

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
A COMPONENT UNIT OF CLARK COUNTY, NEVADA



COMPONENT UNIT FINANCIAL STATEMENTS  
**JUNE 30, 2010**

**REGIONAL TRANSPORTATION  
COMMISSION OF SOUTHERN NEVADA  
COMPONENT UNIT FINANCIAL  
STATEMENTS  
JUNE 30, 2010**

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
JUNE 30, 2010**

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**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**

A COMPONENT UNIT OF CLARK COUNTY, NEVADA

**RTC BOARD  
OF COMMISSIONERS**

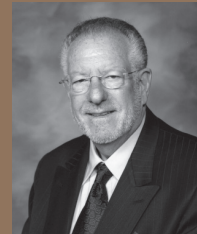
**GENERAL MANAGER**



*Jacob L. Snow, General Manager  
Regional Transportation Commission  
of Southern Nevada*



*Larry Brown, Chairman  
Clark County*



*Mayor Oscar B. Goodman  
Vice Chairman  
City of Las Vegas*



*David Bennett  
City of Mesquite*



*Robert Eliason  
City of North Las Vegas*

**COUNTY  
COMMISSIONERS**

*Rory Reid, Chairman*

*Susan Brager, Vice-Chairman*

*Lawrence L. Brown*

*Tom Collins*

*Chris Giunchigliani*

*Lawrence Weekly*

*Steve Sisolak*



*Chris Giunchigliani  
Clark County*



*Debra March  
City of Henderson*



*Steve Ross  
City of Las Vegas*



*Mayor Roger Tobler  
City of Boulder City*

# FINANCIAL SECTION



P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

## 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, 2010, 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.

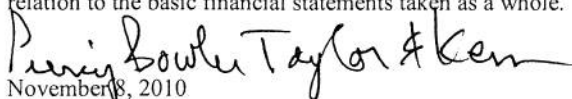
We conducted our audit in accordance with auditing standards generally accepted in the United States, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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, 2010, and the respective changes in its financial position and cash flows, where applicable, thereof for the year 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 November 8, 2010, 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 audit.

The management's discussion and analysis on pages 3 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 49 through 53 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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
November 8, 2010

**20<sup>th</sup>**  
ANNIVERSARY  
2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **June 30, 2010**

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, 2010. 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 for proprietary funds. The RTC has 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 excise 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 excise 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 street and highway, 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 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
<b>ASSETS:</b>						
Current and other assets	\$ 235,958,202	\$ 308,569,184	\$ 110,959,772	\$ 131,159,732	\$ 346,917,974	\$ 439,728,916
Net capital assets	15,565,346	16,245,708	413,503,141	424,520,870	429,068,487	440,766,578
Total assets	<u>251,523,548</u>	<u>324,814,892</u>	<u>524,462,913</u>	<u>555,680,602</u>	<u>775,986,461</u>	<u>880,495,494</u>
<b>LIABILITIES:</b>						
Long-term debt outstanding	672,799,946	651,394,861	2,219,070	1,606,500	675,019,016	653,001,361
Other liabilities	47,446,732	102,050,842	41,666,138	59,399,968	89,112,870	161,450,810
Total liabilities	<u>720,246,678</u>	<u>753,445,703</u>	<u>43,885,208</u>	<u>61,006,468</u>	<u>764,131,886</u>	<u>814,452,171</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	15,565,346	16,245,708	413,503,142	424,520,870	429,068,488	440,766,578
Restricted	175,204,663	197,429,688			175,204,663	197,429,688
Unrestricted (deficit)	<u>(659,493,139)</u>	<u>(642,306,207)</u>	<u>67,074,564</u>	<u>70,153,264</u>	<u>(592,418,575)</u>	<u>(572,152,943)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ (468,723,130)</u>	<u>\$ (428,630,811)</u>	<u>\$ 480,577,706</u>	<u>\$ 494,674,134</u>	<u>\$ 11,854,576</u>	<u>\$ 66,043,323</u>

### Governmental Activities

The decrease in current and other assets is due to the Jurisdictions spending on street and highway projects, Clark County decreasing loaned securities allocated to the RTC by approximately \$29,000,000, and the reduction of outstanding accounts payable by approximately \$25,000,000. Also, cash balances were not replenished in FY2010 at the same level as FY2009 as new money debt issued in FY2010 was only \$33,000,000 compared to \$80,000,000 of new money debt issued, in the form of commercial paper notes in FY2009.

