

**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA
COMPONENT UNIT FINANCIAL
STATEMENTS
JUNE 30, 2008**

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2008

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**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2008**

Officials

Regional Transportation Commissioners

Bruce L. Woodbury, Chairman	Clark County
Chip Maxfield, Vice-Chairman	Clark County
Robert Eliason	City of North Las Vegas
David Bennett	City of Mesquite
Andy Hafen	City of Henderson
Oscar Goodman	City of Las Vegas
Roger Tobler	City of Boulder City
Lawrence L. Brown, III	City of Las Vegas

Appointed Official

Jacob L. Snow	General Manager
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County Commissioners

Rory Reid, Chairman	Commission District G
Chip Maxfield, Vice-Chair	Commission District C
Susan Brager	Commission District F
Tom Collins	Commission District B
Chris Giunchigliani	Commission District E
Lawrence Weekly	Commission District D
Bruce L. Woodbury	Commission District A

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Regional Transportation Commissioners of Southern Nevada
and the Honorable Board of County Commissioners
Clark County, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Regional Transportation Commission of Southern Nevada (the "RTC"), a component unit of Clark County, Nevada (the "County"), as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the RTC's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the RTC as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the year 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 January 30, 2009 on our consideration of the RTC'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 on pages 4 through 7 and the budgetary comparison schedules for the Regional Transportation Commission Fund and the Regional Transportation Fund are not a required part of the basic financial statements but are supplementary information required by the 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 MD&A required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Transportation Commission of Southern Nevada's basic financial statements. The individual fund schedules, as listed under "supplementary information" in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kafury, Armstrong & Co.

Las Vegas, Nevada
January 30, 2009

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

The following Management Discussion and Analysis (MD&A) of the Regional Transportation Commission of Southern Nevada's (RTC) activities and financial performance provides the reader with an introduction and overview to the financial statements of the RTC for the Fiscal Year ended June 30, 2008. The information contained in this MD&A should be considered in conjunction with the information contained in the various historic summaries of activities and financial performance included in this report.

Following this MD&A are the basic financial statements of the RTC together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. In addition to the basic financial and accompanying notes, this Section also presents certain *required supplementary information* regarding debt service requirements to maturity.

FINANCIAL HIGHLIGHTS

- The auditors' report offers an unqualified opinion that the RTC's financial statements are presented fairly in all material respects.
- Total net capital assets at June 30, 2008, equaled \$340,947,634, and include buildings, land and equipment. In addition to providing transit services for Clark County, the RTC funds millions of dollars for construction and acquisition of capital assets for street and highway infrastructure annually, but the RTC does not own those assets. All street and highway assets are owned by the jurisdiction in which the capital asset is located.
- The RTC expended \$101.6 million for street and highway infrastructure and net \$173.8 million on equipment/machinery, buildings, land, and other improvements (less depreciation).
- At year end, the RTC had \$586 million in outstanding debt.
- Revenues began a steady decline compared to last Fiscal Year. Sales tax revenue experienced a 3.6% percent decrease over FY 2007. Motor vehicle fuel tax receipts decreased by 1.0% percent over FY 2007 totals.
- Two authorizations of Commercial Paper (CP) were approved by the Commission during the fiscal year to support Streets and Highways Projects. Both issuances were for \$200 million each, one funded through Sales and Use Tax Revenue and the second funded through Motor Vehicle Fuel Tax receipts.

The following provides additional detail of activities for Fiscal Year 2008:

Proprietary Fund - Public Transit

The RTC coordinates transportation programs and services for the safe, convenient, and effective movement of people and goods within Southern Nevada. In addition, the RTC operates the Citizens Area Transit (CAT) system, which includes the fixed route CAT bus service, the Metropolitan Area Express (MAX) rapid transit service, the CAT ADA paratransit service, paratransit group service (CATSTAR), and the SILVERSTAR circulator service which targets senior citizens.

	2008	2007	2006
Ridership - Fixed Route/MAX	64,765,634	62,321,216	59,418,219
% increase	3.92%	4.89%	13.3%
Ridership – Paratransit	967,829	890,125	814,806
% increase	8.7%	9.2%	7.4%
Fixed Rte. Fare box Recovery ¹	31.9%	38.9%	39.7%

¹ Fare box recovery is the percentage of operating expenses (including depreciation) recovered through farebox revenues.

The RTC re-branded service on the Las Vegas Boulevard South (“The Strip”) route on October 27, 2005. Now known as “The Deuce”, this service uses double deck buses exclusively for the 8 mile route. The response from the public was overwhelmingly positive. Based on that positive response, in FY 2008 the RTC increased its fleet of double deck buses and now uses them on some of its busier general market routes. In addition, double deck buses with a second staircase have been added to accommodate demand on “The Strip”.

The RTC Board approved fare adjustments effective December 1, 2005, that raised prices on monthly passes, instituted a day pass and eliminated transfers. These adjustments had a positive effect on ridership, with the day passes being particularly popular. Overall system ridership for the fiscal year increased 4%, with a corresponding 5.4% increase in operating revenue. Overall operating costs increased 11.4%, resulting in an increase in the cost per passenger from \$1.90 in FY 2007 to \$2.04 in FY 2008.

The RTC also operates the Metropolitan Area Express (MAX) service on Las Vegas Boulevard North. This service is more of a “rail” like service than the regular fixed route service, operating most of the route in a bus-only lane. The vehicles do not have a fare box; rather, there are ticket vending machines (TVM) at the MAX stations along the route, with fare-checking provided by a contracted company. Ridership on the MAX increased 4% in FY 2008, and it continues to carry the most passengers per service hour of any route in the CAT system. However, due to increases in operating costs, the cost per passenger increased from \$1.70 in FY 2007 to \$2.31 in FY 2008.

As in FY 2007, paratransit ridership continued to increase in FY 2008 by 9% over last fiscal year. New vehicles are again being added to the fleet in FY 2009 and demand is expected to continue to increase. Cost per passenger in FY 2008 increased 5.5%, to \$43.95.

Although unusually large spikes in the cost per gallon of diesel fuel were prevalent during the fiscal year, the recovery ratio for the CAT system, as a whole, is still above the industry average of 30 percent. The RTC attributes this to cost savings in the contracting of service for fixed route and paratransit transport, as well as a high utilization of the CAT system in tourist-dominated venues such as the “Las Vegas Strip” resort corridor.

Effective October 1, 2003, the RTC began receiving an additional ¼ percent of Sales and Use Tax. One half of the proceeds were specifically earmarked for public transit. This new voter-approved tax resulted in an additional \$43.1 million in revenue for the Public Transit fund in FY 2008. In conjunction with the receipt of this enhanced revenue, the RTC maintained a previously established reserve fund for public transit. The reserve is maintained at a minimum of two months of budgeted operating expenses and is accounted for within the net assets of the Public Transit fund.

In FY 2008, the Board of County Commissioners approved debt of \$400 million for streets and highways capital projects. This debt will roll out in two phases: First, two authorizations of Commercial Paper (CP) began in January and March 2008. Both issuances were for \$200 million each, one funded through Sales and Use Tax Revenue and the second funded through Motor Vehicle Fuel Tax receipts. Then, once the entire CP has been issued, long-term debt will need to occur. As of June 30, 2008, \$50 million has been drawn on each issuance.

The Public Transit fund also provides a portion of the operating funds for the Administration, Finance, Communications, Information Technology, and Planning divisions. These funds are provided through budgeted operating transfers to the special revenue RTC Fund on an as needed basis.

Governmental Funds

While the RTC funds the construction of street and highway projects in Clark County, the jurisdictional entity (Unincorporated Clark County, City of Las Vegas, City of North Las Vegas, City of Henderson, City of Mesquite and the City of Boulder City) oversees the construction, and ultimately takes possession, of the asset. As a result, the net asset calculation of unrestricted assets for the two Streets and Highways funds appears skewed. In the governmental activities section, year ending net assets were (\$338.4 million), a \$13.8 million decrease from FY 2007.

In November 2002, Clark County voters approved "Question-10" which provided an additional ¼ percent Sales and Use Tax and a one cent Jet "A" Aviation Fuel Tax to fund street and highway improvement, fund air quality improvement, and support transit related projects. One half of the Sales and Use Tax proceeds and the jet fuel proceeds have been earmarked for the mitigation of air pollution and high-speed street and highway lane improvements.

After several years of steady increase in the amount of sales and use tax as well as motor vehicle fuel tax receipts, the RTC experienced a slight decline in both of these revenue sources in FY 2008. This follows both local and national averages as the economy as a whole began experiencing a downward trend, which is expected to carry into future fiscal years.

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

A comparison of the RTC's net assets as of June 30, 2008, and June 30, 2007, is summarized below:

Regional Transportation Commission Net Assets						
	Governmental Activities		Business Type Activities		Total	
	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
ASSETS:						
Current and other assets	\$302,900,620	\$251,209,991	\$128,466,643	\$251,862,965	\$431,367,263	\$503,072,956
Net capital assets	16,818,288	17,631,949	324,129,346	205,663,573	340,947,634	223,295,522
Total assets	319,718,908	268,841,940	452,595,989	457,526,538	772,314,897	726,368,478
LIABILITIES:						
Long-term debt outstanding	587,731,483	502,636,278	1,318,288	30,000,000	589,049,771	532,636,278
Other liabilities	71,330,923	91,552,132	60,270,250	71,467,601	131,601,173	163,019,733
Total liabilities	659,062,406	594,188,410	61,588,538	101,467,601	720,650,944	695,656,011
NET ASSETS:						
Invested in capital assets, net of debt	16,818,289	17,631,949	324,129,346	175,663,573	340,947,635	193,295,522
Restricted	229,866,571	160,468,886	-	-	229,866,571	160,468,886
Unrestricted (deficit)	(586,028,358)	(503,447,305)	66,878,105	180,395,364	(519,150,253)	(323,051,941)
TOTAL NET ASSETS	(339,343,498)	(325,346,470)	391,007,451	356,058,937	51,663,953	30,712,467

Net assets would normally serve over time as a useful indicator of the RTC's financial position. The RTC's net assets exceeded liabilities by \$51.7 million as of June 30, 2008.

As discussed earlier, the RTC expends funds for street and highway projects throughout the Las Vegas Valley. The RTC retains resulting debt, but relinquishes the asset to the jurisdictional entity. Assets in the hands of the RTC only include an administration building, a transfer terminal, several maintenance facilities, transportation vehicles and miscellaneous infrastructure equipment.

A portion of the RTC's net assets (\$68,533,453 as of June 30, 2008) represents bond reserve funds that are subject to external restrictions on how they can be used under bond covenants. The balance of restricted assets is comprised of street and highway project encumbrances (existing contracts outstanding).

Regional Transportation Commission
Change in Net Assets

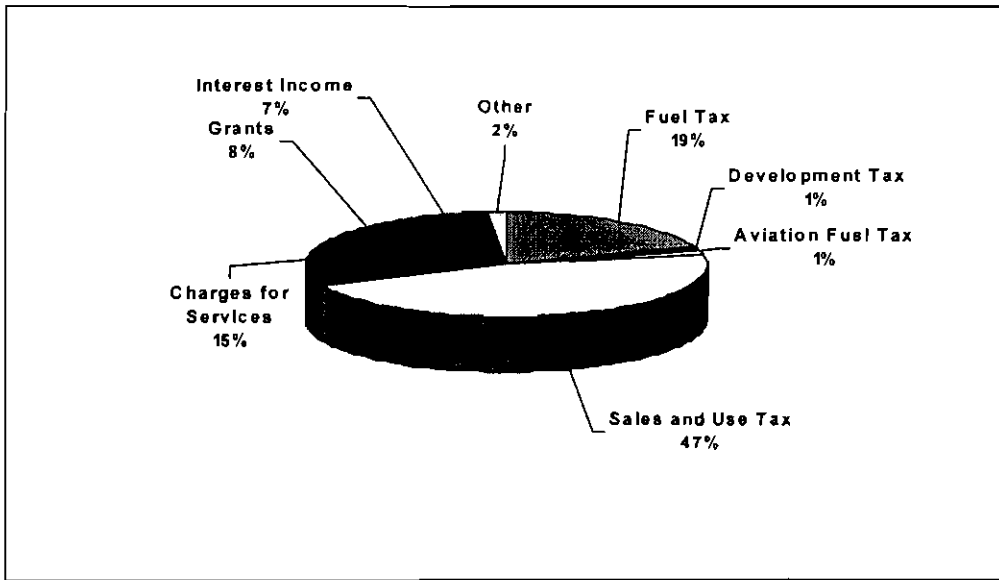
	Governmental Activities		Business Type Activities		Total	
	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007
PROGRAM REVENUES						
Charges for services	\$327,689	\$369,512	\$55,900,274	\$48,968,922	\$56,227,963	\$49,338,434
Operating grants and contributions	3,329,277	2,705,075	1,081,337	2,509,392	4,410,614	5,214,467
Capital grants and contributions	-	-	25,376,346	44,736,812	25,376,346	44,736,812
GENERAL REVENUES						
Fuel tax	70,205,639	71,152,436	-	-	70,205,639	71,152,436
Jet - Aviation fuel tax	4,749,177	4,679,952	-	-	4,749,177	4,679,952
Sales and use tax	43,130,784	45,087,050	129,392,352	133,629,506	172,523,136	178,716,556
Development tax	5,000,000	5,000,000	-	-	5,000,000	5,000,000
Interest income	14,302,529	6,284,533	10,037,471	8,591,427	24,340,000	14,875,960
Other	5,793,672	5,300,980	-	-	5,793,672	5,300,980
Total Revenues	146,838,767	140,579,538	221,787,780	238,436,059	368,626,547	379,015,597
EXPENSES						
Public works	146,448,396	228,752,757	-	-	146,448,396	228,752,757
Interest on long/short-term debt	23,187,399	12,418,914	493,304	281,238	23,680,703	12,700,152
Public transit	-	-	177,545,962	157,154,581	177,545,962	157,154,581
Total Expenses	169,635,795	241,171,671	178,039,266	157,435,819	347,675,061	398,607,490
Increase (decrease) in net assets before transfers	(22,797,028)	(100,592,133)	43,748,514	81,000,240	20,951,486	(19,591,893)
Transfers	8,800,000	(4,357,572)	(8,800,000)	4,357,572	-	-
Increase (decrease) in net assets	(13,997,028)	(104,949,705)	34,948,514	85,357,812	20,951,486	(19,591,893)
Net Assets – Beginning	(325,346,470)	(220,396,765)	356,058,937	270,701,125	30,712,467	50,304,360
Net Assets - Ending	(339,343,498)	(325,346,470)	391,007,451	356,058,937	51,663,953	30,712,467

