

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: S&P: “AAA”
Moody’s: “Aa1”
See: “RATINGS”**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Bonds (the “Tax Code”), and interest on the 2016 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS.”

\$269,465,000

**CLARK COUNTY WATER RECLAMATION DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) WATER RECLAMATION REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2016**

Dated: Date of Delivery

Due: July 1, as shown herein

The 2016 Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The 2016 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), securities depository for the 2016 Bonds. Purchases of the 2016 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2016 Bonds. See “THE 2016 Bonds--Book-Entry Only System.” The 2016 Bonds bear interest at the rates set forth herein, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2017, to and including the maturity dates shown herein (unless the 2016 Bonds are redeemed earlier), to the registered owners of the 2016 Bonds (initially Cede & Co.). The principal of the 2016 Bonds will be payable upon presentation and surrender at the operations offices of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successor as the paying agent for the 2016 Bonds. See “THE 2016 BONDS.”

The maturity schedule for the 2016 Bonds appears on the inside cover page of this Official Statement.

The 2016 Bonds are subject to optional redemption prior to maturity as described in “THE 2016 Bonds--Prior Redemption.”

Proceeds of the 2016 Bonds will be used to: (i) advance refund a portion of the District’s General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues) Series 2007; (ii) advance refund a portion of the District’s General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009A; (iii) advance refund a portion of the District’s General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009B; and (iv) pay the costs of issuing the 2016 Bonds. See “SOURCES AND USES OF FUNDS.”

The 2016 Bonds constitute direct and general obligations of the District. The full faith and credit of the District is pledged for the payment of principal and interest, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “SECURITY FOR THE BONDS--General Obligations.” The 2016 Bonds are additionally secured by a pledge of certain Net Pledged Revenues described herein. See “SECURITY FOR THE BONDS--Net Pledged Revenues.”

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

The 2016 Bonds are offered when, as, and if issued by the District, subject to the approval of legality of the 2016 Bonds by Sherman & Howard L.L.C., Las Vegas, Nevada, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. also has acted as special counsel to the District in connection with the Official Statement. Certain legal matters will be passed upon for the District by the Clark County District Attorney, Las Vegas, Nevada. It is expected that the 2016 Bonds will be available for delivery through the facilities of DTC, on or about August 30, 2016.

This Official Statement is dated August 3, 2016.

\$269,465,000
CLARK COUNTY WATER RECLAMATION DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) WATER RECLAMATION REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2016

MATURITY SCHEDULE
(CUSIP® 6-digit issuer number: 181070)

Maturing (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® Issue Number
2018	\$1,995,000	5.00%	0.62%	ED1
2019	2,095,000	5.00	0.70	EE9
2020	8,715,000	5.00	0.86	EF6
2021	9,170,000	5.00	1.01	EG4
2022	9,645,000	5.00	1.21	EH2
2023	10,145,000	5.00	1.35	EJ8
2024	10,665,000	5.00	1.45	EK5
2025	11,210,000	5.00	1.55	EL3
2026	11,790,000	5.00	1.65	EM1
2027	12,405,000	5.00	1.75 ^c	EN9
2028	13,050,000	3.00	2.15 ^c	EP4
2029	13,475,000	3.00	2.33 ^c	EQ2
2030	13,905,000	3.00	2.55 ^c	ER0
2031	14,350,000	3.00	2.73 ^c	ES8
2032	14,810,000	4.00	2.34 ^c	ET6
2033	16,760,000	4.00	2.39 ^c	EU3
2034	17,480,000	4.00	2.44 ^c	EV1
2035	18,235,000	4.00	2.49 ^c	EW9
2036	19,035,000	3.00	2.84 ^c	EX7
2037	19,655,000	3.00	2.87 ^c	EY5
2038	20,875,000	3.00	2.89 ^c	EZ2

^c Yield to first optional redemption date of July 1, 2026

CUSIP® is a registered trademark of the American Bankers Association (the “ABA”). The CUSIP numbers set forth herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Capital IQ, a part of McGraw Hill Financial, Inc. The CUSIP numbers are provided for convenience of reference only. The District does not take any responsibility for the selection or accuracy of the CUSIP numbers.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2016 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2016 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Clark County Water Reclamation District (the "District"). The District maintains an internet website for various purposes; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2016 Bonds.

The information set forth in this Official Statement has been obtained from the District and from the sources referenced throughout this Official Statement, which the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided from sources other than the District, and nothing contained herein is or shall be relied upon as a guarantee of the District. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2016 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2016 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2016 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2016 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2016 BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2016 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CLARK COUNTY WATER RECLAMATION DISTRICT, NEVADA

District Board of Trustees

Lawrence L. Brown, III, Chair
Steve Sisolak, Vice Chair
Susan Brager, Member
Marilyn Kirkpatrick, Member
Chris Guinchigliani, Member
Mary Beth Scow, Member
Lawrence Weekly, Member

Other District Elected Officials

Laura B. Fitzpatrick, ex officio Treasurer
Lynn Goya, ex officio Secretary

District Administration

Thomas A. Minwegen, General Manager
Daniel Fischer, Deputy General Manager of Plant Operations and Laboratory Services
Mark Binney, Assistant General Manager of Finance and Technology Solutions
Shawn Mollus, Deputy General Manager of Engineering and Construction

FINANCIAL ADVISORS

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

Public Financial Management, Inc.
Los Angeles, California

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.
Las Vegas, Nevada

REGISTRAR. PAYING AGENT, AND ESCROW BANK

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

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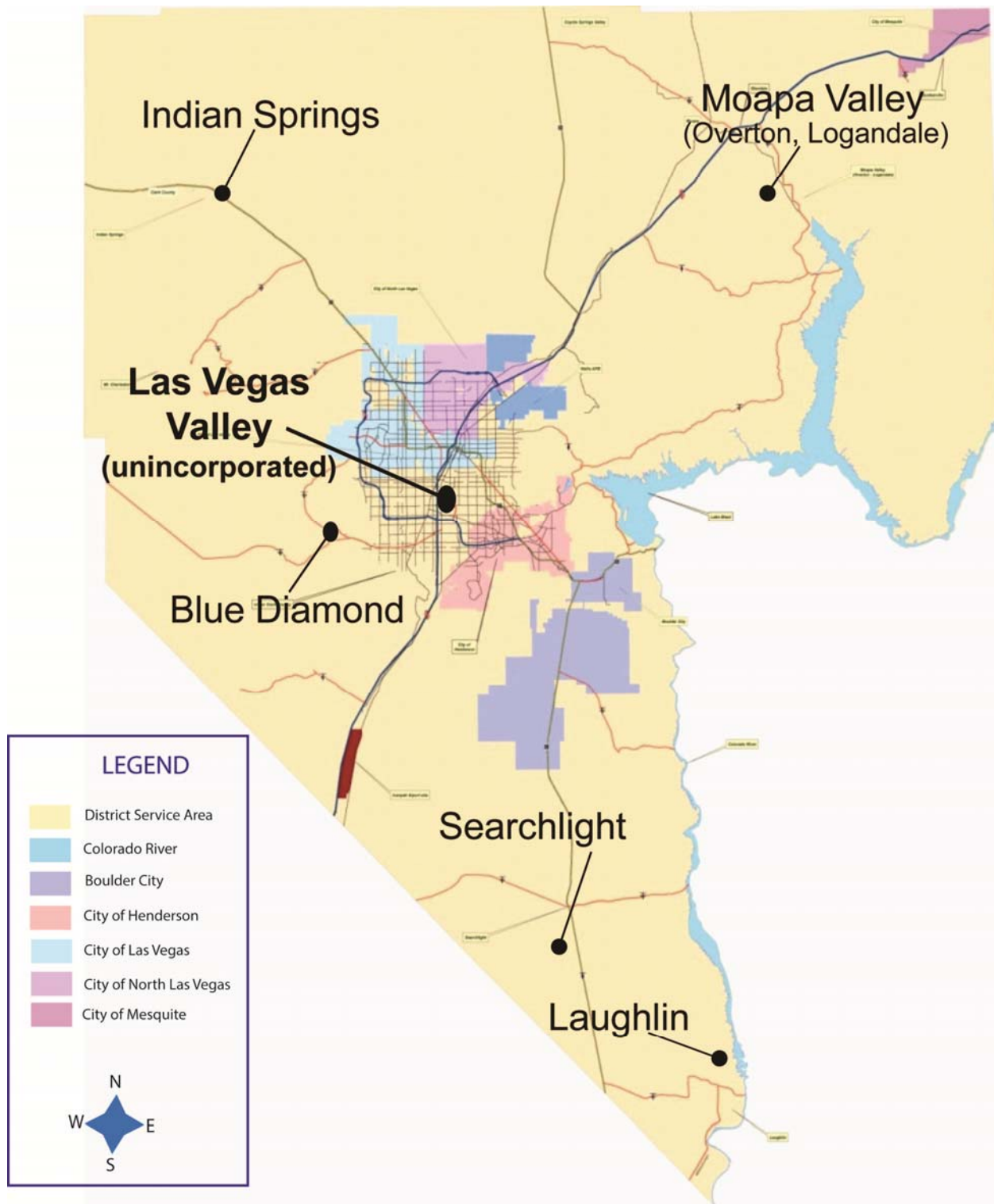
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NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See “INTRODUCTION--Continuing Disclosure Undertaking” and Appendix D - Form of Continuing Disclosure Certificate.

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(1) Only historical information and not budgeted information is required to be updated.

SERVICE AREA MAP



OFFICIAL STATEMENT

\$269,465,000

**CLARK COUNTY WATER RECLAMATION DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
WATER RECLAMATION REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2016**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the Clark County Water Reclamation District, Nevada (the “District”), a political subdivision of the State of Nevada (the “State”), to provide information about the District and its \$269,465,000 General Obligation (Limited Tax) Water Reclamation Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2016 (the “2016 Bonds”). The 2016 Bonds will be issued pursuant to a bond resolution (the “2016 Bond Resolution”) adopted by the Board of County Commissioners, as ex officio Board of Trustees of the District (the “Board”), on July 19, 2016.

The offering of the 2016 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2016 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, inside cover page and appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein are defined in Appendix B hereto.

The Issuer

General. The District, originally named the Clark County Sanitation District No. 1, was created in 1954 to provide sanitary sewer facilities to certain unincorporated areas of Clark County, Nevada (the “County”). The District owns and operates a system of sanitary sewer facilities (the “System”) that provide for the collection, treatment and disposal of wastewater within its service area. See “THE DISTRICT” and “THE SYSTEM.”

The District is a political subdivision of the State organized and operating as a general improvement district under Chapter 318, Nevada Revised Statutes (“NRS”), as amended (the “Project Act”). In January 2003, the District changed its name to “Clark County Water Reclamation District” to better reflect its mission of reclaiming water within its service area. The District’s service area generally includes all of the unincorporated portions of the County, including the communities of Blue Diamond, Indian Springs, Laughlin, Overton and Searchlight; except that the land within the Coyote Springs Water Resources General Improvement District (the “CSGID,” described below) is excluded. All of the incorporated cities in the County (Boulder City, Henderson, Las Vegas, Mesquite and North Las Vegas (collectively, the “Cities”)) are excluded from the District’s service area. The Cities may continue to annex land

from the District's service area in the future; should that occur, the District's service area will be reduced.

Further, pursuant to State law, additional land may be included or excluded from the District in the future, but the law provides that a change of boundaries of the District shall not impair nor affect its organization, nor shall it affect, impair or discharge any contract, obligation, lien or charge on which it or the property therein might be liable or chargeable had such change of boundaries not been made. Pursuant to State law, real property excluded from the District shall thereafter be subject to the levy of taxes for the payment of its proportionate share of any indebtedness of the District outstanding at the time of such exclusion.

Coyote Springs Water Resources General Improvement District (CSGID). The CSGID was created by the County in 2006 to provide wastewater services within its boundaries; the property in the CSGID has been excluded from the District's service area. As a result, the District is no longer able to levy ad valorem property taxes on the property within the CSGID. According to the CSGID Service Plan, the property within the boundaries of the CSGID (approximately 6,881 acres) includes property in the unincorporated County.

The 2016 Bonds; Prior Redemption

The 2016 Bonds are issued solely as fully registered certificates in the denomination of \$5,000, or any integral multiple thereof. The 2016 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the 2016 Bonds. Purchases of the 2016 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2016 Bonds. See "THE 2016 Bonds--Book-Entry Only System." The 2016 Bonds are dated as of their date of delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the 2016 Bonds is described in "THE 2016 BONDS--Payment Provisions."

Certain 2016 Bonds are subject to redemption prior to maturity at the option of the District as described in "THE 2016 BONDS--Prior Redemption."

Purpose

The 2016 Bonds are being issued to: (i) advance refund \$48,240,000 of the District's General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues) Series 2007, maturing July 1, 2018 through July 1, 2037, inclusive (the "2007 Refunded Bonds"); (ii) advance refund \$116,595,000 of the District's General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009A, maturing July 1, 2020 through July 1, 2038, inclusive (the "2009A Refunded Bonds"); (iii) advance refund \$106,240,000 of the District's General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009B, maturing July 1, 2020 through July 1, 2038, inclusive (the "2009B Refunded Bonds" and together with the 2007 Refunded Bonds and 2009A Refunded Bonds, the "Refunded Bonds"); and (iv) pay the costs of issuing the 2016 Bonds. See "SOURCES AND USES OF FUNDS." The refunding of the Refunded Bonds is referred to herein as the "Refunding Project."

Security

General Obligations. The 2016 Bonds are direct and general obligations of the District, payable as to principal and interest from annual general (ad valorem) taxes (sometimes referred to herein as “General Taxes”) levied against all taxable property within the District (except to the extent any other monies are made available therefor), subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “SECURITY FOR THE BONDS--General Obligations” and “PROPERTY TAX INFORMATION--Property Tax Limitations.”

Additional Pledged Revenues. The 2016 Bonds are additionally secured by a pledge of the Net Pledged Revenues of the District. Net Pledged Revenues consist of the District’s Gross Revenues (defined below) remaining after the deduction of Operation and Maintenance Expenses (defined below).

The 2016 Bond Resolution defines “Gross Revenues” to mean all income and revenues derived directly or indirectly by the District from the operation and use and otherwise pertaining to the System or any part thereof. “Operation and Maintenance Expenses” are generally defined as all reasonable and necessary current expenses of the District, paid or accrued, of operating, maintaining and repairing the System. A more detailed definition of “Operation and Maintenance Expenses” can be found in Appendix B - Summary of Certain Provisions of the 2016 Bond Resolution--Certain Definitions.

Lien Priority. The 2016 Bonds constitute a lien (but not necessarily an exclusive lien) on the Net Pledged Revenues on a parity with the lien thereon of \$128,520,000 of outstanding District bonds, consisting of (i) the District’s General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured By Pledged Revenues), Series 2007 (the “2007 Bonds”), which will be outstanding in the aggregate principal amount of \$1,440,000 upon the issuance of the 2016 Bonds and the completion of the Refunding Project; (ii) the District’s General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2008 (the “2008 Bonds”), currently outstanding in the aggregate principal amount of \$5,870,000; (iii) the District’s General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009A (the “2009A Bonds”), which will be outstanding in the aggregate principal amount of \$8,760,000 upon the issuance of the 2016 Bonds and the completion of the Refunding Project; (iv) the District’s General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009B (the “2009B Bonds”), which will be outstanding in the aggregate principal amount of \$8,825,000 upon the issuance of the 2016 Bonds and the completion of the Refunding Project; and (v) the District’s General Obligation (Limited Tax) Water Reclamation Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2015, currently outstanding in the aggregate principal amount of \$103,625,000 (the “2015 Bonds”). The 2007 Bonds, the 2008 Bonds, the 2009A Bonds, the 2009B Bonds and the 2015 Bonds are collectively referred to herein as the “Prior Bonds.” The 2016 Bonds are subject to the lien of any superior lien securities hereafter issued by the District in accordance with the terms of the 2016 Bond Resolution (“Superior Securities”); no Superior Securities currently are outstanding.

The District also has outstanding certain bonds with a lien on the Net Pledged Revenues that is subordinate to the lien thereon of the 2016 Bonds and the Prior Bonds. See

“DISTRICT FINANCIAL INFORMATION AND DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations.”

Additional Bonds. The District may issue bonds or other obligations with a lien on the Net Pledged Revenues which is on a parity with the lien of the 2016 Bonds (“Additional Parity Securities”) in accordance with the terms of the 2016 Bond Resolution. See “SECURITY FOR THE BONDS--Additional Bonds.” The 2007 Bonds, the 2008 Bonds, the 2009A Bonds, the 2009B Bonds, the 2015 Bonds, the 2016 Bonds and any Additional Parity Securities are collectively referred to herein as “Parity Securities.” The issuance of Additional Parity Securities or Superior Securities in the future would have the effect of diluting the security for the 2016 Bonds.

The 2016 Bond Resolution also allows the issuance of Superior Securities upon the satisfaction of certain conditions (see “SECURITY FOR THE BONDS--Additional Bonds”). Such Superior Securities, if issued, would not constitute general obligations of the District but would be secured solely by a lien on the Net Pledged Revenues superior to the lien thereon of the 2016 Bonds. The District currently has no plans to issue Superior Securities but reserves the right to do so at any time.

Authority for Issuance

The 2016 Bonds are being issued pursuant to the Project Act, NRS 350.500 through 350.720, as amended (the “Bond Act”), Chapter 348 of NRS (the “Supplemental Bond Act”), and the 2016 Bond Resolution.

Professionals

Sherman & Howard L.L.C., Las Vegas, Nevada, has acted as Bond Counsel in connection with the 2016 Bonds. Sherman & Howard L.L.C. also has acted as special counsel to the District in connection with this Official Statement. Certain legal matters will be passed on by the Clark County District Attorney, Las Vegas, Nevada, ex officio general counsel to the District. The financial advisors to the District in connection with the issuance of the 2016 Bonds are Hobbs, Ong & Associates, Inc., Las Vegas, Nevada and Public Financial Management, Inc., Los Angeles, California (the “Financial Advisors”). See “FINANCIAL ADVISORS.” The audited basic financial statements of the District (contained in Appendix A to this Official Statement) include the report of Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada. See “INDEPENDENT AUDITORS.” The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as Registrar and Paying Agent for the 2016 Bonds (the “Registrar,” “Paying Agent,” and “Escrow Bank”).

Tax Status

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Bonds (the “Tax Code”), and interest on the 2016 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted

current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS--Federal Tax Matters.”

In the opinion of Bond Counsel, the 2016 Bonds are free and exempt from taxation by the State or any subdivision thereof except for the taxes imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS--State Tax Exemption.”

Continuing Disclosure Undertaking

The District will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the 2016 Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2016 Bonds and the District will covenant in the 2016 Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the 2016 Bonds remain outstanding, the District will annually provide the following information to the Municipal Securities Rulemaking Board: (i) certain financial information and operating data; and (ii) notice of certain material events. The form of the Disclosure Certificate is attached hereto as Appendix D. In the last five years, the District has not failed to materially comply with any prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “Rule”).

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any statements referring to budgeted, unaudited or estimated information for fiscal year 2016 or future years, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be material and could impact the availability of funds to pay debt service on the 2016 Bonds.

Secondary Market

No guarantee can be made that a secondary market for the 2016 Bonds will develop or be maintained by the initial purchaser of the 2016 Bonds (the “Initial Purchaser”) or others. Thus, prospective investors should be prepared to hold their 2016 Bonds to maturity.

Additional Information

This introduction is only a brief summary of the provisions of the 2016 Bonds and the 2016 Bond Resolution; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2016 Bonds, the 2016 Bond Resolution, the Refunding Project and the District are included in this Official Statement. All references herein to the 2016 Bonds, the 2016 Bond Resolution and other documents are qualified in their entirety

by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the District and the Financial Advisors:

Clark County Water Reclamation District
Attn: General Manager
5857 East Flamingo Road
Las Vegas, Nevada 89122
Telephone: (702) 668-8101

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

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

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the 2016 Bonds are expected to be applied in the manner set forth in the following table.

Sources and Uses of Funds

	<u>Amount</u>
SOURCES:	
Principal amount of 2016 Bonds.....	\$269,465,000.00
Plus original issue premium.....	33,705,076.05
Other available funds ⁽¹⁾	<u>2,337,096.53</u>
Total	<u>\$305,507,172.58</u>
USES:	
Refunding Project	\$303,905,592.59
Costs of issuance (including underwriting discount)	<u>1,601,579.99</u>
Total	<u>\$305,507,172.58</u>

⁽¹⁾ Consists of amounts on deposit in the Bond Funds allocable to the Refunded Bonds.

Source: The Financial Advisors.

The Refunding Project

General. The net proceeds of the 2016 Bonds will be used to refund the Refunded Bonds for net present value savings. In order to accomplish the Refunding Project, the District will deposit a portion of the 2016 Bond proceeds, together with other available moneys, with the Escrow Bank pursuant to an Escrow Agreement between the District and the Escrow Bank. The amounts deposited with the Escrow Bank will be deposited into the Escrow Account created under the 2016 Bond Resolution and invested in federal securities maturing at such times and in such amounts as required to provide funds sufficient to pay: (i) the interest on the 2007 Refunded Bonds as it becomes due through July 1, 2017; (ii) the principal of the 2007 Refunded Bonds as it becomes due upon prior redemption on July 1, 2017; (iii) the interest on the 2009A Refunded Bonds and the 2009B Refunded Bonds as it becomes due through July 1, 2019; and (iv) the principal of the 2009A Refunded Bonds and the 2009B Refunded Bonds as it becomes due upon prior redemption on July 1, 2019.

Verification of Mathematical Computations. The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the federal securities and cash deposited in the Escrow Account to provide for the payment of the principal and interest with respect to the Refunded Bonds when due or upon prior redemption, which computations support the conclusion of Bond Counsel that the 2016 Bonds are not “arbitrage bonds” under Section 148 of the Tax Code, will be verified by Grant Thornton LLP, certified public accountants, Minneapolis, Minnesota.

THE 2016 BONDS

General

The 2016 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The 2016 Bonds will be dated as of their date of delivery and will mature as set forth on the inside cover page of this Official Statement. The 2016 Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the 2016 Bonds. Purchases of the 2016 Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2016 Bonds. See “Book-Entry Only System” below.

Payment Provisions

Interest on the 2016 Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2017, by check or draft mailed by the Paying Agent on or before the interest payment date (or if such day is not a business day, on or before the next succeeding business day) to the person in whose name each 2016 Bond is registered (i.e., Cede & Co.) on the 15th day of the calendar month preceding the interest payment date (the “Regular Record Date”), at the address shown on the registration records maintained by the Paying Agent as of the close of business on the Regular Record Date. However, if there is a default in payment or provision of interest due with respect to a 2016 Bond on any interest payment date, such interest thereafter will be paid to the registered owner of such 2016 Bond as of a special record date (the “Special Record Date”) to be established by the Registrar whenever moneys become available for payment of the defaulted interest. The Special Record Date will be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date will be given to the registered owners of the 2016 Bonds not less than 10 days prior thereto by first-class mail to each registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date selected for the payment of the defaulted interest. Principal of the 2016 Bonds will be payable at maturity at the principal operations office of the Paying Agent (or at such other office designated by the Paying Agent) upon presentation and surrender thereof. Any 2016 Bond not paid upon presentation and surrender at or after maturity shall continue to draw interest at the rate stated in the 2016 Bond until the principal is paid in full. All such payments of principal and interest shall be made in lawful money of the United States of America. Payments to beneficial owners are to be made as described below in “Book-Entry Only System.”

Notwithstanding the foregoing, payments of the principal of and interest on the 2016 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the 2016 Bonds. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and the Indirect Participants, as more fully described herein. See “Book-Entry Only System” below.

Prior Redemption

Optional Prior Redemption. The 2016 Bonds, or portions thereof, maturing on and after July 1, 2027, are subject to redemption prior to their respective maturities at the option of the District, on and after July 1, 2026, in whole or in part at any time, from such maturities as

are selected by the District, and if less than all the 2016 Bonds of a maturity are to be redeemed, the 2016 Bonds of such maturity to be redeemed are to be selected by lot within a maturity (or in such other manner as the Registrar deems fair), at a price equal to the principal amount of each 2016 Bond or portion thereof so redeemed plus accrued interest to the redemption date.

Notice of Redemption. Unless waived by any registered owner of a 2016 Bond to be redeemed, notice of prior redemption shall be given by the Registrar, by certified or registered mail as long as Cede & Co. is registered owner of the 2016 Bonds and otherwise by first-class mail, at least 30 days but not more than 60 days prior to the Redemption Date to the Municipal Securities Rulemaking Board (“MSRB”) and to the registered owner of any 2016 Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar.

The notice shall identify the 2016 Bonds and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in the 2016 Bond Resolution), and that after such Redemption Date interest will cease to accrue. Actual receipt of mailed notice by the MSRB or any registered owner of 2016 Bonds shall not be a condition precedent to redemption of such 2016 Bonds. Failure to give such notice by mailing to the registered owner of any 2016 Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2016 Bond.

Notwithstanding the foregoing, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2016 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2016 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

Federal Tax Matters. In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Bonds (the “Tax Code”) and interest on the 2016 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS--Federal Tax Matters.”

State Tax Matters. In the opinion of Bond Counsel, the 2016 Bonds are free and exempt from taxation by the State or any subdivision thereof except for the taxes imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS--State Tax Exemption.”

Defeasance

When all Bond Requirements (defined in Appendix B) of any 2016 Bond have been duly paid, the pledge, the lien, and all obligations under the 2016 Bond Resolution shall thereby be discharged and the 2016 Bond shall no longer be deemed to be outstanding within the meaning of the 2016 Bond Resolution. Due payment shall be deemed to be made when the District has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities (defined in Appendix B) in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the 2016 Bond, as the same become due to the final maturities of the 2016 Bond, or upon any redemption date as of which the District shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the 2016 Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For purposes of this paragraph, "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof.

Book-Entry Only System

The 2016 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2016 Bonds. The ownership of one fully registered 2016 Bond for each maturity set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2016 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2016 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the District, the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix C), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2016 Bonds as further described in Appendix C to this Official Statement.

DEBT SERVICE REQUIREMENTS

The following table sets forth: (i) the debt service requirements for the 2016 Bonds; (ii) the debt service requirements for the District's other outstanding general obligations (collectively, the "Other Outstanding GO Obligations"), all of which are revenue supported, after taking the Refunding Project into account; and (iii) the combined debt service requirements for the 2016 Bonds and the Other Outstanding GO Obligations. See "DISTRICT FINANCIAL INFORMATION AND DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations."

Debt Service Requirements

Fiscal Year Ending June 30	<u>2016 Bonds</u>			<u>Other Outstanding GO Obligations</u>			Grand Total
	Principal	Interest	Total	Principal ⁽³⁾	Interest	Total	
2017	--	\$ 3,533,704	\$ 3,533,704	\$ 1,845,789	\$3,795,214	\$ 5,641,003	\$ 9,174,707
2018	--	10,513,500	10,513,500	13,623,495	7,272,049	20,895,544	31,409,044
2019	\$ 1,995,000	10,463,625	12,458,625	12,721,701	6,698,368	19,420,069	31,878,694
2020	2,095,000	10,361,375	12,456,375	13,667,761	6,125,670	19,793,431	32,249,806
2021	8,715,000	10,091,125	18,806,125	7,761,759	5,686,672	13,448,431	32,254,556
2022	9,170,000	9,644,000	18,814,000	8,053,783	5,390,274	13,444,057	32,258,057
2023	9,645,000	9,173,625	18,818,625	8,358,921	5,081,261	13,440,182	32,258,807
2024	10,145,000	8,678,875	18,823,875	8,682,266	4,758,916	13,441,182	32,265,057
2025	10,665,000	8,158,625	18,823,625	9,013,913	4,422,643	13,436,556	32,260,181
2026	11,210,000	7,611,750	18,821,750	9,363,961	4,071,845	13,435,806	32,257,556
2027	11,790,000	7,036,750	18,826,750	9,727,511	3,705,796	13,433,307	32,260,057
2028	12,405,000	6,431,875	18,836,875	10,104,665	3,323,891	13,428,556	32,265,431
2029	13,050,000	5,926,000	18,976,000	10,495,533	2,973,473	13,469,006	32,445,006
2030	13,475,000	5,528,125	19,003,125	10,654,960	2,654,220	13,309,180	32,312,305
2031	13,905,000	5,117,425	19,022,425	10,833,323	2,317,617	13,150,940	32,173,365
2032	14,350,000	4,693,600	19,043,600	8,162,217	1,944,753	10,106,970	29,150,570
2033	14,810,000	4,182,150	18,992,150	7,432,175	1,584,297	9,016,472	28,008,622
2034	16,760,000	3,550,750	20,310,750	5,370,000	1,305,200	6,675,200	26,985,950
2035	17,480,000	2,865,950	20,345,950	5,570,000	1,086,400	6,656,400	27,002,350
2036	18,235,000	2,151,650	20,386,650	5,770,000	859,600	6,629,600	27,016,250
2037	19,035,000	1,501,425	20,536,425	5,980,000	624,600	6,604,600	27,141,025
2038	19,655,000	921,075	20,576,075	6,200,000	381,000	6,581,000	27,157,075
2039	20,875,000	313,125	21,188,125	6,425,000	128,500	6,553,500	27,741,625
TOTAL	\$269,465,000	\$138,450,104	\$407,915,104	195,818,733	\$76,192,259	\$272,010,992	\$679,926,096

Source: The Financial Advisors.

SECURITY FOR THE BONDS

General Obligations

General. The 2016 Bonds are direct and general obligations of the District, and the full faith and credit of the District is pledged for the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” The 2016 Bonds are payable by the District from any source legally available at the times such payments are due, including the General Fund of the District. In the event, however, that such legally available sources of funds are insufficient, the District is obligated to levy a general (ad valorem) tax on all taxable property within the District for payment of the 2016 Bonds, subject to the limitations provided in the constitution and statutes of the State.

The District historically has not levied an ad valorem tax because District revenues have always been sufficient to pay debt service on all of the District’s bonds and obligations; however, in any year in which those revenues are insufficient to pay debt service, the District is obligated to levy ad valorem taxes to pay debt service. Due to the statutory process required for the levy of taxes, in any year in which the District is required to levy property taxes, there may be a delay in the availability of revenues to pay debt service on the 2016 Bonds. See “PROPERTY TAX INFORMATION--Property Tax Collections.”

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

Net Pledged Revenues

General. The 2016 Bonds are additionally secured by a lien (but not necessarily an exclusive lien) on the Net Pledged Revenues on a parity with the lien thereon of the Prior Bonds and any Additional Parity Securities issued in the future, and subject to the lien of any Superior Securities issued in the future. The 2016 Bond Resolution defines Net Pledged Revenues to mean the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses. For precise definitions of “Net Pledged Revenues,” “Gross Revenues” and “Operation and Maintenance Expenses,” see Appendix B - Summary of Certain Provisions of the 2016 Bond Resolution--Certain Definitions.

Sewer Service Charges. The Net Pledged Revenues are derived primarily from the District’s sewer service charges. The Board is authorized to establish, from time to time, fees, rates and other charges for the services furnished by the District’s works and properties.

It is the general intent of the District that rates and charges be adequate to provide for all costs (including debt service) and that the levy of ad valorem property taxes be avoided. There has historically been no reliance on ad valorem taxes to support the District's operations and there is no current plan or intention to levy ad valorem property taxes to support the District's financial requirements. See "Rate Maintenance Covenant" below.

Net Pledged Revenues and Debt Service Coverage

General. The following table sets forth historical Net Pledged Revenues for fiscal years 2012 through 2015, estimated Net Pledged Revenues for fiscal year 2016, and budgeted Net Pledged Revenues for fiscal year 2017, compared to actual debt service paid on the District's then-outstanding Prior Bonds in fiscal years 2012 through 2016, and budgeted debt service in fiscal year 2017. *There is no assurance that the Net Pledged Revenues will continue to be realized in the historical amounts illustrated below, or that Net Pledged Revenues will continue to grow on a year-to-year basis.*

Net Pledged Revenues and Debt Service Coverage

Fiscal Year Ended June 30 th	2012 (Restated) ⁽⁶⁾	2013 (Restated) ⁽⁷⁾	2014 (Actual)	2015 (Actual)	2016 (Estimated) ⁽⁸⁾	2017 (Budgeted) ⁽⁹⁾
REVENUES:						
Sewer Service Charges ⁽¹⁾	\$133,786,521	\$143,955,260	\$140,493,039	\$143,135,077	\$143,256,825	\$144,141,160
System Development Approval Fees	10,549,916	18,972,735	31,461,511	24,013,884	18,453,129	14,000,000
Effluent Sales	2,274,004	2,195,074	2,357,845	1,121,695	2,225,334	2,380,866
Investment Earnings ⁽²⁾	5,708,943	(1,232,445)	8,110,767	8,570,225	5,802,680	5,500,000
Other ⁽³⁾	290,893	1,470,241	658,759	572,051	511,079	600,000
Total Revenues	\$152,610,277	\$165,360,865	\$183,081,921	177,412,932	170,249,047	166,622,026
OPERATING EXPENSES⁽⁴⁾	\$60,847,355	\$62,938,368	\$70,282,924	\$73,918,523	\$70,410,019	\$78,585,431
Net Pledged Revenues	\$91,762,922	\$102,422,497	\$112,798,997	\$103,494,409	\$99,839,028	\$88,036,595
Actual Debt Service Paid ⁽⁵⁾	\$29,953,768	\$30,031,893	\$30,753,894	\$30,754,938	\$29,799,312	\$29,685,050
Parity Lien Coverage	3.06 x	3.41 x	3.67 x	3.37 x	3.35 x	2.97 x

(1) Includes revenues collected from sewer service charges, pretreatment fees and septage fees.

(2) Includes both restricted and unrestricted investment earnings.

(3) Does not include "other non-operating revenue."

(4) Does not include depreciation and amortization expenses. Also does not include interest expense on bonds and "other non-operating expenses."

(5) Represents actual debt service paid (or expected to be paid with respect to FY 2016 and FY 2017) in each fiscal year on the Prior Bonds. Excludes debt service on all obligations with a subordinate lien on the Net Pledged Revenues.

- (6) See footnote No. 8 on page 53-54.
- (7) See footnote No. 9 on page 53-54.
- (8) Estimated 2016 fiscal year end results included in the District's adopted fiscal year 2017 budget.
- (9) Budgeted amounts included in the District's adopted fiscal year 2016 budget See "INTRODUCTION – Forward-Looking Statements."

Source: Derived from the District's comprehensive annual financial report ("CAFR") for the years ended June 30, 2012 through 2015, unaudited estimates for the fiscal year ended June 30, 2016 included in the District's 2017 budget, and the District's 2017 budget.

Rate Maintenance Covenant

In the 2016 Bond Resolution, the District covenants that it will charge against users or against purchasers of services or commodities pertaining to the System such fees, rates and other charges as shall be sufficient to produce Gross Revenues annually which, together with any other available funds, will be in each Fiscal Year of the District at least equal to the sum of:

- (a) An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;
- (b) An amount equal to the sum of the debt service due in such Fiscal Year on the then Outstanding Superior Securities (if any), the then Outstanding 2016 Bonds and any then Outstanding Parity Securities (including the Prior Bonds); and
- (c) Any other amounts payable from the Net Pledged Revenues and pertaining to the System, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the System, operation and maintenance reserves, additional capital reserves and prior deficiencies pertaining to any account relating to Gross Revenues.

The foregoing rate covenant is subject to compliance by the District with any legislation of the United States of America, the State or other governmental body, or any regulation or other action taken by the United States, the State or any agency or political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges collectible by the District for the use of or otherwise pertaining to, and all services rendered by, the System.

Subject to the provisions described in the foregoing paragraph, the District shall cause all fees, rates and other charges pertaining to the System to be collected as soon as reasonable and shall provide methods of collection and penalties to produce Gross Revenues that will be adequate to meet the requirements of the 2016 Bond Resolution.

Additional Bonds

Superior Securities. The 2016 Bond Resolution authorizes the issuance of Superior Securities on the condition that the tests described in "Issuance of Additional Parity Securities" below are met. Notwithstanding the foregoing sentence, the District may issue Superior Securities only as special obligations (i.e., payable only from Net Pledged Revenues) and not as general obligations of the District.

Issuance of Additional Parity Securities. A. The 2016 Bond Resolution permits the issuance of Additional Parity Securities (other than refunding bonds, which must meet different requirements as discussed in Appendix B - Summary of Certain Provisions of the 2016 Bond Resolution--Issuance of Refunding Bonds); provided, however, that the following express conditions must be met prior to the authorization and issuance of any such Additional Parity Securities:

(1) At the time of adoption of the instrument authorizing the issuance of the Superior Securities or Additional Parity Securities, the District shall not be in default in the payment of principal of or interest on the 2016 Bonds.

(2) The Net Pledged Revenues (subject to adjustments as discussed below) projected by the General Manager of the District, the Chief Financial Officer, or an independent accountant or consulting engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the Superior Securities or Additional Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the payment of any Superior Securities or Parity Securities (which include the 2007 Bonds, the 2008 Bonds, the 2009A Bonds, the 2009B Bonds, the 2015 Bonds, and the 2016 Bonds), including the Superior Securities or Additional Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that Fiscal Year) of all Outstanding Superior Securities, Outstanding Parity Securities, the Outstanding 2016 Bonds, and the Superior Securities or Additional Parity Securities proposed to be issued (excluding any reserves therefor).

B. In any determination of whether or not Superior Securities or Additional Parity Securities may be issued in accordance with the foregoing earnings test, consideration shall be given to any probable estimated increase or reduction in Operation and Maintenance Expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the Superior Securities or Additional Parity Securities.

C. In any determination of whether or not Superior Securities or Additional Parity Securities may be issued in accordance with the foregoing earnings test: (i) the respective annual principal (or Redemption Price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any Trust Bank within or without the State, including the known minimum yield from any investment in Federal Securities; and (ii) the respective annual principal and interest requirements shall be reduced to the extent of the amount of principal and interest of any outstanding securities with a term of one year or less which the General Manager or Chief Financial Officer certifies are expected to be refunded. The certificate shall also provide an estimate of the debt service for the long-term refunding obligations that will refund the securities with the term of one year or less, calculated based on an interest rate equal to the "25 Bond Revenue Index" most recently published in The Bond Buyer prior to the date of certification.

For the purposes of paragraph A above, if any Superior Security or Parity Security bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Superior Securities or Parity Securities or a rate equal to the "25 Bond Revenue Index" as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then

proposed Superior Securities or Parity Securities is accepted by the District or if such index is no longer published such other similar long-term bond index as the District reasonably selects. In addition, any such variable interest rate securities must meet the requirements of the insurer of the 2016 Bonds, if any.

For purposes of computing the Bond Requirements of variable interest rate Superior Securities or Parity Securities with respect to which a Qualified Swap is in effect, the interest payable on such variable interest rate securities (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable on such variable interest rate securities in accordance with the terms thereof plus any amount required to be paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the District pursuant to the Qualified Swap; or (b) for purposes of computing combined average annual principal and interest requirements, for purposes of computing the maximum annual principal and interest requirements, and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities) shall be deemed to be the amount accruing at the fixed rate as provided in the Qualified Swap. No computation of Bond Requirements under the 2016 Bond Resolution shall take into account payments due the Qualified Swap Provider on the termination of the Qualified Swap unless such payments on termination are then unconditionally due and payable in accordance with the terms of the related Qualified Swap.

Termination payments due under a Qualified Swap Agreement must be subordinate to the payments of the Bond Requirements of any 2016 Bonds, unless all of the Outstanding 2016 Bonds are insured by a bond insurer whose rating issued by S&P Global Ratings or Moody's Investors Service or both (whichever has a rating in effect for the Outstanding 2016 Bonds) is equal to or better than the rating the 2016 Bonds would have without such insurance, and the insurer of the Outstanding 2016 Bonds consents to the lien position of such termination payment prior to the execution of such Qualified Swap Agreement.

Subordinate Securities. The 2016 Bond Resolution authorizes the District to issue additional securities payable from Net Pledged Revenues and constituting a lien thereon subordinate to the lien thereon of the 2016 Bonds and any Outstanding Parity Securities; provided, however, that the proceeds of any such Subordinate Securities shall be used only to pay the cost (including, without limitation, incidental expenses) of a project for the betterment, enlargement, extension, other improvement or equipment of the System, or any combination thereof.

Other Security Matters

No Repealer. State statutes provide that no act concerning the 2016 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2016 Bonds or their security until all of the 2016 Bonds have been discharged in full or provision for their payment and redemption has been fully made.

No Pledge of Property. The payment of the 2016 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District, except the proceeds of general (ad valorem) taxes, the Net Pledged Revenues and any other monies pledged under the 2016 Bond Resolution for the payment of the 2016 Bonds. Other than the items specifically

pledged under the 2016 Bond Resolution, no property of the District shall be liable to be forfeited or taken in payment of the 2016 Bonds.

No Recourse. No recourse shall be had for the payment of the Bond Requirements of the 2016 Bonds or for any claim based thereon or otherwise upon the 2016 Bond Resolution authorizing their issuance or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or District, past, present or future, either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise.

CERTAIN RISK FACTORS

General

The purchase of the 2016 Bonds involves certain investment risks that are discussed throughout this Official Statement. Such risks include, but are not limited to, the factors described below. Accordingly, each prospective purchaser of the 2016 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

Certain Risks Associated With Property Taxes

Delays in Property Tax Collections Could Occur. Although the 2016 Bonds are general obligations of the District, the District may only levy property taxes to pay debt service on the 2016 Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes, see “PROPERTY TAX INFORMATION – Property Tax Collections.” Due to the statutory process required for the levy of taxes, in any year in which the District is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the 2016 Bonds. Accordingly, although other District revenues or other funds of the District may be available to pay debt service on the 2016 Bonds if Net Pledged Revenues are insufficient, time may elapse before the District receives property taxes levied to cover any insufficiency of Net Pledged Revenues.

Certain Risks Related to Property Taxes. Numerous other factors over which the District has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include property tax limits described under the captions “SECURITY FOR THE BONDS – General Obligation” and “PROPERTY TAX INFORMATION – Property Tax Base and Tax Roll” and “-Property Tax Limitations” and “-Required Property Tax Abatements,” the valuation of property within the District, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner.