The increase in long-term debt outstanding and the unrestricted deficit is primarily due to the issuance of \$159,000,000 of new bonds, which refunded \$120,400,000 of commercial paper notes and provided \$32,000,000 of new money for street and highway projects. In addition to the refunding of commercial paper notes, this increase was also offset by the regularly scheduled bond principal payment of \$17,355,000. The RTC reimburses the Jurisdictions for approved expenditures on street and highway projects, and the Jurisdictions retain and maintain the improved assets. The 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.

In addition to the reduction in accounts payable, the decrease in other liabilities was attributable to Clark County decreasing loaned securities allocated to the RTC by approximately \$30,000,000.

Restricted net assets are comprised of net resources for the Jurisdictions' street and highway projects and debt service. Available resources for the Jurisdictions' street and highway projects declined as described above in the discussion of current and other assets. Restricted net assets for debt service increased by approximately \$22,000,000 due to the issuance of the series 2010 motor vehicle fuel tax and sales and excise tax revenue bonds.

Business Type Activities

Current and other assets decreased primarily due to a decrease in cash balance and Clark County decreasing loaned securities allocated to the RTC. Cash decreased by approximately \$16,000,000 primarily due to a decrease in accounts payable of approximately \$6,000,000 and a decrease in sales and excise tax revenue of approximately \$11,000,000.

Net capital assets decreased by approximately \$11,000,000. This decrease was due to approximately \$73,000,000 in capital expenditures, approximately \$31,000,000 in depreciation expense, and the donation of approximately \$54,300,000 of street improvements to the City of Las Vegas. These donated street improvements primarily consist of RTC funded street enhancements for Bus Rapid Transit lanes in the City of Las Vegas that connect downtown Las Vegas to the Las Vegas Strip. The City of Las Vegas owns and is responsible for the maintenance of the street improvements.

The decrease in other liabilities is primarily due to the decrease in accounts payable and Clark County decreasing loaned securities allocated to the RTC.

