Clark County
Water Reclamation District
A Component Unit of Clark County, Nevada

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2010

Our Mission:

To manage reclaimed water as a resource

Clark County Water Reclamation District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

A Component Unit

Of

Clark County, Nevada

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, 2010

Prepared by the Finance Department
Under the Supervision of Bridgette McInally
Financial Services Manager

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

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CLARK COUNTY WATER RECLAMATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010

Officials

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

Lawrence L. Brown III	**Chairman**
Steve Sisolak	**Vice-Chairman**
Rory Reid	**Member**
Tom Collins	**Member**
Chris Giunchigliani	**Member**
Susan Brager	**Member**
Lawrence Weekly	**Member**

Other Elected Officials

Laura B. Fitzpatrick	**Ex-Officio Treasurer**

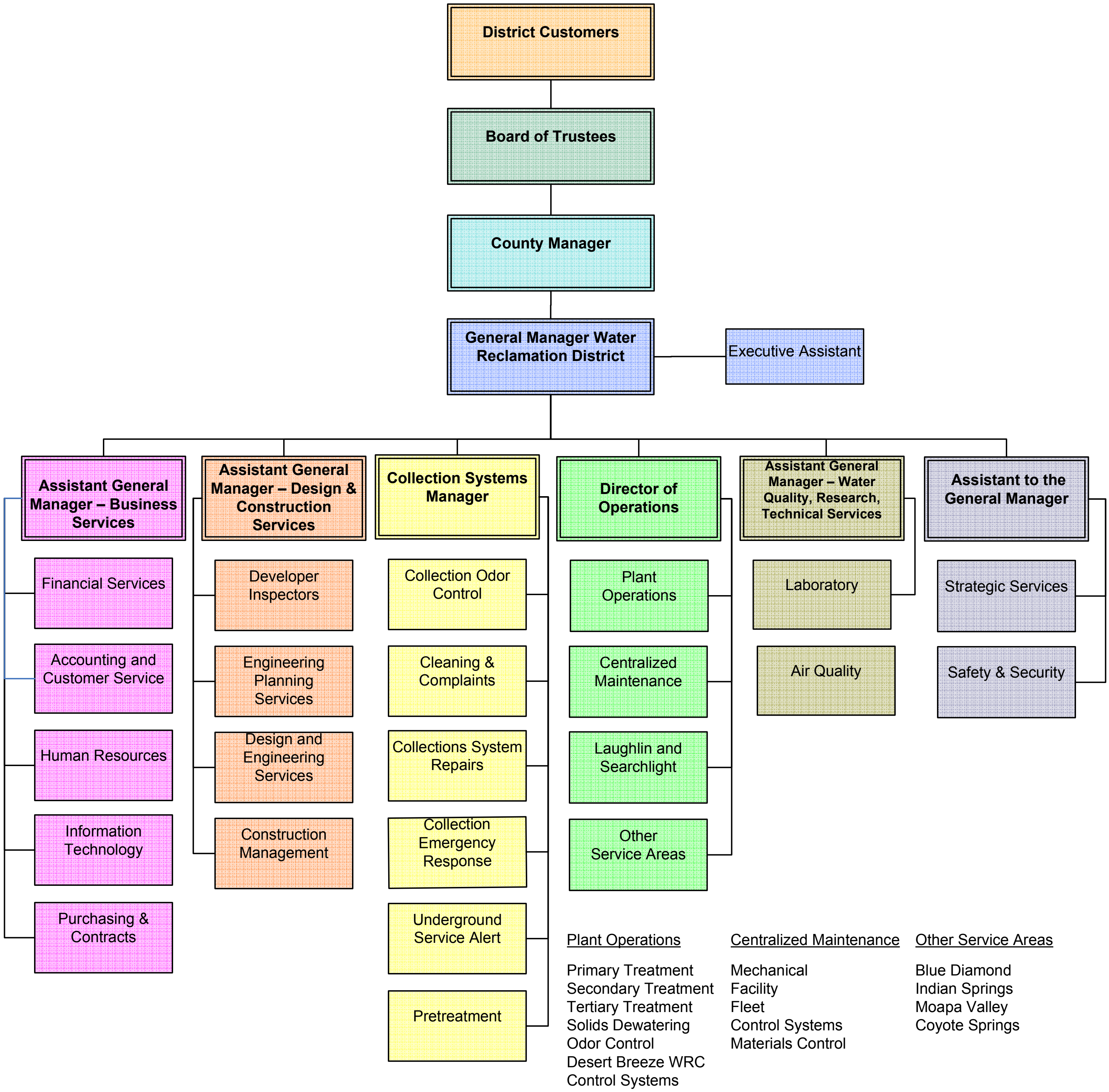
The Board serves as a policy making body and employs a General Manager to serve as executive officer.

Clark County Water Reclamation District Administrative Officials

Richard Mendes	**General Manager**
Chuck Ethridge	**Assistant General Manager, Business Services**
Sam Scire	**Assistant General Manager, Design & Construction Services**
Mark Binney	**Director of Operations**
Dr. Douglas Drury	**Assistant General Manager, Water Quality, Research & Technical Services**
Marty Flynn	**Assistant to the General Manager, Strategic Services**
Richard Donahue	**Collection Systems Manager**
Bridgette McInally	**Financial Services Manager**

Clark County Water Reclamation District

The "Clean Water Team"



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Clark County Water Reclamation District

Mission Statement: To manage reclaimed water as a resource.

November 16, 2010

BOARD OF TRUSTEES

Lawrence L. Brown III
Chairman

Steve Sisolak
Vice Chairman

Rory Reid

Tom Collins

Chris Giunchigliani

Susan Brager

Lawrence Weekly

Richard Mendes
General Manager

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

Honorable Trustees:

We are pleased to present the Clark County Water Reclamation District's (the District) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010.

This report was prepared by the District's Financial Services Department following guidelines set forth by the Governmental Accounting Standards Board (GASB) with financial statements prepared in accordance with generally accepted accounting principles (GAAP). Management assumes full responsibility for both the reliability of the information and the completeness and fairness of the presentation, including disclosures, based upon a comprehensive framework of internal controls that have been established for this purpose. In that 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.

Kafoury, Armstrong and Company, Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Reporting Presentation

In conformance with GASB Statement No. 34, "Basic Financial Statements" and "Management's Discussion and Analysis" for State and Local Governments, this CAFR includes a Management Discussion and Analysis (MD&A), which is intended to enhance readers understanding of the District's operations and its effect on finances in fiscal year (FY) 2009/2010. The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The Financial Section contains the independent auditors' report, audited financial statements and accompanying notes. This section gives a complete picture of the financial position of the District and can stand alone as basic financial statements. The Statistical Section contains selected financial and demographic data significant to the District and its service areas.

District Information

The purpose of the District is to protect public health and the environment through the cost-effective collection, treatment, and reclamation of wastewater.

The District was established as a General Improvement District (GID) under Nevada Revised Statute (NRS 318) in 1954 and, as such, is a political subdivision of the State. The right to levy tax, the right to sell bonds, the right to create assessment districts and the right of eminent domain have been granted to the District. 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 currently holds an AAA bond rating (the first in the State of Nevada) from Standard and Poor's and an Aa1 rating from Moody's. These ratings reflect the District's strong financial position and effective financial planning.

The District is governed by the elected seven-member Board of County Commissioners (the Board) who serves as ex-officio trustees of the District and has the power to set rates and charges. The District's Chairman of the Board is Commissioner Lawrence L. Brown III and the Vice-Chairman is Commissioner Steve Sisolak.

The District was established as an Enterprise Fund, and as such accounts for activities that are financed and operated in a manner similar to private business enterprises; whereas the expectation is that the costs of providing goods and services on a continuing basis be financed primarily through customer user charges. The District follows the customer User Charge System guidelines as 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. 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 are financed from existing cash resources, the issuance of bonds, federal grants, and other financing mechanisms. Bond covenants require that rates and charges be sufficient to cover operation and maintenance costs and general expenses, including principal and interest payments on outstanding bonds.

District Wastewater Treatment System

The District's facilities provide wastewater sewer service to the unincorporated areas of Clark County, including the resort destinations on the Las Vegas Strip. The District also operates wastewater facilities in service areas outside of the Las Vegas Valley, including Laughlin, Moapa Valley, Searchlight, Blue Diamond and Indian Springs. See map on page XII. The District's wastewater treatment systems service 227,864 active accounts: 219,454 are residential accounts and 8,410 are commercial accounts. A total of 223,923 accounts are in the Las Vegas Valley, 2,674 are in Laughlin, and 1,267 are accounts in all other service areas.

The District's facilities in the Las Vegas Valley service area consist of a network of pipelines 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 or exceed state and federal environmental discharge standards. These standards are set to ensure that wastewater leaving the District's treatment facilities will not threaten the quality of the environment. The District's tertiary processes utilize filtration to remove the last bit of suspended material or particulate before being discharged. The filtered effluent is then disinfected with ultra violet light and discharged into the Las Vegas Wash, adding an additional 'natural' filtration process before flowing into Lake Mead, which was created by the construction of Hoover Dam on the Colorado River. 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 five percent of the effluent is used within our facilities for landscaping; pumped to a nearby power generation station for industrial use; and pumped to nearby golf courses and soccer fields for irrigation purposes. See page XII for the Plant Process Diagram.

The following is a brief description of the wastewater collection, conveyance, and treatment systems and facilities, owned and operated by the District in the Las Vegas Valley:

Collection and Conveyance System
The principal District collection system conveys wastewater from the unincorporated portions of the Las Vegas Valley, Nellis Air Force Base, and a small portion of the cities of Las Vegas, Henderson and North Las Vegas. The system covers seven areas of unincorporated Clark County and consists of over 2,000 miles of pipeline ranging from 6 to 84 inches in diameter. The general flow pattern in the service area is by gravity in a southerly and easterly direction. All major sewers within the system were constructed after 1954. Approximately 55 percent of the District's sewer lines 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

Central Plant
The District's primary treatment facility is located east of the Boulder Highway on Flamingo Road. The Facility is a combination of treatment processes that have been brought on line over the years as the District and its service area have grown. In 2005, the District's Board of Trustees authorized the preparation of the Integrated Facility Master Plan (IFMP). One of the purposes of the IFMP was to review and update flow projections for the District's service areas and to identify additional treatment facilities needed at the Central Plant. The IFMP was completed in January 2008. The plan identified the need for additional treatment facilities including headwork's, aerated grit removal, primary treatment, secondary treatment, tertiary treatment and disinfection, as well as solids handling treatment and recycle stream management facilities that will be required at the Central Plant in order to treat a projected influent wastewater flow of 160 mgd.

It is anticipated that the Central Plant will reach its rated capacity of 110 mgd within the next five years. The District is underway with the next phase of expansion which would increase our rate of capacity to 160 mgd. The Revised five year Capital Improvement Plan (CIP) (FY10/11 through FY 14/15) totals $776 million which reflects the various capital projects that are expected to be designed and constructed over the next five years to rehabilitate existing infrastructure.

The District put into service its new Solids Dewatering Facility, which will be capable of handling the solids from an average daily wastewater flow of 160 mgd. This new solids dewatering facility will have the capacity to produce 180 dewatered tons of sludge per day. Solids Dewatering Facilities construction is scheduled for final completion and full operation September 2010.

The District proposes to construct new advanced wastewater treatment facilities. Membrane filtration will consistently produce high quality effluent. Ozonation disinfection will provide greater reduction of pathogens and selected endocrine disruptors over sand filtration. These new facilities will also give the

District an opportunity to test, evaluate and demonstrate the performance and operation of the membrane and ozonation technologies before deciding to adopt the technology plant wide. In January 2008, the Board approved the purchase of a 0.07 mgd skid mounted membrane and an ozone generator system package plants. These units are being used to conduct a pilot program to collect operating and performance data, as well as provide training for plant operations, in advance of the full Membrane and Ozonation project's construction.

Permit requirements placed upon the District by the Nevada Department of Environmental Protection are among the most stringent in the nation. The treatment and discharge regulations require extensive laboratory testing and documentation to ensure that standards are met each day.

The District also operates wastewater facilities serving other Clark County communities in Southern Nevada: Desert Breeze, Blue Diamond, Indian Springs, Laughlin, the Moapa Valley, and Searchlight.

Desert Breeze Facilities
The Desert Breeze Water Resource Center (DBWRC) is a facility built in partnership with the Las Vegas Valley Water District (LVVWD) for the western part of the District's service area. The District operates the center and the LVVWD distributes the reclaimed water to golf courses and parks in the southwest area.

Plant operations have treated more than 4.2 MGD of raw wastewater over the last year through multiple processes. Secondary treatment consists of two step feed aeration basins designed to treat a total of 5 MGD and two rectangular secondary clarifiers. Filtration and disinfection systems consist of three self-contained media filters and four ultraviolet lamp disinfection units.

Blue Diamond Facilities
This wastewater treatment facility is responsible for the treatment of wastewater for the Blue Diamond community which is located south west of the Las Vegas Valley. The facility operates three wastewater treatment ponds to handle the wastewater generated in the Blue Diamond community.

Moapa Valley Facilities
Following an extensive and comprehensive process involving a Citizens Advisory Committee (CAC) and the Moapa Valley Town Advisory Board (MVTAB), construction of the Moapa Valley Water Resource Center began in 2008, and was completed in late 2009. Collection system improvements and expansion are currently underway. These facilities are responsible for the collection and treatment of wastewater generated by the communities within the Moapa Valley; currently servicing the communities of Overton and Logandale. Continued communication with the CAC and the residents and businesses of Moapa Valley continued throughout the construction process. The Moapa Valley operation has been converted from seven evaporation ponds and two rapid infiltration basins (RIB) percolation ponds, to the current wastewater treatment facility. This facility is a 0.75 MGD advanced biological treatment facility with three RIB ponds.

Indian Springs Facilities
The District acquired the Indian Springs wastewater pond system in 2005. The District has designed a new treatment facility for the community and is working with Creech Air Force Base who will be sending their wastewater to the new treatment system. Construction began at the end of FY 2010 for the new treatment plant with construction being completed in the late winter of 2011.

Laughlin Facilities
The Laughlin Wastewater Reclamation Facility (LWRF) operates and maintains the collection and treatment facilities for Laughlin, Nevada. The Laughlin Facilities include three sewer lift stations and an eight (8) million gallon per day (MGD) tertiary treatment plant that discharges directly to the Colorado River. Stringent National Pollutant Discharge Elimination System (NPDES) permit requirements are placed on the Laughlin Facility to protect water quality in the Colorado River. To meet this responsibility, the Laughlin facility operates and maintains multiple primary, secondary and tertiary processes before discharging into the Colorado River.

Searchlight Facilities
The Searchlight facilities are operated by the staff from our Laughlin facilities. The collection system and evaporation ponds serving the community of Searchlight are more than 30 years old and in need of updating. In a collaborative project with the Las Vegas Valley Water District, partial funding through the United States Army Corps of Engineers and a grant provided by the Nevada Department of Environmental Protection for improvements to both the water and wastewater systems for the community. The wastewater project improvements are currently scheduled to be completed in 2013.

Other Services and Contracts

Coyote Springs (GID)
Coyote Springs is a General Improvement District created and operated at the direction of Clark County (NRS 318.015). Pursuant to cooperative agreements between Clark County, the Las Vegas Valley Water District (LVVWD) and the District, the LVVWD is engaged as the general operator of the Coyote Springs GID water and wastewater systems. The District will operate and maintain the wastewater system on behalf of the LVVWD. Coyote Springs GID and the developer plan to build a small package plant for wastewater treatment completed by the spring of 2011.

Clean Water Coalition
The City of Henderson, the City of Las Vegas, the City of North Las Vegas and the District entered into an Inter-local Cooperative Agreement to establish the Clean Water Coalition (CWC) as a separate legal entity. The CWC was formed to carry out the Systems Conveyance and Operations Program (SCOP), which is a pipeline that will convey a portion of effluent into Lake Mead, rather than all effluent flowing through the Las Vegas Wash. Further information regarding the CWC and the District's joint venture in the CWC project is contained in Note 1 of the financial statements. Upon approval by each of the member agencies. The SCOP project is currently suspended due to higher treatment requirements and will continue in a suspended state until further research determines whether or not the project is needed.

Financial Highlights

Cash Management
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 prudent fiscal management by the District.

Restricted Reserves

Restricted Fund Balance Reserves are used to segregate financial resources of a fund that are not available to liquidate liabilities of the current period. The District's current restricted cash fund balance reserves include bond reserves being held by the Clark County Treasurer's office, bond proceeds, workers' compensation insurance fund and loaned securities. The balance of the restricted fund balance reserves at June 30, 2010 was $69,976,010.

Designated Unrestricted Assets and Reserves

Pursuant to current policy, the District maintains several designated unrestricted reserves. The designated reserves are available for appropriation however the funds have been reserved for a particular purpose. At June 30, 2010, the balance of the designated unrestricted reserve accounts was $463,624,650. The following provides a brief description of these reserves.

The District maintains an Operations and Maintenance Reserve fund that is equal to 12 months of the prior year's actual operation and maintenance expenditures. At June 30, 2010 the balance was $70,500,431. 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.

Nevada State law (NRS) 354.6115 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. At June 30, 2010 the balance was $4,105,640.

The District maintains a Capital Contingency Reserve with funds set aside for emergency 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 a minimum of 12 months of total budgeted capital repair and replacement. As of June 30, 2010, the balance of this account was $ 69,491,454.

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. Due to the current downturn in Valley growth, this reserve has been suspended; however, the reserve may be reestablished as community and District needs change.

As required by GASB 45, the District began to record a liability for Other Post-Employment Benefits (OPEB) obligations in fiscal year 2008. The District has established a reserve fund to comply with the GASB 45 requirements. The District is currently in the process of establishing an Irrevocable OPEB Trust. In accordance with the most current actuary study performed, the amount of the OPEB Trust will be equal to $11,782,178. Furthermore the Trust's funds will be restricted (limited) to the payment of post employment benefits. Further information regarding OPEB can be found in note 13 of the financial statements.

Nevada Revised Statue governs the deposit policies of Clark County. District monies must be deposited in insured banks and savings and loan institutions within the County. The District is authorized to use demand accounts, time accounts, and certificates of deposit. All short-term cash surpluses are invested by the County on behalf of the District.