Certain Risks Associated With the Net Pledged Revenues

General. The generation of sufficient Net Pledged Revenues is important to the timely payment on the 2016 Bonds. If the System becomes inoperable due to damage, destruction, environmental restriction or for any other reason, or if the District is unable to increase rates and charges for any reason or if the District incurs unanticipated expenses or reduced revenues due to power rate increases or for any other reason, Net Pledged Revenues may not be sufficient to pay debt service on the 2016 Bonds.

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

Limitation of Remedies

Judicial Remedies. Upon the occurrence of an Event of Default under the 2016 Bond Resolution, each owner of the 2016 Bonds is entitled to enforce the covenants and agreements of the District by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the Net Pledged Revenues and other moneys held under the 2016 Bond Resolution (including General Taxes, if any) and not against any other fund or properties of the District.

The enforceability of the 2016 Bond Resolution is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the District under the 2016 Bond Resolution, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2016 Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2016 Bonds and the obligations incurred by the District in issuing the 2016 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2016 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2016 Bonds in the event of a default in the payment of principal of or interest on the 2016 Bonds. Consequently, remedies available to the owners of the 2016 Bonds may have to be enforced from year to year.

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

The State Department of Taxation (“Taxation”) reported the assessed valuation of property within the District for the fiscal year ending June 30, 2017 to be \$38,947,909,407 (which excludes the estimated assessed value of the CSGID, as further described below), which represents an 7.33% increase from the assessed valuation reported for the prior fiscal year.

State law requires that the County assessor reappraise at least once every five years all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the policy of the Clark County Assessor to reappraise all real and secured personal property in the County each year. State law requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the Legislature. Based on the assessed valuation of the District for fiscal year 2017, as calculated above, the taxable value of all taxable property within the District is \$111,279,741,162.

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

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

Ad Valorem Property Tax Data

History of Assessed Value. Because the District has never levied an ad valorem property tax, neither the State nor the County Assessor prepares an official assessed valuation for the District. The District’s boundaries encompass all of the unincorporated areas of the County (excluding the Cities and the property included in the CSGID). Accordingly, the District has calculated its assessed valuation by deducting the assessed valuation of the five incorporated cities and the estimated assessed value of the CSGID from the County’s total assessed valuation.

Pursuant to its Service Plan, the CSGID does not have the power to levy general, ad valorem taxes to finance its activities and as a result, the County Assessor does not maintain an assessed valuation for it. The County Assessor has provided estimated net assessed values for the CSGID based upon the tax roll as of June 6, 2016. The values do not include any centrally

assessed values, which would be developed by the State. As development occurs, the assessed valuation within the CSGID likely will increase and the calculated assessed valuation of the District will be affected accordingly.

The following table illustrates a history of the assessed valuation in the District using the calculations described above.

History of Assessed Value

Fiscal Year Ending June 30	Total Assessed Value of Clark County ⁽¹⁾	Total Assessed Value of Incorporated Cities ⁽²⁾	Estimated Assessed Value of CSGID ⁽³⁾	Calculated District Assessed Value ⁽⁴⁾	Percent Change
2013	\$54,195,268,097	\$25,199,711,417	\$8,053,611	\$28,987,503,069	--
2014	55,220,637,749	25,902,490,516	7,952,691	29,310,194,542	1.11%
2015	62,904,942,089	29,376,418,803	8,043,723	33,520,479,563	14.36
2016	69,266,468,466	32,969,709,962	7,667,120	36,289,091,384	8.26
2017	74,597,622,262	35,642,303,689	7,409,166	38,947,909,407	7.33

(1) Excludes the assessed values of the Boulder City Redevelopment Agency, the Clark County Redevelopment Agency, the Henderson Redevelopment Agency, the Las Vegas Redevelopment Agency, the Mesquite Redevelopment Agency and the North Las Vegas Redevelopment Agency in the following aggregate amounts: fiscal year 2012/13 - \$1,030,444,078; fiscal year 2013/14 - \$1,076,210,139; fiscal year 2014/15 - \$1,347,691,561; fiscal year 2015/16 - \$1,788,784,767; and fiscal year 2016/2017 - \$2,035,576,833.

(2) The five incorporated cities in Clark County are Boulder City, Henderson, Las Vegas, Mesquite and North Las Vegas.

(3) The CSGID assessed value amounts have been calculated by the Clark County Assessor's office; and do not include the value of any centrally assessed properties that might be calculated by the State of Nevada.

(4) The assessed valuations have been calculated as described in the paragraphs preceding this table.

Sources: Nevada Department of Taxation, *Local Government Finance: Property Tax Rates for Nevada Local Governments, Fiscal Years 2012-2013 – 2016-2017*; and Clark County Assessor's Office.

Property Tax Collections

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

A history of the County's tax roll collection record appears in the following table. The District does not currently levy an ad valorem property tax. *Therefore, the figures in the following table represent property taxes that are not available to pay debt service on the 2016 Bonds.* The information is included only to provide information with respect to the historic collection rates for the County and may not be relied upon to predict what collection rates would be within the District should it levy an ad valorem property tax in the future.

Property Tax Levies, Collections and Delinquencies – Clark County, Nevada⁽¹⁾

Fiscal Year Ending June 30	County Tax Levied for the Fiscal Year	Current Tax Collections	Percentage of Levy (Current) Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as % of Current Levy ⁽²⁾
2010/11	\$1,769,849,820	\$1,736,385,757	98.11%	\$33,057,926	\$1,769,443,682	99.98%
2011/12	1,600,957,490	1,576,935,410	98.50	23,598,674	1,600,534,083	99.97
2012/13	1,460,534,205	1,446,106,236	99.01	13,883,930	1,459,990,166	99.96
2013/14	1,467,968,024	1,453,556,514	99.02	13,434,806	1,466,991,320	99.93
2014/15	1,515,895,513	1,506,108,484	99.35	7,197,441	1,513,305,924	99.83
2015/16	1,582,893,102	1,572,448,659	99.34	-- ⁽³⁾	1,572,448,659	99.34

(1) Subject to revision. Represents the real property tax roll levies and collections.

(2) Calculated on collections to net levy (actual levy less stricken taxes).

(3) In the process of being collected.

Source: Clark County Treasurer's Office.

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

Largest Taxpayers

The following table represents the ten largest property-owning taxpayers in the County based on fiscal year 2015-2016 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (personal property).

No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the County. Further, because the assessed values set forth below include all of the property within the County owned by each taxpayer, certain of the property is located within the incorporated cities that are not included within the boundaries of the District. *Accordingly, the assessed values listed for each property likely includes the value of property that is not included within the District.*

Clark County Ten Largest Taxpayers
(Fiscal Year 2015-16)

Taxpayer	Type of Business	Assessed Value	% of Total Assessed Value ⁽¹⁾
1. MGM Resorts International	Hotels/Casinos	\$3,463,940,674	9.55%
2. Caesar's Entertainment Corporation ⁽²⁾	Hotels/Casinos	1,829,517,435	5.04
3. Nevada Power Company	Utility	1,745,262,140	4.81
4. Las Vegas Sands Corporation	Hotels/Casinos	988,434,935	2.72
5. Wynn Resorts Limited	Hotels/Casinos	863,528,905	2.38
6. Station Casinos Incorporated	Hotels/Casinos	577,441,319	1.59
7. Nevada Property 1 LLC	Hotels/Casinos	417,970,291	1.15
8. Eldorado Energy LLC	Solar Energy	357,230,311	0.99
9. Howard Hughes Corporation	Developer	331,120,927	0.91
10. Boyd Gaming Corporation	Hotels/Casinos	<u>306,871,653</u>	<u>0.85</u>
TOTAL		\$10,881,318,590	29.99%

- (1) Based on the District's fiscal year 2015-2016 estimated assessed value of \$36,289,091,384 which is calculated as described above.
- (2) Caesars Entertainment Corporation ("CEC") owns, directly or indirectly, numerous properties in the County, including but not limited to Caesars Palace Hotel and Casino, Bally's Hotel and Casino, the Forum Shops, the Cromwell Hotel, the Flamingo Hotel and Casino, Harrah's Hotel and Casino, Nobu Hotel, Paris Hotel and Casino, Planet Hollywood Hotel and Casino, The Linq Hotel and the Rio Hotel and Casino. The assessed value figure provided in this table represents the combined assessed value of all property owned directly or indirectly by CEC. On January 15, 2015, a bankruptcy petition (the "CEOC Petition") was filed in the U.S. Bankruptcy Court for the Northern District of Illinois by Caesars Entertainment Operating Company, Inc. ("CEOC"). The CEOC Petition states that on the same day, bankruptcy petitions were filed by approximately 172 other entities which are believed to be related to CEOC. The CEOC Petition states that CEC is the owner of 89.3% of CEOC; however, CEC is not one of the debtors named in the CEOC Petition and the other bankruptcy petitions. Therefore, it is unclear how many of the hotels, casinos and other properties listed above are affected by the CEOC Petition and the other bankruptcy petitions. It is also unclear at this time whether, or by how much, the filing of the CEOC Petition and the other bankruptcy petitions will impact the payment of property taxes by CEC or entities directly or indirectly related to it.

Sources: Clark County Assessor's Office website (report dated October 15, 2015); and CEOC Petition (for footnote 2).

Property Tax Limitations

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

units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the 2016 Bonds, which are exempt from such ad valorem revenue limits. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

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

The County and the Cities are levying various tax overrides as allowed or required by State statutes.

School districts levy a tax of \$0.75 per \$100 of assessed valuation for operating purposes. School districts are also allowed an additional levy for voter-approved pay-as-you-go tax rates, and voter approved or short-term public safety debt service.

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

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

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than \$175,000; the property owner does not own any other real property in the State with an assessed value of more than \$30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at

least 12 continuous months); and the total annual income of the owner's household is at or below the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer. To date, the County Treasurer has not received material requests to postpone the payment of the property tax as described above.

Required Property Tax Abatements

General. In 2005, the Legislature approved the Abatement Act (NRS 361.471 to 361.4735), which established formulas to determine whether tax abatements are required for property owners in each year. For residential properties, an abatement generally is required to reduce the amount of property taxes owed to not more than 3% more than the amount levied in the immediately preceding fiscal year. That same formula applies (as a charitable exemption) to commercial property that qualifies as low-income rental housing. Finally, for all properties, an abatement from ad valorem taxation is required to reduce the amount of property taxes owed to no more than an amount determined pursuant to a formula. The first part of the formula requires a determination of the greater of: (1) the average percentage change in the assessed valuation of all taxable property in the County, as determined by the Department of Taxation, over the fiscal year in which the levy is made and the 9 immediately preceding fiscal years; (2) the percentage equal to twice the increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year or (3) zero. The second part of the formula requires determination of the lesser of: (1) 8% and (2) the percentage determined in the previous sentence. After making both determinations, whatever part of the formula yields the lowest percentage is used to establish the maximum percentage of increase (over the prior year) in tax liability for each property. This abatement formula also must be applied to residential properties and low-income rental properties if it yields a greater reduction in property taxes than the 3% test described above. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year. For example, in the County for fiscal year 2016-2017, the Abatement Act formula results in a maximum percentage increase of tax liability for each parcel of 0.2% over the prior year for all types of properties, including residential properties and low-income rental properties.

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

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act

formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Ad valorem tax rate increases to pay debt service on the 2016 Bonds will be exempt from the Abatement Act formulas.

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

Additional Abatement of Taxes for Severe Economic Hardship. In 2002, following voter approval of a State constitutional amendment, the Legislature enacted a law implementing an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence. Pursuant to that legislation, the low-income owner (defined by law) of a single-family residence with an assessed value of \$175,000 or less may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if certain requirements specified in the legislation are met. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer.

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table sets forth a history of statewide average tax rates, as well as the overlapping tax rate for Paradise Town, which is located in the District in unincorporated Clark County. The overlapping taxes rates for areas within the County (including its unincorporated areas) vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate for an entity in the District currently is \$3.4030 in Mt. Charleston Town.

History of Statewide and Representative Overlapping Tax Rates⁽¹⁾

<u>Fiscal Year Ended June 30</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Average Statewide Rate	<u>\$3.1304</u>	<u>\$3.1212</u>	<u>\$3.1232</u>	<u>\$3.1360</u>	<u>\$3.1500</u>
Paradise Town	\$ 0.2064	\$ 0.2064	\$ 0.2064	\$0.2064	\$0.2064
Clark County	0.6541	0.6541	0.6541	0.6541	0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
Clark County Fire Service Area	0.2197	0.2197	0.2197	0.2197	0.2197
Las Vegas Artesian Basin	0.0000	0.0000	0.0000	0.0000	0.0000
Las Vegas-Clark County Library District	0.0942	0.0942	0.0942	0.0942	0.0942
Las Vegas Metro Police	0.2850	0.2850	0.2850	0.2850	0.2850
State of Nevada ⁽²⁾	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
TOTAL	\$2.9328	\$2.9328	\$2.9328	\$2.9328	\$2.9328

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

Source: Nevada Department of Taxation, *Local Government Finance: Property Tax Rates for Nevada Local Governments, Fiscal Years 2012-2013 – 2016-2017*

Estimated Overlapping General Obligation Indebtedness. In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the District. In addition to the entities listed below, other governmental entities may overlap the District but have no general obligation debt outstanding. The following chart sets forth the estimated overlapping general obligation debt chargeable to property owners within the District as of July 1, 2016.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity⁽¹⁾</u>	<u>Total General Obligation Indebtedness</u>	<u>Presently Self- Supporting General Obligation Indebtedness</u>	<u>Net Direct General Obligation Indebtedness</u>	<u>Percent Applicable⁽²⁾</u>	<u>Overlapping Net General Obligation Indebtedness⁽³⁾</u>
Clark County	\$2,643,262,771	\$2,624,134,000	\$ 19,128,771	52.21%	\$ 9,987,131
Clark County School District	2,590,805,000	709,420,000	1,881,385,000	52.21%	982,271,109
Las Vegas Valley Water District	3,263,725,000	3,263,725,000	--	52.38%	--
Las Vegas-Clark County Library District	20,775,000	--	20,775,000	69.29%	14,394,998
Big Bend Water District	3,731,331	3,731,331	--	100.00%	--
Virgin Valley Water District	21,533,030	15,532,030	6,001,000	100.00%	6,001,000
State of Nevada	<u>1,462,390,000</u>	<u>322,630,000</u>	<u>1,139,760,000</u>	36.81%	<u>419,545,656</u>
TOTAL	\$10,006,222,132	\$6,939,172,361	\$3,067,049,771		\$1,432,199,893

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

(2) Based on fiscal year 2017 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the District into the assessed valuation of the governmental entity.

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

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

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the District as of July 1, 2016 (assuming the issuance of the 2016 Bonds and the completion of the Refunding Project).

Net Direct & Overlapping General Obligation Indebtedness

Total General Obligation Indebtedness	\$ 465,283,732
Less: Self-supporting General Obligation Indebtedness	<u>465,283,732</u>
Net Direct General Obligation Indebtedness	--
Plus: Overlapping Net General Obligation Indebtedness	<u>1,432,199,893</u>
Net Direct & Overlapping Net General Obligation Indebtedness	<u>\$1,432,199,893</u>

Selected Debt Ratios

The following table sets forth selected ratios of the net overlapping debt within the District to assessed valuation, taxable value and population within the District.

<u>Selected Debt Ratios of the District</u>	
District Population ⁽¹⁾	953,845
Net Direct Debt ⁽²⁾	--
Net Overlapping Debt ⁽³⁾	\$1,432,199,893
Total Net Direct Debt and Overlapping Debt	\$1,432,199,893
Per Capita Net Direct Debt Plus Overlapping Debt.....	\$1,501.50
2017 Assessed Valuation ⁽⁴⁾	\$38,947,909,407
Net Direct Debt plus Overlapping Debt to Assessed Valuation	3.68%
2017 Taxable Value ⁽⁴⁾	\$111,279,741,162
Net Direct Debt plus Overlapping Debt to Taxable Value	1.29%

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- (1) Calculated using population estimates for the County and subtracting the population of its incorporated cities (using State Demographer estimates as of July 1, 2015).
- (2) See "DISTRICT FINANCIAL INFORMATION AND DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations." Reflects the fact that all District debt currently is self-supporting.
- (3) Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt. See the table entitled "Estimated Overlapping Net General Obligation Indebtedness" above.
- (4) See "Property Tax Base and Tax Roll" for an explanation of assessed value and taxable value and how it has been calculated for the District.

Sources: Property Tax Rates for Nevada Local Governments - Department of Taxation, information compiled from individual taxing entities and the Nevada State Demographer's population estimates for July 1, 2015.

THE DISTRICT

History and Organization

General. The District was created in 1954 to provide sanitary sewer service to certain unincorporated areas of the County. The District has undergone several name changes, most recently changing its name from Clark County Sanitation District to Clark County Water Reclamation District in January 2003. The District is organized as a general improvement district under the Project Act, and as such is a political subdivision of the State. The District's vision statement is to be recognized as the "Best run 'business' in the community" known for the following: highly skilled and dedicated employees; excellent customer responsiveness; effective financial management; ethical and effective business practices and sound business planning principles. The District's mission statement is to manage reclaimed water as a resource.

Service Area. The District's service area includes generally all of the unincorporated portions of the County, except the land within the boundaries of the CSGID. The incorporated cities in the County which are generally excluded from the District's service area are the cities of Boulder City, Henderson, Las Vegas, North Las Vegas and Mesquite. Based upon estimates prepared by the State Demographer's office, the District estimates the population in its service area as of July 1, 2015, was approximately 953,845, representing approximately 44.41% of the County's estimated population.

Responsibilities and Facilities Generally. The District is responsible for the collection and treatment of wastewater in the unincorporated areas of the County including the famous Las Vegas "Strip." The District is one of four wastewater treatment agencies in the Las Vegas Valley. The District operates seven wastewater treatment facilities and the largest collection (pipeline) system in the State with over 2,125 miles of pipes.

As further described in "THE SYSTEM," the District receives an average flow of approximately 100.57 million gallons of wastewater per day ("mgd") at the main treatment facility located on East Flamingo Road; an average of 6.81 mgd of that amount is reclaimed for irrigation and industrial uses. The District also operates the Desert Breeze Water Resource Center, a water reclamation facility on West Flamingo Road. Almost all of the wastewater received by Desert Breeze, approximately 3.46 mgd, is reclaimed for irrigation uses. The District produces a high-quality reclaimed water product for reuse and/or return to the environment by way of the Las Vegas Wash. This water is delivered for reuse and/or return to the environment by the District and the Las Vegas Valley Water District ("LVVWD"). The treatment and discharge requirements imposed upon the District by the State require extensive laboratory testing and documentation to ensure that standards are met each day.

The District also operates wastewater facilities servicing other County communities: Blue Diamond, Indian Springs, Laughlin, Overton, and Searchlight. Under an Operations and Maintenance Agreement among the County, the CSGID, the District and the LVVWD, the District agrees to operate and maintain the CSGID wastewater collection and treatment system on behalf of the LVVWD, once those facilities are constructed by the CSGID or the developer. The District does not have any responsibility to provide funding for the construction, operation or maintenance of the CSGID wastewater facilities. The CSGID wastewater facilities have not yet been constructed.

Governing Body

The elected seven-member Board of Clark County Commissioners serves ex officio as the District Board. County Commissioners are elected from County Commission election districts for four-year staggered terms. Each year, the Board selects from among its members a Chair and a Vice Chair. The County Treasurer acts as the ex officio Treasurer of the District and the County Clerk acts as the ex officio Secretary of the District.

The present members of the Board and their terms of office are as follows:

<u>Name and Position</u>	<u>Term Expires</u>
Lawrence L. Brown, III, Chair	January 2017
Steve Sisolak, Vice Chair	January 2017
Susan Brager, Member	January 2019
Marilyn Kirkpatrick, Member	January 2017
Chris Guinchigliani, Member	January 2019
Mary Beth Scow, Member	January 2019
Lawrence Weekly, Member	January 2017

Administration

The General Manager of the District is appointed by the Board. The District's Senior Management Team consists of: the General Manager; the Deputy General Manager of Plant Operations and Laboratory Services; the Assistant General Manager of Finance and Technology Services; the Deputy General Manager of Engineering and Construction Services; the Water Quality Advisor; the Assistant to the General Manager of Customer Care Services; and the Assistant General Manager of Collection Systems and Maintenance Services.

The following are brief biographies for the General Manager, the Deputy General Manager of Plant Operations and Laboratory Services, the Deputy General Manager of Engineering and Construction, and the Assistant General Manager of Finance and Technology Solutions, each of whom is directly involved in the issuance of the 2016 Bonds.

Thomas A. Minwegen, General Manager. Mr. Minwegen holds a Bachelor of Science degree in civil engineering from Bradley University in Peoria, Ill., and is a registered professional engineer in Nevada. Prior to this appointment, Mr. Minwegen served 30 years with the LVVWD. He was the deputy general manager of engineering and operations, wherein he lead the local water infrastructure efforts during the most ambitious period of growth within Southern Nevada. His responsibilities included the oversight of the utility's facilities planning, the major engineering and construction programs, the development expansion program, and the water system production, operations and maintenance activities. He also oversaw the automated mapping, facilities management, geographic information system, global positioning survey, supervisory control and data acquisition system, the asset management program and the Homeland Security program for the company. Mr. Minwegen serves on the International Board of Directors of the WateReuse Research Foundation, the joint WateReuse Association/Foundation Executive Team, the WateReuse National Legislative Team, and is the past president of the WateReuse Nevada Section.

As General Manager, Mr. Minwegen reports to the County Manager and is responsible for planning, organizing and administering the District's comprehensive regional wastewater collection, treatment and disposal system. He works with elected and appointed officials to develop and implement responsible policies to benefit the citizens served by the District. He is also responsible for accomplishing agency goals and objectives, and to coordinate those goals and objectives within general County policy guidelines

Daniel Fischer, Deputy General Manager – Plant Operations and Laboratory Services. Mr. Fischer has been with the District in that position since November 25, 2013. Mr. Fischer earned a Bachelor of Arts degree in Chemistry in 1979 and a Master of Science degree in Environmental Analytical Chemistry in 1990, both at the University of Nevada Las Vegas. He is responsible for all of the District's plant operations, treatment processes, laboratory, and water quality functions. Prior to joining the District, Mr. Fischer managed various portions of the City of Las Vegas, Nevada wastewater treatment division for fourteen years. Before that, he managed laboratories engaged in environmental analytical services for twelve years.

Shawn P. Mollus, Deputy General Manager of Engineering and Construction - Mr. Mollus holds a Bachelor of Science degree in construction engineering from Missouri Western State University in St. Joseph, Mo., and is a registered professional engineer in the states of Nevada (No. 9651) and Hawaii (No. 16700), as well as a registered State Water-Right Surveyor in the State of Nevada (No. 925). Prior to this appointment, Mr. Mollus served 30 years with the Las Vegas Valley Water District. He was the Director of Engineering, wherein he managed the local water infrastructure efforts during the most ambitious period of growth within Southern Nevada. His responsibilities included the oversight of the utility's facilities planning, the major engineering and construction programs, the development expansion program, and oversaw the automated mapping, facilities management, geographic information system and global positioning survey programs for the company. Mr. Mollus is also a Certified Construction Documents Technologist with the Construction Specifications Institute. Prior to that, Mr. Mollus worked for the Energy Support Division of Holmes and Narver, Inc., at the Nevada Test Site, Mercury, NV, providing engineering and construction services in support of the Department of Energy's nuclear testing program

Mark Binney, Assistant General Manager-Finance and Technology Solutions. Mr. Binney started his career with the District 40 years ago. During his tenure with the District, he has acquired vast industry knowledge and experience and was involved in the development and evolution of the wastewater and maintenance processes for the District. Mr. Binney also developed the plant maintenance certification program, and has formerly held the position of Assistant General Manager, Operations.

Mr. Binney oversees the Service Sections of Accounting, Finance and Purchasing as well as Technology Solutions. Mr. Binney provides exceptional customer service and diligently safeguards the fiscal resources of the District. He is responsible for all the District's financial functions including accounting, debt management, cash management, capital assets, grants administration, contracts fiscal compliance, financial reporting and adherence to all applicable federal, state and local regulations, requirements and guidelines. He works closely with the County Treasurer's office, Finance, and Accounting departments in order to coordinate goals and objectives.

Employees and Benefits

General. The District has 364 budgeted full time equivalent positions for fiscal year 2017. As of June 2016, there were 357 full-time regular employees, and 16 part-time employees. All supervisory and non-supervisory employees of the District (excluding management and confidential employees) are eligible for collective bargaining representation by the Service Employees International Union (the “SEIU”). The District and certain County departments negotiate with their employees as a team. The current bargaining agreement expires on June 30, 2017. NRS 288.230 prohibits strikes against local government employers so no work stoppages are expected to occur.

The County team and the SEIU have agreed to a 2% cost of living agreement, effective July 1, 2016. Negotiations for the next bargaining agreement is tentatively scheduled to begin in January 2017.

Benefits. The District provides group insurance (life, dental, vision and general health) at a minimal cost to permanent employees and also provides disability insurance, sick leave, vacation leave and holiday leave/pay to permanent employees. District policy allows employees to accumulate earned vacation and sick leave benefits to be paid upon separation from District service. As required, the District accrues benefits in the period they were earned. As of June 30, 2015, the District had recorded a liability of approximately \$1,034,692 for accumulated compensated absences. The District estimates recording a liability of approximately \$525,000 for accumulated compensated absences in its fiscal year ending June 30, 2016. See “INTRODUCTION – Forward Looking Statements.” The District also provides workers compensation coverage in accordance with State law.

Pension Matters. The District’s employees are covered by the Public Employees’ Retirement System (“PERS”), which is administered by the State. PERS covers substantially all public employees of the State, its agencies and its political subdivisions, including the District. PERS, established by the Nevada legislature effective July 1, 1948, is governed by the Public Employees’ Retirement Board whose seven members are appointed by the Governor. Retirement Board members serve for a term of four years. Except for certain District specific information set forth below, the information in this section has been obtained from publicly-available documents provided by PERS. The District has not independently verified the information obtained from the publicly available documents provided by PERS and is not responsible for its accuracy. **The District does not exercise any control over PERS.**

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member’s highest average compensation. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits. PERS has several tiers based on legislative changes effective with membership dates. The following table illustrates the PERS service credit multiplier.

PERS Benefit Multiplier

Membership Date	Before 07/01/01	<u>Service Credit Multiplier</u>		After 07/01/15	Highest Contiguous Average Over
		After 07/01/01	After 01/01/10		
Before July 1, 2001	2.50%	2.67%	2.67%	2.67%	36 months
After July 1, 2001, before January 1, 2010	--	2.67%	2.67%	2.67%	36 months
After January 1, 2010, before July 1, 2015	--	--	2.50%	2.50%	36 months
After July 1, 2015	--	--	--	2.25%	36 months

Similarly, legislative changes have created several tiers of retirement eligibility thresholds. The following table illustrates the PERS retirement eligibility thresholds.

Nevada PERS Retirement Eligibility

Membership Date	Regular		Police/Fire	
	Age	Years of Service	Age	Years of Service
Before January 1, 2010	65	5	65	5
	60	10	55	10
	Any	30	50	20
			Any	25
After January 1, 2010, before July 1, 2015	65	5	65	5
	62	10	60	10
	Any	30	50	20
			Any	30
After July 1, 2015	65	5	65	5
	62	10	60	10
	55	30	50	20
	Any	33 1/3	Any	33 1/3

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2015. The following table reflects some of the key valuation results from the last three PERS’ actuary studies:

PERS Actuarial Report

Key Valuation Results	June 30, 2015	June 30, 2014	June 30, 2013
UAAL	\$12.35 billion	\$12.53 billion	\$12.88 billion
Market Value Funding Ratio	75.1%	76.3%	68.7%
Actuarial Value Funding Ratio	73.2%	71.5%	69.3%
Assets Market Value	\$34.61 billion	\$33.58 billion	\$28.83 billion
Assets Actuarial Value	\$33.72 billion	\$31.47 billion	\$29.11 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The current combined, effective average amortization period for regular members and police/fire members is 20.7 years. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses. As of June 30, 2015, PERS has unrecognized investment gains of \$893 million. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$893 million in market gains is expected to increase the future actuarial funded ratio and decrease the future contribution rate.

Effective with fiscal year 2015, the District was required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (“GASB 68”), to its audited financial statements. Among other requirements, the District was required to report its proportionate share of the total PERS net pension liability in its financial statements. As of June 30, 2015, the District’s proportionate share of the collective net pension liability was \$41,788,009 which represents 0.401% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2014, were used as the basis for determining each employer’s proportionate share. Each employer’s proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014. **The District has no legal obligation to fund any of PERS’s unfunded pension liability nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERS or the Legislature.**

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their proportionate share of the unfunded liability. The District is obligated to contribute all amounts due under PERS; however, in accordance with State law, non-police/fire employees share the annual increases equally with the employer (unless otherwise prohibited by contract). As a result, salaries for regular employees were reduced by 1% in fiscal year 2014 in order to cover half of the increase in statutory contribution rates. A history of contribution rates is shown below.

<u>Fiscal Years</u> <u>2010 and 2011</u>	<u>Fiscal Years</u> <u>2012 and 2013</u>	<u>Fiscal Years</u> <u>2014 and 2015</u>	<u>Fiscal Years</u> <u>2016 and 2017</u>
21.50%	23.75%	25.75%	28.00%

The District’s contributions for the years ended June 30, 2015 and 2014 were \$6,246,929 and \$6,039,644, respectively. The District estimates its contribution for the year ended June 30, 2016 will be approximately \$7,310,530. See “INTRODUCTION – Forward Looking Statements.”

See Note F and the “Detailed Note Disclosures --Pension Plans” in the audited financial statements attached hereto as Appendix A for a summary description of PERS. In addition, copies of the most recent audited financial statements for PERS are available from the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, 775-687-4200.

Other Post-Employment Benefits. The District participates in a County plan that makes certain post-retirement benefits (“OPEB”) available to employees, if enrolled in PERS and an active employee at the time of retirement, under two different programs: (i) the Clark County Retiree Health Program (the “County Plan”); and (ii) the Public Employee Benefit Program (“PEBP”). Each plan provides medical, dental, and vision benefits to eligible active and retired employees and beneficiaries. Except for PEBP, benefit provisions are established and amended through negotiations between the respective unions and the employers. PEBP benefit provisions are established by the Legislature. For a discussion of the plans’ benefits and costs, valuation of the OPEB program, its UAAL, annual required contributions (“ARC”) and funding status as of June 30, 2015, see Note G and the “Detailed Note Disclosures – Postemployment Benefits Other than Pensions (OPEB)” in the audited financial statements attached hereto as Appendix A. The District historically has funded its OPEB liability on a pay-as-you-go basis; the amounts funded historically have been less than the ARC. For its fiscal years ending June 30, 2015, and June 30, 2016, the District made OPEB contributions of \$620,939 and \$676,209 (estimated; subject to change), respectively.

Risk Management

General. The District is exposed to various risks of loss related to torts; theft of, damage to and/or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains a risk management program to assess coverage of potential risks of loss. Under this program, the District believes it is more economical to manage risks internally with regard to its workers’ compensation coverage for compensation claims under \$750,000. For workers’ compensation claims above \$750,000, as well as all other risks, the District purchases insurance coverage subject to deductibles. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. See Note I in the audited financial statements attached hereto as Appendix A.

The District completed an annual appraisal of District structures in March 2015. The valuation conducted by Hiron & Associates of Bradenton, Florida, provided a thorough inventory of above-ground structures and replacement costs (which does not include below-ground structures). The District’s property insurance policy was revised to reflect these valuations, establishing a blanket valuation of \$1,112,137,270. A complete schedule of values is updated annually to reflect newly completed construction and is available for inspection in the District’s offices. See “INTRODUCTION--Additional Information.”

Workers’ Compensation - Self-Funded Program. Effective in 1992, the District discontinued its coverage with the State Industrial Insurance System and became self-insured for workers’ compensation claims. Currently, the claims administrator is Nelson-Davis Administrators. The self-insurance coverage includes the purchase of an insurance policy to cover worker’s compensation claims for the District that exceed \$750,000 per person.

As of June 30, 2015, a liability of \$829,817 was accrued to provide for unpaid claims. The accrued liability represents the approximate maximum number of claims expected for the year. For the last four fiscal years, no settlement amount has exceeded the insurance coverage. The District has designated and set aside an amount for future workers' compensation losses in its investment balances. At June 30, 2016 and 2015, the designated amount was \$634,000 and \$634,000, respectively. See Note I in the audited financial statements attached hereto as Appendix A.

THE SYSTEM

General

The District's facilities provide sanitary sewer service to the urban areas of the unincorporated portion of Clark County, including the resort destinations on the Las Vegas Strip. The District also operates sewer service facilities physically independent of the principal facilities in certain service areas of the County, including the towns of Overton (in Moapa Valley), Laughlin, Searchlight, Blue Diamond and Indian Springs.

The District's facilities in the Las Vegas Valley area consist of a network of pipelines and lift stations for the collection of wastewater and facilities for the treatment of wastewater. Once wastewater is conveyed to the treatment facilities, it undergoes a series of physical, biological and chemical processes to meet state and federal environmental discharge standards. The District's Flamingo Water Resource Center (the "FWRC") polishes wastewater through filtration and disinfection processes that reduce phosphorus and inactivate microscopic pathogens. Effluent water is then discharged to the Las Vegas Wash, which flows into Lake Mead. Effluent water also is sold for reuse in electrical generating plants and irrigation of area golf courses and parks.

A brief description of the principal components of the System (the District's principal wastewater collection conveyance, treatment and disposal system) follows.

Collection and Conveyance System

The principal District collection system currently conveys wastewater from the unincorporated portions of the Las Vegas Valley, a small portion of the cities of Las Vegas and North Las Vegas, and Nellis Air Force Base. The system covers approximately 100 square miles and consists of over 2,100 miles of pipeline ranging from 6 inches to 84 inches in diameter. The general flow pattern in the service area is by gravity in a southerly and easterly direction. In the Las Vegas Valley, the District operates 24 lift stations for service areas that require pumping. All major sewers within the system were constructed after 1954. Approximately 55 percent of the sewers have been installed since 1987. The system consists of two basic segments, a corridor running north to south along the eastern side of the Las Vegas Valley and a second segment that runs west to east along the southern side of the Las Vegas Valley. The two segments intersect each other near the southeastern corner of the service area where the District's facilities are located.

Treatment Facilities

Flamingo Water Resource Center. The FWRC is located east of Boulder Highway on Flamingo Road and is the District's main treatment facility. The facility includes a combination of treatment processes that have been brought on line over the years as the District has grown. The original facility was completed in 1955 with a design capacity of 12 mgd. In 1973, the District increased the total secondary treatment capacity to 32 mgd. The facility used primary sedimentation and trickling filters to provide secondary treatment. In 1982, the District completed its 90 mgd East Campus (formerly Advanced Wastewater Treatment facility) to provide tertiary treatment of effluent through filtration and subsequent disinfection before it is discharged to the Las Vegas Wash. The construction of an 18.5 mgd primary treatment facility,

which operated parallel with existing secondary treatment facilities, was completed in 1987. In 1996, the District completed construction of an activated sludge system at the West Campus (formerly Central Plant facility) to increase the District's secondary treatment capacity to 88 mgd. The facility provides for the biological removal of ammonia, nitrogen, and phosphorus and replaces the secondary processes described above. In 2009, the activated sludge system was expanded again and a new solids dewatering facility using centrifuge technology was constructed. In late 2014, the 30 mgd Membrane and Ozone Facility was commissioned to replace aging tertiary processes at the East Campus.

Approximately 95 percent of the District's tertiary treated effluent is returned to Lake Mead via the Las Vegas Wash and is used as return flow credit against Nevada's Colorado River water allocation. The remaining 5 percent of the effluent is pumped from the East Campus facility to a nearby power generation station for industrial uses and to nearby golf courses and to the County's Silver Bowl park for irrigation uses.

The Desert Breeze Water Resource Center (the "DBWRC"), for the western portion of the District's service area, is a facility built in partnership with the Las Vegas Valley Water District. The Water Reclamation District operates the center and LVVWD distributes the reclaimed water to golf courses in local residential developments.

A table showing a five-year history of the average daily flows by month at the FWRC is set forth below.

Average Daily Flows
Flamingo Water Resource Center
(in Millions of Gallons)

Fiscal Year	2011-12	2012-13	2013-2014	2014-2015	2015-2016
July	98.81	96.50	99.99	102.19	102.01
August	98.53	98.06	98.44	102.46	102.79
September	97.79	96.75	98.93	102.86	100.98
October	99.58	95.50	97.47	102.04	101.85
November	96.06	93.21	97.28	101.48	100.75
December	94.95	93.45	96.56	98.66	98.69
January	95.78	92.58	96.51	99.55	98.82
February	96.42	92.44	95.97	99.77	98.45
March	94.93	93.65	97.59	101.36	98.93
April	94.24	95.26	97.99	98.42	100.04
May	95.06	90.18	97.89	100.52	100.52
June	96.20	94.85	99.90	100.09	102.83
Annual Average	96.53	94.37	97.88	100.78	100.56

Source: The District.

Service Areas Outside of the Las Vegas Valley: The District is responsible for maintaining facilities and collection systems within other service areas outside of the Las Vegas Valley. Normal maintenance consists of adjusting manholes to grade, clearing easements of trash and vegetation, stabilizing embankments, replacing outdated facilities and responding to emergency repair needs. Duties include cleaning the main lines and wet wells, monitoring lagoons and sampling the wastewater to assure compliance with associated wastewater discharge permits. These areas have been divided into two sections; the Southern Service Area which

includes Laughlin and Searchlight; and the Northern Service Area which includes Blue Diamond, Indian Springs, and Overton (Moapa Valley).

Southern Service Area. The Laughlin Water Resource Center staff operates and maintains the collection and treatment facilities for Laughlin and Searchlight. Laughlin currently has two sewer lift stations (a project to decommission the third lift stations was completed in 2010), and an eight mgd tertiary treatment plant that discharges directly to the Colorado River. Laughlin staff operates and maintains equipment related to multiple treatment processes including the primary processes of screening, grit removal, and flow equalization. Secondary processes consist of activated sludge with biological nutrient removal of ammonia, nitrogen, and phosphorus. Tertiary treatment includes chemical polishing for additional removal of phosphorus, dual media filtration, disinfection with sodium hypochlorite, and de-chlorination with sodium bisulfite before discharging into the Colorado River.

Northern Service Area: The DBWRC and Moapa Valley Treatment Facility are the only facilities in the Northern service area with full time staff. The Desert Breeze Water Resource Center staff operate and maintain the collection and treatment facilities for Blue Diamond and Indian Springs. The Blue Diamond Treatment Ponds have a rated capacity of 0.044 mgd and consist of an asphalt-lined, aerated primary pond and a Rapid Infiltration Basin (RIB). The District is currently in the final design phase of improvements to the facility which will consist of a new deeper lined pond and an improved RIB. The District expects to complete these improvements in late 2016. The Indian Springs Treatment Facility has a rated capacity of 0.500 mgd and provides service to Creech Air Force Base and the township of Indian Springs. The facility consists of screenings removal and aerated ponds designed for biological nutrient removal of ammonia and nitrogen. Effluent from the facility is discharged to a RIB. The Moapa Valley Treatment Facility has a rated capacity of 0.750 mgd and treatment processes consist of screenings removal and activated sludge for biological nutrient removal of ammonia and nitrogen. Effluent from the facility is discharged to a RIB.

NPDES and Other Permits

NPDES Permits. The District operates seven treatment systems within the County. These systems are regulated by the Nevada Division of Environmental Protection (“NDEP”) for compliance with state and federal regulations. A groundwater discharge permit or National Pollutant Discharge Elimination System (“NPDES”) permit, issued by NDEP, is required for each facility. Each permit has a term of five years and must be continually renewed unless a facility is closed. If a permit expires and a new permit has not yet been issued, the conditions of the original permit remain in place until a new permit is issued. The following is a description of the status for the NPDES permit of each District treatment facility.

Flamingo Water Resource Center. The discharge permit is current and is valid through March 31, 2020. This permit covers two outfall points into the Las Vegas Wash, one from the West Campus and one from the East Campus.

Desert Breeze Water Resource Center. The discharge permit is current and is valid through January 21, 2018.

Searchlight Treatment Ponds. The existing NDEP groundwater discharge permit expired on May 26, 2014. A new permit application was submitted in December 2013. The

expired permit is in effect until a new one is issued. Issuance of the new permit has been delayed while NDEP and the District discuss possible improvements to the ponds. Expectations are that the permit will be renewed with no issues and only minor changes.

Laughlin Water Resource Center. The existing NDEP surface discharge permit is current and is valid through April 25, 2018.

Blue Diamond Treatment Ponds. The NDEP groundwater discharge permit is current and is valid through November 30, 2019.

Moapa Valley Treatment Facility. The NDEP groundwater discharge permit is current and is valid through June 30, 2021.

Indian Springs Treatment Facility. The NDEP groundwater discharge permit expires on August 30, 2015. A new permit application was submitted in approximately February 2015. The expired permit is in effect until a new one is issued. Expectations are that the permit will eventually be renewed with no issues and only minor changes.

Other Certifications and Programs. The District also has received and maintained certification for its laboratory from the Nevada Division of Environmental Protection. This certification insures quality control and assurance vital to the District's operations. The District also has a Pretreatment Program that is designed to reduce, eliminate or alter the nature of pollutants in wastewater to make certain that commercial discharge is compatible with the collection system and treatment processes in use by the District before such wastewater is discharged to the District collection system.

Permit Compliance. The District holds and operates under dozens of effluent discharge, construction dewatering, industrial stormwater, water appropriation, air quality, and various other environmental permits. The District's compliance with these permits has been and continues to be excellent. There are no known (current or pending) material enforcement actions, compliance plans, or violations related to any of the District's permits. The District has received a "Notice of Alleged Violation" for a main break that occurred at its FWRC which was fully restored without impact; and a "Notice of Alleged Violation" with respect to one of its construction project-related dewatering permits which may result in an immaterial fine being imposed, with our intentions to recover from the causing contractor. The District recently received Peak Performance Awards from the National Association of Clean Water Agencies for full compliance with its two National Pollutant Discharge Elimination System permits. Also, the District's recent annual rate of sanitary sewer overflows, 0.3 spills/100 miles of sanitary sewer is well below the Environmental Protection Agency standard for a well-operated system of 2 spills/100 miles.