Condensed Statements of Activities

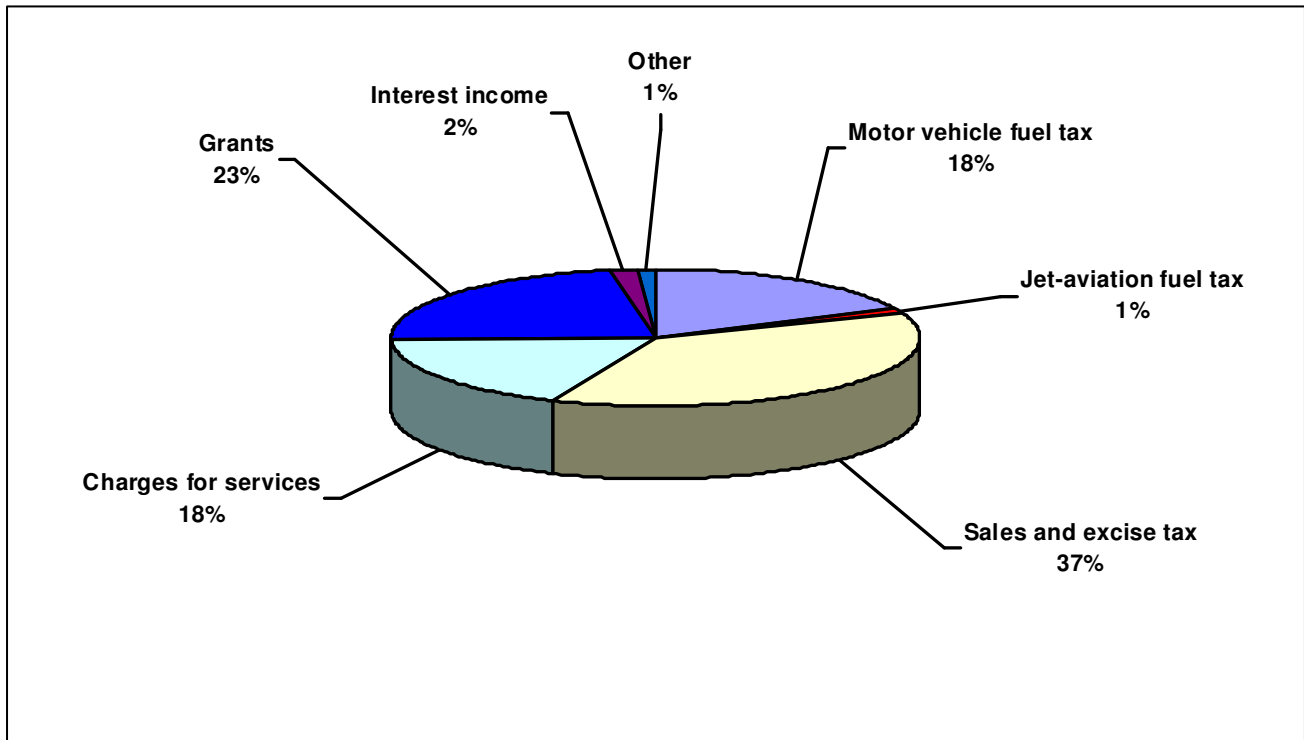
	Governmental Activities		Business Type Activities		Total	
	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
<b>PROGRAM REVENUES</b>						
Charges for services			\$ 65,086,880	\$ 61,085,195	\$ 65,086,880	\$ 61,085,195
Operating grants and contributions	\$ 3,212,672	\$ 4,769,506	1,594,800	8,363	4,807,472	4,777,869
Capital grants and contributions	11,130,455	358,656	67,108,616	129,318,636	78,239,071	129,677,292
<b>GENERAL REVENUES</b>						
Motor vehicle fuel tax	65,408,709	67,282,816			65,408,709	67,282,816
Jet-aviation fuel tax	3,899,442	4,193,978			3,899,442	4,193,978
Sales and excise tax	33,934,033	37,480,578	101,802,100	112,441,733	135,736,133	149,922,311
Interest income	4,249,436	8,863,283	2,209,392	3,459,322	6,458,828	12,322,605
Other	3,521,316	29,189,739	46,977	3,353,242	3,568,293	32,542,981
	<u>125,356,063</u>	<u>152,138,556</u>	<u>237,848,765</u>	<u>309,666,491</u>	<u>363,204,828</u>	<u>461,805,047</u>
<b>EXPENSES</b>						
Public works	151,758,257	216,754,501			151,758,257	216,754,501
Interest on long-term debt	22,671,959	22,694,154			22,671,959	22,694,154
Public transit			189,072,038	197,613,170	189,072,038	197,613,170
	<u>174,430,216</u>	<u>239,448,655</u>	<u>189,072,038</u>	<u>197,613,170</u>	<u>363,502,254</u>	<u>437,061,825</u>
Change in net assets before transfers and capital contributions	(49,074,153)	(87,310,099)	48,776,727	112,053,321	(297,426)	24,743,222
Capital contributions and donations			(54,304,407)		(54,304,407)	
Transfers	8,568,750	9,750,000	(8,568,750)	(9,750,000)		
Change in net assets	<u>(40,505,403)</u>	<u>(77,560,099)</u>	<u>(14,096,430)</u>	<u>102,303,321</u>	<u>(54,601,833)</u>	<u>24,743,222</u>
Net Assets - beginning as previously reported	(428,630,811)	(339,343,498)	494,674,134	391,007,451	66,043,323	51,663,953
Prior period adjustment		(11,727,214)		1,363,362		(10,363,852)
Net Assets - beginning as restated	<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>
Net Assets - ending	<u>\$ (469,136,214)</u>	<u>\$ (428,630,811)</u>	<u>\$ 480,577,704</u>	<u>\$ 494,674,134</u>	<u>\$ 11,441,490</u>	<u>\$ 66,043,322</u>

Fluctuations in revenues and expenses for fiscal year 2010 compared to fiscal year 2009 are explained below.

