760	$ 507,966,770
Fiduciary Net Position	396,658,965	396,658,965	396,658,965
Net Pension Liability	$ 278,871,400	$ 187,246,795	$ 111,307,805

Actuarial Assumptions

Actuarial cost method	Entry age.
Amortization method	20-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2016. In prior years, 30-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2009.
Remaining amortization period	19 years for the initial unfunded liability base established July 1, 2016. Bases established between July 1, 2009 and July 1, 2015 have remaining amortization periods ranging from 22 to 28 years.
Inflation	2.75% per year.
Salary increases	4.75% per year, including inflation.
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation.
Retirement age	Normal retirement age is attainment of age 65. Unreduced early retirement is available after either 1) 30 years of service, or 2) age 60 with 10 years of service. Reduced early retirement benefits are available after attainment of age 55 and completion of 5 years of service (3 years of service if a participant prior to January 1, 2001).
Mortality	Future mortality follows the RP-2000 Combined Healthy/Disabled mortality table projected to 2015 using Scale AA.

Changes in Net Pension Liability

	Fiscal Year Ending June 30, 2017		
	Total Pension Liability	Increase/Decrease Plan Fiduciary Net Position	Net Pension Liability
Balance as of June 30, 2016	$ 534,426,915	$ 330,934,926	$ 203,491,989
Service Cost	17,724,599	-	17,724,599
Interest on the Total Pension Liability	39,958,275	-	39,958,275
Changes in Benefit Terms	-	-	-
Differences between Actual and Expected Experience with regard to Economic or Demographic Factors	(1,814,066)	-	(1,814,066)
Changes of Assumptions	7,879,481	-	7,879,481
Contributions from Employer	-	31,069,130	(31,069,130)
Purchase of Service Payments	118,901	118,901	-
Net Investment Income	-	49,268,410	(49,268,410)
Benefit Payments	(14,388,345)	(14,388,345)	-
Administration Expense	-	(344,057)	344,057
Total Changes	49,478,845	65,724,039	(16,245,194)
Balance as of June 30, 2017	$ 583,905,760	$ 396,658,965	$ 187,246,795

Changes in Actuarial Assumptions

For the fiscal year ending June 30, 2017, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Combined Healthy/Disabled mortality table projected to 2015 using Scale AA for purposes of developing mortality rates and from changing the amortization method to 20-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2016.

Pension Expense

Total employer pension expense was $34.8 million for the fiscal year ended June 30, 2017 and $37.1 million for the fiscal year ended June 30, 2016.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported the following deferred inflows of resources and deferred outflows of resources related to pensions:

	As of June 30, 2017	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between Expected and Actual Experience	$ (3,901,061)	$ 8,293,205
Changes of Assumptions	-	6,720,734
Net Difference between Projected and Actual Earnings	(4,574,822)	-
Contributions Made Subsequent to Measure Date	-	-
Total	$ (8,475,883)	$ 15,013,939

Amounts currently reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized as follows:

Fiscal Year Ending June 30	Recognized Deferred Inflows/Outflows
2018	$ 2,517,537
2019	2,517,536
2020	1,108,502
2021	(2,705,493)
2022	2,386,397
Thereafter	713,577

Investment Rate of Return

Asset Class	Expected Nominal Return	Target Asset Allocation
Large Cap U.S. Equities	7.51%	38.00%
Small/Mid Cap U.S. Equities	8.60%	16.00%
International Equities	8.74%	15.00%
Core Fixed Income	5.21%	22.00%
High Yield Bonds	7.76%	6.00%
REITs	8.60%	3.00%
Expected Average Return (1 year)		7.41%
Expected Geometric Average Return (75 years)		6.68%

The expected geometric average return over 75 years is less than the expected 1 year return due to expected deviations each year from the average which, due to the compounding effect, lower long term returns.

Pension Investments

Management believes the District's pension investment policy conforms to the District's enabling act which requires the District to follow the "prudent person" rule, *i.e.*, invest with discretion, care and intelligence. The investment policy does not specify credit quality ratings or maturities except that investments must be those that are allowed by law and those that the investment managers are trained and competent to handle.

To diversify investment risk, the District's investment policy currently limits pension plan investments as follows:

Investment Type	Percent of Portfolio	
Cash and Cash Equivalents	2%	+/- 2%
Fixed Income Securities	27%	+/- 10%
Equity Securities	68%	+/- 10%
Global REIT	3%	+/- 3%

At June 30, 2017, the Pension Trust Fund had the following investments (includes contract investments at contract value; carrying value excludes accrued interest):

Investment Type	Carrying Value	Percent of Total
Cash and Cash Equivalents	$ 2,071,149	0.5%
Equity Securities	284,497,598	71.7%
Fixed Income Securities	98,712,423	24.9%
Global REIT	11,335,519	2.9%
Total	$ 396,616,689	100.0%

Investment	Maturities		Carrying Value
Money Market Fund	Weighted Average	27 days	$ 2,071,149
U.S. Equity Securities[1]	N/A		225,207,284
International Equity Securities	N/A		59,290,314
U.S. Fixed Income Securities	Weighted Average	8.3 years	72,082,749
High-Yield Fixed Income Securities	Weighted Average	3.7 years	24,125,871
Global REIT	N/A		11,335,519
Insurance Contracts	Open		2,503,803
Total			$ 396,616,689

[1] This investment category includes approximately 69.1% large cap and 30.9% small and mid-cap domestic equity investments.

At June 30, 2016, the Pension Trust Fund had the following investments (includes contract investments at contract value; carrying value excludes accrued interest):

Investment Type	Carrying Value	Percent of Total
Cash and Cash Equivalents	$ 1,157,413	0.3%
Equity Securities	224,951,718	68.0%
Fixed Income Securities	93,518,280	28.3%
Global REIT	11,215,646	3.4%
Total	$ 330,843,057	100.0%

Investment	Maturities		Carrying Value
Money Market Fund	Weighted Average	34 days	$ 1,157,413
U.S. Equity Securities[1]	N/A		179,995,447
International Equity Securities	N/A		44,956,271
U.S. Fixed Income Securities	Weighted Average	7.7 years	68,377,738
High-Yield Fixed Income Securities	Weighted Average	4.6 years	20,493,086
Global REIT	N/A		11,215,646
Insurance Contracts	Open		4,647,456
Total			$ 330,843,057

[1] This investment category includes approximately 71.3% large cap and 28.7% small and mid-cap domestic equity investments.

Credit Exposure As a Percentage of Total Fixed-Income Investments

	2017	2016
Domestic Bond Fund	73.0%	73.1%
High-Yield Bond Fund	24.5%	21.9%
Insurance Contracts	2.5%	5.0%

Credit Quality of Fixed Income Investments

The pension fund fixed-income investments are in insurance company contracts, a domestic bond fund and a high-yield bond fund. The insurance company contracts are not rated by credit rating agencies. The managing institution of the domestic bond fund reports an average quality rating of AA1/AA2 at June 30, 2017 and at June 30, 2016 for the underlying securities. The managing institution of the high-yield bond fund reports an average quality rating of B2 at June 30, 2017 and B1 at June 30, 2016 for the underlying securities.

Credit Quality of Money Market Funds

The Plan's money market account fund was not rated by either Standard & Poors or Moody's at June 30, 2017 or June 30, 2016.

Concentration of Credit Risk – Excluding Money Market and Mutual Funds

The pension investment policy does not restrict the amount that may be invested with any one issuer as long as the prudent person rule is followed. Excluding the money market, equity, bond and REIT funds, no investment comprised more than 5% of the pension trust investments at June 30, 2017 and at June 30, 2016.

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.92%. For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.20%. The money- weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following recurring fair value measurements as of June 30, 2017 and 2016:

		Fair Value Measurements Using		
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money Market Fund	$ 2,071,149	$ 2,071,149	$ -	$ -
U.S. Equities Securities Funds	225,207,284	225,207,284	-	-
International Equities Securities Fund	59,290,314	59,290,314	-	-
U.S. Fixed Income Securities Fund	72,082,749	72,082,749	-	-
High-Yield Fixed Income Securities Fund	24,125,871	24,125,871	-	-
Global REIT Fund	11,335,519	11,335,519	-	-
Insurance Contracts	2,503,803	-	2,503,803	-
Totals	$ 396,616,689	$ 394,112,886	$ 2,503,803	$ -

		Fair Value Measurements Using		
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money Market Fund	$ 1,157,413	$ 1,157,413	$ -	$ -
U.S. Equities Securities Funds	179,995,447	179,995,447	-	-
International Equities Securities Fund	44,956,271	44,956,271	-	-
U.S. Fixed Income Securities Fund	68,377,738	68,377,738	-	-
High-Yield Fixed Income Securities Fund	20,493,086	20,493,086	-	-
Global REIT Fund	11,215,646	11,215,646	-	-
Insurance Contracts	4,647,456	-	4,647,456	-
Totals	$ 330,843,057	$ 326,195,601	$ 4,647,456	$ -

NOTE 16. SUBSEQUENT EVENTS

Management has evaluated subsequent events between July 1, 2017 and the date the basic financial statements were available to be issued and did not identify events that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

LAS VEGAS VALLEY
WATER DISTRICT™

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
LAST TEN FISCAL YEARS
(Unaudited)

Schedule B-1

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability - Beginning of Year	$ 534,426,915	$ 480,743,435	$ 441,508,189	$ 401,160,155	n/a	n/a	n/a	n/a	n/a	n/a
Service Cost	17,724,599	16,970,046	17,189,921	18,670,779	n/a	n/a	n/a	n/a	n/a	n/a
Purchase of Service Payments	118,901	217,031	1,595,551	599,685	n/a	n/a	n/a	n/a	n/a	n/a
Interest on the Total Pension Liability	39,958,275	36,511,919	32,672,891	30,115,838	n/a	n/a	n/a	n/a	n/a	n/a
Changes of Benefit Terms	-	-	-	-	n/a	n/a	n/a	n/a	n/a	n/a
Differences between Actual and Expected Experience with regard to Economic or Demographic Factors	(1,814,066)	11,610,487	(3,995,933)	-	n/a	n/a	n/a	n/a	n/a	n/a
Changes of Assumptions	7,879,481	-	-	-	n/a	n/a	n/a	n/a	n/a	n/a
Benefit Payments	(14,388,345)	(11,626,003)	(8,227,184)	(9,038,268)	n/a	n/a	n/a	n/a	n/a	n/a
Total Changes	49,478,845	53,683,480	39,235,246	40,348,034	n/a	n/a	n/a	n/a	n/a	n/a
Total Pension Liability - End of Year	$ 583,905,760	$ 534,426,915	$ 480,743,435	$ 441,508,189	n/a	n/a	n/a	n/a	n/a	n/a
Fiduciary Net Position - Beginning of Year	$ 330,934,926	$ 309,316,943	$ 273,876,159	$ 213,998,078	n/a	n/a	n/a	n/a	n/a	n/a
Contributions from Employer	31,069,130	29,414,230	28,853,341	30,700,443	n/a	n/a	n/a	n/a	n/a	n/a
Purchase of Service Payments	118,901	217,031	1,595,551	599,685	n/a	n/a	n/a	n/a	n/a	n/a
Net Investment Income	49,268,410	3,983,572	13,589,116	37,893,540	n/a	n/a	n/a	n/a	n/a	n/a
Benefit Payments	(14,388,345)	(11,626,003)	(8,227,184)	(9,038,268)	n/a	n/a	n/a	n/a	n/a	n/a
Administrative Expenses	(344,057)	(370,847)	(370,040)	(277,319)	n/a	n/a	n/a	n/a	n/a	n/a
Total Changes	65,724,039	21,617,983	35,440,784	59,878,081	n/a	n/a	n/a	n/a	n/a	n/a
Fiduciary Net Position - End of Year	$ 396,658,965	$ 330,934,926	$ 309,316,943	$ 273,876,159	n/a	n/a	n/a	n/a	n/a	n/a
Net Pension Liability	$ 187,246,795	$ 203,491,989	$ 171,426,492	$ 167,632,030	n/a	n/a	n/a	n/a	n/a	n/a
Fiduciary Net Position as a % of Total Pension Liability	67.93%	61.92%	64.34%	62.03%	n/a	n/a	n/a	n/a	n/a	n/a
Covered Employee Payroll	$ 118,090,682	$ 110,683,142	$ 112,917,601	$ 121,696,965	n/a	n/a	n/a	n/a	n/a	n/a
Net Pension Liability as a % of Covered Employee Payroll	158.56%	183.85%	151.82%	137.75%	n/a	n/a	n/a	n/a	n/a	n/a

Notes to Schedule

Changes of Assumptions. In 2017, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Combined Healthy/Disabled mortality table projected to 2015 using Projection Scale AA for purposes of developing mortality rates and from changing the amortization method to 20-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2016.