Other Regulatory Matters

General. The District is subject to certain regulations imposed by the federal government or the State. For example, as described in more detail above, the District's treatment plants are operated under effluent discharge permits issued by NDEP. See "THE SYSTEM--NPDES and Other Permits" above. Those permits generally limit the quantities of certain chemicals and other substances that may be discharged from the System. If more stringent effluent standards or other environmental regulations were established in the future, the District could be required to make substantial capital improvements or could be required to increase

operation and maintenance costs. Should that occur, the System's costs would increase; such increased costs could reduce the amount of Net Pledged Revenues available to pay debt service on the 2016 Bonds.

Marking of Laterals and Mains. Pursuant to NRS 455.125, the District is required to provide any person responsible for the excavation or demolition of an area that may contain a sewer service lateral or sewer main with the District's best available information regarding the location of the connection of the sewer service lateral to the sewer main. The District is not permitted to charge the person conducting the excavation or demolition for such services. The District includes amounts to cover such costs in its annual operating budget. For fiscal year 2016 the District budgeted \$779,240 for such costs.

Other Services and Contracts

CSGID. Coyote Springs is a self-supporting general improvement district (enterprise fund) created and operated at the direction of the County. Pursuant to cooperative agreements between the County, LVVWD and the District, LVVWD is engaged as the general manager of the CSGID water and wastewater systems and the District will operate and maintain the wastewater system on behalf of LVVWD once it has been constructed by the CSGID or the developer.

Capital Plan

The District develops a five-year CIP in conjunction with its budget process. The CIP is a planning document and does not authorize or fund projects; the District authorizes individual projects on an as-needed basis. The current CIP (covering fiscal years 2016 through 2020) currently totals \$693.9 million (in 2016 dollars, then escalated to reflect inflation). The CIP reflects the various capital projects that are expected to be designed and constructed over the next five years in order to keep pace with growth, rehabilitate existing infrastructure and provide facilities necessary to comply with federal and State water quality standards. The current CIP provides for the following expenditures in each year: FY 2016 - \$249.3 million; FY 2017 - \$128.3 million; FY 2018 - \$90.3 million; FY 2019 - \$76.5 million; and FY 2020 - \$143.3 million. The District also annually prepares a five-year capital equipment list as a part of the CIP. Capital equipment represents permanent assets with a value in excess of \$ 5,000 and an expected useful life in excess of one year. This includes equipment and vehicles. The FY 2015-16 budget for capital equipment is \$6.2 million. Budgeted capital equipment expenditures total approximately \$41 million (in 2016 dollars) for fiscal years 2016 through 2020.

Sewer Service Rates and Charges

General. The Project Act empowers the Board of the District to set rates and charges for use of and connection to its sewer service facilities, and to adjust those rates and charges as it deems appropriate after holding a public hearing. Bills for service are due and payable upon presentation and are conclusively deemed to have been presented five days after mailing. Bills are delinquent on the 31st day after presentation and are subject to lien and possibly to interest and penalties in accordance with Nevada law. The District is empowered to have a lien placed upon property served, subordinate only to the liens of general taxes and special assessments, or to place delinquent charges on the tax rolls for collection in an effort to enforce collection of its billings. Since July 1, 1996, it has been the District's internal policy to

place all delinquent accounts on the tax rolls for collection. Pursuant to its current rate resolution, the District shall record a notice of lien at any time after a bill becomes delinquent. The District's current practice is to notify all delinquent property owners in May of each year that sewer service charges will be added to the property tax bill if full payment is not received by the specified due date. The District records notices of liens on a case-by-case basis if delinquent amounts are determined to be large enough.

Sewer Service Charges. Annual sewer service charges generally comprise more than 96% of the District's operating revenues each year. It is the District's practice to utilize operating revenues for the operations, maintenance, repair and rehabilitation of District facilities. The rates and charges of the District are presently based upon a computation of equivalent residential units ("ERUs"). The District has determined that the annual average amount of wastewater generated by a single-family residence, without a swimming pool, is 90,000 gallons and designates this as one ERU.

Commercial customers are billed based on billing units. The District considers a billing unit to be dwelling units, lots or spaces, rooms, fixtures, beds or students. Commercial customers include businesses such as hotels and motels; casinos and resorts; restaurants, bars and taverns; event centers; hospitals; schools; car washes and large laundry services. Commercial billing units vary from 0.10 to 1.5 ERUs. Commercial customers may be subject to sewer service charges based on more than one billing unit. Some large commercial laundry facilities, car washes and special event centers may be billed by water usage.

The District bills for sewer service annually on July 1. Customers are permitted to make payments annually, semi-annually, or quarterly. Customers in the Moapa Valley service area are permitted to make payments monthly. Additionally, the District provides an option for a monthly payment plan to all qualifying low-income families. At this time, none of the District's customers opt for this plan. The annual billing includes a \$16 administrative charge per account. Customers who pay annually are eligible for a discount of \$12 per account if payment is received prior to the July 31 due date.

The Board has implemented "universal rates" pursuant to which all service areas in the District are charged sewer service fees in the same annual amount per ERU. The following table sets forth the District's current schedule of charges (per ERU) for sewer service. In addition to the charges shown below, there is an annual administrative service charge per account.

Schedule of Annual Sewer Service Charges

Effective Date	Sewer Service Charge Per ERU ⁽¹⁾
07/01/12 – 06/30/13	\$230.30
07/01/13 – 06/30/14	221.09
07/01/14 – 06/30/15	221.09
07/02/15 – 06/30/16	221.09
07/02/16 – 06/30/17	221.09 ⁽²⁾

⁽¹⁾ Equivalent Residential Units: 1 ERU = 90,000 Gallons.

⁽²⁾ Sewer service charge per ERU of \$221.09 remains in effect after 06/30/17 unless and until changed by the Board.

Source: The District.

A separate charge for pools, including swimming pools, nonresidential spas, decorative fountains, waterscapes, lagoons, spas, hot tubs and jacuzzis may be charged in addition to the annual sewer service charge shown above. Pool charges are based upon total gallons, regardless of the number of pools. For 20,000 gallons or less, the charge is 10% of the annual sewer service charge for the applicable service area. For each additional 20,000 gallons or fraction thereof, an additional 10% of the annual sewer service charge for the applicable service area is assessed.

System Development Approval Charges. System Development Approval (“SDA”) charges are one-time connection fees the District charges for each ERU that connects to the System. SDA charges are due and payable in advance of connection to the District’s facilities. It is the practice of the District to use SDA revenues to fund the District’s Capital Expansion Program and the capital equipment related to expansion.

The Board has implemented universal SDA charges for all areas except the Laughlin service area. There currently are no expansion projects planned for the Laughlin service area; if such projects are planned in the future, the Board will reconsider the amount of the SDA charge applicable in Laughlin.

The following table sets forth the District’s SDA fee schedule currently in effect. In lieu of the SDA charges shown below, the District imposes a septic conversion fee of \$1,600 per ERU in each service area upon customers converting from private septic systems.

Current System Development Approval Fees (per ERU)⁽¹⁾

Effective Date	Laughlin Service Area	All Other District Service Areas ⁽²⁾
07/01/12 – 06/30/13	\$1,600	\$2,195
07/01/13 – 06/30/14	1,600	2,195
07/01/14 – 06/30/15	1,600	2,195
07/01/15 – 06/30/16	1,600	2,195
07/01/16 – 06/30/17	1,600	2,195 ⁽³⁾

(1) Equivalent Residential Units: 1 ERU = 90,000 Gallons.

(2) Includes Las Vegas Valley, Blue Diamond, Indian Springs, Moapa Valley and Searchlight areas.

(3) System Development Approval Fee (per ERU) of \$2,195 remains in effect after 06/30/17 unless and until changed by the Board.

Source: The District.

Other Charges. In addition to the annual sewer charges, users who discharge wastewater having concentrations exceeding Domestic Strength limits are assessed an extra strength surcharge. The surcharge is dependent upon the type and amount of chemical discharged and are outlined in the May 2008 Rate Resolution 08-002, adopted by the Board and effective on May 6, 2008. Commercial customers assessed these charges may include hospitals, car washes and large commercial laundry facilities.

The District operates an industrial pretreatment program under federal guidelines. Pretreatment permit fees are set by the Board for each user class. The District's pretreatment program has issued permits to more than 2,100 users. Pretreatment permit charges by user class are as follows: On-Site Lift Stations - \$500 per permit; Significant Industrial and Categorical Users - \$1,000 per permit; Grease Interceptors and Sand/Oil Interceptors - \$225 per permit; and Industrial Users - \$300 per permit.

The Board sets the rates and requirements for the District's Septage Program by resolution. Presently, the Water Reclamation District processes septage received from fourteen customers. Fees are charged to issue truck permits and for estimated gallons received.

Reclaimed Water Sales. The District also sells reclaimed water for beneficial uses, including irrigation and industrial purposes to customers pursuant to terms established by a Board resolution. Reclaimed water is sold pursuant to applications showing a beneficial use and compliance with the NPDES permit. Users of reclaimed water are required to meet State regulatory requirements and provide facilities for delivery and storage of the reclaimed water. The rate charged for reclaimed water in the Las Vegas Valley area generally is \$1.05 per 1,000 gallons. The District also sells reclaimed water to the LVVWD; the rate charged for that water varies according to various agreements between the parties. Currently, Laughlin has no reuse customers but the rate is \$1.35 per 1,000 gallons. In other areas, the rate will be determined by individual agreement. The District also charges a prorated share of pumping costs from the treatment sites to the customer. The District bills monthly for reclaimed water usage with payment due upon receipt. The District reserves the right to reduce or curtail the use of reclaimed water in order to provide sufficient return flow credits to satisfy demand for water from the Colorado River and any applicable provisions under the Southern Nevada Water Authority Cooperative Agreement. The Board also may take into account the most prudent

management of water resources and give priority to uses deemed most critical to general public welfare. The District also reserves the right to review existing and potential water uses at five-year intervals and to reduce the quantity of reclaimed water delivered after notice and hearing.

Customer Information

This following table shows a history of the number of ERUs served within the District, by user type, for the previous five fiscal years.

History of ERUs Served⁽¹⁾

User Type	2011/12	2012/13	2013/14	2014/15	2015/16
Residential Services					
Single Family	177,637	181,122	184,294	187,015	189,301
Multiple Resident	89,829	90,212	92,490	92,541	94,000
Mobile Homes	16,524	16,439	16,381	16,312	15,357
Recreational Vehicle Parks	1,091	1,091	1,091	1,091	1,114
Senior Apartment Housing ⁽²⁾	1,580	1,711	--	--	--
Subtotal	286,661	290,575	294,256	296,959	299,772
Commercial Services					
Hotels/Resorts/Casinos	199,898	200,571	203,516	204,287	214,442
Casinos	393	423	423	423	405
Restaurants and/or on-premise bars	11,704	11,679	12,148	12,377	12,232
Theme Parks	3,635	3,660	3,599	2,575	4,354
Hospitals: Medical/Surgical	2,242	2,242	2,324	2,423	1,472
Convalescent and Rest Homes	1,232	1,340	1,361	1,451	1,472
Schools	16,760	16,809	16,958	17,050	15,285
Churches	1,849	1,865	1,969	1,991	1,980
Dry Cleaners, Bars (with food), and Automated Car Wash	6,804	6,969	7,483	7,667	7,501
Bars (no food), Retail Stores, and Service Stations	39,099	39,521	40,136	40,830	40,593
Offices, Laundromats, and Warehouses	30,582	30,965	31,402	31,758	31,192
Beauty Salons and Medical/Dental Clinics	5,862	5,896	6,099	6,254	6,203
Large Commercial					
Car Wash	914	948	1,096	1,105	1,449
Laundry	512	1,225	1,259	1,408	1,295
Miscellaneous					
Commercial Services	44	51	20	-	-
Large Commercial	120	-	-	-	-
Subtotal	321,650	324,164	329,793	331,599	339,874
TOTAL⁽³⁾	608,310	614,736	624,049	628,558	639,646

(1) Equivalent Residential Units: 1 ERU = 90,000 gallons. Number of ERUs billed on July 1 of the year shown are for collection in that fiscal year. For example, the ERUs billed on July 1, 2015, are collected in fiscal year 2015/16.

(2) Senior Apartment Housing was added to the Multiple Resident line beginning July 1, 2014.

(3) Amounts may not total due to rounding.

Source: The District.

The following table sets forth a five-year history of the number of customer accounts (classified according to commercial and residential accounts) and the associated number of Equivalent Residential Units (“ERUs”) used. In fiscal year 2016, commercial customers comprised approximately 3.8% of District customers, and approximately 52% of the ERUs.

History of Customer Accounts and ERUs

Fiscal Year Ending June 30	Commercial ERUs	Residential ERUs	Total ERUs	Commercial Accounts	Residential Accounts	Total Accounts
2012	321,650	286,661	608,311	9,046	229,692	238,738
2013	324,164	290,575	614,739	9,135	233,280	242,415
2014	329,793	294,256	624,049	9,210	236,372	245,582
(restated)						
2015	331,599	296,959	628,558	9,424	238,662	248,086
2016	324,834	299,772	624,606	9,510	241,459	250,969

Source: The District.

The following table sets forth the ten largest customers in the District based upon Equivalent Residential Units (“ERUs”) billed as of July 1, 2016, for collection in fiscal year 2017.

Ten Largest District Customers

Name	ERUs Billed July 1, 2016	Percent of Total ERUs ⁽¹⁾	Amount Billed as of July 1, 2016
MGP Lessor LLC (Mandalay Bay Resort & Casino)	10,092.910	1.58%	\$ 2,231,441
ARIA Resort & Casino Holdings LLC (City Center)	9,749.665	1.52%	2,155,553
MGM Grand Hotel	8,189.490	1.28%	1,810,614
Caesars Palace Hotel & Casino	7,830.340	1.22%	1,731,210
Venetian Casino Resort LLC	7,515.420	1.17%	1,661,584
Bellagio LLC	6,932.255	1.08%	1,532,652
Nellis Air Force Base	5,580.072	0.87%	1,233,698
Wynn Las Vegas Hotel/Casino	5,469.555	0.86%	1,209,264
Cosmopolitan of Las Vegas	5,187.070	0.81%	1,146,809
The Mirage Casino and Hotel	5,000.605	0.78%	1,105,584
TOTAL	\$ 71,547.382	11.19%	\$ 15,818,411

(1) Based on the ERU total of 639,646 billed on July 1, 2016.

(2) See footnote 2 on page 24 under the table “Clark County Ten Largest Taxpayers.”

Source: The District.

DISTRICT FINANCIAL INFORMATION AND DEBT STRUCTURE

General

The District's operating revenues are derived primarily from annual sewer charges which generally have exceeded 96% of the District's annual operating revenues over the last five years. Other sources of operating revenue include septic waste processing fees, pretreatment permit fees and the sale of reclaimed water. The major sources of nonoperating revenues are the SDAs, interest income and an apportionment from the County sales tax (described below).

In 1998, the Board of County Commissioners approved a 1/4 cent increase in the sales tax to fund improvements to water and sewer lines and facilities; the District receives a portion of this money. The tax will be collected until 2025 or until \$2.3 billion is collected. The District's share of the sales tax increase is expected to be approximately \$593.7 million over the life of the tax. Through the end of fiscal year 2015, the District has collected a total of approximately \$17.07 million in sales tax revenues. Approximately \$16.0 million was budgeted for receipt during fiscal year 2015-16. Through March, 2016, the District had received approximately \$12.9 million in sales tax revenues. Use of the sales tax revenue generally is restricted to construction of new treatment facilities or the improvement or expansion of existing treatment facilities. *Proceeds received from the sales tax do not constitute a part of Net Pledged Revenues.*

Budgeting

Budget Process. The budget is developed annually in support of the District's Financial Plan. Budget preparation begins in October. The District's budget analyst prepares and distributes a budget manual to each business center for use in preparing line item budgets for operations and for capital replacement and equipment purchases. Each team leader within a business center is responsible for developing initial information which will be used to generate the operating expense budget, excluding salaries and benefits. The budget analyst prepares estimates for regular salaries, benefits and any additional pay (overtime, etc.) based on information supplied by the team leaders. The District's Senior Management Team approves the tentative budget which is subsequently submitted to Clark County for inclusion in their budget documents. On or before April 15, the County submits the tentative budget to Taxation. Prior to the finalization of the budget, the public has the opportunity to review the tentative budget and to submit any comments, as required by State law. On or before June 1, the finalized budget is approved. Copies of the final budget are available for public inspection at the District.

The final budget is fully integrated on July 1 with the District's accounting system. Budgetary control of supplies and services is maintained at the line item level through the use of a purchase order system. Budgetary performance is measured by budget variance reports, which are distributed on a monthly basis. Additional controls include daily monitoring of proposed expenses. All budgets lapse at the end of the fiscal year.

Formal adjustments to the budget during the year are accomplished through an augmentation process prescribed by State law. The augmentation process requires the Board to approve increases above the levels originally approved; such approval is accomplished through the adoption of a resolution, by a majority vote of all members of the Board. This process is

revenue driven; therefore, total expenditures cannot be increased without additional previously unbudgeted resources being clearly identified. A budget augmentation becomes effective upon delivery to Taxation an executed copy of the resolution providing therefor.

Reserve Policies. Pursuant to current policy, the District maintains several designated, unrestricted reserves. Those reserves are available for appropriation but the funds have been earmarked for a particular purpose. Certain of the designated unrestricted reserve funds are described below.

Operations and Maintenance Reserve. The District maintains an operations and maintenance reserve fund that is equal to 90 days of the prior year actual operation and maintenance expenditures. Operating reserves are designed to provide funds to safeguard against variability and timing of expenditures and receipts, unanticipated cash operating expenses, or less than expected revenues. As of July 1, 2016, the balance of this account was \$17,602,505.

Budget Stabilization Reserve. State law provides for the creation of a fund to stabilize the operations of local governments, including public utilities. The District maintains a budget stabilization reserve in an amount equal to 5% of current budgeted operation and maintenance expenditures. Monies in this fund may only be used if the total actual revenue of the District falls short of the total anticipated revenue or the expenditures incurred by the District to mitigate the effects of natural disaster. The budget stabilization reserve fund also provides resources that allow for rate stability. As of July 1, 2016, the balance of this account was \$3,520,501.

Capital Contingency Reserve. The District maintains a Capital Contingency Reserve with funds set aside for emergent situations arising from equipment failure or the unexpected failure of a portion of the District's infrastructure. The District's Capital Contingency Reserve is set at the lesser of: (i) total asset original cost/asset average useful life; or (ii) \$50 million. As of July 1, 2016, the balance of this account was \$50,000,000.

Capital Expansion Contingency Reserve. Capital Expansion Contingency Reserve funds are set aside in the event of an unanticipated need for capital expansion to an existing conveyance system or treatment facility or the possible need for an additional system or facility due to unexpected area growth or need. As of July 1, 2016, the balance of this account was \$22,142,695.

Other Post-Employment Benefit Fund. As discussed in "THE DISTRICT--Employees and Benefits - Other Post-Employment Benefits," beginning in fiscal year 2008, the District is required to begin recording a liability for OPEB obligations. As of July 1, 2016, the District has established this fund to comply with GASB 45 requirements and has deposited approximately \$11,320,709 in the fund (equal to the UAAL less the net OPEB obligation).

Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded the District the Distinguished Budget Presentation Award for its budget for the fiscal year 2014 budget. This is the 20th year the District has received this award. The District did not submit its fiscal year 2015 budget for consideration. The District submitted its 2016 budget for consideration, and is currently under review by the GFOA.

Annual Fiscal Reports

General. The District prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the District as of June 30 of each fiscal year, as recommended by Governmental Accounting Standards Board (“GASB”) guidelines. The CAFR generally contains three distinct sections: introductory; financial (approved by the Board); and statistical. The CAFR is the official financial report of the District. The latest completed CAFR is for the year ended June 30, 2015 (see Appendix A). See Note I to the audited financial statements attached hereto as Appendix A for a description of the District’s significant accounting policies. Pursuant to GASB Statement No. 14, the District is considered a component unit of the County and the financial statements of the District also are included in the County’s CAFR.

Certificate of Achievement. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive financial report for the fiscal year ended June 30, 2015. This was the 32nd year the District has received this recognition. A certificate of achievement is valid for a period of one year only. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

Accounting

The District operates as an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing services be financed through user charges. As an enterprise fund, the District is required to use the accrual basis for recording and reporting financial transactions. Therefore, revenues and expenses are recorded in the period in which they are incurred, except long-term debt service which is recorded when due. During the fiscal year, funds will be encumbered upon approval of individual purchase orders. At fiscal year-end, encumbrances lapse on unfilled orders. Items or services received after year-end are charged to the next fiscal year.

History of Revenues, Expenses and Changes in Net Position

General. The following table presents a five-year history of the District’s revenues, expenditures and changes in net position. The table presents audited results for the fiscal years ended June 30, 2012 through 2015, estimated amounts for the fiscal year ending June 30, 2016 and budgeted amounts for the fiscal year ending June 30, 2017. The information in this table for fiscal years 2012 through 2015 was derived from the District’s CAFR for each of those years.

The information in this table should be read together with the District’s audited financial statements for the year ended June 30, 2015, and the accompanying notes, which are included as Appendix B hereto. Financial statements for prior years can be obtained from the sources listed in “INTRODUCTION--Additional Information.”

Summary of Revenues, Expenses and Changes in Net Position

Fiscal Year Ended June 30	Restated 2012	Restated 2013	Restated 2014	2015	Estimated 2016 ⁽¹⁰⁾	Budgeted 2017
Operating Revenues:						
Sewer service charges	\$135,870,662	\$143,275,939	\$139,716,364	\$142,374,180	\$142,366,242	\$143,289,792
Clean Water Coalition sewer service credit	(2,748,402)	--	--	--	--	--
Water reuse sales	2,274,004	2,195,074	2,357,845	1,121,695	2,225,334	2,380,866
Pretreatment fees	400,313	409,063	419,998	443,736	498,874	501,368
Septage fees	263,948	270,258	356,677	317,161	391,709	350,000
Other ⁽¹⁾	290,893	1,470,241	658,759	572,051	511,079	600,000
Total Operating Revenues	<u>136,351,418</u>	<u>147,620,575</u>	<u>143,509,643</u>	<u>144,828,823</u>	<u>145,993,238</u>	<u>147,122,026</u>
Operating Expenses:						
Salaries	20,967,989	21,730,773	22,280,786	22,345,906	22,897,228	25,184,672
Benefits	7,722,124	7,952,525	8,596,198	8,261,396	9,637,880	10,558,161
Other post-employment benefits ⁽²⁾	2,859,575	2,613,469	2,613,469	2,486,393	3,000,000	3,000,000
Utilities	10,239,274	9,749,587	10,440,207	11,265,489	10,971,671	11,726,160
Outside services	4,690,745	5,218,462	6,585,336	7,053,570	7,618,243	8,653,064
Chemicals	5,443,455	5,738,662	6,115,822	5,186,742	4,899,612	5,774,539
Maintenance	4,812,371	5,375,121	5,893,990	5,383,928	4,701,368	5,699,819
Other expenses/Bad debt	2,086,233	2,519,370	6,376,168	6,160,644	2,145,120	3,086,632
Supplies	2,025,589	2,040,399	1,380,948	2,777,022	4,538,897	4,902,384
Impairments and Other Losses	--	--	2,744,934	2,997,433	--	--
Depreciation	<u>71,292,101</u>	<u>74,793,101</u>	<u>75,643,760</u>	<u>79,492,040</u>	<u>87,279,083</u>	<u>101,838,264</u>
Total Operating Expenses	<u>132,139,456</u>	<u>137,731,469</u>	<u>148,671,618</u>	<u>153,410,563</u>	<u>157,689,102</u>	<u>180,423,695</u>
Income From Operations	4,211,962	9,889,106	(5,161,975)	(8,581,740)	(11,695,864)	(33,301,669)
Non-Operating Revenues (Expenses)						
Unrestricted investment earnings ⁽³⁾	8,715,386	4,504,321	5,848,625	6,194,788	4,194,333	3,975,547
Net increase (decrease) in the fair value of unrestricted investment	(3,169,527)	(5,631,409)	2,086,425	2,216,807	1,500,943	1,422,651
Restricted investment earnings ⁽³⁾	163,084	(105,357)	175,717	158,630	107,404	101,802
SDA revenue	10,549,916	18,972,735	31,461,511	24,013,884	18,453,129	14,000,000
Sales tax apportionment ⁽⁴⁾	14,055,242	14,870,001	15,911,706	17,078,167	16,895,000	16,200,000
Interest expense – bonds (net of capitalized interest 2012-2015)	--	(15,799,367)	(10,578,550)	(12,089,946)	(25,051,989)	(27,697,474)
Securities lending expense	(3,707)	(1,036)	--	--	--	--
Other non-operating revenue/expenses, net	<u>(3,519,218)</u>	<u>(13,478)</u>	<u>1,882,969</u>	<u>301,798</u>	<u>25,000</u>	<u>39,500</u>
Total Non-Operating Revenues (Expenses)	<u>26,791,176</u>	<u>16,796,410</u>	<u>46,788,403</u>	<u>37,874,128</u>	<u>16,123,820</u>	<u>8,042,026</u>
Income Before Capital Contributions	31,003,138	26,685,516	41,626,428	29,292,388	4,427,956	(25,259,643)
Capital Contributions ⁽⁵⁾	<u>10,074,435</u>	<u>11,961,060</u>	<u>28,130,054</u>	<u>36,528,528</u>	<u>36,674,080</u>	<u>30,000,000</u>
Change in Net Position	41,077,573	38,646,576	69,756,482	65,820,916	41,102,036	4,740,357
Net Position, Beginning of the Year As Previously Reported	1,527,702,243	1,565,200,009	1,573,208,727	1,645,710,143	1,648,051,664	1,689,153,700
Prior Period Adjustment	<u>(3,579,807)⁽⁷⁾</u>	<u>(30,637,858)⁽⁸⁾</u>	<u>(60,734,461)⁽⁸⁾</u>	<u>(63,479,395)⁽⁹⁾</u>	--	--
Total Net Position – July 1	<u>1,524,122,436</u>	<u>1,534,562,151</u>	<u>1,512,474,266</u>	<u>1,582,230,748</u>	<u>1,648,051,664</u>	<u>1,689,153,700</u>
Total Net Position – June 30	\$1,565,200,009	\$1,573,208,727	\$1,582,230,748	\$1,648,051,664	\$1,689,153,700	\$1,693,894,057

** Footnotes on following page.

- (1) “Other” revenue consists of labor reimbursement, lien fees, and water quality billing. In fiscal year 2013, includes remaining funds received from the Clean Water Coalition.
- (2) See Note L of the District’s 2015 financial statement attached hereto as Exhibit A.
- (3) In the District’s budget, these items are combined in the “Interest Earnings” category.
- (4) Represents revenues from a County ¼ cent sales tax increase to fund improvements to water and sewer lines and facilities. See “DISTRICT FINANCIAL INFORMATION AND DEBT STRUCTURE--General.” *The sales taxes collected do not constitute Net Pledged Revenues.*
- (5) Represents non-cash capital contributions.
- (6) Figures for System Development Approval Fees and Bad Debt Expense (Operating Expense) have been revised from the original audited financial statements. The revisions were made due to recommendations made by the Government Finance Officers Association (GFOA) regarding consistency in financial tables which compare financial results in multiple years.
- (7) Prior Period Adjustment - In accordance with an Inter-local Cooperative Agreement in 2000 between the Southern Nevada Water Authority (“SNWA”) and the wastewater agencies (City of Henderson, City of Las Vegas, and the District), SNWA began distributing 38% of the ¼ cent sales tax to the wastewater agencies. SNWA’s original calculation omitted ERUs within the service area of the City of North Las Vegas which were treated by the City of Las Vegas. A reconciliation of the amounts distributed determined that the District received an overpayment of \$3,579,807.
- (8) Prior Period Adjustments and Restatements – Note P to the District’s audited financial statements for the years ended June 30, 2014, and 2013 states the following regarding prior period adjustments:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Debt issuance costs do not meet the definition of an asset or a deferred outflow of resources because the costs incurred do not result in service capacity that the government presently controls and are not applicable to a future period. GASB Statement No. 65 requires governmental agencies to expense bond costs in the year of occurrence. An adjustment to expense the District’s bond issuance costs resulted in a net decrease of \$4,091,856 and \$4,159,254 to the beginning net position for fiscal year ended June 30, 2013, and June 30, 2014, respectively.

GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November, 1989 FASB and AICPA Pronouncements*, paragraph 14 states that the total amount of interest cost capitalized in an accounting period should not exceed the total amount of interest cost incurred by the government in that period. During fiscal years ended June 30, 2011 through June 30, 2013, the District over capitalized interest on construction work in progress. A review of the capital asset records in fiscal 2014 found adjustments in prior periods which resulted in overstatements of property and equipment, depreciation expense, and an understatement of interest expense. In total, the beginning net position for fiscal year ended June 30, 2013, and June 30, 2014, decreased by \$26,546,002 and \$40,648,868, respectively.
- (9) Prior Period Adjustments and Restatements – Note P to the District’s audited financial statements for the years ended June 30, 2015, states the following regarding prior period adjustments: The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (an amendment of GASB Statement No. 27), in the fiscal year ended June 30, 2015. The implementation of the statement required the District to record beginning net pension liability and the effects on net position of contributions made by the District during the measurement period (fiscal year ended June 30, 2014). As a result, net position decreased by approximately \$47 million. 12 GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, paragraph 5 states that asset impairment is a significant, unexpected decline in the service utility of a capital asset. During the fiscal years ended June 30, 2012, through June 30, 2014, the District has capital assets that met this definition. A review of the capital assets records in fiscal year ended June 2015 determined that these assets were not categorized as impaired which resulted in an overstatement of construction in progress and an understatement in net investment in capital assets.
- (10) 2016 fiscal year end estimates included in the District’s adopted fiscal year 2017 budget. See “INTRODUCTION – Forward-Looking Statements.”

Source: Derived from the District’s CAFRs for the years 2012 through 2016; and from the District for the unaudited, estimated fiscal year 2016 results.

Outstanding Indebtedness and Other Obligations

Statutory Debt Limitation. State statutes limit the aggregate principal amount of the District's general obligation debt to 50% of the District's total reported assessed valuation. Based on the District's assessed valuation for 2016-17 of \$38,947,909,407, the District is limited to general obligation indebtedness in the aggregate amount of \$19,473,954,703.50. As of July 1, 2016, the District has \$465,283,732 of general obligation debt outstanding (assuming the issuance of the Bonds and the completion of the Refunding Project), comprised of the 2016 Bonds, the Prior Bonds, the 2009C Bond (described below), the 2011A Bond (described below), and the 2012A Bond (described below).

Outstanding Indebtedness and Other Obligations. The following table sets forth the District's outstanding obligations as of July 1, 2016, and assumes the issuance of the Bonds and the completion of the Refunding Project.

Outstanding General Obligation Debt

	Issue Date	Final Payment Date	Original Amount	Amount Outstanding
<u>General Obligation (Revenue Supported) Bonds⁽¹⁾</u>				
Parity Obligations				
Water Reclamation Bonds, Series 2007	11/13/2007	07/01/2037	\$ 55,000,000	\$ 1,440,000
Water Reclamation Bonds, Series 2008	11/20/2008	07/01/2038	115,825,000	5,870,000
Water Reclamation Bonds, Series 2009A	04/01/2009	07/01/2038	135,000,000	8,760,000
Water Reclamation Bonds, Series 2009B	04/01/2009	01/01/2038	125,000,000	8,825,000
Water Reclamation Refunding Bonds, Series 2015	06/24/2015	07/01/2038	103,625,000	103,625,000
Water Reclamation Refunding Bonds, Series 2016 (This Issue)	8/03/2016	07/01/2038	269,465,000	<u>269,465,000</u>
Total Parity Lien Obligations				\$397,985,000
Subordinate Obligations⁽²⁾				
Water Reclamation Bond, Series 2009C (SRF Loan)	10/16/2009	07/01/2029	5,744,780	4,036,872
Water Reclamation Bond, Series 2011A (SRF Loan)	03/25/2011	01/01/2031	40,000,000	34,614,740
Water Reclamation Bond, Series 2012A (SRF Loan)	07/13/2012	01/01/2032	30,000,000	<u>28,647,120</u>
Total Subordinate Lien Obligations				\$ 67,298,732
Total General Obligation (Revenue Supported) Bonds				\$465,283,732

⁽¹⁾ General obligation bonds additionally secured by pledged revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements on the respective bonds. The ad valorem tax rate available to pay these bonds is limited to the statutory and constitutional limits.

⁽²⁾ Secured by a lien on the Net Pledged Revenues that is subordinate to the lien thereon of the 2016 Bonds and the Prior Bonds.

Source: The District.

Additional Indebtedness

The District may issue general obligation bonds by means of authority granted to it by its electorate or the State Legislature or, under certain circumstances, without an election as provided in existing statutes. General obligation bonds secured by pledged revenues do not require an election if it is determined prior to issuance that the revenues pledged will be sufficient to pay all of the debt service on the proposed bonds. However, the District must satisfy the conditions described in “SECURITY FOR THE BONDS--Additional Bonds” prior to the issuance of any Additional Parity Securities. See “SOURCES AND USES OF FUNDS--The Refunding Project.” The District may issue Additional Parity Securities at any time in the future in compliance with State law and the 2016 Bond Resolution. At this time, management is evaluating the need to issue additional debt or raise service and development rates to finance projects within its current five-year capital plan.

The District also may issue bonds secured solely by Net Pledged Revenues upon satisfaction of the conditions described in “SECURITY FOR THE BONDS--Additional Bonds.” The District currently does not anticipate issuing any such Superior Securities but reserves the right to do so at any time.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Bonds (the “Tax Code”), and interest on the 2016 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the 2016 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2016 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2016 Bonds; (b) limitations on the extent to which proceeds of the 2016 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2016 Bonds above the yield on the 2016 Bonds to be paid to the United States Treasury. The District has covenanted and represented in the 2016 Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the 2016 Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements

could cause the interest on the 2016 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2016 Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2016 Bonds. Owners of the 2016 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2016 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. All of the 2016 Bonds were sold at a premium, representing a difference between the original offering price of those 2016 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such 2016 Bonds (if any) may realize a taxable gain upon their disposition, even though such 2016 Bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2016 Bonds. Owners of the 2016 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2016 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2016 Bonds, the exclusion of interest on the 2016 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2016 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2016 Bonds. Owners of the 2016 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2016 Bonds. If an audit is commenced, the market value of the 2016 Bonds may be adversely affected. Under current audit procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedures. The District has covenanted in the 2016 Bond Resolution not to take any action that would cause the interest on the 2016 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the District, the Financial Advisors, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2016 Bond holder with respect to any audit or litigation costs relating to the 2016 Bonds.

State Tax Exemption

The 2016 Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

LEGAL MATTERS

Litigation

Based on its review and search of the court dockets for the Eighth Judicial District Court for the State of Nevada, Clark County, and the United States District Court of Nevada in Clark County, and based on due investigation, the office of the District Attorney, acting as general counsel to the District, states that, as of the date of this Official Statement, there is no litigation or controversy of any nature now pending or threatened, (i) restraining or enjoining the issuance, sale, execution or delivery of the 2016 Bonds or (ii) in any way contesting or affecting the validity of the 2016 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the 2016 Bonds. The District is, however, subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of operation of the District. See “THE SYSTEM--Other Regulatory Matters.” Based on its review and search of the court dockets referenced above, and based on due investigation, it is the opinion of the office of the District Attorney that the pending or threatened litigation will not result in final judgments against the District which would, individually or in the aggregate, materially adversely affect the District’s financial position, its ability to pay debt service on the 2016 Bonds or its ability to perform its obligations to the owners of the 2016 Bonds.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2016 Bonds. A form of the bond counsel opinion is attached to this Official Statement as Appendix E. The opinion will include a statement that the obligations may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting

creditors' rights generally, and by equitable principles, whether considered at law or in equity. Sherman & Howard L.L.C. has also acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by the District Attorney.

Police Power

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

Sovereign Immunity

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

FINANCIAL ADVISORS

Hobbs, Ong & Associates, Inc. and Public Financial Management, Inc. are serving as Financial Advisors to the District in connection with the 2016 Bonds. See "INTRODUCTION--Additional Information" for contact information for the Financial Advisors. The Financial Advisors have not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisors respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The audited basic financial statements of the Clark County Water Reclamation District as of and for the year ended June 30, 2015, included herein as Appendix A, have been audited by Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada, as stated in their report appearing herein.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned the 2016 Bonds the Ratings shown on the cover page of this Official Statement. Any ratings reflect only the views of such organizations. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007.

There is no assurance that such ratings will continue for any given period of time or that they will not be revised upward or downward or withdrawn entirely if, in the judgment of

the rating agencies, circumstances so warrant. Other than the District's obligations under the Disclosure Certificate, neither the District nor the Financial Advisors has undertaken any responsibility either to bring to the attention of the owners of the 2016 Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2016 Bonds.

UNDERWRITING

The District sold the Bonds at public sale to Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Initial Purchaser") at a purchase price equal to \$301,978,523.38 (equal to the par amount of the Bonds, plus original issue premium of \$33,705,076.05, and less underwriting discount of \$1,191,552.67).

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the District hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2016 Bonds have been duly authorized by the Board.

CLARK COUNTY WATER RECLAMATION
DISTRICT

By: /s/ Thomas A. Minwegen
General Manager

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Clark County Water Reclamation District

A Component Unit of Clark County, Nevada

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2015



Clark County Water Reclamation District

A Component Unit of Clark County, Nevada

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CLARK COUNTY WATER RECLAMATION DISTRICT
5857 East Flamingo Road
Las Vegas, Nevada 89122
(702) 434-6600
www.cleanwaterteam.com

FOR THE FISCAL YEAR ENDED

JUNE 30, 2015

Prepared by the Finance Service Section
Under the Supervision of Mark Binney
Assistant General Manager, Finance and Technology Solutions

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

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A stylized graphic of a wave, composed of two overlapping curved shapes. The outer shape is light blue, and the inner shape is a lighter cyan color. The wave is oriented horizontally, with the crest on the right side.

Introductory Section

The
"Clean
Water Team"



Clark County Water Reclamation District
Flamingo Water Resource Center

CLARK COUNTY WATER RECLAMATION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

Clark County Water Reclamation District Officials

A Board of Trustees, consisting of seven members, governs the Clark County Water Reclamation District (the District). Each member also sits on the seven-member Clark County Commission. Current Trustees of the District Board are as follows:



**Lawrence Brown III
Chairman**



**Steve Sisolak
Vice-Chairman**



**Susan Brager
Trustee**



**Marilyn Kirkpatrick
Trustee**



**Chris Giunchigliani
Trustee**



**Mary Beth Scow
Trustee**



**Lawrence Weekly
Trustee**

Other Elected Officials

Laura Fitzpatrick

Treasurer

Diana Alba

District Secretary

District Administrative Officials

Thomas A. Minwegen

General Manager

Daniel Fischer

Deputy General Manager, Plant Operations and Laboratory

Mark Binney

Assistant General Manager, Finance and Technology Solutions

Richard Donahue

Assistant General Manager, Collection System and Maintenance

Sam Scire

Assistant General Manager, Engineering and Construction

Marty Flynn

Assistant to the General Manager, Customer Care

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Clark County Water Reclamation District

November 17, 2015

Ex Officio Board of Trustees
Board of County Commissioners
Clark County Water Reclamation District
500 South Grand Central Parkway
Las Vegas, Nevada 89155-1601

Honorable Trustees and Rate Payers of the Clark County Water Reclamation District:

We wish to express our appreciation to the Board for their leadership and support in planning and coordinating the operations of the Clark County Water Reclamation District (the District). We are pleased to present the District's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended June 30, 2015.

This report was prepared by the District's Finance Service Group following guidelines set forth by the Governmental Accounting Standards Board (GASB) with financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States.

Management assumes full responsibility for both the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Piercy Bowler Taylor and Kern, Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provide a narrative introduction, overview, and analysis of the basic financial statements. The MD&A and the financial statements complement this letter of transmittal and should be read in conjunction with it.

District Information

The purpose of the District is to ensure the collection, treatment, and reclamation of wastewater so it can be safely returned to the environment. The District was established as a General Improvement District under Nevada Revised Statute (NRS 318) in 1954 and, as such, is a political subdivision of the State. The District has been granted the authority to levy taxes, sell bonds, create assessment districts, and the right of eminent domain. The District's bond covenants provide that rates and charges be sufficient to cover operation and maintenance costs and general expenses, including principal and interest payments on outstanding bonds.

The District is governed by a seven-member ex-officio Board of Trustees (the Board), which is comprised of members of the Clark County Commission. The Commissioners are elected from geographical districts on a partisan basis for staggered four-year terms. The Board elects a chairperson and a vice-chairperson who serve as the Board's presiding officers. The Board of Trustees has the power to set the District's rates and charges. Currently, the District's Chairperson is Commissioner Lawrence Brown III, and the Vice-Chairperson is Commissioner Steve Sisolak.

As a General Improvement District, the District was established in a manner similar to private business enterprises; where the cost of providing goods and services on a continuing basis is financed primarily through user charges. To that end, rates and charges should be sufficient to recover all revenue requirements (both operating and capital) of the District. The District follows the customer User Charge System guidelines which are required as an Environmental Protection Agency grant-assisted wastewater facility in accordance with the Code of Federal Regulations Section 40 Part 35.

The District employs the accrual basis for recording and reporting financial transactions. Therefore, revenues and expenses are recorded in the period in which they are incurred; except long-term debt service, which is recorded when due. During the fiscal year, funds will be encumbered upon approval of individual purchase orders. At fiscal year-end, encumbrances lapse on unfilled orders for operations and maintenance items. Items or services received after year end are charged to the next fiscal year. The acquisition, repairs and improvement of the wastewater facilities required to provide services may be financed from existing cash resources, the issuance of bonds, state revolving loans, the receipt of grants and other financing mechanisms.

The District's facilities in all service areas consist of a network of over 2,091 miles of pipelines for the conveyance of wastewater to facilities for treatment in the unincorporated areas of Clark County including the resort destinations on the Las Vegas Strip. The District also operates facilities in service areas outside of the Las Vegas Valley, including Laughlin, Searchlight, Moapa Valley, Blue Diamond, and Indian Springs as shown on the Page VIII Service Area Map. Wastewater is conveyed to the treatment facilities, where it undergoes a series of physical, biological and chemical processes that meet or exceed federal, state and local discharge standards.