- Charges for services increased by approximately \$4.0 million due to a transit fare increase in January 2010.
- Operating and capital grants decreased by approximately \$51.4 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.
- The decreases in motor vehicle fuel tax, Jet-aviation fuel tax, and sales and excise tax are due to the recession that started in December 2007, and continued throughout fiscal year 2010.
- Interest income decreased by approximately \$5.9 million in fiscal year 2010 due to declining short-term interest rates on cash and investments.
- The decrease in other general revenues is primarily due to the RTC collecting approximately \$28 million in fiscal year 2009 from Clark County that was being held by the County for RTC related street and highway improvement projects.
- Public works expenses decreased by approximately \$64.9 million due to decreased street and highway construction activity by the Jurisdictions.
- Interest on long-term debt increased by \$0.6 million due to the issuance of additional motor vehicle fuel tax and sales and excise tax revenue bonds for funding of the Jurisdictions street and highway projects, and refunding a portion of the outstanding commercial paper.
- Public transit expenses decreased approximately \$8.5 million due mainly to higher fuel prices in fiscal year 2009. The fiscal year 2009 fuel hedge agreement locked in \$3.65 a gallon for the cost of diesel fuel, and the actual price for diesel fuel was in the \$2.00 range. The fuel hedge fixed price for a gallon of diesel fuel for fiscal year 2010 was \$1.74.
- In fiscal year 2010 the RTC donated street improvements that cost approximately \$54.3 million to the City of Las Vegas. These donated street improvements primarily consist of RTC funded street enhancements for Bus Rapid Transit lanes in the City of Las Vegas that connect downtown Las Vegas to the Las Vegas Strip. The City of Las Vegas owns and is responsible for the maintenance of the street improvements.
- Transfers declined by approximately \$1.1 million due to spending cuts in the Regional Transportation Commission Fund.