The required supplementary information is presented for fiscal years 2014 through 2017, for which information measured in conformity with the requirements of GASB No. 67 is available. This schedule will ultimately present information for the last 10 fiscal years.

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF DEFINED BENEFIT PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Plan Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2017	$ 31,069,130	$ 31,069,130	$ -	$ 118,090,682	26.31%
2016	29,414,230	29,414,230	-	110,683,142	26.58%
2015	28,853,341	28,853,341	-	112,917,601	25.55%
2014	30,700,443	30,700,443	-	121,696,965	25.23%
2013	29,058,894	29,058,894	-	119,067,304	24.41%
2012	26,721,710	26,721,710	-	117,220,320	22.80%
2011	26,606,950	26,606,950	-	119,663,339	22.23%
2010	25,753,794	25,753,794	-	122,006,497	21.11%
2009	27,262,106	27,262,106	-	111,054,552	24.55%
2008	23,587,076	23,587,076	-	97,880,824	24.10%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of July 1 of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate as of the last actuarial valuation:

Actuarial cost method	Entry age.
Amortization method	In the 2017 actuarial valuation, 20-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2016. In prior years, 30-year amortization of unfunded liability (closed period) as a level percent of pay, using layered bases starting July 1, 2009.
Remaining amortization period	19 years for the initial unfunded liability base established July 1, 2016. Bases established between July 1, 2009 and July 1, 2015 have remaining amortization periods ranging from 22 to 28 years.
Asset valuation method	5 year phase-in of gains/losses relative to interest rate assumptions.
Inflation	2.75% per year
Salary increases	4.75% per year, including inflation.
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation.
Retirement age	Normal retirement age is attainment of age 65. Unreduced early retirement is available after either 1) 30 years of service, or 2) age 60 with 10 years of service. Reduced early retirement benefits are available after attainment of age 55 and completion of 5 years service (3 years of service if a participant prior to January 1, 2001).
Mortality	In the 2017 actuarial valuation, future mortality follows the RP-2000 Combined Healthy/Disabled mortality table projected to 2015 using Scale AA. In prior years, future mortality follows the 1994 Group Annuity Mortality Basic table projected to 2004 using Scale AA.

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF DEFINED BENEFIT PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS
(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actual money-weighted rate of return, net of investment expense	13.92%	1.20%	4.54%	15.99%	9.15%	n/a	n/a	n/a	n/a	n/a

GASB No. 67 requires the disclosure of the money-weighted rate of return on Plan investments. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportionate amount of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. The money-weighted rate of return is calculated net of investment expense.

The required supplementary information is presented for fiscal years 2013 through 2017, for which information measured in conformity with the requirements of GASB No. 67 is available. This schedule will ultimately present information for the last 10 fiscal years.

LAS VEGAS VALLEY WATER DISTRICT
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFIT PLAN OTHER THAN PENSION
PROPRIETARY ENTERPRISE FUND
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/16	$0	$41,258,627	$41,258,627	0.0%	$118,090,682	34.9%
7/1/14	0	28,365,781	28,365,781	0.0%	112,917,601	25.1%
7/1/12	0	23,489,420	23,489,420	0.0%	119,067,304	19.7%
7/1/10	0	23,455,123	23,455,123	0.0%	119,663,339	19.6%
7/1/08	0	16,116,100	16,116,100	0.0%	111,054,552	14.5%
7/1/06	0	15,776,208	15,776,208	0.0%	86,960,597	18.1%

The actuarially determined AAL and UAAL involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The estimates are subject to continual revision.

The July 1, 2006 actuarial valuation is the first valuation of the postemployment benefit plan.

OTHER SUPPLEMENTARY INFORMATION

LAS VEGAS VALLEY
WATER DISTRICT™

Schedule C-1

LAS VEGAS VALLEY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY (ENTERPRISE) FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016
ACTUAL AND BUDGET

	FY 2017 Twelve Months Actual	FY 2017 Annual Budget	FY 2016 Twelve Months Actual	FY 2016 Annual Budget
OPERATING REVENUES				
Water Sales	$ 349,945,542	$ 339,971,916	$ 334,838,222	$ 343,507,070
Inspection/application fees	2,097,655	3,648,690	2,443,875	2,800,000
Springs Preserve	2,784,944	2,467,496	2,643,382	2,300,000
Other	60,374	-	60,910	-
Total operating revenues	354,888,515	346,088,102	339,986,389	348,607,070
OPERATING EXPENSES				
Purchased Water	90,345,870	87,458,203	87,093,101	87,501,579
Purchased Energy	9,019,972	11,777,000	9,761,793	12,142,500
Operation & Maintenance	151,366,913	161,588,971	146,457,928	166,181,861
Total operating expenses	250,732,755	260,824,174	243,312,822	265,825,940
OPERATING INCOME BEFORE DEPRECIATION EXPENSE	104,155,760	85,263,928	96,673,567	82,781,130
Depreciation expense	(83,928,107)	(85,000,000)	(81,861,319)	(90,000,000)
OPERATING INCOME (LOSS)	20,227,653	263,928	14,812,248	(7,218,870)
NON-OPERATING REVENUES (EXPENSES)				
Interest Expense	(27,777,621)	(31,870,956)	(28,545,553)	(33,821,340)
Interest and investment revenue, unrestricted	1,042,888	1,279,036	2,577,164	1,100,000
Interest and investment revenue, restricted	269,500	250,000	202,125	300,000
Other	2,386,071	-	702,547	-
Total non-operating revenues (expenses)	(24,079,162)	(30,341,920)	(25,063,717)	(32,421,340)
LOSS BEFORE CONTRIBUTIONS	(3,851,509)	(30,077,992)	(10,251,469)	(39,640,210)
Capital contributions	37,040,324	20,000,000	35,847,446	25,000,000
CHANGE IN NET POSITION	$ 33,188,815	$ (10,077,992)	$ 25,595,977	$ (14,640,210)

THIS PAGE LEFT

INTENTIONALLY BLANK

STATISTICAL SECTION (UNAUDITED)

- **Financial Trends**
  These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- **Revenue Capacity**
  These schedules contain information to help the reader assess the District's revenue sources and rate structures.

- **Debt Capacity**
  These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- **Demographic and Economic Information**
  These schedules offer demographic, economic and District indicators to help the reader understand the environment within which the District financial activities take place.

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

LAS VEGAS VALLEY
WATER DISTRICT™

FINANCIAL TRENDS SECTION

- **Net Position by Component**
- **Changes in Net Position**

LAS VEGAS VALLEY
WATER DISTRICT

Table 1

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
FINANCIAL TRENDS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS[1]

	2017	2016	2015[2]	2014	2013	2012	2011	2010	2009	Restated 2008
Net investment in capital assets	$ 860,075,485	$ 876,206,238	$ 853,976,982	$ 873,306,116	$ 905,312,138	$ 932,362,278	$ 972,216,922	$ 1,013,107,281	$ 1,054,055,721	$1,061,830,231
Restricted	9,913,821	10,686,366	10,127,477	10,689,687	10,697,000	12,687,979	14,981,679	19,208,382	10,908,929	13,546,266
Unrestricted	143,469,517	93,377,404	90,569,572	163,965,716	138,100,674	122,164,937	104,248,163	83,594,749	76,257,685	86,075,564
Total Net Position	$ 1,013,458,823	$ 980,270,008	$ 954,674,031	$ 1,047,961,519	$ 1,054,109,812	$ 1,067,215,194	$ 1,091,446,764	$ 1,115,910,412	$ 1,141,222,335	$1,161,452,061

[1] For fiscal years 2008 through 2011, following GASB Statements No. 63 and No. 65, unrestricted and total net position have been restated to recognize most debt issuance costs as an expense in the period incurred.

[2] The District adopted GASB Statement No. 68 effective for fiscal year 2015. The cumulative effect of applying the new Statement is reported as a restatement of the beginning unrestricted net position, in the amount of $103,832,297 as of the beginning of the initial period of implementation.

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
FINANCIAL TRENDS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS[1]

