

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA

A Component Unit of
Clark County, Nevada

COMPONENT UNIT FINANCIAL STATEMENTS
JUNE 30, 2009



**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA**

**COMPONENT UNIT
FINANCIAL STATEMENTS**

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Table of Contents

	<u>Page No.</u>
Officials	1
Financial Section	
Independent Auditor's Report	2
Management's Discussion and Analysis	4 - 10
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds - Balance Sheet	13
Reconciliation of the Balance Sheet to the Statement of Net Assets	14
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balance	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	16
Proprietary Funds - Statement of Net Assets	17
Proprietary Funds - Statement of Revenues, Expenditures and Changes in Net Assets	18
Proprietary Funds - Statement of Cash Flows	19
Notes to Financial Statements	20 - 45
Required Supplementary Information:	
Schedule of Funding Progress, Other Postemployment Benefits	46

Page No.

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget to Actual:

Regional Transportation General Fund	47
Regional Transportation Fund	48

Notes to Required Supplementary Information	49 - 50
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Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget to Actual:

RTC Bonds Fund	51
RTC Reserve Fund	52
Highway Improvement Acquisition Fund	53
RTC Highway Improvement Fund	54
Schedule of Budget Comparisons - Public Transit Fund	55 - 56

Comments of Independent Auditors

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 <i>Government Auditing Standards</i>	57 - 58
---	---------

Schedule of Findings and Responses	59 - 62
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**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2009**

Officials

Regional Transportation Commissioners

Lawrence L Brown, III, Chairman	Clark County
Oscar Goodman - Vice Chairman	City of Las Vegas
Robert Eliason	City of North Las Vegas
David Bennett	City of Mesquite
Andy Hafen	City of Henderson
Chris Giunchigliani	Clark County
Roger Tobler	City of Boulder City
Steve Ross	City of Las Vegas

Appointed Official

Jacob L. Snow	General Manager
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County Commissioners

Rory Reid, Chairman	Commission District G
Susan Brager, Vice-Chairman	Commission District F
Lawrence L Brown, III	Commission District C
Tom Collins	Commission District B
Chris Giunchigliani	Commission District E
Lawrence Weekly	Commission District D
Steve Sisolak	Commission District A

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION**

Board of Commissioners
Regional Transportation Commission of Southern Nevada
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada (the RTC) as of and for the year ended June 30, 2009, which collectively comprise the RTC's 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 an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States, and *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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RTC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the RTC, as of June 30, 2009, and the respective changes in its financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, on our consideration of the RTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 4 through 10 and the schedule of funding progress, other postemployment benefit plans, and schedules of revenues, expenditures and changes in fund balances-budget to actual on pages 46 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the RTC's basic financial statements. The individual fund financial statements and 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.


December 9, 2009



REGIONAL TRANSPORTATION
COMMISSION

REGIONAL FLOOD
CONTROL DISTRICT

600 SOUTH GRAND CENTRAL PARKWAY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

The Management Discussion and Analysis (MD&A) of the Regional Transportation Commission of Southern Nevada's (RTC) financial performance provides an introduction and overview to the financial statements of the RTC for the fiscal year ended June 30, 2009. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and accompanying notes in this report.

FINANCIAL STATEMENTS

The RTC's financial statements are prepared in accordance with accounting principles generally accepted in the United States as 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. In the proprietary fund and government-wide financial statements, revenues are recognized when earned, not when received and expenses are recognized when incurred, not when they are paid. Capital assets, except land, are depreciated over their useful lives. A portion of net assets is 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 a broad overview of the RTC's finances. 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 primarily by charging external parties for goods or services received.

The statement of net assets presents information on all of the RTC's assets and liabilities, with the difference between the two reported as net assets. Net assets are segregated into three components: invested in capital assets, net of related debt, restricted, and unrestricted net assets.

The statement of activities presents information showing how the RTC's net assets changed during the fiscal year. 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

Fund financial statements provide detailed information about the RTC's funds. The RTC has two categories of funds.

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 at the end of the fiscal year. To provide a better understanding of the relationship between the governmental fund financial statements and government-wide financial statements, reconciliations are provided detailing the differences between the two financial statements' balances and results.

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 as proprietary funds. The RTC reports one type of proprietary fund, an enterprise fund. Enterprise funds are used to report an activity where fees are charged to external users. The RTC’s sole enterprise fund, the Public Transit Fund, is used to account for transit operations.

FINANCIAL HIGHLIGHTS

The governmental activities of the RTC consist of two highway improvement funds, two debt service funds, and two funds utilized to account for administration of the RTC and distribution of a portion of the sales and use tax revenue. The RTC funds a portion of street and highway projects for Clark County, the City of Las Vegas, City of Henderson, City of North Las Vegas, City of Boulder City, City of Mesquite, Bunkerville, Indian Springs, Laughlin, Moapa, Moapa Valley, Mt. Charleston, and Searchlight, (collectively referred to as the Jurisdictions) through the nine cent motor vehicle fuel tax and a portion of the sales and use tax revenue allocated to the RTC Highway Improvement Fund. The business-type activities consist solely of the RTC Public Transit System, accounted for in an enterprise fund. The continued construction of streets and highways, public transit facilities, and the acquisition of public transit equipment account for the majority of the changes in the balances reported in the statement of net assets.

Condensed Statements of Net Assets

	Governmental Activities		Business Type Activities		Total	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
ASSETS:		(Restated)		(Restated)		(Restated)
Current and other assets	\$ 308,569,184	\$ 303,147,762	\$ 131,159,732	\$ 129,239,222	\$ 439,728,916	\$ 432,386,984
Net capital assets	16,245,708	16,818,288	424,520,870	325,464,807	440,766,578	342,283,095
Total assets	<u>324,814,892</u>	<u>319,966,050</u>	<u>555,680,602</u>	<u>454,704,029</u>	<u>880,495,494</u>	<u>774,670,079</u>
LIABILITIES:						
Long-term debt outstanding	651,394,861	587,731,483	1,606,500	1,318,288	653,001,361	589,049,771
Other liabilities	102,050,842	83,305,279	59,399,968	61,014,928	161,450,810	144,320,207
Total liabilities	<u>753,445,703</u>	<u>671,036,762</u>	<u>61,006,468</u>	<u>62,333,216</u>	<u>814,452,171</u>	<u>733,369,978</u>
NET ASSETS:						
Invested in capital assets, net of related debt	16,245,708	16,818,289	424,520,870	325,464,807	440,766,578	342,283,096
Restricted	197,429,688				197,429,688	
Unrestricted (deficit)	(642,306,207)	(367,889,001)	70,153,264	66,906,006	(572,152,943)	(300,982,995)
TOTAL NET ASSETS	<u>\$(428,630,811)</u>	<u>\$(351,070,712)</u>	<u>\$ 494,674,134</u>	<u>\$ 392,370,813</u>	<u>\$ 66,043,323</u>	<u>\$ 41,300,101</u>

The increase in long-term debt outstanding and the unrestricted deficit is due to the RTC expending \$185,288,338 on streets and highway projects for the Jurisdictions, and issuing out an additional \$80,000,000 of commercial paper to help fund these projects. The RTC reimburses the Jurisdictions for approved expenditures on street and highway projects, and the Jurisdictions retain and maintain the improved assets. RTC's borrowing to help fund jurisdictional street and highway improvement projects contributes to the accumulated deficit in the RTC governmental funds as the resulting debt is retained and serviced by the RTC.

The increase in the business-type activities net capital assets is due to the continued construction of public transit facilities, the acquisition of 51 new ACE rapid transit vehicles that will be deployed to serve several new premium routes, and the acquisition of 77 new forty-foot, low-floor transit vehicles that will serve the general market. A major facility under construction at June 30, 2009 is the Sunset Maintenance Facility. When completed the Sunset Maintenance Facility will service double-deck Deuce vehicles, the new ACE rapid transit vehicles and the paratransit fleet. The building sits on 36.6 acres and will replace a rented bus maintenance yard that the RTC has outgrown. Also, under construction at June 30, 2009, are the ACE Gold Line street improvements that will provide dedicated bus lanes for the ACE rapid transit vehicles to use in transporting passengers to and from downtown Las Vegas and the Las Vegas strip.

A portion of the RTC's net assets (\$71,533,729 as of June 30, 2009) represents bond debt service and reserve funds that are subject to external restrictions on how they can be used under bond covenants. The balance of restricted net assets is comprised of resources restricted for street and highway projects.

Condensed Statements of Activities

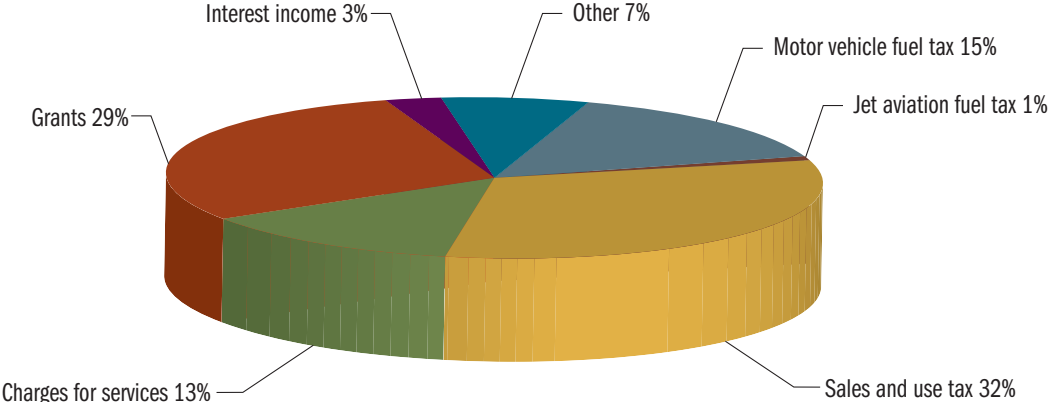
	Governmental Activities		Business Type Activities		Total	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
PROGRAM REVENUES		(Restated)		(Restated)		(Restated)
Charges for services		\$ 327,689	\$ 61,085,195	\$ 56,315,808	\$ 61,085,195	\$ 56,643,497
Operating grants and contributions	\$ 4,769,506	3,329,277	8,363	1,081,337	4,777,869	4,410,614
Capital grants and contributions	358,656	-	129,318,636	25,376,346	129,677,292	25,376,346
GENERAL REVENUES						
Motor vehicle fuel tax	67,282,816	70,205,639	-	-	67,282,816	70,205,639
Jet-aviation fuel tax	4,193,978	4,749,177	-	-	4,193,978	4,749,177
Sales and use tax	37,480,578	43,130,784	112,441,733	129,392,351	149,922,311	172,523,135
Development tax	-	5,000,000	-	-	-	5,000,000
Interest income	8,863,283	14,302,529	3,459,322	10,037,471	12,322,605	24,340,000
Other	29,189,739	5,837,528	3,353,242	-	32,542,981	5,837,528
Total Revenues	152,138,556	146,882,623	309,666,491	222,203,313	461,805,047	369,085,936
EXPENSES						
Public works	216,754,501	157,702,596	-	-	216,754,501	157,702,596
Interest on long-term debt	22,694,154	23,704,269	-	493,304	22,694,154	24,197,573
Public transit	-	-	197,613,170	176,598,133	197,613,170	176,598,133
Total Expenses	239,448,655	181,406,865	197,613,170	177,091,437	437,061,825	358,498,302
Change in net assets before transfers	(87,310,099)	(34,524,242)	112,053,321	45,111,876	24,743,222	10,587,634
Transfers	9,750,000	8,800,000	(9,750,000)	(8,800,000)	-	-
Change in net assets	(77,560,099)	(25,724,242)	102,303,321	36,311,876	24,743,222	10,587,634
Net Assets - beginning as reported	(339,343,498)	(325,346,470)	391,007,451	356,058,937	51,663,953	30,712,467
Prior period adjustment	(11,727,214)		1,363,362		(10,363,852)	-
Net Assets - beginning as restated	(351,070,712)	(325,346,470)	392,370,813	356,058,937	41,300,101	30,712,467
Net Assets - ending	\$(428,630,811)	\$(351,070,712)	\$ 494,674,134	\$ 392,370,813	\$ 66,043,323	\$ 41,300,101

Fluctuations in revenues and expenses for fiscal year 2009 compared to fiscal year 2008 are explained below.