Changes in balances in FY 2008, as compared to FY 2007, were a result of the following issues:

- Charges for services increased by \$6.9 million due to a unique combination of factors. Ridership increased due the unusual increase in fuel prices during FY 2008, which also impacted the overall cost of diesel fuel purchased by the RTC.
- Operating and capital grants decreased by \$19.4 million due to the timing in revenue recognition and the timing of the completion of federally funded capital projects.
- Interest income in FY 2008 was again reported as positive. In prior years, such as FY 2004, a negative amount reported. This reported figure can fluctuate significantly from year to year as a result of a GASB Statement No. 31 adjustment, which adjusts the carrying amount of investments to reflect changes in fair market value.
- Public works expenses decreased by \$82.3 million. Significant expenditures for street and highway construction were incurred in FY 2007 as several of these projects were completed. In FY 2008, many projects were in the initial stages of design and engineering, when expenditures tend to be lower.
- Interest on long/short-term debt increased by \$10.9 million due to the addition of interest payments on the \$300 million highway improvement bond issued in June 2007.

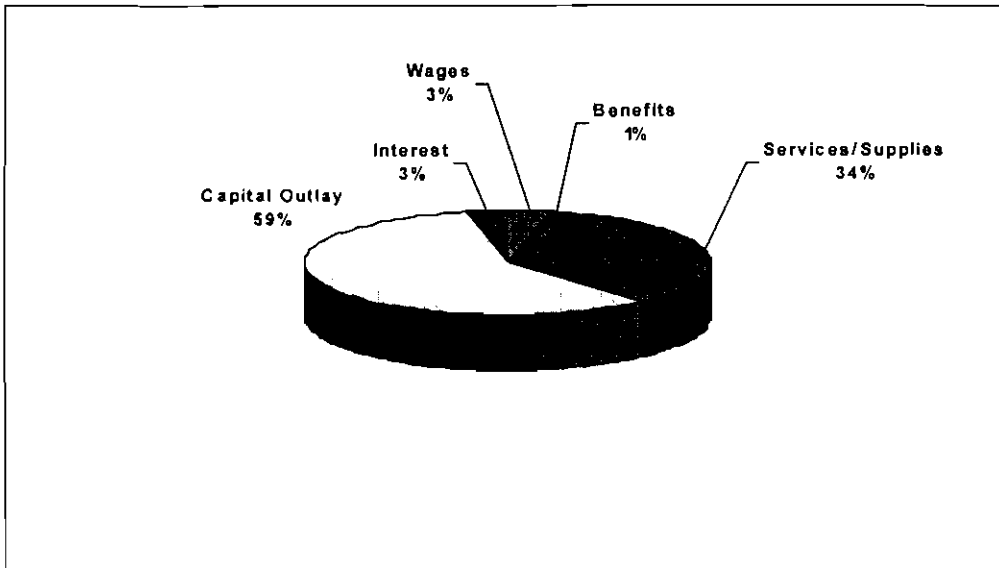
REVENUES

The following chart shows the major sources and the percentages of revenues for the year ended June 30, 2008:



EXPENDITURES

The following chart shows the major percentage of expenses for the year ended June 30, 2008:



FINANCIAL STATEMENTS

The RTC's financial statements are prepared in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The RTC is structured with several governmental funds for administration, debt service and street and highway construction and one proprietary fund for public transit operations. Revenues are recognized when earned, not when received. Expenses are likewise recognized when incurred, not when they are paid. Capital assets, except land, are depreciated over their useful lives. Amounts are restricted for debt service and for street and highway projects. See the financial statement notes for a summary of the RTC's significant accounting policies. The following is a brief discussion of the structure of the basic financial statements:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with an assessment of the overall financial position and activities of the RTC as a whole. These statements are structured around the primary government. They are further divided into governmental activities and business-type activities. Governmental activities being those generally financed through taxes and intergovernmental revenues, while business-type activities are those financed, to some degree, by charging external parties for goods or services received.

The statement of net assets combines and consolidates all of the RTC's current financial resources (short-term available resources) with capital assets and long-term obligations using the accrual basis of accounting. The end result is net assets that are segregated into three components: invested in capital assets, net of related debt, and restricted and unrestricted net assets.

The statement of activities presents information showing how the RTC's net assets changed during the Fiscal Year 2008. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, there are some revenues and expenses reported in this statement that will result in cash flows in future fiscal periods.

Fund Financial Statements

The RTC uses fund financial statements to provide detailed information about its most significant funds. All of the funds of the Regional Transportation Commission of Southern Nevada can be divided into two categories:

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements described above. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses on near-term inflows and outflows of available resources, as well as on balances of available resources available at the end of the Fiscal Year. To provide a better understanding of the relationship between the fund statements and government-wide statements, a reconciliation is provided for a more comprehensive picture of the RTC's financial position.

Proprietary Funds – Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows are reported in the proprietary funds. The RTC reports one type, an enterprise fund. Enterprise funds are used to report an activity where a fee is charged to external users. The RTC's sole enterprise fund, the Public Transit Fund, is used to account for the transit operations within the RTC.

Notes to the Financial Statements – The notes to the financial statements complement the financial statements by describing qualifying factors and changes throughout the Fiscal Year.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During FY 2008, the RTC expended \$275.4 million on capital activities, the majority spent on transit projects, such as vehicle procurements and facilities construction. The following identifies the various major capital expenditures:

Street and Highway Projects	\$ 101.6 million
Equipment, Buildings, Land, and Improvements	173.8 million

All capital asset acquisitions and improvements exceeding \$5,000 are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including Federal grants, State grants, debt issuance and local funds. Acquisitions for streets and highways are not carried as assets within RTC's financial statements, but on the financial statements on the local entity responsible for maintenance and repair of the asset. Additional information on the RTC's capital assets and commitments can be found within the notes on the financial statements.

LONG-TERM DEBT ADMINISTRATION

A comprehensive Debt Management Policy is an important foundation of sound financial management. This policy sets forth the parameters for issuing debt and managing outstanding debt, as well as defining RTC responsibilities, the purposes for which debt may be issued, debt objectives, type and amount of permissible debt, method of sale that may be used and other structural features. Also included is a debt capacity analysis.

On July 10, 2008, an updated Debt Management Policy was adopted by the Commission. Nevada Revised Statutes 350.0035 requires the Debt Management Policy be updated on an annual basis and transmitted to the Nevada Department of Taxation and the Clark County Debt Management Commission.

The following summary of bond transactions for the year ended June 30, 2008:

	Beginning Balance	Additions and Premiums	Deletions	Ending Balance
Revenue Bonds	\$ 502,636,277		(\$16,607,919)	\$486,028,358

Bonds payable at June 30, 2008, are comprised of the following individual issues:

	Original Amount	Interest Rate	Balance June 30, 2008
Highway Improvement Motor Vehicle Fuel Tax Revenue Bonds:			
Series of September 9, 2003	200,000,000	4.50-6.00%	174,190,000
Series of June 12, 2007	300,000,000	5.00%	300,000,000
Plus: Unamortized Premium			11,838,358
TOTAL			\$ 486,028,358

The Highway Improvement bond series, April 15, 1997, September 9, 2003, and June 12, 2007, were issued to allow the RTC to build street and highway projects within Clark County. The RTC is precluded by statute from issuing its own revenue bonds, so Clark County is the issuer of all bonds to date. Repayment of the Highway Improvement bonds is pledged from the Motor Vehicle Fuel Tax which is currently nine cents per gallon of fuel sold within Clark County. The 1997 Highway Improvement bond series was paid in full in July 2008.

For the Highway Improvement outstanding bonds, the debt coverage ratio of pledged revenue must equal 150 percent of the annual debt service.

BUDGETARY HIGHLIGHTS

Over the course of the year, two augmentations were made to the FY 2008 budget. The RTC requested that Clark County issue \$300,000,000 in Series 2007 Highway Revenue (refunding) bonds to refund the RTC Series 2005 commercial paper program which was established to fund the construction of various street and highway projects. It was determined that an additional \$22.9 million in appropriations was needed to repay the debt service on this new debt issuance and apply the proceeds in the RTC Debt Service Fund (3180.003). The source of funds for the first augmentation was provided by a transfer in of \$17.2 million in proceeds from the Highway Improvement Project Acquisition Fund (4100). The source of funds for the second augmentation was provided by a transfer in of \$5.7 million in proceeds from the RTC Highway Improvement Fund (4130).

CREDIT RATINGS

NRS 373.130 mandates that Clark County must issue all revenue bonds on behalf of the RTC. Based on the sound fiscal policies practiced both by the RTC and Clark County, the bond rating from Moody's Investors Service, Inc. was upgraded in May, 2006 from Aa2 to Aa1, and the rating from Standard & Poor's Rating Service remained an A-. These ratings further enforce the stability of the RTC and Clark County as debt issuers.

Both the Sales Tax Revenue Commercial Paper Notes and the Highway Revenue (Motor Vehicle Fuel Tax) Commercial Paper Notes were rated "P-1" by Moody's and "A-1+" by Standard's & Poor's. These high ratings indicate the underlying strength of the revenue sources.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the RTC's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to Erin DeFrates, Manager – Financial Operations, Regional Transportation Commission of Southern Nevada, 600 South Grand Central Parkway, Suite 350, Las Vegas, NV 89106-4512 or by e-mail to defratese@rtcsonv.com.

Respectfully submitted,

Erin N. DeFrates
Manager – Financial Operations

BASIC FINANCIAL STATEMENTS

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments:			
In custody of the County Treasurer	\$ 197,086,380	\$ 84,315,113	\$ 281,401,493
In custody of other officials	500	60,000	60,500
With fiscal agent	41,753,364	-	41,753,364
Loaned securities	37,640,600	16,240,870	53,881,470
Accounts receivable	44,007	1,388,726	1,432,733
Interest receivable	1,873,441	808,303	2,681,744
Due from other governmental units	21,279,091	25,653,631	46,932,722
Deferred charges	3,223,237	-	3,223,237
Capital assets, not being depreciated	235,718	149,391,029	149,626,747
Capital assets, net of accumulated depreciation	16,582,570	174,738,317	191,320,887
TOTAL ASSETS	<u>319,718,908</u>	<u>452,595,989</u>	<u>772,314,897</u>
LIABILITIES			
Accounts payable	21,661,397	43,614,064	65,275,461
Accrued payroll	556,453	329,698	886,151
Accrued interest	11,274,041	-	11,274,041
Loaned securities	37,839,032	16,326,488	54,165,520
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and loans payable	15,875,000	-	15,875,000
Portion due or payable after one year:			
Bonds and loans payable	570,153,358	-	570,153,358
Compensated absences payable	1,388,523	947,594	2,336,117
Other post employment benefits	314,602	370,694	685,296
TOTAL LIABILITIES	<u>659,062,406</u>	<u>61,588,538</u>	<u>720,650,944</u>
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	16,818,289	324,129,346	340,947,635
Restricted for:			
Capital projects	158,817,095	-	158,817,095
Debt service	68,533,453	-	68,533,453
Other projects	2,516,023	-	2,516,023
Unrestricted (deficit) for:			
Operations	-	66,878,105	66,878,105
Deficit created by bond obligation	(586,028,358)	-	(586,028,358)
TOTAL NET ASSETS	<u>\$ (339,343,498)</u>	<u>\$ 391,007,451</u>	<u>\$ 51,663,953</u>