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating revenues										
Water sales	$ 349,945,542	$ 334,838,222	$ 331,653,871	$ 333,851,405	$ 332,465,011	$ 333,602,721	$ 323,963,259	$ 320,695,958	$ 317,577,072	$ 291,695,857
Regional connectional fees[2]	-	-	-	-	-	-	-	-	-	40,523,611
Regional commodity & surcharges[2]	-	-	-	-	-	-	-	-	-	13,694,038
Recharged water sales	-	-	-	-	317,254	-	4,245,661	-	885,753	5,521,199
Inspection/application fees	2,097,655	2,443,875	3,612,475	2,811,054	1,562,178	915,666	960,849	556,520	521,941	2,001,343
Springs Preserve	2,784,944	2,643,382	2,443,004	2,254,947	2,056,183	1,857,261	1,533,765	1,676,942	1,944,602	1,740,833
Other revenue	60,374	60,910	81,075	30,113	31,527	21,074	27,692	30,444	15,434	28,507
Total operating revenues	354,888,515	339,986,389	337,790,425	338,947,519	336,432,153	336,396,722	330,731,226	322,959,864	320,944,802	355,205,388
Operating expenses										
Purchased water	90,345,870	87,093,101	84,918,440	84,985,143	83,290,163	83,464,195	83,981,578	76,445,269	79,110,078	84,433,787
Purchased energy	9,019,972	9,761,793	11,328,302	9,718,597	10,005,417	10,278,751	11,776,035	11,196,130	14,715,831	15,297,584
Connection, commodity, reliability and groundwater charges[2]	-	-	-	-	-	-	-	-	-	55,419,987
Operation and maintenance	151,366,913	146,457,928	149,750,677	158,264,499	153,062,894	160,065,672	153,023,845	153,740,709	165,893,266	156,961,431
Total operating expenses	250,732,755	243,312,822	245,997,419	252,968,239	246,358,474	253,808,618	248,781,458	241,382,108	259,719,175	312,112,789
Operating income before depreciation expense	104,155,760	96,673,567	91,793,006	85,979,280	90,073,679	82,588,104	81,949,768	81,577,756	61,225,627	43,092,599
Depreciation expense	(83,928,107)	(81,861,319)	(80,750,035)	(84,814,023)	(83,495,332)	(85,072,124)	(89,745,416)	(91,453,721)	(83,026,725)	(80,558,454)
Operating income (loss)	20,227,653	14,812,248	11,042,971	1,165,257	6,578,347	(2,484,020)	(7,795,648)	(9,875,965)	(21,801,098)	(37,465,855)
Non-operating (expenses) / revenues										
Interest expense[3]	(27,777,621)	(28,545,553)	(34,632,256)	(36,422,644)	(36,458,533)	(39,624,869)	(39,518,361)	(35,331,631)	(36,106,404)	(35,326,780)
Investment income, unrestricted	1,042,888	2,577,164	1,265,650	1,094,644	256,072	601,416	388,506	687,747	1,447,684	3,962,864
Investment income, restricted	269,500	202,125	248,210	381,689	235,726	192,892	186,750	154,716	818,883	1,580,550
Other[4]	2,386,071	702,547	(1,905,908)	(3,063,090)	(3,908,783)	593,955	104,317	849,078	481,205	423,351
Total non-operating (expenses) / revenues	(24,079,162)	(25,063,717)	(35,024,304)	(38,009,401)	(39,875,518)	(38,236,606)	(38,838,788)	(33,640,090)	(33,358,632)	(29,360,015)
Loss before contributions	(3,851,509)	(10,251,469)	(23,981,333)	(36,844,144)	(33,297,171)	(40,720,626)	(46,634,436)	(43,516,055)	(55,159,730)	(66,825,870)
Capital contributions	37,040,324	35,847,446	34,526,142	30,695,851	20,191,789	16,489,056	22,170,788	23,226,959	34,930,004	63,324,840
Change in Net Position	$ 33,188,815	$ 25,595,977	$ 10,544,809	$ (6,148,293)	$ (13,105,382)	$ (24,231,570)	$ (24,463,648)	$ (20,289,096)	$ (20,229,726)	$ (3,501,030)

[1] FY 2008 restated, predominately depreciation expense and capital contributions.

[2] Beginning in FY 2009, regional connection charges, commodity charges, and reliabilty surcharges collected for the SNWA are offset against the related expense for remitting the amounts to the SNWA. Groundwater charges are reclassified as operation and maintenance expense.

[3] FY 2008 Through FY 2011, following GASB Statements No. 63 and 65, Interest Expense restated to recognize most debt issuance costs as an expense in the period incurred.

[4] Gain (Loss) on disposition of property and equipment; scrap sales and other income. Beginning in FY 2009, other contributions reclassified as other income.

REVENUE CAPACITY SECTION

- **Water Consumption, Revenue and Active Accounts**
- **Revenue Analysis**
  by Class of Service
- **Water Rates**
  Last Ten Fiscal Years
- **2017 Municipal Water Rates Survey**
- **Top Ten Principal Ratepayers**
  Calendar Year 2016 and Nine Years Ago

LAS VEGAS VALLEY
WATER DISTRICT™

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
REVENUE CAPACITY
WATER CONSUMPTION, REVENUE AND ACTIVE ACCOUNTS[1]
LAST TEN FISCAL YEARS

	FISCAL YEAR									
Class of Service[2]	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Thousands of Gallons									
Residential - single service	46,816,937	45,209,157	44,991,526	45,665,514	45,513,855	45,320,607	45,654,551	46,225,989	46,088,751	48,909,391
Residential - duplex, triplex/fourplex	699,597	680,055	685,356	673,863	683,980	723,885	714,842	806,109	817,068	887,815
Apts., condos & townhouses	16,321,023	15,626,628	15,079,361	14,779,868	14,963,548	14,749,229	14,492,669	14,496,627	15,250,835	14,900,299
Residential, other	1,054,444	1,025,439	1,758,032	1,910,898	1,052,194	1,066,847	1,159,070	1,186,387	1,204,773	1,270,669
Hotels	9,748,887	9,732,548	9,300,207	9,183,026	9,341,023	9,444,531	9,066,012	9,110,727	8,983,294	9,669,831
Motels	1,204,671	1,218,345	1,202,549	1,067,988	1,113,680	1,097,440	1,069,458	1,101,504	1,165,394	1,283,996
Community facilities	2,222,950	1,977,562	1,895,184	1,859,986	1,977,402	1,784,624	1,918,946	1,773,599	2,024,590	2,364,850
Schools	1,786,227	1,699,048	1,674,701	1,587,395	1,645,652	1,679,146	1,564,444	1,764,857	1,321,078	1,130,389
Fireline	499,253	604,589	533,454	461,627	404,427	397,255	587,712	577,074	2,197,894	1,043,269
Irrigation	15,177,585	13,931,438	13,597,974	14,161,515	14,276,087	14,429,234	14,180,267	14,477,922	15,207,736	15,345,791
Commercial/business	8,878,970	8,622,104	8,304,191	8,159,823	8,291,645	8,199,688	8,428,254	8,378,786	8,616,167	8,697,458
Recreational	223,266	211,808	213,441	175,423	183,084	217,679	201,451	232,213	296,867	(208,413)
Industrial	1,366,087	1,312,860	1,269,195	1,201,732	1,183,615	1,078,118	1,013,105	1,005,582	1,128,590	1,292,479
Construction water	1,594,122	1,464,616	1,004,599	871,323	724,445	907,904	998,273	1,318,793	1,306,674	3,146,088
Other	613,752	639,328	531,314	566,052	591,594	540,057	519,995	751,682	253,182	849,452
Total	108,207,771	103,955,525	102,041,084	102,326,033	101,946,231	101,636,244	101,569,049	103,207,851	105,862,893	110,583,364
Water Revenue[3]	$ 497,190,376	$ 456,388,893	$ 433,366,358	$ 426,489,464	$ 421,957,342	$ 383,660,967	$ 353,503,072	$ 336,979,459	$ 331,442,012	$ 305,389,895
Effective rate per 1,000 gal.[4]	$ 4.5948	$ 4.3902	$ 4.2470	$ 4.1679	$ 4.1390	$ 3.7748	$ 3.4804	$ 3.2651	$ 3.1309	$ 2.7616
Active Accounts at June 30	387,829	380,791	373,080	367,482	360,125	356,274	352,603	350,290	349,922	341,668

[1] Excludes recharged water sales.

[2] At various times certain accounts were reclassified, primarily affecting the community facilities, irrigation and recreational categories.

[3] Consists of water sales, SNWA regional and surcharges, delinquent and other charges.

[4] Effective rate is water revenue divided by total consumption. Because water rates are variable, the effective rate can fluctuate.

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
REVENUE ANALYSIS BY CLASS OF SERVICE
FISCAL YEAR ENDED JUNE 30, 2017

Class of Service	Annual Revenue[1]	Annual Consumption Per Billing (1,000 gal.)	Annual Number of Billings	Average Revenue (1,000 gal.)[2]	Average Monthly Revenue per Customer[3]	Average Monthly Consumption Per Billing (1,000gal.)[4]	Active Customers 6/30/17
Residential - single service	$ 222,794,232	46,816,937	4,171,425	$ 4.759	$ 53.41	11.2	350,777
Residential - duplex/triplex/fourplex	3,115,520	699,597	33,801	4.453	92.17	20.7	2,821
Apts., condos, & townhouses	64,068,319	16,321,023	52,240	3.926	1,226.42	312.4	4,356
Residential, other	3,171,759	1,054,444	3,042	3.008	1,042.66	346.6	205
Hotels	38,582,909	9,748,887	2,854	3.958	13,518.89	3,415.9	238
Motels	5,085,992	1,204,671	3,035	4.222	1,675.78	396.9	252
Community facilities	9,928,354	2,222,950	12,451	4.466	797.39	178.5	1,037
Schools	7,817,456	1,786,227	8,149	4.377	959.31	219.2	680
Fireline	25,466,084	499,253	61,437	51.008	414.51	8.1	5,150
Irrigation	55,826,054	15,177,585	79,880	3.678	698.87	190.0	6,760
Commercial/business	43,299,656	8,878,970	101,356	4.877	427.20	87.6	8,475
Recreational	951,024	223,266	846	4.260	1,124.14	263.9	70
Industrial	6,729,171	1,366,087	15,190	4.926	443.00	89.9	1,268
Construction water	7,894,206	1,594,122	65,799	4.952	119.97	24.2	5,417
Other	2,459,640	613,752	3,205	4.008	767.44	191.5	323
Total	$ 497,190,376	108,207,771	4,614,710	$ 4.595	$ 107.74	23.4	387,829

[1] Annual Revenue includes $147,244,833 SNWA regional revenues and infrastructure charges.
[2] Annual Revenue divided by Annual Consumption Per Billing (1,000 gal.)
[3] Annual Revenue divided by Annual Number of Billings.
[4] Annual Consumption Per Billing (1,000 gal.) divided by Annual Number of Billings.

Unaudited
Las Vegas Valley Water District
Enterprise Fund
Revenue Capacity
Water Rates

Water rates for the last ten fiscal years are displayed on the following pages. The ⅝" and ¾" meter diameter services are primarily residential. Monthly water costs vary based on the number of days in the billing period.

Water rates are structured to promote conservation, pay operating expenses and bond debt, and to fund expenditures for utility plant not funded by bond proceeds.