- ❑ Charges for services increased by \$4.7 million due to a transit fare increase in January 2009. Ridership overall decreased due to the transit fare increase and the state of the economy; however, Deuce ridership on the Las Vegas strip increased by 7.9% offset by a general market decrease in ridership of 4.6%. The RTC charges premium fares on the Las Vegas strip of \$3.00 for a one-ride pass and \$7.00 for a one-day pass compared to general market fares of \$1.75 for a one-ride pass and \$4.00 for a one-day pass.
- ❑ Operating and capital grants increased by \$104.6 million due to a relatively large amount of grant funded construction and transit vehicle acquisitions that occurred during and prior to fiscal year 2009. Timing of grant awards impacts the period the grant revenue is recognized.
- ❑ Motor vehicle fuel tax decreased by 4.2%, Jet-aviation fuel tax decreased by 11.7%, and sales and use tax decreased by 13.1%. These declines in tax revenues are due to the recession that started in December 2007, and continued throughout fiscal year 2009.
- ❑ Interest income decreased by \$12.0 million in fiscal year 2009 due to declining short-term interest rates on cash and investments.
- ❑ The increase in other general revenues is primarily due to the RTC collecting approximately \$28 million in from Clark County, Nevada that was being held by the County for RTC related streets and highways improvement projects.
- ❑ Public works expenses increased by \$59.0 million due to increased street and highway construction activity by the Jurisdictions.
- ❑ Interest on long-term debt decreased by \$1 million due to the scheduled payment of principal and lower interest rates on outstanding commercial paper.
- ❑ Public transit expenses increased \$21 million due mainly to higher fuel prices and increased depreciation expense. In addition to higher fuel prices, the RTC entered into a commodity swap agreement, effective in fiscal year 2009, for diesel fuel at \$3.65 per gallon for approximately 75% of the RTC's diesel fuel usage. The commodity swap agreement settlements for the diesel fuel hedge are recorded in the fuel expense. Depreciation expense increased due to placing 51 new double-deck transit vehicles into service during the first quarter of fiscal year 2009, and placing 77 new forty-foot, low-floor transit vehicles into service during the fourth quarter of fiscal year 2009.

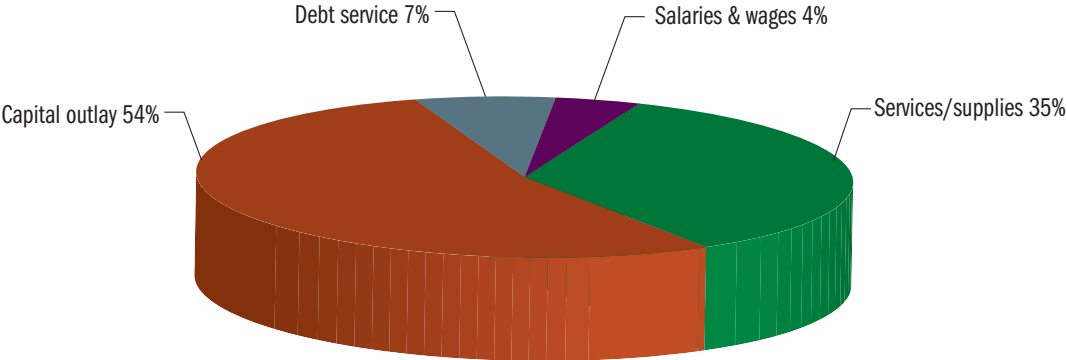
REVENUES

The following chart shows the complement of revenues for the year ended June 30, 2009:



EXPENDITURES

The following chart shows the complement of expenditures for the year ended June 30, 2009:



CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal year 2009, the RTC expended \$296.8 million on capital asset, which included street and highway improvement projects, and transit projects, such as vehicle procurements and facilities construction. The following identifies the capital expenditures and intergovernmental capital grants:

Intergovernmental capital grants	\$ 171,319,652
Equipment, buildings, land, and improvements	125,537,201

All capital asset acquisitions and improvements exceeding \$5,000 are capitalized at cost. Acquisitions are funded from a variety of sources, including federal grants, state grants, debt issuance and local funds. Expenditures for street and highway capital improvement projects are not reported as assets on the RTC's financial statements, but on the financial statements of the Jurisdictions responsible for maintenance and repair of the asset. Additional information on the RTC's capital assets and commitments can be found within the notes to 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, managing outstanding debt, defining RTC responsibilities, delineating the purposes for which debt may be issued, defining debt objectives, identifying the type and amount of permissible debt, defining the method of sale that may be used, and defining other structural features. The policy also includes a debt capacity analysis.

On July 9, 2009, an updated Debt Management Policy was adopted by the Commission. Nevada Revised Statutes 350.013 requires the Debt Management Policy be updated on an annual basis and transmitted to the State of Nevada, Department of Taxation and the Clark County Debt Management Commission.

The following is a summary of bond transactions and balances for the year ended June 30, 2009:

	Beginning Balance	Additions and Premiums	Deletions	Ending Balance
Revenue bonds	\$ 486,028,358	\$ -	\$ (16,612,920)	\$ 469,415,438

Bonds payable at June 30, 2009, are comprised of the following individual issues:

	Original Amount	Interest Rate	Balance June 30, 2009
Highway Improvement Motor Vehicle Fuel Tax Revenue Bonds:			
Series 2003	\$ 200,000,000	4.50-6.00%	\$ 166,760,000
Series 2007	300,000,000	3.00-5.00%	291,555,000
Plus unamortized premium			11,100,438
Total			<u>\$ 469,415,438</u>

The highway improvement bond series, issued September 9, 2003, and June 12, 2007, allowed the RTC to fund the construction of street and highway projects within Clark County for the benefit of the Jurisdictions. The RTC is precluded by statute from issuing bonds, therefore, Clark County is the issuer of RTC bonds. 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 RTC debt management policy stipulates that the debt service coverage ratio must be greater than or equal to 150%, which is calculated by dividing net pledged revenue by the maximum annual debt service, with which we believe that the RTC is in compliance.

The RTC utilizes commercial paper notes as an interim financing tool to meet the needs of the streets and highways programs funded by motor vehicle fuel tax and a portion of the sales and excise tax. During the year ended June 30, 2009 the RTC drew an additional \$30,000,000 in commercial paper to fund streets and highways projects in the motor vehicle fuel tax program and \$50,000,000 to fund streets and highways projects in the sales and excise tax program. At June 30, 2009 the outstanding commercial paper consisted of \$100,000,000 due from the sales and excise tax program and \$80,000,000 due from the motor vehicle fuel tax program. It is the RTC's intention to take out a portion of the commercial paper in permanent bonds and pay the remainder over the next 3 to 5 years from the related tax revenues.

Commercial paper notes provide the RTC with several benefits. Amounts can be drawn and spent as needed instead of issuing a large bond all at once and having the concerns of spending a large amount on projects within the arbitrage time limits. Commercial paper interest rates are generally lower than bonds, decreasing the cost of borrowing. There is flexibility in rolling commercial paper principal, paying down the principal with tax revenue proceeds or taking out permanent bonds upon commercial paper maturity. Commercial paper has a maturity of no more than 270 days.

PUBLIC TRANSIT STATISTICS

The RTC coordinates transportation programs and services for the safe, convenient, and effective movement of people and goods within southern Nevada. As part of this mission, the RTC operates a fixed route bus service and a paratransit service in southern Nevada. The Americans with Disabilities Act of 1990 requires all fixed route bus service operators to provide a comparable paratransit service for the elderly and disabled.

	2009	2008	2007
Ridership - fixed route	63,424,642	64,765,634	62,321,216
% increase	-2.1%	3.9%	4.90%
Ridership - paratransit	1,023,470	967,829	890,125
% increase	5.7%	8.7%	9.2%

CREDIT RATINGS

NRS 373.130 mandates that Clark County must issue all revenue bonds on behalf of the RTC. The bond rating at June 30, 2009 for the Clark County Regional Transportation Commission highway improvement motor vehicle fuel tax revenue bonds from Moody's Investors Service, Inc. was Aa3, and the rating from Standard & Poor's Rating Service was AA-.

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.