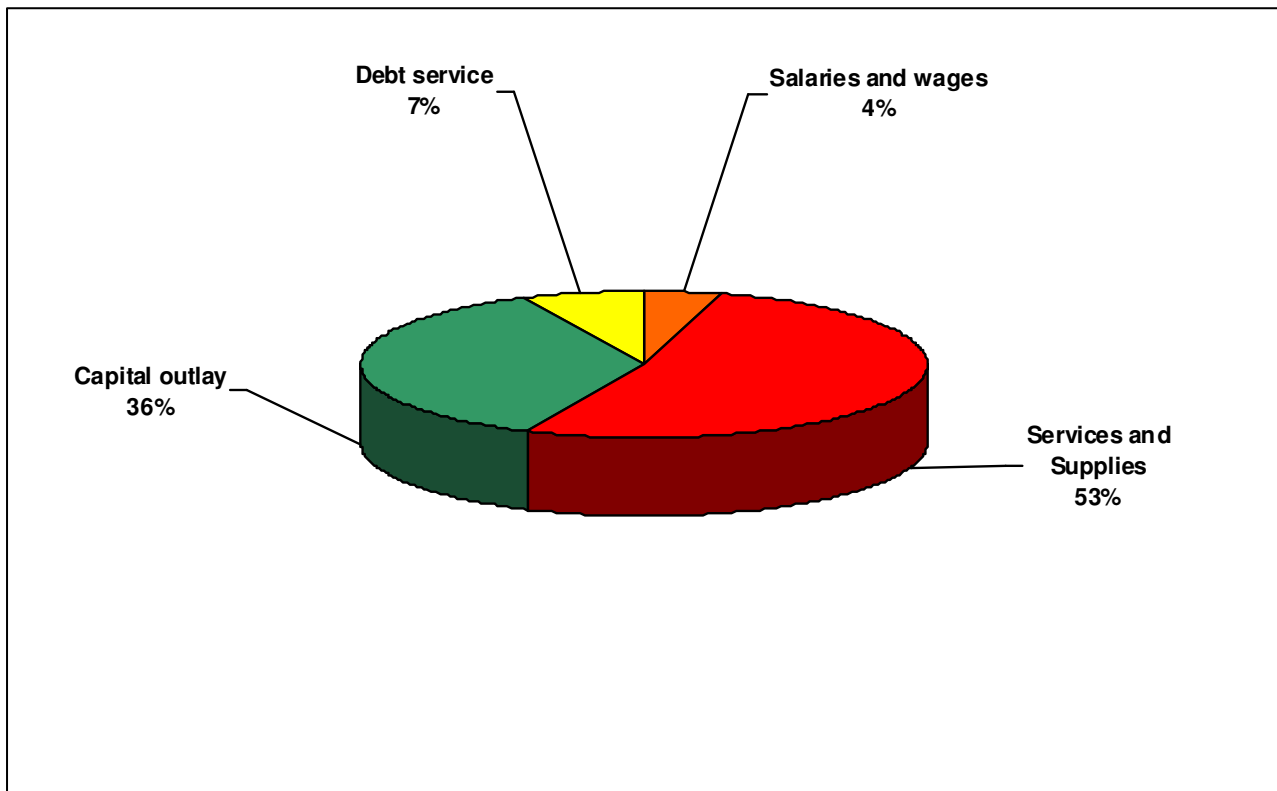
## REVENUES

The following chart shows the complement of revenues for the year ended June 30, 2010:



## EXPENDITURES

The following chart shows the complement of expenditures for the year ended June 30, 2010:



## CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal year 2010, the RTC expended \$189.1 million on capital assets, 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	\$115,849,298
Equipment, buildings, land, and improvements	73,268,561

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 the funding of 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 that own and are responsible for maintenance and repair of the assets. 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 8, 2010, 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, 2010:

	Beginning Balance	Additions and Premiums	Deletions	Ending Balance
Revenue bonds	<u>\$ 469,415,438</u>	<u>\$ 159,250,561</u>	<u>\$ 18,193,874</u>	<u>\$ 610,472,126</u>

Bonds payable at June 30, 2010, are comprised of the following individual issues:

	Original Amount	Interest Rate	Balance June 30, 2010
<b>Highway Improvement and Refunding Bonds</b>			
Motor Vehicle Fuel Tax Revenue:			
Series 2003	\$ 200,000,000	4.50-6.00%	\$ 158,995,000
Series 2007	300,000,000	3.00-5.00%	281,965,000
Series 2010A1	32,595,000	6.00-6.50%	32,595,000
Series 2010B	51,180,000	5.00%	51,180,000
Sales and Excise Tax Revenue:			
Series 2010	69,595,000		69,595,000
Plus unamortized premium			16,142,126
Total			<u>\$ 610,472,126</u>

Issuing highway improvement bonds allows 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 issues bonds for the RTC in the County's name. 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, and the 0.25% sales and excise tax in 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 street and highway programs funded by motor vehicle fuel tax and a portion of the sales and excise tax. During the year ended June 30, 2010 the RTC refunded \$53 million of motor vehicle fuel tax commercial paper notes and \$67.4 million of sales and excise tax commercial paper notes with 20 year bonds. At June 30, 2010 the outstanding commercial paper consisted of \$32.6 million due from the sales and excise tax program and \$27 million 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 years from the related tax revenues.

## **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.

	2010	2009	2008	2007
Ridership - fixed route	56,056,979	63,424,642	64,765,634	62,321,216
% increase (decrease)	(11.6%)	(2.1%)	3.9%	4.90%
Ridership - paratransit	1,027,715	1,023,470	967,829	890,125
% increase	0.4%	5.7%	8.7%	9.2%

The decline in ridership for fiscal years 2009 and 2010 can be attributed to the general economic decline nationally and specifically in southern Nevada, and also due to 2 fare increases that could have had a negative impact on demand.

## **BUDGET**

The Regional Transportation Commission Fund is the general operating fund of the RTC. The fiscal year 2010 budget was not amended. After the development of the fiscal year 2010 budget the RTC and the State of Nevada, Department of Transportation finalized a new agreement that provided an additional one million dollars of reimbursement for RTC expenses related to the Freeway and Arterial System of Transportation (FAST). In the past, this agreement provided approximately one million dollars of reimbursement from the State annually. RTC expended the entire two million dollars in fiscal year 2010 for FAST and has been reimbursed by the State.

Due to the current economic recession, management has made a concerted effort to cut costs. For fiscal year 2010 the RTC and the Service Employees International Union, SEIU Local 1107, agreed to a zero percent cost of living adjustment (COLA). In addition to this, as employees terminated their employment, management left several positions vacant instead of filling them. As a result of these actions, salaries, wages and benefits were under budget by approximately 6% or \$0.6 million.