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
REVENUE CAPACITY
WATER RATES[1]
FEBRUARY 1, 2017 TO JUNE 30, 2017

Meter Size (inches)	Service Charge Daily	Rate Thresholds Avg. Daily Use Non-Residential (In Gallons)	Single Family Residential (In Gallons)	Rate Per 1,000 gallons
5/8	$0.3456	First 167	First 167	$1.19
		Next 167	Next 167	$2.14
		Next 333	Next 333	$3.18
		Over 667	Over 667	$4.72
3/4	$0.3979	First 250	First 222	$1.19
		Next 250	Next 222	$2.14
		Next 500	Next 444	$3.18
		Over 1,000	Over 889	$4.72
1	$0.5026	First 417	First 334	$1.19
		Next 417	Next 334	$2.14
		Next 1,666	Next 1,222	$3.18
		Over 2,500	Over 1,889	$4.72
1 1/2	$0.7642	First 833	First 611	$1.19
		Next 833	Next 611	$2.14
		Next 6,667	Next 4,556	$3.18
		Over 8,333	Over 5,778	$4.72
2	$1.0786	First 1,333	First 944	$1.19
		Next 1,333	Next 944	$2.14
		Next 16,000	Next 10,778	$3.18
		Over 18,666	Over 12,666	$4.72
3	$1.9167	First 2,667		$1.19
		Next 2,667		$2.14
		Next 42,666		$3.18
		Over 48,000		$4.72
4	$2.8594	First 4,167		$1.19
		Next 4,167		$2.14
		Next 125,000		$3.18
		Over 133,334		$4.72
6	$5.4782	First 8,333		$1.19
		Next 8,333		$2.14
		Next 400,000		$3.18
		Over 416,666		$4.72
8	$8.6207	First 13,333		$1.19
		Next 13,333		$2.14
		Next 773,337		$3.18
		Over 800,000		$4.72
10	$12.2868	First 19,167		$1.19
		Next 19,167		$2.14
		Next 1,303,333		$3.18
		Over 1,341,667		$4.72
12	$18.0481	First 28,333		$1.19
		Next 28,333		$2.14
		Next 1,926,667		$3.18
		Over 1,983,333		$4.72

Continued

[1] Excluded:
(a) Rates for outlying areas and mobile home parks;
(b) Special purpose rates and charges, such as for private fire protection water and metered construction water;
(c) SNWA reliability charge on residential class customers at .25% of the total water bill and 2.5% for all other customer classes; in effect since March 1, 1998;
(d) SNWA commodity charge (not charged to Jean, Nevada): $0.05/1,000 gallons from July 1, 1999 to October 31, 2005; $0.10/1,000 gallons from November 1, 2005 to December 31, 2009; $0.20/1,000 gallons from January 1, 2010 to December 31, 2010; $0.30/1,000 gallons from January 1, 2011 to December 31, 2013; $0.34/1,000 gallons from January 1, 2014 to December 31, 2014; $0.38/1,000 gallons from January 1, 2015 to December 31, 2015; $0.44/1,000 gallons from January 1, 2016 to December 31, 2016; $0.48/1,000 gallons from January 1, 2017 to June 30, 2017;
(e) SNWA regional infrastructure charge with a wide range of fees based on meter diameter size. The following rates are based on a 30-day billing period. Beginning April 1, 2012 to December 31, 2013, the fee for residential ⅝" and ¾" meters, the primary residential sizes, is $5 monthly, but for other sizes, the fee can range up to $1,660 monthly. Beginning January 1, 2014 to December 31, 2014, the fee for residential ⅝" and ¾" meters increased to $5.64 monthly and for other sizes, the fee can range up to $1,715 monthly; Beginning January 1, 2015 to December 31, 2015, the fee for residential ⅝" and ¾" meters increased to $6.36 monthly and for other sizes, the fee can range up to $1,778 monthly; Beginning January 1, 2016 to December 31, 2016, the fee for residential ⅝" and ¾" meters increased to $9.59 monthly and for other sizes, the fee can range up to $2,060 monthly. Beginning January 1, 2017 to June 30, 2017 the fee for residential ⅝" and ¾" meters increased to $11.72 monthly and for other sizes, the fee can range up to $2,245 monthly.

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
REVENUE CAPACITY
WATER RATES[1]
JANUARY 1, 2011 TO JANUARY 31, 2017

Continued

Meter Size (inches)	Service Charge Daily	Rate Thresholds Avg. Daily Use Non-Residential (In Gallons)	Single Family Residential (In Gallons)	Rate Per 1,000 gallons
5/8	$0.3355	First 167	First 167	$1.16
		Next 167	Next 167	$2.08
		Next 333	Next 333	$3.09
		Over 667	Over 667	$4.58
3/4	$0.3863	First 250	First 222	$1.16
		Next 250	Next 222	$2.08
		Next 500	Next 444	$3.09
		Over 1,000	Over 889	$4.58
1	$0.4880	First 417	First 334	$1.16
		Next 417	Next 334	$2.08
		Next 1,666	Next 1,222	$3.09
		Over 2,500	Over 1,889	$4.58
1 1/2	$0.7419	First 833	First 611	$1.16
		Next 833	Next 611	$2.08
		Next 6,667	Next 4,556	$3.09
		Over 8,333	Over 5,778	$4.58
2	$1.0472	First 1,333	First 944	$1.16
		Next 1,333	Next 944	$2.08
		Next 16,000	Next 10,778	$3.09
		Over 18,666	Over 12,666	$4.58
3	$1.8609	First 2,667		$1.16
		Next 2,667		$2.08
		Next 42,666		$3.09
		Over 48,000		$4.58
4	$2.7761	First 4,167		$1.16
		Next 4,167		$2.08
		Next 125,000		$3.09
		Over 133,334		$4.58
6	$5.3186	First 8,333		$1.16
		Next 8,333		$2.08
		Next 400,000		$3.09
		Over 416,666		$4.58
8	$8.3696	First 13,333		$1.16
		Next 13,333		$2.08
		Next 773,337		$3.09
		Over 800,000		$4.58
10	$11.9289	First 19,167		$1.16
		Next 19,167		$2.08
		Next 1,303,333		$3.09
		Over 1,341,667		$4.58
12	$17.5224	First 28,333		$1.16
		Next 28,333		$2.08
		Next 1,926,667		$3.09
		Over 1,983,333		$4.58

Continued

[1] Excluded:
(a) Rates for outlying areas and mobile home parks;
(b) Special purpose rates and charges, such as for private fire protection water and metered construction water;
(c) SNWA reliability charge on residential class customers at .25% of the total water bill and 2.5% for all other customer classes; in effect since March 1, 1998;
(d) SNWA commodity charge (not charged to Jean, Nevada): $0.05/1,000 gallons from July 1, 1999 to October 31, 2005; $0.10/1,000 gallons from November 1, 2005 to December 31, 2009; $0.20/1,000 gallons from January 1, 2010 to December 31, 2010; $0.30/1,000 gallons from January 1, 2011 to December 31, 2013; $0.34/1,000 gallons from January 1, 2014 to December 31, 2014; $0.38/1,000 gallons from January 1, 2015 to December 31, 2015; $0.44/1,000 gallons from January 1, 2016 to December 31, 2016; $0.48/1,000 gallons from January 1, 2017 to June 30, 2017;
(e) SNWA regional infrastructure charge with a wide range of fees based on meter diameter size. The following rates are based on a 30-day billing period. Beginning April 1, 2012 to December 31, 2013, the fee for residential ⅝" and ¾" meters, the primary residential sizes, is $5 monthly, but for other sizes, the fee can range up to $1,660 monthly. Beginning January 1, 2014 to December 31, 2014, the fee for residential ⅝" and ¾" meters increased to $5.64 monthly and for other sizes, the fee can range up to $1,715 monthly; Beginning January 1, 2015 to December 31, 2015, the fee for residential ⅝" and ¾" meters increased to $6.36 monthly and for other sizes, the fee can range up to $1,778 monthly; Beginning January 1, 2016 to December 31, 2016, the fee for residential ⅝" and ¾" meters increased to $9.59 monthly and for other sizes, the fee can range up to $2,060 monthly. Beginning January 1, 2017 to June 30, 2017 the fee for residential ⅝" and ¾" meters increased to $11.72 monthly and for other sizes, the fee can range up to $2,245 monthly.

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
REVENUE CAPACITY
WATER RATES[1]
JANUARY 1, 2010 TO DECEMBER 31, 2010

Continued

Meter Size (inches)	Service Charge Daily	Rate Thresholds Avg. Daily Use Non-Residential (In Gallons)	Rate Thresholds Avg. Daily Use Single Family Residential (In Gallons)	Rate Per 1,000 gallons
5/8	$0.2688	First 167	First 167	$1.16
		Next 167	Next 167	$2.08
		Next 333	Next 333	$3.09
		Over 667	Over 667	$4.58
3/4	$0.3095	First 250	First 222	$1.16
		Next 250	Next 222	$2.08
		Next 500	Next 444	$3.09
		Over 1,000	Over 889	$4.58
1	$0.3910	First 417	First 334	$1.16
		Next 417	Next 334	$2.08
		Next 1,666	Next 1,222	$3.09
		Over 2,500	Over 1,889	$4.58
1 1/2	$0.5945	First 833	First 611	$1.16
		Next 833	Next 611	$2.08
		Next 6,667	Next 4,556	$3.09
		Over 8,333	Over 5,778	$4.58
2	$0.8391	First 1,333	First 944	$1.16
		Next 1,333	Next 944	$2.08
		Next 16,000	Next 10,778	$3.09
		Over 18,666	Over 12,666	$4.58
3	$1.4911	First 2,667		$1.16
		Next 2,667		$2.08
		Next 42,666		$3.09
		Over 48,000		$4.58
4	$2.2244	First 4,167		$1.16
		Next 4,167		$2.08
		Next 125,000		$3.09
		Over 133,334		$4.58
6	$4.2617	First 8,333		$1.16
		Next 8,333		$2.08
		Next 400,000		$3.09
		Over 416,666		$4.58
8	$6.7064	First 13,333		$1.16
		Next 13,333		$2.08
		Next 773,337		$3.09
		Over 800,000		$4.58
10	$9.5584	First 19,167		$1.16
		Next 19,167		$2.08
		Next 1,303,333		$3.09
		Over 1,341,667		$4.58
12	$14.0404	First 28,333		$1.16
		Next 28,333		$2.08
		Next 1,926,667		$3.09
		Over 1,983,333		$4.58

Continued

[1] Excluded:
(a) Rates for outlying areas and mobile home parks;
(b) Special purpose rates and charges, such as for private fire protection water and metered construction water;
(c) SNWA reliability charge on residential class customers at .25% of the total water bill and 2.5% for all other customer classes; in effect since March 1, 1998;
(d) SNWA commodity charge (not charged to Jean, Nevada): $0.05/1,000 gallons from July 1, 1999 to October 31, 2005; $0.10/1,000 gallons from November 1, 2005 to December 31, 2009; $0.20/1,000 gallons from January 1, 2010 to December 31, 2010; $0.30/1,000 gallons from January 1, 2011 to December 31, 2013; $0.34/1,000 gallons from January 1, 2014 to December 31, 2014; $0.38/1,000 gallons from January 1, 2015 to December 31, 2015; $0.44/1,000 gallons from January 1, 2016 to December 31, 2016; $0.48/1,000 gallons from January 1, 2017 to June 30, 2017;
(e) SNWA regional infrastructure charge with a wide range of fees based on meter diameter size. The following rates are based on a 30-day billing period. Beginning April 1, 2012 to December 31, 2013, the fee for residential ⅝" and ¾" meters, the primary residential sizes, is $5 monthly, but for other sizes, the fee can range up to $1,660 monthly. Beginning January 1, 2014 to December 31, 2014, the fee for residential ⅝" and ¾" meters increased to $5.64 monthly and for other sizes, the fee can range up to $1,715 monthly; Beginning January 1, 2015 to December 31, 2015, the fee for residential ⅝" and ¾" meters increased to $6.36 monthly and for other sizes, the fee can range up to $1,778 monthly; Beginning January 1, 2016 to December 31, 2016, the fee for residential ⅝" and ¾" meters increased to $9.59 monthly and for other sizes, the fee can range up to $2,060 monthly. Beginning January 1, 2017 to June 30, 2017 the fee for residential ⅝" and ¾" meters increased to $11.72 monthly and for other sizes, the fee can range up to $2,245 monthly.