Long-Term Financial Planning
The present five year Capital Improvement Plan (CIP) (FY10/11through FY 14/15) totals $776 million. This value reflects the various capital projects that are expected to be designed and constructed over the next five years to rehabilitate existing infrastructure, provide necessary facilities to meet federal and state water quality standards, and to keep pace with any growth. The District plans to spend $405 million for replacement or rehabilitation of existing facilities and $199 million on expansion projects in the Las Vegas Valley. For the service areas outside the Las Vegas Valley, the District plans to spend $104 million for expansion and rehabilitation projects. Management of the total CIP is budgeted at $26 million. Capital Equipment (CEP) is budgeted at $42 Million for various new and replacement equipment.

In order to continue with the current capital program, the District has initiated a Long-Term Financing Plan which includes utilizing a combination of the District's general cash fund and debt financing. Approximately 90% of the capital expenditures will be debt financed. The CIP was developed through a detailed budgeting and asset assessment process; however, the CIP program will be continually monitored, evaluated, and update in order to meet the community's needs.

The District formed a Citizen Advisory Committee (CAC) to assist the District in assessing specific needs relating to future capital funding. CAC members include representatives from both the commercial and residential sectors within the District's service area. The CAC's responsibilities were to review the District's capital, operating, and financing programs; study the issues of universal rates and sewer lateral responsibility; and to provide recommendations for the Cost of Service Study.
In May 2008, the Board adopted a new five year rate schedule. The new schedule represented rates and charges increasing for the first time since 1995. The new rate schedule includes annual rate increases through fiscal year 2013. The Board also implemented "universal rates" pursuant to which all service areas in the District are charged sewer service fees in the same annual amount per Equivalent Residential Unit (ERU). Prior to that time, sewer service charges varied among the District's service areas due to different costs associated with providing service. The universal rate became effective July 1, 2008.

System Development Approval (SDA) charges are 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.

In May 2008, the Board also adopted a new schedule of SDA charges for each fiscal year through 2013. Universal SDA charges for all areas except the Laughlin service area and Septic conversion became effective on July 1, 2008; however, the rate increase was deferred until January 1, 2009.

Debt Administration
The District issues debt for financing major capital improvements. It is the general intent of the District that rates and charges are adequate to provide for all costs and that reliance on taxes is avoided. Historically, there has been no reliance on 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 had $456,784,780 in general obligation bond debt as of June 30, 2010. All applicable bond covenants such as ratios of net income to debt service and insurance coverage have been met. Outstanding District General Obligation bonds (additionally secured by pledged revenue) are rated a

natural “AAA” by Standard & Poor’s Corporation and “Aa1” by Moody’s. The ratings reflect the District’s continued strong financial performance and very strong liquidity position.

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, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports. 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. The District has received a Certificate of Achievement for the last twenty-six consecutive years (fiscal years ended 1984-2009). 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.

In addition, the District received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning July 1, 2009. The GFOA judged the District’s budget document’s proficiency as a policy document, a financial plan, an operations guide, and a communication device in order to determine eligibility for the award.

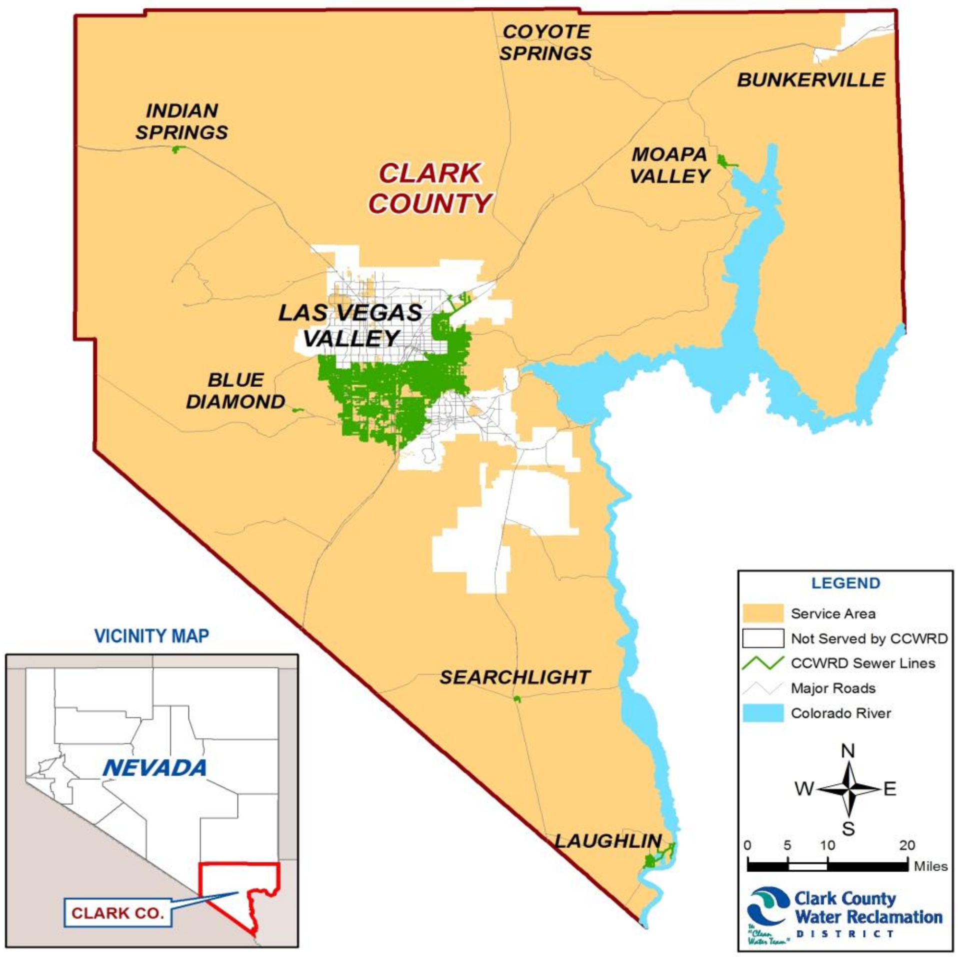
The preparation of this report would not have been possible without the efficient and dedicated service of the accounting and finance departments. Our appreciation is extended to all District staff for their assistance and contribution to the preparation of this report. We also wish to express our appreciation to the Board for their leadership and support in planning and coordinating operations of the District.

Sincerely,

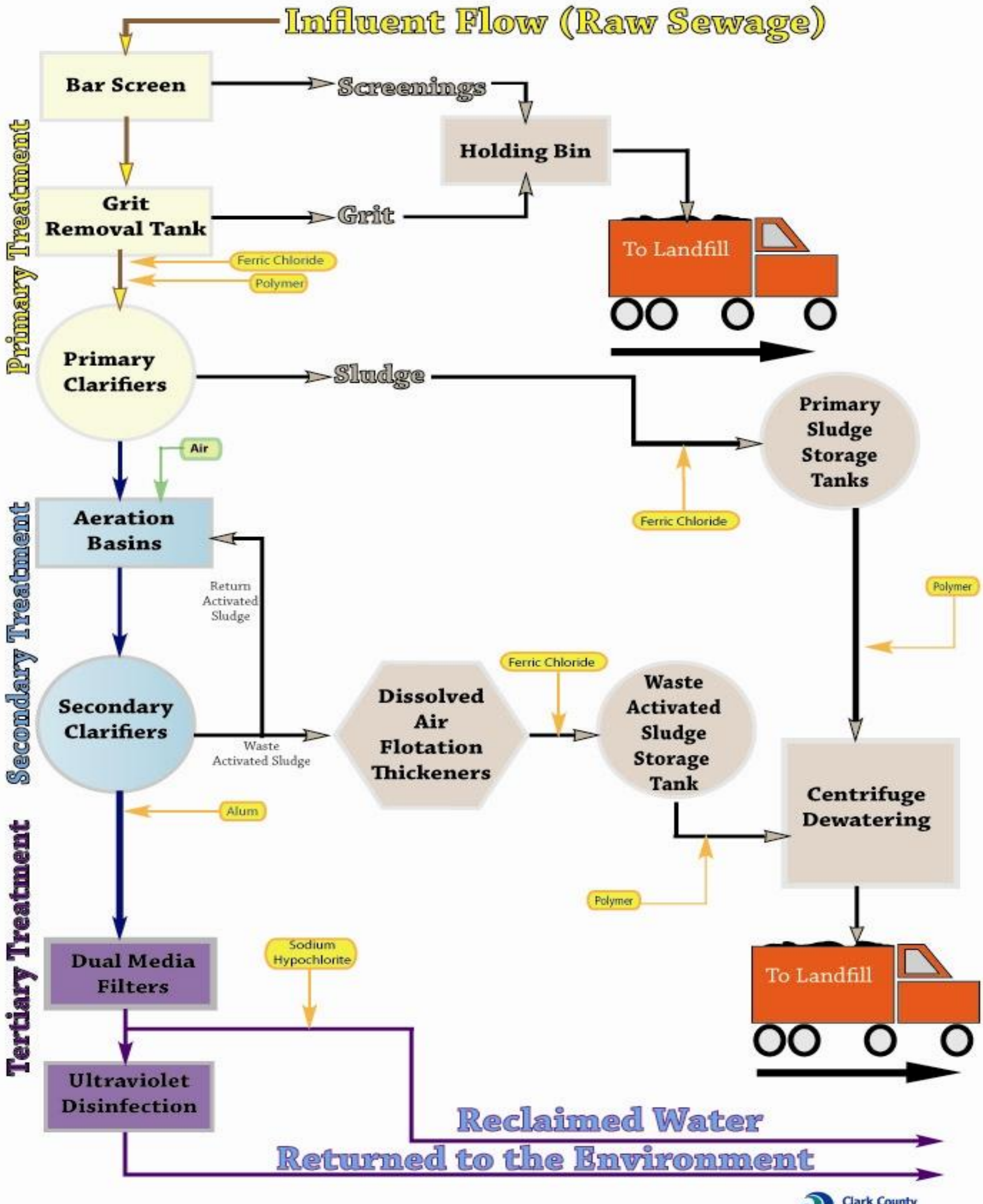
Bridgette McInally

Bridgette McInally
Financial Services Manager

CLARK COUNTY WATER RECLAMATION DISTRICT SERVICE AREA



Our Wastewater Treatment Process



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, 2009

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

President

Executive Director

Don't Be a Pain in the Drain

www.paininthedrain.com

Financial Section (Audited)

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Clark County Water Reclamation District Board of Trustees
Clark County, Nevada

We have audited the accompanying basic financial statements of Clark County Water Reclamation District ("the District"), a component unit of Clark County, Nevada (the "County"), as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2010 and 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2010, on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and schedule of funding progress on pages 3 through 8 and page 30, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, statistical section, and supplementary information in the financial section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information on pages 31 through 34 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
November 1, 2010

This section of the annual financial report of the Clark County Water Reclamation District (the District) presents the analysis of the District's financial performance during the fiscal years ended June 30, 2010 and 2009. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS 2010

Net total capital assets increased by $143.4 million, or 10.8 percent. (See Table 3.)
Total assets decreased by $89.9 million, or 4.3 percent. (See Table 1.)
Total liabilities decreased by $137.4 million, or 21.6 percent. (See Table 1.)
Total operating revenue increased to $124.8 million, or 11.6 percent. (See Table 2.)
Total net non-operating revenue decreased to $26.2 million, or 26.3 percent (excludes System Development Approval (SDA) revenue). (See Table 2.)
SDAs (Connection Charges) decreased to $9.3 million, or 42.8 percent. (See Table 2.)
Total operating expenses increased to $115 million, or 7.0 percent. (See Table 2.)
Contributed assets decreased to $3.2 million, or 77.3 percent. (See Table 2.)
Change in net assets decreased to $47.5 million, or 30.8 percent. (See Table 2.)

FINANCIAL HIGHLIGHTS 2009

Net total capital assets increased by $202.9 million, or 18.0 percent. (See Table 3.)
Total assets increased by $442.2 million, or 26.8 percent. (See Table 1.)
Total liabilities increased by $373.6 million, or 141.8 percent. (See Table 1.)
Total operating revenue increased to $111.8 million, or 8.4 percent. (See Table 2.)
Total net non-operating revenue decreased to $35.5 million, or 28.2 percent (excludes System Development Approval (SDA) revenue). (See Table 2.)
SDAs (Connection Charges) decreased to $16.4 million, or 56.5 percent. (See Table 2.)
Total operating expenses increased to $107.5 million, or 7.2 percent. (See Table 2.)
Contributed assets increased to $14.1 million, or 13.5 percent. (See Table 2.)
Change in net assets decreased to $68.6 million, or 26.7 percent. (See Table 2.)

BRIEF DESCRIPTION OF BASIC FINANCIAL STATEMENTS

In accordance with the Governmental Accounting Standards Board (GASB) Statements, the District is classified as an "enterprise fund" which is one of two types of proprietary funds. As such, the District uses accrual basis accounting, and in accordance with the definition of an enterprise fund, accounts for all assets used in the production of services offered. Additionally, long-term debt service is accounted for by the District, and a distinction is made between contributed capital and earnings resulting from operations. The financial statements of the District are self contained and may be used by creditors, legislators or the general public to evaluate the performance of the District in a manner similar to that used to evaluate private sector businesses.

As an enterprise fund, the District is required to present three basic financial statements. The Statement of Net Assets outlines all of the District's financial and capital resources in the format of assets minus liabilities equal net assets, and serves as the District's statement of financial position. The Statement of Revenue, Expenses and Changes in Net Assets present basic information regarding the District's financial activities and provide insight to the user regarding the sources of funding for the District's operations.

The Statement of Cash Flows reports the cash receipts and payments during the reporting year for operating activities, capital and related financing activities, and investing activities. All statements are prepared in accordance with generally accepted accounting principles.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, combined assets exceeded liabilities by $1.502 billion as of June 30, 2010. See Table 1, for a summary of the District's net assets over the last three years.

Table 1 - Net Assets

	June 30, 2010	June 30, 2009	Increase (Decrease)		June 30, 2008	Increase (Decrease)	
Current and Other Assets	$ 529,891,430	$ 763,191,452	$ (233,300,022)	-30.6%	$ 523,848,416	$ 239,343,036	45.7%
Capital Assets	1,471,946,387	1,328,531,517	143,414,870	10.8%	1,125,627,851	202,903,666	18.0%
Total Assets	2,001,837,817	2,091,722,969	(89,885,152)	-4.3%	1,649,476,267	442,246,702	26.8%
Current and Other Liabilities	42,601,178	175,455,615	(132,854,437)	-75.7%	175,851,109	(395,494)	-0.2%
Long-Term Liabilities	457,041,458	461,563,198	(4,521,740)	-1.0%	87,537,062	374,026,136	427.3%
Total Liabilities	499,642,636	637,018,813	(137,376,177)	-21.6%	263,388,171	373,630,642	141.9%
Invested in Capital Assets, Net of Related Debt	1,075,343,625	1,021,788,757	53,554,868	5.2%	1,038,477,851	(16,689,094)	-1.6%
Restricted for Debt Service and Capital Assets	20,929,995	16,290,910	4,639,085	28.5%	12,948,688	3,342,222	25.8%
Unrestricted	405,921,561	416,624,489	(10,702,928)	-2.6%	334,661,557	81,962,932	24.5%
Total Net Assets	$ 1,502,195,181	$ 1,454,704,156	$ 47,491,025	3.3%	$ 1,386,088,096	$ 68,616,060	5.0%

As outlined in the above table, total net assets are comprised of three distinct components: invested in capital assets (net of related debt), restricted, and unrestricted. The largest components of the District's net assets are those categorized as invested in capital assets. These components represent 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 customers; consequently, those assets are not available for future spending. Restricted net assets represent resources that are subject to constraints due to legislative restrictions and/or other external restrictions. Unrestricted net assets may be used when restricted assets are depleted or to meet ongoing obligations to customers and creditors, which are not funded by resources that are restricted.

At the end of the current fiscal year, the District was able to report positive balances in all three categories of net assets. Although total assets decreased $89.9 million or 4.3% due to the stoppage of loaned securities, the District's total net assets increased by more than $47 million during the fiscal year ended June 30, 2010, resulting in an increase of 3.3%.

Total operating revenues for the District were $124.8 million for the fiscal year ended June 30, 2010. The primary source of operating revenues (sewer service charges) was $120 million or 96.1% of the total operating revenues. This represents an increase of 13.1% over the prior year. Operating revenues also include reclaimed water sales, pretreatment permit fees, septage waste processing fees, miscellaneous fees, charges for labor and equipment services, sales of assets, and liquidated damages assessed on construction projects.

Non-operating revenues are used to fund capital improvements and equipment. The major sources of non-operating revenues are system development charges(SDA), interest income and an apportionment from the Clark County sales tax. The largest of these sources, investment income, represents 40% of the Districts non-operating revenues. Total investment income decreased 37.0% for fiscal year ended June 30, 2010 from the previous year due to a significant decrease in unrestricted investment earnings.

Unrestricted investment earnings decreased $7.3 million compared to fiscal year ended 2009. The District transferred $140 million from its investment account during fiscal year 2010. Interest income during the fiscal year 2010 totaled over $13.3 million.

Operating expenses, excluding depreciation, increased by $367 thousand over the prior fiscal year. Other Post Employment Benefits increased $491 thousand or 47% which represents the largest increase in operating expenses for fiscal year ended 2010. The other two areas of significant increase are from outside services ($1.1 million, 17.9%) and salaries ($1.4 million, 6.7%). There was also a significant decrease in contributed assets $10.9 million or 77.3% which is directly attributable to the decline in new construction projects throughout the Las Vegas valley area.

Changes in the District's net assets can be determined by a review of the following condensed Statement of Revenue, Expenses, and Changes in Net Assets (Table 2).