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
Public works	\$ 146,448,396	\$ 327,689	\$ 3,329,277	\$ -	\$ (142,791,430)	\$ -	\$ (142,791,430)
Interest on long-term debt	23,187,399	-	-	-	(23,187,399)	-	(23,187,399)
TOTAL GOVERNMENTAL ACTIVITIES	169,635,795	327,689	3,329,277	-	(165,978,829)	-	(165,978,829)
BUSINESS-TYPE ACTIVITIES:							
Public transit	178,039,266	55,900,274	1,081,337	25,376,346	-	(95,681,309)	(95,681,309)
TOTAL BUSINESS-TYPE ACTIVITIES	178,039,266	55,900,274	1,081,337	25,376,346	-	(95,681,309)	(95,681,309)
Total	\$ 347,675,061	\$ 56,227,963	\$ 4,410,614	\$ 25,376,346	(165,978,829)	(95,681,309)	(261,660,138)
General Revenues:							
Fuel taxes					74,954,816	-	74,954,816
Sales and use tax					43,130,784	129,392,352	172,523,136
Development tax					5,000,000	-	5,000,000
Interest income					14,302,529	10,037,471	24,340,000
Other					5,793,672	-	5,793,672
Transfers					8,800,000	(8,800,000)	-
Total general revenues and transfers					151,981,801	130,629,823	282,611,624
Change in net assets					(13,997,028)	34,948,514	20,951,486
Net assets - beginning as originally reported					(324,540,243)	349,492,366	24,952,123
Prior period adjustment					(806,227)	6,566,571	5,760,344
Net assets - beginning as restated					(325,346,470)	356,058,937	30,712,467
Net assets - ending					\$ (339,343,498)	\$ 391,007,451	\$ 51,663,953

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total Governmental Funds
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
ASSETS							
Cash and investments:							
In custody of the County Treasurer	\$ 3,699,393	\$ 577,129	\$ 27,297,964	\$ 10,434,676	\$ 90,350,909	\$ 64,726,309	\$ 197,086,380
In custody of other officials	500	-	-	-	-	-	500
With fiscal agent	-	-	-	41,753,364	-	-	41,753,364
Loaned securities	615,031	110,506	5,226,889	1,997,984	17,195,445	12,494,745	37,640,600
Accounts receivable	44,007	-	-	-	-	-	44,007
Interest receivable	30,688	5,508	260,139	99,438	855,811	621,858	1,873,442
Due from other funds	-	-	-	-	-	6,055,509	6,055,509
Due from other governmental units	1,797,261	7,208,939	-	-	11,502,725	770,166	21,279,091
TOTAL ASSETS	<u>\$ 6,186,880</u>	<u>\$ 7,902,082</u>	<u>\$ 32,784,992</u>	<u>\$ 54,285,462</u>	<u>\$ 119,904,890</u>	<u>\$ 84,668,587</u>	<u>\$ 305,732,893</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 2,307,474	\$ 1,706,915	\$ -	\$ -	\$ 5,260,413	\$ 12,386,595	\$ 21,661,397
Accrued expenses	556,453	-	-	-	-	-	556,453
Due to other funds	-	6,055,509	-	-	-	-	6,055,509
Loaned securities	618,273	111,089	5,254,444	2,008,517	17,286,095	12,560,614	37,839,032
Deferred revenues	728,690	-	-	-	-	-	728,690
Total liabilities	<u>4,210,890</u>	<u>7,873,513</u>	<u>5,254,444</u>	<u>2,008,517</u>	<u>22,546,508</u>	<u>24,947,209</u>	<u>66,841,081</u>
FUND BALANCES:							
Reserved for:							
Encumbrances	-	-	-	-	95,171,413	59,721,378	154,892,791
Reserved for direct distributions	-	-	-	-	2,186,969	-	2,186,969
Debt service	-	-	27,530,548	52,276,945	-	-	79,807,493
Unreserved:							
Undesignated	1,975,990	28,569	-	-	-	-	2,004,559
Total fund balances	<u>1,975,990</u>	<u>28,569</u>	<u>27,530,548</u>	<u>52,276,945</u>	<u>97,358,382</u>	<u>59,721,378</u>	<u>238,891,812</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,186,880</u>	<u>\$ 7,902,082</u>	<u>\$ 32,784,992</u>	<u>\$ 54,285,462</u>	<u>\$ 119,904,890</u>	<u>\$ 84,668,587</u>	<u>\$ 305,732,893</u>

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds \$ 238,891,812

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.

Governmental capital assets	21,514,821	
Less: accumulated depreciation	<u>(4,696,533)</u>	16,818,288

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 728,690

Long-term liabilities, including bonds and loans payable, are not due and payable in the current period, and therefore, are not reported in the funds:

Bond payable	(574,190,000)	
Plus: issuance premium (to be amortized as interest expense)	(11,838,359)	
Less: deferred charge for issuance costs (to be amortized over life of debt)	3,223,237	
Accrued interest payable	(11,274,041)	
Compensated absences	(1,388,523)	
Other post employment benefits	<u>(314,602)</u>	(595,782,288)

Total net assets - governmental activities \$ (339,343,498)

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General Fund	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total Governmental Funds
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
REVENUES							
Intergovernmental revenue	\$ 3,284,589	\$ 43,130,784	\$ -	\$ -	\$ 75,250,327	\$ 4,749,177	\$ 126,414,877
Charges for services	-	-	-	-	139,039	-	139,039
Interest	251,089	548,340	1,260,287	3,010,139	5,628,121	3,604,554	14,302,530
Other	1,162,623	-	-	-	4,076,300	478,479	5,717,402
Total revenues	<u>4,698,301</u>	<u>43,679,124</u>	<u>1,260,287</u>	<u>3,010,139</u>	<u>85,093,787</u>	<u>8,832,210</u>	<u>146,573,848</u>
EXPENDITURES							
Current:							
Salaries and wages	9,788,031	-	-	-	-	-	9,788,031
Employee benefits	3,086,315	-	-	-	-	-	3,086,315
Services and supplies	14,265,389	7,036,609	186,991	200,884	1,641,729	6,268,476	29,600,078
Debt Service:							
Principal	-	-	15,870,000	-	-	-	15,870,000
Interest	-	-	16,858,829	-	142,399	127,637	17,128,865
Bond issuance costs	-	-	-	-	99,574	-	99,574
Capital Outlay	644,272	-	-	-	49,933,475	52,632,047	103,209,794
Total expenditures	<u>27,784,007</u>	<u>7,036,609</u>	<u>32,915,820</u>	<u>200,884</u>	<u>51,817,177</u>	<u>59,028,160</u>	<u>178,782,657</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,085,706)</u>	<u>36,642,515</u>	<u>(31,655,533)</u>	<u>2,809,255</u>	<u>33,276,610</u>	<u>(50,195,950)</u>	<u>(32,208,809)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	24,343,181	-	38,479,128	-	-	38,605,294	101,427,603
Transfers out	-	(42,948,475)	-	-	(44,025,525)	(5,653,603)	(92,627,603)
Repayment of excess escrow deposit	-	-	-	-	264,980	-	264,980
Commercial paper issued	-	-	-	-	50,000,000	50,000,000	100,000,000
Total other financing sources and uses	<u>24,343,181</u>	<u>(42,948,475)</u>	<u>38,479,128</u>	<u>-</u>	<u>6,239,455</u>	<u>82,951,691</u>	<u>109,064,980</u>
NET CHANGE IN FUND BALANCES	<u>1,257,475</u>	<u>(6,305,960)</u>	<u>6,823,595</u>	<u>2,809,255</u>	<u>39,516,065</u>	<u>32,755,741</u>	<u>76,856,171</u>
Fund balances - beginning as originally reported	718,515	6,334,529	20,706,953	49,467,690	58,648,544	26,965,637	162,841,868
PRIOR PERIOD ADJUSTMENT	-	-	-	-	(806,227)	-	(806,227)
Fund balances - beginning as restated	<u>718,515</u>	<u>6,334,529</u>	<u>20,706,953</u>	<u>49,467,690</u>	<u>57,842,317</u>	<u>26,965,637</u>	<u>162,035,641</u>
Fund balances - ending	<u>\$ 1,975,990</u>	<u>\$ 28,569</u>	<u>\$ 27,530,548</u>	<u>\$ 52,276,945</u>	<u>\$ 97,358,382</u>	<u>\$ 59,721,378</u>	<u>\$ 238,891,812</u>

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds: \$ 76,856,171

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. The Regional Transportation Commission utilizes capital projects funds to construct infrastructure, most of which is dedicated to other entities.

Capital outlay recorded in governmental funds	103,209,794	
Less amounts dedicated to other entities	(102,565,522)	
	644,272	
Capitalized expenditures	644,272	
Less current year depreciation	(1,457,933)	(813,661)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (354,730)

The issuance of long-term debt (e.g. bonds and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the related debt in the statement of activities.

Commercial paper issued	(100,000,000)	
Principal payments	15,870,000	
Issuance costs	99,574	(84,030,426)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest	(5,870,574)	
Amortization of issuance costs	(187,961)	
Amortization of bond premiums	737,919	
Change in long-term compensated absences	(19,164)	
Change in other post employment benefits	(314,602)	(5,654,382)

Change in net assets of governmental activities \$ (13,997,028)

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	Public Transit
ASSETS	
Current assets:	
Cash and cash equivalents	
In custody of the County Treasurer	\$ 84,315,113
In custody of other officials	60,000
Loaned securities	16,240,870
Accounts receivable, net	1,388,726
Interest receivable	808,303
Receivables from other governments	25,653,631
Total current assets	128,466,643
Non-current assets:	
Capital Assets:	
Land and construction in progress	149,391,029
Buildings	66,407,664
Equipment and furniture	219,068,877
Less: accumulated depreciation	(110,738,224)
Total non-current assets	324,129,346
Total assets	452,595,989
LIABILITIES	
Current Liabilities:	
Accounts payable	43,614,064
Accrued payroll	329,698
Loaned securities	16,326,488
Total current liabilities	60,270,250
Non-current liabilities:	
Compensated absences	947,594
Other post employment benefits	370,694
Total non-current liabilities	1,318,288
Total liabilities	61,588,538
NET ASSETS	
Invested in capital assets, net of related debt	324,129,346
Unrestricted	66,878,105
Total net assets	\$ 391,007,451

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	Public Transit
OPERATING REVENUES	
Charges for services:	
Transit fees	\$ 53,303,049
Other operating revenues	2,597,225
Total operating revenues	55,900,274
OPERATING EXPENSES	
Salaries and wages	6,789,247
Employee benefits	2,579,163
Services and supplies	146,946,248
Depreciation	20,673,323
Total operating expenses	176,987,981
Operating (loss)	(121,087,707)
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental revenue:	
Sales and use tax	129,392,352
Federal and state grants	26,457,683
Interest income	10,037,471
Interest expense	(493,304)
(Loss) on sale of capital assets	(557,981)
Total non-operating revenue (expenses)	164,836,221
Income before contributions and transfers	43,748,514
Transfers out	(8,800,000)
Total transfers out	(8,800,000)
CHANGE IN NET ASSETS	34,948,514
Total net assets - beginning as originally reported	349,492,366
PRIOR PERIOD ADJUSTMENT	6,566,571
Total net assets - beginning as restated	356,058,937
Total net assets - ending	\$ 391,007,451

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	Public Transit
<i>Cash flows from operating activities:</i>	
Cash received from customers	\$ 50,289,574
Cash paid for employees and for benefits	(8,843,405)
Cash paid for services and supplies	(108,167,863)
Other operating receipts	2,597,225
Net cash used by operating activities	(64,124,469)
<i>Cash flows from non-capital financing activities:</i>	
Cash provided by sales and use tax	129,392,352
Transfers to other funds	(8,800,000)
Net cash provided by non-capital financing activities	120,592,352
<i>Cash flows from capital and related financing activities:</i>	
Federal and state grants	33,024,254
Acquisition, construction, or improvement of capital assets	(149,504,791)
Repayment of loans payable	(30,000,000)
Interest paid on capital debt	(493,304)
Net cash used by capital and related financing activities	(146,973,841)
<i>Cash flows from investing activities:</i>	
Interest income	11,004,610
Net change in cash and cash equivalents	(79,501,348)
Cash and cash equivalents - beginning of year	163,876,461
Cash and cash equivalents - end of year	\$ 84,375,113
<i>Reconciliation of operating loss to net cash flows from operating activities:</i>	
Operating loss	\$ (121,087,707)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	20,673,323
Increase in accounts receivable	(11,098,073)
Decrease in due from other funds	8,084,598
Increase in accounts payable	38,778,385
Increase in accrued payroll	63,373
Increase in compensated absences	90,938
Increase in other post employment benefits	370,694
Net cash used by operating activities	\$ (64,124,469)

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

In accordance with Nevada Revised Statutes (NRS) 378, an ordinance was adopted by the Clark County Board of County Commissioners (the "Board") on June 7, 1965, creating the Regional Streets and Highway Commission. On December 4, 1979, its name was changed to the Regional Transportation Commission. On September 21, 2000, the name was changed to the Regional Transportation Commission of Southern Nevada (the "RTC").