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
REVENUE CAPACITY
WATER RATES[1]
MAY 1, 2008 TO DECEMBER 31, 2009

Continued

Meter Size (inches)	Service Charge Daily	Rate Thresholds Avg. Daily Use Non-Residential (In Gallons)	Rate Thresholds Avg. Daily Use Single Family Residential (In Gallons)	Rate Per 1,000 gallons
5/8	$0.2021	First 167	First 167	$1.16
		Next 167	Next 167	$2.08
		Next 333	Next 333	$3.09
		Over 667	Over 667	$4.58
3/4	$0.2327	First 250	First 222	$1.16
		Next 250	Next 222	$2.08
		Next 500	Next 444	$3.09
		Over 1,000	Over 889	$4.58
1	$0.2940	First 417	First 334	$1.16
		Next 417	Next 334	$2.08
		Next 1,666	Next 1,222	$3.09
		Over 2,500	Over 1,889	$4.58
1 1/2	$0.4470	First 833	First 611	$1.16
		Next 833	Next 611	$2.08
		Next 6,667	Next 4,556	$3.09
		Over 8,333	Over 5,778	$4.58
2	$0.6309	First 1,333	First 944	$1.16
		Next 1,333	Next 944	$2.08
		Next 16,000	Next 10,778	$3.09
		Over 18,666	Over 12,666	$4.58
3	$1.1211	First 2,667		$1.16
		Next 2,667		$2.08
		Next 42,666		$3.09
		Over 48,000		$4.58
4	$1.6725	First 4,167		$1.16
		Next 4,167		$2.08
		Next 125,000		$3.09
		Over 133,334		$4.58
6	$3.2043	First 8,333		$1.16
		Next 8,333		$2.08
		Next 400,000		$3.09
		Over 416,666		$4.58
8	$5.0424	First 13,333		$1.16
		Next 13,333		$2.08
		Next 773,337		$3.09
		Over 800,000		$4.58
10	$7.1868	First 19,167		$1.16
		Next 19,167		$2.08
		Next 1,303,333		$3.09
		Over 1,341,667		$4.58
12	$10.5567	First 28,333		$1.16
		Next 28,333		$2.08
		Next 1,926,667		$3.09
		Over 1,983,333		$4.58

[1] Excluded:
(a) Rates for outlying areas and mobile home parks;
(b) Special purpose rates and charges, such as for private fire protection water and metered construction water;
(c) SNWA reliability charge on residential class customers at .25% of the total water bill and 2.5% for all other customer classes; in effect since March 1, 1998;
(d) SNWA commodity charge (not charged to Jean, Nevada): $0.05/1,000 gallons from July 1, 1999 to October 31, 2005; $0.10/1,000 gallons from November 1, 2005 to December 31, 2009; $0.20/1,000 gallons from January 1, 2010 to December 31, 2010; $0.30/1,000 gallons from January 1, 2011 to December 31, 2013; $0.34/1,000 gallons from January 1, 2014 to December 31, 2014; $0.38/1,000 gallons from January 1, 2015 to December 31, 2015; $0.44/1,000 gallons from January 1, 2016 to December 31, 2016; $0.48/1,000 gallons from January 1, 2017 to June 30, 2017;
(e) SNWA regional infrastructure charge with a wide range of fees based on meter diameter size. The following rates are based on a 30-day billing period. Beginning April 1, 2012 to December 31, 2013, the fee for residential ⅝" and ¾" meters, the primary residential sizes, is $5 monthly, but for other sizes, the fee can range up to $1,660 monthly. Beginning January 1, 2014 to December 31, 2014, the fee for residential ⅝" and ¾" meters increased to $5.64 monthly and for other sizes, the fee can range up to $1,715 monthly; Beginning January 1, 2015 to December 31, 2015, the fee for residential ⅝" and ¾" meters increased to $6.36 monthly and for other sizes, the fee can range up to $1,778 monthly; Beginning January 1, 2016 to December 31, 2016, the fee for residential ⅝" and ¾" meters increased to $9.59 monthly and for other sizes, the fee can range up to $2,060 monthly. Beginning January 1, 2017 to June 30, 2017 the fee for residential ⅝" and ¾" meters increased to $11.72 monthly and for other sizes, the fee can range up to $2,245 monthly.

Table 6

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
REVENUE CAPACITY
2017 MUNICIPAL WATER RATES SURVEY
AVERAGE MONTHLY BILL FOR 11,200 GALLONS

CITY	$10 - $20	$20 - $30	$30 - $40	$40 - $50	$50 - $60	$60 - $70	$70 - $80	$80 - $90	$90 - $100	Over $100
Santa Cruz, CA (OC)										240.42
Santa Barbara, CA										214.65
Santa Cruz, CA										210.95
Santa Fe, NM										144.61
Colorado Springs, CO (OC)										134.57
San Francisco, CA										123.44
Seattle, WA (OC)										118.60
San Diego, CA										105.56
San Antonio, TX (OC)										104.30
Seattle, WA										104.05
Los Angeles, CA										103.40
San Jose, CA										100.68
San Antonio, TX									95.22	
Marin, CA									90.17	
Colorado Springs, CO								89.68		
Oakland, CA (EBMUD)								86.94		
Flagstaff, AZ								83.39		
Portland, OR								81.30		
Tucson, AZ							78.73			
Santa Rosa, CA							77.50			
Long Beach, CA						66.51				
Pasadena, CA (OC)						64.52				
Houston, TX						64.19				
Phoenix, AZ (OC)						63.57				
Tacoma, WA (OC)						61.11				
Cheyenne, WY					56.07					
Boulder City, NV					55.34					
Denver, CO (OC)					55.25					
Denver, CO					53.17					
Pasadena, CA					53.12					
North Las Vegas, NV					52.39					
Tacoma, WA					50.93					
Henderson, NV					50.15					
Las Vegas, NV				49.14						
Boulder, CO (OC)				48.89						
Anaheim, CA				48.53						
Riverside, CA (OC)				48.53						
Kingman, AZ (OC)				47.76						
Dallas, TX				47.75						
Reno, NV				47.56						
Boulder, CO				45.92						
Salt Lake City, UT (OC)				45.12						
El Paso, TX				44.60						
Phoenix, AZ				44.12						
Billings, MT (OC)				44.09						
Albuquerque, NM				42.85						
Scottsdale, AZ				42.44						
Billings, MT				42.24						
San Bernadino, CA				40.58						
Victorville, CA				40.52						
Redding, CA				40.52						
Boise, ID			37.52							
Kingman, AZ			36.54							
Salt Lake City, UT			33.71							
Riverside, CA			32.35							
St. George, UT			32.33							
Cedar City, UT		27.44								

Based on LVVWD Average Monthly Single-Family Consumption of 11,200 gallons and a ⅝ or ¾ Inch Service Charge for Comparison.

OC - Outside City
EBMUD - East Bay Metropolitan Utilities District

Table 7

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
REVENUE CAPACITY
TOP TEN PRINCIPAL RATEPAYERS
CALENDAR YEAR 2016 AND NINE YEARS AGO

	2016			2007		
Ratepayer	Revenue	Rank	Percentage of Total Revenue	Revenue	Rank	Percentage of Total Revenue
Clark County School District	$ 10,009,101	1	2.02%	$ 5,029,682	1	1.69%
City of Las Vegas	5,770,113	2	1.17	3,989,043	2	1.34
Clark County	5,328,262	3	1.08	2,969,231	3	1.00
Venetian Casino Resort LLC	2,133,816	4	0.43	1,326,110	9	0.45
Mandalay Bay Resort & Casino	2,095,954	5	0.42	1,724,859	5	0.58
Wynn Las Vegas	1,984,059	6	0.40	---	---	---
Bellagio LLC	1,955,529	7	0.39	1,538,497	7	0.52
Clark County Aviation	1,830,974	8	0.37	---	---	---
MGM Grand Hotel/Casino	1,549,318	9	0.31	1,318,629	10	0.44
Southern Highlands Golf Club LLC	1,441,126	10	0.29	---	---	---
The Mirage Casino/Hotel				1,844,373	4	0.62
Oasis Residential Inc.				1,584,101	6	0.53
Caesars Palace				1,483,384	8	0.50
	$ 34,098,252		6.89%	$ 22,807,909		7.66%
Total Revenue		$ 495,108,001			$ 297,702,289	

Note: Revenue includes SNWA and other various charges.

THIS PAGE LEFT

INTENTIONALLY BLANK

DEBT CAPACITY
SECTION

- **Ratios of Outstanding Total Net Debt**
  Last Ten Fiscal Years

- **Net Pledged Revenue Coverage**
  Last Ten Fiscal Years

- **Outstanding Direct and Overlapping General Obligation Indebtedness**

LAS VEGAS VALLEY
WATER DISTRICT™

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
DEBT CAPACITY
RATIOS OF OUTSTANDING TOTAL NET DEBT
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bond Debt Excluding SNWA Secured Debt	Bond Debt Additionally Secured by SNWA Revenue	Net Revenue Bond Debt	State Revolving Fund Loans	Notes Additionally Secured by SNWA Revenue	Total Debt
2017	$ 775,966,918	$ 2,003,205,000	$ 1,008,000	$ 26,153,695	$ 400,000,000	$ 3,206,333,613
2016	808,841,432	2,066,460,000	1,176,000	3,689,827	400,000,000	3,280,167,259
2015	842,523,112	1,612,655,000	1,344,000	1,298,309	400,000,000	2,857,820,421
2014	882,772,516	1,428,120,000	1,512,000	-	400,000,000	2,712,404,516
2013	912,111,068	1,440,390,000	1,680,000	-	400,000,000	2,754,181,068
2012	943,645,471	1,091,990,000	1,848,000	-	400,000,000	2,437,483,471
2011	960,427,588	883,405,000	2,016,000	-	400,000,000	2,245,848,588
2010	980,313,752	877,225,000	2,184,000	-	400,000,000	2,259,722,752
2009	919,728,286	389,300,000	2,352,000	-	400,000,000	1,711,380,286
2008	946,594,937	404,710,000	-	-	400,000,000	1,751,304,937

Fiscal Year	Personal Income[1]	Percent of Personal Income	Active Accounts	Per Active Account	Taxable Real Property Value[2]	Percent of Taxable Real Property Value
2017	$ 85,970,490,000	3.73%	387,829	$ 8,267	$ 211,139,223,102	1.52%
2016	85,970,490,000	3.82%	380,791	8,614	196,024,378,500	1.67%
2015	85,970,490,000	3.32%	373,080	7,660	178,020,516,265	1.61%
2014	81,966,042,000	3.31%	367,482	7,381	156,193,685,142	1.74%
2013	77,011,227,000	3.58%	360,125	7,648	153,321,893,568	1.80%
2012	76,962,088,000	3.17%	356,274	6,842	163,707,474,254	1.49%
2011	71,830,557,000	3.13%	352,603	6,369	180,763,035,128	1.24%
2010	69,291,617,000	3.26%	350,290	6,451	254,683,564,234	0.89%
2009	68,024,335,000	2.52%	349,922	4,891	317,048,184,343	0.54%
2008	73,391,378,000	2.39%	341,668	5,126	300,806,283,897	0.58%

[1] Calendar year. Source is U.S. Bureau of Economic Analysis as reported for Clark County. Personal income data for 2017 and 2016 is not available. Estimates for 2017 and 2016 are based upon 2015 data.