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 Marc Traasdahl, Director of Finance, Regional Transportation Commission of Southern Nevada, 600 South Grand Central Parkway, Suite 350, Las Vegas, NV 89106-4512 or by e-mail to Traasdahlm@rtcsonv.com.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments:			
In custody of the County Treasurer	\$ 195,389,181	\$ 92,416,637	\$ 287,805,818
Cash on hand	216	60,000	60,216
In custody of the fiscal agent	42,965,038		42,965,038
Loaned securities	30,091,317	11,300,300	41,391,617
Accounts receivable, net	167,810	955,014	1,122,824
Interest receivable	1,645,492	617,938	2,263,430
Due from other funds *	8,427,492		
Due from other governmental units	26,491,176	25,643,591	52,134,767
Prepaid expenses	356,186	166,252	522,438
Deferred charges	3,035,276		3,035,276
Capital assets, not being depreciated	57,324	216,973,728	217,031,052
Capital assets, net of accumulated depreciation	16,188,384	207,547,142	223,735,526
TOTAL ASSETS	<u>324,814,892</u>	<u>555,680,602</u>	<u>872,068,002</u>
LIABILITIES			
Accounts payable	52,048,192	44,925,649	96,973,841
Accrued payroll	599,441	413,045	1,012,486
Accrued interest	11,111,865		11,111,865
Loaned securities	31,613,853	11,872,063	43,485,916
Due to other funds *	6,677,491	1,750,000	
Other current liabilities		439,211	439,211
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable	17,355,000		17,355,000
Compensated absences payable	803,444	592,750	1,396,194
Portion due or payable after one year:			
Bonds and notes payable	632,060,438		632,060,438
Compensated absences payable	453,139	234,818	687,957
Other post employment benefits	722,840	778,932	1,501,772
TOTAL LIABILITIES	<u>753,445,703</u>	<u>61,006,468</u>	<u>806,024,680</u>
NET ASSETS			
Invested in capital assets, net of related debt	16,245,708	424,520,870	440,766,578
Restricted for:			
Capital projects and intergovernmental capital grants	137,007,825		137,007,825
Debt service	60,421,863		60,421,863
Unrestricted (deficit)	(642,306,207)	70,153,264	(572,152,943)
TOTAL NET ASSETS	<u>\$ (428,630,811)</u>	<u>\$ 494,674,134</u>	<u>\$ 66,043,323</u>

* All interfund balances are eliminated in the total column. Accordingly, total balances will not foot.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenues and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
Public works	\$ 216,754,501		\$ 4,769,506	\$ 358,656	\$ (211,626,339)		\$ (211,626,339)
Interest on long-term debt	22,694,154				(22,694,154)		(22,694,154)
TOTAL GOVERNMENTAL ACTIVITIES	239,448,655		4,769,506	358,656	(234,320,493)		(234,320,493)
BUSINESS-TYPE ACTIVITIES:							
Public transit	197,613,170	\$ 61,085,195	8,363	129,318,636		\$ (7,200,976)	(7,200,976)
TOTAL BUSINESS-TYPE ACTIVITIES	197,613,170	61,085,195	8,363	129,318,636		(7,200,976)	(7,200,976)
Total	\$ 437,061,825	\$ 61,085,195	\$ 4,777,869	\$ 129,677,292	(234,320,493)	(7,200,976)	(241,521,469)
General Revenues:							
Fuel taxes					71,476,794		71,476,794
Sales and use tax					37,480,578	112,441,733	149,922,311
Interest income					8,863,283	3,459,322	12,322,605
Reimbursement from Clark County					28,194,759		28,194,759
Other					994,980	3,353,242	4,348,222
Transfers					9,750,000	(9,750,000)	
Total general revenues and transfers					156,760,394	109,504,297	266,264,691
Change in net assets					(77,560,099)	102,303,321	24,743,222
Net assets - beginning as originally reported					(339,343,498)	391,007,451	51,663,953
Prior period adjustment					(11,727,214)	1,363,362	(10,363,852)
Net assets - beginning as restated					(351,070,712)	392,370,813	41,300,101
Net assets - ending					\$ (428,630,811)	\$ 494,674,134	\$ 66,043,323

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue		Debt Service Funds		Capital Project Funds		Total Governmental Funds
	General Fund Regional Transportation Commision	Fund Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
ASSETS							
Cash and investments:							
In custody of the County Treasurer	\$ 2,185,400	\$ 943,261	\$ 28,535,331	\$ 16,554	\$ 81,772,497	\$ 81,936,138	\$ 195,389,181
Cash on hand	216						216
In custody of the fiscal agent				42,965,038			42,965,038
Loaned securities	330,214	1,234,413	4,110,323	2,384	11,848,500	12,565,483	30,091,317
Accounts receivable, net	32,734				135,076		167,810
Interest receivable	18,057	67,501	224,766	130	647,916	687,122	1,645,492
Due from other funds	4,200,302					4,227,190	8,427,492
Due from other governmental units	1,463,861	5,866,061			11,255,064	7,906,190	26,491,176
Prepaid expenses	352,773				3,413		356,186
TOTAL ASSETS	\$ 8,583,557	\$ 8,111,236	\$ 32,870,420	\$ 42,984,106	\$ 105,662,466	\$ 107,322,123	\$ 305,533,908
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 2,066,272	\$ 1,404,418			\$ 28,675,475	\$ 19,902,027	\$ 52,048,192
Accrued payroll	599,441						599,441
Due to other funds		4,927,491			1,750,000		6,677,491
Loaned securities	346,922	1,296,871	\$ 4,318,293	\$ 2,505	12,448,001	13,201,261	31,613,853
Deferred revenues	20,000						20,000
Total liabilities	<u>3,032,635</u>	<u>7,628,780</u>	<u>4,318,293</u>	<u>2,505</u>	<u>42,873,476</u>	<u>33,103,288</u>	<u>90,958,977</u>
FUND BALANCES:							
Reserved for:							
Capital projects and intergovernmental capital grants					62,788,990	74,218,835	137,007,825
Debt service			28,552,127	42,981,601			71,533,728
Unreserved:							
Undesignated	5,550,922	482,456					6,033,378
Total fund balances	<u>5,550,922</u>	<u>482,456</u>	<u>28,552,127</u>	<u>42,981,601</u>	<u>62,788,990</u>	<u>74,218,835</u>	<u>214,574,931</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,583,557	\$ 8,111,236	\$ 32,870,420	\$ 42,984,106	\$ 105,662,466	\$ 107,322,123	\$ 305,533,908

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

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

Total fund balance - governmental funds \$ 214,574,931

Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in the fund financial statements, but are reported in the statement of net assets.

Capital assets	\$ 21,249,265	
Less accumulated depreciation	<u>(5,003,557)</u>	16,245,708

Other long-term assets are not available to pay current period expenditures; and therefore, are deferred in the fund financial statements.

20,000

Long-term liabilities, including bonds and loans payable, are not due and payable in the current period; and therefore, are not reported in the fund financial statements.

Bonds and notes payable	(638,315,000)	
Plus unamortized issuance premiums	(11,100,438)	
Less unamortized deferred charges	3,035,276	
Accrued interest payable	(11,111,865)	
Compensated absences	(1,256,583)	
Other post employment benefits	<u>(722,840)</u>	(659,471,450)

Total net assets (deficit) - governmental activities \$ (428,630,811)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Fund	Debt Service Funds		Capital Project Funds		Total Governmental Funds
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
REVENUES							
Intergovernmental revenue:							
Federal and state grants	\$ 4,675,267				\$ 151,036	\$ 301,860	\$ 5,128,163
Fuel taxes					67,282,816	4,193,978	71,476,794
Sales and use tax		\$ 37,480,578					37,480,578
Interest	156,860	574,067	\$ 206,219	\$ 1,193,918	3,896,478	2,835,741	8,863,283
Other	1,173,909				549,761	28,194,759	29,918,429
Total revenues	<u>6,006,036</u>	<u>38,054,645</u>	<u>206,219</u>	<u>1,193,918</u>	<u>71,880,091</u>	<u>35,526,338</u>	<u>152,867,247</u>
EXPENDITURES							
Current:							
Salaries and wages	10,134,907						10,134,907
Employee benefits	3,547,157						3,547,157
Services and supplies	12,452,774	6,013,017	6,262	3,880	764,558	11,289,154	30,529,645
Debt service:							
Principal			15,875,000				15,875,000
Interest			22,151,206		518,218	736,865	23,406,289
Capital outlay and intergovernmental capital grants	394,265				91,518,999	79,800,652	171,713,916
Total expenditures	<u>26,529,102</u>	<u>6,013,017</u>	<u>38,032,468</u>	<u>3,880</u>	<u>92,801,775</u>	<u>91,826,671</u>	<u>255,206,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,523,067)</u>	<u>32,041,628</u>	<u>(37,826,249)</u>	<u>1,190,038</u>	<u>(20,921,684)</u>	<u>(56,300,333)</u>	<u>(102,339,667)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	24,266,495		38,847,828			26,821,246	89,935,569
Transfers out		(31,587,741)		(10,485,382)	(33,389,273)	(4,723,173)	(80,185,569)
Commercial paper issued					30,000,000	50,000,000	80,000,000
Total other financing sources and uses	<u>24,266,495</u>	<u>(31,587,741)</u>	<u>38,847,828</u>	<u>(10,485,382)</u>	<u>(3,389,273)</u>	<u>72,098,073</u>	<u>89,750,000</u>
CHANGE IN FUND BALANCES	<u>3,743,428</u>	<u>453,887</u>	<u>1,021,579</u>	<u>(9,295,344)</u>	<u>(24,310,957)</u>	<u>15,797,740</u>	<u>(12,589,667)</u>
Fund balances - beginning as originally reported	1,975,990	28,569	27,530,548	52,276,945	97,358,382	59,721,378	238,891,812
Prior period adjustment	(168,496)				(10,258,435)	(1,300,283)	(11,727,214)
Fund balances - as restated	<u>1,807,494</u>	<u>28,569</u>	<u>27,530,548</u>	<u>52,276,945</u>	<u>87,099,947</u>	<u>58,421,095</u>	<u>227,164,598</u>
Fund balances - ending	<u>\$ 5,550,922</u>	<u>\$ 482,456</u>	<u>\$ 28,552,127</u>	<u>\$ 42,981,601</u>	<u>\$ 62,788,990</u>	<u>\$ 74,218,835</u>	<u>\$ 214,574,931</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, 2009**

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

Change in fund balances - total governmental funds \$ (12,589,667)

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast outlay is allocated over the assets' estimated useful lives as depreciation expense for the period in the statement of activities. The Regional Transportation Commission utilizes capital projects funds to account for intergovernmental capital grants:

Capital outlay and intergovernmental capital grants	\$ 171,713,916	
Less intergovernmental capital grants	<u>(171,319,652)</u>	
Capitalized expenditures	394,264	
Less current year depreciation	<u>(946,845)</u>	(552,581)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (728,690)

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	(80,000,000)	
Principal payments	15,875,000	
Amortization of issuance costs	(187,961)	
Amortization of bond premiums	<u>737,920</u>	(63,575,041)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental fund financial statements.