Table 2 - Changes in Net Assets

	June 30, 2010	June 30, 2009	Increase (Decrease)		June 30, 2008	Increase (Decrease)	
Operating Revenues:							
Sewer Service charges	$ 119,932,937	$ 106,046,049	$ 13,886,888	13.1%	$ 97,153,925	$ 8,892,124	9.2%
Other	4,855,669	5,780,669	(925,000)	-16.0%	5,984,633	(203,964)	-3.4%
Total Operating Revenues	124,788,606	111,826,718	12,961,888	11.6%	103,138,558	8,688,160	8.4%
Non-operating Revenues:							
SDA Revenue	9,347,944	16,353,536	(7,005,592)	-42.8%	37,611,376	(21,257,840)	-56.5%
Sales Tax Apportionment	12,242,174	13,482,807	(1,240,633)	-9.2%	15,595,269	(2,112,462)	-13.5%
Investment Income	13,767,249	21,842,465	(8,075,216)	-37.0%	33,367,205	(11,524,740)	-34.5%
Other	215,942	272,900	(56,958)	-20.9%	611,644	(338,744)	100.0%
Total Non-operating Revenues	35,573,309	51,951,708	(16,378,399)	-31.5%	87,185,494	(35,233,786)	-40.4%
Total Revenues	160,361,915	163,778,426	(3,416,511)	-2.1%	190,324,052	(26,545,626)	-13.9%
Salaries	22,468,145	21,052,947	1,415,198	6.7%	19,925,077	1,127,870	5.7%
Benefits	6,955,614	6,695,433	260,181	3.9%	5,796,778	898,655	15.5%
Other Post Employment Benefits	1,535,705	1,044,482	491,223	47.0%	1,349,373	(304,891)	-22.6%
Utilities	12,270,437	11,634,902	635,535	5.5%	12,034,580	(399,678)	-3.3%
Outside Services	7,433,909	6,306,470	1,127,439	17.9%	6,640,975	(334,505)	-5.0%
Chemicals	5,277,019	6,658,655	(1,381,636)	-20.7%	4,684,631	1,974,024	42.1%
Maintenance Expense	4,358,995	4,908,706	(549,711)	-11.2%	4,053,703	855,003	21.1%
Other Expenses	1,886,371	1,967,831	(81,460)	-4.1%	1,979,360	(11,529)	-0.6%
Supplies	1,539,659	1,676,175	(136,516)	-8.1%	1,381,396	294,779	21.3%
Bad Debt Expense	977,250	689,358	287,892	41.8%	12,933	676,425	5230.2%
Depreciation	50,285,130	44,849,343	5,435,787	12.1%	42,402,545	2,446,798	5.8%
Non-operating Expenses	1,358,844	1,876,337	(517,493)	-27.6%	8,890,231	(7,013,894)	-78.9%
Total Expenses	116,347,078	109,360,639	6,986,439	6.4%	109,151,582	209,057	0.2%
Income Before Capital Contributions	44,014,837	54,417,787	(10,402,950)	-19.1%	81,172,470	(26,754,683)	-33.0%
Capital Contributions:							
Grant Revenue	267,180	60,771	206,409	339.7%	18,453	42,318	229.3%
Contributed Assets	3,209,008	14,137,502	(10,928,494)	-77.3%	12,457,110	1,680,392	13.5%
Change in Net Assets	47,491,025	68,616,060	(21,125,035)	-30.8%	93,648,033	(25,031,973)	-26.7%
Total net assets, at beginning of year	1,454,704,156	1,386,088,096	68,616,060	5.0%	1,292,440,063	93,648,033	7.2%
Total net assets, at end of year	$ 1,502,195,181	$ 1,454,704,156	$ 47,491,025	3.3%	$ 1,386,088,096	$ 68,616,060	5.0%

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2010, the District had more than $1.4 billion in net capital assets. This represents an increase of $143.4 million or 10.8%. The following table (Table 3) summarizes capital assets, net of depreciation and changes therein.

Table 3 -Capital Assets, Net of Accumulated Depreciation

	June 30, 2010	June 30, 2009	Increase (Decrease)		June 30, 2008	Increase (Decrease)	
Land and Rights of Way	$ 7,880,299	$ 7,251,571	$ 628,728	8.7%	$ 1,484,797	$ 5,766,774	388.4%
Treatment Facilities	595,574,298	393,687,396	201,886,902	51.3%	413,145,181	(19,457,785)	-4.7%
Main and Lateral Sewer Lines	483,531,270	348,524,562	135,006,708	38.7%	324,026,858	24,497,704	7.6%
Equipment	12,023,630	14,264,632	(2,241,002)	-15.7%	14,543,185	(278,553)	-1.9%
Intangible asset (CWC Capacity Rights)	32,800,741	32,800,741	-	0.0%	32,800,741	-	0.0%
Construction in Progress	340,136,150	532,002,615	(191,866,465)	-36.1%	339,627,089	192,375,526	56.6%
Total	$ 1,471,946,387	$ 1,328,531,517	$ 143,414,870	10.8%	$ 1,125,627,851	$ 202,903,666	18.0%

In 2010, total increases in capital assets during the year amounted to $574,999,383 as follows: land $628,728; treatment facilities $233,404,190; collection system $148,439,963; equipment $3,097,051; and construction in progress $189,429,450. During the year, the District completed $379,261,412 in construction projects. There was a significant increase in abandonment loss of $1.3 million due to CIP projects being cancelled because of a significant reduction in population growth. Total decreases in capital assets during the year amounted to $381,376,809. Please refer to the Schedule of Capital Assets on page 31 for additional information regarding capital assets.

The total Capital Improvement Plan (CIP) projected for fiscal years 2011-2015 is $776,437,049 of which the budget amount for fiscal year 2010-2011 is $124,849,100 with the remaining balance for fiscal years 2012-2015 of $651,587,949.

The District's five year CIP for the years 2011-2015 identifies Las Vegas Valley Service Area Expansion Projects $199 million; Las Vegas Valley Service Area Rehabilitation Projects $405 million; Other Service Areas and Rehabilitation Projects $104 million; Total CIP Management $26 million and Equipment $42 million.

The acquisition, construction and major improvements of the collection system and plant facilities required to provide services are financed from existing cash resources and the issuance of bonds and grants. 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 the principal and interest thereon. Principal and interest are paid from net pledged revenues of the District, but are secured by ad valorem taxes. Net pledged revenues are defined as gross revenues of the District less operation and maintenance expenses. Bond covenants require that District rates and charges are adequate to pay debt service such that no ad valorem property tax is necessary to repay the bonds. Historically, there has been no reliance on taxes to support the District's operations or debt service. No change in this practice is contemplated.

On June 6, 2008, the Board of Trustees authorized a resolution of intent proposing the issuance of up to $1.2 billion of general obligation (limited tax) water reclamation bonds (additionally secured by pledged revenues), commercial paper or other securities thereof. On November 20, 2008 the District issued $115.8 million in bonds and on April 1, 2009, the District issued $260 million in bonds for the purpose of financing current and future capital projects. Bond proceeds and sales tax revenue are used first when funding capital projects. This practice resulted in allocation of the majority of capital expenditures paid in fiscal year 2009 to the bond proceeds. SDA revenue is used to satisfy the District's debt service and in addition may be used for projects funded on a cash basis.

The District issued a 2009C bond to the State of Nevada as collateral for a 0% interest loan. The District participated in the American Reinvestment and Recovery Act program and secured a $5.7 million loan from the State Revolving Loan Fund to partially fund the construction of the Indian Springs Project. For further detailed information, please refer to Note 7 of the accompanying financial statement notes.

ECONOMIC FACTORS AND FISCAL YEAR 2011 BUDGET OVERVIEW

According to UNLV's Center for Business and Economic Research (CBER) midyear 2010 outlook, the Southern Nevada economy continues to struggle. While the national economy has showed some signs of a slow recovery, Nevada along with the western states, lags. CBER's review of key indicators show that weakness still lingers compared to the December 2009 forecast. Job losses are expected to go on through the end of the calendar year as construction and retail sectors struggle amid declining visitor activity.

The outlook for 2011 is more optimistic as real growth is anticipated in the first quarter of the calendar year, as increasing tourism and gaming revenue will help stimulate the labor market and lower the unemployment rate.

The primary sources of revenue for the District are sewer service charges and SDA charges. Sewer service charges represent the largest part of operating revenue which is used to support operating expenses. SDA charges represent the largest source of non-operating revenue which is used to fund capital improvements, expansion and equipment. The affect of the decline in the economy has manifested as an increase in the number of bankruptcies and foreclosure delinquencies The result of this increase did not have a significant impact on the District's revenue collection due to the majority of delinquencies being paid upon bank ownership. However, collection of delinquent accounts will occur through transferring the delinquent amount to the property tax roll and subsequently collecting upon sale of the property.

According to the CBER, residential construction shows no signs of rebounding in the short term and major commercial projects appear to be heading toward decline. Commercial growth, especially along the Las Vegas Strip, is a key to the District's revenue stream. The District will closely monitor the trend of commercial projects and the affect on SDA revenues and adjust its CIP accordingly. Sound financial planning and budgeting are imperative during times of economic strain and market uncertainty.

The District continues to assess its goals and future financial planning strategies to ensure that budget and spending practices are properly aligned with changing financial conditions.

	Budget FY 2011	Budget FY 2010	Budget FY 2009
Operating Revenues	$ 131,941,000	$ 121,368,861	$ 115,614,492
Operating Expenditures	77,584,058	74,929,556	75,054,365
Net Operating Income	$ 54,356,942	$ 46,439,305	$ 40,560,127

A significant component in previous budget years was the contract management services provided by the District for operating Coyote Springs and the Big Bend Water District (BBWD). In fiscal year 2009, the District ended its long time partnership with BBWD and transferred responsibility to the Las Vegas Valley Water District (LVVWD). Therefore, for the purpose of this document BBWD costs were excluded from our presentations.

The District's 2011 budget reflects anticipated operating revenues of $131.9 million with the majority comprised of sewer service charges of $128 million. This increase of 9% will be due primarily to the 5 year rate and charges schedule. Budgeted operating expenses for 2011 are projected to increase by $2.6 million over fiscal year 2010 budgeted expenses.

Salaries and benefits account for 41% of the total fiscal year 2011 budgeted operating expenses (excluding depreciation). The District will add five(5) new positions in fiscal year 2011. The $33.4 million budget for salaries and benefits provides funding for 333 full-time positions. The decrease in benefits is directly attributed to the prepayment of the current OPEB obligations which will reduce the annual contribution amount. Supplies and services are budgeted at $48.6 million and account for 59% of budgeted operating expenses (excluding depreciation). The major expense items in the supplies and services category are utilities, maintenance, chemicals and other services. Depreciation expense is projected to be $60.3 million.

Revenue from the Clark County ¼ % “Sales and Use Tax” is projected to be $10 million; use of these funds is restricted to capital expenditures for the improvement or expansion of infrastructure. Fiscal year 2011 will mark the opening of the new solids dewatering facility, a $145.6 million project, which will be capable of handling 160 million gallons of wastewater per day and produce 180 dry tons of sludge per day. Significant effort will also be required to expand and rehabilitate the collection system in the Las Vegas Valley.

Fiscal year 2008-09 marked the first time in over a decade that the District increased service charge rates and connection fees. There was also a change in billing methodology as a universal rate was implemented for all service areas with the exception of connection fees in Laughlin. Laughlin has extra treatment capacity and therefore would remain separate, until such a time they reach capacity at their facility. There are no expansion related capital projects for Laughlin within the District’s 5-Year Capital Improvement Program.

The rate increase will allow the District to implement capital improvements to repair and replace existing infrastructure, improve treatment methods for wastewater and help pay for new filtration and disinfection methods that will protect water quality, and expand the system to meet increased demands.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide users, including our customers and creditors, with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Clark County Water Reclamation District, Attention: Bridgette McInally, Financial Services Manager, 5857 E. Flamingo Road, Las Vegas, NV 89122. E-mail: bmcinally@cleanwaterteam.com Telephone: (702)668-8101

Clark County Water Reclamation District

Statement of Net Assets
June 30, 2010 and 2009

Assets		**2010**		**2009**
Current Assets:				
Cash and cash equivalents	$	**12,423,177**	$	28,475,537
Accounts receivable, net of allowance for doubtful accounts $710,500 and $916,290		**7,701,289**		12,760,088
Due From Clean Water Coalition		**388,170**		-
Supply inventories		**2,439,816**		2,744,827
Interest receivable		**2,574,951**		3,460,355
Investments		**422,370,228**		432,548,780
Prepaid expenses		**264,589**		403,827
Total unrestricted current assets		**448,162,220**		480,393,414
Restricted assets: (Note 4)				
Cash with County Treasurer		**18,668,626**		14,172,178
Investments (Capital)		**50,387,700**		145,918,137
Sales taxes receivable		**2,120,325**		2,118,732
Workers comp certificate of deposit		**141,044**		-
Loaned securities		**119,684**		111,610,618
Total restricted current assets		**71,437,379**		273,819,665
Total current assets		**519,599,599**		754,213,079
Noncurrent Assets:				
Capital assets:				
Property, plant and equipment		**1,604,724,034**		1,219,863,723
Less accumulated depreciation		**513,594,837**		463,387,133
		1,091,129,197		756,476,590
Land and rights of way		**7,880,299**		7,251,571
Construction in progress		**340,136,150**		532,002,615
Intangible asset (CWC Capacity Rights)		**32,800,741**		32,800,741
Total capital assets, net		**1,471,946,387**		1,328,531,517
Unamortized bond costs		**4,336,777**		4,489,103
Other post employment benefit asset		**111,748**		42,668
Other long-term receivables		**5,843,306**		4,446,602
Total noncurrent assets		**1,482,238,218**		1,337,509,890
Total assets		**2,001,837,817**		2,091,722,969
Liabilities				
Current Liabilities:				
Accounts payable		**2,660,464**		1,611,875
Collected on behalf of Clean Water Coalition		-		526,572
Construction contracts payable		**16,625,512**		40,336,361
Accrued expenses		**1,645,363**		1,738,411
Accumulated compensated absences		**305,847**		276,302
Other liabilities		**2,858,479**		3,872,332
Accrued bond interest payable		**11,854,072**		9,269,855
Loaned securities		**231,441**		111,713,907
Current maturities of bonds payable		**6,420,000**		6,110,000
Total current liabilities		**42,601,178**		175,455,615
Noncurrent Liabilities:				
Long-term portion of accumulated compensated absences		**4,597,483**		4,153,358
Accrued other post employment benefits		**4,041,308**		2,436,523
Bonds payable, net of current maturities		**448,402,667**		454,973,317
Total noncurrent liabilities		**457,041,458**		461,563,198
Total Liabilities		**499,642,636**		637,018,813
Net Assets:				
Invested in capital assets, net of related debt		**1,075,343,625**		1,021,788,757
Restricted:				
Debt service		**18,668,626**		14,172,178
Capital assets & workers comp cd		**2,261,369**		2,118,732
Unrestricted		**405,921,561**		416,624,489
Total net assets	$	**1,502,195,181**	$	1,454,704,156

See Notes to Financial Statements.

Clark County Water Reclamation District

Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	2010	2009
Operating revenues:		
Sewer service charges	$ **119,932,937**	$ 106,046,049
Effluent sales	**2,620,050**	3,272,151
Pretreatment fees	**808,050**	757,139
Septage fees	**356,375**	512,156
Other	**1,071,194**	1,239,223
Total operating revenues	**124,788,606**	111,826,718
Operating expenses:		
Salaries	**22,468,145**	21,052,947
Benefits	**6,955,614**	6,695,433
Post employment benefits other than pensions	**1,535,705**	1,044,482
Utilities	**12,270,437**	11,634,902
Outside services	**7,433,909**	6,306,470
Chemicals	**5,277,019**	6,658,655
Maintenance expense	**4,358,995**	4,908,706
Other expenses	**1,886,371**	1,967,831
Supplies	**1,539,659**	1,676,175
Bad debt expense	**977,250**	689,358
Depreciation	**50,285,130**	44,849,343
Total operating expenses	**114,988,234**	107,484,302
Income from operations	**9,800,372**	4,342,416
Non-operating revenues (expenses):		
Unrestricted investment earnings	**13,399,740**	20,753,933
Restricted investment earnings	**277,809**	132,788
SDA revenue	**9,347,944**	16,353,536
Sales tax apportionment	**12,242,174**	13,482,807
Interest expense- bonds, net of capitalized	**-**	-
Interest income- securities lending	**89,700**	955,744
Securities lending expense	**(58,559)**	(726,026)
Abandonment loss	**(1,300,285)**	(61,282)
Loss on asset disposition	**-**	(1,089,029)
Other non-operating revenue/expenses, net	**215,942**	272,900
Total non-operating revenues (expenses)	**34,214,465**	50,075,371
Income before capital contributions	**44,014,837**	54,417,787
Capital contributions		
Grant revenue	**267,180**	60,771
Contributed assets	**3,209,008**	14,137,502
Change in net assets	**47,491,025**	68,616,060
Total net assets, at beginning of year	**1,454,704,156**	1,386,088,096
Total net assets, at end of year	$ **1,502,195,181**	$ 1,454,704,156

See Notes to Financial Statements.

Clark County Water Reclamation District

Statement of Cash Flows
Years Ended June 30, 2010 and 2009

		2010		2009
Cash Flows from Operating Activities:				
Cash flows from customers	$	**123,975,114**	$	108,695,763
Cash flows from governmental organizations		**2,101,256**		-
Payments to employees for services and benefits		**(27,467,186)**		(27,080,947)
Payments from (to) governmental organizations for services		**1,431,199**		(1,437,410)
Services and supplies		**(36,274,617)**		(33,488,340)
Net cash provided by operating activities		**63,765,766**		46,689,066
Cash Flows from Capital and Related Financing Activities:				
Grant revenue		**267,180**		60,771
Sales tax apportionment - restricted to capital expenditure by statute.		**12,240,581**		14,008,075
System development approvals received		**10,810,344**		14,657,945
Proceeds from capital debt		**217,618**		375,094,534
Transfer from restricted fund		**95,530,437**		(3,867,490)
Acquisition, construction or improvement of capital assets		**(170,533,633)**		(237,809,604)
Principal payments on loans for capital assets		**(6,110,000)**		(5,825,000)
Interest payments on loans for capital assets		**(42,384,276)**		(4,217,334)
Net cash provided by (used in) capital and related financing activities		**(99,961,749)**		152,101,897
Cash Flows from Investing Activities:				
Proceeds from sale of investments		**345,323,848**		150,147,188
Interest on investments		**14,571,421**		20,905,583
Securities lending income		**89,700**		955,744
Securities lending expense		**(58,559)**		(726,026)
Purchases of investments		**(339,641,744)**		(348,903,926)
Purchase of Workers Comp Certificate of Deposit		**(141,044)**		-
Net cash provided by (used in) investing activities		**20,143,622**		(177,621,437)
Net increase (decrease) in cash and cash equivalents		**(16,052,360)**		21,169,526
Cash and cash equivalents, beginning of year		**28,475,537**		7,306,011
Cash and cash equivalents, end of year	$	**12,423,177**	$	28,475,537
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:				
Income from operations	$	**9,800,372**	$	4,342,416
Adjustments:				
Depreciation		**50,285,130**		44,849,343
(Increase) decrease in accounts receivable		**1,811,524**		(3,325,586)
(Increase) decrease in supply inventories		**305,011**		(494,429)
(Increase) decrease in prepaid expenses		**70,158**		(25,365)
(Increase) decrease in other liabilities		**(1,540,425)**		507,830
Increase in accounts payable and accrued expenses		**3,033,996**		834,857
Net cash provided by operating activities	$	**63,765,766**	$	46,689,066
Noncash investing and capital and related financing activities:				
Contributed assets	$	**3,209,008**	$	14,137,502
Property, plant and equipment purchased on account		**16,625,512**		40,336,361
Adjustment of investments to carrying value		**9,133,278**		10,500,180

See Notes to Financial Statements.

