



Southern Nevada
Water Authority

INDEPENDENT AUDITORS' REPORT

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

Board of Directors
Southern Nevada Water Authority
Las Vegas, Nevada

We have audited the basic financial statements of the Southern Nevada Water Authority (SNWA) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 audits, we considered SNWA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of SNWA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SNWA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects SNWA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of SNWA's basic financial statements that is more than inconsequential will not be prevented or detected by SNWA's internal control. We noted a matter involving internal control over financial reporting that we consider to be a significant deficiency involving the accrual of accounts payable. Management of SNWA has informed us that they will instruct personnel as to the importance of compliance with existing policies and procedures for the recording of obligations in the appropriate reporting period and will consider strengthening the procedures for monitoring such compliance.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by SNWA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and other matters. As part of obtaining reasonable assurance about whether SNWA's financial statements 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of SNWA in a separate letter dated December 10, 2008.

SNWA's response to the finding identified in our audit is described above. We did not audit SNWA's response and, accordingly, we express no opinion on it.

This report is intended for the information of SNWA management, members of the Board of Directors, others within SNWA, and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink that reads "Princey Bowler Taylor & Keen". The signature is written in a cursive, flowing style.

December 10, 2008