Change in accrued interest payable	162,178	
Change in compensated absences	131,940	
Change in other post employment benefits	<u>(408,238)</u>	<u>(114,120)</u>

Change in net assets - governmental activities **\$ (77,560,099)**

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

	Public Transit
ASSETS	
Current assets:	
Cash and cash equivalents:	
In custody of the County Treasurer	\$ 92,416,637
Cash on hand	60,000
Loaned securities	11,300,300
Accounts receivable, net	955,014
Interest receivable	617,938
Due from other governmental units	25,643,591
Prepaid expenses	166,252
Total current assets	131,159,732
Non-current assets:	
Capital assets:	
Land and construction in progress	216,973,728
Buildings	67,461,838
Equipment and furniture	247,187,314
Less accumulated depreciation	(107,102,010)
Total non-current assets	424,520,870
Total assets	555,680,602
LIABILITIES	
Current liabilities:	
Accounts payable	44,925,649
Accrued payroll	413,045
Loaned securities	11,872,063
Due to other funds	1,750,000
Other current liabilities	439,211
Total current liabilities	59,399,968
Non-current liabilities:	
Portion due or payable within one year:	
Compensated absences	592,750
Portion due or payable after one year:	
Compensated absences	234,818
Other post employment benefits	778,932
Total non-current liabilities	1,606,500
Total liabilities	61,006,468
NET ASSETS	
Invested in capital assets, net of related debt	424,520,870
Unrestricted	70,153,264
Total net assets	\$ 494,674,134

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Public Transit
OPERATING REVENUES	
Charges for services:	
Transit fees	\$ 57,657,000
Other	3,428,195
Total operating revenues	61,085,195
OPERATING EXPENSES	
Salaries and wages	6,941,115
Employee benefits	2,959,758
Services and supplies	163,361,106
Depreciation	24,351,191
Total operating expenses	197,613,170
Operating loss	(136,527,975)
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental revenue:	
Sales and use tax	112,441,733
Federal and state grants	129,326,999
Interest income	3,459,322
Gain on sale of capital assets	3,353,242
Total non-operating revenue	248,581,296
Income before transfers	112,053,321
Transfers out	(9,750,000)
CHANGE IN NET ASSETS	102,303,321
Total net assets - beginning as originally reported	391,007,451
Prior period adjustment	1,363,362
Total net assets - beginning as restated	392,370,813
Total net assets - ending	\$ 494,674,134

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Public Transit
Cash flows from operating activities:	
Cash received from customers	\$ 59,147,407
Cash paid for employees and benefits	(9,529,314)
Cash paid for services and supplies	(160,791,203)
Other operating receipts	3,428,195
Net cash used in operating activities	(107,744,915)
Cash flows from non-capital financing activities:	
Cash provided by sales and use tax	112,451,773
Transfers to other funds	(9,750,000)
Net cash provided by non-capital financing activities	102,701,773
Cash flows from capital and related financing activities:	
Federal and state grants	129,326,999
Acquisition, construction, or improvements of capital assets	(125,162,872)
Proceeds from sale of capital assets	4,779,370
Net cash provided by capital and related financing activities	8,943,497
Cash flows from investing activities:	
Interest received	4,201,169
Net change in cash and cash equivalents	8,101,524
Cash and cash equivalents - beginning of year	84,375,113
Cash and cash equivalents - end of year	\$ 92,476,637
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	\$ (136,527,975)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	24,351,191
Bad debts	313,320
Decrease in accounts receivable	1,051,196
Increase in prepaid expenses	(60,324)
Increase in accounts payable	566,907
Increase in accrued payroll	83,347
Increase in due to other funds	1,750,000
Increase in other current liabilities	439,211
Decrease in compensated absences	(120,026)
Increase in other post employment benefits	408,238
Net cash used in operating activities	\$ (107,744,915)

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 - Summary of Significant Accounting Policies

The Reporting Entity

In accordance with Nevada Revised Statutes (NRS or state statutes) 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"). The RTC is governed by 7 member Board of Commissioners, comprised of elected officials, are as follows:

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

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

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 the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39, the RTC is a discretely presented component unit of the Clark County, Nevada financial reporting entity because the County issues debt on behalf of the RTC. 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 (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 and proprietary funds. All governmental funds are considered to be major funds and they are reported in separate columns in the governmental fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Proprietary Fund 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 90 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.

Governmental Fund Financial Statements (continued)

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 (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 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 funding of 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 funding of the construction of roads and streets paid for from the November 2002, Question 10 voter approved Jet-Aviation fuel tax and sales tax increase in 2003.

Additionally, the RTC reports the following major proprietary fund:

Public Transit Fund (5090) – this fund is used to account for the operations of the RTC 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 GASB. 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 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 (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, and Net Assets or Fund 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 investments are part of interest earnings of the individual funds.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

At June 30, 2009, a significant portion of the RTC's cash and cash equivalents were deposited in the custody of the Clark County Treasurer or a fiscal agent, in a manner similar to an external investment pool. The amounts are sufficiently liquid to permit withdrawals in the form of cash at any time without prior notice or penalty; and therefore, they are deemed to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding or transfers to be recorded upon receipt of revenue at the end of the fiscal year are referred to as "due to/from other funds."

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 RTC 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. 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 significantly add to the functionality of the asset or materially extend the asset life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed and 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 (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 - Summary of Significant Accounting Policies (continued)

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

Prepaid Expenses

Certain payment to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

Compensated Balances

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 prior to year end.

Other Postemployment Benefits

Effective July 1, 2007, the RTC implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of the statement, the RTC elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2008. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the RTC, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at June 30, 2009, is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

Long-Term Obligations

In the government-wide financial statements and proprietary 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 straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized 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

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 - Summary of Significant Accounting Policies (continued)

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

Reclassifications

Certain insignificant amounts in the prior year financial statements have been reclassified 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. Estimates particularly sensitive to change during the upcoming year include estimates on market values of loaned securities.

NOTE 2 - Stewardship, Compliance and Accountability

The RTC adopts annual budgets for general fund and all special revenue, debt service, and capital project funds. All budget augmentations made during the year ended June 30, 2009, were as prescribed by law. All budgets are adopted on a basis consistent with applicable accounting principles generally accepted in the United States and used by the RTC for financial reporting.

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 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 the changes have been noted and hearings closed, the RTC Board of Commissioners adopts the budget on or before June 1.
- e. The NRS require budget controls to be exercised at the function level. The General Manager or designee is authorized to transfer budgeted amounts within functions or funds, but the RTC Board of Commissioners must approve any transfers between funds or increases to a fund's original appropriated level.
- f. Increases to a fund's budget (augmentations) other than by transfers are accomplished through formal RTC Board of Commissioners action.
- g. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

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. For the year ended June 30, 2009, the RTC had no funds with expenditures in excess of appropriations.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 - Stewardship, Compliance and Accountability (continued)

New Accounting Pronouncements

In June 2007, the GASB issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets, effective for periods beginning after June 15, 2009. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

In June 2008, The GASB issued Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for periods beginning June 15, 2009. This Statement addresses the recognition, measurement, and disclosure of information related to derivative instruments entered into by state and local governments. Effective July 1, 2008, the RTC implemented the provisions of GASB Statement No. 53 (Note 14).

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for periods beginning after June 15, 2010. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

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) or are in the custody of a fiscal agent. Other investments held by RTC are comprised of money market mutual funds and U.S. agency obligations. As of June 30, 2009, these amounts are summarized as follows:

Clark County Investment Pool	\$	287,805,818
Money Market Mutual Funds		42,965,038
Cash on hand		60,216
 Total cash and investments	 \$	 <u>330,831,072</u>

The RTC's cash and cash equivalents on deposit with financial institutions, including cash and cash equivalents in the custody of the Clark County Treasurer or a fiscal agent, are often in excess of federally-insured limits, and the risk of losses related to such concentrations may be increasing as a result of recent economic developments including, but not limited to, weakness in the commercial and investment banking systems. The extent of a future loss, if any, to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution; however, is not subject to estimation at this time.

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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - Cash and Investments (continued)

According to State Statutes, County monies must be deposited with federally insured banks and savings and loan associations within the County. The County 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 of the State. The County's; and therefore, the RTC's deposits are fully covered by federal depository insurance or collateral held by the County's agent in the County's name.

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the RTC. Instead, the RTC owns a proportionate share of each investment, based on the RTC's participation percentage in the investment pool. As of June 30, 2009, the \$287,805,818 of RTC monies 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	10.2%	34.6%	56.3%	0.2%	9.0%
U.S. Agency Obligations	57.5%	28.2%	65.3%	6.1%	0.5%
Corporate Notes	5.9%	49.7%	43.5%	6.7%	
Money Market Mutual Funds	24.2%	100.0%			
Certificates of Deposit	0.0%	100.0%			
State Investment Pool *	1.6%	100.0%			
Collateralized Investment Agreements**	0.3%	100.0%			
Asset Backed Securities	0.3%		100.0%		
	<u>100.0%</u>				

* The State Investment Pool is an external pool administered by the State Treasurer with oversight by the State of Nevada Board of Finance. Fair value of the County's position in the pool is the same as the value of the pool shares.

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

Interest Rate Risk

Interest rate risk is the risk that the market interest rate of securities will fall due to changes in the market. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the average weighted duration of its investment pool portfolio to less than 2.5 years. Duration is a measure of the present value of a fixed income's cash flows and is used to estimate the sensitivity of a security's price to interest rate changes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 - Cash and Investments (continued)

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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."

At June 30, 2009, County investments were categorized by quality rating as follows:

<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>
Debt Securities:					
U.S. Treasury Obligations	100.0%				
U.S. Agency Obligations	97.3%			2.7%	
Corporate Obligations	32.1%	6.8%	12.8%	47.1%	1.2%
Money Market Mutual Funds	100.0%				
Certificates of Deposit				100.0%	
State Investment Pool					100.0%
Collateralized Investment Agreements		70.0%	30.0%		
Asset Backed Securities	100.0%				

Concentrations of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to no more than 5% of the investment pool.

GASB Statement No. 40 requires disclosure of all investments in any one issuer that represent 5% or more of total investments. At June 30, 2009, the following investments exceeded 5% of the investment pool:

Federal Farm Credit Banks (FFCB)	16.38%
Federal Home Loan Banks (FHLB)	24.37%
Federal Home Loan Mortgage Corporation (FHLMC)	12.75%
Federal National Mortgage Association (FNMA)	11.26%
Federated Money Market Funds	8.75%
Goldman Sachs Money Market Funds	10.27%

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - Cash and Investments (continued)

Interest Rate Sensitivity

At June 30, 2009, 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.

At June 30, 2009, 35% of U.S. Agency Obligations-investments were interest rate sensitive.

Securities Lending Transactions

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, 2009, 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 fiscal year 2009 nor were there any recoveries of prior period losses.

State Statutes place no restrictions on the amount of securities that can be loaned. Either the County or the borrower can terminate all open securities lending transactions 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 loaned.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the County's securities lending policy, \$609,430,137 was held by the counterparty that was acting as the County's agent in securities lending transactions, and consisted of U.S. corporate obligations, asset-backed securities, and money market funds of which RTC's proportionate share was \$41,391,617.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 - Cash and Investments (continued)

The County's securities lending reinvestment portfolio contains investments purchased with the cash collateral received for loan securities. One of the investments, Lehman Brothers Holding, became impaired on September 15, 2008, as Lehman filed for bankruptcy protection. The County will receive a reduced value for this \$4,425,000 investment once the bankruptcy process concludes; however, this amount cannot be estimated at this time.