When initially adopted, the creating ordinance provided for a one cent per gallon tax on all motor vehicle fuel sold in Clark County (the "County"). On September 1, 1969, the tax was increased to two cents per gallon and remained in effect until April 1, 1983, at which time the tax was increased to four cents per gallon and remained at this rate until January 1, 1992. On November 6, 1990, Clark County voters approved an advisory ballot question increasing the motor vehicle fuel tax levy along with five other taxes. In 1991, the Nevada Legislature responded to this voter mandate and passed Senate Bill 112 in March 1991. On April 16, 1991, the County passed an ordinance increasing the tax on motor vehicle fuel. The effective dates for increases to this tax were: January 1, 1992, five cents; January 1, 1993, seven cents; January 1, 1994, eight cents, and January 1, 1995, nine cents. In November 2002, Clark County voters approved an advisory ballot question providing for a variety of new taxes to fund transit infrastructure. The 2003 Nevada legislature passed enabling legislation allowing the County to increase aviation fuel tax, sales tax, and residential development tax for this purpose. These increases were enacted by the Board of County Commissioners on July 1, 2003, with the increases taking effect on October 1, 2003.

In accordance with NRS 377A, an ordinance was also adopted by the Board on April 16, 1991, levying a one quarter of one percent sales tax for public mass transportation.

The members of the RTC are selected as follows:

1. Two representatives from the Clark County Board of Commissioners
2. Two representatives from the governing board of the City of Las Vegas
3. One representative from each of the governing boards of Boulder City, Henderson, North Las Vegas and Mesquite.

The RTC is an integral part of the Clark County, Nevada financial reporting entity. Under the provisions of Governmental Accounting Standards Board (GASB) Statement Number 14, the RTC is a component unit of the County. The accounting policies of the RTC conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant accounting policies.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the RTC. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental activities, are reported separately from business-type activities that rely to a significant extent on fees and charges for support.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. All governmental funds are considered to be major funds and they are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the RTC considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Fuel taxes, sales and use taxes, interest revenue, and charges for services associated with the current fiscal year are considered to be susceptible to accrual and have been recognized as revenues in the current year.

The RTC reports the following major governmental funds:

Regional Transportation Commission Fund (2090) – this is the general operating fund of the RTC. It is used to account for all resources and cost of operations traditionally associated with governments, which are not required to be accounted for in other funds.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements (continued)

Regional Transportation Fund (2170) – this fund serves as a pass-through account for revenues received from the November 2002 second voter-approved Question 10 tax. Revenues will pay for transportation enhancements and infrastructure.

RTC Bonds Fund (3180) – this fund is used to account for the payment of principal and interest, and the cost of operations associated with the debt service for the RTC's general obligation debt.

RTC Reserve Fund (3190) – this fund is used to accumulate the required reserves for the payment of principal and interest, and the cost of operations associated with the debt service for the RTC's general obligation debt.

Highway Improvement Acquisition Fund (4100) – this fund is used to account for the construction of roads and streets paid for from both motor vehicle fuel taxes and proceeds of revenue bonds.

RTC Highway Improvement Fund (4130) – this fund is used to account for the construction of roads and streets paid for from Question 10 voters approved Jet-Aviation fuel tax and sales tax increase in 2003.

Additionally, the RTC reports the following major proprietary funds:

Public Transit (5090) – this fund is used to account for the operations of the regional Citizens' Area Transit system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The RTC has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the RTC's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the RTC's policy to use restricted resources first, then to use unrestricted resources as they are needed.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities, and Net Assets or Equity

Cash and Investments

The majority of all cash and investment transactions of the RTC are handled by the Clark County Treasurer's office. Cash balances are combined and invested as permitted by law in combination with Clark County funds. Investments are reported at fair value on the balance sheet and statement of net assets. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of RTC investments are part of interest earnings of the individual funds.

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

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts receivable are deemed to be collectable.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Significant projects in process are depreciated once the projects are placed in service. Prior to that time, they are reported as construction in progress.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	7 - 50
Equipment	5 - 12

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities, and Net Assets or Equity (continued)

Compensated Absences

It is the RTC's policy to permit employees to accumulate earned, but unused vacation and sick leave benefits. Such benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements within sixty days after year-end.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources whereas discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reclassifications

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform with the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – Stewardship, Compliance and Accountability

Compliance with Nevada Revised Statutes

Per NRS 354.626, the RTC is required to report and explain expenditures that exceeded budgeted appropriations at the legal level for each of its funds. As of June 30, 2008, the RTC had no funds with expenditures in excess of appropriations.

NOTE 3 – Cash and Investments

The majority of all cash and investments of RTC are included in the investment pool of the Clark County Treasurer (the Treasurer). Other cash and investments held by RTC are invested in money market mutual funds and U.S. agency obligations. As of June 30, 2008, these amounts are broken down as follows:

Clark County Investment Pool	\$ 281,401,493
Money Market Mutual Funds	20,904,843
U.S. agency obligations – Federal National Mortgage Association	20,848,521
Cash on Hand	<u>60,500</u>
Total Cash and Investments	<u>\$ 323,215,357</u>

The Treasurer invests monies held both by individual funds and through a pooling of monies. The pooled monies, referred to as the investment pool, are invested as a whole and not as a combination of monies from each fund belonging to the pool. In this manner, the Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest is apportioned monthly to each fund in the pool based on the average daily cash balance of the fund for the month in which the investments mature.

According to state statutes, County monies must be deposited with federally insured banks and savings and loan associations within the County. The Treasurer is authorized to use demand accounts, time accounts, and certificates of deposit.

State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible state investments. Permissible state investments are similar to allowable County investments described below except that some state investments are longer term and include securities issued by municipalities outside the state of Nevada.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – Cash and Investments (continued)

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of RTC. Instead, RTC owns a proportionate share of each investment, based on RTC's participation percentage in the investment pool. As of June 30, 2008, the \$281,401,493 of RTC investments held in the investment pool are categorized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 to 3</u>	<u>3 to 5</u>	<u>5 to 10</u>
Debt Securities:					
U.S. Treasury Obligations	9.2%	15.9%	74.6%	0.2%	9.3%
U.S. Agency Obligations	50.5	28.0	56.2	15.2	0.6
Corporate Notes	8.6	46.7	42.4	10.9	-
Money Market Mutual Funds	14.4	100.0	-	-	-
Commercial Paper	3.0	100.0	-	-	-
Negotiable CDs	0.9	100.0	-	-	-
State Investment Pool	1.5	100.0	-	-	-
Collateralized Investment Agreements *	6.5	100.0	-	-	-
Repurchase Agreements	4.7	100.0	-	-	-
Asset Backed Securities	<u>0.7</u>	60.2	39.8	-	-
	<u>100.0%</u>				

* These are fully collateralized guaranteed investment contracts and forward delivery agreements related to bond proceeds.

Interest Rate Risk

Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the duration of its investment portfolio to less than 2.5 years. The County's investment policy limits investment portfolio maturities for certain investment instruments as follows: U.S. Treasury and U.S. agencies to less than ten years; bankers' acceptances to 180 days maturity; commercial paper to 270 days maturity; certificates of deposit to 1 year maturity; corporate notes and bonds to 5 years maturity; and repurchase agreements to 90 days maturity.

Credit Risk

The County's investment policy applies the prudent-person rule: "In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – Cash and Investments (continued)

<u>Investment Type</u>	<u>Quality Ratings by Moody's</u>				
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A-1</u>	<u>Unrated</u>
<u>Debt Securities:</u>					
U.S. Treasury Obligations	100.0%	-	-	-	-
U.S. Agency Obligations	100.0%	-	-	-	-
Corporate Obligations	3.7%	38.7%	10.9%	46.7%	-
Money Market Mutual Funds	100.0%	-	-	-	-
Commercial Paper	-	-	-	100.0%	-
Negotiable CDs	-	-	-	100.0%	-
State Investment Pool	-	-	-	-	100.0%
Collateralized Investment Agreements*	26.4%	73.6%	-	-	-
Repurchase Agreements	-	-	-	-	100.0%
Asset Backed Securities	100.0%	-	-	-	-

Concentrations of Credit Risk

To limit exposure to concentrations of credit risk, the County's investment policy limits investment in bankers' acceptance notes, commercial paper, corporate notes and bonds, collateralized mortgage obligations and asset-backed securities to 20% of the entire portfolio on the day of purchase.

Governmental Accounting Standards Board Statement 40 requires disclosure of all investments in any one issuer that represent 5% or more of total investments. At June 30, 2008, the following investments exceeded 5% of the Clark County Investment Pool:

Federal Farm Credit Banks (FFCB)	8.53%
Federal Home Loan Banks (FHLB)	22.91%
Federal Home Loan Mortgage Corporation (FHLMC)	11.07%
Federal National Mortgage Association (FNMA)	14.63%
Federated Money Market Funds	5.67%
Morgan Stanley Money Market Funds	10.09%

Interest Rate Sensitivity

At June 30, 2008, the County invested in the following types of securities that have a higher sensitivity to interest rates:

Callable Securities are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem or call a security before maturity, one time or generally on coupon dates.

Step-Up/Step-Down Securities have fixed rate coupons for a specific time interval that will step-up or step-down a predetermined number of basis points at scheduled coupon or other reset dates. These securities are callable one time or on their coupon dates.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – Cash and Investments (continued)

At June 30, 2008, the following investment types were held in interest rate sensitive securities:

<u>Investment Type</u>	<u>Percentage of Total Held in Interest Rate Sensitive Securities</u>
U.S. Agency Obligations	15.1%

Securities Lending Transactions

Nevada Revised Statutes (NRS 355.178) and the County's investment policy permit the Treasurer to participate in securities lending transactions, where the County's U.S. Government 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% 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%, and the value of the securities borrowed must be determined on a daily basis.

At June 30, 2008, the County had no credit risk exposure to borrowers because the amount the County owed to borrowers 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. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

There are 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 maturities of the investments made with cash collateral match the maturities of the securities loans.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, 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, \$53,881,470 of District investments were held by the counterparty that was acting as the County's agent in securities lending transactions.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 235,718	\$ -	\$ 235,718
Total capital assets not being depreciated	<u>-</u>	<u>235,718</u>	<u>-</u>	<u>235,718</u>
Capital assets being depreciated:				
Buildings	18,522,095	-	-	18,522,095
Equipment	<u>3,437,103</u>	<u>408,554</u>	<u>1,088,649</u>	<u>2,757,008</u>
Total capital assets being depreciated	<u>21,959,198</u>	<u>408,554</u>	<u>1,088,649</u>	<u>21,279,103</u>
Less: accumulated depreciation for:				
Buildings	2,855,414	417,108	-	3,272,522
Equipment	<u>1,471,835</u>	<u>1,040,825</u>	<u>1,088,649</u>	<u>1,424,011</u>
Total accumulated depreciation	<u>4,327,249</u>	<u>1,457,933</u>	<u>1,088,649</u>	<u>4,696,533</u>
Total capital assets being depreciated, net	<u>17,631,949</u>	<u>(1,049,379)</u>	<u>-</u>	<u>16,582,570</u>
Governmental activities capital assets, net	<u>\$ 17,631,949</u>	<u>\$ (813,661)</u>	<u>\$ -</u>	<u>\$ 16,818,288</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 33,650,793	\$ -	\$ -	\$ 33,650,793
Construction in progress	<u>32,809,818</u>	<u>138,731,896</u>	<u>55,801,478</u>	<u>115,740,236</u>
Total capital assets not being depreciated	<u>66,460,611</u>	<u>138,731,896</u>	<u>55,801,478</u>	<u>149,391,029</u>
Capital assets being depreciated:				
Buildings and improvements	65,909,186	498,478	-	66,407,664
Equipment	<u>189,573,859</u>	<u>56,098,473</u>	<u>26,603,455</u>	<u>219,068,877</u>
Total capital assets being depreciated	<u>255,483,045</u>	<u>56,596,951</u>	<u>26,603,455</u>	<u>285,476,541</u>
Less: accumulated depreciation for:				
Buildings and improvements	19,345,290	2,600,381	-	21,945,671
Equipment	<u>96,934,793</u>	<u>18,072,941</u>	<u>26,215,181</u>	<u>88,792,553</u>
Total accumulated depreciation	<u>116,280,083</u>	<u>20,673,322</u>	<u>26,215,181</u>	<u>110,738,224</u>
Total capital assets being depreciated, net	<u>139,202,962</u>	<u>35,923,629</u>	<u>388,274</u>	<u>174,738,317</u>
Business-type activities capital assets, net	<u>\$ 205,663,573</u>	<u>\$ 174,655,525</u>	<u>\$ 56,189,752</u>	<u>\$ 324,129,346</u>

Depreciation expense was charged to the following functions or programs:

Governmental activities:	
Public works	<u>\$ 1,457,933</u>
Business-type activities:	
Public transit	<u>\$ 20,673,322</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – Interfund Balances and Transfers

The composition of interfund balances at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
RTC Highway Improvement (4130)	Regional Transportation (2170)	<u>\$ 6,055,509</u>

These balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2008 consisted of the following:

	Transfers In:			Totals
	RTC (2090)	RTC Bonds (3180)	RTC Highway Improvement (4130)	
<u>Transfers Out:</u>				
Regional Transportation (2170)	\$ 4,343,181	\$ -	\$ 38,605,294	\$ 42,948,475
Highway Improvement Acquisition (4100)	5,546,397	38,479,128	-	44,025,525
RTC Highway Improvement (4130)	5,653,603	-	-	5,653,603
Public Transit (5090)	8,800,000	-	-	8,800,000
Total Transfers In and Out	<u>\$ 24,343,181</u>	<u>\$ 38,479,128</u>	<u>\$ 38,605,294</u>	<u>\$ 101,427,603</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

NOTE 6 – Long-Term Debt

Revenue Bonds

The RTC issues revenue bonds where the RTC pledges income derived from Motor Vehicle Fuel Tax to pay debt service. The original amount of outstanding revenue bonds issued in prior years was \$500,000,000. Revenue bonds outstanding at June 30, 2008 are as follows:

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – Long-Term Debt (continued)

<u>Revenue Bonds:</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2008</u>
Highway improvement motor vehicle fuel tax revenue bonds:			
Series 2003	200,000,000	4.50-6.00%	\$ 174,190,000
Series 2007	300,000,000	3.00-5.00%	<u>300,000,000</u>
 Total revenue bonds			 <u>\$ 474,190,000</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2009	\$ 15,875,000	\$ 22,151,206	\$ 38,026,206
2010	\$ 17,355,000	\$ 21,320,456	\$ 38,675,456
2011	\$ 18,185,000	\$ 20,431,956	\$ 38,616,956
2012	\$ 19,090,000	\$ 19,500,081	\$ 38,590,081
2013	\$ 20,045,000	\$ 18,521,706	\$ 38,566,706
2014-2018	\$ 116,300,000	\$ 75,848,509	\$ 192,148,509
2019-2023	\$ 148,425,000	\$ 42,566,463	\$ 190,991,463
2024-2028	<u>\$ 118,915,000</u>	<u>\$ 9,183,725</u>	<u>\$ 128,098,725</u>
	 <u>\$ 474,190,000</u>	 <u>\$ 229,524,102</u>	 <u>\$ 703,714,102</u>

Loans Payable

In December 2004, the RTC established a commercial paper program allowing for the issuance of \$200 million in tax-exempt commercial paper notes (Series 2004A and Series 2004B) for transit projects. This commercial paper is being issued as needed, and as of June 30, 2008, the entire \$200 million has been issued. The loan was fully repaid during the year along with accrued interest by the Public Transit fund.

In January 2008, the RTC established a commercial paper program allowing for the issuance of \$200 million in tax-exempt commercial paper notes to be paid with sales and excise tax revenue (Series 2008A and Series 2008B) for the streets and highways improvements projects incorporated in Clark County's Master Transportation Plan. As of June 30, 2008, \$50 million has been issued. The loan is being serviced, interest only in the current year, through budgeted transfers from the Highway Improvement Acquisition fund (4100) and the Highway Improvement Fund (4130). The commercial paper notes may have a maturity date from 1 to 270 days after their issuance, provided, however, that no note may mature after the earlier of January 1, 2018, or five days prior to the line of credit expiration date. The line of credit expiration date is January 23, 2015; however, the line of credit may be extended from time to time. Interest rates are variable and averaged 1.9 percent at June 30, 2008.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – Long-Term Debt (continued)

Additionally, in February 2008, the RTC established a commercial paper program allowing for the issuance of \$200 million in tax-exempt commercial paper notes to be paid with motor vehicle fuel tax (Series 2008A and Series 2008B) for the streets and highways improvements projects incorporated in Clark County's Master Transportation Plan. As of June 30, 2008, \$50 million has been issued. The loan is being serviced, interest only in the current year, through budgeted transfers from the Highway Improvement Acquisition fund (4100) and the Highway Improvement Fund (4130). The commercial paper notes may have a maturity date from 1 to 270 days after their issuance, provided, however, that no note may mature after the earlier of March 4, 2018, or five days prior to the line of credit expiration date. The line of credit expiration date is March 4, 2013; however, the line of credit may be extended from time to time. Interest rates are variable and averaged 2.0 percent at June 30, 2008. The debt service requirements for the commercial paper are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
Governmental activities:			
2009	\$ -	\$ 1,950,000	\$ 1,950,000
2010	-	\$ 1,950,000	\$ 1,950,000
2011	-	\$ 1,950,000	\$ 1,950,000
2012	-	\$ 1,950,000	\$ 1,950,000
2013	-	\$ 1,950,000	\$ 1,950,000
2014-2015	<u>\$ 100,000,000</u>	<u>\$ 2,925,000</u>	<u>\$ 102,925,000</u>
	<u>\$ 100,000,000</u>	<u>\$ 12,675,000</u>	<u>\$ 112,675,000</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 490,060,000	\$ -	\$ 15,870,000	\$ 474,190,000	\$ 15,875,000
Plus issuance premium	<u>12,576,277</u>	<u>-</u>	<u>737,919</u>	<u>11,838,358</u>	<u>-</u>
Total bonds payable	<u>502,636,277</u>	<u>-</u>	<u>16,607,919</u>	<u>486,028,358</u>	<u>15,875,000</u>
Loans payable	-	100,000,000	-	100,000,000	-
Compensated absences	1,369,359	19,164	-	1,388,523	-
Other post employment benefits	<u>-</u>	<u>314,602</u>	<u>-</u>	<u>314,602</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 504,005,637</u>	<u>\$ 100,333,766</u>	<u>\$ 16,607,919</u>	<u>\$ 587,731,483</u>	<u>\$ 15,875,000</u>
Business-type activities:					
Loans payable	\$ 30,000,000	\$ -	\$ 30,000,000	\$ -	\$ -
Compensated absences	856,656	90,938	-	947,594	-
Other post employment benefits	<u>-</u>	<u>370,694</u>	<u>-</u>	<u>370,694</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 30,856,656</u>	<u>\$ 461,632</u>	<u>\$ 30,000,000</u>	<u>\$ 1,318,288</u>	<u>\$ -</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – Long-Term Debt (continued)

The employees of the RTC have historically earned more vacation benefits each year than they have used. Since the compensated absences liability has consistently increased each year over the prior year, none of the above amount is considered to be current and due within the next year. The RTC recognizes the amounts utilized on the last-earned-first-taken basis and the amount taken will not exceed the amount earned during the coming year.

Pledged Revenues

All bonds issued for RTC purposes are collateralized by a maximum of nine cents per gallon motor vehicle fuel tax levied by the County, except that portion required to be allocated as direct distribution for those political subdivisions not included in the “Las Vegas Valley Area Major Street and Highway Plan.”

The bonds are additionally collateralized by the County's share of the three cents (\$0.0125 & \$0.0175) per gallon tax levied by the State of Nevada pursuant to NRS 365.180 and 365.190 and accounted for in other County funds.

The net pledged revenues for the year ended June 30, 2008 are:

Pledged revenues (net of administrative expenditures):			
State motor vehicle fuel tax		\$	13,641,159
County motor vehicle fuel tax			<u>70,286,314</u>
Total			83,927,473
Deduct direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan			<u>(2,186,969)</u>
Net pledged revenues		\$	<u>81,740,504</u>

NOTE 7 – Operating Lease Commitments

The RTC is a party to two operating leases as of June 30, 2008, as follows:

<u>Lessor</u>	<u>Monthly Rental</u>	<u>Date Lease Commenced</u>	<u>Date Lease Terminates</u>
Ferguson Family Trust	\$ <u>35,229</u>	10/01/02	09/30/09

The total rent expense for fiscal year 2008 was \$432,258.

The following is a schedule of future minimum lease payments for operating leases (with initial or remaining terms in excess of one year) as of June 30, 2008:

Year ending June 30:			
2009		\$	445,226
2010			<u>112,123</u>
Total minimum lease payments		\$	<u>557,349</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7 – Operating Lease Commitments (continued)

Additionally, the RTC entered into a 40-year land lease with LiveWork, LLC on April 2, 2007. The base rent is \$1,250,000 per annum with a 3 percent escalation in the 5th, 10th, 15th, 20th, 25th, 30th, and 35th years as well as annual CPI increases. This operating lease is cancelable if funds become unavailable. As a condition of the lease agreement, the RTC provided the lessor with a \$5,000,000 letter of credit as a security deposit. The entire \$5,000,000 is unused as of June 30, 2008.

NOTE 8 – Net Assets and Fund Balances

Net Assets

At June 30, 2008, net assets restricted for capital projects on the government-wide statement of net assets totaled \$158,817,095, or the total fund balances of the RTC's capital projects funds. Net assets restricted for debt service totaled \$68,533,453. This amount equals the fund balance of the debt service funds of \$79,807,494 less accrued interest payable of \$11,274,041. Net assets restricted for other purposes totaled \$2,516,023.

Fund Balances

Reserved for Direct Distribution:

The reserve for direct distributions represents that portion of the special County motor vehicle fuel tax required to be allocated for use by those political subdivisions not included wholly or in part in the "Las Vegas Valley Area Major Street and Highway Plan." The allocation to these subdivisions is made based on the ratio of their assessed valuation to the total County assessed valuation.

The following is a schedule of changes in the reserve for direct distributions for the year ended June 30, 2008:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Current Year</u> <u>Increases</u>	<u>Current Year</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Boulder City	\$ (145,786)	\$ 496,849	\$ -	\$ 351,063
Bunkerville	493,346	39,300	-	532,646
Indian Springs	41,114	13,675	-	54,789
Laughlin	(930,114)	456,737	-	(473,377)
Mesquite City	767,670	541,751	(661,000)	648,421
Moapa	368,884	68,795	-	437,679
Moapa Valley	442,879	204,817	(414,000)	233,696
Mt. Charleston	205,870	61,555	-	267,425
Searchlight	111,133	23,494	-	134,627
	<u>\$ 1,354,996</u>	<u>\$ 1,906,973</u>	<u>\$(1,075,000)</u>	<u>\$ 2,186,969</u>
Total				

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 9 – Defined Benefit Pension Plan

RTC employees are covered by the State of Nevada Public Employees' Retirement System (the "System"). The System was established on July 1, 1948, by the 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 plan.

The RTC does not exercise any control over the System. Nevada Revised Statute 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 member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the System include pension benefits, disability benefits, and death benefits. Benefits may only be amended through legislation.

Monthly benefit allowances for regular members are computed at 2.5 percent for service credits earned prior to July 1, 2001, and 2.67 percent for service credit earned July 1, 2001, and thereafter of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement up to a maximum of 90 percent of the average compensation for employees who entered the system prior to July 1, 1985, and 75 percent for those entering after that date. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during the employee's life and various optional monthly payments to a named beneficiary after the employee's death. Regular members are eligible for retirement benefits at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service.

Contribution rates are established by NRS 286.410. The statute provides for yearly increases of up to one percent until such time as the actuarially determined unfunded liability of the System is reduced to zero. The RTC is obligated to contribute all amounts due under the System. The contribution rate for regular members, based on covered payroll, for the year ended June 30, 2008 was 20.50% and for June 30, 2007 and 2006 was 19.75%.

The RTC's contributions to the plan for the years ended June 30, 2008, 2007 and 2006 were \$3,298,490, \$2,678,999, and \$2,433,918 respectively, equal to the required contributions for each year.

An annual report containing financial statements and required information for the System may be obtained by writing to PERS, 693 W. Nye Lane, Carson City, Nevada 89703-1599, or by calling (775) 687-4200.

NOTE 10 – Other Post-Employment Benefits (OPEB)

RTC participates in Clark County's other postemployment benefits (OPEB) plan, a cost-sharing, multiple employer plan, as well as the State of Nevada's Public Employee Benefit Plan (PEBP), a cost-sharing multiple employer defined benefit OPEB plan.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 10 – Other Post-Employment Benefits (OPEB) (continued)

Plan Descriptions

In accordance with Nevada Revised Statutes, retirees of RTC may continue insurance through existing plans of insurance, if enrolled as an active employee at the time of retirement. Retirees are offered medical, dental, prescription drugs, and life insurance benefits for themselves and their dependents. Retirees may choose between the Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan) and an HMO Plan.

Employees may also choose to enroll in the PEBP, which provides benefits similar to the Self-Funded Plan. Changes in state law have significantly impacted future participation in the PEBP. As of September 1, 2008, the plan will no longer be available to those individuals actively employed past this date. This significantly reduces the present value of benefits and thus the actuarial liability.

Self-Funded Plan benefit provisions are established and amended through negotiations between RTC and the SEIU employee union. PEBP benefit provisions are established and amended by the Nevada State Legislature.