In addition to the savings in salaries, wages and benefits, services and supplies were under budget by 24% or \$3.3 million. Total savings from cost cutting efforts in the Regional Transportation Commission fund were over \$4 million, and made it possible to cut transfers from other funds by approximately \$3.9 million. Management continues its effort to reduce costs in order to enhance efficiency in providing transit services and fund streets and highways projects.

## **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, 2010 for the Clark County, Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds from Moody's Investors Service, Inc. was A1, and the rating from Standard & Poor's Rating Service was AA-. The bond rating at June 30, 2010 for the Clark County, Nevada Sales and Excise Tax Revenue (Street and Highway Projects) Refunding Bonds from Moody's Investors Service, Inc. was Aa2, 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 "NR" by Moody's and "A-1+" by Standard & 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](mailto:Traasdahlm@rtcsonv.com).

## **BASIC FINANCIAL STATEMENTS**

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments:			
In custody of the County Treasurer	\$ 149,798,377	\$ 76,162,946	\$ 225,961,323
Cash on hand	500	10,000	10,500
In custody of the fiscal agent	43,799,089		43,799,089
Loaned securities	940,161	506,120	1,446,281
Accounts receivable, net of allowance	2,453,381	3,301,336	5,754,717
Interest receivable	678,696	365,364	1,044,060
Due from other funds *	7,316,179		
Due from other governmental units, net of allowance	26,294,433	30,296,994	56,591,427
Prepaid expenses	410,284	317,012	727,296
Deferred charges	4,267,102		4,267,102
Capital assets, not being depreciated		81,385,305	81,385,305
Capital assets, net of accumulated depreciation	15,565,346	332,117,836	347,683,182
<b>TOTAL ASSETS</b>	<b>251,523,548</b>	<b>524,462,913</b>	<b>768,670,282</b>
<b>LIABILITIES</b>			
Accounts payable	26,856,974	38,980,834	65,837,808
Accrued payroll	691,615	444,084	1,135,699
Accrued interest	12,389,490		12,389,490
Loaned securities	1,818,055	978,719	2,796,774
Due to other funds *	6,103,679	1,212,500	
Other current liabilities		50,000	50,000
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable	20,860,000		20,860,000
Compensated absences payable	535,093	467,669	1,002,762
Portion due or payable after one year:			
Bonds and notes payable	649,212,126		649,212,126
Compensated absences payable	1,044,859	544,067	1,588,926
Other post employment benefits	1,147,868	1,207,334	2,355,202
<b>TOTAL LIABILITIES</b>	<b>720,659,759</b>	<b>43,885,207</b>	<b>757,228,787</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	15,565,346	413,503,142	429,068,488
Restricted for:			
Capital projects and intergovernmental capital grants	102,477,088		102,477,088
Debt service	72,314,494		72,314,494
Unrestricted (deficit)	(659,493,139)	67,074,564	(592,418,575)
<b>TOTAL NET ASSETS</b>	<b>\$ (469,136,211)</b>	<b>\$ 480,577,706</b>	<b>\$ 11,441,495</b>

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

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

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
<b>GOVERNMENTAL ACTIVITIES:</b>							
Public works	\$ 151,758,257		\$ 3,212,672	\$ 11,130,455	\$ (137,415,130)		\$ (137,415,130)
Interest on long-term debt	22,671,959				(22,671,959)		(22,671,959)
TOTAL GOVERNMENTAL ACTIVITIES	174,430,216		3,212,672	11,130,455	(160,087,089)		(160,087,089)
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Public transit	189,072,038	\$ 65,086,880	1,594,800	67,108,616		\$ (55,281,742)	(55,281,742)
TOTAL BUSINESS-TYPE ACTIVITIES	189,072,038	65,086,880	1,594,800	67,108,616		(55,281,742)	(55,281,742)
Total	\$ 363,502,254	\$ 65,086,880	\$ 4,807,472	\$ 78,239,071	(160,087,089)	(55,281,742)	(215,368,831)
General Revenues:							
Fuel taxes					69,308,151		69,308,151
Sales and excise tax					33,934,033	101,802,100	135,736,133
Interest income					4,249,436	2,209,392	6,458,828
Other					3,521,319	46,979	3,568,298
Capital contributions and donations						(54,304,407)	(54,304,407)
Transfers					8,568,750	(8,568,750)	
Total general revenues and transfers					119,581,689	41,185,314	160,767,003
Changes in net assets					(40,505,400)	(14,096,428)	(54,601,828)
Net assets - beginning					(428,630,811)	494,674,134	66,043,323
Net assets - ending					\$ (469,136,211)	\$ 480,577,706	\$ 11,441,495