GASB 31

GASB Statement No. 31 requires the County to adjust the carrying amount of its investment portfolio to reflect changes in fair value. Interest revenue is increased or decreased in relation to this unrealized gain or loss adjustment, which is reflected in net interest income.

NOTE 4 - Accounts Receivable and Due from other Governmental Units

Accounts receivable and due from other governmental units as of June 30, 2009, was as follows:

	Special Revenue						Total
	General Fund	Fund	Debt Service Funds		Capital Project Funds		
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
Governmental activities:							
Accounts receivable	\$ 32,734				\$ 571,456		\$ 604,190
Less allowance for uncollectible receivables					436,380		436,380
Accounts receivables, net	<u>\$ 32,734</u>				<u>\$ 135,076</u>		<u>\$ 167,810</u>
Due from other governmental units	\$ 1,542,653	\$ 5,866,061			\$11,255,064	\$ 7,906,190	\$26,569,968
Less allowance for uncollectible receivables	78,792						78,792
Due from other governmental units, net	<u>\$ 1,463,861</u>	<u>\$ 5,866,061</u>			<u>\$11,255,064</u>	<u>\$ 7,906,190</u>	<u>\$26,491,176</u>
		<u>Total</u>					
Business-type activities:							
Accounts receivable		\$ 1,004,181					
Less allowance for uncollectible receivables		49,167					
Accounts receivables, net		<u>\$ 955,014</u>					
Due from other governmental units		\$25,643,591					
Less allowance for uncollectible receivables							
Due from other governmental units, net		<u>\$25,643,591</u>					

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5 - Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance <u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2009</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 235,718	\$ 83,121	\$ 261,515	\$ 57,324
Capital assets being depreciated:				
Buildings	18,522,095			18,522,095
Equipment	2,757,008	552,723	639,885	2,669,846
Total capital assets being depreciated	<u>21,279,103</u>	<u>552,723</u>	<u>639,885</u>	<u>21,191,941</u>
Less accumulated depreciation for:				
Buildings	3,272,522	417,108		3,689,630
Equipment	1,424,011	529,801	639,885	1,313,927
Total accumulated depreciation	<u>4,696,533</u>	<u>946,909</u>	<u>639,885</u>	<u>5,003,557</u>
Total capital assets being depreciated, net	<u>16,582,570</u>	<u>(394,186)</u>		<u>16,188,384</u>
Governmental activities capital assets, net	<u>\$ 16,818,288</u>	<u>\$ (311,065)</u>	<u>\$ 261,515</u>	<u>\$ 16,245,708</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 33,650,793		\$ 1,612,711	\$ 32,038,082
Construction in progress	116,207,735	\$ 124,030,824	55,302,913	184,935,646
Total capital assets not being depreciated	<u>149,858,528</u>	<u>124,030,824</u>	<u>56,915,624</u>	<u>216,973,728</u>
Capital assets being depreciated:				
Buildings and improvements	66,407,664	1,054,174		67,461,838
Equipment	219,936,839	55,380,787	28,130,312	247,187,314
Total capital assets being depreciated	<u>286,344,503</u>	<u>56,434,961</u>	<u>28,130,312</u>	<u>314,649,152</u>
Less accumulated depreciation for:				
Buildings and improvements	21,945,671	2,624,984		24,570,655
Equipment	88,792,553	21,726,207	27,987,405	82,531,355
Total accumulated depreciation	<u>110,738,224</u>	<u>24,351,191</u>	<u>27,987,405</u>	<u>107,102,010</u>
Total capital assets being depreciated, net	<u>175,606,279</u>	<u>32,083,770</u>	<u>142,907</u>	<u>207,547,142</u>
Business-type activities capital assets, net	<u>\$ 325,464,807</u>	<u>\$ 156,114,594</u>	<u>\$ 57,058,531</u>	<u>\$ 424,520,870</u>

Depreciation expense was charged to the following functions or programs:

Governmental activities:	
Public works	<u>\$ 946,909</u>
Business-type activities:	
Public transit	<u>\$ 24,351,191</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 6 - Interfund Balances and Transfers

Interfund balances as of June 30, 2009, consisted of the following:

	Payable Fund			Total
	Regional Transportation	Highway Improvement Acquisition	Public Transit	
<u>Receivable Fund</u>				
General fund	\$ 700,302	\$ 1,750,000	\$ 1,750,000	\$ 4,200,302
RTC Highway Improvement	4,227,190			4,227,190
Totals	<u>\$ 4,927,492</u>	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>	<u>\$ 8,427,492</u>

These balances result from the time lag between the dates that: (1) revenue is recognized, (2) receipt from the other fund, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2009, consisted of the following:

	Transfers In			Total
	General fund	RTC Bonds	RTC Highway Improvement	
<u>Transfers Out</u>				
Regional Transportation	\$ 4,766,495		\$ 26,821,246	\$ 31,587,741
RTC Reserve		\$ 10,485,382		10,485,382
Highway Improvement Acquisition	9,750,000	23,639,273		33,389,273
RTC Highway Improvement		4,723,173		4,723,173
Public Transit	9,750,000			9,750,000
Total	<u>\$ 24,266,495</u>	<u>\$ 38,847,828</u>	<u>\$ 26,821,246</u>	<u>\$ 89,935,568</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move receipts restricted for debt service from the funds collecting the receipts to the debt service fund to provide adequate cash when debt service payments become due.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 7 - Long-Term Debt

Revenue Bonds

The RTC issues revenue bonds and pledges revenue derived from the motor vehicle fuel tax to pay debt service. Revenue bonds outstanding at June 30, 2009, were as follows:

<u>Revenue Bonds</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>
Highway improvement motor vehicle fuel tax revenue bonds:			
Series 2003	\$ 200,000,000	4.50-6.00%	\$ 166,760,000
Series 2007	300,000,000	3.00-5.00%	<u>291,555,000</u>
Total revenue bonds			<u>\$ 458,315,000</u>

At June 30, 2009, revenue bond debt service requirements to maturity was as follows:

<u>Year ending June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
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	21,045,000	17,482,719	38,527,719
2015-2019	122,115,000	69,790,513	191,905,513
2020-2024	155,845,000	34,936,491	190,781,491
2025-2028	84,635,000	5,388,975	90,023,975
	<u>\$ 458,315,000</u>	<u>\$ 207,372,897</u>	<u>\$ 665,687,897</u>

Commercial Paper Notes Payable

In January 2008, the RTC established a commercial paper program, for the streets and highways improvements projects incorporated in Clark County's Master Transportation Plan. This program is authorized for the issuance of up to, \$200 million in tax-exempt commercial paper notes to be paid from pledged sales and excise tax revenues and additionally secured by an irrevocable letter of credit dated January 23, 2008 (Series 2008A and Series 2008B). As of June 30, 2009, \$100 million has been issued. These notes are being serviced, interest only in the current year, through budgeted transfers from the Highway Improvement Fund. The commercial paper notes may have a maturity date from 1 to 270 days after their issuance; however, no note may mature after the earlier of January 1, 2018, or five days prior to the line of credit expiration date, currently January 23, 2015. Interest rates are variable and averaged 0.57% at June 30, 2009.

In February 2008, the RTC established a commercial paper program, for the streets and highways improvements projects incorporated in Clark County's Master Transportation Plan. This program is authorized for the issuance of up to, \$200 million in tax-exempt commercial paper notes to be paid from pledged motor vehicle fuel tax revenues and additionally secured by an irrevocable letter of credit dated March 5, 2008 (Series 2008A and Series 2008B). As of June 30, 2009, \$80 million has been issued. These notes are being serviced, interest only in the current year, through budgeted transfers from the Highway Improvement Acquisition Fund. The commercial paper notes may have a maturity date from 1 to 270 days after their issuance; however, no note may mature after the earlier of March 4, 2018, or five days prior to the line of credit expiration date, currently March 13, 2013. Interest rates are variable and averaged 0.51% at June 30, 2009.

As of June 30, 2009, the total amount of commercial paper approved for sale was \$400 million, which was divided equally into two separate issues, Series 2008A and Series 2008B with an aggregate of \$180 million issued and outstanding.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 7 - Long-Term Debt (continued)

Commercial Paper Notes Payable (Continued)

The commercial paper is ordinarily due in various periodic installments of not more than 270 days from date of issue; however, because the commercial paper is subject to an irrevocable letter of credit the obligation is classified as long-term debt in the statement of net asset.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 474,190,000		\$ 15,875,000	\$ 458,315,000	\$ 17,355,000
Unamortized issuance premium	11,838,358		737,920	11,100,438	
Total bonds payable	<u>486,028,358</u>		<u>16,612,920</u>	<u>469,415,438</u>	<u>17,355,000</u>
Commercial paper notes payable	100,000,000	\$ 80,000,000		180,000,000	
Compensated absences	1,388,523	671,504	803,444	1,256,583	803,444
Other post employment benefits	314,602	408,238		722,840	
Governmental activities long-term liabilities	<u>\$ 587,731,483</u>	<u>\$ 81,079,742</u>	<u>\$ 17,416,364</u>	<u>\$ 651,394,861</u>	<u>\$ 18,158,444</u>
Business-type activities:					
Compensated absences	947,594	472,724	592,750	827,568	592,750
Other post employment benefits	370,694	408,238		778,932	
Business-type activities long-term liabilities	<u>\$ 1,318,288</u>	<u>\$ 880,962</u>	<u>\$ 592,750</u>	<u>\$ 1,606,500</u>	<u>\$ 592,750</u>

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 distributions 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 per gallon tax levied by the State 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, 2009, were as follows:

Pledged revenues (net of administrative expenditures):	
State motor vehicle fuel tax	\$ 20,288,080
County motor vehicle fuel tax	67,352,264
	<u>87,640,344</u>
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	<u>(2,746,842)</u>
Net pledged revenues	<u>\$ 84,893,502</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 7 - Long-Term Debt (Continued)

Arbitrage Rebate and Debt Covenant Requirements

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

In addition, certain RTC long-term debt obligations are subject to restrictive debt covenants, including certain revenue levels and revenue/expense ratios, with which the RTC's management believes that the RTC is in compliance.

NOTE 8 - Operating Lease Commitments

The RTC is party to two operating leases as of June 30, 2009, as follows:

<u>Lessor</u>	<u>Monthly Rental</u>	<u>Date Lease Commenced</u>	<u>Date Lease Terminates</u>
Ferguson Family Trust	\$ 35,229	October 1, 2002	September 30, 2009
LiveWork, LLC	<u>104,167</u>	March 1, 2008	February 28, 2047
	<u>\$ 139,396</u>		

Total rent expense for fiscal year 2009 was \$1,694,758. LiveWork, LLC monthly rental increased by a consumer price index of 3% starting March 2009.