The Self-Funded Plan is included in the financial statements of Clark County. The Self-Funded Plan is not administered as a qualifying trust or equivalent arrangement. The Self-Funded Plan is included in the Clark County CAFR as an internal service fund (the Self-Funded Group Insurance fund), as required by Nevada Revised Statutes.

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) 455-3895

Public Employee Benefit Plan
901 South Stewart Street, Suite 1001
Carson City, Nevada 89701
(800) 326-5496

Funding Policy and Annual OPEB Cost

The Self-Funded Plan contribution requirements of plan members and RTC are established and may be amended through negotiations between RTC and the SEIU employee union.

RTC pays approximately 90% percent of premiums for active employee coverage, an average of \$608 per active employee for the year ended June 30, 2008. Retirees in the Self-Funded Plan receive no direct subsidy from RTC. 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 RTC.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 10 – Other Post-Employment Benefits (OPEB) (continued)

RTC is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who enroll in this plan. In 2008, retirees were eligible for a \$91 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$502 is earned after 20 years of combined service with any eligible entity. The subsidy is set by the State Legislature.

The annual other postemployment benefit (OPEB) cost for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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. RTC's annual OPEB cost for the current year and the related information for each plan are as follows:

	<u>Self Funded Plan</u>	<u>PEBP</u>
Contribution rates	Actuarially determined, premium sharing determined by union contracts	Set by State Legislature
RTC	Implicit subsidy through blending of active and retiree loss experience	\$91 per month after 5 years of service up to \$502 per month after 20 years
Plan members	From \$382 per month for single coverage to \$1,041 per month for family coverage, depending on plan	From \$0 to \$1,914.75, depending on level of coverage and subsidy earned
Annual required contribution (ARC)	\$ 688,016	\$ 62,950
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	688,016	62,950
Employer contributions made	<u>(39,041)</u>	<u>(26,629)</u>
Increase in net OPEB obligation	648,975	36,321
Net OPEB obligation, beginning of year	-	-
Net OPEB obligation, end of year	<u>\$ 648,975</u>	<u>\$ 36,321</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 10 – Other Post-Employment Benefits (OPEB) (continued)

RTC's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

<u>Plan</u>	<u>Year ended</u>	<u>Annual OPEB cost</u>	<u>% of OPEB cost contributed</u>	<u>Net OPEB cost</u>
Self-funded / HPN	June 30, 2008	\$ 688,016	5.67%	\$ 648,975
PEBP plan	June 30, 2008	62,950	42.30%	36,321

Funded status and funding progress

The funded status of the plans as of June 30, 2008, was as follows:

	<u>Self-funded/HPN</u>	<u>PEBP</u>
Actuarial accrued liability (a)	\$ 5,007,082	\$ 1,046,677
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	\$ 5,007,082	\$ 1,046,677
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	\$ 16,577,905	\$ 16,577,905
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) – (b)] / (c)	30.2%	6.3%

This is RTC's first year implementing GASB 45 requiring the above mentioned information. This standard has been implemented prospectively and as such, there is no comparative data for past years.

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 will provide multi-year trend information that will show, in future years, whether the actuarial value of plan assets is 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 RTC 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 are as follows:

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 10 – Other Post-Employment Benefits (OPEB) (continued)

	<u>Self-funded/HPN</u>	<u>PEBP</u>
Actuarial valuation date	6/30/06	6/30/06
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar amount	Level dollar amount
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

RTC assets in internal service fund

Clark County utilizes the Other Postemployment Benefit Reserve internal service fund to allocate OPEB costs to each fund, based on employee count. Each fund incurs a charge for service from the Other Postemployment Benefit Reserve fund for their portion of the annual OPEB cost. As of June 30, 2008, the Other Postemployment Benefit Reserve fund has \$202,337 in cash, investments, and interest receivable held on behalf of RTC. RTC intends to use these assets for future OPEB funding. These assets cannot be included in the plan assets considered in the OPEB funding schedules because they are not held in trust.

NOTE 11 – Risk Management

The RTC, through various interlocal agreements, uses Clark County for risk management administration.

The RTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains the following types of risk exposures, which also include the RTC's coverage. Over the past three years, settlements have not exceeded insurance coverage.

Self-Funded Group Insurance and Group Insurance Reserve

The County has established self-insurance funds for insuring medical benefits provided to participating employees and covered dependents. An independent claims administrator performs all claims handling procedures. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

Clark County Workers' Compensation

The County has established a fund for self insurance related to workers' compensation claims. Self-insurance is in effect up to an individual stop loss amount of \$1,000,000 per claim. Coverage from private insurers is maintained for losses in excess of the claim stop loss amount up to \$10,000,000. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11 – Risk Management (continued)

County Liability Insurance Pool

The County has established a general liability insurance pool for the benefit of County funds and other participating agencies including the RTC. The County's self-insurance is in effect for loss amounts over the \$25,000 retention up to \$2,000,000 per occurrence, accident, or loss. The RTC's self-insurance is in effect for loss amounts over the \$10,000 retention up to \$2,000,000 per occurrence, accident, or loss.

Coverage from private insurers is maintained for losses in excess of the stop loss amount up to \$10,000,000. An independent claims administrator performs all claims-handling procedures. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques.

NOTE 12 – Construction Commitments

Construction commitments include major arterial roadway projects with various local entities of approximately \$291,552,924. In addition, the Public Transit fund has outstanding construction commitments of approximately \$114,962,962 for capital projects and vehicles.

NOTE 13 – Commodity Swap

Objective of the Swap: The public transit program of the RTC is exposed to market price fluctuations on its purchase of diesel fuel. The RTC has entered into a commodity swap agreement to hedge about 75% of its annual exposure to changes in the cost of diesel fuel.

Terms: On May 17, 2007, the RTC entered into a commodity swap for a period of one year with monthly payments based on the notional amount of 5,400,000 gallons of diesel fuel. Payment between the swap parties is based on the arithmetic average of the high price and the low price on each pricing date.

On May 15, 2008, the RTC entered into a commodity swap for a period of one year with monthly payments based on the notional amount of 5,872,000 gallons of diesel fuel. Payment between the swap parties is based on the arithmetic average of the high price and the low price on each pricing date.

In the swap agreement, the RTC pays a counterparty an amount based on a fixed rate and receives an amount based on a specified variable rate index. The variable rate is intended to be, on average, equal to the rate the Agency will pay to purchase its diesel fuel. If the variable rates the RTC receives from the swap counterparty and actual payments for diesel fuel fully offset each other, then the fixed rate paid to the counterparty becomes the cost of purchasing diesel fuel.

The following risks are generally associated with swap agreements:

- Counterparty Risk – the risk that the counterparty fails to make required payments or otherwise comply with the terms of the swap agreement.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 13 – Commodity Swap (continued)

This non-performance would usually result from financial difficulty, but could also occur for physical, legal or business reasons. This risk is mitigated by establishing minimum credit quality criteria, establishing maximum credit limits, or requiring collateral on counterparty downgrade. To mitigate credit risk, the RTC monitors the credit ratings of the counterparty on a quarterly basis.

- **Basis Risk** – The risk that there is a mismatch between the variable rate payment received from the swap counterparty and the variable rate paid for fuel purchases.

The RTC mitigated this risk by conducting an extensive survey of relevant products and indices and selected one that has a strong correlation with the price changes of the cost of fuel.

- **Termination Risk** – The risk that there will be a mandatory early termination of the commodity swap that would result in the RTC either paying or receiving a termination payment.

Mandatory terminations generally result when a counterparty or the RTC suffers degraded credit quality, illiquidity, bankruptcy or failure to perform. The Agency mitigates this risk by establishing minimum credit quality criteria, establishing maximum credit limits, and requiring collateral on counterparty downgrade and employing credit rating surveillance. The RTC monitors the credit ratings of the counterparties on a quarterly basis.

Below is the list of the RTC's outstanding diesel fuel commodity swap agreement as of June 30, 2008:

Effective Date	Termination Date	Notional Quantity per Calculation Period (Gallons)	Total Amount Due per Month (Fixed Price of \$2.167/gallon)	Actual Value of Notional Quantity Based on Variable Price/gallon	Fair Value
7/2/2007	6/30/2008	505,000	1,094,335	1,082,871	\$ (11,464)
7/2/2007	6/30/2008	495,000	1,072,665	1,048,212	(24,453)
7/2/2007	6/30/2008	475,000	1,029,325	1,087,275	57,950
7/2/2007	6/30/2008	470,000	1,018,490	1,107,508	89,018
7/2/2007	6/30/2008	420,000	910,140	1,114,596	204,456
7/2/2007	6/30/2008	420,000	910,140	1,072,848	162,708
7/2/2007	6/30/2008	445,000	964,315	1,134,305	169,990
7/2/2007	6/30/2008	395,000	855,965	1,086,882	230,917
7/2/2007	6/30/2008	445,000	964,315	1,402,195	437,880
7/2/2007	6/30/2008	410,000	888,470	1,370,261	481,791
7/2/2007	6/30/2008	450,000	975,150	1,679,310	704,160
7/2/2007	6/30/2008	470,000	1,018,490	1,806,492	<u>788,002</u>
					\$3,290,956

Effective Date	Termination Date	Notional Quantity (Gallons)	Total Amount Due per Fiscal Year (Fixed Price of \$3.65/gallon)	Fair Value as of 06/30/08	Notional Amount
7/1/2008	6/30/2009	5,872,000	21,432,800	22,569,619	\$ 1,136,819

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 13 – Commodity Swap (continued)

On June 30, 2008, the relevant market rate of the swap was higher than market rate on the effective date of the swap. Consequently, the swap had a positive fair value.

The RTC neither received nor paid any upfront amount when this swap was initiated. As of June 30, 2008, the RTC is not aware of any event that has occurred that would lead to a termination event with respect to its existing swap.

Counterparty Ratings: The current ratings of the counterparty on RTC’s existing diesel fuel commodity swap as of June 30, 2008 were as follows:

Counterparty or Guarantor	Execution Date	Long-term Ratings	
		Moody's	S&P
Citibank N.A. New York, NY	5/18/2007	Aa1	A+
JPMorgan Chase Bank N.A.	5/15/2008	Aa1	AA-

NOTE 14 – Prior Period Adjustment

During 2008, the following prior period adjustments were made:

- In the Transit Fund, it was determined that federal and state grant revenues had been understated by \$ 6,566,672 in 2007.
- In the Highway Improvement Acquisition Fund, it was determined that accounts payable had been understated by \$806,227 in 2007.

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

	2008				2007
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 3,422,106	\$ 3,422,106	\$ 3,284,589	\$ (137,517)	\$ 1,289,640
Interest	125,000	125,000	251,089	126,089	89,957
Other	1,067,643	1,067,643	1,162,623	94,980	1,047,102
Total revenues	<u>4,614,749</u>	<u>4,614,749</u>	<u>4,698,301</u>	<u>83,552</u>	<u>2,426,699</u>
OTHER FINANCING SOURCES					
Transfers in	30,356,380	30,356,380	24,343,181	(6,013,199)	25,648,088
Total revenues and other financing sources	<u>34,971,129</u>	<u>34,971,129</u>	<u>29,041,482</u>	<u>(5,929,647)</u>	<u>28,074,787</u>
EXPENDITURES					
Current:					
Salaries and wages	10,310,097	10,310,097	9,788,031	(522,066)	8,468,442
Employee benefits	3,540,441	3,540,441	3,086,315	(454,126)	2,665,945
Services and supplies	19,024,110	18,945,777	14,265,389	(4,680,388)	15,091,874
Capital outlay	1,726,480	1,804,813	644,272	(1,160,541)	3,311,387
Total expenditures	<u>34,601,128</u>	<u>34,601,128</u>	<u>27,784,007</u>	<u>(6,817,121)</u>	<u>29,537,648</u>
NET CHANGE IN FUND BALANCES	370,001	370,001	1,257,475	887,474	(1,462,861)
Fund balances - beginning	3,041,079	3,041,079	718,515	(2,322,564)	2,181,376
Fund balances - ending	<u>\$ 3,411,080</u>	<u>\$ 3,411,080</u>	<u>\$ 1,975,990</u>	<u>\$ (1,435,090)</u>	<u>\$ 718,515</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

	2008			Variance	2007
	Original Budget	Final Budget	Actual		Actual
REVENUES					
Intergovernmental revenue:					
Sales and use tax	45,480,006	45,480,006	43,130,784	\$ (2,349,222)	\$ 45,087,057
Interest	25,000	25,000	548,340	523,340	406,598
Total revenues	<u>45,505,006</u>	<u>45,505,006</u>	<u>43,679,124</u>	<u>(1,825,882)</u>	<u>45,493,655</u>
EXPENDITURES					
Current:					
Services and supplies	8,626,801	8,626,801	7,036,609	(1,590,192)	7,232,426
OTHER FINANCING USES					
Transfers out	36,878,205	36,878,205	42,948,475	6,070,270	64,884,497
Total expenditures and other financing uses	<u>45,505,006</u>	<u>45,505,006</u>	<u>49,985,084</u>	<u>4,480,078</u>	<u>72,116,923</u>
NET CHANGE IN FUND BALANCES	-	-	(6,305,960)	(6,305,960)	(26,623,268)
Fund balances - beginning	-	-	6,334,529	6,334,529	32,957,797
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,569</u>	<u>\$ 28,569</u>	<u>\$ 6,334,529</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2008

Budgetary Information

The RTC uses the following procedures to establish, modify, and control the budgetary data presented in the financial statements:

- a. Prior to April 15, the RTC General 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 expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the RTC of its acceptance of the budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all changes have been noted and hearings closed, the RTC governing board adopts the budget on or before June 1.
- e. The RTC's General Manager is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the RTC governing board.
- f. Increases to a fund's budget (augmentations) other than by transfers are accomplished through formal board action.
- g. Formal budgetary control is employed for all RTC funds.
- h. Statutory regulations require budget control to be exercised at the function level within the Regional Transportation Commission fund, which serves as the RTC's general fund. Budget control is exercised at the fund level for all other funds. The board administratively exercises control at the budgeted item level within a department.
- i. All unencumbered appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.
- j. Budgeted amounts as originally adopted for the year ended June 30, 2008, were adjusted for transfers between funds.
- k. Budgets are adopted on a basis consistent with the method used to report on governmental funds, which are prepared in accordance with the accounting principles generally accepted in the United States of America.