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1. Summary of Significant Accounting Policies

The District was established in 1954 under the provisions of Chapter 318 of the Nevada Revised Statutes (NRS) as an enterprise fund. The Board of County Commissioners is the ex-officio Board of Trustees. The District is a quasi-municipal corporation established to provide sewer service to the unincorporated areas of Clark County, Nevada (The County).

The accounting policies of the District conform to generally accepted accounting principles (GAAP) in the United States of America as applicable to governments, particularly as to enterprise funds. GASB Statement No. 1, *Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide*, states "GASB will establish accounting and financial reporting standards for activities and transactions of state and local governmental entities and the Financial Accounting Standards Board (FASB) will establish such standards for activities and transactions of all other entities." GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, provides governmental proprietary funds, which include enterprise funds, with the option of applying FASB pronouncements after November 1989. In accordance with GASB Statement No. 20, the District has chosen not to apply FASB pronouncements issued after November 1989.

The Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as: the appointment of a voting majority of the component unit's governing body; 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; or the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the component unit and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government. 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. In applying the criteria of GASB Statement No. 14 and GASB Statement No. 39, the District is considered a component unit of the County and the financial statement s of the District have been included in the County's Comprehensive Annual Financial Report (CAFR). However, for purpose of these financial statements, the District is the reporting entity. No entities were determined to be component units of the District.

Basis of Presentations

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 Statement of Net Assets. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Earned but unbilled receivables are recorded as revenue.

The District considers revenues earned through user charges to be operating revenues. Revenues earned from sales taxes, capital and investing activities are considered non-operating revenue. Expenses associated with operating the physical plant 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.

Cash and Cash Equivalents
For the purpose of the statements of cash flows, cash and cash equivalents include cash and highly liquid investments with an original maturity of three months or less.

The bank balance at June 30, 2010 was $18,371,609; the book balance was $12,423,177. At June 30, 2009, the bank balance was $33,168,277and the book balance was $28,475,537. The bank balance is fully insured or collateralized by the Office of the State Treasurer's Nevada Collateral Pool. The underlying securities are held by the investment's counterpart, not in the name of the District. The District has funds with the County Treasurer to pay principal and interest payments on debt. At June 30, 2010 there was $18,668,626 credited to our account, at June 30, 2009 the balance was $14,172,178.

Investments
The Clark County Treasurer, as ex-officio Treasurer for the District, performs the District's investment function. The types of investments utilized for the District's portfolio are various federal agency securities, commercial paper, certificates of deposit, and money market funds.

Investments in securities (Note 3) 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.

State statutes authorize the County 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 60 months 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.

Accounts Receivable
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 County tax roll. Approximately $5,755,534 and $4,667,786 of the June 30, 2010 and 2009, service accounts receivable were placed on the tax roll. As of June 30, 2010, the outstanding tax rolled balances which includes previous years balances, totaled $5,823,170.

Inventories and Prepaid Items
Supply inventories are valued at average cost. Inventories consist primarily of materials and supplies. Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets
Per Note 4, funds set aside for payment of bond principal and interest were classified as restricted assets, due to debt service needs. The unspent portion of bond proceeds were classified as restricted to payment of capital expenditures per bond resolution. Amounts accrued for sales tax receipts not received at year end are classified as restricted in accordance with current agreements. Funds received during the year are used for capital expenditures as received. Loaned Securities are restricted based upon certain agreements. In lieu of providing a security bond to the Nevada Department of Insurance, the District purchased a certificate of deposit for $141,000 pledged to the Nevada Department of Insurance.

Capital Assets
Capital assets (Note 5) consist of property, plant and equipment, which if purchased is accounted for at historical cost. Donated property is valued at its estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repair is charged to expense as incurred, whereas significant renewals and betterments are capitalized. Bond interest costs are capitalized as part of the cost of construction when appropriate. Inexhaustible capital assets, such as land, are not depreciated. Equipment items with a historical cost of less than $5,000 are not capitalized.

Joint Venture in Clean Water Coalition(Capacity Rights)
As of December 2009, the SCOP project has been suspended until future assessments of the necessity of the SCOP project can be completed. As of February 2010, the District's Board of Trustees approved the termination of the CWC's portion of the District's SDA (connection) fees. As of June 30, 2010 the future of the SCOP project and the joint venture between the CWC and the member agencies has not been determined.

The CWC was formed as a joint powers authority under NRS 277 in November 2002. Members of the CWC include the District, the City of Las Vegas, the City of Henderson, and the City of North Las Vegas. These agencies have worked together for many years on a variety of projects, including planning, engineering studies and environmental monitoring. The primary function of the CWC is to carry out the Systems Conveyance and Operations Program (SCOP). SCOP encompasses the planning, design, financing, construction, and operation and maintenance of a regional system to transport treated wastewater effluent from the facilities of the member agencies to the ultimate outfall location within the Colorado River system. The primary objective of the project is to improve water quality in Lake Mead at the point of discharge.

Construction of the SCOP project is anticipated to cost over $860 million. The primary sources of capital funding for the SCOP project are wastewater connection fees, usage surcharges, state and federal grants, and member agency contributions. These sources are expected to support pay-as-you-go costs and debt service for the SCOP project. Each member agency is obligated to provide a direct member contribution on behalf of its customers. Each proportionate share is based on average wastewater flows; the District's proportionate share is currently 52.2%. All member agencies, including the District, began imposing CWC regional sewer connection charges and sewer service surcharges in October 2006 and July 2007, respectively, in anticipation of replacing the member contributions. The reserve target of $58 million was reached during fiscal year 2007-08. As a result of reaching this target, the CWC ceased the contribution requirement of member agencies by CWC Board action on March 25, 2008, with the effective date being July 1, 2008. If the CWC surcharges prove to be inadequate to support either direct funding needs or debt service, the member agencies will be required to fund the shortfall directly.

Based on studies analyzing each Member's present and projected daily peak discharge of effluent from their respective wastewater treatment facilities and, as negotiated by the Members, the percentage capacity rights for the District is 52.2%. These capacity rights are considered an intangible asset with a definite useful life with a value in the amount of $32,800,740 which represents the District's contribution to the project. As such, the asset will be amortized over the useful life once the project is put into service.

Separate audited financial statements for the CWC are prepared annually and can be obtained from the CWC's website at www.cleanwatercoalition.com or by contacting the CWC's deputy general manager.

Bond Premium, Discounts and Issuance Costs
Bond premium and discounts, as well as related issuance costs are deferred and amortized over the terms of the bonds using a method which approximates the effective interest method. Unamortized bond premiums are presented as bonds payable.

Other Noncurrent Liabilities
Other noncurrent liabilities include security deposits required of specific commercial customers based on their specific discharges into the collection system.

Postemployment Benefits Other Than Pensions
Effective July 1, 2007, the District implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of the statement, the District has elected to apply its measurement and recognition requirements on a prospective basis and has set its beginning net OPEB obligation at zero for the year ended June 30, 2008. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of the District, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation is determined by adding the annual OPEB cost to the OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

Net Assets
Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted (Note 4) when there are limitations imposed on their use either through enabling legislation adopted by the County of the District or through external restrictions imposed by creditors, grantors or laws and regulations of the State or other governments. Restricted resources are used first to fund appropriations.

2. Budgetary Accounting
The District uses the following procedures to establish, modify and control budgetary data:

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 NRS, for the third Tuesday 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.

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. All appropriations lapse at the end of the fiscal year. Budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America.

3. Investments
The District uses the County's formal investment policy which is designed to ensure conformity with the NRS 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 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.

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. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One strategy that the County uses to manage its exposure to interest is to purchase a combination of short-term and long-term investments, and to project the timing of cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time. This strategy works to provide the cash flow and liquidity needed for operations.

At June 30, 2010, the fair value of the District's investments were categorized by maturity as follows:

		Investment Maturities in Years		
Investment Type	Fair Value	Less than 1	1 to 3	3 to 5
U.S. Treasuries	$ 81,207,000	-	$ 81,207,000	$ -
U.S. Agency Obligations	387,164,622	81,618,800	285,377,022	20,168,800
Commercial Paper	3,999,300	$ 3,999,300	-	-
Money Market Funds	387,006	387,006	-	-
Total investments	$ 472,757,928	$ 86,005,106	$ 366,584,022	$ 20,168,800

Source: The Bank of New York Trust Company June 30, 2010 Statement

At June 30, 2009, the fair value of the District's investments were categorized by maturity as follows:

		Investment Maturities in Years		
Investment Type	Fair Value	Less than 1	1 to 3	3 to 5
U.S. Treasuries	$ 82,694,500	$ 20,694,600	$ 61,999,900	$ -
U.S. Agency Obligations	470,582,500	141,660,100	328,922,400	-
Money Market Funds	25,189,917	25,189,917	-	-
Total investments	$ 578,466,917	$ 187,544,617	$ 390,922,300	$ -

Source: The Bank of New York Trust Company June 30, 2009 Statement

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.

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.

Securities Lending

NRS 355.178 authorizes the County to participate in securities lending transactions, where the County's securities are loaned to broker/dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The County's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102 percent of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year end. The collateral for the loans is maintained at 102 percent, and the value of the securities borrowed is determined on a daily basis.

At year end, the County had no credit exposure to borrowers because the amount the County held as collateral exceeded the amounts the borrowers owed to the County. The contract with the securities lending agent requires it to indemnify the County for all losses relating to securities lending transactions.

The County does not have the ability to pledge or sell collateral securities without a borrower default. There were no borrower defaults during the periods nor were there any prior period losses to recover. State statutes place no restrictions on the amount of securities that can be loaned. Either the County or the borrower can terminate all open securities loans on demand. Cash collateral is invested in accordance with the investment guidelines stated in NRS 355.170. The County investment policy requires that the maturities of the investments made with cash collateral may not be mismatched with the maturities of the securities loaned by more than three business days. Such amounts are included in loaned securities in investments and liabilities.

The County's securities on loan at June 30, 2010, have an underlying fair value of $48,981,550 as compared to securities on loan at June 30, 2009 of $640,265,590 having an underlying fair value of $627,423,891. At June 30, 2010 and 2009 the County had collateral with a fair value totaling $50,001,250 and $609,430,137 which consisted of US Corporate floating rate securities, money market and asset-backed securities. The total collateral received was in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement. The District's share of the County's loaned securities at June 30, 2010 and 2009 was $119,684 and $2,144,695 with collateral valued at $231,441 and $2,041,406 respectively.

The District began participating in securities lending activities through its custodial bank in September 2007, under the same terms as those described above for the County. During the year ending June 30, 2010 the District ceased participating in its lending securities activities. Therefore, the District had no loaned securities balances as of June 30, 2010. The loaned securities in the District's custodial bank at June 30, 2009 were $109,569,212, having an underlying fair value of $107,406,050. The collateral consisted of money market funds with a fair value of zero at June 30, 2010 and $109,569,708 at June 30, 2009.

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the County 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 securities lending policy, $55,505,011 was held, on behalf of the County in 2010 and $640,265,590 in 2009, by the counterparty that was acting as the County's agent in securities lending transactions. In addition, $109,569,000 was held by the District's agent for 2009 in securities lending transactions conducted through the District's custodial bank.

At June 30, 2010, the District had the following investments: Rating based upon Moody's index

Investments:	Reported Amount/ Fair Value	Aaa	P-1
U.S. Treasuries	$ 81,207,000	$ 81,207,000	$ -
U.S. Agencies	387,164,622	387,164,622	-
Commercial Paper	3,999,300	-	3,999,300
Money Market Funds	387,006	387,006	-
Totals	$ 472,757,928	$ 468,758,628	$ 3,999,300

At June 30, 2009, the District had the following investments: Rating based upon S & P's index

Investments:	Reported Amount/ Fair Value	AAA
U.S. Treasuries	$ 82,694,500	$ 82,694,500
U.S. Agencies	470,582,500	470,582,500
Money Markey Funds	25,189,917	25,189,917
Totals	$ 578,466,917	$ 578,466,917

The District's policy 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 represents 5% or more of the District's total investments at June 30, were as follows:

Issuer	Investment Type	Reported Amount/ Fair Value June 30, 2010	% of Total June 30, 2010	Reported Amount/ Fair Value June 30, 2009	% of Total June 30, 2009
Federal Farm Credit Bank	U.S. Agencies	$ 101,186,890	26.1%	$ 103,337,500	22.0%
Federal Home Loan Bank	U.S. Agencies	163,700,200	42.3%	185,618,750	39.4%
Federal Home Loan Mort. Corp.	U.S. Agencies	41,514,400	10.7%	81,634,900	17.3%
Federal National Mortgage Assoc.	U.S. Agencies	80,763,132	20.9%	99,991,350	21.3%
Totals		$ 387,164,622	100.0%	$ 470,582,500	100.0%

4. Restricted Assets

The following assets are restricted for the following purposes at June 30:

	2010	2009
Bond fund (debt service)	$ 18,668,626	$ 14,172,178
Sales tax receivable (capital assets)	2,120,325	2,118,732
Workers comp certificate of deposit	141,044	-
Unspent bond proceeds (capital assets)	50,387,700	145,918,137
Loaned securities	119,684	111,610,618
Total Restricted Assets	$ 71,437,379	$ 273,819,665

The bond fund maintains periodic deposits sufficient to provide payments of principal and interest on General Obligation bonds (debt service) as such obligations mature, per NRS 350.660. The investments in the bond fund are in the custody of the County Treasurer's Office. At this time the bond covenants on current debt do not require advanced funding of current obligations.

The unspent portion of bond proceeds is restricted to payment of capital expenditures per bond resolution. Revenue from the County 1/4% sales tax allocation is restricted by statute to capital expenditures for the expansion of infrastructure. The District received $12.2 million in "Sales and Use Tax" revenue during fiscal year 2010 and $13.5 million during fiscal year 2009. Loaned securities may be restricted based upon certain agreements. In lieu of providing a security bond to the Nevada Department of Insurance, the District purchased a certificate of deposit for $141,000 pledged to the Nevada Department of Insurance.

5. Capital Assets

Capital Assets are summarized as follows at June 30, 2010 and 2009 respectively:

Capital Assets FYE: 2009/2010	Beginning Balance 06/30/09	Increases	Decreases	Ending Balance 06/30/10	Estimated Life in Years
Capital assets, being depreciated:					
Sewage treatment facilities	$ 675,040,749	$ 233,404,190	$ -	$ 908,444,938	10-25
Main and lateral sewer lines	492,845,276	148,439,963	-	641,285,239	50
Equipment	51,977,698	3,097,051	(80,892)	54,993,857	5-10
Total capital assets being depreciated	1,219,863,723	384,941,204	(80,892)	1,604,724,034	
Less accumulated depreciation for:					
Sewage treatment facilities	(281,353,353)	(31,517,287)	-	(312,870,640)	
Main and lateral sewer lines	(144,320,714)	(13,433,256)	-	(157,753,970)	
Equipment	(37,713,066)	(5,334,586)	77,425	(42,970,227)	
Total accumulated depreciation	(463,387,133)	(50,285,130)	77,425	(513,594,837)	
Total capital assets being depreciated	756,476,590	334,656,074	(3,467)	1,091,129,197	
Capital assets not being depreciated:					
Land and rights of way	7,251,571	628,728	-	7,880,299	
Construction in progress	532,002,615	189,429,450	(381,295,915)	340,136,150	
Intangible asset (Joint Venture in CWC)	32,800,741	-	-	32,800,741	
Total capital assets, not being depreciated	572,054,927	190,058,178	(381,295,915)	380,817,190	
Total Capital Assets, net FYE: 2009/2010	$ 1,328,531,517	$ 524,714,252	$ (381,299,382)	$ 1,471,946,387	

Depreciation for year ended 2010 was as follows: treatment facilities $31,517,287; mains and laterals $13,433,256; equipment $5,334,586 for a total of $50,285,130.

Capital Assets FYE: 2008/2009	Beginning Balance 06/30/08	Increases	Decreases	Ending Balance 06/30/09	Estimated Life in Years
Capital assets, being depreciated:					
Sewage treatment facilities	$ 667,075,684	$ 7,965,065	$ -	$ 675,040,749	10-25
Main and lateral sewer lines	456,396,236	36,922,164	(473,124)	492,845,276	50
Equipment	47,456,326	5,201,418	(680,046)	51,977,698	5-10
Total capital assets being depreciated	1,170,928,246	50,088,647	(1,153,170)	1,219,863,723	
Less accumulated depreciation for:					
Sewage treatment facilities	(253,930,504)	(27,422,850)	-	(281,353,353)	
Main and lateral sewer lines	(132,369,378)	(11,954,451)	3,115	(144,320,714)	
Equipment	(32,913,141)	(5,472,042)	672,117	(37,713,066)	
Total accumulated depreciation	(419,213,022)	(44,849,342)	675,232	(463,387,133)	
Total capital assets being depreciated	751,715,224	5,239,305	(477,939)	756,476,590	
Capital assets not being depreciated:					
Land and rights of way	1,484,797	5,766,774	-	7,251,571	
Construction in progress	339,627,089	238,413,065	(46,037,539)	532,002,615	
Intangible asset (Joint Venture in CWC)	32,800,741	-	-	32,800,741	
Total capital assets, not being depreciated	373,912,627	244,179,839	(46,037,539)	572,054,927	
Total Capital Assets, net FYE: 2008/2009	$ 1,125,627,851	$ 249,419,144	$ (46,515,478)	$ 1,328,531,517	

Depreciation expense for year ended 2009 was as follows: treatment facilities $27,422,850; mains and laterals $11,954,451; equipment $5,472,042 for a total of $44,849,342.

6. Construction Contracts

As of June 30, 2010, the remaining obligated balance of construction contracts in progress was $109,175,964.

Construction contracts payable are as follows at June 30:

	2010	2009
Construction contracts retention	$ 9,362,239	$ 18,121,406
Construction contracts payables	7,263,273	22,214,955
Total construction payables	$ 16,625,512	$ 40,336,361

7. Long-Term Debt

General Obligation Bonds

Outstanding District general obligation bonds (additionally secured by pledged revenue) are rated a natural “AAA” by Standard & Poor’s Corporation and “Aa1” by Moody’s.