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, 2009:

Year ending June 30:		
	2010	\$ 1,412,498
	2011	1,339,386
	2012	1,393,637
	2013	1,463,584
	2014	1,507,491
	2015-2019	8,363,706
	2020-2024	9,986,703
	2025-2029	11,924,646
	2030-2034	14,238,650
	2035-2039	17,001,693
	2040-2044	20,300,911
	2045-2047	<u>12,286,741</u>
Total minimum lease payments		<u>\$ 101,219,646</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 8 - Operating Lease Commitments (Continued)

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% escalation in the 5th, 10th, 15th, 20th, 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, which was unused as of June 30, 2009.

NOTE 9 - Net Assets and Fund Balances

Net Assets

At June 30, 2009, the RTC's government-wide statement of net assets accumulated deficit is mainly attributable to borrowings to fund jurisdictional street and highway improvement projects. The resultant debt is retained and serviced by the RTC while the improved assets are assets of the Jurisdictions. Net assets restricted for debt service totaled \$60,421,863. This amount equals the fund balance of the debt service funds of \$71,533,728 less accrued interest payable of \$11,111,865. In addition, \$137,007,825 net assets are restricted for capital projects and intergovernmental capital grants.

Fund Balances

Included in the amounts restricted for capital projects and intergovernmental capital grants are amounts representing 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, 2009:

	Balance June 30, 2008	Current Year Increases	Current Year Decreases	Balance June 30, 2009
City of Boulder City	\$ 351,063	\$ 451,558	\$ (500,000)	\$ 302,621
Bunkerville	532,646	38,099	(350,000)	220,745
Indian Springs	54,789	45,784		100,573
Laughlin	(473,377)	639,449		166,072
City of Mesquite	648,421	671,236	(900,000)	419,657
Moapa	437,679	192,514		630,193
Moapa Valley	233,696	195,977		429,673
Mt. Charleston	267,425	55,206		322,631
Searchlight	134,627	20,049		154,676
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 2,186,969</u>	<u>\$ 2,309,873</u>	<u>\$ (1,750,000)</u>	<u>\$ 2,746,842</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - 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 State 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 State 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, disability, and death benefits. Benefits may only be amended through legislation.

Monthly benefit allowances for regular members are computed at 2.5% for service credits earned prior to July 1, 2001, and 2.67% for service credits earned after July 1, 2001, of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement up to a maximum of 90% of the average compensation for employees who entered the system prior to July 1, 1985, and 75% 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. Eligible employees are eligible for retirement benefits at age 65 with 5 years of service, at age 60 with 10 years of service and at any age with 30 years of service.

Contribution rates are established by NRS 286.410, which provides for yearly increases of up to 1% 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 eligible employees, based on covered payroll, for the years ended June 30, 2009 and 2008 was 20.50% and for the year ended June 30, 2007 was 19.75%.

The RTC's contributions to the plan for the years ended June 30, 2009, 2008, and 2007 were \$3,341,119, \$3,248,490 and \$2,678,999, 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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 11 - Other Post-Employment Benefits (OPEB)

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

Plan Descriptions

In accordance with State 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.

The RTC also provides other postemployment benefits to retirees by participating in the State of Nevada's Public Employee Benefit Plan (PEBP), cost sharing, multiple-employer, defined benefit plan administered by a nine member governing board. PEBP provides medical, prescription, dental and vision benefits to retirees. Eligibility and subsidy requirements are governed NRS and can only be amended through legislation. In 2008, NRS was amended. As a result of this amendment, the number of retirees for whom the RTC is obligated to provide postemployment benefits is limited to eligible employees who retired from RTC service prior to September 1, 2008.

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

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

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, NV 89701
(800) 326-5496

Funding Policy and Annual OPEB Cost

The RTC pays approximately 90% of premiums for active employee coverage, an average of \$626 per active employee for the year ended June 30, 2009. 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 the RTC.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 11 - Other Post-Employment Benefits (OPEB) (continued)

The RTC is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who are enrolled in this plan. In 2009, retirees were eligible for a \$103 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$564 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 (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. 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	\$103 per month after 5 years of service up to \$564 per month after 20 years
Plan members	From \$366 per month for single coverage to \$1,079 per month for family coverage, depending on plan	From \$0 to \$1,335, depending on level of coverage and subsidy earned
Annual required contribution (ARC)	\$ 893,940	\$ 48,093
Interest on net OPEB obligation	24,610	1,324
Adjustment to annual required contribution	<u>(65,126)</u>	<u>(9,322)</u>
Annual OPEB cost	853,424	40,095
Employer contributions made	<u>(41,198)</u>	<u>(35,845)</u>
Increase in net OPEB obligation	812,226	4,250
Net OPEB obligation, beginning of year	<u>648,975</u>	<u>36,321</u>
Net OPEB obligation, end of year	<u><u>\$ 1,461,201</u></u>	<u><u>\$ 40,571</u></u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 11 - 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 2009 were as follows:

	<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>% of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
Self-funded / HPN	June 30, 2008	\$ 688,016	5.67%	\$ 648,975
Self-funded / HPN	June 30, 2009	853,424	4.83%	1,461,201
PEBP Plan	June 30, 2008	62,950	42.30%	36,321
PEBP Plan	June 30, 2009	40,095	89.40%	40,571

Funded status and funding progress

The funded status of the plans as of June 30, 2009, and 2008 were as follows:

	<u>Self-funded / HPN</u> <u>2009</u>
Actuarial accrued liability (a)	\$ 6,633,463
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 6,633,463
Funded ratio (b) / (a)	0%
Covered payroll (c)	\$ 17,076,022
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	38.8%
	<u>PEBP *</u> <u>2009</u>
Actuarial accrued liability (a)	\$ 864,895
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 864,895
Funded ratio (b) / (a)	0%
Covered payroll (c)	N/A
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	N/A

* PEBP is a closed plan; and therefore there are no current employees covered by the PEBP.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 11 - Other Post-Employment Benefits (OPEB) (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multi-year trend information that shows, whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 provided at the valuation date and the historical 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial methods and assumptions

	<u>Self-funded / HPN</u>	<u>PEBP Plan</u>
Actuarial valuation date	July 1, 2008	July 1, 2008
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 Employment 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, 2009, the Other Postemployment Benefit Reserve fund has \$211,855 in cash, investments, and interest receivable held on behalf of the RTC. The 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 a qualifying in trust or equivalent arrangement as defined by GASB Statement No. 45.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 12 - Risk Management

The RTC's operating activities are comprised primarily of providing both the transit authority and the transportation-planning agency in southern Nevada; and therefore, realization of the RTC's receivables and its future operations could be affected by an adverse change in the economic conditions in the area.

The United States is experiencing a widespread recession accompanied by declines in residential real estate sales, mortgage lending and related construction activity, higher energy costs and other inflationary trends, and weakness in the commercial and investment banking systems, and is engaged in a war, all of which are likely to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the southern Nevada economy and the RTC 's operating activities cannot be predicted at this time but may be substantial.

In the ordinary course of its operations, claims are filed against the RTC. It is the opinion of management that these claims will not have any material adverse effect on the RTC's financial position, results of operation, or cash flows.

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

The RTC, through various interlocal agreements, contracts with 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.

On January 1, 2005, the RTC entered into a cooperative agreement with Clark County for coverage of liability claims and related expenses.

The RTC is solely responsible to pay all claim costs which come within its retained limit as set for in the agreement. The RTC also may elect to provide its own legal defense in which case the Clark County Insurance Pool Internal Service Fund (the "Fund") shall reimburse the RTC for the cost of such defense up to the limit of the amount the Fund would have paid pursuant to the legal services contracts entered into by the County.

The RTC's designated representative shall notify Clark County's designated representative and the designated adjusting firm of any occurrence for which it is believed liability will exceed RTC's retention. RTC is solely responsible for the costs of the services rendered it by the claims adjusting firm.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 12 - Risk Management (continued)

Clark County shall be responsible for the management and administration of the Fund. Clark County is authorized to contract for claims adjusting services, legal services and consulting services, brokerage services, or to enter into contracts for the purchase of property and casualty insurance or excess or supplemental liability insurance; to invest the Fund's assets in accordance with all applicable laws and regulations and to make disbursements from the Fund pursuant to the agreement.

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. Employees have the option in selecting between the Self-Funded group insurance or Health Plan of Nevada.

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.

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 \$20,000,000. 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.

With a portion of the contributions from County funds and other participating agencies, the County purchases commercial property insurance to cover the risk of damage to the insureds' property. RTC property is included in the schedule of insured locations in this policy.

NOTE 13 - Construction Commitments

Construction commitments include major arterial roadway projects with various local entities of approximately \$179,400,000. In addition, the Public Transit fund has outstanding construction commitments of approximately \$75,400,000 for capital projects and vehicles.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 14 - Variable-to-Fixed Commodity Swap Agreement

The RTC actively engages in commodity swap agreements for the purpose of reducing the effects of the volatility of diesel fuel prices and to provide for future operations at a known and budgeted cost.

At June 30, 2009, the RTC's derivative portfolio is comprised of variable-to-fixed commodity swap agreements, solely for the purpose of providing the RTC's projected diesel fuel requirements through June 2010. As of June 30, 2009, the RTC had commitments for 5,976,662 gallons of diesel full at a fixed price of \$1.7425 per gallon related to these derivatives.

Under applicable accounting standards, these derivatives, for which the RTC neither paid nor was paid anything at inception, are accounted for as "normal purchases and normal sales contracts" and not as investments. The primary risks associated with these derivatives are counter-party credit and termination risks. The RTC or its counter-party may terminate a commodity swap agreement if the other party fails to perform under the terms of the agreement. If at the time of termination, the applicable commodity swap agreement is in a liability position, the RTC would be liable to the counter-party for payment equal to the liability, subject to certain netting arrangements. As of June 30, 2009, the RTC is not aware of any event that has occurred that would lead to a termination event with respect to its existing commodity swap agreement.

NOTE 15 - Prior Period Adjustment

During 2009, the following prior period adjustments were made:

General Fund

It was determined that in 2008:

- Accounts receivable had been understated by \$43,856.
- Prepaid expense had been understated by \$203,286.
- Accounts payable had been understated by \$415,638.

Total net adjustments resulted to an overstatement of \$168,496 in fund balance for 2008.

Highway Improvement Acquisition Fund

It was determined that in 2008 accounts payable had been understated and fund balance had been overstated by \$10,258,435.

RTC Highway Improvement Fund

It was determined that in 2008 accounts payable had been understated and fund balance had been overstated by \$1,300,283.

Public Transit Fund

It was determined that in 2008:

- Accounts receivable had been understated by \$666,651.
- Prepaid expense had been understated by \$105,928.
- Capital assets had been understated by \$1,335,461.
- Accounts payable had been understated by \$744,678.