All major sewer lines within the system were constructed after 1954. Approximately 55% of the District's sewer lines have been installed since 1987. The District's wastewater treatment systems service 248,086 active accounts: 238,662 are residential accounts and 9,424 are commercial accounts. A total of 244,006 accounts are in the Las Vegas Valley, 2,824 are in Laughlin, and 1,256 are accounts in all other service areas.

Local Economy

According to the University of Nevada Las Vegas' Center for Business and Economic Research (CBER):

- Clark County visitor volume increased 4.2% over 2014
- McCarran International Airport passengers increased 5.7% over 2014
- Seasonally adjusted employment increased 2.6% over 2014 while unemployment decreased to 6.9% from 2014

Long-Term Financial Planning and Major Initiatives

The District maintains both a Five-Year and a Long-Term Comprehensive Financial Plan. Included in both plans are the current and projected capital improvement program (CIP) costs, revenue projections, expenditure projections, and rate modeling. The District's CIP is a plan that includes rehabilitation and replacement of existing infrastructure, new infrastructure, and expansion of existing infrastructure due to service area growth or capacity requirements.

These comprehensive plans link the District's physical development planning with the fiscal planning. The Five-Year and Long-Term Financial Plans allow for adjustments to be made based on changes in activity, requirements, and needs, while providing the District with the ability to maintain strong and stable designated unrestricted cash reserves.

The District's annual sewer service charges pay for services, supplies, personnel, annual replacement and rehabilitation debt service, and capital rehabilitation and replacement. The District uses a universal rate system, where all service areas are charged the same annual amount for sewer service fees per Equivalent

Residential Unit (ERU). A single family residence has a billing value of 1.0 ERU; all other residential and commercial accounts are derived from that base value. The District's annual sewer service rate on July 1, 2015 was \$221.09 per ERU.

System Development Approval (SDA) fees are connection fees the District charges for each ERU that connects to the wastewater facilities. SDA fees are due and payable in advance of connection to the District's facilities. It is the practice of the District to use SDA revenues to fund the District's capital expansion program, capital equipment related to expansion of existing infrastructure due to service area growth or capacity requirements and expansion related debt. Page VII provides an overview of the District's Sources and uses of Funds.

As of June 30, 2015, the Five-Year Capital Improvement Plan (FY15/16 through FY 19/20) totaled \$665 million. This amount reflects the various capital projects that are expected to be designed and/or constructed over the next five years to rehabilitate existing infrastructure and to meet District expansion needs. The District plans to spend \$309 million for replacement or rehabilitation of existing facilities and \$235 million on capacity expansion projects in the Las Vegas Valley. For the service areas outside the Las Vegas Valley, the District plans to spend \$48 million for capacity expansion and rehabilitation projects. Management of the total capital improvement program is budgeted at \$32 million. Capital Equipment is budgeted at \$41 Million for various new and replacement equipment.

Relevant Financial Policies

Debt Administration

In accordance with NRS 350.013 Subsection (1)(c), the District annually submits its Debt Management Policy to the State Department of Taxation and the Debt Management Commission. The purpose of the policy is to manage the issuance of the District's debt obligations and to maintain the District's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities, and equipment.

It is the general intent of the District that rates and charges are adequate to provide for all costs and that reliance on ad valorem taxes is avoided. Historically, there has been no reliance on ad valorem taxes to support the District's operations or debt service. There is no plan or intention to call upon ad valorem taxes to support the District's debt or other financial requirements. The District's Debt Management Policy can be viewed on the District's web site at <http://www.cleanwaterteam.com>.

Credit ratings indicate to potential investors whether an entity is considered a good credit risk. Credit ratings issued by the bond rating agencies are a major factor in determining the cost of borrowed funds in the municipal bond market and other debt financing mechanisms. The District currently holds an AAA bond rating with a stable outlook from Standard and Poor's and an Aa1 rating from Moody's Investor Services. These ratings reflect the District's strong financial position, stable revenues, and effective financial planning.

Each time the District issues bonds through a competitive sale, a Continuing Disclosure Certificate must be executed. The Continuing Disclosure Certificate outlines the District's responsibilities with regard to complying with Securities and Exchange Commission (SEC) Rule 15c2-12(b)(5). As of July 1, 2009, the Municipal Securities Rulemaking Board (MSRB) requires all municipal issuers to electronically file Annual Reports and Material Event Notices through the Electronic Municipal Market Access (EMMA) System which are available at <http://emma.msrb.org>. The District continues to be in compliance with this requirement.

Designated Unrestricted Reserves

Pursuant to current policy, the District maintains several designated unrestricted reserves. Designated Unrestricted Reserves are available for appropriation, but the funds have been earmarked for a particular purpose. Designated unrestricted funds can be designated to reflect the District's management priorities, such as completion of capital improvement projects or providing for unknown contingent liabilities.

Restricted Reserves

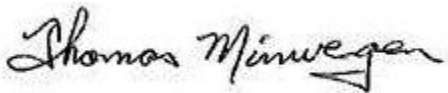
It is the District's policy to maintain restricted fund balance reserves. These reserves are used to segregate financial resources of a fund reserve that are not available to liquidate liabilities of the current period. The District's current restricted reserves include bond reserves being held by the Clark County Treasurer's office, and workers' compensation insurance fund.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Clark County Water Reclamation District for its CAFR for the year ended June 30, 2014. The District has received this prestigious award for the last thirty consecutive years. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report conforms to the Certificate of Achievement program requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort and dedicated service of the accounting and finance service sections. Our appreciation is also extended to all District staff for their assistance and contribution to the preparation of this report.

Respectfully submitted,



Thomas Minwegen
General Manager

BOARD OF TRUSTEES

Lawrence L. Brown III, *Chair*. Steve Sisolak, *Vice Chair*.
Susan Brager. Marilyn Kirkpatrick. Chris Giunchigliani. Mary Beth Scow. Lawrence Weekly
Tom Minwegen, *General Manager*

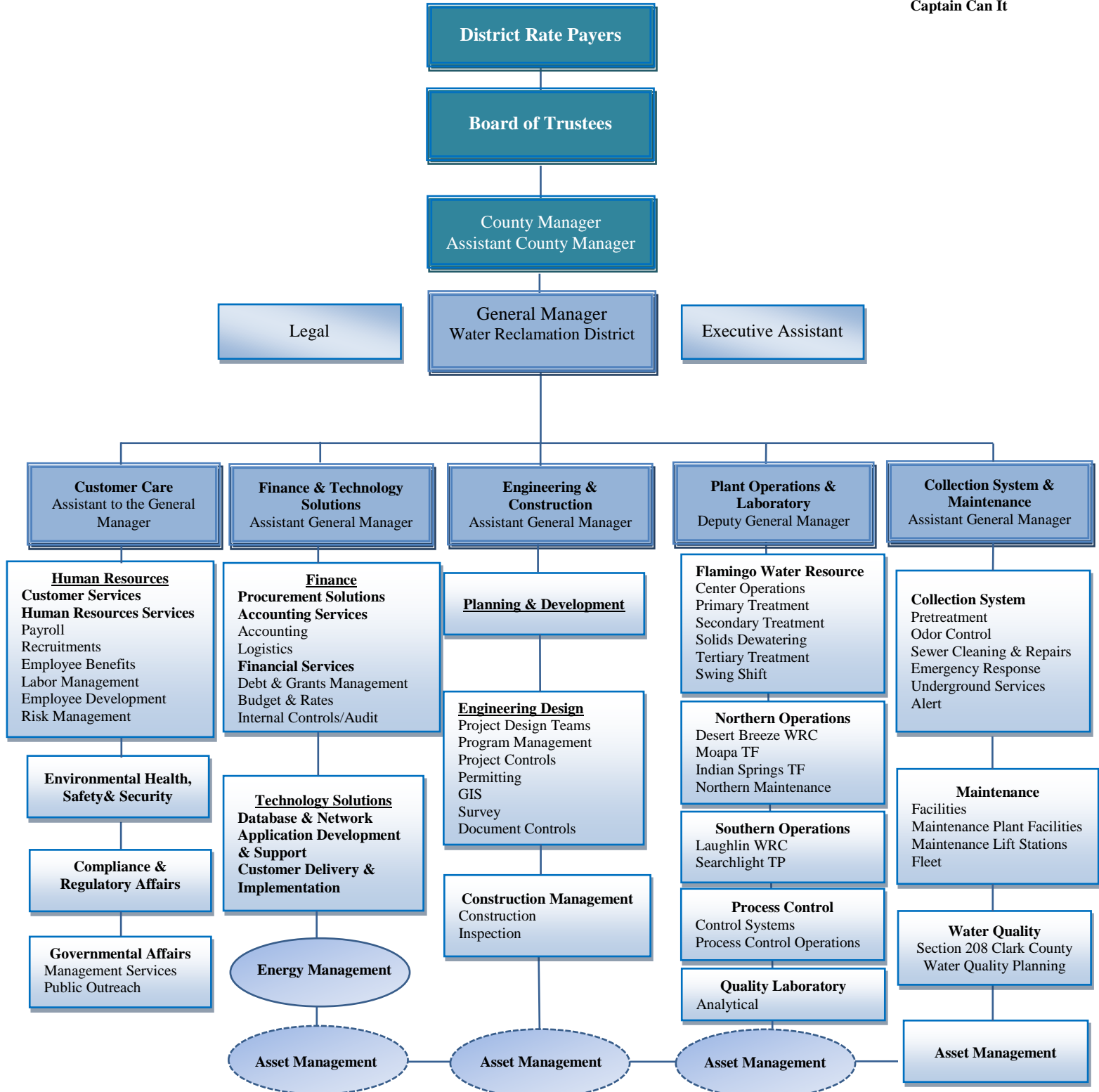
5857 East Flamingo Road. Las Vegas, Nevada 89122. (702) 434-6600. (800) 782-4324
cleanwaterteam.com



Clark County Water Reclamation District Organizational Structure



Captain Can It



Clark County Water Reclamation District

Sources and Uses of Funds

Sources



Sewer Service User Charges
& Account Fees
Operating Revenue

Pretreatment
Operating Revenue

Septage Disposal
Operating Revenue

Water Reuse Sales
Operating Revenue

SDAs (System Development
Approvals)
Non-Operating Revenue

Share of 1/4 Cent Sales Tax
Non-Operating Revenue

Uses



Operating & Maintenance
Expenses



Capital Equipment



Capital Repair &
Replacement and Related
Debt Service

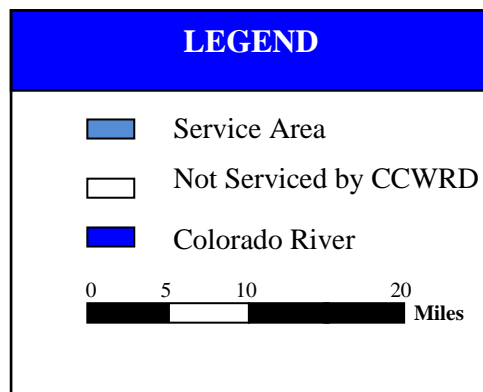
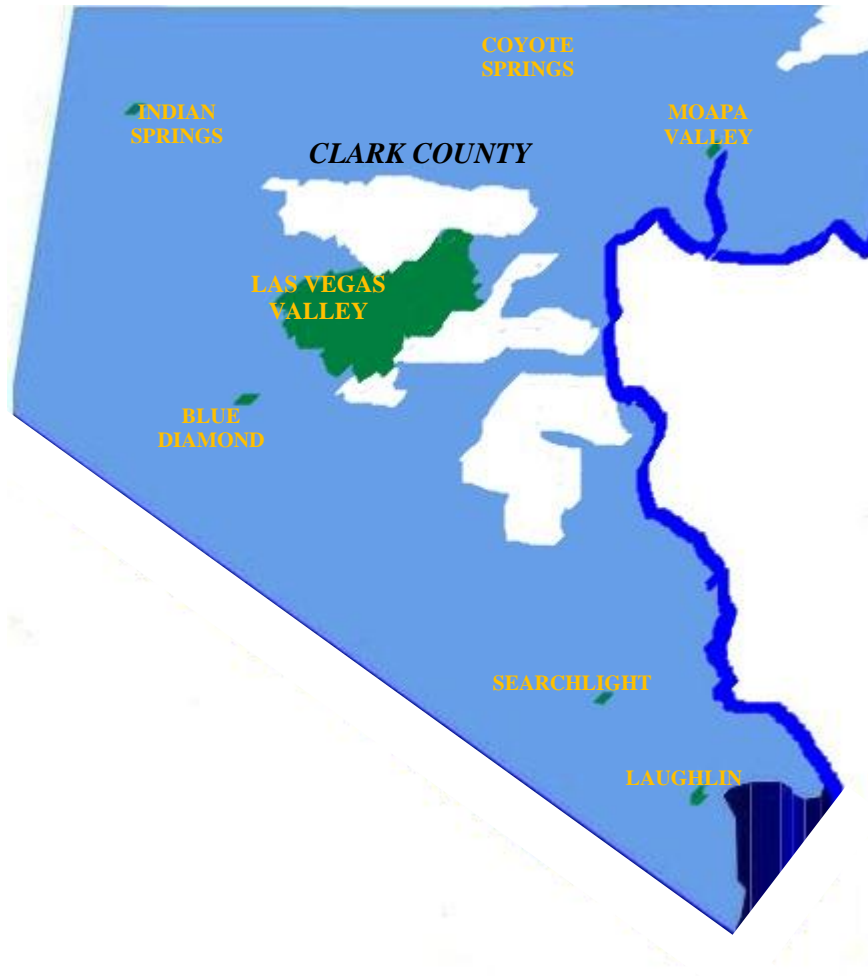


Capital Expansion and
Related Debt Service

Facilities &
Discharge Only

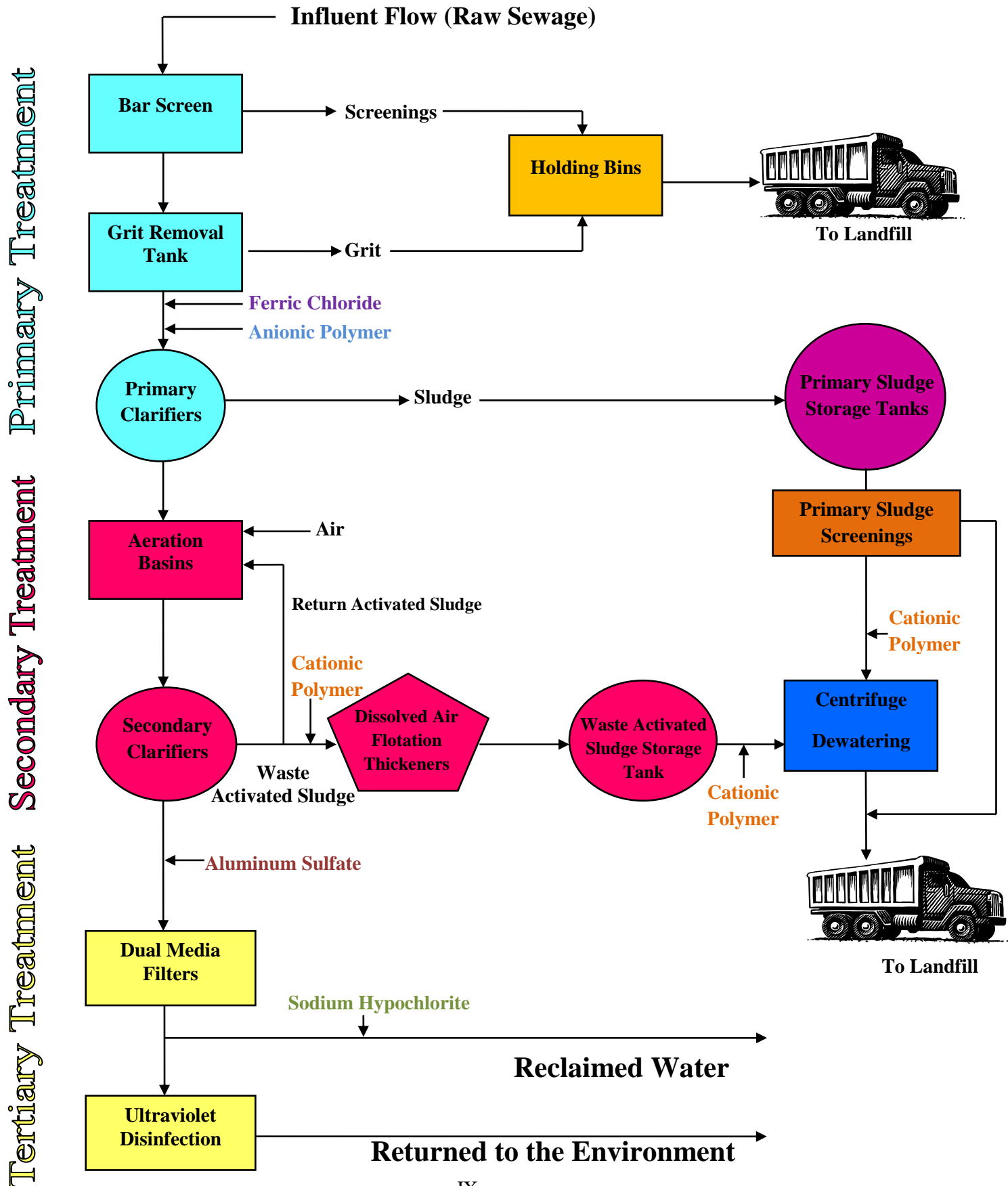
Clark County Water Reclamation District

Service Area Map



Clark County Water Reclamation District

Flamingo Water Resource Center Treatment Process





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Clark County
Water Reclamation District
Nevada**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

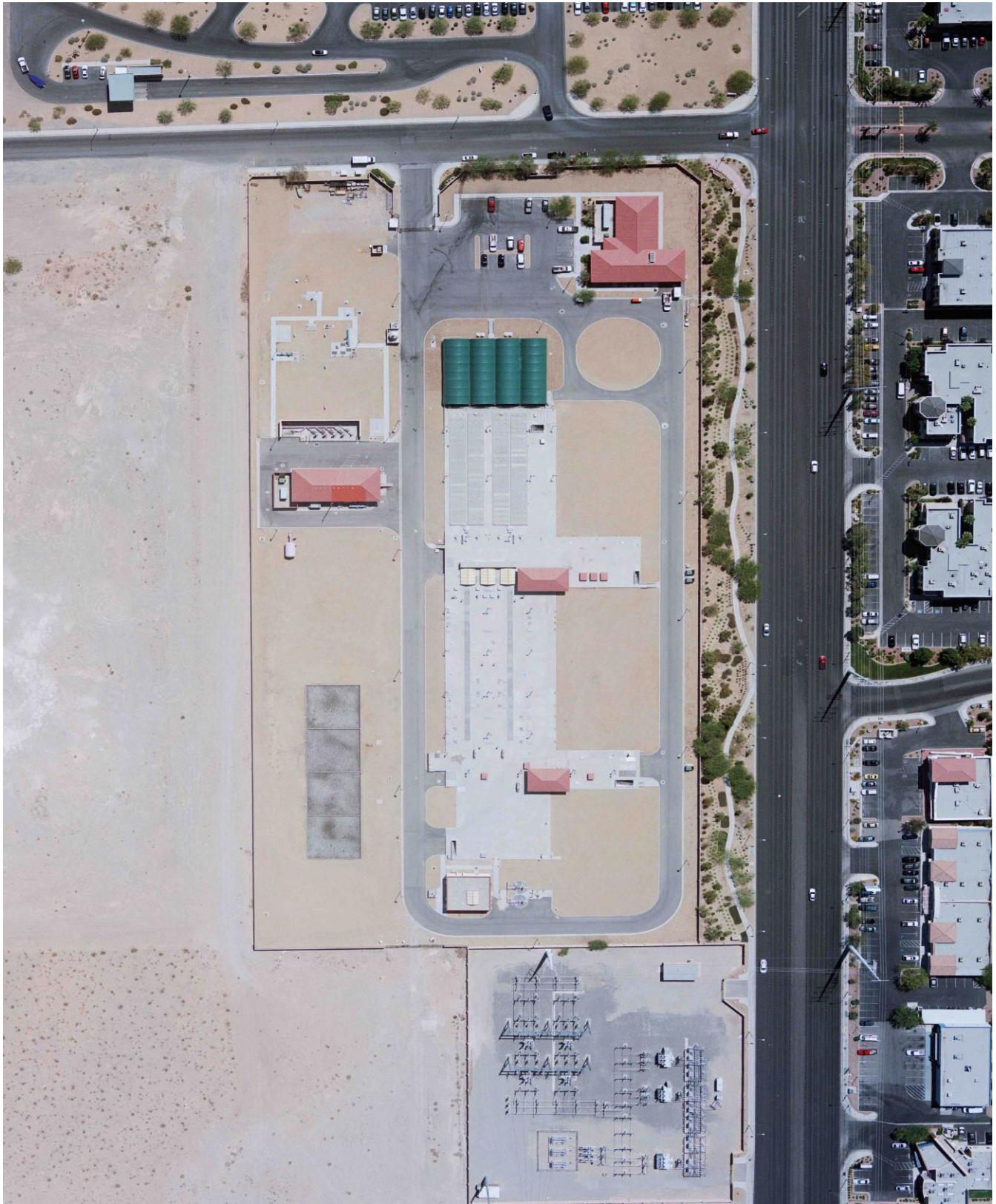
Executive Director/CEO

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A stylized graphic of three overlapping waves. The top wave is light blue, the middle wave is a slightly darker blue, and the bottom wave is a very light blue. They are arranged in a way that suggests movement and flow.

Financial Section ***(Audited)***

The
"Clean
Water Team"



Clark County Water Reclamation District
Desert Breeze Water Resource Center

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Honorable Clark County Water Reclamation District Board of Trustees
Clark County Water Reclamation District
Las Vegas, Nevada

We have audited the accompanying financial statements of the Clark County Water Reclamation District (the District) as of and for the years ended June 30, 2015 and 2014 (as restated), 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, 2015 and 2014 (as restated), 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, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information and proportionate share of statutorily required pension contribution information on pages 3-8 and 34-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by

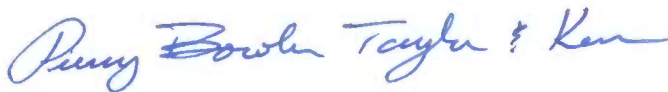
the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in 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 October 19, 2015, 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.



Las Vegas, Nevada
October 19, 2015

CLARK COUNTY WATER RECLAMATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015, 2014, AND 2013

As management of the Clark County Water Reclamation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements which follow this section.

Financial Highlights 2015, 2014, and 2013

- Total Net Position increased by \$66 million (4%) for a total of \$1.6 billion at June 30, 2015. During fiscal year(s) ended 2014 and 2013, total net position increased by \$23 (2%) and \$25 (2%) million respectively for a total of \$1.6 billion and \$1.6 billion.
- Change in Net Position decreased by \$4 million (-6%) for a total of \$66 million for fiscal year 2015. During fiscal year(s) ended 2014 and 2013 change in net position increased by \$32 million (86%) and \$14 million (60%) respectively for a total of \$38 million and \$24 million.
- Capital Assets, Net of Accumulated Depreciation increased by \$111 million (7%) for a total of \$1.7 billion at June 30, 2015. During fiscal year(s) ended 2014 and 2013 capital assets, net of accumulated depreciation, increased \$31 million (2%) and \$30 million (2%) respectively for a total of \$1.5 billion and \$1.5 billion.

Overview of the Financial Statements

The District uses accrual basis accounting, and accounts for all assets used in the production of services offered. The financial statements of the District are self-contained and may be used by its Board of Trustees, rate payers, creditors, investors, legislators or the general public to evaluate the performance of the District in a manner similar to that used to evaluate private sector businesses.

The District is required to present three basic financial statements. The Statement of Net Position, which outlines all of the District's financial and capital resources, and serves as the District's statement of financial position. The Statement of Net Position uses the format of: assets, plus deferred outflows of resources, minus liabilities, plus deferred inflows of resources, equal net position. The Statement of Revenue, Expenses, and Changes in Net Position presents basic information regarding the District's financial activities and provides insight to the user regarding the sources of funding for the District's operations. The Statement of Cash Flows reports cash receipts and disbursements during the reporting year for operating activities, capital and related financing activities, and investing activities. All statements are prepared in accordance with accounting principles generally accepted in the United States.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 12-33 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide Post-Employment Benefits Other Than Pensions (OPEB) to its employees and its proportionate share of net pension liability and schedule of contributions related to pension. Required supplementary information can be found on page 34 of this report.

Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1.6, \$1.6, and \$1.6 billion in 2015, 2014 and 2013 respectively. See Net Position (Table 1), for a summary of the District's net position over the last three years.

Table 1 - Net Position	Year Ended June 30, 2015	Restated Year Ended June 30, 2014	Increase (Decrease)		Restated Year Ended June 30, 2013	Increase (Decrease)	
Current and other assets	\$ 586,301,235	\$ 612,828,354	\$ (26,527,119)	-4.3%	\$ 585,653,418	\$ 27,174,936	4.6%
Capital assets	1,655,931,378	1,545,153,232	110,778,146	7.2%	1,514,490,899	30,662,333	2.0%
Total Assets	2,242,232,613	2,157,981,586	84,251,027	3.9%	2,100,144,317	57,837,269	2.8%
Deferred Outflows of Resources	6,622,811	6,039,644	583,167	9.7%	-	6,039,644	100.0%
Current and other liabilities	68,653,290	44,530,998	24,122,292	54.2%	48,097,267	(3,566,269)	-7.4%
Long-term liabilities	521,373,491	537,259,484	(15,885,993)	-3.0%	492,886,823	44,372,661	9.0%
Total Liabilities	590,026,781	581,790,482	8,236,299	1.4%	540,984,090	40,806,392	7.5%
Deferred Inflows of Resources	10,776,979	-	10,776,979	100.0%	-	-	0.0%
Net Position:							
Net investment in capital assets	1,152,486,134	1,057,541,097	94,945,037	9.0%	1,012,588,221	44,952,876	4.4%
Restricted	12,882,961	11,981,142	901,819	7.5%	10,592,125	1,389,017	13.1%
Unrestricted	482,682,569	512,708,509	(30,025,940)	-5.9%	535,979,881	(23,271,372)	-4.3%
Total Net Position	\$ 1,648,051,664	\$ 1,582,230,748	\$ 65,820,916	4.2%	\$ 1,559,160,227	\$ 23,070,521	1.5%

As outlined in the above table, total net position is comprised of three distinct components: net investment in capital assets, restricted and unrestricted. By far, the largest portion of the District's net position \$1.2 billion, reflects its investment in capital assets. This portion represents the capital assets net of any outstanding debt that is directly attributable to the acquisition, construction or improvement of those assets. The District uses those capital assets to provide services to rate payers; consequently, those assets are not available for future spending.

An additional portion of the District's net position, approximately \$13 million, represents resources that are subject to constraints due to legislative restrictions or other external restrictions. The remaining balance of \$483 million is unrestricted and may be used when restricted assets are depleted to meet ongoing obligations to rate payers and creditors which are not funded by restricted resources or for use in the event of a facility emergency.

The District implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions* for fiscal year ended June 30, 2015. With the new reporting change, the District has allocated its proportionate share of the Public Employees Retirement System's (PERS) net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$47 million.

At the end of the current fiscal year, the District was able to report positive balances in all three categories of net position. The same situation held true for the two previous fiscal years.

Fiscal Year Ended 2015 Summary:

- Total assets increased \$84 million (4%) over fiscal year ended 2014 as a result of an increase in capital assets.
- Total liabilities increased \$8 million (1%) over fiscal year ended 2014 primarily due to increases in construction contracts payable, pension liability and accounts payable.

Fiscal Year Ended 2014 Summary:

- Total assets increased \$58 million (3%) over fiscal year ended 2013 as a result of increases in current assets and total capital assets.
- Total liabilities increased \$41 million (8%) over fiscal year ended 2013 primarily due to a increases in construction contracts payable, bonds payable and net pension liability.

Changes in the District's net position can be determined by a review of the following condensed Statements of Revenue, Expenses and Change in Net Position (Table 2).

	Year Ended June 30, 2015	Restated Year Ended June 30, 2014	Increase (Decrease)		Restated Year Ended June 30, 2013	Increase (Decrease)	
Operating Revenues:							
Sewer service charges	\$ 142,374,180	\$ 139,716,364	\$ 2,657,816	1.9%	\$ 143,275,939	\$ (3,559,575)	-2.5%
Other	2,454,643	3,793,279	(1,338,636)	-35.3%	4,344,636	(551,357)	-12.7%
Total Operating Revenues	144,828,823	143,509,643	1,319,180	0.9%	147,620,575	(4,110,932)	-2.8%
Non-Operating Revenues:							
SDA revenue	24,013,884	31,461,511	(7,447,627)	-23.7%	18,972,735	12,488,776	65.8%
Sales tax apportionment	17,078,167	15,911,706	1,166,461	7.3%	14,870,001	1,041,705	7.0%
Investment income	6,353,418	6,024,342	329,076	5.5%	4,398,963	1,625,379	36.9%
Net increase (decrease) in the fair value of unrestricted investment	2,216,807	2,086,425	130,382	6.2%	(5,631,409)	7,717,834	-137.0%
Other	301,798	1,882,969	(1,581,171)	-84.0%	(13,478)	1,896,447	-14070.7%
Total Non-Operating Revenues	49,964,074	57,366,953	(7,402,879)	-12.9%	32,596,812	24,770,141	76.0%
Total Revenues	194,792,897	200,876,596	(6,083,700)	-3.0%	180,217,387	20,659,209	11.5%
Expenses:							
Salaries	22,345,906	22,280,786	65,120	0.3%	21,730,773	550,013	2.5%
Benefits	8,261,396	8,596,198	(334,802)	-3.9%	7,952,525	643,673	8.1%
Other post employment benefits	2,486,393	2,613,469	(127,076)	-4.9%	2,613,469	-	0.0%
Utilities	11,265,489	10,440,207	825,282	7.9%	9,749,587	690,620	7.1%
Outside services	7,053,570	6,585,336	468,234	7.1%	5,218,462	1,366,874	26.2%
Chemicals	5,186,742	6,115,822	(929,080)	-15.2%	5,738,662	377,160	6.6%
Maintenance	5,383,928	5,893,990	(510,062)	-8.7%	5,375,121	518,869	9.7%
Other expenses	6,160,644	6,376,168	(215,524)	-3.4%	2,519,369	3,856,799	153.1%
Supplies	2,777,022	1,380,948	1,396,074	101.1%	2,040,399	(659,451)	-32.3%
Impairment and other losses	2,997,433	2,744,934	252,499	9.2%	1,126,222	1,618,711	143.7%
Depreciation	79,492,040	75,643,760	3,848,280	5.1%	74,793,101	850,659	1.1%
Non-Operating Expenses	12,089,946	10,578,550	1,511,396	14.3%	15,800,402	(5,221,852)	-33.0%
Total Expenses	165,500,509	159,250,168	6,250,341	3.9%	154,658,092	4,592,076	3.0%
Income Before Capital Contributions	29,292,388	41,626,428	(12,334,040)	-29.6%	25,559,295	16,067,133	62.9%
Capital Contributions:							
Grant revenue	-	-	-	0.0%	413,236	(413,236)	-100.0%
Contributed assets	36,528,528	28,130,054	8,398,474	29.9%	11,547,824	16,582,230	143.6%
Change in Net Position	65,820,916	69,756,482	(3,935,566)	-5.6%	37,520,355	32,236,127	85.9%
Net Position, Beginning of the Year, as Reported	1,645,710,143	1,573,208,727	72,501,416	4.6%	1,534,562,151	38,646,576	2.5%
Adjustments	(63,479,395)	(60,734,461)	(2,744,934)	4.5%	(12,922,280)	(47,812,181)	370.0%
Net Position, Beginning of the Year, as Adjusted	1,582,230,748	1,512,474,266	69,756,482	4.6%	1,521,639,871	(9,165,605)	-0.6%
Net Position, End of Year	\$ 1,648,051,664	\$ 1,582,230,748	\$ 65,820,916	4.2%	\$ 1,559,160,226	\$ 23,070,522	1.5%

The primary source of operating revenues, sewer service charges, totaled \$142 million (98%). Operating revenues also include water reuse sales, pretreatment inspection fees, septage waste processing fees and miscellaneous fees. Operating revenues fund all operational expenses including repair and maintenance, rehabilitation and replacement of the District's infrastructure and equipment, and associated debt service.

The primary source of non-operating revenues, System Development Approvals (SDA), was \$24 million (48%). Non-operating revenues are used to fund the expansion of capital infrastructure and equipment related to service area growth and capacity requirements and associated debt service. The other major sources of non-operating revenues are sales tax apportionment \$17 million (34%) and investment income \$6 million (13%). Other non-operating revenue decreased by \$2 million due to the disposal of impaired assets.

The most significant dollar decrease in operating expenses was \$929 thousand (-15%) in chemicals expense. The decrease is a result of a new contract acquired by the District with volume discount pricing. The most significant dollar increase excluding depreciation expense was in supplies. Supplies expense increased \$1.4 million (101%) primarily due to technology maintenance contracts and related supplies.

Due to the number of capital assets placed into service, depreciation expense increased \$4 million (5%). Contributed assets totaled approximately \$37 million, \$28 million and \$12 million for fiscal years ended 2015, 2014, and 2013 respectively.

Fiscal Year Ended 2015 Summary:

- Total operating revenues increased \$1 million (1%) over fiscal year ended 2014 as a result of increases in sewer service revenue.
- Total non-operating revenues decreased \$7 million (-13%) over fiscal year ended 2014 as a result of decreases in SDA and other revenue received.
- Total revenues decreased \$6 million (-3%) over fiscal year ended 2014.
- Total operating expenses excluding depreciation of \$80 million, increased \$891 thousand (1%) primarily due to increases in utilities, supplies and impairment and other losses.
- Non-operating expenses increased by \$2 million (14%) due to an increase in interest expense net of capitalized interest.
- Total expenses increased \$6 million (4%) over fiscal year ended 2014.

Fiscal Year Ended 2014 Summary:

- Total operating revenues decreased \$4 million (-3%) over fiscal year ended 2013 as a result of decreased sewer service revenue in relation to a 4% sewer service rate reduction.
- Total non-operating revenues increased \$25 million (76%) over fiscal year ended 2013 as a result of an increase in SDA revenue, primarily due to major rehabilitation projects on the Las Vegas Strip and the Creech Air Force Base connection to the Indian Springs Treatment Facility.
- Total revenues increased \$21 million (12%) over fiscal year ended 2013.
- Total operating expenses excluding depreciation of \$76 million, increased \$9 million (12%) primarily due to increases in other expenses, outside services, and utilities.
- Non-operating expenses decreased by \$5 million (-33%) due to a decrease in interest expense net of capitalized interest.
- Total expenses increased \$5 million (3%) over fiscal year ended 2013.

Capital Assets and Debt Administration

The following represents the District's investment in capital assets, net of depreciation as of June 30:

Table 3 -Capital Assets, Net of Accumulated Depreciation

	Year Ended June 30, 2015	Restated Year Ended June 30, 2014	Increase (Decrease)		Restated Year Ended June 30, 2013	Increase (Decrease)	
Land and rights of way	\$ 7,950,977	\$ 7,947,397	\$ 3,580	0.0%	\$ 7,926,917	\$ 20,480	0.3%
Land improvements	4,789,159	4,919,467	(130,308)	-2.6%	1,796,520	3,122,947	173.8%
Buildings and Wastewater treatment facilities	596,939,350	617,626,130	(20,686,781)	-3.3%	645,524,761	(27,898,631)	-4.3%
Wastewater conveyance lines	637,890,424	598,302,399	39,588,025	6.6%	552,173,159	46,129,240	8.4%
Equipment	105,993,291	114,136,961	(8,143,670)	-7.1%	116,565,156	(2,428,195)	-2.1%
Work In Progress	302,368,177	202,220,878	100,147,299	49.5%	190,504,385	11,716,493	6.2%
Total	<u>\$ 1,655,931,378</u>	<u>\$ 1,545,153,232</u>	<u>\$ 110,778,146</u>	7.2%	<u>\$ 1,514,490,898</u>	<u>\$ 30,662,334</u>	2.0%

The District's investment in capital assets as of June 30, 2015 was \$1.7 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings, treatment facilities, wastewater conveyance lines, equipment, and construction in progress. This represents an increase of \$111 million (7%) and is directly attributable to an increase in capital assets being depreciated. See Section II. Detailed Note Disclosures, Note D.

Major capital asset events during fiscal year 2015 included the following:

- Completion of the Las Vegas Valley Manhole & Pipe Rehabilitation project (\$11.8 million)
- Completion of the Bio-filter Rehabilitation Central Plant project (\$8.3 million)
- Completion of the Desert Breeze Clarifier Rehabilitation project (\$4.8 million)

The District's investment in capital assets as of June 30, 2014 was \$1.5 billion, net of accumulated depreciation. This investment in capital assets includes land, treatment facilities, wastewater conveyance lines, equipment, intangible assets and construction in progress. This represents an increase of \$31 million (2%).

Major capital asset events during fiscal year 2014 included the following:

- Completion of the Flamingo Water Resource Center Perimeter Improvements project (\$4.8 million)
- Completion of the Upgrade of the Indian Springs Collection & Treatment System Phase 2 project (\$6 million)
- Completion of the Maryland Lift Station Decommissioning project (\$6.6 million)

Long Term Debt

The acquisition, construction and rehabilitation of the District's infrastructure and facilities required to provide services are financed from existing cash resources, State Revolving Loans, grants, and the issuance of bonds. The District's General Obligation/Revenue backed bonds constitute direct and general obligations of the District. The full faith and credit of the District is pledged to the payment of principal and interest thereon. Principal and interest are paid from net pledged revenues of the District, and are secured by the District's ability to access ad valorem taxes. Net pledged revenues are defined as gross revenues of the District less operation and maintenance expenses. Historically, there has been no reliance on taxes to support the District's operations or debt service. No change in this practice is contemplated.

The District conducts an assessment of its financial plan on an annual basis. The District's bond covenants provide that rates and charges be sufficient to cover operation and maintenance costs and general expenses, which include debt service (principal and interest) on outstanding bonds and loans secured by bonds. System Development Approval (SDA) fees and sales tax revenues are spent first when funding capital projects along with a percentage of cash as determined by the District's financial plan. The District has issued the following bonds for the purpose of financing capital projects:

Series 2007	Series 2008	Series 2009 A	Series 2009 B
\$ 55,000,000	\$ 115,825,000	\$ 135,000,000	\$ 125,000,000

The District also issued a 2009C bond to the State of Nevada as collateral for a 0% interest Federal American Reinvestment and Recovery Act program (ARRA) loan. The ARRA loan from the State of Nevada, in the amount of \$5.7 million, partially funded the construction of the Indian Springs Collection and Treatment Facility. The District is currently in the process of repaying the ARRA loan.

In fiscal year 2011, the District issued a \$40 million 2011A bond to the State of Nevada as collateral for funding received through the State's Revolving Loan Fund. The original issue amount represents the total amount of authorization. The District had drawn down the entire authorized \$40 million at June 30, 2013. The District is currently in the process of repaying the State's Revolving Loan Fund.

In July 2012, the District issued a \$30 million 2012A bond to the State of Nevada as collateral for funding received through the State's Revolving Loan Fund. The original issue amount represents the total amount of authorization. At June 30, 2015 the District had drawn down approximately \$9.2 million of the authorized \$30 million. See section II. Detailed Note Disclosures, Note K.

In July 2015, the District issued Series 2015, \$104 million Clark County Water Reclamation District, Nevada General Obligation (Limited Tax) Water Reclamation Refunding Bonds (Additionally Secured by Pledged Revenues). Proceeds of the 2015 Bonds will be used to advance refund a portion of the District's General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2008; and pay the costs of issuing the 2015 Bonds.

Economic Factors and Next Year's Budget and Rates

According to the University of Nevada Las Vegas' (UNLV) Center for Business and Economic Research (CBER), "While the coincident index has fully recovered from the recession, Southern Nevada business activity, tourism and construction indices show that the Southern Nevada economy has still not fully recovered". Commercial growth, especially along the Las Vegas Strip, plays a significant role in the District's revenue stream. The District closely monitors the trend of commercial projects and the effect on revenues and adjusts its capital improvement plan accordingly.

The District's Fiscal Year (FY) 2015-2016 Operations & Maintenance (O&M) and Capital Budgets will provide funding to support the collection, treatment, and reclamation of commercial and residential wastewater for the service area. As an industrial operation, the District continues to have greater expenditures for capital infrastructure, power and chemicals. The FY 2015-2016 budgets will address the needs of the District's rate payers and the general public and will allow the District to meet its obligation in protecting the public health and providing reliable collection and treatment systems. With continued teamwork and sound fiscal management, the District will continue to be in a position to proactively, effectively and responsibly plan and prepare for the future. The goal for the Operations and Maintenance budget is to maintain current service levels while continuing to develop a budget that better reflects actual expense activity. The rates charged by the District are among the very lowest in the western region. A reduction of 4% in sewer services rates was approved by the Board of Trustees effective July 1, 2013. The District's goal is to sustain that rate reduction for 5 years. Because the District depends on the rates for almost all of its income, the budget is linked to the rates charged. The 2015-16 annual sewer service rates remain at \$221.09 per Equivalent Residential Unit (ERU).