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	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						
<b>ASSETS</b>														
Cash and investments:														
In custody of the County Treasurer	\$	3,759,922	\$	1,445,635	\$	35,818,442	\$	5,395,840	\$	59,638,843	\$	43,739,695	\$	149,798,377
Cash on hand		500												500
In custody of the fiscal agent								43,799,089						43,799,089
Loaned securities		22,917		9,268		230,560		34,592		382,294		260,530		940,161
Accounts receivable, net of allowance		1,729,316								724,065				2,453,381
Interest receivable		16,543		6,690		166,440		24,972		275,976		188,075		678,696
Due from other funds		3,125,302										4,190,877		7,316,179
Due from other governmental units, net of allowance		2,100,619		5,822,832					11,360,268			7,010,714		26,294,433
Prepaid expenses		410,284												410,284
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>11,165,403</b>	<b>\$</b>	<b>7,284,425</b>	<b>\$</b>	<b>36,215,442</b>	<b>\$</b>	<b>49,254,493</b>	<b>\$</b>	<b>72,381,446</b>	<b>\$</b>	<b>55,389,891</b>	<b>\$</b>	<b>231,691,100</b>
<b>LIABILITIES AND FUND BALANCES</b>														
<b>LIABILITIES:</b>														
Accounts payable	\$	2,121,501	\$	1,896,799					\$	2,980,027	\$	19,858,648	\$	26,856,974
Accrued payroll		691,615												691,615
Due to other funds				4,891,179						1,212,500				6,103,679
Loaned securities		44,315		17,922	\$	445,849	\$	66,894		739,270		503,805		1,818,055
Deferred revenues						253,207								253,207
<b>Total liabilities</b>		<b>2,857,431</b>		<b>6,805,900</b>		<b>699,056</b>		<b>66,894</b>		<b>4,931,797</b>		<b>20,362,453</b>		<b>35,723,530</b>
<b>FUND BALANCES:</b>														
Reserved for:														
Capital projects and intergovernmental capital grants										67,449,649		35,027,438		102,477,088
Debt service						35,516,386		49,187,599						84,703,985
Unreserved:														
Undesignated		8,307,973		478,525										8,786,498
<b>Total fund balances</b>		<b>8,307,973</b>		<b>478,525</b>		<b>35,516,386</b>		<b>49,187,599</b>		<b>67,449,649</b>		<b>35,027,438</b>		<b>195,967,570</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$</b>	<b>11,165,403</b>	<b>\$</b>	<b>7,284,425</b>	<b>\$</b>	<b>36,215,442</b>	<b>\$</b>	<b>49,254,493</b>	<b>\$</b>	<b>72,381,446</b>	<b>\$</b>	<b>55,389,891</b>	<b>\$</b>	<b>231,691,100</b>

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010**

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

**Total fund balance - governmental funds** \$ 195,967,570

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	\$ 21,515,409	
Less accumulated depreciation	<u>(5,950,063)</u>	15,565,346

Other long-term assets are not available to pay current period expenditures; and therefore, are deferred in the fund financial statements. 253,207

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	(653,930,000)	
Plus unamortized premiums	(16,142,126)	
Less unamortized deferred charges	4,267,102	
Accrued interest payable	(12,389,490)	
Compensated absences	(1,579,952)	
Other post employment benefits	<u>(1,147,868)</u>	(680,922,334)