Total net adjustments resulted to an understatement of \$1,363,362 in fund balance for 2008.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 16 - Subsequent Events

On August 25, 2009, the State of Nevada was notified by the U.S. Department of Transportation that approximately \$8.7 billion of unobligated Federal-aid highway funds apportioned to the States would be rescinded on September 30, 2009. Such rescissions attributed to the State of Nevada totaled approximately \$61 million. While the amount of these total Nevada rescissions is subject to reallocation within certain limits at the State level, the rescissions that are likely to affect RTC are unknown at this time.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS, OTHER POSTEMPLOYMENT BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
County Plan	June 30, 2006	\$0	\$5,007,082	\$5,007,082	0.0%	\$16,577,905	30.2%
	July 1, 2008	0	6,633,463	6,633,463	0.0%	17,076,022	38.8%
PEBP	June 30, 2006	0	1,046,677	1,046,677	0.0%	16,577,905	6.3%
	July 1, 2008	0	864,895	864,895	0.0%	N/A*	N/A*

* PEBP is a closed plan; and therefore, there are no current employees covered by the PEBP.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION COMMISSION FUND
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)**

	2009				2008
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants			\$ 4,675,267	\$ 4,675,267	\$ 3,284,589
Charges for services	\$ 1,195,100	\$ 1,195,100		(1,195,100)	
Interest	125,000	125,000	156,860	31,860	251,089
Other			1,130,052	1,130,052	1,162,623
Total revenues	<u>1,320,100</u>	<u>1,320,100</u>	<u>5,962,179</u>	<u>4,642,079</u>	<u>4,698,301</u>
EXPENDITURES					
Current:					
Salaries and wages	11,115,471	11,115,471	10,134,907	(980,564)	9,788,031
Employee benefits	3,710,729	3,710,729	3,461,027	(249,702)	3,086,315
Services and supplies	18,429,468	18,429,468	12,495,047	(5,934,421)	14,265,389
Capital outlay and intergovernmental capital grants	1,040,400	1,040,400	394,265	(646,135)	644,272
Total expenditures	<u>34,296,068</u>	<u>34,296,068</u>	<u>26,485,246</u>	<u>(7,810,822)</u>	<u>27,784,007</u>
OTHER FINANCING SOURCES					
Transfers in	32,879,432	32,879,432	24,266,495	(8,612,937)	24,343,181
CHANGE IN FUND BALANCES	<u>(96,536)</u>	<u>(96,536)</u>	<u>3,743,428</u>	<u>3,839,964</u>	<u>1,257,475</u>
Fund balances - beginning as originally reported	2,773,944	2,773,944	1,975,990	(797,954)	718,515
Prior period adjustment			(168,496)	(168,496)	
Fund balances - as restated	<u>2,773,944</u>	<u>2,773,944</u>	<u>1,807,494</u>	<u>(966,450)</u>	<u>718,515</u>
Fund balances - ending	<u>\$ 2,677,408</u>	<u>\$ 2,677,408</u>	<u>\$ 5,550,922</u>	<u>\$ 2,873,514</u>	<u>\$ 1,975,990</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION FUND
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)

	2009				2008
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Sales and use tax	\$ 43,625,000	\$ 43,625,000	\$ 37,480,578	\$ (6,144,422)	\$ 43,130,784
Interest	50,000	50,000	574,067	524,067	548,340
Total revenues	<u>43,675,000</u>	<u>43,675,000</u>	<u>38,054,645</u>	<u>(5,620,355)</u>	<u>43,679,124</u>
EXPENDITURES					
Current:					
Services and supplies	<u>7,000,000</u>	<u>7,000,000</u>	<u>6,013,018</u>	<u>(986,982)</u>	<u>7,036,609</u>
OTHER FINANCING USES					
Transfers out	<u>36,675,000</u>	<u>36,675,000</u>	<u>31,587,740</u>	<u>(5,087,260)</u>	<u>42,948,475</u>
CHANGE IN FUND BALANCES					
Fund balances - beginning			<u>28,569</u>	<u>28,569</u>	<u>6,334,529</u>
Fund balances - ending			<u><u>\$ 482,456</u></u>	<u><u>\$ 482,456</u></u>	<u><u>\$ 28,569</u></u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

NOTE 1 - 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 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, 2009, 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 accounting principles generally accepted in the United States of America.

Comparative data for the prior year have been presented for the individual fund statements in order to provide an understanding of the changes in these funds.

NOTE 2 - Other Postemployment Benefits

The June 30, 2006 actuarial valuation was the first valuation of the post employment benefit plan. As additional actuarial valuations are obtained, this schedule will ultimately present information from the three most recent valuations.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2009

NOTE 2 - Other Postemployment Benefits (continued)

For the year ended June 30, 2009, no significant events occurred that would have affected; and therefore, would have changed the benefit provision, size or composition of those covered by the other postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation reports dated June 30, 2006 and July 1, 2008.

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC BONDS FUND
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)**

	2009				2008
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ 1,000,000	\$ 1,000,000	\$ 206,219	\$ (793,781)	\$ 1,260,287
EXPENDITURES					
Current:					
Services and supplies			6,262	6,262	186,991
Debt Service:					
Principal	15,875,000	15,875,000	15,875,000		15,870,000
Interest	22,151,207	22,151,207	22,151,206	(1)	16,858,829
Bond issuance costs	1,000,000	1,000,000		(1,000,000)	
Total expenditures	<u>39,026,207</u>	<u>39,026,207</u>	<u>38,032,468</u>	<u>(993,739)</u>	<u>32,915,820</u>
OTHER FINANCING SOURCES					
Transfers in	<u>38,026,207</u>	<u>38,026,207</u>	<u>38,847,828</u>	<u>821,621</u>	<u>38,479,128</u>
CHANGE IN FUND BALANCES			1,021,579	1,021,579	6,823,595
Fund balances - beginning	<u>26,421,418</u>	<u>26,421,418</u>	<u>27,530,548</u>	<u>1,109,130</u>	<u>20,706,953</u>
Fund balances - ending	<u>\$ 26,421,418</u>	<u>\$ 26,421,418</u>	<u>\$ 28,552,127</u>	<u>\$ 2,130,709</u>	<u>\$ 27,530,548</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC RESERVE FUND
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)

	2009				2008
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ 1,000,000	\$ 1,000,000	\$ 1,193,918	\$ 193,918	\$ 3,010,139
EXPENDITURES					
Current:					
Services and supplies			3,880	3,880	200,884
OTHER FINANCING USES					
Transfers out			10,485,382	10,485,382	
CHANGE IN FUND BALANCES	1,000,000	1,000,000	(9,295,344)	(10,295,343)	2,809,255
Fund balances - beginning	50,170,850	50,170,850	52,276,945	2,106,095	49,467,690
Fund balances - ending	<u>\$ 51,170,850</u>	<u>\$ 51,170,850</u>	<u>\$ 42,981,601</u>	<u>\$ (8,189,249)</u>	<u>\$ 52,276,945</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
HIGHWAY IMPROVEMENT ACQUISITION FUND
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)**

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue:					
Federal and state grants			\$ 151,036	\$ 151,036	\$ 44,688
Fuel taxes	\$ 77,200,000	\$ 77,200,000	67,282,816	(9,917,184)	75,205,639
Charges for services					139,039
Interest	3,000,000	3,000,000	3,896,478	896,478	5,628,121
Other			549,761	549,761	4,076,300
Total revenues	<u>80,200,000</u>	<u>80,200,000</u>	<u>71,880,091</u>	<u>(8,319,909)</u>	<u>85,093,787</u>
EXPENDITURES					
Current:					
Services and supplies	7,500,000	7,500,000	764,556	(6,735,444)	1,641,729
Debt Service:					
Interest			518,219	518,219	400,834
Bond issuance costs					99,574
Capital outlay and intergovernmental capital grants	192,437,611	192,437,611	91,519,000	(100,918,611)	49,933,475
Total expenditures	<u>199,937,611</u>	<u>199,937,611</u>	<u>92,801,775</u>	<u>(107,135,836)</u>	<u>52,075,612</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(46,541,238)	(46,541,238)	(33,389,273)	13,151,965	(44,025,525)
Repayment of excess escrow deposit					264,980
Commercial paper issued	130,000,000	130,000,000	30,000,000	(100,000,000)	50,000,000
Total other financing sources (uses)	<u>83,458,762</u>	<u>83,458,762</u>	<u>(3,389,273)</u>	<u>(86,848,035)</u>	<u>6,239,455</u>
CHANGE IN FUND BALANCES	<u>(36,278,849)</u>	<u>(36,278,849)</u>	<u>(24,310,957)</u>	<u>11,967,892</u>	<u>39,257,630</u>
Fund balances - beginning as originally reported	37,091,213	37,091,213	87,099,947	50,008,734	58,648,544
Prior period adjustment					(10,806,227)
Fund balances - beginning as restated	<u>37,091,213</u>	<u>37,091,213</u>	<u>87,099,947</u>	<u>50,008,734</u>	<u>47,842,317</u>
Fund balances - ending	<u>\$ 812,364</u>	<u>\$ 812,364</u>	<u>\$ 62,788,990</u>	<u>\$ 61,976,626</u>	<u>\$ 87,099,947</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC HIGHWAY IMPROVEMENT FUND
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue:					
Fuel Taxes	\$ 4,770,000	\$ 4,770,000	\$ 4,495,839	\$ (274,161)	\$ 4,749,177
Interest	2,000,000	2,000,000	2,835,741	835,741	3,604,554
Other			28,194,759	28,194,759	478,479
Total revenues	<u>6,770,000</u>	<u>6,770,000</u>	<u>35,526,339</u>	<u>28,756,339</u>	<u>8,832,210</u>
EXPENDITURES					
Current:					
Services and supplies	41,041,280	41,041,280	11,289,154	(29,752,126)	6,268,476
Debt Service:					
Interest			736,865	736,865	127,637
Capital outlay and intergovernmental capital grants	141,959,065	141,959,065	79,800,652	(62,158,413)	52,632,047
Total expenditures	<u>183,000,345</u>	<u>183,000,345</u>	<u>91,826,671</u>	<u>(91,173,674)</u>	<u>59,028,160</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds and loans	90,000,000	90,000,000	50,000,000	(40,000,000)	50,000,000
Transfers in	71,795,568	71,795,568	26,821,245	(44,974,323)	38,605,294
Transfers out	(5,484,969)	(5,484,969)	(4,723,173)	761,796	(5,653,603)
Total other financing sources (uses)	<u>156,310,599</u>	<u>156,310,599</u>	<u>72,098,072</u>	<u>(84,212,527)</u>	<u>82,951,691</u>
CHANGE IN FUND BALANCES	<u>(19,919,746)</u>	<u>(19,919,746)</u>	<u>15,797,740</u>	<u>35,717,486</u>	<u>32,755,741</u>
Fund balances - beginning as originally reported	20,153,215	20,153,215	58,421,095	38,267,880	26,965,637
Prior period adjustment					(1,300,283)
Fund balances - beginning as restated	<u>20,153,215</u>	<u>20,153,215</u>	<u>58,421,095</u>	<u>38,267,880</u>	<u>25,665,354</u>
Fund balances - ending	<u>\$ 233,469</u>	<u>\$ 233,469</u>	<u>\$ 74,218,835</u>	<u>\$ 73,985,366</u>	<u>\$ 58,421,095</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)**