The net proceeds of all bond issuances will be used to finance portions of one or more capital improvement projects in the District’s current Five-Year Capital Improvement Plan.

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

	2009	Payments	2010	Due Within One Year
2003 Series 2.70% - 5.00% general obligation refunding bonds, due in installments through 2012, issued to call 1992 and 1993 series Original issue amount $47,170,000 on 04/01/2003	$ 26,325,000	$ 6,110,000	$ 20,215,000	6,420,000
2007 Series 4.00% - 4.75% general obligation bonds, due in installments from 2012 through 2037 Original issue amount $55,000,000 on 11/13/2007	55,000,000	-	55,000,000	
2008 Series 4.00% - 6.00% general obligation bonds, due in installments from 2013 through 2038 Original issue amount $115,825,000 on 11/20/2008	115,825,000	-	115,825,000	
2009A Series 4.00% - 5.25% general obligation bonds, due in installments from 2013 through 2038 Original issue amount $135,000,000 on 04/01/2009	135,000,000	-	135,000,000	
2009B Series 4.00% - 5.75% general obligation bonds, due in installments from 2013 through 2038 Original issue amount $125,000,000 on 04/01/2009	125,000,000	-	125,000,000	
2009C Series 0.00% general obligation bonds, due in installments from 2012 through 2029 Original issue amount $5,744,780 on 10/16/2009	-	-	287,239 (1)	
Total	$ 457,150,000		$ 451,327,239	

(1) The 2009C bond was issued to the State of Nevada as collateral for a 0% interest loan through the State Revolving Loan Fund as part or the American Reinvestment and Recovery Act of 2009. The original issue amount represents the total amount of authorization for the loan. At June 30, 2010, $287,239 had been drawn down on the loan.

The annual requirements for all debt outstanding as of June 30, 2010, are as follows:

Year Ending June 30	General Obligation Principal	Interest	Total Requirements
2011	$ 6,420,000	$ 23,547,644	$ 29,967,644
2012	6,735,000	23,218,769	29,953,769
2013	7,447,239	22,871,894	30,319,133
2014	8,225,000	22,528,894	30,753,894
2015	8,565,000	22,189,938	30,754,938
2016-2020	49,450,000	104,311,794	153,761,794
2021-2025	63,625,000	90,147,008	153,772,008
2026-2030	82,570,000	71,192,184	153,762,184
2031-2035	107,930,000	45,827,406	153,757,406
2036-2039	110,360,000	12,643,075	123,003,075
Total Annual Bond Requirements	$ 451,327,239	$ 438,478,605	$ 889,805,844

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 payable from general ad valorem taxes on all taxable property in 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 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.

The total remaining principal and interest payments for the District's bonds was $895,805,844 as of June 30, 2010. In fiscal year 2010, Net Pledged Revenues received totaled $82,039,801 and the required debt service totaled $27,233,927.

Changes in long-term liabilities
Long term liability activity for the year ended June 30, 2010 and 2009 was as follows:

	Beginning Balance 06/30/09	Additions	Reductions	Ending Balance 06/30/10	Due Within One Year
Bonds Payable:					
General obligation bonds	$ 457,150,000	$ 287,239	$ (6,110,000)	$ 451,327,239	$ 6,420,000
Plus deferred amounts:					
For Issuance premiums	5,100,077	-	(476,781)	4,623,296	-
Less deferred amounts:					
For Issuance discounts	(1,166,760)	-	38,892	(1,127,868)	-
Total bonds payable	461,083,317	287,239	(6,547,889)	454,822,667	6,420,000
Compensated Absences	4,429,660	726,105	(252,435)	4,903,330	305,847
Other Post Employment Benefits	2,436,523	1,908,708	(303,923)	4,041,308	-
Long-term liabilities	$ 467,949,500	$ 2,922,052	$ (7,104,247)	$ 463,767,305	$ 6,725,847

	Beginning Balance 06/30/08	Additions	Reductions	Ending Balance 06/30/09	Due Within One Year
Bonds Payable:					
General obligation bonds	$ 87,150,000	$ 375,825,000	$ (5,825,000)	$ 457,150,000	$ 6,110,000
Plus deferred amounts:					
For Issuance premiums	1,150,682	4,427,806	(478,411)	5,100,077	-
Less deferred amounts:					
For Issuance discounts	-	(1,176,410)	9,650	(1,166,760)	-
Total bonds payable	88,300,682	379,076,397	(6,293,762)	461,083,317	6,110,000
Compensated Absences	4,036,683	755,214	(362,237)	4,429,660	276,302
Other Post Employment Benefits	1,281,405	1,459,041	(303,923)	2,436,523	-
Long-term liabilities	$ 93,618,770	$ 381,290,652	$ (6,959,922)	$ 467,949,500	$ 6,386,302

8. Retirement Plan

The District's employees are covered by the State of Nevada Public Employees' Retirement System (the System). The System was established on July 1, 1949, 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 the System, which is a cost sharing multiple-employer defined benefit retirement plan.

The District does not exercise any control over the System. NRS 286.110 states that: "Respective participating public employers are not liable for any obligation of the system." 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. Benefit payments to which participants in the System may be entitled include pension benefits, disability benefits, and death benefits.

The System issues a publicly available financial report that includes financial statements and required supplemental information for the System. This report may be obtained by writing to 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Contribution rates and benefits are established by the NRS and may only be changed through legislation. This statute, which is tied to the increase in taxable sales within the State each year, provides for yearly increases of up to 1% until such time as the actuarial determined unfunded liability of the System is reduced to zero. The District is obligated to contribute all amounts due under the System. The contribution rate for fiscal years ended June 30, 2010, 2009 and 2008 were 21.50%, 20.50% and 20.50%, respectively.

The District's contributions to the System for the years ended June 30, 2010, 2009 and 2008 were $5,014,920, $4,487,675, and $4,292,904, respectively, equal to the required contributions for each year.

9. 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 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.

10. 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. 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, the District purchases insurance coverage subject to nominal deductibles.

The District completed an appraisal of District structures in April 2010. The valuation conducted by Hirons & Associates of Bradenton, Florida, 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 $704,289,910.

Effective in 1992, the District discontinued its coverage with the State Industrial Insurance System (SIIS) and became self-insured for workers' compensation purposes. Nelson Davison Administrators, Inc. is the claims administrator of the program and has served as such since December, 2008. 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, 2010, a liability of $373,000 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 2010 and 2009 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
2010	$ 486,932	$ 50,683	$ (60,607)	$ (104,008)	$	$ 373,000
2009	$ 486,932	$ 92,848	$ (14,546)	$ (78,302)	$	$ 486,932

The District has designated and set aside $800,000 in its investment balances at June 30, 2010 and 2009 for future workers' compensation losses.

11. Net Bond Interest Expense

The District utilized debt proceeds, in addition to excess revenues, in constructing, improving and extending its wastewater sewer system. 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:

	2010	2009
Bond Interest Expense	$ 23,708,144	$ 11,143,624
Less Capitalized Interest	(23,708,144)	(11,143,624)
Total Net Bond Interest Expense	$ -	$ -

12. 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 not 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.

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 1001
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 $667 and $620 per active employee for the year ended June 30, 2010 and 2009, 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 had enrolled in this plan. In 2010, retirees were eligible for a $97 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of $436 per month is earned after 20 years of combined service with any eligible entity. In 2009, retirees were eligible for subsidies ranging from $103 to $564 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 (ARC) 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 thirty 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
Contribution rates	Actuarially determined premium Sharing determined by union contracts	Set by State Legislature
District	Implicit subsidy through blending of active and retiree loss experience	$79 per month after 5 years of service up to $436 per month after 20 years
Plan members	From $891 per month to $986 per month for family coverage, depending on plan	From $0 to $436, depending on level of coverage and subsidy earned
Annual required contribution (ARC)	$ 1,923,848	$ 20,547
Interest on net OPEB obligation	33,963	363
Adjustment to annual required contribution	(49,103)	(524)
Annual OPEB cost	1,908,708	20,386
Contributions made	(303,923)	(89,466)
Increase/decrease in net PEBP obligation	1,604,785	(69,080)
Net OPEB obligation, beginning of year	2,436,523	(42,668)
Net OPEB obligation/(asset), end of year	$ 4,041,308	$ (111,748)

The District's OPEB expense as of June 30, 2010 is calculated as follows:

	Self Funded/HPN	PEPB	Total
Annual OPEB cost	$1,908,708	$20,386	$1,929,094
Contributions made	(303,923)	(89,466)	(393,389)
	$1,604,785	($69,080)	$1,535,705

The District's annual OPEB cost, the percentage of annual cost contributed to the plan and the net OPEB obligation for 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Self-Funded/HPN			
06/30/08	$ 1,335,380	4.0%	$ 1,281,405
06/30/09	1,459,041	20.8%	2,436,523
06/30/10	1,908,708	15.9%	4,041,308
PEBP			
06/30/08	$ 67,968	0 %	$ 67,968
06/30/09	(21,170)	423%	(42,668)
06/30/10	20,386	439 %	(111,748)

Funded status and funding progress

The funded status of the plans as of the most recent actuarial valuation date, July 1, 2008 is as follows:

	Self-Funded/HPN	PEBP
Actuarial accrued liability (AAL)	$ 21,409,421	$ 355,311
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAL)	$ 21,409,421	$ 355,311
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	$ 23,613,650	$ 0
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	90.7%	N/A

PEBP closed to new District participants as of November 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 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:

	Self-Funded/HPN	PEBP
Actuarial valuation date	07/01/08	07/01/08
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	No assets in trust	No assets in trust
Actuarial assumptions:		
Investment rate of return	4.0%	4.0%
Projected salary increases	N/A	N/A
Healthcare inflation rate	8% initial 5% ultimate	8% initial 5% ultimate

13. Reclassifications

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

Required Supplementary Information and Supplemental Material

(Audited)

The "Clean Water Team"

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of 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 a Percentage of Covered Payroll [(b-a)/c]
Self-Funded/HPN						
06/30/06	$ -	$ 16,133,817	$ 16,133,817	0%	$ 22,021,000	73.3%
07/01/08	-	21,409,421	21,409,421	0%	22,795,400	93.9%
PEBP						
06/30/06	$ -	$ 1,130,088	$ 1,130,088	0%	$ 22,021,000	5.1%
07/01/08	-	355,311	355,311	0%	-	N/A

Clark County Water Reclamation District
Schedule of Capital Assets
Year Ended June 30, 2010 and 2009

	Capital Assets June 30, 2009	Current Year Cost Increases	Current Year Cost Decreases	Capital Assets June 30, 2010	Accumulated Depreciation June 30, 2009	Depreciation Increases	Depreciation Decreases	Accumulated Depreciation June 30, 2010	Net Capital Assets June 30, 2010
Land and Rights of Way	$ 7,251,571	$ 628,728	$ -	$ 7,880,299	$ -	$ -	$ -	$ -	$ 7,880,299
Sewage Treatment Facilities:									
Plant Las Vegas	605,146,108	233,273,836	-	838,419,944	239,756,389	29,248,393	-	269,004,782	569,415,162
Laughlin	65,880,051	130,353	-	66,010,404	38,523,538	2,171,623	-	40,695,161	25,315,243
Blue Diamond	717,821	-	-	717,821	622,984	36,013	-	658,997	58,824
Indian Springs	59,010	-	-	59,010	7,277	2,361	-	9,638	49,372
Overton	2,423,098	-	-	2,423,098	1,993,449	37,492	-	2,030,941	392,157
Searchlight	814,661	-	-	814,661	449,717	21,405	-	471,122	343,539
Total Sewage Treatment Facilities:	675,040,749	233,404,189	-	908,444,938	281,353,353	31,517,287	-	312,870,640	595,574,298
Main/Sewer Lines:									
Main - Las Vegas	233,981,427	145,230,758	-	379,212,185	78,178,823	8,106,529	-	86,285,352	292,926,833
Main - Laughlin	3,197,898	-	-	3,197,898	1,590,601	87,059	-	1,677,660	1,520,238
Donated Lines Sewer Lines	252,558,805	3,209,206	-	255,768,011	63,088,932	5,086,990	-	68,175,922	187,592,089
Indian Springs	1,131,687	-	-	1,131,687	254,819	113,169	-	367,988	763,699
Overton system	1,166,699	-	-	1,166,699	721,177	23,334	-	744,511	422,188
Searchlight	808,760	-	-	808,760	486,362	16,175	-	502,537	306,223
Total Main/ Sewer Lines:	492,845,276	148,439,964	-	641,285,240	144,320,714	13,433,256	-	157,753,970	483,531,270
Equipment	51,977,698	3,097,051	(80,893)	54,993,856	37,713,066	5,334,586	(77,425)	42,970,227	12,023,630
Construction in Progress	532,002,615	189,429,450	(381,295,915)	340,136,150	-	-	-	-	340,136,150
Intangible asset (Joint Venture in CWC)	32,800,741	-	-	32,800,741	-	-	-	-	32,800,741
Total	$ 1,791,918,650	$ 574,999,383	$ (381,376,809)	$ 1,985,541,224	$ 463,387,133	$ 50,285,130	$ (77,425)	$ 513,594,837	$ 1,471,946,387

Clark County Water Reclamation District
Schedule of Revenues and Expenses Compared to Budget
Year Ended June 30, 2010
(with Comparative Actual Amounts for Year Ended June 30, 2009)

	2010 Budget	2010 Actual	Variance to Budget	2009 Actual
Operating revenues:				
Sewer service charges	$ 118,054,000	$ 119,932,937	$ 1,878,937	$ 106,046,049
Effluent sales	2,000,000	2,620,050	620,050	3,272,151
Pretreatment fees	648,321	808,050	159,729	757,139
Septage fees	491,469	356,375	(135,094)	512,156
Other	175,000	1,071,194	896,194	1,239,223
Total operating revenues	121,368,790	124,788,606	3,419,816	111,826,718
Operating expenses:				
Salaries	23,297,594	22,468,145	(829,449)	21,052,947
Benefits	10,140,486	6,955,614	(3,184,872)	6,695,433
Post employment benefits other than pension	-	1,535,705	1,535,705	1,044,482
Utilities	15,990,079	12,270,437	(3,719,642)	11,634,902
Outside services	14,416,076	7,433,909	(6,982,167)	6,306,470
Chemicals	6,435,709	5,277,019	(1,158,690)	6,658,655
Maintenance expense	6,122,454	4,358,995	(1,763,459)	4,908,706
Other expenses	2,300,276	1,886,371	(413,905)	1,967,831
Supplies	1,913,567	1,539,659	(373,908)	1,676,175
Bad debt expense	-	977,250	977,250	689,358
Depreciation	56,485,357	50,285,130	(6,200,227)	44,849,343
Total operating expenses	137,101,598	114,988,234	(22,113,364)	107,484,302
Income (loss) from operations	(15,732,808)	9,800,372	25,533,180	4,342,416
Non-operating revenue (expense):				
Unrestricted investment earnings	24,273,625	13,399,740	(10,873,885)	20,753,933
Restricted investment earnings	-	277,809	277,809	132,788
SDA revenue	23,011,603	9,347,944	(13,663,659)	16,353,536
Sales tax apportionment	12,000,000	12,242,174	242,174	13,482,807
Interest expense-bonds, net of capitalized	(21,123,928)	-	21,123,928	-
Interest income- securities lending	-	89,700	89,700	955,744
Securities lending expense	-	(58,559)	(58,559)	(726,026)
Abandonment loss	-	(1,300,285)	(1,300,285)	(61,282)
Capital Contribution Intergovernmental	-	-	-	(1,089,029)
Other non-operating revenue/expenses, net	1,491,335	215,942	(1,275,393)	272,900
Total non-operating revenue (expense)	39,652,635	34,214,465	(5,438,170)	50,075,371
Income before capital contributions	23,919,827	44,014,837	20,095,010	54,417,787
Capital contributions				
Grant revenue	-	267,180	267,180	60,771
Contributed assets	-	3,209,008	3,209,008	14,137,502
Change in net assets	23,919,827	47,491,025	23,571,198	68,616,060
Total net assets, at beginning of year	1,438,078,047	1,454,704,156	16,626,109	1,386,088,096
Total net assets, at end of year	$ 1,461,997,874	$ 1,502,195,181	$ 40,197,307	$ 1,454,704,156

Clark County Water Reclamation District
Schedule of Cash Flows Compared to Budget
Years Ended June 30, 2010 and 2009

	2010 Budget	2010 Actual	Variance to Budget	2009 Actual
Cash Flows from Operating Activities:				
Cash flows from customers	$ 121,368,790	$ 123,975,114	$ 2,606,324	$ 108,695,763
Cash flows from governmental organizations	-	2,101,256	2,101,256	-
Payments to employees for services and benefits	(32,826,554)	(27,467,186)	5,359,368	(27,080,947)
Payments from (to) governmental organizations for services	-	1,431,199	1,431,199	(1,437,410)
Services and supplies	(47,789,687)	(36,274,617)	11,515,070	(33,488,340)
Net cash provided by operating activities	40,752,549	63,765,766	23,013,217	46,689,066
Cash Flows from Capital and Related Financing Activities:				
Grant Revenue	75,742	267,180	191,438	60,771
Sales tax apportionment	12,000,000	12,240,581	240,581	14,008,075
System development approvals received	25,011,603	10,810,344	(14,201,259)	14,657,945
Proceeds from capital debt	430,725,000	217,618	(430,507,382)	375,094,534
Transfer (to)/from restricted fund	(20,990,000)	95,530,437	116,520,437	(3,867,490)
Other				
Acquisition, construction or improvement of capital assets	(253,305,604)	(170,533,633)	82,771,971	(237,809,604)
Principal payment on loans for capital assets	(6,110,000)	(6,110,000)	-	(5,825,000)
Interest payment on loans for capital assets	(21,123,928)	(42,384,276)	(21,260,348)	(4,217,334)
Net cash provided by (used in) capital and related financing activities	166,282,813	(99,961,749)	(266,244,562)	152,101,897
Cash Flows from Investing Activities:				
Proceeds from sale of investments	265,389,000	345,323,848	79,934,848	150,147,188
Interest on investments	24,273,625	14,571,421	(9,702,204)	20,905,583
Joint ventures (Clean Water Coalition Capacity Rights)	(8,336,553)	-	8,336,553	-
Securities lending income	-	89,700	89,700	955,744
Securities lending expense	-	(58,559)	(58,559)	(726,026)
Purchases of investments	(486,700,000)	(339,641,744)	147,058,256	(348,903,926)
Workers Comp Certificate of Deposit	-	(141,044)	(141,044)	-
Net cash provided by (used in) investing activities	(205,373,928)	20,143,622	225,517,550	(177,621,437)
Net increase (decrease) in cash and cash equivalents	1,661,434	(16,052,360)	(17,713,794)	21,169,526
Cash and cash equivalents, beginning of year	20,800,635	28,475,537	7,674,902	7,306,011
Cash and cash equivalents, end of year	$ 22,462,069	$ 12,423,177	$ (10,038,892)	$ 28,475,537