Contacting the District's Financial Management

This financial report is designed to provide users, including our rate payers and creditors, with a general overview of the District's finances and to demonstrate the District's financial accountability for the money it receives from its rate payers. If you have any questions about this report or need additional financial information, contact the Clark County Water Reclamation District, Attention: Linda Pollard, Fiscal Services Administrator, 5857 E. Flamingo Road, Las Vegas, NV 89122. E-mail: lpollard@cleanwaterteam.com
Telephone: (702)668-8111

Clark County Water Reclamation District
Statements of Net Position
June 30, 2015 and 2014

	2015	Restated 2014
Assets		
Current Assets:		
Cash and cash equivalents	\$ 36,565,881	\$ 47,617,049
Accounts receivable, net of allowance for doubtful accounts \$306,763 and \$160,267	7,592,402	8,279,374
Supply inventories	2,325,867	2,364,294
Interest receivable	1,304,130	1,433,702
Investments	496,527,716	508,082,858
Prepaid expenses	472,142	444,635
Total Unrestricted Current Assets	544,788,138	568,221,912
Restricted Current Assets:		
Cash and cash equivalents, restricted	24,248,075	23,842,577
Sales tax receivable	2,914,466	2,752,002
Worker's compensation certificate of deposit	116,444	116,331
Total Restricted Current Assets	27,278,985	26,710,910
Total Current Assets	572,067,123	594,932,822
Noncurrent Assets		
Capital Assets:		
Property, plant and equipment	2,197,273,172	2,109,516,027
Less accumulated depreciation	851,660,948	774,531,070
	1,345,612,224	1,334,984,957
Land and rights of way	7,950,977	7,947,397
Construction in progress	302,368,177	202,220,878
Total Capital Assets, Net	1,655,931,378	1,545,153,232
Other non-current assets	79,992	83,628
Other long-term receivables, net of reserve for water reuse sales \$4,913,370 and \$3,699,531	14,154,120	17,811,904
Total NonCurrent Assets	1,670,165,490	1,563,048,764
Total Assets	2,242,232,613	2,157,981,586
Deferred Outflows of Resources:		
Deferred amounts related to pension plan	6,622,811	6,039,644
Total Deferred Outflows of Resources	6,622,811	6,039,644
Liabilities		
Current Liabilities:		
Payable From Unrestricted Assets		
Accounts payable	4,055,620	2,965,725
Funds due to customer accounts	-	85,121
Construction contracts payable	35,956,991	13,818,295
Accrued expenses	1,240,927	1,218,321
Accumulated compensated absences	1,034,692	1,058,531
Other liabilities	2,836,108	2,338,681
Total Payable From Unrestricted Assets	45,124,338	21,484,674
Payable From Restricted Assets		
Accrued bond interest payable	11,711,168	11,861,435
Current maturities of bonds payable	11,298,815	10,641,866
Short-term portion of sales tax payable	447,476	447,476
Clean Water Coalition Trustee Funds	71,493	95,547
Total Payable From Restricted Assets	23,528,952	23,046,324
Total Current Liabilities	68,653,290	44,530,998
Noncurrent Liabilities:		
Long-term portion of accumulated compensated absences	4,070,538	4,091,679
Accrued other post employment benefits	17,008,135	14,521,742
Net pension liability	41,788,009	52,725,605
Bonds payable, net of current maturities	456,269,430	463,235,602
Long-term portion of sales tax payable	2,237,379	2,684,856
Total Noncurrent Liabilities	521,373,491	537,259,484
Total Liabilities	590,026,781	581,790,482
Deferred Inflows of Resources:		
Deferred amounts related to pension plan	10,776,979	-
Total Deferred Inflows of Resources	10,776,979	-
Net Position:		
Net investment in capital assets	1,152,486,134	1,057,541,097
Restricted:		
Debt service	12,536,906	11,981,142
Capital assets	346,055	-
Unrestricted	482,682,569	512,708,509
Total Net Position	\$ 1,648,051,664	\$ 1,582,230,748

See Notes to Financial Statements

Clark County Water Reclamation District
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014

	2015	Restated 2014
Operating Revenues		
Sewer service charges	\$ 142,374,180	\$ 139,716,364
Water reuse sales	1,121,695	2,357,845
Pretreatment fees	443,736	419,998
Septage fees	317,161	356,677
Other	572,051	658,759
Total Operating Revenues	144,828,823	143,509,643
Operating Expenses		
Salaries	22,345,906	22,280,786
Benefits	8,261,396	8,596,198
Post employment benefits other than pensions	2,486,393	2,613,469
Utilities	11,265,489	10,440,207
Outside services	7,053,570	6,585,336
Chemicals	5,186,742	6,115,822
Maintenance	5,383,928	5,893,990
Other expenses	6,160,644	6,376,168
Supplies	2,777,022	1,380,948
Impairments and other losses	2,997,433	2,744,934
Depreciation	79,492,040	75,643,760
Total Operating Expenses	153,410,563	148,671,618
Income (Loss) From Operations	(8,581,740)	(5,161,975)
Non-Operating Revenues (Expenses):		
Unrestricted investment earnings	6,194,788	5,848,625
Net increase (decrease) in the fair value of unrestricted investment	2,216,807	2,086,425
Restricted investment earnings	158,630	175,717
SDA revenue	24,013,884	31,461,511
Sales tax apportionment	17,078,167	15,911,706
Interest expense- bonds, net of capitalized	(12,089,946)	(10,578,550)
Other non-operating revenue/expenses, net	301,798	1,882,969
Total Non-Operating Revenues (Expenses)	37,874,128	46,788,403
Income Before Capital Contributions	29,292,388	41,626,428
Capital Contributions		
Contributed assets	36,528,528	28,130,054
Total Capital Contributions	36,528,528	28,130,054
Change in Net Position	65,820,916	69,756,482
Net Position, Beginning of the Year, As Previously Reported	1,645,710,143	1,573,208,727
Adjustments	(63,479,395)	(60,734,461)
Net Position, Beginning of the Year, As Adjusted	1,582,230,748	1,512,474,266
Net Position, End of Year	\$ 1,648,051,664	\$ 1,582,230,748

See Notes to Financial Statements

Clark County Water Reclamation District
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	Restated 2014
Cash Flows From Operating Activities:		
Net Pension Liabilities	\$ 10,193,812	\$ -
Net Pension Inflows/Outflows of PERS Contributions/Deferrals	(10,937,596)	-
Cash flows from customers	143,521,915	127,922,636
Cash flows from governmental organizations	5,532,039	4,992,844
Payments by other sources	(2,801,527)	138,418
Payments to employees for services and benefits	(30,629,676)	(29,834,791)
Payments from (to) governmental organizations for services	(7,317,143)	(6,278,941)
Services and supplies	(28,936,064)	(31,259,115)
Net Cash Provided by Operating Activities	78,625,759	65,681,051
Cash Flows from Capital and Related Financing Activities:		
Sales tax apportionment - restricted to capital expenditure by statute	16,468,226	15,316,323
System development approvals received	24,048,386	31,986,150
Proceeds from capital debt	4,442,672	1,639,160
Acquisition, construction or improvement of capital assets	(132,398,672)	(83,120,689)
Principal payments on loans for capital assets	(10,641,866)	(9,397,970)
Interest payments on loans for capital assets	(11,444,503)	(13,175,047)
Net Cash Used in Capital and Related Financing Activities	(109,525,758)	(56,752,073)
Cash Flows from Investing Activities:		
Proceeds from sale of investments	642,746,413	282,282,383
Interest on investments	10,916,604	9,796,878
Purchases of investments	(633,408,076)	(291,647,346)
Paying Agent Fee	(500)	(1,000)
Workers comp certificate of deposit	(113)	(12,212)
Net Cash Provided by Investing Activities	20,254,328	418,703
Net increase (decrease) in cash and cash equivalents	(10,645,672)	9,347,681
Cash and cash equivalents, beginning of year	71,459,626	62,111,945
Cash and cash equivalents, end of year	\$ 60,813,956	\$ 71,459,626
Cash and Cash Equivalent Balances:		
Unrestricted cash and cash equivalents	\$ 36,565,881	\$ 47,617,049
Restricted cash and cash equivalents	24,248,075	23,842,577
Cash and Cash Equivalents, End of Year	\$ 60,813,956	\$ 71,459,626
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income(loss) from operations	\$ (8,581,740)	\$ (5,161,975)
Adjustments:		
Depreciation	79,492,040	75,643,760
Pension liability adjustment	(4,897,952)	-
Miscellaneous nonoperating expenses	195,907	2,883,352
(Increase) decrease in accounts receivable	4,225,131	(10,594,165)
(Increase) decrease in supply inventories	38,427	(136,604)
Decrease in prepaid expenses	(27,507)	214,209
(Increase)decrease in deferred outflows of resources for pensions	(6,622,811)	-
Increase (decrease) in deferred inflows of resources for pensions	10,776,979	-
Increase (decrease) in other liabilities	473,372	(728,897)
Increase in accounts payable and accrued expenses	3,553,914	3,561,371
Net Cash Provided by Operating Activities	\$ 78,625,759	\$ 65,681,051
Noncash Investing and Capital and Related Financing Activities:		
Contributed assets	\$ 36,528,528	\$ 28,130,054
Property, plant and equipment purchased on account	35,956,991	13,818,295
Adjustment of investments to carrying value	1,057,591	(1,159,216)

See Notes to Financial Statements

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CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

I. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles (GAAP) in the United States of America as applicable to governments and 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.

A. Reporting Entity

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14, The Financial Reporting Entity* and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, defines the reporting entity as the primary government and organizations for which the primary government is financially accountable. Financial accountability is defined as: the appointment of a voting majority of the component units governing body by the primary government; the primary government has the ability to impose its will; the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. Since the Board of County Commissioners is the ex-officio Board of Trustees of the District, they have the ability to influence and control operations. The County considers the District as a component unit and the financial statements of the District have been included in the County's Comprehensive Annual Financial Report (CAFR). However, because the District provides sewer services to the public for a fee and is fiscally independent of the County; it is a self-supporting entity. The District also receives separate Board approval for these financial statements and files them separately with the State of Nevada Department of Taxation; therefore the District is the reporting entity. No entities were determined to be component units of the District.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The economic resource measurement focus and the accrual basis of accounting are used by the District. Under this basis of accounting, all assets and all liabilities associated with the operation of the District are included on the Statements of Net Position. Revenues are recognized as soon as they are both measurable and available and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Earned but unbilled receivables are recorded as revenue. The District considers revenues earned through user charges to be operating revenues. Revenues earned from SDA fees, sales taxes, capital and investing activities are considered non-operating revenue. Expenses associated with operating the physical facilities are considered operating expenses. When both restricted and unrestricted resources are available for a particular use, it is the District's practice to use restricted resources first, and then unrestricted resources as they are needed.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

C. Budgetary Information

1. Budgetary Basis of Accounting

Prior to April 15, the County Manager submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The budget, as submitted, contains the proposed expenses and means of financing them. The Nevada State Department of Taxation notifies the County of its acceptance of the budget. A special public hearing is set, per Nevada Revised Statute (NRS), for the third Monday in May. After all changes have been noted and hearings closed, the Board of County Commissioners, ex-officio Board of Trustees, adopts the budget on or before June 1. The County considers the District to be a component unit of the County and the District's annual budget is included with the County's annual budget. Increases to the budget (augmentations) are accomplished through a letter of adjustment submitted to the County Finance Director, to be included in the next quarterly economic condition survey. This process is revenue driven; therefore, total expenditures cannot be increased without additional previously unbudgeted resources being clearly identified. The letter must be filed prior to fiscal year end. The NRS requires budget controls to be exercised at the function level. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. All operating appropriations lapse at the end of the fiscal year. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

D. Assets, Liabilities, Deferred Outflows/Inflows of resources, and Net Position

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

The District's formal investment policy is designed to ensure conformity with NRS 355 and to limit exposure to investment risks. When investing monies, the Clark County Treasurer, ex-officio Treasurer of the District, is required to be in conformity with NRS 355 and written policies adopted by the Board of County Commissioners dictating allowable investments and the safeguarding of those investments. The District's investments are held in the District's name. Investments in securities not classified as cash equivalents with maturity dates that do not extend more than 12 months from the date of purchase are stated at cost, and investments with maturity dates that extend beyond 12 months from the date of purchase are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

3. Inventories and Prepaid Items

Inventories (supplies, parts, and equipment) are recorded using the purchasing method, which charges the related pre-defined budgetary account upon acquisition. Supply inventories consist primarily of materials and supplies and are valued at average cost. Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

4. Capital Assets

System Development Approval (SDA) revenues are used to fund capital expansion and expansion related debt service. The Capital Improvement and Capital Expansion plans are projected for a minimum of a five-year period. The District's five-year Capital Improvement Plan and Debt Management Policy along with a statement of current and contemplated debt (Indebtedness Report) are submitted to the Nevada State Department of Taxation and the Clark County Debt Management Commission annually in accordance with NRS 350.013(1)(c). Capital assets are recorded at historical cost. Donated property (capital contribution) is valued at its estimated fair value on the date donated. Bond interest costs are capitalized as part of the cost of construction when appropriate. Labor and supporting benefit costs expended to support capital projects may be capitalized as part of the project cost. Inexhaustible capital assets, such as land, are not depreciated. Equipment items with a historical cost of less than \$5,000 are not capitalized. The cost of normal maintenance and repairs of District assets that do not add to the value of the asset or materially extend the asset's life are not capitalized. Betterments that extend the useful life of assets are capitalized and depreciated over the remaining useful lives of the related assets, as applicable. District assets including infrastructure and wastewater conveyance lines are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classifications	Lives
Buildings	10-50
Machinery and Equipment	1-10
Vehicles	5-10
Wastewater Conveyance Lines	50

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For this reporting period, the District only has one item that qualifies for reporting in this category. It is the changes in proportion and differences between actual contributions and proportionate share of contributions related to pensions reported in the Statement of Net Position. This amount is deferred and amortized over the average expected remaining service life of all employees that are provided with pension benefits. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For this reporting period, the District has several items that qualify for reporting in this category: 1) the differences between expected and actual experience and changes of assumptions, which are deferred and amortized over the average expected remaining service life, of all employees that are provided with pension benefits, 2) the net difference between projected and actual earnings on investments, which are deferred and amortized over five years, and 3) contributions made subsequent to the measurement date, which are deferred for one year.

6. Net Position Flow Assumption

In the current year, net position represents the difference between assets and liabilities, and deferred inflows and outflows in the following categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation,

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

reduced by any outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Resources are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Board of Trustees on behalf of the District or through external restrictions imposed by creditors, grantors or laws and regulations of the State or Federal governments. In order to calculate the amounts to report as restricted-net position and unrestricted-net position a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's practice to consider restricted-net position to have been depleted before unrestricted-net position is applied. Funds set aside for payment of bond principal and interest were classified as restricted, due to debt service needs. The unspent portion of bond proceeds are classified as restricted to payment of capital expenditures per bond resolutions. Amounts accrued for sales tax receipts not received at year end are classified as restricted in accordance with current District policy. Funds received during the year are used for capital expenditures. Loaned Securities are restricted based upon certain agreements.

E. Revenues and Expenditures/Expenses

1. Revenues/Tax Roll

Sewer services are billed in advance on July 1 for the fiscal year ending June 30. In accordance with NRS 318.201, *Procedure for Collection of Service Charges on Tax Roll*, the District elects to have accounts receivable that are delinquent collected on the Clark County tax roll. For fiscal year ended 2015 and 2014, \$5,510,542 and \$5,656,945 of the delinquent accounts receivable were placed on the tax roll. As of June 30, 2015, the outstanding tax rolled balances, which includes all previous years' balances, totaled \$6,188,531.

2. Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from the District. Such benefits are accrued when incurred.

3. Pensions

The District uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Comprehensive Annual Financial Report, for reporting its proportionate share of the PERS collective net position liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related PERS fiduciary net position and related additions/deductions. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

II. Detailed Note Disclosures

A. Cash Held With Financial Institutions

The bank balance at June 30, 2015 was \$35,776,526 and the book balance was \$35,504,146. At June 30, 2014, the bank balance was \$17,071,573 and the book balance was \$16,047,086. The bank balance is fully insured or collateralized by the Office of the State Treasurer's Nevada Collateral Pool.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

A. Cash Held With Financial Institutions (continued)

The underlying securities are held by the investment's counterparty, not in the name of the District. Biannually, the District transfers funds to the Clark County Treasurer for principal and interest payments on the District's debt service. At June 30, 2015, there was \$24,248,075 held on our behalf. At June 30, 2014, the balance was \$23,842,576.

B. Investments

The Clark County Treasurer, as ex-officio Treasurer for the District, performs the District's investment function as outlined in an inter-local agreement. The types of investments utilized for the District's portfolio are various federal agency securities, commercial paper, certificates of deposit, and money market funds. Nevada Revised Statute 682A-Investments, authorizes the County Treasurer to invest in obligations of the U.S. Treasury and U.S. agencies having maturity dates that do not extend more than 10 years from the date of purchase, negotiable notes or short term negotiable bonds issued by other local governments of the State of Nevada and bankers acceptances not exceeding 180 days maturity and eligible by law for rediscount with the Federal Reserve Banks (purchases are subject to 10% of the funds available for local government investment). All District investments have maturity dates that do not extend more than 10 years from the date of purchase. Certain bond covenants require the County and its component units to invest with security dealers who are primary dealers when investing in repurchase agreements. Primary dealers are dealers that submit daily reports of market and positions and monthly financial statements to the Federal Reserve of New York and are subject to its formal oversight. Securities purchased by the County and its component units are delivered against payment and held in a custodial safekeeping account with the trust department of a bank designated by the County.

At June 30, 2015 the District had the following investments (rating is based on Moody's index):

Investments:	Reported Amount/									
	Fair Value	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	P-1	NR
U.S. Treasuries	\$ 100,103,200	\$ 100,103,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	255,088,100	255,088,100	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-	-
Corporate Notes	87,867,671	5,006,500	9,928,050	5,039,160	5,037,290	27,520,510	35,336,161	-	-	-
Asset-Backed Securities	53,468,745	34,476,215	-	-	-	-	-	-	-	18,992,530
Certificates of Deposit	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements	-	-	-	-	-	-	-	-	-	-
Money Market Funds	1,061,735	1,061,735	-	-	-	-	-	-	-	-
Local Government Investment Pool	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 497,589,451</u>	<u>\$ 395,735,750</u>	<u>\$ 9,928,050</u>	<u>\$ 5,039,160</u>	<u>\$ 5,037,290</u>	<u>\$27,520,510</u>	<u>\$35,336,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,992,530</u>

The Local Government Investment Pool is an unrated external investment pool.

At June 30, 2014 the District had the following investments (rating is based on Moody's index):

Investments:	Reported Amount/									
	Fair Value	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	P-1	NR
U.S. Treasuries	\$ 139,319,400	\$ 139,319,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	278,439,000	278,439,000	-	-	-	-	-	-	-	-
Commercial Paper	24,996,450	-	-	-	-	-	-	-	24,996,450	-
Corporate Notes	90,324,458	-	5,974,870	4,151,789	12,136,070	39,985,079	23,055,850	5,020,800	-	-
Asset-Backed Securities	-	-	-	-	-	-	-	-	-	-
Certificates of Deposit	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements	-	-	-	-	-	-	-	-	-	-
Money Market Funds	6,573,513	6,573,513	-	-	-	-	-	-	-	-
Local Government Investment Pool	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 539,652,821</u>	<u>\$ 424,331,913</u>	<u>\$ 5,974,870</u>	<u>\$ 4,151,789</u>	<u>\$12,136,070</u>	<u>\$39,985,079</u>	<u>\$23,055,850</u>	<u>\$5,020,800</u>	<u>\$24,996,450</u>	<u>\$ -</u>

The Local Government Investment Pool is an unrated external investment pool.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

B. Investments (continued)

At June 30, 2015, the fair value of the District's investments were categorized by maturity as follows:

Investment Type	Investment Maturities in Years				
	Fair Value	Less than 1	1 to 3	3 to 5	Greater than 5
U.S. Treasuries	\$ 100,103,200	\$ -	\$ 39,981,200	\$ 60,122,000	\$ -
U.S. Agency Obligations	255,088,100	-	175,104,300	79,983,800	-
Commercial Paper	-	-	-	-	-
Certificates of Deposit	-	-	-	-	-
Money Market Funds	1,061,735	1,061,735	-	-	-
Local Government Investment Pool	-	-	-	-	-
Corporate Notes	87,867,671	-	71,756,331	16,111,340	-
Asset-Backed Securities	53,468,745	-	8,995,380	39,502,815	4,970,550
Repurchase Agreements	-	-	-	-	-
Total Investments	<u>\$ 497,589,451</u>	<u>\$ 1,061,735</u>	<u>\$ 295,837,211</u>	<u>\$ 195,719,955</u>	<u>\$ 4,970,550</u>

At June 30, 2014, the fair value of the District's investments were categorized by maturity as follows:

Investment Type	Investment Maturities in Years				
	Fair Value	Less than 1	1 to 3	3 to 5	Greater than 5
U.S. Treasuries	\$ 139,319,400	\$ 59,902,200	\$ 79,417,200	\$ -	\$ -
U.S. Agency Obligations	278,439,000	-	20,130,000	139,776,800	118,532,200
Commercial Paper	24,996,450	24,996,450	-	-	-
Certificates of Deposit	-	-	-	-	-
Money Market Funds	6,573,513	6,573,513	-	-	-
Local Government Investment Pool	-	-	-	-	-
Corporate Notes	90,324,458	-	42,138,101	45,698,682	2,487,675
Asset-Backed Securities	-	-	-	-	-
Repurchase Agreements	-	-	-	-	-
Total Investments	<u>\$ 539,652,821</u>	<u>\$ 91,472,163</u>	<u>\$ 141,685,301</u>	<u>\$ 185,475,482</u>	<u>\$ 121,019,875</u>

Interest Rate Risk

Interest rate risk is defined as the risk that the fair value of an investment will be adversely affected by changes in market interest rates. Through its investment policy, the County Treasurer's office manages its exposure to fair value losses arising from increasing rates by limiting the average weighted duration of its investment pool portfolio to less than 2.5 years. This strategy works to provide the cash flow and liquidity needed for operations.

Credit Risk

Credit risk is defined as the risk that another party to a deposit or investment transaction (counterparty) will fail to fulfill its obligation. Credit risk can be associated with the issuer of a security, with a financial institution holding deposits or with a party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments into a single investment type or with any single counterparty.

Concentration of Credit Risk

The District places no limits on the amount that can be invested in any one issuer beyond that stipulated by the NRS. Investments in any one issuer that represent 5% or more of the District's total investments at June 30 were as follows:

Issuer	Investment Type	Reported Amount/ Fair Value June 30, 2015	% of Total June 30, 2015	Reported Amount/ Fair Value June 30, 2014	% of Total June 30, 2014
U.S. Treasury Notes	Treasury Note	\$ 100,103,200	20.1%	\$ 139,319,400	25.8%
Federal Farm Credit Bank	U.S. Agencies	40,018,000	8.0%	19,974,200	3.7%
Federal Home Loan Bank	U.S. Agencies	20,023,800	4.0%	40,027,200	7.4%
Federal Home Loan Mortgage Corp.	U.S. Agencies	60,037,800	12.1%	79,527,600	14.7%
Federal National Mortgage Assoc.	U.S. Agencies	135,008,500	27.1%	138,910,000	25.7%
Totals		<u>\$ 355,191,300</u>		<u>\$ 417,758,400</u>	

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

B. Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the County's Investment policy, \$496,531,860 was held on behalf of the District in 2015 and \$540,812,037 in 2014.

GASB 31

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, investments with maturity dates that extend beyond 12 months from the date of purchase are to be recognized at fair value. Interest revenue is increased or decreased in relation to this adjustment for unrealized gain or loss.

C. Restricted Assets

The District's bond fund maintains periodic deposits sufficient to provide for payments of principal and interest on debt; as such obligations mature, per NRS 350.660. The bond fund is required by the various bond covenants. Any unspent bond proceeds are restricted to payment of capital expenditures per bond resolutions; at this time there are no unspent bond proceeds. Sales tax revenue, ¼ of 1% sales tax allocation, is restricted by statute to capital expenditures for the expansion of existing plant infrastructure. The District received \$17.1 million in sales tax revenue during fiscal year 2015 and \$15.9 million during fiscal year 2014. In lieu of providing a security bond to the Nevada Department of Insurance, the District purchased a certificate of deposit for \$116,000 pledged to the Nevada Department of Insurance.

D. Capital Assets

Capital Assets are summarized as follows at June 30, 2015:

	Restated Beginning Balance 06/30/14	Increases	Decreases	Ending Balance 06/30/15	Estimated Life in Years
Capital Assets, Being Depreciated:					
Buildings and Wastewater treatment facilities	\$ 1,086,670,791	\$ 21,869,779	\$ (276,475)	\$ 1,108,264,094	10-50
Land improvements	5,298,008	207,166	-	5,505,174	10-20
Wastewater conveyance lines	816,142,402	57,284,721	(21,613)	873,405,510	50
Equipment	201,404,826	11,033,262	(2,339,693)	210,098,394	1-10
Total Capital Assets Being Depreciated	2,109,516,027	90,394,928	(2,637,781)	2,197,273,172	
Less Accumulated Depreciation for:					
Buildings and Wastewater treatment facilities	(469,044,661)	(42,459,829)	179,745	(511,324,745)	
Land improvements	(378,541)	(337,473)	-	(716,014)	
Wastewater conveyance lines	(217,840,003)	(17,677,387)	2,305	(235,515,085)	
Equipment	(87,267,865)	(19,017,351)	2,180,112	(104,105,104)	
Total Accumulated Depreciation	(774,531,070)	(79,492,040)	2,362,162	(851,660,948)	
Net Capital Assets Being Depreciated	1,334,984,957	10,902,888	(275,620)	1,345,612,224	
Capital Assets Not Being Depreciated:					
Land and rights of way	7,947,397	3,580	-	7,950,977	
Construction in progress	202,220,878	154,239,799	(54,092,500)	302,368,177	
Total Capital Assets, Not Being Depreciated	210,168,275	154,243,379	(54,092,500)	310,319,154	
Total Capital Assets, Net	\$ 1,545,153,232	\$ 165,146,267	\$ (54,368,120)	\$ 1,655,931,378	

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

D. Capital Assets (continued)

Capital Assets are summarized as follows at June 30, 2014:

	Restated Beginning Balance 06/30/13	Increases	Decreases	Restated Ending Balance 06/30/14	Estimated Life in Years
Capital Assets, Being Depreciated:					
Buildings and Wastewater treatment facilities	\$ 1,073,246,114	\$ 13,424,676	\$ -	\$ 1,086,670,791	10-50
Land improvements	1,950,944	3,347,064	-	5,298,008	10-20
Wastewater conveyance lines	754,034,823	62,123,847	(16,269)	816,142,402	50
Equipment	186,844,709	15,691,250	(1,131,133)	201,404,826	1-10
Total Capital Assets Being Depreciated	2,016,076,590	94,586,837	(1,147,402)	2,109,516,027	
Less Accumulated Depreciation for:					
Buildings and Wastewater treatment facilities	(427,721,353)	(41,323,308)	-	(469,044,661)	
Land improvements	(154,424)	(224,117)	-	(378,541)	
Wastewater conveyance lines	(201,861,664)	(15,979,749)	1,410	(217,840,003)	
Equipment	(70,279,553)	(18,116,586)	1,128,274	(87,267,865)	
Total Accumulated Depreciation	(700,016,994)	(75,643,760)	1,129,684	(774,531,070)	
Net Capital Assets Being Depreciated	1,316,059,596	18,943,077	(17,718)	1,334,984,957	
Capital Assets Not Being Depreciated:					
Land and rights of way	7,926,917	20,480	-	7,947,397	
Construction in progress	190,504,385	78,423,556	(66,707,063)	202,220,878	
Total Capital Assets, Not Being Depreciated	198,431,302	78,444,036	(66,707,063)	210,168,275	
Total Capital Assets, Net	\$ 1,514,490,898	\$ 97,387,113	\$ (66,724,781)	\$ 1,545,153,232	

E. Long-Term Receivables

On January 19, 2010, the District entered into an agreement with the United States Air Force (USAF) for the purpose of connecting the Creech Air Force Base (CAFB) sewer system to the District's collection and treatment system. The District is responsible for sewage collection and treatment for the community of Indian Springs. Compensation due to the District consists of two components: a sewer service charge and an initial service charge. On September 1, 2013 the District began receiving sewage flows from the CAFB sewer system. The initial service charge will recover the capital costs associated with the design and construction of the CAFB facilities as well as the capital recovery for 0.25 million gallons per day of capacity. The initial service charge is to be repaid on a monthly basis over a twenty year term at an annual interest rate of 5.42% beginning September 1, 2013 as a note receivable (the Note). The USAF is currently reviewing the detail of the initial service charge. While \$9.4 million of the initial service charge has been confirmed, the remaining \$2.1 million is under further review. At this time, the District has no evidence to support establishing an allowance for these costs as collection on this receivable is expected. Once the review is complete; the initial service charge repayment will begin. The amount is classified as long-term since payment is not expected to be made within a year during the normal operating cycle of the District. As of June 30, 2015, the estimated balance receivable on the Note was \$11,090,816 and there estimated interest receivable recorded on the Note was \$156,879. As of June 30 2014, the estimated balance receivable on the Note was \$13,537,911 and the estimated interest receivable recorded on the Note was \$354,253.

Additionally, the District has long-term receivables that are due upon receipt from the Las Vegas Valley Water District (LVVWD) in accordance with a cooperative agreement (the Agreement) for the reimbursement of operation, maintenance, and capital costs of the Desert Breeze Water Resource Center. The receivables are carried net of an allowance for uncollectable amounts maintained for estimated losses. Management determines the adequacy of this allowance by continually evaluating the receivables

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

E. Long-Term Receivables (continued)

considering the District's policy regarding receivables and uncollectable amounts. This obligation has been classified as noncurrent because it is not reasonably expected to be paid within a year during the normal operating cycle of the District.

Long-Term Receivables as of June 30 were as follows:

	2015	2014
Long-term receivable	\$ 8,612,901	\$ 7,399,062
Less allowance	(4,913,370)	(3,699,531)
Net Receivable	<u>\$ 3,699,531</u>	<u>\$ 3,699,531</u>

There was no accrued interest recorded on the receivable.

F. Pension Plans

State of Nevada Public Employees' Retirements System

The District's employees are covered by the State of Nevada Public Employees' Retirement System (PERS). PERS was established on July 1, 1947, by the Nevada Legislature and is governed by the Public Employees Retirement Board whose seven members are appointed by the Governor. All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit retirement plan. The District does not exercise any control over PERS. NRS 286.110 states that: "Respective participating public employers are not liable for any obligation of PERS." Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the participant's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled to under the plan include pension benefits, disability benefits, and survivor benefits. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579, which for members entering the system before January 1, 2010, is equal to the lesser of:

- 1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or
- 2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

F. Pension Plans (continued)

Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase. For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year. Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service. The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983; have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

PERS's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary. For the fiscal year ended June 30, 2014 and June 30, 2015 the Statutory Employer/employee matching rate was 13.25% and the EPC rate was 25.75%. Effective July 1, 2015, the required contribution rates for regular members will be 14.5% and 28% for employer/employee matching and EPC, respectively. PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PER's website, www.nvpers.org under publications. PERS collective net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2014
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%, including inflation
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer Price Index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Rates include inflation and productivity increases

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

F. Pension Plans (continued)

At June 30, 2014, assumed mortality rates and projected life expectancies for selected ages were as follows:

Regular Members				
	Mortality Rates		Expected Years of	
Age	Males	Females	Males	Females
40	0.10%	0.05%	41.1	44.4
50	0.17%	0.12%	31.6	34.7
60	0.55%	0.42%	22.4	25.4
70	1.82%	1.39%	14.3	17
80	5.65%	3.79%	7.7	10.1

The mortality rates and projected life expectancies are based on the following:

- For non-disabled male regular members-RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA
- For non-disabled female regular members-RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year
- For all non-disabled police/fire members-RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year
- For all disabled regular members and all disabled police/fire members-RP-2000-Disable Retiree Mortality Table projected to 2013 with Scale AA, set forward three years

The policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the PERS system.

The following target asset allocation policy was adopted as of June 30, 2014:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%
	<u>100%</u>	

*These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 3.5%.

The discount rate used to measure the total pension liability was 8% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

F. Pension Plans (continued)

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as the District's proportionate share of what the net pension liability would be if it were calculated using a discount rate that is 1% lower (7%) or 1% higher (9%) than the current rate:

	1% Decrease (7%)	Discount Rate (8%)	1% Increase (9%)
Net Pension Liability	\$64,984,923	\$41,788,009	\$22,505,466

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report (CAFR), available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and addition to/deductions from it have been determined on the same basis used in the PERS CAFR. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Investments are reported at fair value. As of June 30, 2015, the District's proportionate share of the collective net pension liability was \$41,788,009 which represents 0.401% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2014, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014.

For the year ended June 30, 2015, the District's pension expense was \$5,503,145 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2014, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 1,999,786
Net differences between projected and actual investment earnings on pension plan investments		8,777,193
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 375,882	
Contributions subsequent to the measurement date	6,246,929	
Total	\$ 6,622,811	\$ 10,776,979

At June 30, 2014 the average expected remaining service life is 6.70 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$6,246,929 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

F. Pension Plans (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30:	
2016	\$ 2,456,368
2017	\$ 2,456,368
2018	\$ 2,456,368
2019	\$ 2,456,368
2020	338,603
Thereafter	237,022

Changes in the District's net pension liability were as follows:

Reconciliation of Net Pension Liability	
Beginning net pension liability	\$ 52,725,605
Pension expense	5,503,145
Employer contributions	(6,039,644)
New net deferred inflows/outflows	(10,401,097)
Recognition of prior deferred (inflows)outflows	-
Ending net pensions liability	\$ 41,788,009

At June 30, 2015, \$469,801 was payable to PERS equal to the June 30, 2015 required contribution that was included in accounts payable.

G. Postemployment Benefits Other than Pensions (OPEB)

Plan Information

In accordance with NRS, retirees of the District may continue insurance through the Clark County Retiree Health Program (County Plan), if enrolled in PERS and an active employee at the time of retirement. Within the County Plan retirees may choose between the Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan), and Health Plan of Nevada (HPN), a fully insured health maintenance organization (HMO) plan.

This plan is an agent multiple-employer defined benefit OPEB plan. Enrollment in the state program of insurance for active employees was closed as of September 1, 2008. This program, the Public Employee Benefit Program (PEBP), is an agent multiple-employer defined benefit OPEB plan.

Each plan provides medical, dental and vision benefits to eligible active and retired employees and beneficiaries. Except for the PEBP, benefit provisions are established and amended through negotiations between the District and the employee union. PEBP benefit provisions are established and may be amended by the Nevada State Legislature. The Self-Funded plan is administered as a qualifying trust or equivalent arrangement, and is included in the Clark County CAFR as an internal service fund (the Self-Funded Group Insurance Fund), as required by the NRS.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

G. Postemployment Benefits Other Than Pensions (OPEB) (continued)

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The Self-Funded and PEBP reports may be obtained by writing or calling the plans at the following addresses or numbers:

Clark County, Nevada
PO Box 551210
500 S. Grand Central Parkway
Las Vegas, NV 89155-1210
(702) 455-0000

Public Employee Benefit Plan
901 South Stewart Street, Suite 101
Carson City, Nevada 89701
(800) 326-5496

Funding Policy and Annual OPEB Cost

For the Self-funded and HPN programs, contribution requirements of plan members and the District are established and may be amended through negotiations between the District Board of Trustees and the Service Employees International Union. The District pays approximately 91% of monthly premiums for active employee coverage, an average of \$774 and \$797 per active employee for the years ended June 30, 2015 and 2014, respectively. Retirees in the Self-Funded and HPN programs receive no direct subsidy from the District. Under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the District.

The District is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who have enrolled in this plan. In 2015, retirees were eligible for a \$115 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$636 per month is earned after 20 years of combined service with any eligible entity. In 2014, retirees were eligible for subsidies ranging from \$114 to \$627 over the same years of service requirement. The subsidy is set by the State Legislature. The annual OPEB cost for each plan is calculated based on the annual required contribution of the employer, 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 normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The District's annual OPEB cost for the current year and the related information for each plan are as follows:

	Self-Funded/HPN	PEBP
Annual required contribution (ARC)	\$ 3,078,182	\$ 102,057
Interest on net OPEB obligation	569,561	18,884
Adjustment to annual required contribution	(640,129)	(21,223)
Annual OPEB Cost	3,007,614	99,718
Contributions made	(545,294)	(75,645)
Increase/decrease in net OPEB obligation	2,462,320	24,073
Net OPEB obligation, beginning of year	14,440,532	81,210
Net OPEB obligation, end of year	<u>\$ 16,902,852</u>	<u>\$ 105,283</u>

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

G. Postemployment Benefits Other Than Pensions (OPEB) (continued)

The District's OPEB expense as of June 30, 2015 is calculated as follows:

	Self Funded/HPN	PEBP	Total
Annual OPEB cost	\$ 3,007,614	\$ 99,718	\$ 3,107,332
Contributions made	(545,294)	(75,645)	(620,939)
	<u>\$ 2,462,320</u>	<u>\$ 24,073</u>	<u>\$ 2,486,393</u>

The District's annual OPEB cost, the percentage of annual cost contributed to the plan and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<u>Self-Funded/HPN</u>			
06/30/13	\$ 3,152,628	19.0%	\$ 11,887,789
06/30/14	3,152,628	19.0%	14,440,532
06/30/15	3,007,615	18.1%	16,902,852
<u>PEBP</u>			
06/30/13	\$ 164,685	63.1%	\$ 20,484
06/30/14	164,685	63.1%	81,210
06/30/15	99,717	75.9%	105,283

Funded status and funding progress

The funded status of the plans as of the most recent actuarial valuation date, July 1, 2014 is as follows:

	Self-Funded/HPN	PEBP
Actuarial accrued liability (AAL)	\$ 29,493,485	\$ 1,835,359
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 29,493,485</u>	<u>\$ 1,835,359</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$ 24,779,783	\$ 0
UAAL as a percentage of covered payroll	119%	N/A

PEBP closed to new District participants as of September 1, 2008; therefore covered payroll is zero.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

G. Postemployment Benefits Other Than Pensions (OPEB) (continued)

that shows whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members at that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions used are as follows:

	<u>Self-Funded/HPN</u>	<u>PEBP</u>
Actuarial valuation date	07/01/14	07/01/14
Actuarial cost method	Entry age, normal	Entry age, normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	30 years, open	30 years, open
Asset valuation method	N/A, no assets in trust	N/A, no assets in trust
<u>Actuarial assumptions:</u>		
Inflation rate	N/A	N/A
Investment rate of return	4.0%	4.0%
Projected salary increases	N/A	N/A
Healthcare inflation rate	7% initial 5% ultimate	7% initial 5% ultimate

H. Construction Commitments

As of June 30, 2015, the remaining obligated balance of construction contracts in progress was \$346,708,050.

Construction contracts payable are as follows at June 30:

	<u>2015</u>	<u>2014</u>
Construction contracts retention	\$ 6,792,989	\$ 4,422,078
Construction contracts payable	29,164,002	9,396,217
Total Construction Payables	<u>\$ 35,956,991</u>	<u>\$ 13,818,295</u>

I. Risk Management and Worker's Compensation Coverage - Self-Funded Program

The District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains a risk management program to assess coverage of potential risks of loss.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

I. Risk Management and Worker's Compensation Coverage - Self-Funded Program (continued)

Under this program, the District believes it is more economical to manage risks internally with regard to its workers' compensation coverage. For all other risks, such as general, automobile and excess liabilities the District purchases insurance coverage subject to self-insured retentions. The District completed an update of the annual appraisal of District structures in April 2015. The valuation provided a thorough inventory of above-ground structures and replacement costs. The District's property insurance policy was revised to reflect these valuations, establishing a blanket valuation of \$1,090,456,303. The District hires a third party to act as claims administrator of the worker's compensation program. The self-insurance coverage includes the purchase of an insurance policy to cover workers' compensation claims for the District that exceed \$750,000 per person. As of June 30, 2015, a liability of \$829,817 was accrued to provide for unpaid claims. The accrued liability represents the approximate maximum number of claims expected for the year. For the last four fiscal years, no settlement amounts have exceeded insurance coverage.

Changes in the District's claims liability amount in fiscal 2015 and 2014 are as follows:

	Beginning of Fiscal Year Liability	Claims Incurred During Period	Prior Period Changes in Estimates	Current Year Payments on Claims	Other	End of Fiscal Year Liability
2015	\$ 703,014	\$ 118,461	\$ 194,588	\$ (186,246)	\$ -	\$ 829,817
2014	497,000	83,718	235,022	(112,726)	-	703,014

The District has designated and set aside \$634,000 in its investment balances at June 30, 2015 and 2014 respectively for future workers' compensation losses. In lieu of providing a security bond to the Nevada Department of Insurance (NDI), the District currently holds a certificate of deposit for \$116,444 pledged to the NDI.

J. Net Bond Interest Expense

The District utilized debt proceeds, in addition to excess revenues, in constructing, improving and expanding its wastewater treatment facilities. The interest cost related to this debt is capitalized as part of the historical cost of constructing the applicable assets.

Net bond interest expense is as follows for the years ended June 30:

	2015	2014
Bond interest expense	\$23,384,183	\$23,743,564
Less Capitalized interest	(11,294,237)	(13,165,014)
Total Net Bond Interest Expense	<u>\$12,089,946</u>	<u>\$10,578,550</u>

K. Long-Term Liabilities

General Obligation Bonds

Outstanding District general obligation bonds (additionally secured by pledged revenue) are rated an "AAA" by Standard & Poor's Corporation and "Aa1" by Moody's. The net proceeds of all bond issuances have been used to finance portions of one or more capital improvement projects.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

K. Long-Term Liabilities (continued)

At June 30, 2015, outstanding bonds payable of the District were as follows:

	2014	Payments	2015	Due Within One Year
2007 Series 4.00% - 4.75% general obligation bonds, due in annual installments from 2012 through 2037 Original issue amount \$55,000,000 on 11/13/2007	\$ 53,675,000	\$ 1,280,000	\$ 52,395,000	\$ 1,330,000
2008 Series 4.00% - 6.00% general obligation bonds, due in annual installments from 2013 through 2038 Original issue amount \$115,825,000 on 11/20/2008	113,400,000	2,525,000	110,875,000	2,630,000
2009A Series 4.00% - 5.25% general obligation bonds, due in annual installments from 2013 through 2038 Original issue amount \$135,000,000 on 04/01/2009	132,750,000	2,340,000	130,410,000	2,455,000
2009B Series 4.00% - 5.75% general obligation bonds, due in annual installments from 2013 through 2038 Original issue amount \$125,000,000 on 04/01/2009	122,675,000	2,420,000	120,255,000	2,530,000
State Revolving Loan Bond - ARRA (2009C) 0.00% , due in semi-annual installments from 2012 through 2029 Original issue amount \$5,744,780 on 10/16/2009	4,813,195	310,529	4,502,666	310,529
State Revolving Loan Bond (2011A) 3.1875% , due in semi-annual installments from 2014 through 2030 Original issue amount \$40,000,000 on 03/25/2011	39,137,559	1,766,337	37,371,222 ⁽¹⁾	1,823,088
State Revolving Loan Bond (2012A) 2.3562% , due in semi-annual installments from 01/01/2016 through 2032 Original issue amount \$30,000,000 on 07/13/2012	4,709,530	-	9,152,202 ⁽²⁾	220,198
Total	\$ 471,160,284	\$ 10,641,866	\$ 464,961,090	\$ 11,298,815

(1) The 2011A bond was issued to the State of Nevada as collateral for a low interest loan through the State Revolving Loan Fund.