	2009				2008
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
OPERATING REVENUES					
Charges for services:					
Transit fees	\$ 49,100,000	\$ 49,100,000	\$ 57,657,000	\$ 8,557,000	\$ 53,718,583
Other	4,500,000	4,500,000	3,428,195	(1,071,805)	2,060,340
Total operating revenues	<u>53,600,000</u>	<u>53,600,000</u>	<u>61,085,195</u>	<u>7,485,195</u>	<u>55,778,923</u>
OPERATING EXPENSES					
Salaries and wages	8,494,981	8,494,981	6,941,115	(1,553,866)	6,789,247
Employee benefits	2,825,140	2,825,140	2,959,758	134,618	2,660,459
Services and supplies	174,727,277	174,727,277	163,361,107	(11,366,170)	145,380,237
Depreciation	20,000,000	20,000,000	24,351,191	4,351,191	20,673,323
Total operating expenses	<u>206,047,398</u>	<u>206,047,398</u>	<u>197,613,170</u>	<u>(8,434,228)</u>	<u>175,503,266</u>
Operating loss	<u>(152,447,398)</u>	<u>(152,447,398)</u>	<u>(136,527,975)</u>	<u>15,919,423</u>	<u>(119,724,343)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue:					
Sales and use tax	130,875,000	130,875,000	112,441,733	(18,433,267)	129,392,352
Federal and state grants	144,000,000	144,000,000	129,326,999	(14,673,001)	26,457,683
Interest income	3,000,000	3,000,000	3,459,322	459,322	10,037,471
Interest expense	(3,000,000)	(3,000,000)		3,000,000	(493,304)
Gain (loss) on sale of capital assets			3,353,242	3,353,242	(557,981)
Total nonoperating revenues (expenses)	<u>274,875,000</u>	<u>274,875,000</u>	<u>248,581,297</u>	<u>(26,293,703)</u>	<u>164,836,221</u>
Income before transfers	122,427,602	122,427,602	112,053,321	(10,374,281)	45,111,878
Transfers out	<u>(54,000,000)</u>	<u>(54,000,000)</u>	<u>(9,750,000)</u>	<u>44,250,000</u>	<u>(8,800,000)</u>
CHANGE IN NET ASSETS	<u>\$ 68,427,602</u>	<u>\$ 68,427,602</u>	<u>\$ 102,303,321</u>	<u>\$ 33,875,719</u>	<u>\$ 36,311,878</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)
(CONTINUED)**

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Cash flows from operating activities:					
Cash received from customers	\$ 49,100,000	\$ 49,100,000	\$ 59,147,406	\$ 10,047,406	\$ 50,289,574
Cash paid for employees and benefits	(11,320,121)	(11,320,121)	(9,529,314)	1,790,807	(8,843,405)
Cash paid for services and supplies	(174,727,277)	(174,727,277)	(160,791,203)	13,936,074	(108,167,863)
Other operating receipts	4,500,000	4,500,000	3,428,195	(1,071,805)	2,597,225
Net cash used in operating activities	<u>(132,447,398)</u>	<u>(132,447,398)</u>	<u>(107,744,915)</u>	<u>24,702,483</u>	<u>(64,124,469)</u>
Cash flows from noncapital financing activities:					
Cash provided by sales and use tax	130,875,000	130,875,000	112,451,773	(18,423,227)	129,392,352
Transfers to other funds	(54,000,000)	(54,000,000)	(9,750,000)	44,250,000	(8,800,000)
Net cash provided by non-capital financing activities	<u>76,875,000</u>	<u>76,875,000</u>	<u>102,701,773</u>	<u>25,826,773</u>	<u>120,592,352</u>
Cash flows from capital and related financing activities:					
Proceeds from bonds and loans	50,000,000	50,000,000		(50,000,000)	
Repayment of loans payable					(30,000,000)
Federal and state grants	144,000,000	144,000,000	129,326,999	(14,673,001)	33,024,254
Acquisition, construction, or improvement of capital assets	(162,850,000)	(162,850,000)	(125,162,872)	37,687,128	(149,504,791)
Interest paid on capital debt					(493,304)
Proceeds from the sale of capital assets			4,779,370	4,779,370	
Net cash provided by capital and related financing activities	<u>31,150,000</u>	<u>31,150,000</u>	<u>8,943,497</u>	<u>(22,206,502)</u>	<u>(146,973,841)</u>
Cash flows from investing activities:					
Interest received	3,000,000	3,000,000	4,201,169	1,201,169	11,004,610
Net change in cash and cash equivalents	(21,422,398)	(21,422,398)	8,101,524	29,523,922	(79,501,348)
Cash and cash equivalents - beginning of year	55,176,461	55,176,461	84,375,113	29,198,652	163,876,461
Cash and cash equivalents - end of year	<u>\$ 33,754,063</u>	<u>\$ 33,754,063</u>	<u>\$ 92,476,637</u>	<u>\$ 58,722,574</u>	<u>\$ 84,375,113</u>

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

Board of Commissioners
Regional Transportation Commission of Southern Nevada
Las Vegas, Nevada

We have audited the basic financial statements of the Regional Transportation Commission of Southern Nevada (the RTC) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control 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 RTC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of the RTC's basic financial statements that is more than inconsequential will not be prevented or detected by the RTC's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 09-1 through 09-4 to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and other matters. As part of obtaining reasonable assurance about whether the RTC's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the basic financial statement amounts, including whether the funds established by the RTC, as listed in Nevada Revised Statutes (NRS) 354.624 Sec. 4 (c) (1 through 5) and NRS 354.6105 complied with the express purposes required by NRS 354.6241 Sec. 1 (a)(b)(c)(d)(e)(f) and NRS 354.6105 sec. 4 (a) and (b), respectively. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of the RTC's management and members of the Board of Commissioners, and federal award agencies and pass through entities. However, this report is a matter of public record, and its distribution is not limited.


December 9, 2009

Regional Transportation Commission of Southern Nevada

Schedule of Findings and Responses

For the Fiscal Year Ended June 30, 2009

09-1

Criteria:	As part of management's control process, general ledger account analyses and related revenue reconciliations should be completed to identify and prevent financial statement misstatements.
Condition:	The preparers of the reconciliations and supporting schedules do not investigate, identify and document differences resulting from this process timely.
Effect:	The revenue reported for the year could be materially misstated.
Cause:	Ineffective application and monitoring of the account analyses and reconciliation process.
Recommendation:	We recommend that policies and procedures be adopted requiring the preparers of such reconciliations and supporting schedules to timely identify, investigate and document any differences resulting from this process, and that the resulting documentation be timely and appropriately reviewed and approved.
Management's response:	Management of the Regional Transportation Commission (the RTC) has informed us that it has initiated the recommended policies and procedures and will monitor compliance therewith timely.

Regional Transportation Commission of Southern Nevada

Schedule of Findings and Responses (Continued)

For the Fiscal Year Ended June 30, 2009

09-2

Criteria: Cash on hand, including cash drawers, should be subject to restricted access in secure locations, and all cash on hand should be counted and reconciled to properly documented underlying transactions daily.

Condition: Several times each month, the cash drawers were determined by RTC employees to be not in balance at the end of the shift. The variances were reported to the accounting department where they were not investigated timely. The key lock box requires two keys to access sensitive keys to the vault and drop bins; however, these two keys are identical. In addition, the cash dropped from previous days is kept in clear bags until the count team is available to count the money. Each bag has an individual identifier; however, there are no security tags/seals to prevent employees from opening and closing the bags without being traced.

Effect:

Discrepancies between cash on hand, revenue from cash transactions and credit transactions have not been resolved timely. Identical keys allow a single employee to make a duplicate key and have access to the sensitive keys and ultimately the cash contained in the vault and drop bins.

Cause:

Recommendation: Adequate policies and procedures are not in place to protect cash on hand from, or to detect timely, improper accounting and misappropriation.

Management's response: Since cash is readily susceptible to misappropriation, we recommend that cash drawer discrepancies be investigated timely and adequately explained as part of the shift closing process. Security tags should be used for cash stored in bags before being counted, and two unique keys should be required to access keys to the vault and drop bins.

Management of the RTC has informed us that it has adopted the recommended policies and procedures and will monitor compliance therewith timely.

Regional Transportation Commission of Southern Nevada

Schedule of Findings and Responses (Continued)

For the Fiscal Year Ended June 30, 2009

09-3

Criteria: Accounts receivable should be based on documented transactions reflecting the earnings process.

Condition: Accounts receivable for revenues earned in the current year are currently recorded based on cash received and deposited subsequent to year end.

Effect: Such practices increase the risk that revenues and asset classifications would be misstated.

Cause: Ineffective and/or untimely review and approval of monthly deposit reconciliations and related journal entries.

Recommendation: We recommend the RTC record revenues, where applicable, upon the occurrence of sales transactions or events rather than based on subsequent cash deposits and that fare box collections in the vault be recorded as cash instead of a receivable. To further enhance the controls over the revenue process, we recommend that such receivables be recorded monthly and an analysis of the collectability thereof be part of the monthly internal financial reporting process.

Management's response: Management of the RTC has informed us that it has adopted the recommended policies and procedures and will monitor compliance therewith timely.

Regional Transportation Commission of Southern Nevada

Schedule of Findings and Responses (Continued)

For the Fiscal Year Ended June 30, 2009

09-4

Criteria: Controls should be in place to provide reasonable assurance that accounts payable are being paid in a timely manner and aging reports tie to the general ledger.

Condition: No accounts payable aging reports are currently used by management, vendor account information is not periodically reviewed for debit balances, and no systematic overall review of outstanding payables is made to identify and investigate past due accounts.

Effect: Reasonable assurance cannot be attained that accounts payable are properly recorded, managed and paid timely.

Cause: A lack of policies and procedures designed to provide appropriate aged accounts payable schedules and the effective and systematic review of the appropriate posting of accounts payable transactions and the potential affect on future cash flows.

Recommendation: We recommend that the RTC implement and monitor policies and procedures to address these accounts payable control issues.

Management's response: Management of the RTC has informed us that it has implemented the recommended policies and procedures and will monitor compliance therewith timely.

**Regional Transportation Commission
of Southern Nevada
600 S. Grand Central Pkwy.
Las Vegas, Nevada 89106**