Clark County Water Reclamation District
Classification of Users and Revenues
Year Ended June 30, 2010

	Number of ERU's* billed July 1, 2010	Number of ERU's* billed July 1, 2009	July 1, 2009
Residential Services			
Single family	174,246	170,216	$ 34,385,334
Multiple resident	88,530	86,528	17,479,521
Mobile homes	16,780	16,943	3,422,655
Recreational vehicle parks	1,079	1,137	229,685
Senior apartment housing	1,080	730	147,467
Commercial Services			
Hotels and motels	196,368	183,119	36,991,869
Casinos	435	453	91,511
Restaurants w/garbage disposal	-	64	12,929
Restaurants and/or on-premise bars	11,675	11,441	2,311,196
Theme parks	3,791	3,891	786,021
Hospitals: medical and surgical	2,191	2,255	455,533
Convalescent and rest homes	925	741	149,689
Schools	15,236	14,690	2,967,527
Churches	1,767	1,632	329,680
Other commercial facility (base rate)	14	14	2,828
Other commercial facility (per fixture)	103	103	20,807
Dump station	4	4	808
Large Commercial			
Car wash	1,059	1,360	274,734
Laundry	638	463	93,531
Large commercial	94	-	-
Miscellaneous			
Type A	7,058	7,074	1,429,019
Type B	37,865	36,141	7,300,843
Type C	29,553	28,156	5,687,794
Type D	5,514	5,242	1,058,936
Total billed at July 1, 2009 for the year ended June 30, 2010	596,005	572,397	115,629,918
Billings for service added during the year ended June 30, 2010			1,651,075
Service charges for the year ended June 30, 2010			2,257,574
Total revenues for sewer services excluding fees not based on ERU's			119,538,567
Other fees not based on ERU's			394,371
Total sewer service charges for the year ended June 30, 2010			$ 119,932,937

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

Area rates per ERU	2010	2009
Las Vegas Valley	$ 213.70	$ 202.01
Blue Diamond	213.70	202.01
Indian Springs	213.70	202.01
Laughlin	213.70	202.01
Overton	213.70	202.01
Searchlight	213.70	202.01

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**

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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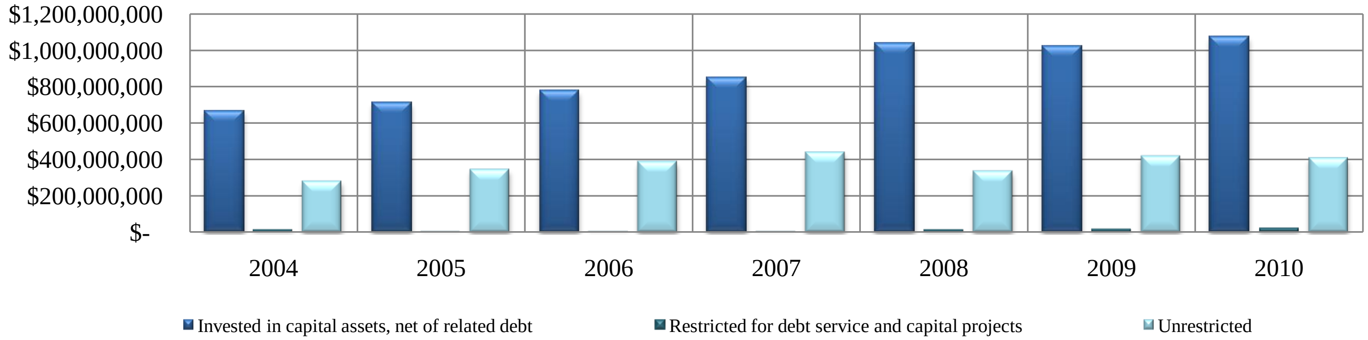
Clark County Water Reclamation District
Summary of Net Assets (Unaudited)
Last Seven Fiscal Years

	2004	2005	2006	2007	2008	2009	**2010**
Net Assets:							
Invested in capital assets, net of related debt	$ 667,869,138	$ 712,967,200	$ 778,175,934	$ 850,666,393	$ 1,038,477,851	$ 1,021,788,757	**$ 1,075,343,625**
Restricted for debt service and capital projects	13,876,369	4,034,480	4,964,654	4,194,603	12,948,688	16,290,910	**20,929,994**
Unrestricted	281,058,973	344,121,275	386,321,081	437,579,067	334,661,557	416,624,489	**405,921,562**
Total net assets:	$ 962,804,480	$ 1,061,122,955	$ 1,169,461,669	$ 1,292,440,063	$ 1,386,088,096	$ 1,454,704,156	**$ 1,502,195,181**



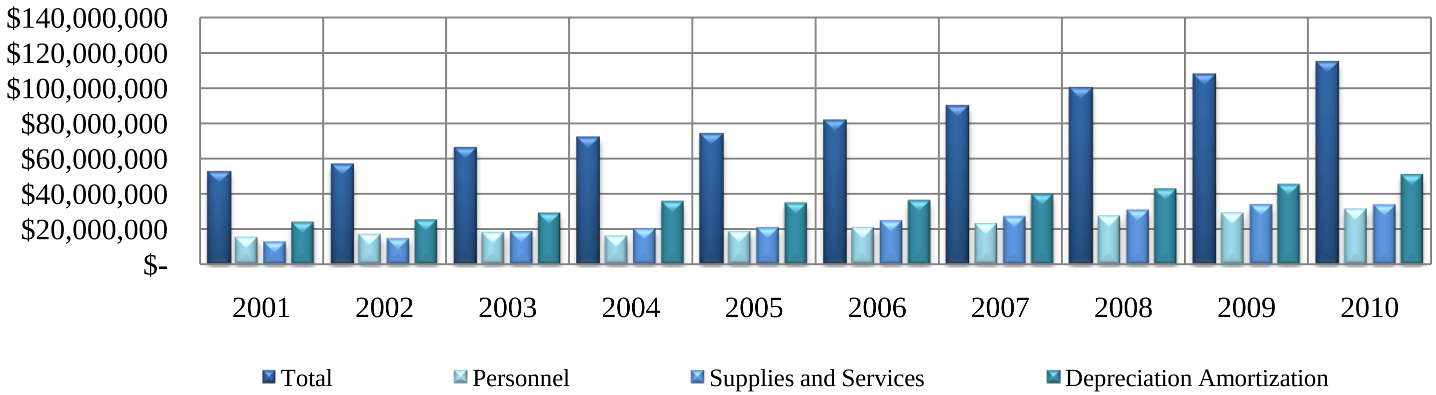
Clark County Water Reclamation District
Changes in Net Assets (Unaudited)
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
Operating Revenues:										
Service Fees	$ 71,587,174	$ 75,970,706	$ 77,243,410	$ 80,155,861	$ 84,283,146	$ 89,661,254	$ 94,134,198	$ 97,153,925	$ 106,046,049	**$ 119,932,937**
Other	683,696	103,579	1,954,656	2,663,048	3,287,779	6,795,255	5,592,183	5,984,633	5,780,669	**$ 4,855,669**
Total Operating Revenues	72,270,870	76,074,285	79,198,066	82,818,909	87,570,925	96,456,509	99,726,381	103,138,558	111,826,718	**124,788,606**
Non-operating Revenues:										
SDA Revenue	35,202,975	37,515,415	39,893,529	42,375,051	48,149,858	53,694,207	59,633,785	37,611,376	16,353,536	**9,347,944**
Sales Tax Apportionment	2,939,084	10,219,031	10,986,585	12,615,393	14,630,284	15,887,079	16,116,023	15,595,269	13,482,807	**12,242,174**
Investment Income	14,996,034	7,884,384	4,332,478	2,289,483	6,702,917	12,036,965	23,216,190	33,367,205	21,842,465	**13,767,249**
Other	9,227	5,214	3,861	1,408,081	421,317	-	571,185	611,644	272,900	**215,942**
Total Non-operating Revenues	53,147,319	55,624,044	55,216,453	58,688,008	69,904,376	81,618,251	99,537,183	87,185,494	51,951,708	**35,573,309**
Total Revenues	125,418,189	131,698,329	134,414,519	141,506,917	157,475,301	178,074,760	199,263,564	190,324,052	163,778,426	**160,361,915**
Operating Expenses:										
Salaries	11,783,630	12,510,769	13,509,800	12,274,995	13,980,237	15,843,093	16,963,262	19,925,077	21,052,947	**22,468,145**
Benefits	3,583,119	4,391,972	4,614,144	3,868,378	4,548,689	4,962,913	6,022,814	5,796,778	6,695,433	**6,955,614**
Other Post Employment Benefits	-	-	-	-	-	-	-	1,349,373	1,044,482	**1,535,705**
Utilities	6,301,512	7,218,935	8,216,906	8,876,548	9,134,056	10,022,411	11,634,100	12,034,580	11,634,902	**12,270,437**
Outside Services	1,211,012	1,842,443	3,705,091	4,428,544	3,410,148	4,334,668	4,425,025	6,640,975	6,306,470	**7,433,909**
Chemicals	2,107,026	2,284,328	2,865,326	2,627,776	3,081,964	3,515,579	4,062,598	4,684,631	6,658,655	**5,277,019**
Maintenance Expense	1,976,053	1,967,451	2,756,394	2,910,146	3,419,979	4,364,140	3,581,393	4,053,703	4,908,706	**4,358,995**
Other Expenses	687,274	610,965	661,767	887,019	979,990	1,116,230	1,319,895	1,979,360	1,967,831	**1,886,371**
Supplies	756,413	802,883	649,922	631,996	942,000	1,397,543	2,185,888	1,381,396	1,676,175	**1,539,659**
Bad Debt Expense	-	-	-	-	-	-	-	12,933	689,358	**977,250**
Depreciation	23,932,877	25,120,067	28,983,527	35,454,364	34,553,020	36,086,997	39,407,516	42,402,545	44,849,343	**50,285,130**
Total Operating Expenses	52,338,916	56,749,813	65,962,877	71,959,766	74,050,083	81,643,574	89,602,491	100,261,351	107,484,302	**114,988,234**
Total Non-operating Expenses	1,982,595	1,275,436	3,232,052	4,444,553	1,331,682	2,603,689	1,945,328	8,890,231	1,876,337	**1,358,844**
Total Expenses	54,321,511	58,025,249	69,194,929	76,404,319	75,381,765	84,247,263	91,547,819	109,151,582	109,360,639	**116,347,078**
Income before Capital Contributions	71,096,678	73,673,080	65,219,590	65,102,598	82,093,536	93,827,497	107,715,745	81,172,470	54,417,787	**44,014,837**
Capital Contributions:										
Grant Revenue	-	-	-	-	-	-	86,436	18,453	60,771	**267,180**
Contributed Assets	15,230,289	21,366,569	7,555,042	12,003,909	16,224,940	14,511,217	15,176,213	12,457,110	14,137,502	**3,209,008**
Change in Net Assets	86,326,968	95,039,649	72,774,631	77,106,508	98,318,475	108,338,714	122,978,394	93,648,033	68,616,060	**47,491,025**
Beginning Net Assets	631,556,724	717,883,692	812,923,341	885,697,972	962,804,480	1,061,122,955	1,169,461,669	1,292,440,063	1,386,088,096	**1,454,704,156**
Ending Net Assets	$ 717,883,692	$ 812,923,341	$ 885,697,972	$ 962,804,480	$ 1,061,122,955	$ 1,169,461,669	$ 1,292,440,063	$ 1,386,088,096	$1,454,704,156	**$ 1,502,195,181**

Note: GASB Statement NO. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" was implemented in fiscal year 2008.

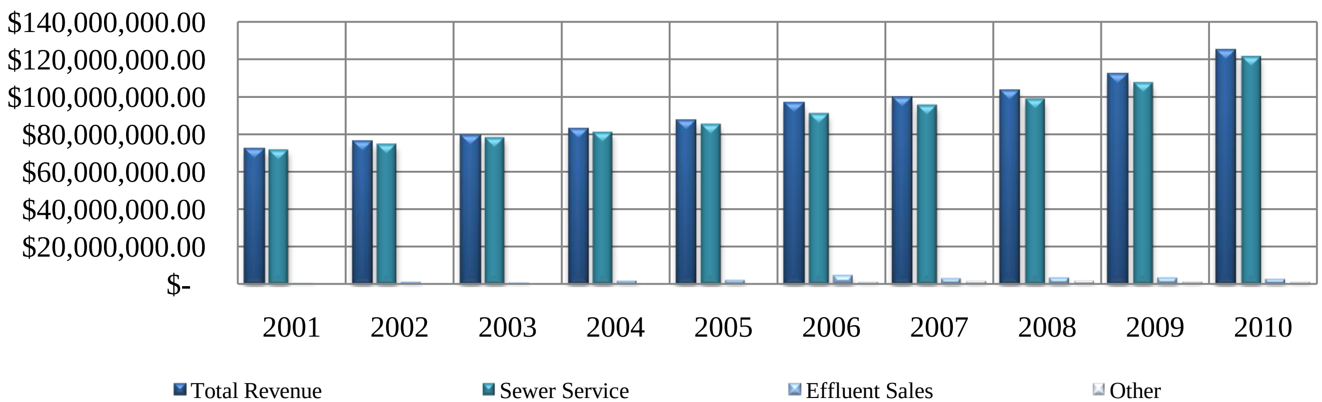
Clark County Water Reclamation District
Operating Expense by Function (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total	Personnel	% of Annual	Supplies and Services	% of Annual	Depreciation Amortization	% of Annual
2001	52,338,916	15,366,753	29.36%	13,039,286	24.91%	23,932,877	45.73%
2002	56,749,813	16,902,741	29.78%	14,727,005	25.95%	25,120,067	44.26%
2003	65,962,877	18,123,944	27.48%	18,855,406	28.58%	28,983,527	43.94%
2004	71,959,766	16,143,373	22.43%	20,362,029	28.30%	35,454,364	49.27%
2005	74,050,085	18,528,928	25.02%	20,968,137	28.32%	34,553,020	46.66%
2006	81,643,574	20,806,006	25.48%	24,750,571	30.32%	36,086,997	44.20%
2007	89,602,491	22,986,076	25.65%	27,208,899	30.37%	39,407,516	43.98%
2008	100,248,419	27,071,228	27.00%	30,774,645	30.70%	42,402,545	42.30%
2009	107,484,302	28,792,862	26.79%	33,842,097	31.49%	44,849,343	41.73%
2010	**114,988,234**	**30,959,464**	**26.92%**	**33,743,640**	**29.35%**	**50,285,130**	**43.73%**



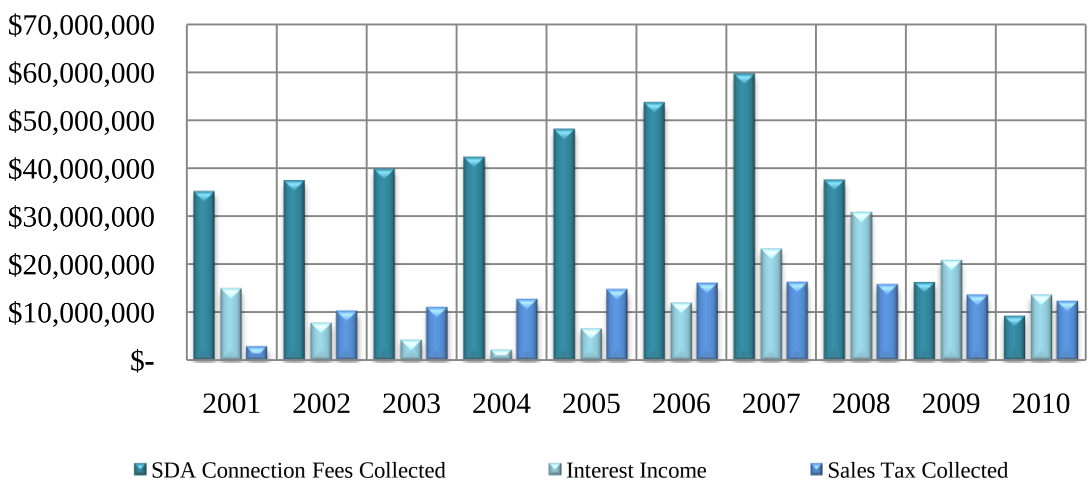
Clark County Water Reclamation District
Operating Revenue by Source (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total Revenue	Sewer Service	% of Annual	Effluent Sales	% of Annual	Other	% of Other
2001	72,270,870	71,587,174	99.05%	604,785	0.84%	78,911	0.11%
2002	76,074,285	74,673,169	98.16%	1,297,537	1.71%	103,579	0.14%
2003	79,198,066	78,046,704	98.55%	931,491	1.18%	219,871	0.28%
2004	82,818,909	81,006,946	97.81%	1,677,422	2.03%	134,541	0.16%
2005	87,570,925	85,243,529	97.34%	2,147,770	2.45%	179,626	0.21%
2006	96,456,509	90,969,947	94.31%	4,463,004	4.63%	1,023,558	1.06%
2007	99,726,381	95,373,330	95.64%	2,923,078	2.93%	1,429,973	1.43%
2008	103,138,558	98,506,062	95.51%	3,272,165	3.17%	1,360,331	1.32%
2009	111,826,718	107,315,344	95.97%	3,272,151	2.93%	1,239,223	1.11%
2010	**124,788,606**	**121,097,362**	**97.04%**	**2,620,050**	**2.10%**	**1,071,194**	**0.86%**



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

Fiscal Year	SDA Connection Fees Collected	Interest Income	Sales Tax Collected
2001	35,202,975	14,996,034	2,939,084
2002	37,515,415	7,884,384	10,219,031
2003	39,893,529	4,332,478	10,986,585
2004	42,375,051	2,289,483	12,615,393
2005	48,149,859	6,702,917	14,630,284
2006	53,694,207	12,036,965	15,887,079
2007	59,633,785	23,216,190	16,116,023
2008	37,611,376	30,821,747	15,595,269
2009	16,353,536	20,886,721	13,482,807
2010	**9,347,944**	**13,677,549**	**12,242,174**



Clark County Water Reclamation District
Ten Largest Customers (Unaudited)
Current Year and Ten Years Ago