(2) The 2012A bond was issued to the State of Nevada as collateral for a low interest loan through the State Revolving Loan Fund. The original issue amount represents the total amount of authorization for the loan. At June 30, 2015, \$9,152,202 had been drawn down on the loan.

Pledged Revenues

The District's General Obligation/Revenue Supported Bonds constitute direct and general obligations of the District, and the full faith and credit of the District is pledged to the payment of principal and interest thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. The bonds are backed by the District's ability to levy general ad valorem taxes on all taxable property serviced by the District. The bonds are additionally secured by certain pledged revenues derived by the District after operation and maintenance expenses are deducted (Net Pledged Revenues). Historically, the District has not levied an ad valorem tax because the District's revenues have always been sufficient to pay debt service on all of the District's bonds and obligations; however, in any year in which those revenues are insufficient to pay debt service, the District is obligated to levy ad valorem taxes to pay debt service. The total remaining principal and interest payments for the District's bonds was \$801,791,652 as of June 30, 2015. In fiscal year 2015, Net Pledged Revenues received totaled \$103,494,408 and the required debt service totaled \$34,176,315.

The following table outlines the total amount of annual debt service for years 2016 through 2020 and provides total debt service in five year increments for year 2021 through final maturity.

Year Ending June 30	General Obligation Principal	Interest	Total Requirements
2016	\$ 11,298,815	\$ 23,153,745	\$ 34,452,560
2017	12,025,439	22,694,065	34,719,504
2018	12,571,571	22,148,770	34,720,341
2019	13,149,901	21,569,865	34,719,766
2020	13,755,496	20,966,695	34,722,191
2021-2025	79,145,749	94,463,870	173,609,619
2026-2030	100,208,455	73,236,076	173,444,531
2031-2035	112,445,664	45,954,402	158,400,066
2036-2039	110,360,000	12,643,075	123,003,075
Total Annual Bond Requirements	\$ 464,961,090	\$ 336,830,563	\$ 801,791,653

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

K. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

Long term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance 06/30/14	Additions	Reductions	Ending Balance 06/30/15	Due Within One Year
Bonds Payable:					
General obligation bonds	\$ 471,160,284	\$ 4,442,671	\$ (10,641,866)	\$ 464,961,090	\$ 11,298,815
Plus Deferred Amounts:					
For Issuance premiums	3,642,531	-	(148,920)	3,493,611	-
Less Deferred Amounts:					
For Issuance discounts	(925,347)	-	38,892	(886,455)	-
Total Bonds Payable	473,877,468	4,442,671	(10,751,894)	467,568,246	11,298,815
Compensated absences	5,141,981	516,072	(555,239)	5,102,814	1,034,692
Catastrophic Leave Balance	8,229	-	(5,813)	2,416	
Long-Term liabilities	<u>\$ 479,027,678</u>	<u>\$ 4,958,743</u>	<u>\$ (11,312,946)</u>	<u>\$ 472,673,475</u>	<u>\$ 12,333,506</u>

Long term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance 06/30/13	Additions	Reductions	Ending Balance 06/30/14	Due Within One Year
Bonds Payable:					
General obligation bonds	\$ 480,558,254	\$ -	\$ (9,397,970)	\$ 471,160,284	\$ 10,641,866
Plus Deferred Amounts:					
For Issuance premiums	3,838,404	-	(195,873)	3,642,531	-
Less Deferred Amounts:					
For Issuance discounts	(1,011,192)	-	85,845	(925,347)	-
Total Bonds Payable	483,385,466	-	(9,507,998)	473,877,468	10,641,866
Compensated absences	4,344,439	1,126,124	(328,582)	5,141,980	1,058,531
Catastrophic Leave Balance	-	11,327	(3,098)	8,229	
Long-Term liabilities	<u>\$ 487,729,905</u>	<u>\$ 1,137,451</u>	<u>\$ (9,839,678)</u>	<u>\$ 479,027,678</u>	<u>\$ 11,700,397</u>

L. Reserve Policies

Designated Unrestricted Reserves

The District currently maintains a single fund for all sewer revenues, expenditures, and cash balances. However, financial obligations are separated into operating and capital cost centers. This segregation reflects the differing activities of the cost centers and allows for a clear picture of the District's operating and capital requirements and the funding sources available for each. Further, separately identifying operating and capital needs assists in establishing appropriate levels of operating and capital reserves which are a necessary and appropriate part of fiscal prudent management for the District. Operating reserves are designed to provide a liquidity cushion against variability and timing of expenditures and receipts, unanticipated cash operating expenses, or less than expected revenues. The District's Operating and Maintenance Reserve will be equal to 90 days prior year actual O&M expenditures.

The repair and replacement of the District's conveyance and treatment facilities is critical to the ongoing operation of the District and the safety of the community and environment. A capital contingency reserve is a fund set aside in case of emergency, should a piece of equipment or a portion of the District's infrastructure fail unexpectedly. This reserve fund amount is set at the lesser of: (1) the value of total asset original cost/asset average useful life; or (2) \$50 million.

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

L. Reserve Policies (continued)

Nevada Revised Statute (NRS) 354.6115 provides for the creation of a fund to stabilize the operations of local governments, including public utilities. Monies the District transfers to this fund may only be used if the total actual revenue of the District falls short of the total anticipated revenue or expenditures incurred by the District to mitigate the effects of natural disaster. The District's budget stabilization reserve will also provide resources that will allow for rate stability. The District's Budget Stabilization Reserve will be equal to 5% of our current budgeted operations and maintenance expenditures.

As required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the District began to record a liability for Other Post-Employment Benefits (OPEB) obligations in fiscal year 2008. GASB standards do not require employers to advance fund OPEB. However, the District initiated this reserve fund allowing for the opportunity to begin advance funding in the future. This reserve fund amount will be equal to the Net OPEB Obligation (NOO). The NOO is determined by the annual OPEB cost less the actual contribution amount added to the previous year's NOO. Funds are set aside in the worker's compensation insurance reserve for potential losses. The fund is classified as designated unrestricted funds since their use is limited (but not mandated) to the payment of any claims. Annual worker's compensation insurance reserves will be equal to the amount of the annual maximum out of pocket expense, per event in any given year, less the amount of the workers' compensation insurance security deposit.

Restricted Reserves

Funds set aside for payment of general obligation debt and revenue bonds will be classified as restricted assets since their use is limited by applicable bond covenants. A bond reserve account is established in compliance with the District's bond resolutions to meet possible deficiencies in the bond fund (debt service). The annual bond debt service reserve fund will be equal to the annual amount due for principal and interest. Pursuant to NRS 616B.330(2), each self-insured employer must deposit with the Commissioner of the State of Nevada, Division of Insurance, a bond, or other security, executed by the employer as principal, and by a corporation qualified under the laws of this State, payable to the State of Nevada, and conditioned upon the payment of compensation for injuries and occupational diseases to employees. The security amount, and therefore the reserve fund, may change as directed by the Commissioner. In accordance with the cooperative agreement between the District and the Clean Water Coalition (CWC) dated October 1, 2011, the CWC paid the District \$100,000 to be held in trust and used to pay any direct expenses which may be incurred by the Trustee Agency upon termination of the CWC agency. The District has been designated as the Trustee Agency. The amount of this reserve will be all unspent CWC funds at the beginning of any fiscal year.

M. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

N. Contingencies

In the ordinary course of its operations, claims may be filed against the District. Although unable to estimate the amount of likely losses, if any, it is the opinion of management that because of its insurance

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

N. Contingencies (continued)

and other risk management practices these claims will not result in any material adverse effect on the District's financial position or operations. Historically, no provision has been made for any such losses in these matters. 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 the services are rendered.

O. New Pronouncements

The District also implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in this reporting year as part of its GASB 68 implementation. It provides direction on reporting the beginning balance of a liability where an expense has not yet been reported. See Note F for additional information.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for periods beginning after June 15, 2015. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement 68 are effective for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement 67 or for pensions that are within the scope of GASB Statement 68 are effective for fiscal years beginning after June 15, 2015. This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement 68 for pension plans and pensions that are within their respective scopes. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016. This statement addresses the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. This

CLARK COUNTY WATER RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

O. New Pronouncements (continued)

statement addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) and the information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management has not yet completed its assessment of this statement.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for periods beginning after June 15, 2015. This statement identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP), which consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. Management has not yet completed its assessment of this statement.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for periods beginning after December 15, 2015. This statement addresses the need for financial statements prepared by state and local governments in conformity with generally accepted accounting principles to provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. Management has not yet completed its assessment of this statement.

P. Prior Period Adjustments and Restatements

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ended June 30, 2015. The implementation of the statement required the District to record beginning net pension liability and the effects on net position of contributions made by the District during the measurement period (fiscal year ended June 30, 2014). As a result, net position decreased by approximately \$47 million.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, paragraph 5 states that asset impairment is a significant, unexpected decline in the service utility of a capital asset. During the fiscal years ended June 30, 2012 through June 30 2014, the District had capital assets that met this definition. A review of the capital assets records in Fiscal year ended June 2015 determined that these assets were not categorized as impaired which resulted in an overstatement of construction in progress and an understatement in net investment in capital assets.

The effects of the two prior period adjustments on the 2014 financial statements are:

	As Previously Reported	Adjustment	As Adjusted
Statement of Net Position			
Construction in Progress	\$ 219,014,312	\$ (16,793,433)	\$ 202,220,879
Contributions to Pension Plans	-	6,039,644	6,039,644
Net Pension Liability	-	52,725,605	52,725,605
Net Investment in Capital Assets	1,074,334,531	(16,793,434)	1,057,541,097
Unrestricted Net Position	559,394,470	(46,685,961)	512,708,509
Statements of Revenues, Expenses and Changes in Net Position			
Impairments and Other Losses	\$ -	\$ 2,744,933	\$ 2,744,933
Net Position, Beginning of Year	1,573,208,727	(60,734,461)	1,512,474,266
Net Position, End of Year	1,645,710,143	(63,479,395)	1,582,230,748

A stylized graphic of three overlapping, curved shapes resembling waves or a stylized 'C'. The outermost shape is light blue, the middle one is a slightly darker blue, and the innermost one is a light teal color.

Required Supplementary Information

The
"Clean
Water Team"

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Clark County Water Reclamation District
Required Supplementary Information
Schedule of OPEB Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll [(b-a)/c]
Self-Funded/HPN						
07/01/10	-	\$ 27,989,590	\$ 27,989,590	0%	\$ 24,886,480	112.47%
07/01/12		35,480,603	35,480,603	0%	23,141,075	153.32%
07/01/14		29,493,485	29,493,485	0%	24,779,783	119.02%
PEBP						
07/01/10	-	\$ 2,204,784	\$ 2,204,784	0%	(a)	n/a
07/01/12	-	2,827,135	2,827,135	0%	(a)	n/a
07/01/14	-	1,835,359	1,835,359	0%	(a)	n/a

Note: (a) Effective 09/01/2008 no additional active employees can be added to the PEBP program, therefore, there are no covered payrolls associated with this program after that date.

Clark County Water Reclamation District
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2014 and Last Nine Fiscal Years

Proportion of the net pension liability	0.40096%
Proportionate share of the net pension liability	\$41,788,009
Covered-employee payroll	\$23,947,775
Proportionate share of the net pension liability as a percentage of covered-employee payroll	179.31%
Plan's fiduciary net position	\$33,575,100
Plan fiduciary net position as a percentage of the total pension liability	76.31%

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown

Clark County Water Reclamation District
Required Supplementary Information
Proportionate Share of Statutorily Required Pension Contribution Information
For the Year Ended June 30, 2015 and Last Nine Fiscal Years

Contractually required contribution (actuarially determined)	\$ 6,073,199
Contributions in relation to the actuarially determined contributions	6,246,929
Contribution deficiency (excess)	<u>\$ (173,730)</u>
Covered payroll	\$ 24,779,783
Contributions as a percentage of covered- employee payroll	25.21%

Notes to Schedule

Valuation Date: June 30, 2014

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown

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A stylized graphic of two overlapping waves. The outer wave is light blue and the inner wave is a lighter shade of blue, creating a sense of depth and movement.

Supplementary Information

The
"Clean
Water Team"

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Clark County Water Reclamation District
Schedule of Capital Assets
Year Ended June 30, 2015 and 2014

	Capital Assets June 30, 2014	Current Year Cost Increases	Current Year Cost Decreases	Capital Assets June 30, 2015	Accumulated Depreciation June 30, 2014	Depreciation Increases	Depreciation Decreases	Accumulated Depreciation June 30, 2015	Restated Net Capital Assets June 30, 2015
Land and Rights of Way	\$ 7,947,397	\$ 3,580	\$ -	\$ 7,950,977	\$ -	\$ -	\$ -	\$ -	\$ 7,950,977
Land Improvements	5,298,008	207,166	-	5,505,174	378,541	337,473	-	716,014	4,789,160
Total Land and Improvements	13,245,405	210,746	-	13,456,151	378,541	337,473	-	716,014	12,740,137
Buildings and Wastewater Treatment Facilities:									
Flamingo Water Resource Center	971,057,619	18,039,274	(184,835)	988,912,058	410,650,280	37,488,641	(88,105)	448,050,816	540,861,242
Laughlin Water Resource Center	76,553,374	2,834,373	(91,640)	79,296,107	50,777,321	3,477,836	(91,640)	54,163,517	25,132,590
Blue Diamond Treatment Ponds	717,821	-	-	717,821	716,108	154	-	716,262	1,559
Indian Springs Treatment Facility	12,550,084	1,552,069	-	14,102,153	1,116,050	787,234	-	1,903,284	12,198,869
Moapa Valley Treatment Facility	22,499,690	(398,219)	-	22,101,471	5,208,305	555,743	-	5,764,048	16,337,423
Searchlight Treatment Ponds	3,292,203	(157,718)	-	3,134,485	576,598	150,220	-	726,818	2,407,667
Total Buildings and Wastewater Treatment Facilities:	1,086,670,791	21,869,779	(276,475)	1,108,264,095	469,044,662	42,459,828	(179,745)	511,324,745	596,939,350
Wastewater Conveyance Lines:									
Flamingo Water Resource Center	442,032,222	21,492,082	(21,613)	463,502,691	121,024,840	9,374,826	(2,305)	130,397,361	333,105,330
Laughlin Water Resource Center	14,845,814	(479,281)	-	14,366,533	2,336,835	271,759	-	2,608,594	11,757,939
Wastewater Lines	318,271,323	37,764,679	-	356,036,002	90,747,186	6,711,253	-	97,458,439	258,577,560
Indian Springs Treatment Facility	3,387,055	1,499,871	-	4,886,926	631,890	548,775	-	1,180,665	3,706,261
Moapa Valley Treatment Facility	34,421,392	(3,530,947)	-	30,890,445	2,187,890	454,286	-	2,642,176	28,248,269
Searchlight Treatment Ponds	3,184,596	538,317	-	3,722,913	911,362	316,487	-	1,227,849	2,495,064
Total Wastewater Conveyance Lines:	816,142,402	57,284,721	(21,613)	873,405,510	217,840,003	17,677,386	(2,305)	235,515,084	637,890,423
Equipment	201,404,825	11,033,261	(2,339,693)	210,098,393	87,267,864	19,017,351	(2,180,112)	104,105,104	105,993,291
Work in Progress	202,220,878	154,239,799	(54,092,500)	302,368,177	-	-	-	-	302,368,177
Total	\$ 2,319,684,302	\$ 244,638,306	\$ (56,730,281)	\$ 2,507,592,326	\$ 774,531,070	\$ 79,492,037	\$ (2,362,162)	\$ 851,660,948	\$ 1,655,931,378

Clark County Water Reclamation District
Schedule of Revenues and Expenses Compared to Budget
Year Ended June 30, 2015
(with Comparative Actual Amounts for Year Ended June 30, 2014)

	2015 Budget	2015 Actual	Variance to Budget	2014 Actual
Operating Revenues:				
Sewer service charges	\$ 141,979,500	\$ 142,374,180	\$ 394,680	\$ 139,716,364
Water reuse sales	2,275,000	1,121,695	(1,153,305)	2,357,845
Pretreatment fees	410,000	443,736	33,736	419,998
Septage fees	273,000	317,161	44,161	356,677
Other	590,000	572,051	(17,949)	658,759
Total Operating Revenues	145,527,500	144,828,823	(698,677)	143,509,643
Operating Expenses:				
Salaries	24,723,485	22,345,906	(2,377,579)	22,280,786
Benefits	9,660,955	8,261,396	(1,399,559)	8,596,198
Post employment benefits other than pension	3,599,285	2,486,393	(1,112,892)	2,613,469
Utilities	12,054,030	11,265,489	(788,541)	10,440,207
Outside services	9,519,647	7,053,570	(2,466,077)	6,585,336
Chemicals	7,884,410	5,186,742	(2,697,668)	6,115,822
Maintenance	5,835,249	5,383,928	(451,321)	5,893,990
Other expenses	3,295,835	6,160,644	2,864,809	6,376,168
Supplies	3,415,929	2,777,022	(638,907)	1,380,948
Impairments and other losses	-	2,997,433	2,997,433	2,744,934
Depreciation	85,708,345	79,492,040	(6,216,305)	75,643,760
Total Operating Expenses	165,697,170	153,410,563	(12,286,607)	148,671,618
Income (Loss) from Operations	(20,169,670)	(8,581,740)	11,587,930	(5,161,975)
Non-Operating Revenue (Expense):				
Unrestricted investment earnings	5,250,000	6,194,788	944,788	5,848,625
Net increase (decrease) in the fair value of unrestricted investment	-	2,216,807	2,216,807	2,086,425
Restricted investment earnings	-	158,630	158,630	175,717
SDA revenue	15,500,000	24,013,884	8,513,884	31,461,511
Sales tax apportionment	15,470,000	17,078,167	1,608,167	15,911,706
Interest expense-bonds, net of capitalized	(23,832,869)	(12,089,946)	11,742,923	(10,578,550)
Other non-operating revenue/expenses, net	-	301,798	301,798	1,882,969
Total Non-Operating Revenue (Expense)	12,387,131	37,874,128	25,486,997	46,788,403
Income Before Capital Contributions	(7,782,539)	29,292,388	37,074,927	41,626,428
Capital Contributions				
Grant revenue	64,500	-	(64,500)	-
Contributed assets	8,500,000	36,528,528	28,028,528	28,130,054
Change in Net Position	781,961	65,820,916	65,038,955	69,756,482
Net Position, Beginning of the Year, As Previously Reported	1,645,710,143	1,645,710,143	-	1,573,208,727
Adjustments	-	(63,479,395)	(63,479,395)	(60,734,461)
Net Position, Beginning of the Year, As Adjusted	1,645,710,143	1,582,230,748	(63,479,395)	1,512,474,266
Net Position, End of Year	\$1,646,492,104	\$1,648,051,664	\$ 1,559,560	\$1,582,230,748

Clark County Water Reclamation District
Schedule of Cash Flows Compared to Budget
Years Ended June 30, 2015 and 2014

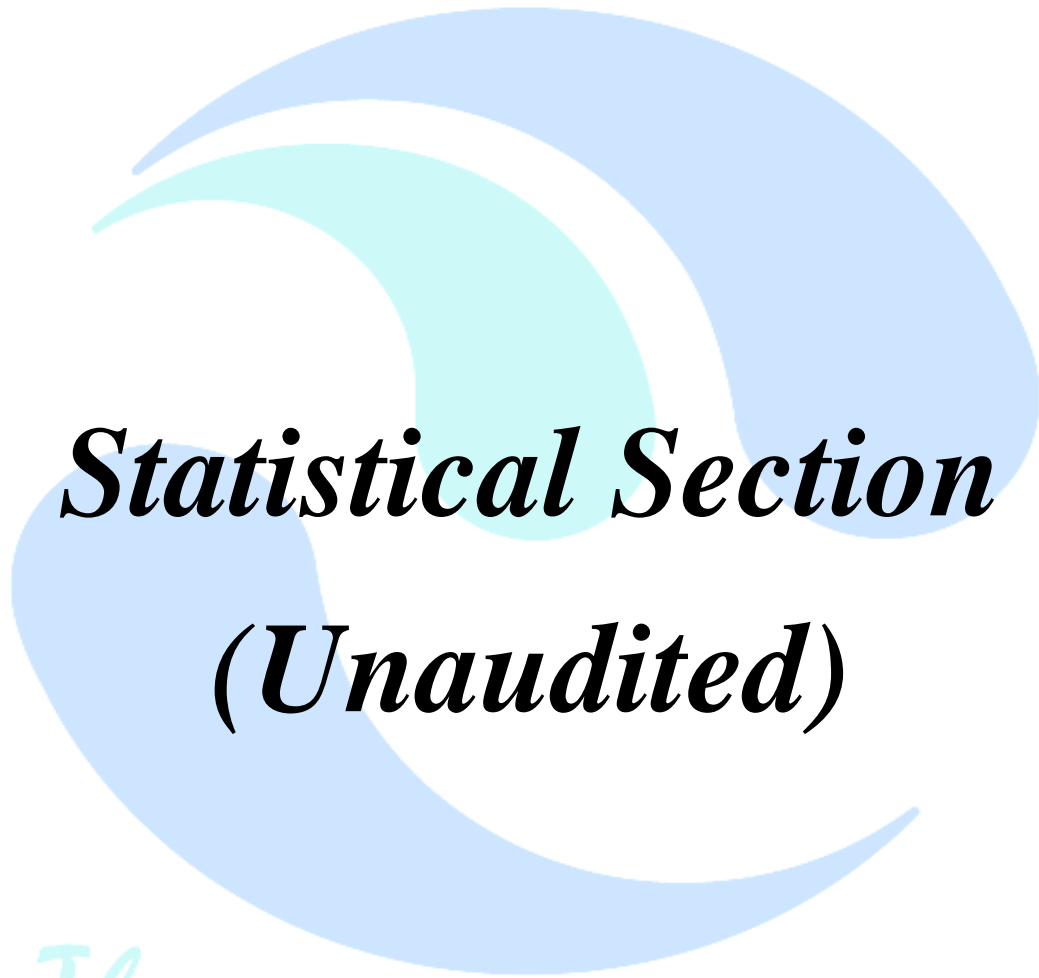
	2015 Budget	2015 Actual	Variance to Budget	2014 Actual
Cash Flows from Operating Activities:				
Net pension liabilities	\$ -	\$ 10,193,812	\$ 10,193,812	\$ -
Net cash inflows/outflows from PERS contributions/deferrals	-	(10,937,596)	(10,937,596)	-
Cash flows from customers	145,527,500	143,521,915	(2,005,585)	127,922,636
Cash flows from governmental organizations	-	5,532,039	5,532,039	4,992,844
Payments by other sources	-	(2,801,527)	(2,801,527)	138,418
Payments to employees for services and benefits	(37,938,725)	(30,629,676)	7,309,049	(29,834,791)
Payments from (to) governmental organizations for services	-	(7,317,143)	(7,317,143)	(6,278,941)
Services and supplies	(42,050,100)	(28,936,064)	13,114,036	(31,259,115)
Net Cash Provided by Operating Activities	<u>65,538,675</u>	<u>78,625,759</u>	<u>13,087,084</u>	<u>65,681,051</u>
Cash Flows from Capital and Related Financing Activities:				
Grant revenue	64,500	-	(64,500)	-
Sales tax apportionment	15,470,000	16,468,226	998,226	15,316,323
System development approvals received	15,500,000	24,048,386	8,548,386	31,986,150
Proceeds from capital debt	25,290,469	4,442,672	(20,847,797)	1,639,160
Acquisition, construction or improvement of capital assets	(104,061,724)	(132,398,672)	(28,336,948)	(83,120,689)
Principal payment on loans for capital assets	(10,641,866)	(10,641,866)	-	(9,397,970)
Interest payment on loans for capital assets	(23,832,869)	(11,444,503)	12,388,366	(13,175,047)
Loan to Clark County	(7,000,000)	-	7,000,000	-
Net Cash Used in Capital and Related Financing Activities	<u>(89,211,490)</u>	<u>(109,525,758)</u>	<u>(20,314,268)</u>	<u>(56,752,073)</u>
Cash Flows from Investing Activities:				
Proceeds from sale of investments	240,151,958	642,746,413	402,594,455	282,282,383
Interest on investments	5,250,000	10,916,604	5,666,604	9,796,878
Purchases of investments	(227,467,250)	(633,408,076)	(405,940,826)	(291,647,346)
BNY paying agent fee	-	(500)	(500)	(1,000)
Workers compensation certificate of deposit	-	(113)	(113)	(12,212)
Net Cash Provided (Used) in Investing Activities	<u>17,934,708</u>	<u>20,254,328</u>	<u>2,319,620</u>	<u>418,703</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(5,738,107)</u>	<u>(10,645,670)</u>	<u>(4,907,565)</u>	<u>9,347,681</u>
Cash and Cash Equivalents, Beginning of Year	<u>64,416,515</u>	<u>71,459,626</u>	<u>7,043,111</u>	<u>62,111,945</u>
Cash and Cash Equivalents, End of Year	<u>\$ 58,678,408</u>	<u>\$ 60,813,956</u>	<u>\$ 2,135,546</u>	<u>\$ 71,459,626</u>
Cash and Cash Equivalents Balances:				
Unrestricted cash and cash equivalents	\$ 58,678,408	\$ 36,565,881	\$ (22,112,527)	\$ 47,617,049
Restricted cash and cash equivalents	-	24,248,075	24,248,075	23,842,577
Cash and Cash Equivalents, End of Year	<u>\$ 58,678,408</u>	<u>\$ 60,813,956</u>	<u>\$ 2,135,548</u>	<u>\$ 71,459,626</u>

Clark County Water Reclamation District
Classification of Users and Revenues
Year Ended June 30, 2015

	Number of ERU's* billed		
	July 1, 2015	July 1, 2014	July 1, 2014
Residential Services			
Single family	187,015	184,294	\$ 40,745,560
Multiple resident	92,541	92,490	20,448,614
Mobile homes	16,312	16,381	3,621,675
Recreational vehicle parks	1,091	1,091	241,209
Commercial Services			
Hotels/Resorts/Casinos	204,287	203,516	44,995,352
Casinos	423	423	93,521
Restaurants and/or on-premise bars	12,377	12,148	2,685,801
Theme parks	2,575	3,599	795,703
Hospitals: medical and surgical	2,423	2,324	513,813
Convalescent and rest homes	1,451	1,361	300,903
Schools	17,050	16,958	3,749,244
Churches	1,991	1,969	435,326
Large Commercial			
Car wash	1,105	1,096	242,315
Laundry	1,408	1,259	278,352
Large commercial	-	20	4,422
Miscellaneous			
Type A	7,667	7,483	1,654,416
Type B	40,830	40,136	8,873,668
Type C	31,758	31,402	6,942,668
Type D	6,254	6,099	1,348,428
 Total billed at July 1, 2014 for the year ended June 30, 2015	 <u>628,558</u>	 <u>624,049</u>	 137,970,990
 Billings for service added during the year ended June 30, 2015			1,794,807
Service charges for the year ended June 30, 2015			<u>2,370,180</u>
 Total revenues for sewer services excluding fees not based on ERU's			142,135,977
Reduction in sewer service revenue			(142,302)
Other fees not based on ERU's			380,505
Total Sewer Service Charges for the Year Ended June 30, 2015			<u>\$ 142,374,180</u>

* Equivalent Residential Units: 1 ERU = 90,000 Gallons

Area rates per ERU	July 1, 2015	July 1, 2014
Las Vegas Valley	\$ 221.09	\$ 221.09
Blue Diamond	221.09	221.09
Indian Springs	221.09	221.09
Laughlin	221.09	221.09
Overton	221.09	221.09
Searchlight	221.09	221.09



Statistical Section
(Unaudited)

The
"Clean
Water Team"

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STATISTICAL SECTION

This part of the Clark County Water Reclamation District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

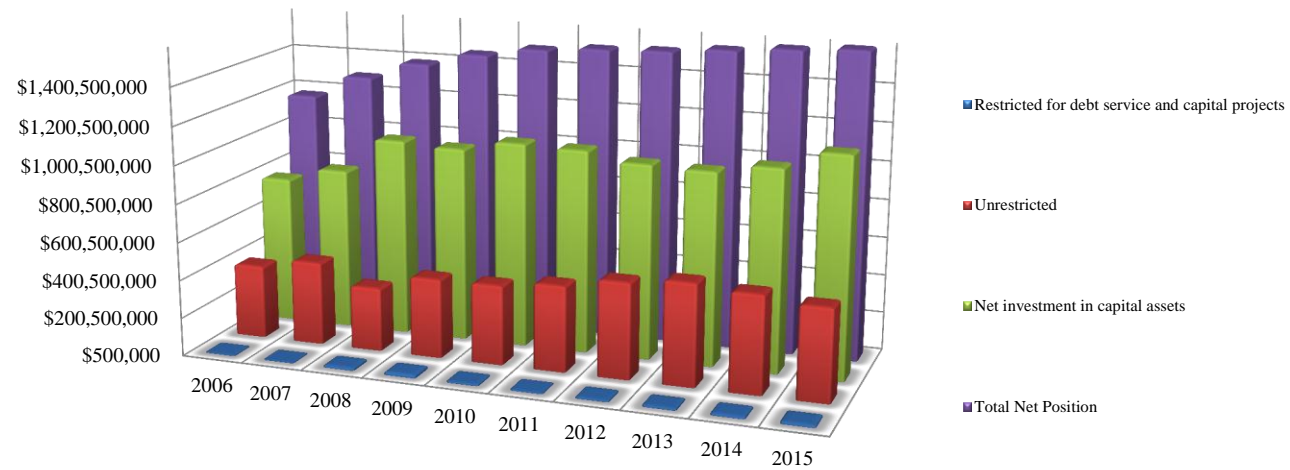
Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	42
Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue sources.</i>	45
Debt Capacity <i>This schedule presents 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.</i>	48
Operating Information <i>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.</i>	49
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	53

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Clark County Water Reclamation District
Summary of Net Position
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
							Restated	Restated	Restated	
Net investment in capital assets	\$ 778,175,934	\$ 850,666,393	\$ 1,038,477,851	\$ 1,021,788,757	\$ 1,075,343,625	\$ 1,066,697,040	\$ 1,021,883,382	\$ 1,012,588,221	\$ 1,057,541,097	\$ 1,152,486,134
Restricted for debt service and capital projects	4,964,654	4,194,603	12,948,688	16,290,910	9,075,922	6,280,245	9,104,043	10,592,125	11,981,142	12,882,961
Unrestricted	386,321,081	437,579,067	334,661,557	416,624,489	417,775,634	451,145,151	503,574,724	535,979,881	512,708,509	482,682,569
Total Net Position	\$ 1,169,461,669	\$ 1,292,440,063	\$ 1,386,088,096	\$ 1,454,704,156	\$ 1,502,195,181	\$ 1,524,122,436	\$ 1,534,562,149	\$ 1,559,160,227	\$ 1,582,230,748	\$ 1,648,051,664

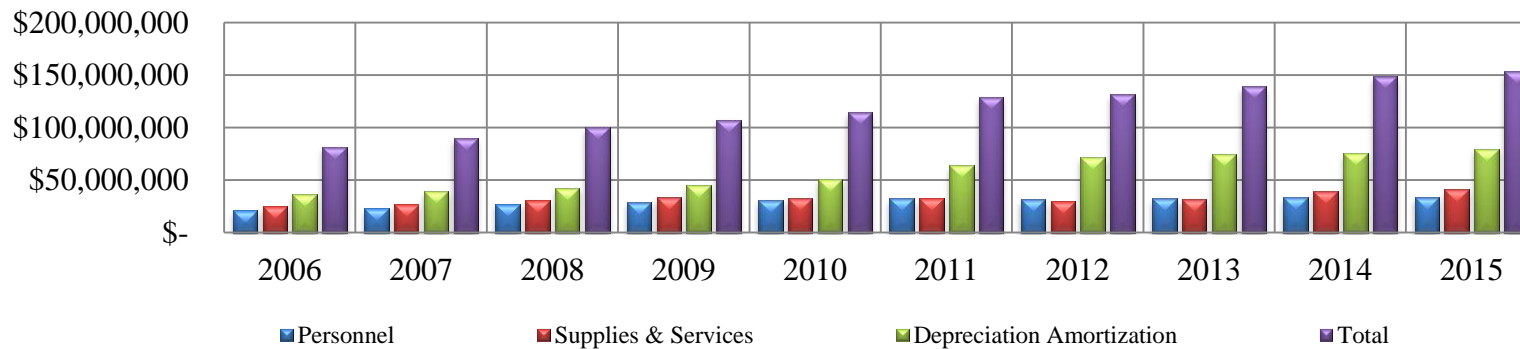


Clark County Water Reclamation District
Changes in Net Position
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues:							Restated	Restated	Restated	
Service Fees	\$ 89,661,254	\$ 94,134,198	\$ 97,153,925	\$ 106,046,049	\$ 119,932,937	\$ 130,974,469	\$ 133,122,260	\$ 143,275,939	\$ 139,716,364	\$ 142,374,180
Other	6,795,255	5,592,183	5,984,633	5,780,669	4,855,669	3,780,073	3,229,158	4,344,636	3,793,279	2,454,643
Total Operating Revenues	96,456,509	99,726,381	103,138,558	111,826,718	124,788,606	134,754,542	136,351,418	147,620,575	143,509,643	144,828,823
Non-Operating Revenues:										
SDA revenue	53,694,207	59,633,785	37,611,376	16,353,536	9,150,261	9,218,329	10,549,916	18,972,735	31,461,511	24,013,884
Sales tax apportionment	15,887,079	16,116,023	15,595,269	13,482,807	12,242,174	13,134,404	14,055,242	14,870,001	15,911,706	17,078,167
Investment income	12,036,965	23,216,190	33,367,205	21,842,465	13,767,249	8,468,947	8,878,470	4,398,963	6,024,342	6,353,418
Net increase (decrease) in the fair value of unrestricted investment	-	-	-	-	-	(2,028,410)	(3,169,527)	(5,631,409)	2,086,425	2,216,807
Other	-	571,185	611,644	272,900	215,942	451	(158,322)	(13,478)	1,882,969	301,798
Total Non-Operating Revenues	81,618,251	99,537,183	87,185,494	51,951,708	35,375,626	28,793,721	30,155,779	32,596,812	57,366,953	49,964,074
Total Revenues	178,074,760	199,263,564	190,324,052	163,778,426	160,164,232	163,548,263	166,507,197	180,217,387	200,876,596	194,792,897
Operating Expenses:										
Salaries	15,843,093	16,963,262	19,925,077	21,052,947	22,468,145	22,490,527	20,967,989	21,730,773	22,280,786	22,345,906
Benefits	4,962,913	6,022,814	5,796,778	6,695,433	6,955,613	7,539,884	7,722,124	7,952,525	8,596,198	8,261,396
Other post employment benefits	-	-	1,349,373	1,044,482	1,535,705	2,505,669	2,859,575	2,613,469	2,613,469	2,486,393
Utilities	10,022,411	11,634,100	12,034,580	11,634,902	12,270,437	12,629,495	10,239,274	9,749,587	10,440,207	11,265,489
Outside services	4,334,668	4,425,025	6,640,975	6,306,470	7,433,909	6,351,481	4,690,745	5,218,462	6,585,336	7,053,570
Chemicals	3,515,579	4,062,598	4,684,631	6,658,655	5,277,019	5,039,405	5,443,455	5,738,662	6,115,822	5,186,742
Maintenance	4,364,140	3,581,393	4,053,703	4,908,706	4,358,995	4,870,339	4,812,371	5,375,121	5,893,990	5,383,928
Other expenses	1,116,230	1,319,895	1,979,360	1,967,831	1,886,372	2,015,994	2,086,233	2,519,369	6,376,168	6,160,644
Supplies	1,397,543	2,185,888	1,381,396	1,676,175	1,539,659	1,403,353	2,025,589	2,040,399	1,380,948	2,777,022
Bad debt expense	-	-	-	689,358	779,566	-	-	-	-	-
Impairment and other losses	-	-	-	-	-	-	-	1,126,222	2,744,934	2,997,433
Depreciation	36,086,997	39,407,516	42,402,545	44,849,343	50,285,130	63,893,458	70,999,964	74,793,101	75,643,760	79,492,040
Total Operating Expenses	81,643,574	89,602,491	100,248,418	107,484,302	114,790,550	128,739,605	131,847,319	138,857,690	148,671,618	153,410,563
Total Non-Operating Expenses	2,603,689	1,945,328	8,890,231	1,876,337	1,358,845	24,133,089	21,235,841	15,800,402	10,578,550	12,089,946
Total Expenses	84,247,263	91,547,819	109,138,649	109,360,639	116,149,395	152,872,694	153,083,160	154,658,092	159,250,168	165,500,509
Income Before Capital Contributions	93,827,497	107,715,745	81,185,403	54,417,787	44,014,837	10,675,569	13,424,037	25,559,295	41,626,428	29,292,388
Capital Contributions:										
Grant revenue	-	86,436	18,453	60,771	267,180	235,872	86,448	413,236	-	-
Contributed assets	14,511,217	15,176,213	12,457,110	14,137,502	3,209,008	14,595,621	9,987,987	11,547,824	28,130,054	36,528,528
Total Change in Net Position	\$ 108,338,714	\$ 122,978,394	\$ 93,660,966	\$ 68,616,060	\$ 47,491,025	\$ 25,507,062	\$ 23,498,472	\$ 37,520,355	\$ 69,756,482	\$ 65,820,916

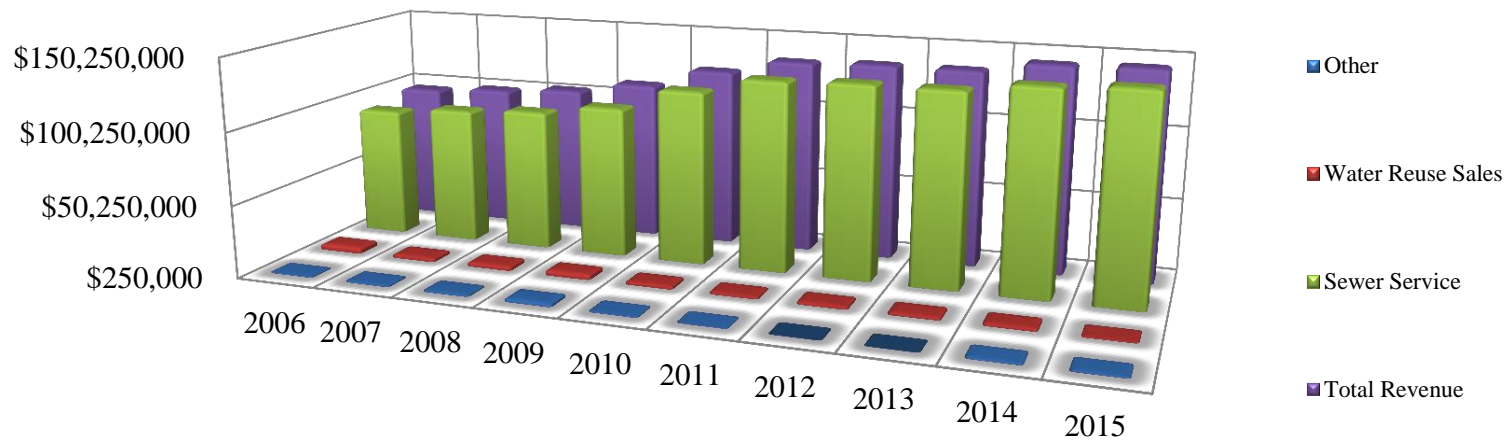
Clark County Water Reclamation District
Operating Expense by Function
Last Ten Fiscal Years

Fiscal Year	Personnel	% of Annual	Supplies and Services	% of Annual	Depreciation Amortization	% of Annual	Total
2006	\$ 20,806,006	25.48%	\$ 24,750,571	30.32%	\$ 36,086,997	44.20%	\$ 81,643,574
2007	22,986,076	25.65%	27,208,899	30.37%	39,407,516	43.98%	89,602,491
2008	27,071,228	27.00%	30,774,645	30.70%	42,402,545	42.30%	100,248,418
2009	28,792,862	26.79%	33,842,097	31.49%	44,849,343	41.73%	107,484,302
2010	30,959,463	26.97%	33,545,958	29.22%	50,285,130	43.81%	114,790,551
2011	32,536,080	25.27%	32,310,067	25.10%	63,893,458	49.63%	128,739,605
2012	31,549,688	23.93%	29,297,667	22.22%	70,999,964	53.85%	131,847,319
2013	32,296,767	23.26%	31,767,820	22.88%	74,793,101	53.86%	138,857,688
2014	33,490,453	22.53%	39,537,405	26.59%	75,643,760	50.88%	148,671,618
2015	33,093,695	21.57%	40,824,828	26.61%	79,492,040	51.82%	153,410,563