[2] Neither the State nor the County Assessor maintains an official taxable or assessed valuation for the Las Vegas Valley Water District. Because the District's boundaries encompass the County, excluding the property within the Virgin Valley Water District, the District historically has calculated its assessed valuation to be the same as the County's after deducting the Virgin Valley Water District's assessed valuation. The taxable value is derived from the assessed valuation.

Table 9

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
DEBT CAPACITY
NET PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	Restated 2011	2010	2009	2008
Operating Revenues	$ 354,888,515	$ 339,986,389	$ 337,790,425	$ 338,947,519	$ 336,432,153	$ 336,396,722	$ 330,731,226	$ 322,959,864	$ 320,944,802	$ 355,205,388
Facilities connection charge[1]	12,241,154	13,239,500	17,657,015	11,049,850	6,867,660	2,669,480	2,741,240	(1,422,830)	2,379,630	7,826,260
Interest income on operating funds	1,042,888	2,577,164	1,265,650	1,094,644	256,072	601,416	388,506	687,747	1,447,684	3,962,864
Total Revenues	368,172,557	355,803,053	356,713,090	351,092,013	343,555,885	339,667,618	333,860,972	322,224,781	324,772,116	366,994,512
Operating Expenses[2]	250,732,755	243,312,822	245,997,419	252,968,239	246,358,474	253,808,618	248,781,458	241,382,108	259,719,175	312,112,789
Net Pledged Revenues	117,439,802	112,490,231	110,715,671	98,123,774	97,197,411	85,859,000	85,079,514	80,842,673	65,052,941	54,881,723
Average annual G.O. bond debt service	47,497,712	47,646,668	49,002,721	50,794,514	51,407,966	52,586,098	54,748,477	52,665,205	49,459,361	51,534,563
Coverage[3]	2.47	2.36	2.26	1.93	1.89	1.63	1.55	1.54	1.32	1.06

[1] Negative facilities connection charge in FY 2010 reflects refunds of prior period receipts and an estimate of probable future refunds.

[2] Operating expenses exclude depreciation.

[3] Bond covenants require net pledged revenues to be at least one (1) times the average annual debt. Averge annual debt is the aggregate debt service, excluding debt additionally secured by SNWA revenue, divided by the number of years from June 30 to the final maturity date of the indebtedness with the longest maturity. Calculations by District staff.

Table 10

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
DEBT CAPACITY
OUTSTANDING DIRECT AND OVERLAPPING GENERAL OBLIGATION INDEBTEDNESS
AS OF JUNE 30, 2017

	Assessed Valuation June 30, 2017	Total General Obligation Indebtedness	Presently Self-Supporting General Obligation Indebtedness	Percent Applicable	Applicable Net Overlapping Indebtedness[1]
Las Vegas Valley Water District	$ 73,898,728,086 [2]	$ 3,164,495,000 [3]	$ 3,164,495,000	--	--
State of Nevada	105,831,886,324 [4]	1,379,760,000	295,593,000	69.83%	$ 757,073,816
Clark County	74,597,622,262 [5]	2,445,556,292	2,436,641,000	99.06	8,831,488
Clark County School District	74,597,622,262	2,438,120,000	639,635,000	99.06	1,781,579,241
Henderson	11,630,054,583 [6]	203,028,861	177,443,861	100.00	25,585,000
Las Vegas	16,578,456,154 [7]	495,170,000	424,985,000	100.00	70,185,000
North Las Vegas	6,064,962,361 [8]	410,720,000	400,955,000	100.00	9,765,000
Las Vegas-Clark County Library District	56,206,825,270	14,185,000	--	100.00	14,185,000
TOTAL					$ 2,667,204,545

[1] Net overlapping general obligation indebtedness equals total general obligation indebtedness less presently self-supporting general obligation indebtedness times percent applicable.

[2] Because the Las Vegas Valley Water District has never levied an ad valorem property tax, neither the State nor the County Assessor maintains an official assessed valuation for the District. The District's boundaries encompass all of the County, excluding the property within the Virgin Valley Water District. Accordingly, the District has calculated its assessed valuation by deducting the assessed valuation of the Virgin Valley Water District from the County's assessed valuation.

[3] The Las Vegas Valley Water District has no legal debt limit per se. The Las Vegas Valley Water District's debt margin is a function of balancing capital outlay needs and market acceptance for its debt at competitive interest rates.

[4] Excludes Statewide Redevelopment Agency assessed valuation in the amount of $2,499,678,505.

[5] Excludes $2,035,576,833 for the Clark County, Las Vegas, North Las Vegas, Henderson, Mesquite and Boulder City Redevelopment Agencies.

[6] Excludes $558,228,496 for the Henderson Redevelopment Agency.

[7] Excludes $855,006,156 for the Las Vegas Redevelopment Agency.

[8] Excludes $70,963,749 for the North Las Vegas Redevelopment Agency.

THIS PAGE LEFT

INTENTIONALLY BLANK

DEMOGRAPHIC AND ECONOMIC INFORMATION SECTION

- **Demographic Statistics**
  Last Ten Fiscal Years
- **Clark County Principal Employers**
  Fiscal Year 2016 and Nine Years Ago
- **Ten Largest Property-Owning Taxpayers**

LAS VEGAS VALLEY
WATER DISTRICT™

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
DEMOGRAPHIC AND ECONOMIC INFORMATION
DEMOGRAPHIC STATISTICS[1]
CLARK COUNTY, NEVADA
LAST TEN CALENDAR YEARS[2]

Year	Population[3]	Per Capita Income[4]	Median Household Income[5]	School Enrollment[6]	Total Labor Force Thousands[7]	U.S. Unemployment Rate[8]
2016	2,166,181	$ 40,652	n/a	319,203	1,048.0	4.9%
2015	2,118,353	40,652	$ 51,552	317,759	1,039.4	5.3%
2014	2,069,450	39,613	51,214	314,598	1,019.9	6.2%
2013	2,031,723	37,966	51,057	311,218	1,005.0	7.4%
2012	1,988,195	38,516	49,546	308,377	999.5	8.1%
2011	1,967,722	36,512	48,215	309,899	995.1	8.9%
2010	1,951,269	35,473	51,437	309,442	984.0	9.6%
2009	1,952,040	35,075	53,505	311,221	967.7	9.3%
2008	1,967,716	38,378	56,696	308,745	980.2	5.8%
2007	1,954,319	39,950	55,996	302,547	951.1	4.6%

[1] All data is subject to revision. The abbreviation "n/a" means not available.

[2] Population as of July 1; school enrollment in fall.

[3] Source: 2010 figure from the U.S. Bureau of the Census; all other figures from the Nevada State Demographer.

[4] Source: U.S. Bureau of Economic Analysis as reported for the Las Vegas-Paradise MSA (which is comprised of Clark County). Year 2016 per capita income is not available; therefore, per capita income for 2015 is used as an estimate. Years 2007 - 2015 updated November 17, 2016.

[5] Source: U.S. Census Bureau, American Community Survey.

[6] Source: Clark County School District.

[7] Source: State of Nevada - Department of Employment, Training & Rehabiliation.

[8] Source: Bureau of Labor Statistics (annual averages).

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
DEMOGRAPHIC AND ECONOMIC INFORMATION
CLARK COUNTY TOP TEN PRINCIPAL EMPLOYERS[1]
4TH QUARTER, 2016 AND NINE YEARS AGO[2]

	4TH QUARTER, 2016			4TH QUARTER, 2007		
Employer	**Employee Range[3]**	**Rank**	**Percentage of Total Labor Force[4]**	**Employee Range[3]**	**Rank**	**Percentage of Total Labor Force[4]**
Clark County School District	30,000 to 39,999	1	3.33%	30,000 to 39,999	1	3.63%
Clark County	8,500 to 8,999	2	0.83	10,000 to 19,999	2	1.56
Wynn Las Vegas	8,000 to 8,499	3	0.78	8,500 to 8,999	5	0.91
Bellagio LLC	7,500 to 7,999	4	0.74	9,000 to 9,499	3	0.96
MGM Grand Hotel/Casino	7,500 to 7,999	5	0.74	8,500 to 8,999	4	0.91
Aria Resort & Casino LLC	7,000 to 7,499	6	0.69	---	---	---
Mandalay Bay Resort & Casino	7,000 to 7,499	7	0.69	6,500 to 6,999	6	0.70
The Venetian/Palazzo Casino/Resort	6,000 to 6,499	8	0.59	---	---	---
University of Nevada, Las Vegas	5,500 to 5,999	9	0.50	6,000 to 6,499	7	0.65
Caesars Palace	5,000 to 5,499	10	0.50	5,500 to 5,999	8	0.60
Las Vegas Metropolitan Police	---	---	---	5,500 to 5,999	9	0.60
The Mirage Casino/Hotel	---	---	---	5,000 to 5,499	10	0.54
Total Labor Force	1,051,568			964,549		

[1] Source: Nevada Department of Employment, Training & Rehabilitation.

[2] 4th Quarter, 2016 latest date information available.

[3] Nevada law prohibits publishing exact numbers.

[4] Average employee range divided by total labor force

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST PROPERTY-OWNING TAXPAYERS
CLARK COUNTY, NEVADA[1]
FISCAL YEAR 2016-2017

	Taxpayer[2]	Taxable Assessed	Taxable Appraised
1.	MGM Resorts International	$ 3,586,896,698	$ 10,248,276,280
2.	NV Energy	1,982,725,527	5,664,930,077
3.	Caesar's Entertainment Corporation	1,859,895,091	5,313,985,974
4.	Las Vegas Sands Corporation	972,201,925	2,777,719,786
5.	Wynn Resorts Limited	926,778,374	2,647,938,211
6.	Station Casinos Incorporated	705,871,212	2,016,774,891
7.	Nevada Property 1 LLC	382,335,596	1,092,387,417
8.	Eldorado Energy LLC	380,134,297	1,086,097,991
9.	Boyd Gaming Corporation	328,880,459	939,658,454
10.	Howard Hughes Corporation	327,790,058	936,543,023

[1]Includes the five incorporated cities.

[2]Some taxpayers are hotel/casinos that may have multiple properties.

SOURCE: Clark County Assessor's Report, October 31, 2016.