	2010				2000			
Customer	**Rank**	**ERU's Billed 7/1/2010**	**Percentage of Total ERU's**	**Dollar Amount Billed 7/1/2010**	**Rank**	**ERU's Billed 7/1/2000**	**Percentage of Total ERU's**	**Dollar Amount Billed 7/1/2000**
City Center	1	9,709.165	14.16%	$ 2,078,564.56	-	-	-	-
Mandalay Bay Resort and Casino	2	8,286.375	12.09%	1,776,439.34	2	5,248.680	1.38%	$ 901,319
MGM Grand Hotel/Casino	3	7,694.640	11.22%	1,651,260.57	1	7,026.605	1.85%	1,206,624
Venetian Casino Resorts, LLC	4	7,314.510	10.67%	1,566,151.79		-		
Caesars Palace	5	7,242.075	10.56%	1,553,497.43	6	4,311.550	1.13%	754,556
Bellagio, LLC	6	6,972.075	10.17%	1,495,343.74	3	5,077.215	1.33%	871,875
Nellis Air Force Base	7	5,983.102	8.73%	1,305,420.86	4	4,882.897	1.28%	830,547
Wynn Las Vegas, LLC	8	5,703.555	8.32%	1,223,415.70	-	-	-	-
The Mirage Casino-Hotel	9	4,953.805	7.23%	1,063,119.13	7	4,206.225	1.11%	722,308
Luxor	10	4,700.985	6.86%	1,008,016.49	5	4,665.635	1.22%	703,400
Rio Suite Hotel and Casino					9	4,077.265	1.07	700,163
Las Vegas Hilton					8	4,102.690	1.08%	704,529
Bally's Hotel and Casino					10	3,879.900	1.02%	517,228

Source: CCWRD Billing System

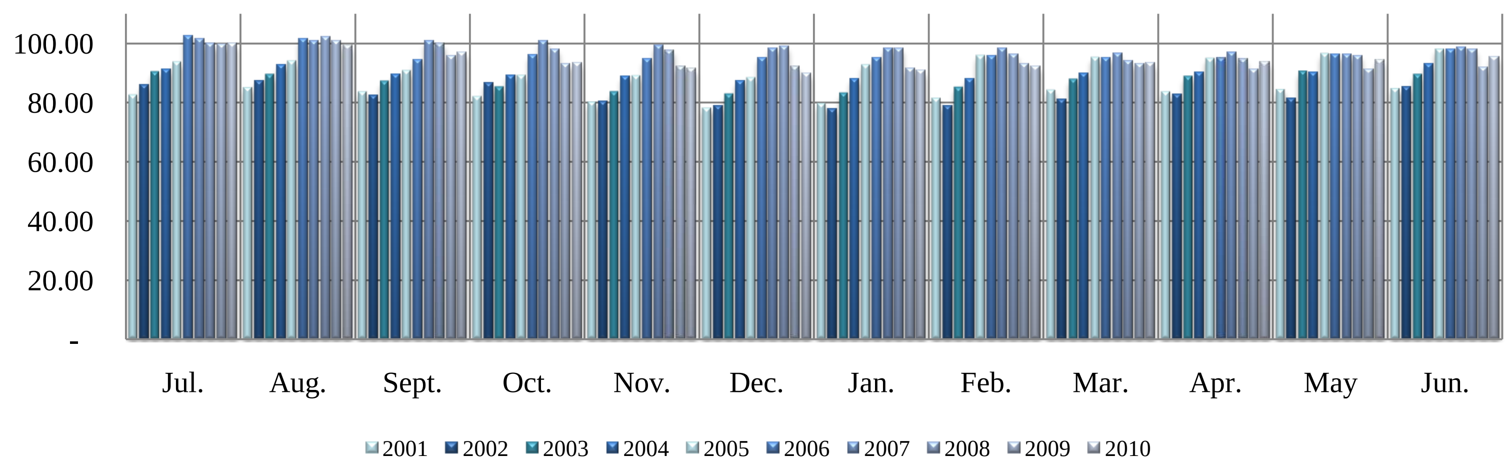
Clark County Water Reclamation District
Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Total Debt	Percentage of Personal Income [1]	Per Capita [1]
2001	84,982,074	2,285,000	87,267,074	0.20	58.25
2002	77,705,000	-	77,705,000	0.17	49.23
2003	66,535,000	-	66,535,000	0.14	40.53
2004	58,270,000	-	58,270,000	0.11	33.35
2005	46,020,000	-	46,020,000	0.08	25.35
2006	39,435,000	-	39,435,000	0.06	20.62
2007	37,700,000	-	37,700,000	0.05	18.88
2008	87,150,000	-	87,150,000	0.11	43.88
2009	457,150,000	-	457,150,000	0.63	211.06
2010	456,784,780	-	456,784,780	Not Available	215.26

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Clark County Water Reclamation District
Average Daily Flows (Unaudited)
Current Year and Ten Years Ago
Last Ten Fiscal Years

	Fiscal Year									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
July	82.53	86.00	90.21	91.09	93.67	102.53	101.45	99.83	99.52	99.82
August	85.08	87.32	89.40	92.60	94.01	101.34	100.70	102.05	100.92	99.25
September	83.62	82.18	87.12	89.38	90.80	94.29	100.74	99.80	95.76	96.90
October	82.01	86.61	85.16	89.17	89.09	95.92	100.89	97.86	93.15	93.52
November	80.12	80.24	83.52	88.83	89.05	94.56	99.19	97.72	92.11	91.34
December	78.13	78.71	82.72	87.15	88.34	95.10	98.24	98.93	92.07	89.71
January	79.56	77.80	83.10	87.90	92.71	94.94	98.31	98.23	91.52	90.69
February	81.45	78.83	85.06	87.95	95.84	95.55	98.08	96.35	93.00	92.07
March	84.16	81.17	87.77	89.83	95.17	95.00	96.55	93.96	93.07	93.25
April	83.58	82.73	88.73	90.07	94.90	95.15	96.93	94.74	91.25	93.59
May	84.35	81.50	90.44	90.27	96.50	96.26	96.43	95.76	91.05	94.27
June	84.69	85.21	89.37	92.91	98.05	97.91	98.61	97.99	91.58	95.44
Annual Average	**82.44**	**82.36**	**86.88**	**89.76**	**93.18**	**96.55**	**98.84**	**97.77**	**93.75**	**94.15**

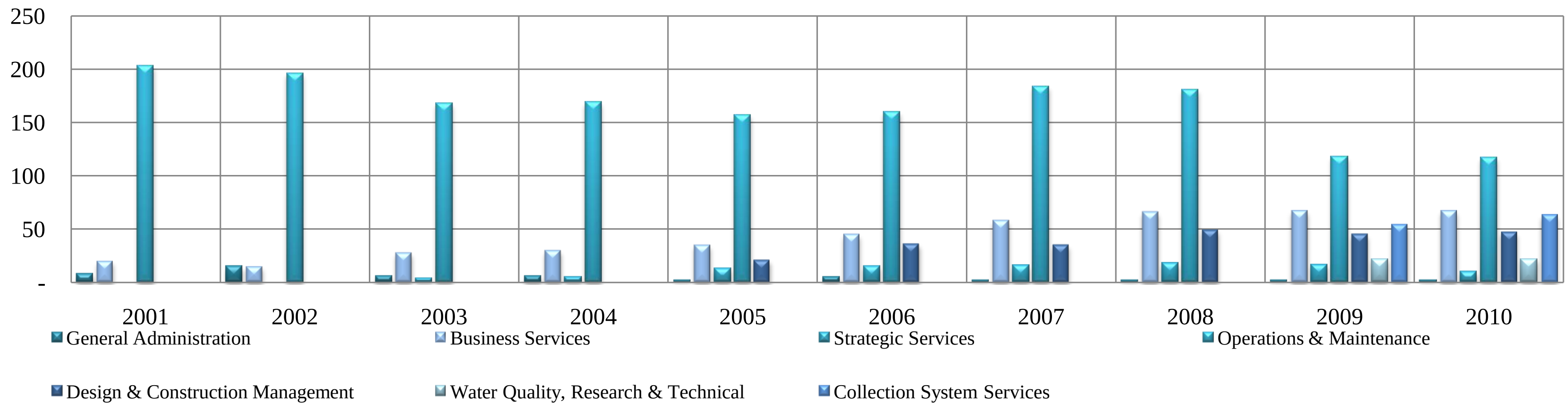


Clark County Water Reclamation District
Schedule of Insurance Policies in Force (Unaudited)
Year ended June 30, 2010

Amount of Policy	Description of Risks Covered	Insurer	Expiration Date
Statutory Limit	Excess Workmen's Compensation ($750,000 SIR)	Safety Nationl Casualty	April 1, 2011
$1,000,000	Employer's Liability		
$75,000,00 Any One Site	Course of Construction ($5,000 deductible)	Great American Insurance	July 1, 2010
$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 Liabilities ($25,000 BI/PD deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$1,000,000 CSL	Comprehensive Business Automobile ($5,000 deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$100,000	Comprehensive Crime ($1,000 deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$704,289,910 $500,000	Property Damage (Fire) Blanket Earnings & Exp ($50,000 deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$10,000,000	Commercial Umbrella Coverage ($10,000 deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$991,860	Scheduled Equipment ($2,500 deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$100,000 Each Accident Limit $500,000 Disease Total $100,000 Disease Each Employee	Employers Liability Endorsement (Nevada Stop Gap) coverage (no deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$1,000,000 Each Wrongful Act $3,000,000 Total	Employee Benefits Liability ($1,000 deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$100,000	Accounts Receivable (no deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$1,450,000	EDP - Computer System ($2,500 deductible)	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010
$10,000,000	Excess EBL E&O liability	St. Paul Fire & Marine Ins Co (Travelers)	August 1, 2010

Clark County Water Reclamation District
Full -time Equivalent Employees by Department (Unaudited)
Last Ten Fiscal Years

	Department	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
100	General Administration	8	15	6	6	2	5	2	2	2	2
200	Business Services	20	15	28	30	35	45	58	66	67	67
300	Strategic Services	-	-	4	5	13	15	16	18	17	10
400	Operations & Maintenance	203	196	168	169	157	160	184	181	118	117
500	Design & Construction Management	-	-	-	-	21	36	35	49	45	47
600	Water Quality, Research & Technical	-	-	-	-	-	-	-	-	22	22
700	Collection System Services	-	-	-	-	-	-	-	-	54	63
	Total	231	226	206	210	228	261	295	316	325	328



Clark County Water Reclamation District
Capital Assets Statistics by Function (Unaudited)
Last Ten Fiscal Years

Fiscal Year Ended	Number of Sewer Lift Stations	Miles of Sewer Pipelines	Number of Sewer Manholes
2001	27	1,465	25,466
2002	27	1,534	26,720
2003	27	1,593	28,972
2004	27	1,707	29,503
2005	27	1,795	34,898
2006	27	1,924	38,198
2007	28	1,990	41,071
2008	29	2,000	41,537
2009	29	2,013	41,828
2010	29	2,063	42,666

Source: Geographical Information Systems Department

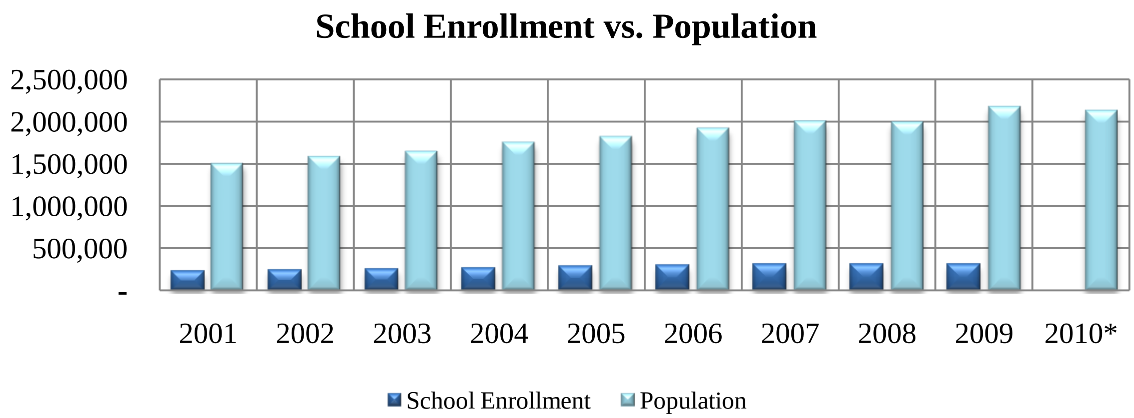
Clark Count Water Reclamation District
Demographic Statistics (Unaudited)
Last Ten Fiscal Years

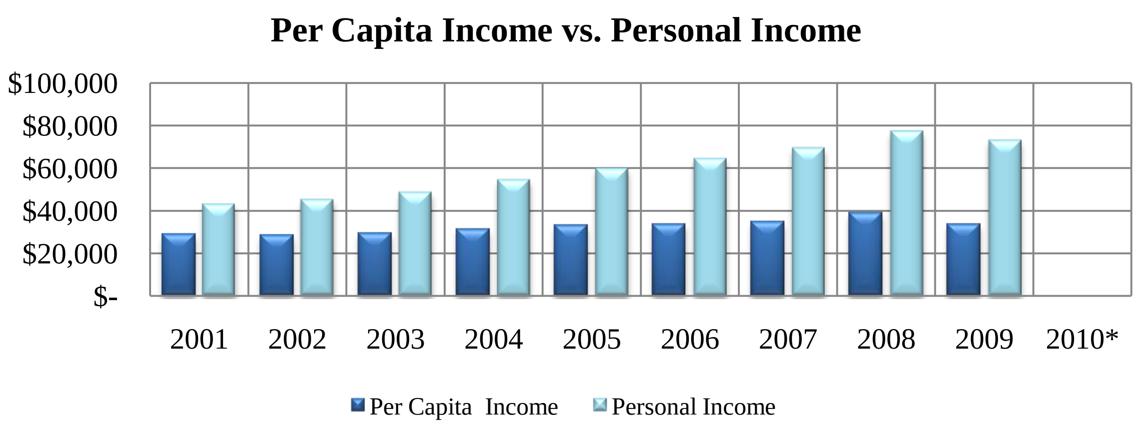
Year	Population [1]		Personal Income [2] (millions)	School [3] Enrollment	Per Capita [4] Income	Unemployment [5] Rate
2001	1,498,274		43,180	231,125	28,820	5.5%
2002	1,578,332		45,203	244,766	28,639	5.9%
2003	1,641,529		48,601	255,328	29,607	5.4%
2004	1,747,025		54,475	268,357	31,182	4.6%
2005	1,815,700		59,793	280,834	32,931	4.2%
2006	1,912,654		64,493	291,510	33,719	4.1%
2007	1,996,542		69,446	308,783	34,783	4.8%
2008	1,986,146		77,279	311,240	38,909	6.5%
2009	2,166,000		72,915	309,476	33,664	12.5%
2010	**2,122,000**	*	**not available**	**not available**	**not available**	14.8%

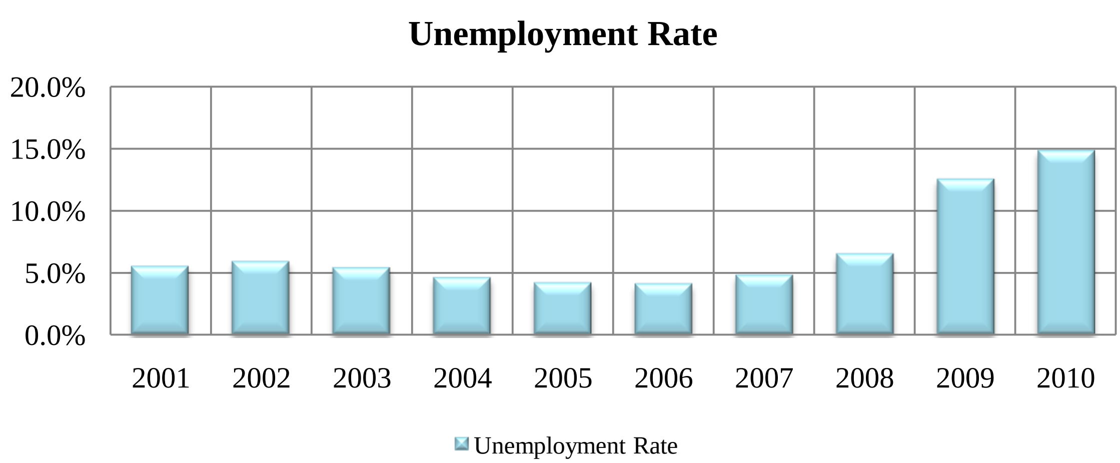
Source:

(1) Clark County Comprehensive Planning
(2) University of Nevada, Las Vegas (Center for Business and Economic Research)
(3) Las Vegas Perspective
(4) Per Capita Income is calculated based on Personal Income and Population
(5) University of Nevada, Las Vegas (Center for Business and Economic Research) as of June 2010

*2010 population is the estimated amount per Clark County Comprehensive Planning







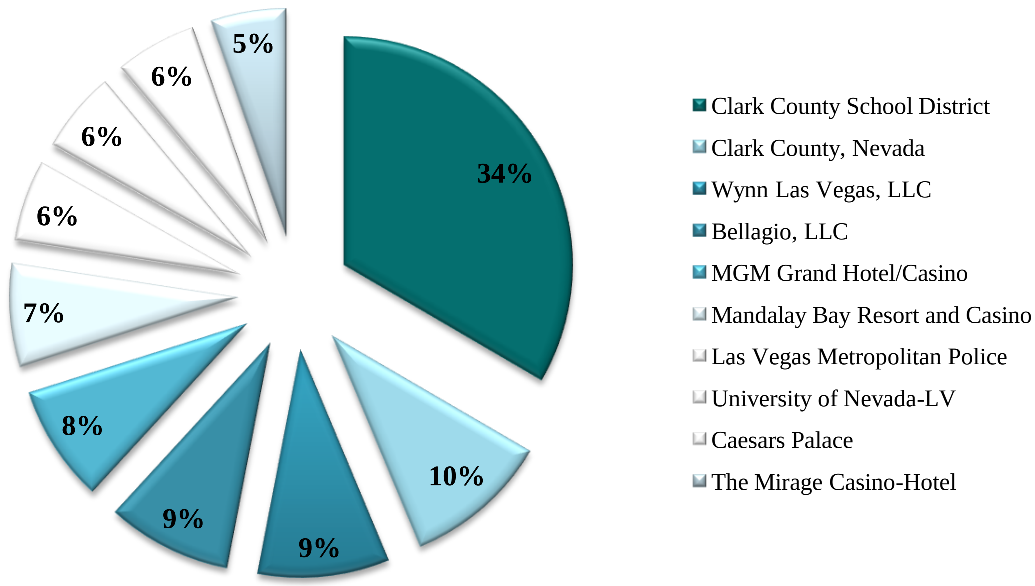
*2010 School Enrollment information is not yet available
*2010 Personal Income and Per Capita information is not yet available
**2010 Population is the estimated amount per Clark County Comprehensive Planning