Comparative Data

Comparative total data for the prior year have been presented only for the Regional Transportation Commission and Regional Transportation individual fund statements in order to provide an understanding of the changes of financial position of these funds.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

	2008				2007
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ 400,000	\$ 400,000	\$ 1,260,287	\$ 860,287	\$ 938,361
Total revenues	400,000	400,000	1,260,287	860,287	938,361
OTHER FINANCING SOURCES					
Transfers in	16,072,082	38,946,454	38,479,128	(467,326)	24,664,343
Refunding bonds issued	-	-	-	-	210,000,000
Premium on refunding bonds	-	-	-	-	2,642,248
Total revenues and other financing sources	<u>16,472,082</u>	<u>39,346,454</u>	<u>39,739,415</u>	<u>392,961</u>	<u>238,244,952</u>
EXPENDITURES					
Current:					
Services and supplies	750,000	750,000	186,991	(563,009)	342,721
Debt Service:					
Principal	15,870,000	15,870,000	15,870,000	-	15,150,000
Interest and other charges	9,282,457	9,282,457	16,858,829	7,576,372	10,089,581
Bond issuance costs	-	-	-	-	1,287,000
Total expenditures	<u>25,902,457</u>	<u>25,902,457</u>	<u>32,915,820</u>	<u>7,013,363</u>	<u>26,869,302</u>
OTHER FINANCING USES					
Payment to refunded bond escrow agent	-	-	-	-	211,355,248
Total expenditures and other financing uses	<u>25,902,457</u>	<u>25,902,457</u>	<u>32,915,820</u>	<u>7,013,363</u>	<u>238,224,550</u>
NET CHANGE IN FUND BALANCES	(9,430,375)	13,443,997	6,823,595	(6,620,402)	20,402
Fund balances - beginning	18,408,874	18,408,874	20,706,953	2,298,079	20,686,551
Fund balances - ending	<u>\$ 8,978,499</u>	<u>\$ 31,852,871</u>	<u>\$ 27,530,548</u>	<u>\$ (4,322,323)</u>	<u>\$ 20,706,953</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 RTC RESERVE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

	2008				2007
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Interest	\$ 800,000	\$ 800,000	\$ 3,010,139	\$ 2,210,139	\$ 1,146,341
OTHER FINANCING SOURCES					
Revenue bonds issued	-	-	-	-	20,500,000
Premium on bonds issued	-	-	-	-	443,806
Total revenues and other financing sources	<u>800,000</u>	<u>800,000</u>	<u>3,010,139</u>	<u>2,210,139</u>	<u>22,090,147</u>
EXPENDITURES					
Current:					
Services and supplies	<u>250,000</u>	<u>250,000</u>	<u>200,884</u>	<u>(49,116)</u>	<u>197,447</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>200,884</u>	<u>(49,116)</u>	<u>197,447</u>
NET CHANGE IN FUND BALANCES	550,000	550,000	2,809,255	2,259,255	21,892,700
Fund balances - beginning	<u>18,408,873</u>	<u>18,408,873</u>	<u>49,467,690</u>	<u>31,058,817</u>	<u>27,574,990</u>
Fund balances - ending	<u>\$ 18,958,873</u>	<u>\$ 18,958,873</u>	<u>\$ 52,276,945</u>	<u>\$ 33,318,072</u>	<u>\$ 49,467,690</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
HIGHWAY IMPROVEMENT ACQUISITION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)**

	2008			Variance	2007
	Original Budget	Final Budget	Actual		Actual
REVENUES					
Intergovernmental revenue:					
Fuel taxes	\$ 71,242,840	\$ 71,242,840	\$ 70,250,327	\$ (992,513)	\$ 71,484,444
Development tax	5,000,000	5,000,000	5,000,000	-	5,000,000
Charges for services	400,000	400,000	139,039	(260,961)	367,909
Interest	1,000,000	1,000,000	5,628,121	4,628,121	2,359,913
Other	500,000	500,000	4,076,300	3,576,300	3,975,650
Total revenues	<u>78,242,840</u>	<u>78,242,840</u>	<u>85,093,787</u>	<u>6,850,947</u>	<u>83,187,916</u>
OTHER FINANCING SOURCES					
Repayment of excess escrow deposit	-	-	264,980	264,980	-
Revenue bonds issued	-	-	-	-	34,750,000
Commercial paper issued	-	17,155,779	50,000,000	32,844,221	50,000,000
Premium on bonds issued	-	-	-	-	539,588
Total revenues and other financing sources	<u>78,242,840</u>	<u>95,398,619</u>	<u>135,358,767</u>	<u>39,960,148</u>	<u>168,477,504</u>
EXPENDITURES					
Current:					
Services and supplies	500,000	500,000	1,641,729	1,141,729	5,941,611
Debt Service:					
Interest and other charges	6,000,000	6,000,000	142,399	(5,857,601)	1,255,660
Bond issuance costs	-	-	99,574	99,574	300,791
Capital outlay	112,699,256	112,699,256	49,933,475	(62,765,781)	96,628,838
Total expenditures	<u>119,199,256</u>	<u>119,199,256</u>	<u>51,817,177</u>	<u>(67,382,079)</u>	<u>104,126,900</u>
OTHER FINANCING USES					
Transfers out	32,251,552	49,407,331	44,025,525	(5,381,806)	38,763,552
Total expenditures and other financing uses	<u>151,450,808</u>	<u>168,606,587</u>	<u>95,842,702</u>	<u>(72,763,885)</u>	<u>142,890,452</u>
NET CHANGE IN FUND BALANCES	<u>(73,207,968)</u>	<u>(73,207,968)</u>	<u>39,516,065</u>	<u>112,724,033</u>	<u>25,587,052</u>
Fund balances - beginning as originally reported	73,207,968	73,207,968	58,648,544	(14,559,424)	33,061,492
PRIOR PERIOD ADJUSTMENT	-	-	(806,227)	(806,227)	-
Fund balances - beginning as restated	<u>73,207,968</u>	<u>73,207,968</u>	<u>57,842,317</u>	<u>(15,365,651)</u>	<u>33,061,492</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,358,382</u>	<u>\$ 97,358,382</u>	<u>\$ 58,648,544</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC HIGHWAY IMPROVEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

	2008				2007
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue:					
Fuel taxes	\$ 4,841,000	\$ 4,841,000	\$ 4,749,177	\$ (91,823)	\$ 4,679,952
Federal and state grants					
Other	-	-	478,479	478,479	279,832
Interest	1,200,000	1,200,000	3,604,554	2,404,554	1,343,363
Total revenues	<u>6,041,000</u>	<u>6,041,000</u>	<u>8,832,210</u>	<u>2,791,210</u>	<u>6,303,147</u>
OTHER FINANCING SOURCES					
Revenue bonds issued	-	-	-	-	34,750,000
Premium on bonds issued	-	-	-	-	222,161
Commercial paper issued	-	5,718,593	50,000,000	44,281,407	20,000,000
Transfers in	32,407,878	32,407,878	38,605,294	6,197,416	48,978,046
Total other financing sources	<u>32,407,878</u>	<u>38,126,471</u>	<u>88,605,294</u>	<u>50,478,823</u>	<u>103,950,207</u>
Total revenues and other financing sources	<u>38,448,878</u>	<u>44,167,471</u>	<u>97,437,504</u>	<u>53,270,033</u>	<u>110,253,354</u>
EXPENDITURES					
Current:					
Services and supplies	250,000	250,000	6,268,476	6,018,476	376,767
Debt Service:					
Interest and other charges	4,000,000	4,000,000	127,637	(3,872,363)	-
Capital outlay	61,347,173	61,347,173	52,632,047	(8,715,126)	89,913,390
Total expenditures	<u>65,597,173</u>	<u>65,597,173</u>	<u>59,028,160</u>	<u>(6,569,013)</u>	<u>90,290,157</u>
OTHER FINANCING USES					
Transfers out	-	5,718,593	5,653,603	(64,990)	-
Total expenditures and other financing uses	<u>65,597,173</u>	<u>71,315,766</u>	<u>64,681,763</u>	<u>(6,634,003)</u>	<u>90,290,157</u>
NET CHANGE IN FUND BALANCES	(27,148,295)	(27,148,295)	32,755,741	59,904,036	19,963,197
Fund balances - beginning	27,148,295	27,148,295	26,965,637	(182,658)	7,002,440
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,721,378</u>	<u>\$ 59,721,378</u>	<u>\$ 26,965,637</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT
SCHEDULE OF BUDGET COMPARISONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

	2008				2007
	Original Budget	Final Budget	Actual	Variance	Actual
OPERATING REVENUES					
Charges for services:					
Transit fees	\$ 47,204,392	\$ 47,204,392	\$ 53,303,049	\$ 6,098,657	\$ 47,951,923
Other operating revenues	851,000	851,000	2,597,225	1,746,225	1,016,999
Total operating revenues	<u>48,055,392</u>	<u>48,055,392</u>	<u>55,900,274</u>	<u>7,844,882</u>	<u>48,968,922</u>
OPERATING EXPENSES					
Salaries and wages	6,902,094	6,902,094	6,789,247	(112,847)	6,113,893
Employee benefits	2,652,797	2,652,797	2,579,163	(73,634)	2,082,960
Services and supplies	147,170,197	174,184,197	146,946,248	(27,237,949)	131,723,645
Depreciation	30,700,000	30,700,000	20,673,323	(10,026,677)	16,720,045
Total operating expenses	<u>187,425,088</u>	<u>214,439,088</u>	<u>176,987,981</u>	<u>(37,451,107)</u>	<u>156,640,543</u>
Operating loss	<u>(139,369,696)</u>	<u>(166,383,696)</u>	<u>(121,087,707)</u>	<u>45,295,989</u>	<u>(107,671,621)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue:					
Sales and use tax	136,496,627	136,496,627	129,392,352	(7,104,275)	133,629,506
Federal and state grants	133,841,681	133,841,681	26,457,683	(107,383,998)	40,679,633
Interest income	4,000,000	4,000,000	10,037,471	6,037,471	8,591,427
Interest expense	(1,500,000)	(1,500,000)	(493,304)	1,006,696	(281,238)
Gain (loss) on sale of capital assets	-	-	(557,981)	(557,981)	(514,038)
Total nonoperating revenues (expenses)	<u>272,838,308</u>	<u>272,838,308</u>	<u>164,836,221</u>	<u>(108,002,087)</u>	<u>182,105,290</u>
Income before transfers	133,468,612	106,454,612	43,748,514	(62,706,098)	74,433,669
Transfers in	-	-	-	-	12,816,909
Transfers out	<u>(9,706,583)</u>	<u>(9,706,583)</u>	<u>(8,800,000)</u>	<u>906,583</u>	<u>(8,459,337)</u>
CHANGE IN NET ASSETS	<u>\$ 123,762,029</u>	<u>\$ 96,748,029</u>	<u>\$ 34,948,514</u>	<u>\$ (61,799,515)</u>	<u>\$ 78,791,241</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT
SCHEDULE OF BUDGET COMPARISONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)
(CONTINUED)