THIS PAGE LEFT

INTENTIONALLY BLANK

OPERATING INFORMATION SECTION

- **Authorized Full-Time Equivalent Employees by Department**
- **Water Production by Month**
  Last Ten Years
- **Pumpage from Wells by Months**
  Last Ten Years
- **Surface Water by Month Southern Nevada Water System**
  Last Ten Years
- **Water Production Maximum and Minimum Days by Month**
  Last Ten Years
- **Annual Treated Water Delivered by the Southern Nevada Water System**
- **Enterprise Fund Selected Capital Asset**
- **Schedule of Insurance as of June 30, 2017**

LAS VEGAS VALLEY WATER DISTRICT™

Table 14

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
OPERATING INFORMATION
AUTHORIZED FULL-TIME EQUIVALENT EMPLOYEES BY DEPARTMENT
AS OF JUNE 30
LAST TEN FISCAL YEARS

Department	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Executive Management	12	14	14	14	16	15	14	16	17	13
AM/FM/GIS & Asset Mgmt[1]	0	0	0	0	0	0	0	56	61	
Legal Services[9, 10]	16	25	18	18	11	10	7	7	5	12
Finance[4, 9, 10]	77	109	108	108	132	133	155	157	146	142
Energy Management	6	6	6	5	7	7	7	7	7	7
Human Resources[4]	25	21	18	24	29	30	41	38	42	41
Information Technology[8, 10]	141	118	119	110	134	134	136	136	138	133
Public Services[6, 7]	104	100	95	91	113	58	144	138	132	117
LV Springs Preserve[5]	0	0	0	0	0	55	56	61	71	88
EHS & Corporate Security[4]	49	49	49	50	55	55				
Customer Care & Field Services[4, 9]	174	178	165	168	179	176				
Support Services[4]	0	0	0	0	0	0	197.5	197.5	189.5	185.5
LVVWD Engineering[1, 2, 7]	0	0	1	1	205	196	181	132	139	147
LVVWD Operations[2, 4, 9]	243	243	202	204	315.5	312.5	226	219	246	217
LVVWD Resources[1]	0	0	0	0	0	0	0	0	0	83
SNWA Environmental Resources[6]	0	0	0	0	0	50.5	52.5	52.5	34	23
SNWA Groundwater Resources[6]	0	0	0	0	0	53	54	52	64.5	56.5
Environmental & Water Resource Law[3, 4]	0	0	0	0	0	0	4	4	4	
SNWA Surface Water Resources[6]	0	0	0	0	0	23	24	21	21	30
SNWA Engineering[7]	0	0	0	0	62	73	81	86	66	61
Engineering[7]	102	108	102	102						
Infrastructure Management[7]	88	84	80	74						
Water Resources[10]	43									
SNWS Operations[8, 9]	0	0	57	138	96	199.5	200.5	200.5	197.5	183.5
Water & Environmental Resources[6, 8, 10]	0	146	142	86	122.5					
Resources & Facilities[10]	142									
Water Quality & Treatment[6]	95	96	95	95	103.5					
Unfunded Positions	263.5	283.5	309.5	292.5						
Total	1,580.5	1,580.5	1,580.5	1,580.5	1,580.5	1,580.5	1,580.5	1,580.5	1,580.5	1,539.5

[1] New department created from LVVWD Resources in FY 2009; transferred to LVVWD Operations and LVVWD Engineering in FY 2011.

[2] Includes transfers from LVVWD Resources in FY 2009.

[3] New department created from Legal Services in FY 2009.

[4] Departmental restructuring in FY 2012 involved a large number of transferred employees; two discontinued departments (1) Support Services and (2) Environmental & Water Resource Law; and two new departments (1) Environmental Health, Safety & Corporate Security (EHS & CS) and (2) Customer Care & Field Services.

[5] LV Springs Preserve merged into Public Services in FY 2013.

[6] Departmental restructuring in FY 2013 involved a large number of transferred employees; three discontinued departments (1) SNWA Environmental Resources, (2) SNWA Groundwater Resources and (3) SNWA Surface Water Resources; and two new departments (1) Water & Environmental Resources and (2) Water Quality & Treatment.

[7] Departmental restructuring in FY 2014 involved a large number of transferred employees; a large reduction in workforce; the consolidation of LVVWD Engineering and SNWA Engineering into Engineering; and a new department, Infrastructure Management.

[8] Departmental restructuring in FY 2015 involved Facilities moving to Water and Environmental Resources department and Data Resources moving to Information Technology department.

[9] Departmental restructuring in FY 2016 involved Risk Management moving to Legal Services department; Meter Shop moving to Customer Care & Field Services; and consolidation of LVVWD Operations and SNWS Operations.

[10] Departmental restructuring in FY 2017 involved Corporate Records moving to Information Technology department; Water & Environmental Resources department becoming Resources & Facilities department and Fleet Services moving to Resources & Facilities department; a new department, Water Resources, and Water Resources division and Colorado River Team moving to Water Resources department.

Table 15

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
OPERATING INFORMATION
WATER PRODUCTION BY MONTH
LAST TEN CALENDAR YEARS

(MILLIONS OF GALLONS - EXCLUDES ARTIFICIAL RECHARGE, INCLUDES REUSE)

Month	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
January	6,108	6,078	6,387	6,103	6,143	5,972	5,878	6,221	6,291	6,515
February	6,243	5,856	5,999	5,746	5,924	5,649	5,057	5,558	6,095	6,344
March	7,979	7,643	7,773	7,604	7,535	7,557	7,109	7,910	8,056	8,494
April	8,037	8,685	8,558	8,404	8,318	8,245	8,081	8,450	9,122	9,219
May	9,480	9,995	10,674	10,847	11,085	10,136	10,319	11,375	11,212	12,308
June	11,833	11,471	11,786	12,116	12,039	11,394	11,695	11,513	12,570	13,361
July	12,868	12,391	12,293	12,680	12,476	12,390	13,260	12,990	13,551	14,452
August	12,699	12,305	11,543	12,019	11,692	12,519	13,051	12,779	13,657	13,666
September	10,833	10,786	10,069	9,735	10,297	10,486	10,818	10,976	10,647	11,362
October	9,150	9,089	9,332	9,012	8,875	8,751	8,630	9,376	9,874	9,861
November	7,648	7,226	7,235	6,865	7,211	6,918	7,078	7,284	7,361	7,507
December	6,567	6,437	6,178	6,103	6,243	6,109	5,970	6,108	6,160	6,649
Total*	**109,445**	**107,962**	**107,827**	**107,234**	**107,838**	**106,126**	**106,946**	**110,540**	**114,596**	**119,738**
Total (Acre Feet)	**335,871**	**331,324**	**330,909**	**329,089**	**330,943**	**325,689**	**328,205**	**339,235**	**351,682**	**367,462**

* Total of pumpage from wells and surface water, plus or minus reservoir changes, reuse and excluding artificial recharge.

Table 16

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
OPERATING INFORMATION
PUMPAGE FROM WELLS BY MONTHS
LAST TEN CALENDAR YEARS
(MILLIONS OF GALLONS)

Month	2016		2015		2014		2013		2012		2011		2010		2009		2008		2007	
	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily
January	-	-	447	14	522	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
February	-	-	340	12	391	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
March	-	-	-	-	221	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	681	22	259	8	257	8	1,030	33	752	24	696	22	469	15	138	4	1,226	40	1,439	46
June	3,138	105	2,816	94	3,095	103	3,216	107	3,140	105	3,137	105	3,033	101	3,138	105	3,223	107	2,930	98
July	3,071	99	2,886	93	3,206	103	3,016	97	3,050	98	3,321	107	3,147	102	3,393	109	3,444	111	2,913	94
August	3,125	101	2,878	93	3,022	97	2,721	88	2,926	94	3,236	104	3,013	97	3,233	104	2,883	93	3,218	104
September	3,019	101	1,922	64	2,556	85	2,837	95	3,297	110	2,900	97	3,114	104	3,337	111	2,476	83	2,865	95
October	171	6	544	18	364	12	540	18	-	-	-	-	-	-	-	-	-	-	-	-
November	7	-	593	20	435	15	512	17	-	-	-	-	-	-	-	-	-	-	-	-
December	68	2	519	17	449	14	531	18	-	-	-	-	-	-	-	-	-	-	-	-
Total	**13,280**	**36**	**13,204**	**36**	**14,518**	**40**	**14,403**	**39**	**13,165**	**36**	**13,290**	**36**	**12,776**	**35**	**13,239**	**36**	**13,252**	**36**	**13,365**	**37**
Total Acre Feet	**40,755**		**40,522**		**44,554**		**44,201**		**40,402**		**40,786**		**39,208**		**40,629**		**40,669**		**41,016**	

Table 17

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
OPERATING INFORMATION
SURFACE WATER BY MONTH
SOUTHERN NEVADA WATER SYSTEM
LAS TEN CALENDAR YEARS

(MILLIONS OF GALLONS - EXCLUDES ARTIFICIAL RECHARGE, INCLUDES REUSE)

	2016		2015		2014		2013		2012		2011		2010		2009		2008		2007	
Month	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily	Million Gallons	Avg. Daily
January	6,108	197	5,548	179	5,865	189	6,103	197	6,143	198	5,972	193	5,878	190	6,221	201	6,291	203	6,515	210
February	6,243	215	5,428	194	5,608	200	5,746	205	5,924	212	5,649	202	5,057	181	5,558	199	6,095	218	6,344	227
March	7,979	257	7,577	244	7,552	244	7,604	245	7,535	243	7,557	244	7,109	229	7,910	255	8,056	260	8,494	274
April	8,037	268	8,565	286	8,558	285	8,404	280	8,318	277	8,245	275	8,081	269	8,450	282	9,122	304	9,219	307
May	8,798	284	9,576	309	10,417	336	9,818	317	10,333	333	9,440	305	9,849	318	11,237	362	9,986	322	10,870	351
June	8,695	290	8,614	287	8,691	290	8,900	297	8,899	297	8,257	275	8,662	289	8,375	279	9,347	312	10,430	348
July	9,798	316	9,395	303	9,087	293	9,665	312	9,426	304	9,069	293	10,113	326	9,597	310	10,107	326	11,539	372
August	9,574	309	9,243	298	8,521	275	9,298	300	8,766	283	9,283	299	10,038	324	9,546	308	10,774	348	10,448	337
September	7,814	260	8,752	292	7,513	250	6,899	230	7,000	233	7,587	253	7,705	257	7,639	255	8,171	272	8,497	283
October	8,979	290	8,317	268	8,968	289	8,472	273	8,875	286	8,751	282	8,630	278	9,376	302	9,874	319	9,861	318
November	7,640	255	6,556	219	6,800	227	6,353	212	7,211	240	6,918	231	7,078	236	7,284	243	7,361	245	7,507	250
December	6,499	210	5,844	189	5,729	185	5,572	180	6,243	201	6,109	197	5,970	193	6,108	197	6,160	199	6,649	214
Total	**96,164**	**263**	**93,415**	**256**	**93,309**	**255**	**92,834**	**254**	**94,673**	**259**	**92,837**	**254**	**94,170**	**257**	**97,301**	**266**	**101,344**	**277**	**106,373**	**291**

Table 18

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
OPERATING INFORMATION
WATER PRODUCTION
MAXIMUM AND MINIMUM DAYS BY MONTH
LAST TEN CALENDAR YEARS
(MILLIONS OF GALLONS)