Clark County Water Reclamation District
Clark County Principal Employers (Unaudited)

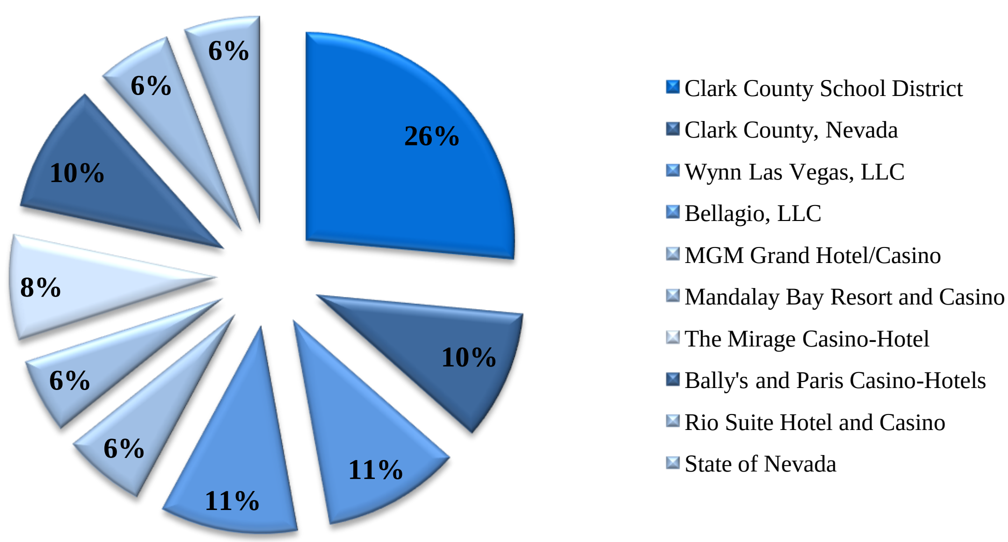
	2009			2000		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Clark County School District	33,250	1	3.28%	21,750	1	3.00%
Clark County, Nevada	10,250	2	1.01%	8,250	5	1.14%
Wynn Las Vegas, LLC	9,250	3	0.91%	8,750	3	1.21%
Bellagio, LLC	8,750	4	0.86%	8,750	2	1.21%
MGM Grand Hotel/Casino	8,250	5	0.81%	5,250	7	0.73%
Mandalay Bay Resort and Casino	7,250	6	0.72%	4,750	9	0.66%
Las Vegas Metropolitan Police	5,750	7	0.57%			
University of Nevada-LV	5,750	8	0.57%			
Caesars Palace	5,750	9	0.57%			
The Mirage Casino-Hotel	5,250	10	0.52%	6,750	6	0.93%
Bally's and Paris Casino-Hotels				8,250	4	1.14%
Rio Suite Hotel and Casino				4,750	8	0.66%
State of Nevada				4,750	10	0.66%
Total for Principal Employers	99,500		9.82%	82,000		11.32%

Note: Number of employees estimated using midpoint range.

2009 Clark County Principal Employers



2000 Clark County Principal Employers



Note: 2010 Information is not yet available
Source: Nevada Workforce Informer

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Technical Terms

ARC	Annual Required Contribution
AWT	Advanced Wastewater Treatment
BBWD	Big Bend Water District
CAC	Citizen Advisory Committee
CAFR	Comprehensive Annual Financial Report
CBER	Center for Business and Economic Research
CEP	Capital Equipment Plan
CIP	Construction Improvement Plan
COUNTY PLAN	Clark County Retiree Health Program
CWC	Clean Water Coalition
DBWRC	Desert Breeze Water Resource Center
ERU	Equivalent Residential Unit
FASB	Financial Accounting Standards Board
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GID	General Improvement District
GFOA	Government Finance Officers Association
HMO	Health Maintenance Organization
HPN	Health Plan of Nevada
IFMP	Integrated Facility Master Plan
LVVWD	Las Vegas Valley Water District
LWRD	Laughlin Wastewater Reclamation Facility
MD & A	Management Discussion and Analysis

Technical Terms

MGD	Million Gallons per Day
MVTAB	Moapa Valley Town Advisory Board
MBWRC	Moapa Valley Water Resource
NPDES	National Pollutant Discharge Elimination System
NRS	Nevada Revised Statute
OPEB	Other Post-Employment Benefits
PEBP	Public Employee Benefit Program
RIB	Rapid Infiltration Basins
SCOP	Systems Conveyance and Operations Program
SDA	System Development Approval
Self-Funded Plan	Clark County Self-Funded Group Medical and Dental Benefits Plan
SIIS	State Industrial Insurance System
The County	Clark County, Nevada
The District	Clark County Water Reclamation District
The System	State of Nevada Public Employees' Retirement System

Comments of Independent Auditors

The
"Clean
Water Team"

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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*

To the Honorable Clark County Water Reclamation District Board of Trustees
Clark County, Nevada

We have audited the statement of net assets of Clark County Water Reclamation District ("the District"), a component unit of Clark County, Nevada (the "County"), as of June 30, 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended and have issued our report thereon dated November 1, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2010-1, 2010-2, and 2010-3 to be material weaknesses.

A *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2010-4, 2010-5, and 2010-6 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the District are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the board of trustees, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
November 1, 2010

CLARK COUNTY WATER RECLAMATION DISTRICT
CLARK COUNTY, NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010

FINDING 2010-1 CONTROLS OVER THE FINANCIAL REPORTING PROCESS

Criteria: The District should have controls over the financial reporting process that enable it to produce timely, reliable financial statements. A key control in achieving reliable financial reporting is review of the financial statement balances, which includes review of detail subsidiary ledgers, account detail, reconciliations, and other supporting schedules at the supervisory level. In addition, management must also review the financial statement balances for any significant or unusual changes.

Condition: During our audit we identified numerous errors that should have been detected during management's review of the financial statement balances. The following adjustments were needed to correct these errors:

1. adjustments to accounts receivable and revenue to correct improper posting of service charge discounts;
2. adjustments to capitalized interest to correct overstated capitalized interest;
3. adjustments to depreciation expense and accumulated depreciation as a result of incorrect placed in service dates and estimated useful lives of assets as well as to reclassify depreciation expense included in non-operating expense;
4. adjustment to reclassify land which was included in construction in progress;
5. adjustments to accounts payable to correct items classified to the wrong period;
6. adjustment to revenue to correct improper treatment of a voided invoice which was included in the allowance for doubtful accounts in the prior year.

As a result of the audit adjustments, the components of the financial statements were impacted as follows:

- decreased assets by $5,323,927 or .27%,
- increased liabilities by $371,037 or .07%
- increased revenue by $2,234,000 or 1.37%,
- increased expenses by $7,928,964 or 6.88%
- and decreased net assets by $5,694,964 or .38%

In addition, management passed on recording several suggested audit entries which would have impacted the financial statements by increasing assets by $698,427 or .03%, increasing revenue by $526,350 or .32%, decreasing expenses by $172,077 or .15%, and increasing net assets by $698,428 or .05%.

Effect: Lack of controls over certain aspects of the financial reporting process may increase the likelihood that management and other financial statement users will rely on inaccurate or untimely information to make important decisions about the District.

Recommendation: Management should enhance the review process utilized in preparing the District's financial statements (both internal and external financial statements). Example procedures to incorporate into the review process include reconciling beginning of year balances to prior year audited balances, reviewing accounts receivable balance detail for reasonableness and collectability, reviewing the accounts payable detail and aging detail for unusual items, reviewing capital asset activity for proper accounting treatment, and reviewing all supporting schedules for all balances.

Management's Response: As recommended by the audit firm, Management will continue to enhance the review process and continue to update daily, monthly, quarterly, and annual processes, procedures, and controls to ensure accurate and timely financial information. Management has re-defined and updated procedures and processes for preparing the annual financial statements.

Formal documentation for all procedures will continue until all department procedures are completed. All journal entries entered by the accountants are reviewed by the accounting supervisor for accuracy and signed off on prior to journal entry. Supervisor will also review the journal entry after posting to ensure accuracy.

Manager has developed a system generated report that allows for review of journal entries and account balances for significant or irregular changes. Supervisor will also review this report and put the signed report into the Journal Binder.

FINDING 2010-2 CONTROLS OVER CAPITAL ASSETS

Criteria: The District should have controls over capital assets to ensure that all capital asset additions and disposals are recorded accurately and that depreciation is calculated accurately. Key controls in achieving this include physical inventory, monitoring of construction in progress, review of valuation of donated assets and review of the useful lives of assets.

Condition: During our audit we identified the following issues relating to capital assets:

- Although a formal inventory is taken annually of all chemicals and warehoused capital assets and an informal inventory is done of all District vehicles, a formal physical inventory of all capital assets must be performed, as required under Nevada Administrative Code 354.750. We noted that several departments provided accounting with asset listings, but no reconciliation to the fixed asset listing in the general ledger was performed. For those areas not inventoried and reconciled annually, there is a higher risk that items may be included in capital assets that the District no longer owns, donated sewer lines that have not been recorded, or an increased opportunity for the misappropriation of assets that may not been detected by management in a timely manner.

- The unit costs utilized to value donated assets have not been updated in several years. Additionally, the District has implemented use of the GIS system to capture donated sewer lines as this has been determined a more accurate method than the one previously used. There may be significant variances between the old method and the new GIS system, and District personnel have not evaluated the effects on prior period amounts. As a result of the above, the value of the donated sewer lines may be misstated.
- In reviewing the capital asset listing, we noted that there are some assets included that are no longer in service. Additionally, the useful lives of many of the assets may not appear reasonable.
- The cost components of buildings have not been broken out by type (i.e. roof, air conditioning unit, carpeting, etc.). This causes problems in depreciating the component assets since the useful life of the component may be shorter than the building structure's life. Additionally, this causes problems when various components of a building are replaced as the component asset being replaced cannot be identified and removed from the asset listing.

Effect: Lack of controls over the capital assets may result in the balances of capital assets being misstated. Additionally, there is a risk of misappropriation of assets not being detected.

Recommendation: Management should perform a physical inventory of all capital assets as soon as possible to verify the accuracy of the capital asset balances. Additionally, management should continue to implement processes and controls to address the other issues noted above.

Management's Response: In accordance with NAC354, inventories will be taken at least once every 2 years of all equipment and other personal property of the District which constitutes capital assets. At this time Management has formalized the inventory process and has completed a formal inventory of a portion of the District's assets. Due to the large amount of assets (on and off property) the balance of the formal inventory will be completed on or before June 30, 2011 in accordance with NAC354.

Each donated line will be reviewed at the time of donation for appropriate costs determined by the complexity of the actual installations based on information received from the donor, current industry standards, and District design engineering estimates.

Current capital asset useful lives are being used for all new capital additions. The useful lives may be determined by industry standards, District historical information which is based on use, or engineering estimates.

Large District assets, including but not limited to, buildings require large components to be broken out by type (heating/air systems, roof, carpeting, etc) in order to properly depreciate the assets in accordance with their individual useful lives. The accounting department staff meets with the department in charge of the asset prior to putting the asset into service to determine the appropriate components of the large asset. With the assistance of the department in charge of the asset, the accounting staff is better able to componentize the larger asset appropriately. This process was updated per audit recommendations and implemented during this audit year. Two large new assets additions were componentized while the other asset additions were rehabilitation projects.

FINDING 2010-3 CONTROLS OVER JOURNAL ENTRY PROCESS

Criteria: The District should have controls over the journal entry process to ensure management has knowledge of all transactions impacting the general ledger. Key controls include maintaining documentation for all transactions impacting the general ledger as well as management approval.

Condition: Reconciliation between the journal entries posted to the general ledger and the journal entries approved by the Accounting Supervisor is not performed. So, while the Accounting Supervisor reviews and manually approves all journal entries presented to him by the accounting staff, there is a possibility that additional journal entries or erroneous journal entries could be posted into the general ledger without management's knowledge.

Effect: Lack of controls over the journal entry process increases the likelihood that incorrect financial data will be recorded in the general ledger, which management and other financial statement users will rely on to make important decisions about the District.

Recommendation: Management should modify the design of internal controls over the journal entry process to ensure that each entry posted to the general ledger is reviewed and approved by management.

Management's Response: As requested, management has modified the current internal controls over the journal entry process to ensure each entry is posted to the general ledger properly and has been reviewed. Supervisor will review *all* journal entries before *and* after journal entries are entered into the financial system and will initial journal entry documentation. In addition, the Manager has developed a financial system-generated report which prints out all journal entries that have been posted to the general ledger and will review all significant or unusual entries. Both the supervisor and manager will sign off on all reviewed journal enters as documented verification of review.

FINDING 2010-4 CONTROLS OVER SDA REVENUE

Criteria: The District should have proper controls over the determination of customer SDA charges to ensure that the customer is charged the correct amount and that the proper amount of revenue is recorded.

Condition: The District has implemented a review control in which a second customer service representative reviews the number of ERUs charged for new SDA plans; however no documentation is retained to support this control.

Effect: Controls which lack documentation provide no evidence that the control has been implemented and is effective. Controls without proper documentation increase the likelihood that incorrect amounts are recorded in the financial statements and increase the likelihood of fraudulent transactions.

Recommendation: Management should modify the design of internal controls over the SDA charge determination process to include documentation which supports the review of SDA charges by a second customer service representative.

Management's Response: At this time more than one customer service staff member reviews SDA paperwork and charges; however, in the future the Customer Service Supervisor will review all plumbing plans and will initial appropriate documents as evidence of a formal review and will include additional documentation, as recommended. The final verification of accurate and appropriate SDA charges takes place when the first physical inspection of the property occurs, which is upon the issuance of a Clark County Certification of Occupancy (CofO). The issued CofOs are monitored daily by the Customer Service supervisor to ensure that physical inspections are scheduled and occur in a timely manner, usually within a two week period. It is not unusual for the customer's plumbing plans to differ from actual fixture placement in the business due to construction changes.

FINDING 2010-5 CONTROLS OVER VENDOR SET-UP

Criteria: The District should have proper controls over vendor set-up and modification to ensure that fictitious vendors do not exist and payments are not made to such vendors.

Condition: Currently, there is no formal review or approval process required to enter new vendors into the accounting system or to make significant changes to existing vendor information. The current control structure could allow the Accounts Payable Processing Specialist to instruct the Financial Office Specialist to create a new vendor and enter an invoice for payment to that vendor without being approved by management.

Effect: Inadequate controls over vendor set-up and modification increase the likelihood of unauthorized payments and payments to fictitious vendors.

Recommendation: Management should modify the design of internal controls over vendor set-up to include a formal approval process for all new vendors and changes in vendor information which is segregated from the accounts payable function. In addition, we recommend that a complete review of the existing vendor listing be performed to remove any duplicate vendors or vendors no longer used.

Management's Response: During a 2010 internal controls audit it was determined that the accounts payable clerk should not enter vendor information. Staff agreed that another control should be put into place, so it was determined the accounting assistant could enter the vendor information as long as that person does not have the ability to enter a purchase requisition, purchase order, or to pay a bill directly. The accounting assistant *does not* have access to enter a purchase requisition, purchase order, or the ability to pay a bill directly; therefore adequate controls and segregation of payable functions are currently in place.

However, Management will modify the current design of internal controls over vendor set-up and updates process to include an additional control, as recommended. All new vendors and vendor updates will be approved by the requesting supervisor. All approvals will be formally documented by signature prior to any new vendor or vendor updates into the financial system.

FINDING 2010-6 CONTROLS OVER DISTRICT BANK ACCOUNTS

Criteria: The District should have effective internal controls over its bank accounts to protect the bank accounts from errors or misappropriation.

Condition: We noted deficiencies in following District policies over reconciling the District's main bank account. The District's policies require that the bank reconciliation be performed by the Accountant II and reviewed by the Accounting Supervisor on a monthly basis. While performing audit procedures in June, 2010, we noted that the Bank of America income account had not been reconciled since December, 2009. This is a gap of five months.

Effect: Lack of controls over the District's bank accounts increases the likelihood that errors or misappropriations will occur and not be timely detected and prevented by management.

Recommendation: The District should take steps to ensure that internal controls over bank accounts are being followed.

Management's Response: Supervisor will conduct monthly meetings to ensure all bank accounts have been reconciled in a timely manner. All bank reconciliations will be reviewed by the supervisor and will be formally documented to ensure that internal controls are being followed by staff.

CLARK COUNTY WATER RECLAMATION DISTRICT
CLARK COUNTY, NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2010

CURRENT YEAR STATUTE COMPLIANCE

Clark County Water Reclamation District, Clark County, Nevada conformed to all significant statutory constraints on its financial administration during the year. However, we did note that the District did not fully comply with Nevada Administrative Code 354.750 – *Inventory of capital assets: Requirement; guidelines; identifying number*. This has been addressed in the accompanying Schedule of Findings and Responses, Finding 2010-2.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

We noted the same compliance issue as addressed above in the prior year Schedule of Findings and Responses as Finding 2009.2. As noted in Finding 2010-2, this has not been corrected as of June 30, 2010.

PRIOR YEAR RECOMMENDATIONS

We identified two significant deficiencies in internal control over financial reporting which were included in the prior year Schedule of Findings and Responses.

CURRENT YEAR RECOMMENDATIONS

We noted material weaknesses and significant deficiencies in internal control over financial reporting, which have been reported in the accompanying Schedule of Findings and Responses.

KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT
ON NEVADA REVISED STATUTE 354.6241

To the Honorable Clark County Water Reclamation District Board of Trustees
Clark County, Nevada

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624(5)(a):

- The identified funds are being used expressly for the purposes for which they were created.
- The funds are administered in accordance with accounting principles generally accepted in the United States of America.
- The net assets in the fund were reasonable and necessary to carry out the purposes of the funds at June 30, 2010 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau).
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements.
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2010.
- The balance of the funds are as noted in the financial statements.

This assertion is the responsibility of the management of the Clark County Water Reclamation District.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

Kafoury Armstrong & Co.

Las Vegas, Nevada
November 1, 2010