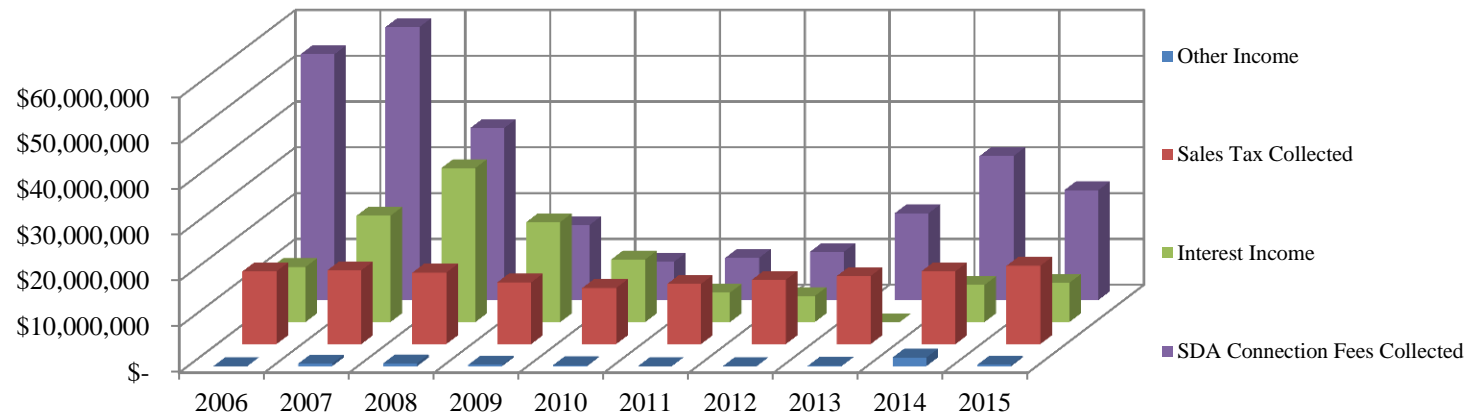
**Clark County Water Reclamation District
Operating Revenue by Source
Last Ten Fiscal Years**

Fiscal Year	Sewer Service	% of Annual	Water Reuse Sales	% of Annual	Other	% of Other	Total Revenue
2006	\$ 90,969,947	94.31%	\$ 4,463,004	4.63%	\$1,023,558	1.06%	\$ 96,456,509
2007	95,373,330	95.64%	2,923,078	2.93%	1,429,973	1.43%	99,726,381
2008	98,360,197	95.37%	3,272,165	3.17%	1,506,196	1.46%	103,138,558
2009	107,315,344	95.97%	3,272,151	2.93%	1,239,223	1.11%	111,826,718
2010	121,097,362	97.04%	2,620,050	2.10%	1,071,194	0.86%	124,788,606
2011	132,127,719	98.05%	2,086,213	1.55%	540,610	0.40%	134,754,542
2012	133,786,521	98.12%	2,274,004	1.67%	290,893	0.21%	136,351,418
2013	143,275,939	97.06%	2,195,074	1.49%	2,149,562	1.46%	147,620,575
2014	139,716,364	97.36%	2,357,845	1.64%	1,435,434	1.00%	143,509,643
2015	142,374,180	98.31%	1,121,695	0.77%	1,332,948	0.92%	144,828,823



Clark County Water Reclamation District
Non-Operating Revenue by Source
Last Ten Fiscal Years

Fiscal Year	SDA Connection Fees Collected	Interest Income	Sales Tax Collected	Other Income
2006	\$ 53,694,207	\$ 12,036,965	\$ 15,887,079	\$ -
2007	59,633,785	23,216,190	16,116,023	571,185
2008	37,611,376	33,367,205	15,595,269	611,644
2009	16,353,536	21,842,465	13,482,807	272,900
2010	9,150,261	13,767,249	12,242,174	215,942
2011	9,218,329	6,440,537	13,134,404	(24,133,089)
2012	10,549,916	5,708,943	14,055,242	(158,322)
2013	18,972,735	(1,232,445)	14,870,001	(13,478)
2014	31,461,511	8,110,767	15,911,706	1,882,969
2015	24,013,884	8,570,225	17,078,167	301,798



**Clark County Water Reclamation District
Ten Largest Customers
Current Year and Ten Years Ago**

Customer	2015				2005			
	Rank	ERU's Billed 7/1/2015	Percentage of Total ERU's	Dollar Amount Billed 7/1/2015	Rank	ERU's Billed 7/1/2005	Percentage of Total ERU's	Dollar Amount Billed 7/1/2005
City Center	1	9,749.665	13.75%	\$ 2,158,019		-	-	\$ -
Mandalay Bay Resort and Casino	2	9,714.910	13.70%	2,149,135	1	8,430.555	14.74%	1,453,897
MGM Grand Hotel/Casino	3	8,174.490	11.53%	1,810,014	2	7,625.350	13.34%	1,316,841
Caesars Palace	4	7,614.340	10.74%	1,688,520	8	4,629.350	8.10%	800,593
Venetian Casino Resorts, LLC	5	7,485.420	10.56%	1,654,205	4	6,148.680	10.75%	1,057,942
Bellagio, LLC	6	6,915.755	9.75%	1,531,770	3	6,743.195	11.79%	1,158,005
Nellis Air Force Base	7	5,580.072	7.87%	1,252,613	6	4,882.897	8.54%	868,800
Wynn Las Vegas, LLC	8	5,507.055	7.77%	1,218,921	5	5,300.225	9.27%	915,208
Cosmopolitan of Las Vegas	9	5,187.070	7.31%	1,150,375		-	-	-
The Mirage Casino-Hotel	10	4,988.605	7.03%	1,103,597	9	4,389.725	7.68%	758,295
Luxor		-	-	-	7	4,702.135	8.22%	810,867
Rio Suite Hotel and Casino		-	-	-	10	4,330.720	7.57%	745,937

Source: District Finance Service Group

Clark County Water Reclamation District
Ratios of Outstanding Debt
Last Ten Fiscal Years

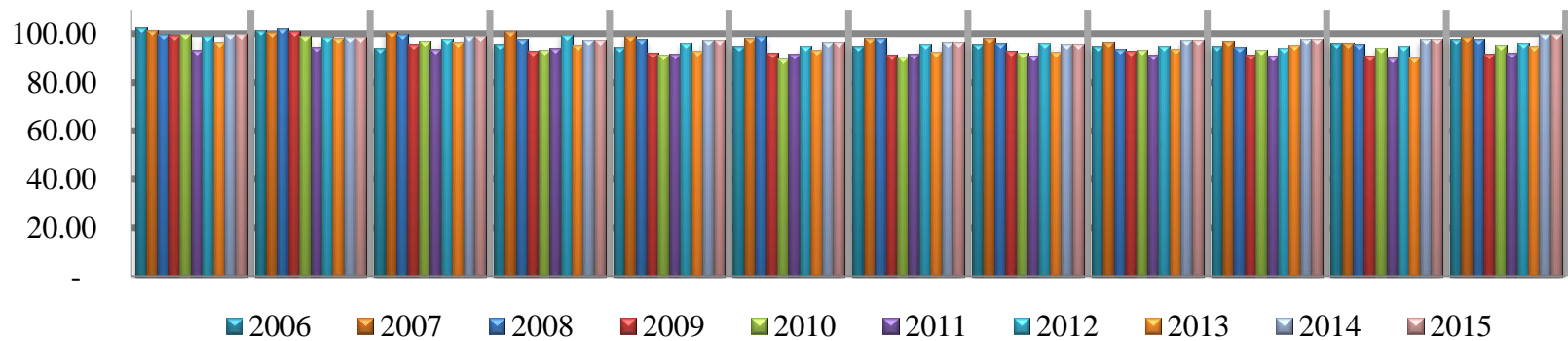
Fiscal Year	General Obligation Bonds	Issuance Premiums / Discounts	Revenue Bonds	Total Debt	Percentage of Personal Income *	Per Capita
2006	\$ 39,435,000	\$ 2,227,971	\$ -	\$ 41,662,971	0.06	21.78
2007	37,700,000	1,615,373	-	39,315,373	0.06	19.69
2008	87,150,000	1,093,262	-	88,243,262	0.11	44.43
2009	457,150,000	3,933,317	-	461,083,317	0.63	212.87
2010	456,784,780	3,495,428	-	460,280,208	0.64	216.91
2011	452,008,449	3,161,731	-	455,170,180	0.65	231.05
2012	456,767,672	2,937,240	-	459,704,912	0.63	228.86
2013	480,558,254	2,827,212	-	483,385,466	0.64	237.92
2014*	471,160,284	2,717,184	-	473,877,468	0.62	228.96
2015*	464,961,090	2,607,155	-	467,568,245	0.62	225.91

* The Percentage of Personal Income is not available; therefore, Percentage of Personal income from 2013 is used as an estimate
Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Source: District Finance Service Group

Clark County Water Reclamation District
Flamingo Water Resource Center Average Daily Flows
 (Per Million Gallons)
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
July	102.53	101.45	99.83	99.52	99.82	93.53	98.81	96.50	99.99	102.19
August	101.34	100.70	102.05	100.92	99.25	94.71	98.53	98.06	98.44	102.46
September	94.29	100.74	99.80	95.76	96.90	93.87	97.79	96.75	98.93	102.86
October	95.92	100.89	97.86	93.15	93.52	94.02	99.58	95.50	97.47	102.04
November	94.56	99.19	97.72	92.11	91.34	91.90	96.06	93.21	97.28	101.48
December	95.10	98.24	98.93	92.07	89.71	91.68	94.95	93.45	96.56	98.66
January	94.94	98.31	98.23	91.52	90.69	91.91	95.78	92.58	96.51	99.55
February	95.55	98.08	96.35	93.00	92.07	91.06	96.42	92.44	95.97	99.77
March	95.00	96.55	93.96	93.07	93.25	91.49	94.93	93.65	97.59	101.36
April	95.15	96.93	94.74	91.25	93.59	91.11	94.24	95.26	97.99	98.42
May	96.26	96.43	95.76	91.05	94.27	90.37	95.06	90.18	97.89	100.52
June	97.91	98.61	97.99	91.58	95.44	92.19	96.20	94.85	99.90	100.09
Annual Average	96.55	98.84	97.77	93.75	94.15	92.32	96.53	94.37	97.88	100.78



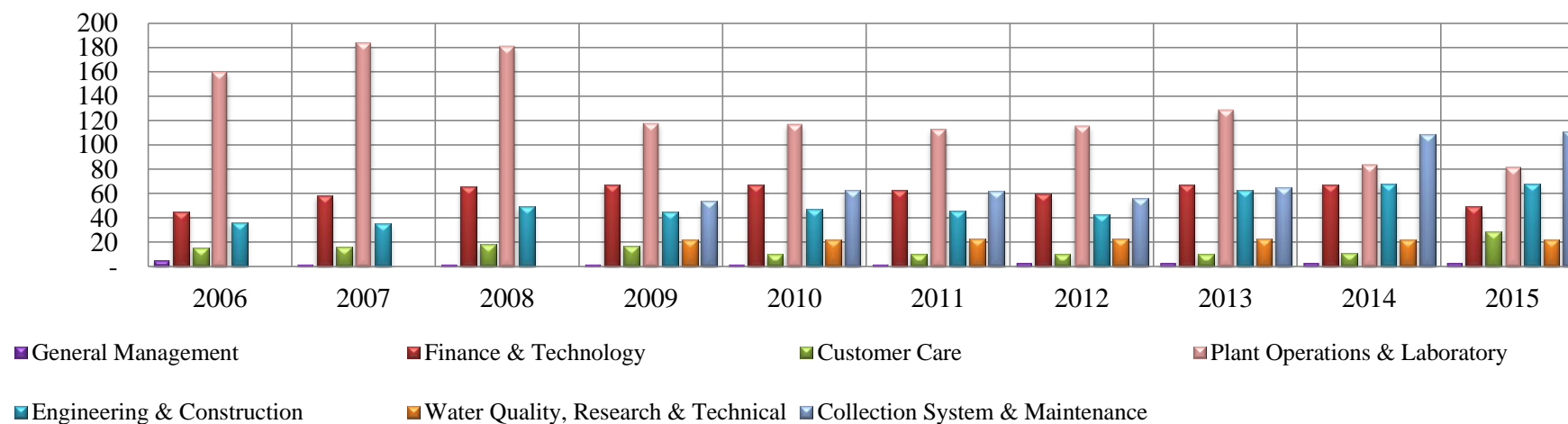
Source: District Plant Operations Service Group

Clark County Water Reclamation District
Schedule of Insurance Policies in Force
Year Ended June 30, 2015

Amount of Policy	Description of Risk Covered	Insurer	Expiration Date
Statutory Limit \$1,000,000	Excess Workmen's Compensation (\$750,000 SIR) Employer's Liability	New Your Marine & General Ins. Co.	September 1, 2015
\$50,000,000 any one site	Course of Construction (\$20,000 deductible)	Great American Ins. Co. of New York	September 1, 2015
\$1,000,000 Each Event \$2,000,000 General Total \$2,000,000 Products & Completed work \$1,000,000 Personal Injury \$1,000,000 Adv Injury Med Exp Excluded \$1,000,000 Sewer Backup	Comprehensive General Liability (\$50,000 SIR)	Argonaut Insurance Co.	September 1, 2015
\$1,000,000 CSL	Comprehensive Business Automobile (\$50,000 SIR)	Argonaut Insurance Co.	September 1, 2015
\$100,000	Comprehensive Crime (\$50,000 Deductible)	Alliant Property Insurance Program	July 1, 2016
\$1,014,528,576 \$1,000,000	Property Damage (Fire) Blanket Earnings & Exp (\$50,000 deductible)	Alliant Property Insurance Program	July 1, 2016
\$10,000,000	Commercial Umbrella Coverage	Argonaut Insurance Co.	September 1, 2015
\$3,754,665	Scheduled Equipment (\$2,500 deductible)	Alliant Property Insurance Program	July 1, 2016
\$1,000,000 Each wrongful act	Employee Benefits Liability (\$50,000 SIR)	Argonaut Insurance Co.	September 1, 2015
\$250,000	Accounts Receivable (\$50,000 Deductible)	Alliant Property Insurance Program	July 1, 2016
\$1,500,000	EDP - Computure System (\$50,000 Deductible)	Alliant Property Insurance Program	July 1, 2016
\$6,000,000	Utility Deposit Bond Southern Nevada Water Authority	Great American Insurance Co.	December 20, 2015

Clark County Water Reclamation District
Full -Time Equivalent Employees by Service Center
Last Ten Fiscal Years

Service Centers	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Management	5	2	2	2	2	2	3	3	3	3
Finance & Technology Solutions	45	58	66	67	67	63	60	67	67	49
Customer Care	15	16	18	17	10	10	10	10	11	29
Plant Operations & Laboratory	160	184	181	118	117	113	116	129	84	82
Engineering & Construction	36	35	49	45	47	46	43	63	68	68
Water Quality, Research & Technical	0	0	0	22	22	23	23	23	22	22
Collection System & Maintenance	0	0	0	54	63	62	56	65	109	111
Total	261	295	316	325	328	319	311	360	364	364

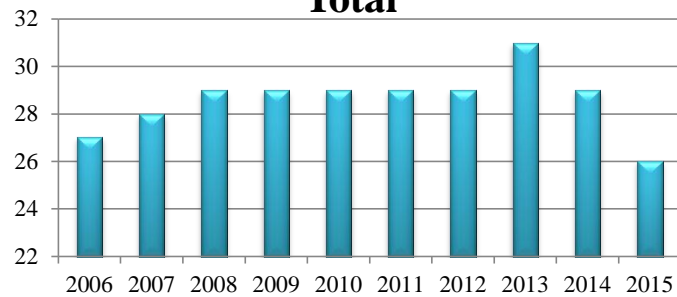


Source: District Customer Care Service Group

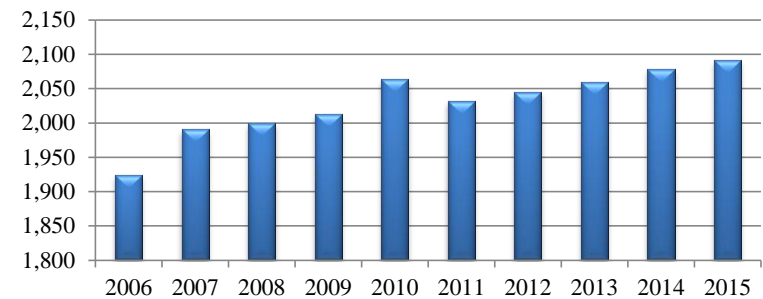
**Clark County Water Reclamation District
Capital Asset Statistics by Function
Last Ten Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sewer Lift/Pump Station Total	27	28	29	29	29	29	29	31	29	26
Miles of Sewer Pipelines	1,924	1,990	2,000	2,013	2,063	2,032	2,045	2,059	2,078	2,091
Sewer Manhole Total	38,198	41,071	41,537	41,828	42,666	43,031	43,531	42,424	42,294	43,716

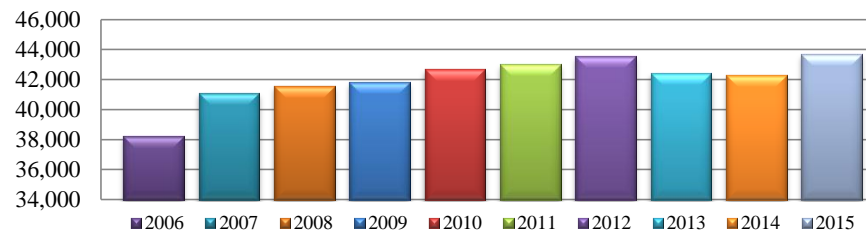
**Sewer Lift/Pump Station
Total**



Miles of Sewer Pipelines



Sewer Manhole Total



Clark County Water Reclamation District
Clark County Demographic Statistics
Last Ten Fiscal Years

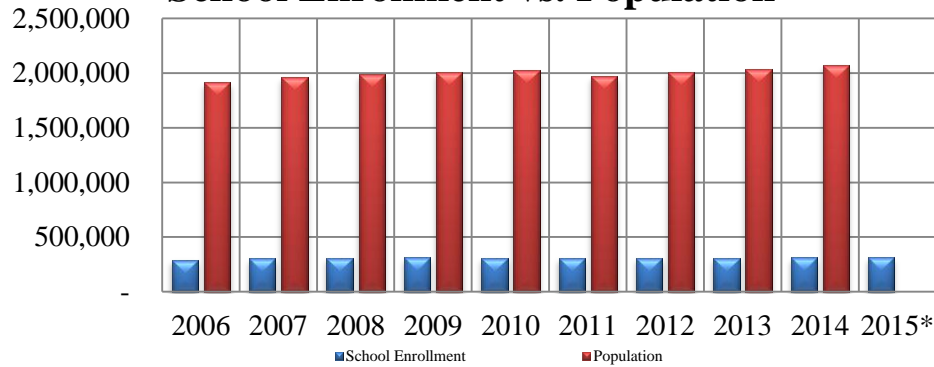
Year	Population ¹	Personal Income ²	Per Capita Income ²	School Enrollment ³	Unemployment Rate ⁴
2006	1,912,654	\$ 74,077,089,420	\$ 38,734	291,510	3.9%
2007	1,963,687	78,439,477,215	39,725	302,763	4.3%
2008	1,986,146	79,286,948,320	39,249	308,783	5.5%
2009	2,006,347	69,854,528,000	36,711	311,240	9.2%
2010	2,023,102	69,800,237,000	35,723	309,476	14.0%
2011	1,972,514	70,289,097,000	35,680	309,893	14.2%
2012	2,008,654	73,379,049,000	36,676	308,377	12.8%
2013	2,031,723	75,957,334,000	37,457	307,574	10.0%
2014	2,069,681	not available	not available	311,029	8.3%
2015	not available	not available	not available	314,636	7.1%

Source:

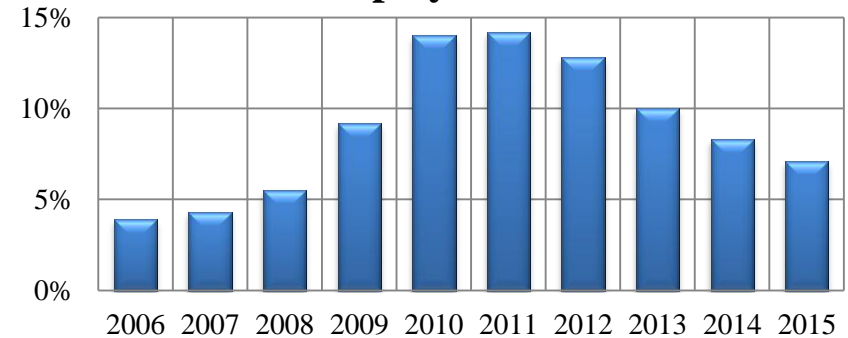
- (1) University of Nevada, Las Vegas Center For Business & Economic Research (Las Vegas/Clark County Economic Data)
- (2) University of Nevada, Las Vegas Center For Business & Economic Research (Las Vegas/Clark County Economic Data)
- (3) Clark County School District
- (4) Nevada Department of Employment Security

Clark County Demographic Statistics Charts

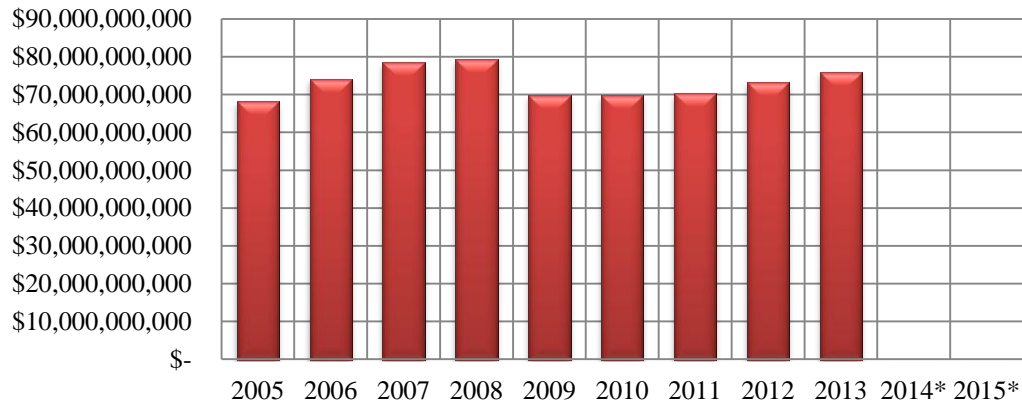
School Enrollment vs. Population



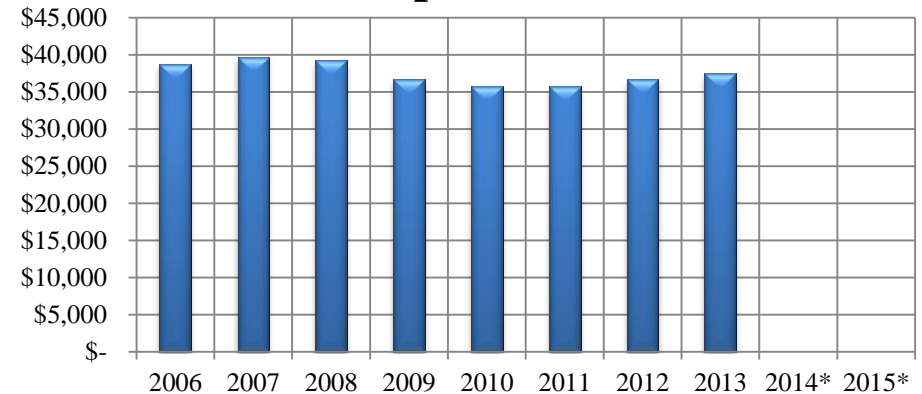
Unemployment Rate



Personal Income



Per Capita Income



Source: Population-Clark County Department of Comprehensive Planning
 Personal Income-University of Nevada, Las Vegas (data revisions per Bureau of Economic Analysis)
 Per Capita Income-University of Nevada, Las Vegas (data revisions per Bureau of Economic Analysis)
 School Enrollment-Clark County School District
 Unemployment Rate-Nevada Department of Employment Security
 *2015 Population information is not yet available
 *2015 and 2014 Personal Income and Per Capita information is not yet available

**Clark County Water Reclamation District
Clark County Principal Employers
Current Year and Ten Years Ago**

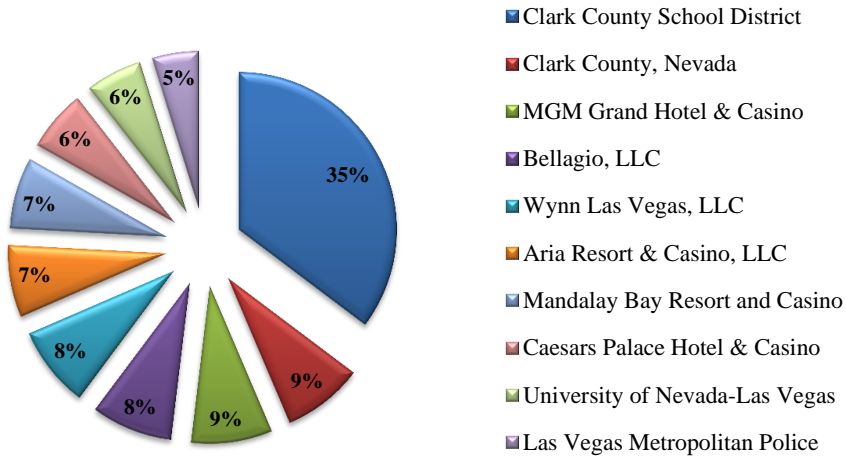
Employer	2015			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Clark County School District	35,000	1	4.00%	28,500	1	3.29%
Clark County, Nevada	8,250	2	0.94%	9,500	2	1.10%
MGM Grand Hotel & Casino	8,250	3	0.94%	7,500	4	0.87%
Bellagio, LLC	8,250	4	0.94%	8,500	3	0.98%
Wynn Las Vegas, LLC	8,250	5	0.94%	-	-	-
Aria Resort & Casino, LLC	7,250	6	0.83%	-	-	-
Mandalay Bay Resort and Casino	7,250	7	0.83%	7,500	5	0.87%
Caesars Palace Hotel & Casino	6,250	8	0.72%	4,500	8	0.52%
University of Nevada-Las Vegas	5,720	9	0.65%	4,500	10	0.52%
Las Vegas Metropolitan Police	4,750	10	0.54%	4,500	9	0.52%
The Mirage Hotel & Casino	-	-	-	5,500	6	0.64%
State of Nevada	-	-	-	5,500	7	0.64%
Total for Principal Employers	<u>99,220</u>		<u>11.4%</u>	<u>86,000</u>		<u>10.0%</u>
Total Employment in Clark County as of June 30:	873,930			865,987		

Number of employees estimated using midpoint range.

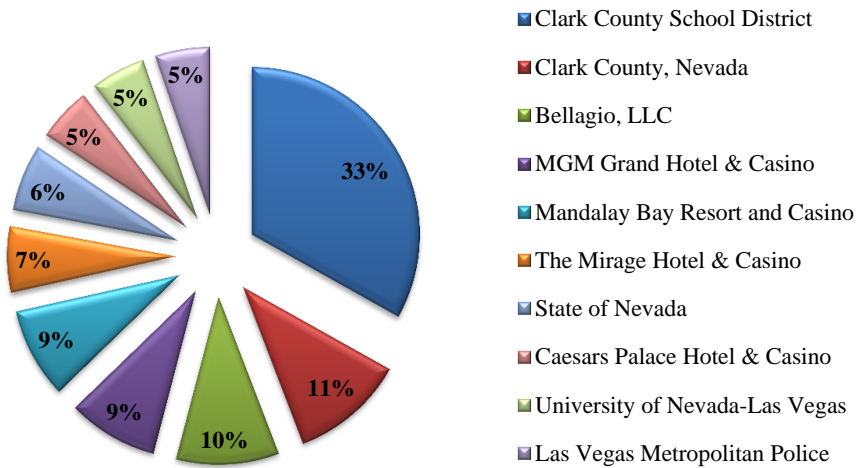
Source: State of Nevada - Department of Employment, Training and Rehabilitation

Principal Employers Charts

2015 Clark County Principal Employers



2005 Clark County Principal Employers




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Technical Terms

AAL	Actuarial Accrued Liability
ARC	Annual Required Contribution
ARRA	American Reinvestment and Recovery Act
CAFB	Creech Air Force Base
CAFR	Comprehensive Annual Financial Report
CBER	Center for Business and Economic Research
CIP	Capital Improvement Program
COUNTY PLAN	Clark County Retiree Health Program
CWC	Clean Water Coalition
DBWRC	Desert Breeze Water Resource Center
EMMA	Electronic Municipal Market Access
EPC	Employer-Pay Contribution
ERU	Equivalent Residential Unit
FASB	Financial Accounting Standards Board
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
HMO	Health Maintenance Organization
HPN	Health Plan of Nevada
LVVWD	Las Vegas Valley Water District
MD&A	Management Discussion and Analysis
MGD	Million Gallons per Day
MSRB	Municipal Securities Rulemaking Board
N/A	Not Applicable
NDI	Nevada Department of Insurance
NOO	Net OPEB Obligation
NRS	Nevada Revised Statute
O&M	Operations and Maintenance
OPEB	Other Post-Employment Benefits
PEBP	Public Employee Benefit Program
PERS	Public Employees Retirement System
SCOP	Systems Conveyance and Operations Program
SDA	System Development Approval
SEC	Securities and Exchange Commission
Self-Funded Plan	Clark County Self-Funded Group Medical and Dental Benefits Plan
SNWA	Southern Nevada Water Authority
The Board	Board of Trustees
The County	Clark County, Nevada
The District	Clark County Water Reclamation District
The System	State of Nevada Public Employees' Retirement System

Technical Terms continued)

UAAL	Unfunded Actuarial Accrued Liability
UNLV	University of Nevada Las Vegas
USAF	United States Air Force

A stylized graphic of three overlapping, curved shapes resembling waves or a stylized 'C'. The top shape is light blue, the middle is a lighter cyan, and the bottom is a medium blue. They are arranged in a circular, swirling pattern.

Comments of Independent Auditors

The
"Clean
Water Team"

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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**

Honorable Clark County Water Reclamation District Board of Trustees
Clark County Water Reclamation 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 Clark County Water Reclamation District (the District) as of and for the year ended June 30, 2015, 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 October 19, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015 - 001, to be a material weakness.

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*.

The District's Response to Findings. The District's response to the findings identified in our audit is described

in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Penny Bowler Taylor & Ken

Las Vegas, Nevada
October 19, 2015



SINGLE AUDIT INFORMATION

The
"Clean
Water Team"

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P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Honorable Clark County Water Reclamation District Board of Trustees
Clark County Water Reclamation District
Las Vegas, Nevada

We have audited the compliance of the Clark County Water Reclamation District (the District) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2015. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The District's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Major Federal Program. In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the District's major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance. The District's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over

compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133. We have audited the financial statements of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 19, 2015, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada
October 19, 2015

CLARK COUNTY WATER RECLAMATION DISTRICT

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Numbers(s)</u>	<u>Program or Award Amount</u>	<u>Total Federal Disbursements / Expenditures</u>
United States Environmental Protection Agency				
Passed through State of Nevada, Division of Environmental Protection				
Capitalization Grants for Clean Water State Revolving Funds	66.458*	SRF CW-1202	9,152,202	4,442,671
Nonpoint Source Implementation Grants	66.460	Agreement DEP S: 12-019	72,500	41,722
Nonpoint Source Implementation Grants	66.460	Agreement DEP-S 13-018	39,063	8,218
Water Quality Management Planning	66.454	Agreement DEP-S 15-004	40,000	5,754
Total Federal Expenditures				<u>4,498,365</u>

* A "major" program

Clark County Water Reclamation District

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2015

Note 1. Reporting Entity

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Clark County Water Reclamation District (the District). The reporting entity is defined in Note 1 to its basic financial statements. The schedule includes federal financial assistance received directly from federal agencies as well as pass through other government agencies.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District. Expenditures are presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CLARK COUNTY WATER RECLAMATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs

CFDA number	66.458
Name of federal program or cluster	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	No

(Continued)

CLARK COUNTY WATER RECLAMATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

2015 - 001

Criteria

Capitalized projects should be reviewed periodically to ensure they continue to be viable projects, not impaired and presented in the financial statements in accordance with accounting principles generally accepted in the United States.

Condition

A proper evaluation was not performed to determine that capitalized projects were complete and accurate.

Effect

Property and equipment was materially overstated while loss on impairments materially understated in the prior years.

Cause

Controls have not been designed or complied with to provide reasonable assurance that capitalized projects are viable and not impaired.

Recommendation

We recommend that management adopt and monitor compliance with policies and procedures designed to address these issues.

Management's response

Management informed us that it has developed, documented, and implemented policies and procedures designed to address the issue; will monitor to ensure compliance with the policies and procedures; and will complete additional staff training on this subject.

(Continued)

CLARK COUNTY WATER RECLAMATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

None reported

CLARK COUNTY WATER RECLAMATION DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

2014 - 001	
Criteria	Capitalized interest should be recorded and presented in the financial statements in accordance with accounting principles generally accepted in the United States.
Condition	A proper evaluation was not performed to determine that capitalized interest was complete and accurate.
Effect	Property and equipment and depreciation were materially overstated while interest expense was materially understated in the current and prior years.
Cause	Controls have not been designed or complied with to provide reasonable assurance that interest is properly capitalized.
Current status	No significant exceptions were noted in the current year's audit procedures, and therefore, this finding appears to have been corrected.

(Continued)

CLARK COUNTY WATER RECLAMATION DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* (continued)

2014 - 002

Criteria	Accrued liabilities including those of for longevity pay due to district employees should be presented in the financial statement in accordance with accounting principles generally accepted in the United States.
Condition	A proper evaluation was not performed to determine that accrued longevity pay due to employees was complete and accurate.
Effect	The accrual of longevity pay in the current and prior years was understated.
Cause	Adequate controls have not been designed or complied with to provide reasonable assurance that the accrual for longevity pay due to District employees was complete at year end.
Current status	No significant exceptions were noted in the current year's audit procedures, and therefore, this finding appears to have been corrected.

(Continued)

CLARK COUNTY WATER RECLAMATION DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

None reported

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE 2016 BOND RESOLUTION

The following statements are summaries of certain provisions of the 2016 Bond Resolution. Such statements do not purport to be complete and reference is made to the 2016 Bond Resolution, copies of which are on file and available for examination at the principal office of the District.

Certain Definitions

Certain terms used in the 2016 Bond Resolution are defined substantially as follows:

“2016 Bond Fund” means, collectively, the “Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2016, Principal Account” and the “Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2016, Interest Account” created by the 2016 Bond Resolution.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, or any other designated securities, as such principal, premiums and interest become due at maturity or on a redemption date, or otherwise.

For purposes of computing the Bond Requirements of variable interest rate Superior Securities or Parity Securities with respect to which a Qualified Swap is in effect, the interest payable on such variable interest rate securities (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable on such variable interest rate securities in accordance with the terms thereof plus any amount required to be paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the District pursuant to the Qualified Swap; or (b) for purposes of computing combined average annual principal and interest requirements, for purposes of computing the maximum annual principal and interest requirements, and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities) shall be deemed to be the amount accruing at the fixed rate as provided in the Qualified Swap. No computation of Bond Requirements under the 2016 Bond Resolution shall take into account payments due the Qualified Swap Provider on the termination of the Qualified Swap unless such payments on termination are then unconditionally due and payable in accordance with the terms of the related Qualified Swap.

For purposes of computing the Bond Requirements of a Qualified Swap with respect to which no Superior Securities or Parity Securities remain outstanding or of that portion of a Qualified Swap with respect to which the notional amount is greater than the principal amount of outstanding Superior Securities or Parity Securities to which such Qualified Swap relates, (a) for purposes of Sections 39 through 45 of the 2016 Bond Resolution, the interest payable thereon shall be deemed to be the net amount positive or negative, if any, required to be

paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap, and (b) for purposes of any computation of Bond Requirements for a period after the date of computation, the interest payable thereon shall be deemed to be the net amount most recently paid, as of the date of computation, by the District to the Qualified Swap Provider thereunder or (expressed as a negative number) by the Qualified Swap Provider to the District thereunder.

“Bond Year” means the 12 month period commencing on July 1 of a calendar year and ending on June 30 of the following calendar year.

“2012 Bond” means the Clark County Water Reclamation District, Nevada of its General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2012A.

“2011 Bond” means the Clark County Water Reclamation District, Nevada General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2011A.

“2009 Bonds” means the Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009A and the Clark County Water Reclamation District, Nevada General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009B.

“2009C Bond” means the Clark County Water Reclamation District, Nevada General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2009C.

“2008 Bonds” means the Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2008.

“2007 Bonds” means the Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2007.

“combined average annual principal and interest requirements” means (i) the sum of the Bond Requirements of the Bonds and any other Superior Securities and Parity Securities payable from the Net Pledged Revenues, which Bond Requirements come due during any Fiscal Year from the date of calculation to the last day on which any of the Bonds are due and payable, but not including any securities which are no longer outstanding under the defeasance provisions of Section 54 of the 2016 Bond Resolution, (ii) divided by the number of years (including any fraction thereof) from the date of the calculation of the combined average annual principal and interest requirements to the last day on which any of the Bonds are due and payable. If any Superior Security or Parity Security bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Superior Securities and Parity Securities or a rate equal to the “25 Bond Revenue Index” as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed Superior Securities or Parity Securities is

accepted by the District or if such index is no longer published, such other similar long-term bond index as the District reasonably selects.

“combined maximum annual principal and interest requirements” means the maximum sum of the principal of and the interest (including any payments to be made (positive or negative) on any Qualified Swap as provided in the definition of “Bond Requirements”) on the Bonds and any other Superior Securities or Parity Securities, falling due during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bonds last become due and payable but not including any securities which are no longer outstanding under the defeasance provisions in Section 57 of the 2016 Bond Resolution. If any Superior Security or Parity Security bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Superior Securities or Parity Securities or a rate equal to the “25 Bond Revenue Index” as most recently published in The Bond Buyer prior to the date an firm offer to purchase the then proposed Superior Securities or Parity Securities is accepted by the District or if such index is no longer published, such other securities index as the District reasonably selects.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States.

“General Taxes” means general (ad valorem) taxes levied by the Board in conjunction with the County against all taxable property within the boundaries of the District (unless otherwise qualified).

“Gross Revenues” or “Gross Pledged Revenues” means all income and revenues derived directly or indirectly by the District from the operation and use and otherwise pertaining to the System or any part thereof.

“Net Pledged Revenues” or “Net Revenues” or “Pledged Revenues” means the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the District, paid or accrued, of operating, maintaining and repairing the System, including, without limitation:

- (a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the System;

- (b) fidelity bond and property and liability insurance premiums pertaining to the System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the System;

- (c) payments to pension, retirement, health and hospitalization funds, and other insurance and to any self-insurance

fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) any general taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the District, the System, revenues therefrom or the District's income from or operations of any properties under its control and pertaining to the System, or any privilege in connection with the System or its operations;

(e) the reasonable charges of any Paying Agent or Registrar and any other depository bank pertaining to the Bonds or any other securities payable from Gross Revenues or otherwise pertaining to the System;

(f) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the System or to the issuance of the Bonds as herein defined, or any other securities relating to the System, including, without limitation, the expenses and compensation of any receiver or other fiduciary under the Bond Act (as defined in the 2016 Bond Resolution);

(g) the costs incurred by the Board in the collection and any refunds of all or any part of Gross Revenues;

(h) any costs of utility services furnished to the System;

(i) any lawful refunds of any Gross Revenues; and

(j) all other administrative, general and commercial expenses pertaining to the System;

but excluding:

(i) any allowance for depreciation;

(ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;

(iii) any accumulation of reserves for major capital replacements, other than normal repairs;

(iv) any reserves for operation, maintenance or repair of the System;

(v) any allowance for the redemption of any bond or other security evidencing a loan or other obligation or for

the payment of any interest thereon or any prior redemption premium due in connection therewith;

(vi) any liabilities incurred in the acquisition or improvement of any properties comprising any project or of any existing facilities, or any combination thereof, pertaining to the System, or otherwise; and

(vii) any liabilities imposed on the District for any grounds of legal liability not based on contract, including, without limitation, negligence in the operation of the System.

“Parity Securities” or “Parity Bonds” means the 2015 Bonds, the 2009 Bonds, the 2008 Bonds, the 2007 Bonds and any other securities of the District pertaining to the System and payable from and secured by Net Revenues on a parity with the Bonds, to the extent issued in accordance with the terms, conditions and limitations of the 2016 Bond Resolution.

“Qualified Swap” means any financial arrangement (i) that is entered into by the District with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) that provides that the District shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to a designated principal amount of variable interest rate Superior Securities or Parity Securities Outstanding as described therein, and that such entity shall pay to the District an amount based on the interest accruing on such principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Superior Securities or Parity Securities) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing by the District as a Qualified Swap with respect to such obligations.

“Qualified Swap Provider” means a financial institution whose senior long-term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated by whichever of Standard and Poors’ Ratings Service or Moody’s Investors Service as then has a rating in effect for the Bonds or both such agencies if both then have a rating in effect for the Bonds, at the time the subject Qualified Swap is entered into at least “Aa” in the case of Moody’s and “AA” in the case of Standard & Poor’s, or the equivalent thereof.

“Subordinate Securities” means the 2012 Bond, the 2011 Bond, the 2009C Bond and any other securities of the District pertaining to the System and payable from and secured by Net Revenues subordinate and junior to the pledge thereof to the Bonds, the Parity Securities and the Superior Securities, to the extent issued in accordance with the terms, conditions and limitations of the 2016 Bond Resolution.

“Superior Securities” means securities of the District pertaining to the System and payable from and secured by Net Revenues superior and senior to the pledge thereof to the Bonds, the Parity Securities and the Subordinate Securities, to the extent issued in accordance with the terms, conditions and limitations of the 2016 Bond Resolution.

“System” means the District’s public sanitary sewer and water reclamation system.

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

“Trust Bank” means a “commercial bank”, as defined herein, which bank is authorized to exercise and is exercising powers, and also means any branch of the Federal Reserve Bank.

Security for the Bonds

The Bonds are general obligation bonds of the District and are additionally payable from and secured by the Net Pledged Revenues. To the extent other moneys are not available to pay the principal of, premium, if any and interest on the Bonds, the District has covenanted to levy and collect ad valorem taxes sufficient to make such payments.

The Bonds, together with the Parity Securities, constitute an irrevocable lien (but not necessarily an exclusive lien) on the Net Pledged Revenues subject to the prior lien thereon for payment of the Superior Securities, if any and prior and superior to the lien thereon for the payment of Subordinate Securities.