Month	2016		2015		2014		2013		2012		2011		2010		2009		2008		2007	
	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
January	213.2	163.0	213.1	176.8	217.2	182.4	211.7	178.1	212.1	175.8	213.6	175.7	209.5	164.9	221.6	181.1	223.2	178.8	228.2	188.0
February	253.7	189.1	230.0	179.2	235.1	187.7	222.8	169.7	215.8	173.1	219.6	169.8	194.7	165.4	221.2	177.8	238.4	182.2	244.9	196.6
March	276.7	209.8	290.1	188.7	277.9	185.5	275.3	188.0	265.0	182.9	265.3	191.6	266.4	174.4	275.7	192.0	294.1	194.3	310.2	211.3
April	298.0	197.0	308.2	228.6	309.8	225.0	326.0	233.8	315.6	199.6	296.2	207.0	296.9	214.8	311.6	208.4	331.9	232.8	351.2	234.0
May	350.9	209.2	354.7	270.1	376.1	270.8	371.8	276.8	378.3	279.9	348.9	238.4	358.2	238.3	388.9	273.1	402.5	284.7	417.2	307.9
June	423.5	324.5	417.2	309.5	415.4	324.5	429.8	324.8	412.6	336.2	406.7	303.3	404.9	323.8	408.4	323.2	447.4	330.3	460.5	368.6
July	440.0	338.4	416.6	348.0	421.4	347.8	437.0	335.5	420.6	325.7	405.6	319.9	436.8	361.0	428.6	352.6	450.4	372.5	482.8	409.1
August	431.5	339.6	410.4	345.7	400.7	321.8	412.6	309.4	413.1	296.4	409.3	345.4	431.1	367.9	421.8	346.6	444.8	359.8	460.0	370.6
September	400.4	289.8	384.5	296.7	379.9	260.0	348.6	270.8	378.7	276.7	402.8	270.2	392.1	287.9	394.3	284.4	405.0	274.6	412.4	271.7
October	335.8	240.0	346.2	241.8	322.9	247.9	331.4	239.8	331.8	223.1	319.8	230.8	327.2	210.4	331.1	241.6	343.7	245.9	355.1	247.4
November	280.1	209.8	292.6	199.3	281.3	197.5	276.0	185.0	274.8	200.2	272.0	192.8	266.7	182.5	286.5	192.4	289.0	191.3	282.2	208.2
December	239.0	172.6	227.1	174.6	232.6	176.7	218.5	178.3	231.7	176.9	215.0	171.9	212.1	166.4	222.6	173.5	222.2	179.2	227.1	185.4
Average Daily Production	**299.80**		**295.80**		**295.40**		**293.79**		**295.45**		**290.76**		**293.00**		**302.85**		**313.10**		**328.05**	
Maximum Daily Production	**440.0**		**417.2**		**421.4**		**437.0**		**420.6**		**409.3**		**436.8**		**428.6**		**450.4**		**482.8**	

Table 19

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
OPERATING INFORMATION
ANNUAL TREATED WATER DELIVERED BY
THE SOUTHERN NEVADA WATER SYSTEM
LAST TEN FISCAL YEARS
(ACRE FEET)

Year	Boulder City	Henderson	Las Vegas Valley Water District	Nellis Air Force Base	North Las Vegas	Total Deliveries[1]
2008	11,345	66,897	328,435	2,664	53,987	463,328
2009	11,121	64,611	301,854	1,800	51,306	430,692
2010	10,845	63,092	283,052	1,511	50,302	408,802
2011	10,534	64,262	296,672	1,334	50,256	423,059
2012	10,514	63,450	284,662	1,069	48,120	407,815
2013	10,280	62,127	284,196	1,088	44,414	402,105
2014	10,688	61,890	280,417	1,097	46,459	400,551
2015	10,378	64,168	280,195	1,008	44,934	400,683
2016	10,458	65,284	287,374	1,044	49,569	413,729
2017	10,496	69,224	298,110	1,213	51,476	430,519

[1] May not total due to rounding.

SOURCE: Southern Nevada Water Authority

UNAUDITED
LAS VEGAS VALLEY WATER DISTRICT
ENTERPRISE FUND
OPERATING INFORMATION
SELECTED CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS
AS OF JUNE 30

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Miles of Pipeline[1]	6,518	6,432	6,354	6,284	6,236	6,208	6,185	6,163	6,138	4,152
Active Wells[2]	64	64	63	63	63	63	63	63	64	64
Reservoirs/Tanks	38	38	38	38	38	38	38	38	37	37
Pumping Stations	52	52	52	52	52	52	52	52	50	47

[1] 2008 is as of December 31.

[2] Excludes recharge wells.

Type of Coverage and Name of Company	Policy Number	Expiration Date	Details of Coverage
Real and Personal Property Lexington Insurance Company	020413078	05/01/2020	All Risks of Direct Physical Loss or Damage including Earth Movement, Flood and Equipment Breakdown subject to policy exclusions. Covered Property includes Real and Personal Property, Improvements and Betterments, Extra Expense, Business Interruption all as per policy form. Policy Limit $500,000,000 subject to $100,000,000 per occurrence and annual aggregate as respects Earth Movement, $50,000,000 per occurrence and annual aggregate as respects Flood except $25,000,000 per occurrence and annual aggregate as respects Flood for specific locations (5025 S Hualapai Way, 4995 Dean Martin Dr., 3589 N. Torrey Pines Dr.) Sublimits include $25,000,000 Debris Removal; $10,000,000 Accounts Receivable, Civil/Military Authority (30 days), Ingress/Egress (30 days), Electronic Data and Media, Errors & Omissions, Extra Expense including Expediting Expense, Fine Arts (except $500,000 per item), Misc. Unnamed Locations, Rental Value, Royalties, Underground communications and water transmission/distribution lines beyond 1,000 ft., Service Interruption (24-hour qualifying period), and Valuable Papers and Records; $15,000,000 Transit, $5,000,000 Brands & Labels, Dams, Leasehold Interest, Mobile Equipment, and Wells; $1,000,000 Fire Brigade Charges, Professional Fees, Property Removed from Insured Locations, Protection and Preservation of Property; $250,000 annual aggregate Limited Pollution, Spoilage; $100,000 Soft Costs; 90 days subject to $100,000,000 Newly Acquired Locations Deductible $1,000,000 with the following exceptions: Flood $100,000 per occurrence, except 5% of total insurable values for locations within special hazard flood zone (as defined in the policy) subject to a minimum of $100,000; and except $500,000 as respects Builder's Risk locations Earth Movement $100,000 per occurrence except $500,000 per occurrence as respects Builder's Risk locations Windstorm/Hail $1,000,000 per occurrence except 5% of total insurable values at each location as respects Named Storm (as defined in the policy) subject to a minimum of $250,000 Equipment Breakdown $1,000,000 Builder's Risk projects $50,000 except as respects Flood and Earth Movement which shall be $500,000 for each, per Occurrence. *Builder's Risk Locations covered listed under Nov 2016 report and reported quarterly Terrorism included in policy limit

Continued

Continued

Type of Coverage and Name of Company	Policy Number	Expiration Date	Details of Coverage
Commercial General and Auto Liability Umbrella Excess Allied Public Risk (AWAC) (NOTE: *Limits of Liability apply only once regardless of the number of Named Insureds)*	5110-0037-01 ($1M) 5111-0044-01 ($9M)	05/01/2018	Excess Liability coverage for the Las Vegas Valley Water District, its Officials & Employees, $10,000,000 Per Occurrence for GL & AL, $10,000,000 Employee Benefit Liability Wrongful Acts Aggregate; $10,000,000 Products-Completed Operations Hazard Aggregate; $1,000,000 Self-Insured Retention; Excess coverage for General Liability, Auto Liability, Employee Benefits Liability, Work Boat P&I, Non-Owned Aircraft and Terrorism
Following Form Excess Liability Allied World National Assurance Company (NOTE: *Limits of Liability apply only once regardless of the number of Named Insureds)*	3054894	05/01/2018	Excess Liability coverage for the Las Vegas Valley Water District, its Officials & Employees, $20,000,000 Per Occurrence, $20,000,000 Products/Completed Operations, $20,000,000 Other Aggregate excess of $10,000,000 underlying coverage
Employee Fidelity Travelers Casualty and Surety Company	106728245	05/01/2018	Employee Theft $3,000,000 per loss - $50,000 Retention; Forgery or Alteration $3,000,000 - $25,000 Retention; On Premises $3,000,000 - $50,000 Retention; In Transit $3,000,000 - $50,000 Retention; Money Orders & Counterfeit Money $3,000,000 - $50,000 Retention; Computer Fraud $3,000,000 - $50,000 Retention; Computer Program and Electronic Data Restoration $100,000 per occurrence - $25,000 Retention; Funds Transfer Fraud $3,000,000 - $50,000 Retention; Claim Expense $25,000 with $0 Retention
Public Officials and Employees Liability Aegis	DP5676902P	05/01/2018	$25,000,000 Each Claim (including Claim Expenses), $25,000,000 Aggregate; $150,000 for all Investigation Expense for the Policy Period; Retention $100,000 each claim for Investigative Expense
Employment Practices Liability National Union Fire Insurance Company	13579634	05/01/2018	$10,000,000 Each Claim and in the Aggregate all claims Retention - $100,000 Class Action, Third Party, and all other loss Continuity Date: May 1, 1997

Continued

Continued

Type of Coverage and Name of Company	Policy Number	Expiration Date	Details of Coverage
Specific Excess Workers Compensation and Employers Liability Safety National Casualty Corporation (NOTE: Limits of Liability apply only once, except statutory, regardless of the number of Named Insureds)	SP 4054831	05/01/2018	Maximum Limit of Indemnity per occurrence – Statutory, Employers' Liability Maximum Limit of Indemnity per occurrence $1,000,000; Self-Insured Retention per occurrence $500,000 All Other, $1,000,000 USLH; $1,000,000 Maritime or Jones Act
Boat Hull and Protection & Indemnity Hartford Fire Insurance Company	72OMGM5701	05/01/2018	Insuring 1999 32' Duckworth Water Quality Sampling Work Boat – Hull Limit $390,000 hull & machinery subject to $3,900 deductible; Protection & Indemnity limit $1,000,000 subject to $500 deductible each occurrence
Non-Owned Aircraft Liability StarNet Insurance Company	BA-17-05-00018	05/01/2018	Legal Liability for the Las Vegas Valley Water District, its officials and employees; $10,000,000 Single Limit Bodily Injury & Property Damage including Passengers each occurrence; $25,000 Each Passenger Medical Expenses; $10,000,000 Personal Injury Liability; $10,000 Personal Effects and Baggage Liability each Passenger; $10,000,000 Aviation Premises Liability; Physical Damage Liability $1,000,000 Each Occurrence; Personal Injury $10,000,000
Privacy and Network Liability XL Catlin / Indian Harbor Insurance Co.	MTP 903348601	05/01/2018	Privacy Liability $10,000,000 each claim, $10,000,000 aggregate – Deductible $100,000; Network Security Liability $10,000,000 each claim, $10,000,000 aggregate – Deductible $100,000; Internet Media Liability $10,000,000 each claim; $10,000,000 aggregate – Deductible $100,000; Network Extortion $10,000,000 each claim, $10,000,000 aggregate – Deductible $100,000; Data Breach Response and Crisis Management – $10,000,000 each claim, $10,000,000 aggregate – Deductible $100,000; Cyber Extortion $10,000,000 each claim, $10,000,000 aggregate – Deductible $100,000; Maximum Policy Aggregate $10,000,000; Retroactive Date: (matches expiring program for first $5 million) Privacy Liability – May 1, 2005, Internet Media Liability – May 1, 2005, Network Extortion – May 1, 2005 Retroactive Date for $5 Million excess $5 Million is 05/01/2016

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS

LAS VEGAS VALLEY
WATER DISTRICT™

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Las Vegas Valley Water District (the District), a discretely presented component unit of Clark County, Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 1, 2017.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the District, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

6100 Elton Avenue, Ste. 1000 • Las Vegas, Nevada 89107 • 702-384-1120 • fax 702-870-2474 • pbtk.com

Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Piercy Bowler Taylor Kern

Las Vegas, Nevada
November 1, 2017