	2008				2007
	Original Budget	Final Budget	Actual	Variance	Actual
Cash flows from operating activities:					
Cash received from customers	\$ 44,855,000	\$ 44,855,000	\$ 50,289,574	\$ 5,434,574	\$ 56,716,630
Cash paid for employees and for benefits	(9,554,883)	(9,554,883)	(8,843,405)	711,478	(8,182,659)
Cash paid for services and supplies	(147,170,197)	(147,170,197)	(108,167,863)	39,002,334	(131,157,861)
Other operating receipts	3,200,392	3,200,392	2,597,225	(603,167)	1,016,999
Net cash used by operating activities	<u>(108,669,688)</u>	<u>(108,669,688)</u>	<u>(64,124,469)</u>	<u>44,545,219</u>	<u>(81,606,891)</u>
Cash flows from noncapital financing activities:					
Cash provided by sales and use tax	136,496,627	136,496,627	129,392,352	(7,104,275)	133,629,506
Federal and state grants	50,000	50,000	-	(50,000)	12,816,909
Transfers to other funds	(9,706,583)	(9,706,583)	(8,800,000)	906,583	(8,459,337)
Net cash provided by non-capital financing activities	<u>126,840,044</u>	<u>126,840,044</u>	<u>120,592,352</u>	<u>(6,247,692)</u>	<u>137,987,078</u>
Cash flows from capital and related financing activities:					
Proceeds from bonds and loans	41,000,000	41,000,000	-	(41,000,000)	-
Repayment of loans payable	-	-	(30,000,000)	(30,000,000)	-
Federal and state grants	133,791,681	133,791,681	33,024,254	(100,767,427)	26,203,930
Acquisition, construction, or improvement of capital assets	(263,389,290)	(263,389,290)	(149,504,791)	113,884,499	(54,502,297)
Interest paid on capital debt	(1,500,000)	(1,500,000)	(493,304)	1,006,696	(281,238)
Proceeds from the sale of capital assets	-	-	-	-	33,444
Net cash used by capital and related financing activities	<u>(90,097,609)</u>	<u>(90,097,609)</u>	<u>(146,973,841)</u>	<u>(56,876,232)</u>	<u>(28,546,161)</u>
Cash flows from investing activities:					
Interest income	4,000,000	4,000,000	11,004,610	7,004,610	7,661,341
Net increase in cash and cash equivalents	<u>(67,927,253)</u>	<u>(67,927,253)</u>	<u>(79,501,348)</u>	<u>(11,574,095)</u>	<u>35,495,367</u>
Cash and cash equivalents - beginning of year	134,672,020	134,672,020	163,876,461	29,204,441	128,381,094
Cash and cash equivalents - end of year	<u>\$ 66,744,767</u>	<u>\$ 66,744,767</u>	<u>\$ 84,375,113</u>	<u>\$ 17,630,346</u>	<u>\$ 163,876,461</u>



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 Regional Transportation Commissioners of Southern Nevada
and the Honorable Board of County Commissioners
Clark County, Nevada

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Regional Transportation Commission of Southern Nevada, Clark County, Nevada (the "RTC"), as of and for the year ended June 30, 2008, which collectively comprise the RTC's basic financial statements and have issued our report thereon dated January 30, 2009. 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 Regional Transportation Commission of Southern Nevada's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional Transportation Commission of Southern Nevada's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Regional Transportation Commission of Southern Nevada'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 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. See Finding 2008-1 through 2008-3 for further details.

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 financial statements will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over financial reporting described in the accompanying schedule of findings and responses we consider findings 2008-1 through 2008-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Regional Transportation Commission of Southern Nevada 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*.

This report is intended solely for the information and use of management and others within the Regional Transportation Commission of Southern Nevada, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
January 30, 2009

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008**

FINDING 2008-1 CONTROLS OVER THE FINANCIAL REPORTING PROCESS

Criteria: Generally accepted accounting principles require expenditures to be charged to the period in which the goods are received or services are performed, regardless of the timing of the related cash flows.

Condition: During our audit of the financial statements, we identified certain expenditures and related accounts payable that had not been recorded. It appears that these invoices were not recorded due to human error. As a result, the following audit adjustments were recorded:

- Highway Improvement Acquisition Fund - Increased accounts payable and capital outlay by \$356,371.
- RTC Highway Improvement Fund - Increased accounts payable and capital outlay by \$931,112.

Additionally, RTC recorded accounts payable related to contract retentions for work that was not performed during the fiscal year. As a result, the following audit adjustment was recorded:

- Public Transit Fund - Decrease construction in progress and accounts payable by \$9,898,332.

Cause: The cause of the errors appears to be two-fold. First, there was high turnover in key financial personnel during the year. Additionally, there was insufficient staffing levels in the finance department due this turnover.

Effect: Lack of controls over the financial reporting process increases the likelihood that management and other financial statement users will rely on faulty information to make important decisions about the entity.

Recommendation: RTC should have a formal training process for all accounting positions, especially those with responsibility for the accounting and reporting function. Additionally, RTC should establish a review process for year-end adjustment.

Management's Response: The RTC Finance Department has discussed all findings with RTC Management.

Based upon the recommendation from the external auditors, the Finance Department has increased staffing, including the addition of a second Finance Manager who is a Certified Public Accountant. An accounting reference manual for all staff will be created, which will address topics such as revenue recognition, year-end processing and statements from the Governmental Accounting Standards Board (GASB). Staff will be scheduled to attend regular training related to accounting within public finance.

Additionally, the Finance Department has developed new internal procedures to ensure that all year-end transactions, including accruals and audit adjustments, are recorded timely and accurately. The Senior Accountant will manually initiate all year-end transactions. Prior to posting transactions, the Manager – Financial Operations (or designee) will review for accuracy and initial the supporting documentation. The Accountant will input the transaction into the RTC's financial system, and the Manager (or designee) will electronically approve all transactions via established workflow procedures.

All adjusting journal entries recommended by the external auditors will be posted by the Senior Accountant within a week after the RTC Board has accepted the financial statements. The Manager – Financial Operations (or designee) will review/approve the adjustments via the electronic workflow using the RTC's financial system.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008**

FINDING 2008-2 CONTROLS OVER THE FINANCIAL REPORTING PROCESS

Criteria: Generally accepted accounting principles establish certain requirements for the recognition of revenue. Certain federal grant revenue is treated as a voluntary nonexchange transaction and falls under the guidance of Governmental Accounting Standards Board Statement No. 33 (GASB 33) *Accounting and Financial Reporting for Nonexchange Transactions*. GASB 33 establishes certain eligibility criteria that must be met prior to recognition of the revenue. Additionally, other accounting standards and RTC policies determine when revenue is both measurable and available. Only at the point that revenue is both measurable and available, can it be recognized.

Condition: During our audit of the financial statements, we noted that not all of the eligibility criteria of GASB 33 were being met prior to the recognition of the revenue. RTC recognized revenue in fiscal year 2008 under several grants that were not approved by the FTA or executed until fiscal year 2009. As a result, the following audit adjustments were made:

- Public Transit Fund - Decreased receivables from other governments and federal and state grant revenue by \$55,817,318.
- RTC Highway Improvement Fund - Decreased due from other governmental units and intergovernmental revenue by \$301,860.

Additionally, RTC recognized revenue in fiscal year 2008 for certain federal grant revenue that met all eligibility criteria in fiscal year 2007. As a result, the following audit adjustment was made:

- Public Transit Fund – Increased beginning net assets and decreased federal and state grant revenue by \$6,556,571.

We also noted that certain revenue did not meet the available criteria for recording revenue. RTC's policy is to record revenue in the governmental fund financial statements if it is collected within 60 days after the end of the current fiscal year. Subsequent to this, the revenue is not considered available to pay liabilities of the current year. As a result, the following audit adjustment was made:

- Regional Transportation Commission Fund – Increased deferred revenue and decreased intergovernmental revenues by \$728,690.

Cause: The cause of the errors appears to be two-fold. First, there was high turnover in key financial personnel during the year. Additionally, there was insufficient staffing levels in the finance department due this turnover.

Effect: Lack of controls over the financial reporting process increases the likelihood that management and other financial statement users will rely on faulty information to make important decisions about the entity.

Recommendation: RTC should have a formal training process which includes an understanding of the various revenue recognition requirements for governmental entities. This training should be made available to those employees (current and future) with responsibility for the accounting and reporting function. Additionally, RTC should establish a review process for year-end adjustment.

Management's Response: The RTC Finance Department has discussed all findings with RTC Management.

Based upon the recommendation from the external auditors, the Finance Department has increased staffing, including the addition of a second Finance Manager who is a Certified Public Accountant (CPA). An accounting reference manual for all staff will be created, which will address topics such as revenue recognition, year-end processing and statements from the Governmental Accounting Standards Board (GASB). Staff will be scheduled to attend regular training related to accounting within public finance.

Additionally, the Finance Department has developed new internal procedures to ensure that all year-end transactions, including accruals and audit adjustments, are recorded timely and accurately. The Senior Accountant will manually initiate all year-end transactions. Prior to posting transactions, the Manager – Financial Operations (or designee) will review for accuracy and initial the supporting documentation. The Accountant will input the transaction into the RTC's financial system, and the Manager (or designee) will electronically approve all transactions via established workflow procedures.

All adjusting journal entries recommended by the external auditors will be posted by the Senior Accountant within a week after the RTC Board has accepted the financial statements. The Manager – Financial Operations (or designee) will review/approve the adjustments via the electronic workflow using the RTC's financial system.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008

FINDING 2008-3 CONTROLS OVER THE FINANCIAL REPORTING PROCESS

Criteria: The entity 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 management's review of the financial statement balances, which includes review of detail subsidiary ledgers, account detail, reconciliations, and other supporting schedules.

Condition: During our audit we identified numerous errors that should have been detected during management's review of the financial statement balances. These errors included misposting of payments to the wrong RTC fund, double-booking certain grant revenue, keeping old due to/due from amounts on the books that were no longer valid, double-booking certain accounts payable items and not removing certain old accounts payable items that were no longer valid, and postings to beginning fund balance accounts. As a result, the following audit adjustments were made:

- Regional Transportation Commission Fund - Increased cash by \$171,901, decreased due from other governments by \$409,970, decreased accounts payable by \$122,563, decreased inter-governmental revenues by \$238,069, decreased employee benefits by \$159,174, and increased services and supplies by \$36,611.
- Regional Transportation Fund - Increased due to other funds and transfers out by \$6,055,509.
- Highway Improvement Acquisition Fund - Decreased accounts receivable by \$436,380, increased accounts payable by \$806,227, decreased due to other funds by \$409,026, decreased beginning fund balance by \$759,627, and increased services and supplies by \$46,600.
- RTC Highway Improvement Fund - Increased due from other funds and transfers in by \$6,055,509.
- Public Transit Fund - Decreased cash by \$171,900, increased accounts receivable by \$204,257, decreased due to other governments by \$441,383, decreased other operating revenues by \$409,025, decreased services and supplies by \$30,000,000, decreased federal and state grants by \$186,582, and decreased beginning net assets by \$11,363,750.

Cause: The cause of the errors appears to be two-fold. First, there was high turnover in key financial personnel during the year. Additionally, there was insufficient staffing levels in the finance department due this turnover.

Effect: Lack of controls over the financial reporting process increases the likelihood that management and other financial statement users will rely on faulty information to make important decisions about the entity.

Recommendation: Management should enhance the review process utilized in preparing RTC'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 allocations of option tax between funds, and verifying that all prior year audit adjustments have been posted to the general ledger.

Management's Response:

The RTC Finance Department has discussed all findings with RTC Management.

Based upon the recommendation from the external auditors, the Finance Department has increased staffing, including the addition of a second Finance Manager who is a Certified Public Accountant (CPA).

Additionally, the Finance Department has developed new internal procedures for the preparation of year-end financial statements. Both the Manager – Financial Operations and Manager – Budget, Debt & Capital Improvement will review general ledger balances and related detail activity, review reconciliations of subsidiary ledgers to the general ledger balances, and ensure that supporting schedules are prepared for all general ledger balances and review those supporting schedules. They will also conduct a detailed review of all outstanding accounts receivable and accounts payable items, as well as all transfers between Agency funds.

All adjusting journal entries recommended by the external auditors will be posted by the Senior Accountant within a week after the RTC Board has accepted the financial statements. The Manager – Financial Operations (or designee) will review/approve the adjustments via the electronic workflow using the RTC's financial system.

COMMENTS OF INDEPENDENT AUDITORS

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2008**

CURRENT YEAR STATUTE COMPLIANCE

Regional Transportation Commission of Southern Nevada, Clark County, Nevada conformed to all significant statutory constraints on its financial administration during the year, except for those items identified in Note 2 of the accompanying financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The prior year statute compliance was not an issue in the current year.

PRIOR YEAR RECOMMENDATIONS

There was a significant deficiency in internal control over financial reporting reported in the audit report for the year ended June 30, 2007. This issue has not been resolved, and has been included as a finding in the current year audit report.

CURRENT YEAR RECOMMENDATIONS

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



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INDEPENDENT ACCOUNTANT'S REPORT ON NEVADA REVISED STATUTE 354.6241

To the Honorable Regional Transportation Commissioners of Southern Nevada
and the Honorable Board of County Commissioners
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 reserved fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2008 (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, 2008, except as previously noted in Note 2 to the financial statements.
- The balance and net assets of the funds are as noted in the financial statements.

This assertion is the responsibility of the management of the Regional Transportation Commission of Southern Nevada.

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
January 30, 2009