Flow of Funds

All Gross Revenues, upon their receipt from time to time by the District, shall be deposited into the “Clark County Water Reclamation District, Nevada, Reclamation System Gross Pledged Revenues Fund” (the “Revenue Fund”). After making payments for the Operation and Maintenance Expenses into the “Clark County Water Reclamation District, Nevada, Reclamation System Facilities Operation and Maintenance Fund” and transferring the required sums into the funds for any Superior Securities (i.e., including any superior bond fund, rebate fund, reserve fund and payments due on any Qualified Swap as provided in the 2016 Bond Resolution) monies in the Revenue Fund shall be transferred on the first day of each month in the following order:

(a) To the 2016 Bond Fund, simultaneously with any required transfers to the bond funds for any other Parity Securities, commencing on the first day of the month succeeding the delivery of the Bonds (after taking into account any accrued interest, if any, paid into the 2016 Bond Fund), a sum at least equal to the amount, if paid monthly, of the next maturing installment of interest on the Bonds, and monthly thereafter, one-sixth of the amount necessary to pay the next maturing installment of interest on the Bonds, and commencing twelve months before the first principal payment on the Bonds, one-twelfth of the amount necessary to pay the next installment of principal of the Bonds;

(b) Subsequent to the payments summarized in (a) above, there must be deposited into the “Clark County Water Reclamation District, Clark County, Nevada, General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2016 Rebate Account (the

“2016 Rebate Account”) (and any rebate funds or accounts for the Parity Securities) the amounts required pursuant to Section 148 of the Tax Code and the regulations thereunder;

(c) Subsequent to the payments summarized in (a) and (b) above, the District must make payments required for the payment of additional bonds or other additional securities payable from the Net Revenues and hereafter authorized to be issued in accordance with the 2016 Bond Resolution, including reasonable reserves for such securities and amounts required to be rebated to the United States for such securities, as the same accrue; and

(d) Subsequent to the payments summarized in (a), (b) and (c) above, monies remaining in the Revenue Fund may be used for any lawful purpose of the District.

No payment need be made into the 2016 Bond Fund if the amounts in the 2016 Bond Fund at least equal the entire amount of the outstanding Bonds as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case monies in the 2016 Bond Fund in an amount, except for any interest or other gain to accrue from any investment of monies in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

If at any time (including a date on which a payment under a Qualified Swap is due) the District shall for any reason fail to pay into the 2016 Bond Fund or the 2016 Rebate Account the full amount above stipulated from Net Pledged Revenues, then an amount shall be paid first into the 2016 Bond Fund and second into the 2016 Rebate Account at such time as Net Pledged Revenues are available therefor equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. If any securities (other than the Bonds) are outstanding, and if the proceedings authorizing issuance of those securities require the replacement of monies in a bond fund, reserve fund or rebate fund therefor, then the monies replaced in such bond fund, reserve fund or rebate fund shall be replaced on a pro rata basis related to the principal amount of the then outstanding Bonds and the then outstanding other Parity Securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate funds.

Additional Superior Securities and Parity Securities

Nothing in the 2016 Bond Resolution, except as provided below, prevents the issuance by the District of additional securities payable from Net Revenues and constituting a lien thereon on a parity with, or constituting a lien thereon superior to the lien thereon of the Bonds, provided, however, that the following are express conditions to the authorization and issuance of any such Superior Securities or Parity Securities:

(i) at the time of the adoption of the instrument authorizing the issuance of such additional Superior Securities or Parity Securities, the District is not in default in the payment of principal of or interest on the Bonds; and

(ii) except as provided below, the Net Pledged Revenues (subject to certain adjustments described below) projected by the General Manager of the District, the District's Chief Financial Officer or an independent accountant or consulting engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Superior Securities or Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the payment of any Superior Securities or Parity Securities, including the Superior Securities or Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that Fiscal Year) of all outstanding Superior Securities, outstanding Parity Securities, outstanding Bonds, and the Superior Securities or Parity Securities proposed to be issued (excluding any reserves therefor).

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

In any determination of whether or not additional Superior Securities or Parity Securities may be issued in accordance with the foregoing earnings test: (i) the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any Trust Bank within or without the State, including the known minimum yield from any investment in Federal Securities; and (ii) the respective annual principal and interest requirements shall be reduced to the extent of the amount of principal and interest of any outstanding securities with a term of one year or less which the General Manager or Chief Financial Officer certifies are expected to be refunded. The certificate shall also provide an estimate of the debt service for the long-term refunding obligations that will refund the securities with the term of one year or less, calculated based on an interest rate equal to the "25 Bond Revenue Index" most recently published in The Bond Buyer prior to the date of certification.

For the purposes of (ii) above, if any Superior Security or Parity Security bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Superior Securities or Parity Securities or a rate equal to the "25 Bond Revenue Index" as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed Superior Securities or Parity Securities is accepted by the District or if such index is no longer published such other similar long-term bond index as the District reasonably selects. In addition, any such variable interest rate securities must meet the requirements of the insurer of the Bonds, if any.

Termination payments due under a Qualified Swap Agreement must be subordinate to the payments of the Bond Requirements of any Bonds, unless all of the outstanding Bonds are insured by a bond insurer whose rating issued by Standard and Poors'

Rating Services or Moody's Investors Service or both (whichever has a rating in effect for the outstanding Bonds) is equal to or better than the rating the Bonds would have without such insurance, and the insurer of the outstanding Bonds consents to the lien position of such termination payment prior to the execution of such Qualified Swap Agreement.

A written certificate or written opinion by the General Manager of the District, the Chief Financial Officer or an independent accountant or consulting engineer that the foregoing earnings test is met, shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver additional Superior Securities or Parity Securities.

In connection with the authorization of any such additional securities the Board may on behalf of the District adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the District contained in the 2016 Bond Resolution and no such covenant or agreement may be materially adverse to the interests of the holders of the Bonds. Any finding of the District to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of the 2016 Bond Resolution.

Equality of Lien

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

Subordinate Securities

The 2016 Bond Resolution provides that the District may issue Subordinate Securities so long as the proceeds of the Subordinate Securities are used to pay costs (including, without limitation, incidental expenses) of a project for the betterment, enlargement, extension, other improvement or equipment of the System or any combination thereof.

Issuance of Refunding Bonds

At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the District shall find it desirable to refund any Outstanding Bonds or other Outstanding Parity or Subordinate Securities, such Bonds or other securities, or any part thereof, may be refunded only if the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the District's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as provided herein).

The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any securities of the same issue which is not refunded, if there is any; and the owner or owners of the refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unrefunded securities of the same issue partially refunded by the refunding securities.

Any refunding bonds or other refunding securities payable from any Gross Revenues shall be issued with such details as the Board may by resolution provide, subject to the provisions of this section but without any impairment of any contractual obligation imposed upon the District by any proceedings authorizing the issuance of any unrefunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bonds).

If only a part of the Outstanding Bonds and other Outstanding securities of any issue or issues payable from the Gross Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

(i) Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by the refunding securities and by the Outstanding securities not refunded on and before the last maturity date or last redemption date, if any, whichever is later, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Net Revenues is not raised to a higher priority than the lien thereon of the Bonds or other securities thereby refunded; or

(ii) Unless the lien on any Gross Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

(iii) Unless the refunding bonds or other refunding securities are issued in compliance with the earnings test contained under the heading "Additional Superior Securities and Parity Securities" above.

Tax Covenant

The District covenants, in the 2016 Bond Resolution, for the benefit of the registered owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the District or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Rate Covenant

The District covenants in the 2016 Bond Resolution to charge against users or against purchasers of services or commodities pertaining to the System such fees, rates and other charges as shall be sufficient to produce Gross Revenues annually which, together with any other funds available therefor, will be in each Fiscal Year of the District at least equal to the sum of:

- (i) An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;
- (ii) An amount equal to the sum of the debt service due in such Fiscal Year on any then outstanding Superior Securities, then outstanding Bonds and any then outstanding Parity Securities; and
- (iii) Any other amounts payable from the Net Revenues and pertaining to the System, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the System, operation and maintenance reserves, additional capital reserves and prior deficiencies pertaining to any account relating to Gross Revenues.

The foregoing rate covenant is subject to compliance by the District with any legislation of the United States of America, the State or other governmental body, or any regulation or other action taken by the United States, the State or any agency or political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges collectible by the District for the use of or otherwise pertaining to, and all services rendered by, the System.

Other Protective Covenants

The District also covenants with the registered owners of the Bonds that (a) it will at all times operate the System in a sound and economical manner and will maintain, preserve and keep the same properly or cause the same to be so maintained, preserved and kept, in good repair, working order and condition, (b) except for the use of the System or services pertaining thereto in the normal course of business, it will not sell, lease, mortgage or otherwise dispose of as a whole, or substantially as a whole, the System (unless provision is made for the payments into the 2016 Bond Fund required by the 2016 Bond Resolution), and (c) it will maintain with responsible insurers all such insurance as is customarily maintained with respect to works and properties of like character against loss of or damage to such works or properties of like character and against public or other liability to the extent reasonably necessary to protect the interest of the District and the registered owners of the Bonds.

Defeasance

When all the Bond Requirements of any Bond have been duly paid, the pledge, the lien and all obligations under the 2016 Bond Resolution will thereby be discharged as to that Bond, and the Bond will no longer be deemed to be outstanding within the meaning of the 2016 Bond Resolution. There shall be deemed to be such due payment if the District has placed in

escrow or in trust with a Trust Bank an amount sufficient, together with the known minimum yield available therefor from any initial investments in Federal Securities, to meet all Bond Requirements of the Bond as the same become due to the final maturity of the Bond or to any redemption date as of which the District shall have exercised or shall have obligated itself to exercise its prior redemption option. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished, the Paying Agent shall mail written notice of the defeasance to the registered owners of the Bonds at the addresses last shown on the registration records for the Bonds.

Events of Default and Remedies

Each of the following events is an "event of default" under the 2016 Bond Resolution:

A. Payment of the principal of any of the Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Payment of any installment of interest on the Bonds is not made when the same becomes due and payable;

C. The District for any reason is rendered incapable of fulfilling its obligations under the 2016 Bond Resolution;

D. The District fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Net Revenues or to the System, or otherwise, including, without limitation, the 2016 Bond Resolution, and such failure continues for 60 days after receipt of notice from the owners of at least 10% in aggregate principal amount of the Bonds then Outstanding;

E. The District discontinues or unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the System which is necessary to the adequate operation of the System and which is destroyed or damaged and is not promptly repaired or replaced (whether the failure promptly to repair the same is due to impracticality of the repair or replacement or is due to a lack of moneys therefor or for any other reason);

F. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the District appointing a receiver or receivers for the System or for the Net Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or both the System and such moneys, or if an order or decree having been entered without the

consent or acquiescence of the District is not vacated or discharged or stayed on appeal within 60 days after entry; and

G. The District makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the 2016 Bond Resolution on its part to be performed and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the District by the owners of at least 10% in aggregate principal amount of the Bonds then Outstanding.

Upon the happening and continuance of any of the events of default, then and in every case the owner or owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the District and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under the 2016 Bond Resolution by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as the owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the District to act as if it were the trustee of an express trust, or any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds, and any Parity Securities then Outstanding.

Amendment of the 2016 Bond Resolution

The 2016 Bond Resolution may be amended or supplemented with the written consent of the insurer of the Bonds, if any, or of the registered owners of at least 66% in aggregate principal amount of Bonds outstanding, excluding Bonds which may then be held or owned for the account of the District, but including such refunding securities as may be issued for the purpose of refunding any of the Bonds if the refunding securities are not owned by the District. However, no amendment may permit the following without the consent of the insurer of the bonds, if any, and the registered owners of Bonds adversely affected thereby: (i) a change in the maturity or in the terms of redemption of the principal or any installment thereof of any outstanding Bond or any installment of interest thereon; (ii) a reduction of the principal amount of any outstanding Bond or interest rate payable in connection with any Bond; (iii) a reduction of the principal amount or percentages or otherwise affecting the description of Bonds, the consent of the registered owners of which is required for any such amendment or modification; (iv) the establishment of priorities between Bonds issued and outstanding under the provisions of the 2016 Bond Resolution; or (v) any modification of or otherwise materially and prejudicially affecting the rights or privileges of the owners of less than all of the Bonds then outstanding.

Replacement of Paying Agent or Registrar

If the Registrar or Paying Agent initially appointed resigns, or if the General Manager or Chief Financial Officer of the District reasonably determines that the Registrar or Paying Agent has become incapable of performing its duties, or if the General Manager or the

Chief Financial Officer of the District shall determine that it is in the best interests of the District to replace the Registrar or Paying Agent, the Board may, upon notice by U.S. mail or electronic mail to the insurer of the Bonds, if any, and each registered owner of the Bonds at his or her address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. The 2016 Bond Resolution does not require that the same institution serves as both Registrar and Paying Agent, but the District shall have the right to have the same institution serve as both Registrar and Paying Agent.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other

name as may be requested by an authorized representative of DTC. The deposit of 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Bond documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the District or the Registrar and Paying

Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Clark County Water Reclamation District, Nevada (the “Issuer”) in connection with the issuance of the Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2016, in the aggregate principal amount of \$269,465,000 (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Issuer adopted July 19, 2016 (the “Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinances or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. The MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year of each year, commencing March 31 following the end of the Issuer's fiscal year ending June 30, 2016, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit A to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall provide or cause to be provided to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, *if material*;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person;*
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinances, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: August 3, 2016.

CLARK COUNTY WATER RECLAMATION
DISTRICT, NEVADA

General Manager

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Clark County Water Reclamation District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) Water Reclamation Refunding Bonds
(Additionally Secured by Pledged Revenues), Series 2016

Date of Issuance: August 3, 2016

CUSIP Nos.: 181070

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution adopted on July 19, 2016 and the Continuing Disclosure Certificate executed on August 3, 2016 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

CLARK COUNTY WATER
RECLAMATION DISTRICT, NEVADA

By: _____
Its: _____

EXHIBIT B

[See page -iv- of this Official Statement.]

APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

Clark County Water Reclamation District, Nevada
5857 E. Flamingo Road
Las Vegas, Nevada 89122

\$269,465,000

**Clark County Water Reclamation District, Nevada
General Obligation (Limited Tax)
Water Reclamation Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2016**

Ladies and Gentlemen:

We have acted as bond counsel to the Clark County Water Reclamation District (the “District”), Nevada (the “State”), in connection with the issuance of its General Obligation (Limited Tax) Water Reclamation Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2016” (the “Bonds”) in the aggregate principal amount of \$269,465,000 pursuant to an authorizing resolution adopted and approved by the District’s Board of Trustees on July 19, 2016 (the “Bond Resolution”). In such capacity, we have examined the District’s certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the District’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding limited tax general obligations of the District.
2. All of the taxable property in the District is subject to the levy of annual general (ad valorem) taxes to pay the Bonds, subject to the limitations imposed by the Constitution and laws of the State.
3. As provided in the Bond Resolution and in accordance with the provisions of NRS 361.463, taxes levied for the payment of the bonded indebtedness (including the Bonds) of all overlapping units within the boundaries of the District (i.e., the State, District, and any other political subdivision therein) and for the payment of interest on such indebtedness enjoy a priority over taxes levied by each such unit (including, without limitation, the State and the

District) for all other purposes (subject to any exception implied by law for the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. The Bonds are additionally secured by and payable from the Pledged Revenues. The Bond Resolution creates a valid lien on the Pledged Revenues pledged therein for the security of the Bonds on a parity with any Parity Securities outstanding or hereafter issued, subordinate to any Superior Securities outstanding or hereafter issued and superior to any Subordinate Securities outstanding or hereafter issued. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues or on the funds and accounts created by the Bond Resolution.

5. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

6. Under laws of the State in effect on the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District pursuant to the Bonds and the Bond Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Bonds and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein. We are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

Respectfully submitted,

APPENDIX F

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the historic economic and demographic conditions in the County. This portion of the Official Statement is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population and Age Distribution

Population. The table below sets forth the population growth of the County and the State since 1970. Between 2000 and 2010, the County's population increased 41.8% and the State's population increased 35.1%.

<u>Population</u>				
Year	Clark County	Percent Change	State of Nevada	Percent Change
1970	273,288	--	488,738	--
1980	463,087	69.5%	800,493	63.8%
1990	741,459	60.1	1,201,833	50.1
2000	1,375,765	85.5	1,998,257	66.3
2010	1,951,269	41.8	2,700,551	35.1
2011	1,967,722	0.8	2,721,794	0.8
2012	1,988,195	1.0	2,750,217	1.0
2013	2,031,723	2.2	2,800,967	1.8
2014	2,069,450	1.9	2,843,301	1.5
2015	2,118,353	2.4	2,897,585	1.9

Sources: United States Department of Commerce, Bureau of Census (1970-2010 as of April 1st), and Nevada State Demographer's Office (2011-2015 estimates as of July 1st – subject to periodic revision).

Age Distribution. The following table sets forth a projected comparative age distribution profile for the County, the State and the United States as of January 1, 2016.

Age Distribution
Percent of Population

Age	Clark County	State of Nevada	United States
0-17	23.8%	23.3%	23.0%
18-24	9.0	9.0	9.8
25-34	14.1	13.8	13.4
35-44	14.1	13.5	12.6
45-54	13.5	13.4	13.3
55-64	11.7	12.3	12.8
65-74	8.5	9.1	8.8
75 and Older	5.3	5.6	6.3

Source: © 2016 The Nielsen Company.

Income

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

Median Household Effective Buying Income⁽¹⁾

Year	Clark County	State of Nevada	United States
2012	\$45,810	\$45,512	\$41,253
2013	40,897	40,617	41,358
2014	41,576	42,480	43,715
2015	43,603	44,110	45,448
2016	45,634	46,230	46,738

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

Source: © The Nielsen Company, *SiteReports*, 2012-2016.

Percent of Households by Effective Buying Income Groups – 2016 Estimates

Effective Buying Income Group	Clark County Households	State of Nevada Households	United States Households
Under \$24,999	23.6%	23.8%	24.8%
\$25,000 - \$49,999	31.5	30.5	28.8
\$50,000 - \$74,999	20.0	20.7	19.1
\$75,000 - \$99,999	12.1	12.4	12.2
\$100,000 - \$124,999	5.2	5.7	5.8
\$125,000 - \$149,999	2.5	2.6	3.7
\$150,000 or more	4.1	4.3	5.6

Source: © 2016 The Nielsen Company.

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

Per Capita Personal Income⁽¹⁾

Year	Clark County	State of Nevada	United States
2010	\$36,057	\$36,918	\$40,277
2011	36,488	37,745	42,453
2012	38,713	39,436	44,266
2013	38,091	39,223	44,438
2014	39,533	40,742	46,049
2015	n/a	42,185	47,669

⁽¹⁾ County figures posted November 2015; state and national figures posted March 2016. All figures are subject to periodic revisions. All figures are subject to periodic revisions.

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

Employment

The average annual labor force summary for the Las Vegas-Henderson-Paradise Metropolitan Statistical Area (“MSA”) is set forth in the following table. The boundaries of Las Vegas-Henderson-Paradise MSA match the boundaries of Clark County.

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

Calendar Year	2011	2012	2013	2014	2015	2016 ⁽¹⁾
CIVILIAN LABOR FORCE	995.1	1000.7	1007.3	1024.6	1,047.5	1050.1
Unemployment	131.6	112.6	96.9	81.7	71.3	64.3
Unemployment Rate ⁽²⁾	13.2%	11.2%	9.6%	8.0%	6.8%	6.4%
Total Employment	863.5	888.1	910.4	942.9	976.3	985.8

⁽¹⁾ Averaged figures through May 31, 2016.

⁽²⁾ The annual average U.S. unemployment rates for the years 2011 through 2015 are 8.9%, 8.1%, 7.4%, 6.2%, and 5.3%, respectively.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Bureau of Labor, Bureau of Labor Statistics.

The following table sets forth the number of persons employed, by type of employment, in non-agricultural industrial employment in the Las Vegas-Henderson-Paradise MSA.

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

Calendar Year	2011	2012	2013	2014	2015	2016 ⁽²⁾
Natural Resources and Mining	0.2	0.3	0.3	0.4	0.4	0.3
Construction	37.6	37.4	41.1	45.4	51.5	54.7
Manufacturing	19.8	20.2	20.7	21.1	21.2	21.9
Trade (Wholesale and Retail)	114.5	117.7	120.0	124.1	125.5	131.4
Transportation, Warehousing & Utilities	35.2	36.2	36.6	38.3	39.1	42.3
Information	9.3	9.7	9.8	10.6	10.5	10.3
Financial Activities	40.0	41.7	43.3	43.6	42.2	44.5
Professional and Business Services	102.1	106.7	111.6	117.7	121.7	124.9
Education and Health Services	72.7	75.6	79.2	82.8	85.6	92.9
Leisure and Hospitality (casinos excluded)	100.4	103.9	109.6	115.7	120.6	122.7
Casino Hotels and Gaming	159.2	157.9	157.8	162.6	166.3	158.0
Other Services	23.3	24.0	24.4	25.4	26.6	25.7
Government	<u>94.0</u>	<u>93.9</u>	<u>95.1</u>	<u>96.4</u>	<u>97.4</u>	<u>100.8</u>
TOTAL ALL INDUSTRIES	<u>808.2</u>	<u>825.1</u>	<u>849.4</u>	<u>883.9</u>	<u>908.6</u>	<u>930.5</u>

⁽¹⁾ Totals may not add up due to rounding. Reflects non-ag employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

⁽²⁾ Averaged figures through May 31, 2016.

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

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

Clark County's Ten Largest Employers
3rd Quarter 2015

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

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

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

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

CALENDAR YEAR	4 th Qtr 2015	4 th Qtr 2014	Percent Change 2015/2014	Employment 4 th Qtr 2015
TOTAL NUMBER OF WORKSITES	54,222	52,144	4.0%	829,735
Less Than 10 Employees	40,826	39,281	3.9	101,362
10-19 Employees	6,459	6,155	4.9	87,416
20-49 Employees	4,335	4,182	3.7	129,814
50-99 Employees	1,415	1,403	0.9	96,941
100-249 Employees	848	795	6.7	125,166
250-499 Employees	180	175	2.9	62,759
500-999 Employees	93	90	3.3	64,722
1000+ Employees	66	63	4.8	161,555

⁽¹⁾ Subject to revision.

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

Retail Sales

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

Taxable Sales⁽¹⁾

<u>Fiscal Year⁽²⁾</u>	<u>County Total</u>	<u>Percent Change</u>	<u>State Total</u>	<u>Percent Change</u>
2011	\$29,046,721,805	--	\$39,935,016,227	--
2012	31,080,880,557	7.0%	42,954,750,131	7.6%
2013	32,566,664,630	4.8	45,203,408,413	5.2
2014	35,040,891,695	7.6	47,440,345,167	4.9
2015	37,497,073,742	7.0	50,347,535,591	6.1
July 14-Apr 15	\$30,961,053,985	--	\$41,557,603,278	--
July 15-Apr 16	32,359,294,515	4.5%	43,502,337,803	4.7%

⁽¹⁾ Subject to revision.

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

Source: State of Nevada - Department of Taxation.

Construction

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

Residential Building Permits

Clark County, Nevada

(Values in Thousands)

Calendar Year	2012		2013		2014		2015		2016 ⁽¹⁾	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
Las Vegas	1,235	\$154,145	1,538	\$202,412	1,453	\$202,296	739	\$104,369	860	\$190,642
North Las Vegas	636	98,280	506	70,222	491	66,508	290	39,930	366	49,523
Henderson	1,133	145,144	1,352	185,094	1,318	196,285	759	132,355	1,198	172,527
Mesquite	169	26,341	202	33,066	196	34,323	75	13,815	99	22,835
Unincorporated										
Clark County	2,984	415,477	3,593	449,225	3,428	452,740	1,568	200,048	2,195	280,555
Boulder City ⁽²⁾	9	3,201	10	3,401	16	5,199	6	2,286	3	962
TOTAL	6,166	\$842,588	7,201	\$943,420	6,902	\$957,351	8,132	\$1,130,660	4,721	\$717,044

⁽¹⁾ As of June 30, 2016, except for North Las Vegas which is through May only.

⁽²⁾ Boulder City imposed a strict growth control ordinance effective July 1, 1979.

Sources: Building Departments/Divisions – Cities of Las Vegas, North Las Vegas, Henderson, Mesquite, Boulder City; and Clark County.

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

Total Valuation of All Permits

<u>Calendar Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016⁽¹⁾</u>
Las Vegas	\$ 378,230,284	\$ 411,022,949	\$ 497,750,543	\$596,103,559	\$602,775,475	\$337,380,767
North Las Vegas	187,964,611	158,651,851	203,590,405	263,192,557	262,266,938	180,713,620
Henderson	194,361,740	243,753,376	359,371,027	385,009,871	423,923,070	371,308,593
Mesquite	26,761,655	28,789,392	38,879,662	38,059,247	45,697,056	27,556,130
Unincorporated						
Clark County	811,065,954	1,661,632,803	1,631,904,822	1,987,655,692	2,251,507,323	1,045,466,163
Boulder City	20,853,975	96,450,660	333,212,307	29,391,159	18,566,548	88,133,300
TOTAL	\$1,619,238,219	\$2,600,301,031	\$3,064,708,766	\$3,299,412,085	\$3,604,736,410	\$2,050,558,573
Percent Change	(4.00)%	60.59%	17.86%	7.66%	9.25%	--

⁽¹⁾ As of June 30, 2016, except for North Las Vegas which is through May only.

Sources: Building Departments/Divisions – Cities of Las Vegas, North Las Vegas, Henderson, Mesquite, Boulder City; and Clark County.

Gaming

General. The economy of the County (and the State) is substantially dependent upon a tourist industry based on legalized casino gambling and related forms of entertainment. The following table sets forth a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State. Over the past five years, an average of 85.5% of the State's total gross taxable gaming revenue has been generated in Clark County.

Gross Taxable Gaming Revenue And Total Gaming Taxes⁽¹⁾

<u>Fiscal Year</u> <u>Ended</u>	<u>Gross Taxable</u> <u>Gaming Revenue (2)</u>		<u>% Change</u> <u>Clark</u> <u>County</u>	<u>State</u> <u>Gaming Collection (3)</u>		<u>% Change</u> <u>Clark</u> <u>County</u>
	<u>State Total</u>	<u>Clark County</u>		<u>State Total</u>	<u>Clark County</u>	
<u>June 30</u>						
2011	\$ 9,836,451,902	\$8,366,841,567	--	\$853,455,347	\$725,936,954	--
2012	9,770,060,305	8,310,282,237	(0.68)%	864,621,791	750,628,068	3.40%
2013	10,208,523,998	8,758,830,526	5.40	892,106,457	774,549,912	3.19
2014	10,208,208,433	8,767,996,640	0.10	912,371,316	795,549,687	2.71
2015	10,511,301,026	9,026,040,026	2.94	909,857,085	790,512,643	(0.63)
Jul 14 – May 15	\$9,651,769,580	\$8,288,278,283	--	\$774,470,253	\$677,578,480	--
Jul 15 – May 16	9,756,636,955	8,375,709,363	1.05%	757,306,469	658,898,669	(2.76)%

⁽¹⁾ The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

⁽²⁾ The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

⁽³⁾ Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states across the United States, including tribal gaming. The different forms of gaming include casino gaming, riverboat gambling, internet gaming and lotteries. Other states may authorize gaming in the future in one form or another. Historically, the availability of these

forms of gaming in other states has not had any significant impact on gaming in the County. Nonetheless, neither the County nor the District can predict the future impact of legalization of legalized gaming in other states on the economy of the County.

Tourism

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

One reflection of the growth of tourism in southern Nevada is the increase in the number of hotel and motel rooms available for occupancy as shown in the following table. The area's hotels and motels have historically experienced higher occupancy rates than those on a national level. Set forth in the table below is the Las Vegas Convention and Visitors Authority ("LVCVA") Marketing Department's estimate of the number of visitors to the Las Vegas Metropolitan Area since 2011.

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

Calendar Year	Total Visitor Volume	Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate ⁽¹⁾	National Occupancy Rate ⁽²⁾
2011	38,928,708	150,161	83.8%	60.1%
2012	39,727,022	150,481	84.4	61.4
2013	39,668,221	150,593	84.3	62.3
2014	41,126,512	150,544	86.8	64.4
2015	42,312,216	149,213	87.7	65.6
2016 ⁽³⁾	17,666,827	149,262	88.3	65.1

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

⁽²⁾ Smith Travel Research.

⁽³⁾ As of May 31, 2016. Represents a 1.2% increase in visitor volume from the same period in the previous year.

Source: Las Vegas Convention and Visitors Authority, and Smith Travel Research, Inc.

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

Room Tax Revenue⁽¹⁾
Las Vegas Convention & Visitors Authority, Nevada

Calendar Year	Revenue	Percent Change
2011	194,329,584	--
2012	200,384,250	3.1%
2013	210,138,974	4.9
2014	232,443,537	10.6
2015	254,438,208	9.5
2016 ⁽²⁾	92,662,348	--

⁽¹⁾ Subject to revision. Room tax revenue represents a 5% tax allocated to the Las Vegas Convention & Visitors Authority; a total 9-11% room tax is assessed on all Clark County hotel/motel properties.

⁽²⁾ As of April 30, 2016. Represents a 8.6% increase from the same period in the previous year.

Source: Las Vegas Convention and Visitors Authority.

Transportation

The County, through its Department of Aviation, operates an airport system comprised of McCarran International Airport (“McCarran”); North Las Vegas Airport which caters to general aviation activity; Henderson Executive Airport, a corporate aviation facility; and Jean Sports Aviation Center and Overton-Perkins Field, which are primarily used for recreational purposes. Boulder City Municipal Airport, which is not owned by the County, is located in the southeastern part of the County.

Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. McCarran’s long range plan focuses on building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology. McCarran opened Terminal 3 in 2012, a new 1.9 million-square-foot facility, which eases congestion within garages, ticketing lobbies and security checkpoints. Research conducted by local firm Applied Analysis found that McCarran and the Clark County Aviation System generate \$28.4 billion in total economic output annually. Additionally, more than 201,000 jobs and \$8.0 billion in labor income can be attributed to County-managed airports. McCarran reported 45.4 million arriving and departing passengers in 2015, making the year the third-busiest year in the airport’s 67-year history. Statistics for first five months of 2016 indicate further growth as airport officials report a 5.6% increase. A history of passenger statistics is set forth in the following table..

McCarran International Airport Enplaned & Deplaned Passenger Statistics

Calendar Year	Scheduled Carriers	Charter, Commuter & Other Aviation	Total	Percent Change
2011	39,506,442	1,974,762	41,481,204	--
2012	39,807,361	1,860,235	41,667,596	0.4%
2013	40,334,735	1,522,324	41,857,059	0.5
2014	41,327,024	1,542,493	42,869,517	2.4
2015	43,933,404	1,455,670	45,389,074	5.8
2016 ⁽¹⁾	18,474,249	657,259	19,131,506 ⁽²⁾	--

⁽¹⁾ As of May 31, 2016.

⁽²⁾ Reflects a 5.6% increase over the same time period in the previous year.

Source: McCarran International Airport.

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

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

Federal Activities

Operations and facilities of the Federal Government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (later Nellis AFB) during World War II, and the subsequent creation of the Nevada Test Site, now known as the Nevada National Security Site.

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

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its restricted ranges is about 5,000 square miles. The base hosts numerous military programs as well as civilian workers. It is the home base of the “Thunderbirds,” the world famous air demonstration squadron.

Nevada National Security Site. The Nevada National Security Site (“NNSS”), previously the Nevada Test Site, was established in 1950 as the nation's proving ground for

nuclear weapons testing. Since the end of underground nuclear testing in 1992, the NNSS has assisted the National Nuclear Security Administration in the maintenance of the nation's nuclear weapons stockpile while also enhancing the nation's ability to detect and mitigate nuclear and radiological threats around the world. In recent years under the direction of the Department of Energy's (DOE) Nevada Operations Office, NNSS operations have diversified into additional areas including hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in the remote desert area. Located 65 miles northeast of Las Vegas, the NNSS is a massive outdoor laboratory and national experimental center. The NNSS comprises 1,360 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain, creating an unpopulated area of some 5,470 square miles. Independent contractors as well as federal employees are employed at NNSS.

Others. Other federal government agencies adding to the State economy are the National Park Service (Lake Mead National Recreation Area and the Great Basin National Park in Ely), a Naval Air Station (which includes the Navy Fighter Weapons School ("TOPGUN")) located in Fallon, Nevada, and an ammunition manufacturing and storage plant in Hawthorne, Nevada.

Development Activity

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

Complementing the area's emphasis on economic diversification are the numerous business incentives unique to the State of Nevada. Competitive wage rates, an expanding labor force, low out-bound freight transportation costs to other prominent southwestern markets and a graduated schedule for payment of sales and use tax on new capital equipment combine to give business and industry an attractive advantage. The State also abates sales and use taxes on capital equipment for qualified relocating or expanding companies. An additional incentive is a customized job training program (Train Employees Now).

Utilities

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

Water

General. The major water purveyors in Clark County are: the Big Bend Water District, Boulder City, Henderson, the Las Vegas Valley Water District (the “LVVWD”), Nellis Air Force Base, and North Las Vegas. The LVVWD provides water service to the City of Las Vegas, the unincorporated urban areas of Clark County, Jean, Mt. Charleston, Blue Diamond, and Searchlight. The Big Bend Water District serves the Town of Laughlin. In addition, the Virgin Valley Water District serves the City of Mesquite and surrounding area, and the Moapa Valley Water District serves Logandale, Overton, Moapa and Glendale.

Southern Nevada Water Authority (“SNWA”). In July 1991, a regional water agency was created for southern Nevada. This new entity, the Southern Nevada Water Authority (the “SNWA”), was established in recognition of the need to address water on a regional basis rather than an individual purveyor basis. The SNWA was created by seven governmental agencies in the County (the “Members,” described below) to address water issues, develop additional water supplies, and build and operate water treatment and transmission facilities on a regional basis. The Members are the Big Bend Water District, Boulder City, the District, the City of Henderson, the City of Las Vegas, the LVVWD, and City of North Las Vegas.

The SNWA operates pursuant to a 1995 Amended Cooperative Agreement among the Members, originally effective as of July 25, 1991, and subsequently amended (the “1995 SNWA Agreement”). After its formation, the SNWA assumed all assets and liabilities of the Southern Nevada Water System (“SNWS”) from the Colorado River Commission of Nevada (the “CRC”) and purchased all SNWS assets formerly owned by the federal government. Colorado River water is delivered primarily through the SNWS. The 1995 SNWA Agreement provides that the SNWA has the power to periodically assess the Members for budgets and for the satisfaction of any liabilities imposed against the SNWA.

The LVVWD operates and maintains the SNWS, as agent for the SNWA, pursuant to an Amended Facilities and Operations Agreement, originally effective June 20, 2002 (as amended from time to time, the “2002 SNWA Agreement”), between the SNWA and four of the Members (Boulder City, North Las Vegas, the City and the LVVWD and collectively, the “Municipal Water Users”). The 2002 SNWA Agreement has been amended several times. Pursuant to the 2002 SNWA Agreement, the Municipal Water Users (and certain other users as described herein) have contracted with the SNWA for the provision of potable water. The 2002 SNWA Agreement also provides that the SNWA may equitably make assessments to the City, North Las Vegas, and the LVVWD for payment of certain capital costs when certain identified revenue sources are insufficient for such purpose.

The State’s annual consumptive use right to Colorado River water is 300,000 acre-feet. This right was established pursuant to the Colorado River Compact, various federal laws and contracts and various court decrees. Consumptive use is the amount of water withdrawn, less water that is returned to the river. The SNWA and its purveyor members’ share of the State’s annual Colorado River consumptive use right is about 272,000 acre-feet annually. In 2015, the State consumed approximately 223,000 acre-feet of Colorado River water. This figure takes into account southern Nevada’s extraordinary water reuse system, which returns approximately 40 percent of the community’s total water use back to the Colorado River system. Through this return flow credit process, southern Nevada consumes less water than it diverts

each year. The SNWA also has a contract right to unused and surplus Colorado River water when available as determined by the Secretary of the Interior. See “Seven Basin States Record of Decision” below.

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

Water Resource Plan, Drought Planning and Integrated Water Resource Planning.

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

Water Resource Plan. The first SNWA Water Resource Plan, which provides a comprehensive overview of water resources and demands in southern Nevada, was adopted in 1996. The plan is reviewed annually and updated as needed, most recently in May 2009. The 2009 Water Resource Plan represents the eighth revision. The SNWA Water Resource Plan provides a demand projection for southern Nevada for a 50-year period and outlines a portfolio of resource options to meet the projected demand. This resource portfolio includes local groundwater, as well as Nevada’s 300,000 acre-feet basic Colorado River apportionment, surplus Colorado River water when available, wastewater reuse and other current and potential supplies.

The SNWA has an agreement with the Arizona Water Banking Authority, the Central Arizona Water Conservation District and the Colorado River Commission. As amended in 2004, that agreement guarantees the availability of 1.25 million acre-feet of Colorado River water storage credits for Nevada’s future use. The agreement was amended in March 2010 to provide Arizona and the SNWA greater flexibility in determining when withdrawals can be made from the water bank and to provide the SNWA with greater flexibility in paying outstanding amounts due. Under the amended storage agreement, the parties now anticipate that SNWA will be required to begin consumptive use in 2018. The amended agreement will remain in force until the SNWA uses all its storage credits or June 1, 2060, whichever comes first. The SNWA and Arizona have agreed to meet in 2015 (or in the year in which the elevation of Lake Mead is projected to be at or below 1,075 feet) to discuss, among other items, the timing and magnitude of the SNWA’s withdrawal requests and estimates of the conservation district’s recovery capital and operation costs to be paid by the SNWA to recover water.

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

Included in the Water Resource Plan is the SNWA's response to drought conditions. Over the last eleven years, the Colorado River Basin is experiencing one of the worst droughts on record, which has impacted Lake Mead reservoir levels. The drought is ongoing. Should the drought worsen and reservoir levels along the Colorado River decline low enough, the Lower Basin States (including Nevada) could see their basic apportionment of Colorado River water curtailed in some years. This shortage condition is the worst-case scenario on the river. As part of its response to these drought conditions, the SNWA and its member agencies have prepared the regional drought plan as a chapter in the SNWA Water Resource Plan. The drought plan is amended concurrently with the SNWA Water Resource Plan.

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

Integrated Water Planning Process. The SNWA is engaged in the development of additional in-state water resources. The development of these in-state resources will be a significant focus of the SNWA over the next decade. Currently, the SNWA is in the preliminary stages of planning and environmental compliance for the construction of necessary infrastructure to transport unused groundwater in Clark, Lincoln and White Pine counties to the Las Vegas Valley. Applications for various rights-of-way have been submitted to the appropriate Bureau of Land Management offices and technical analyses are underway. In September 2006, the SNWA participated in its first hearings before the State Engineer to consider the SNWA's applications for unappropriated groundwater in Spring Valley, Nevada. During those hearings, the SNWA presented its plan to convey groundwater from Lincoln and White Pine Counties to the County. In April 2007, the State Engineer approved a portion of the groundwater rights applications, enabling SNWA to develop a maximum of 60,000 acre-feet annually from the basin. To aid in the management of the Spring Valley, the SNWA has begun to acquire a number of ranch properties, and the water rights associated with them; the ranches will be an essential tool in managing the overall groundwater system in Spring Valley. In the spring of 2008, the SNWA amended prior agreements with the Virgin Valley Water District and the Moapa Valley Water District ("MVWD") to implement the acquisition and development of Virgin Valley River water rights and Muddy River water rights and to provide for the development, treatment and transport of Coyote Spring Valley groundwater through the MVWD system.

Various parties protested the SNWA's acquisition of the groundwater rights described above and the State Supreme Court issued an opinion that brought into question, in some measure, any water rights applications filed prior to July 2003 that were not acted upon by the State Engineer within one year of the end of the applicable protest period, including the applications described in prior paragraph. The SNWA re-filed all applications that were possibly affected by the Supreme Court decision. In March 2012, the State Engineer issued a ruling granting nearly 84,000 acre feet of water annually under the SNWA applications for groundwater rights in four east-central Nevada valleys. The decision represents an increase of 5,233 acre-feet

over a previous ruling, reaffirming the SNWA's assertion that significant available water resources exist in those groundwater basins. The SNWA must still secure environmental permits from the Bureau of Land Management and major construction activities will commence only when conditions warrant; however, the ruling represents a critical safety net for Southern Nevada against continued drought on the Colorado River.

Based upon current usage patterns and stretched through reuse, the water rights would be enough to meet the annual water needs of nearly 325,000 single-family Southern Nevada households. Studies have indicated that the typical household uses an average of approximately 12,000 gallons per month.

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

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

- Establishment of discrete levels of shortage volumes associated with Lake Mead elevations to conserve reservoir storage and provide water users and managers in the Lower Basin with greater certainty to know when, and by how much, water deliveries will be reduced in drought and other low reservoir conditions;
- Coordinated operation of Lake Powell and Lake Mead determined by specified reservoir conditions that would minimize shortages in the Lower Basin and avoid the risk of curtailments in the Upper Basin;
- A mechanism to encourage and account for augmentation and conservation of water supplies, referred to as Intentionally Created Surplus ("ICS"), that would minimize the likelihood and severity of potential future shortages; and
- The modification and extension of the Guidelines through 2025.

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

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

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

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

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

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

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

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

Intake No. 3. Between 2008 and 2015, the SNWA constructed Lake Mead's Intake No.3, which is critical to help protect the community from the effects of prolonged drought in the Colorado River Basin. Intake No. 3 is planned to protect municipal water customers from water quality issues and reduced system capacity associated with declining lake levels. Intake No. 3 is expected to maintain the SNWA's ability to draw upon Colorado River water at lake elevations as low as 1,000 feet above sea level, assuring system capacity if lake levels fall low enough to put Intake No. 1 out of service. Components of the Intake No. 3 project include an intake tunnel, underground pumping forebay, pumping station, electrical power connections and a discharge pipeline to the Alfred Merritt Smith Water Treatment Facility. The tunnel became operational in September 2015. Preparations are now under way to complete construction on a low lake level pumping station, which will further protect Southern Nevada's access to its primary water supply in Lake Mead.

Education

Clark County School District provides public education services to the residents of the County and enrolls approximately 70% of all school children in the State; it is the fifth largest school district in the United States. Higher education is provided by the College of Southern Nevada (primarily, a two-year institution), by Nevada State College in Henderson (a four-year institution) and by the University of Nevada, Las Vegas (a four-year university). All of these institutions are part of the Nevada System of Higher Education.