**Total net assets (deficit) - governmental activities** \$ (469,136,211)

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue		Debt Service Funds		Capital Project Funds		Total Governmental Funds
	General Fund	Fund			Highway	RTC Highway	
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Improvement Acquisition	Improvement	
<b>REVENUE</b>							
Intergovernmental revenue:							
Federal and state grants	\$ 4,015,147				\$ 1,221	\$ 10,326,759	\$ 14,343,127
Fuel taxes					65,408,709	3,899,442	69,308,151
Sales and excise tax		\$ 33,934,033					33,934,033
Interest	81,398		\$ 557,762	\$ 938,790	1,351,084	1,320,402	4,249,436
Other	2,243,621				1,217,575	60,120	3,521,316
Total revenue	6,340,166	33,934,033	557,762	938,790	67,978,589	15,606,723	125,356,063
<b>EXPENDITURES</b>							
Current:							
Salaries and wages	10,373,951						10,373,951
Employee benefits	3,649,833						3,649,833
Services and supplies	10,631,931	5,433,376	2,678	41	461,150	4,160,445	20,689,621
Bond issuance costs					902,559	542,027	1,444,586
Debt service:							
Principal			17,355,000				17,355,000
Interest			22,020,445				22,020,445
Capital outlay and intergovernmental capital grants	266,710				51,089,376	64,493,212	115,849,298
Total expenditures	24,922,425	5,433,376	39,378,123	41	52,453,085	69,195,685	191,382,735
Excess (deficiency) of revenues over (under) expenditures	(18,582,259)	28,500,657	(38,820,361)	938,748	15,525,504	(53,588,961)	(66,026,672)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	21,339,310		45,784,619			24,302,778	91,426,707
Transfers out		(28,504,588)			(43,847,440)	(10,505,929)	(82,857,957)
Revenue bond issued					32,595,000		32,595,000
Refunding bond issued				5,267,250	51,180,000	64,327,750	120,775,000
Premium on bond issued					2,207,595	3,672,966	5,880,561
Payment to refund commercial paper					(53,000,000)	(67,400,000)	(120,400,000)
Total other financing sources (uses)	21,339,310	(28,504,588)	45,784,619	5,267,250	(10,864,845)	14,397,565	47,419,311
<b>CHANGES IN FUND BALANCES</b>	2,757,051	(3,931)	6,964,259	6,205,998	4,660,659	(39,191,396)	(18,607,361)
Fund balances - beginning	5,550,922	482,456	28,552,127	42,981,601	62,788,990	74,218,835	214,574,931
Fund balances - ending	\$ 8,307,973	\$ 478,525	\$ 35,516,386	\$ 49,187,599	\$ 67,449,649	\$ 35,027,439	\$ 195,967,570

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 YEAR ENDED JUNE 30, 2010**

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

**Change in fund balances - total governmental funds** \$ (18,607,361)

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, capital outlay is allocated over the assets' estimated useful lives as depreciation expense 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	\$ 115,849,234	
Less intergovernmental capital grants	<u>(115,582,588)</u>	
Capitalized expenditures	266,646	
Less current year depreciation	<u>(967,008)</u>	(700,362)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in governmental fund financial statements.

253,207

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.

Revenue bond issued	(32,595,000)	
Refunding bond issued	(126,655,561)	
Principal payments	17,355,000	
Payment to refund commercial paper	120,400,000	
Amortization of issuance costs	(212,761)	
Amortization of bond premiums	838,874	
Issuance costs	<u>1,444,586</u>	(19,424,862)

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	(1,277,626)	
Change in compensated absences	(323,369)	
Change in other post employment benefits	<u>(425,028)</u>	<u>(2,026,022)</u>

**Change in net assets - governmental activities** \$ (40,505,400)

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**JUNE 30, 2010**

	Public Transit
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents:	
In custody of the County Treasurer	\$ 76,162,946
Cash on hand	10,000
Loaned securities	506,120
Accounts receivable, net	3,301,336
Interest receivable	365,364
Due from other governmental units	30,296,994
Prepaid expenses	317,012
Total current assets	110,959,772
Non-current assets:	
Capital assets:	
Land and construction in progress	81,385,305
Buildings	147,172,194
Equipment and furniture	315,871,774
Less accumulated depreciation	(130,926,132)
Total non-current assets	413,503,142
Total assets	524,462,913
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	38,980,834
Accrued payroll	444,084
Loaned securities	978,719
Due to other funds	1,212,500
Compensated absences, portion due or payable within one year	467,669
Other current liabilities	50,000
Total current liabilities	42,133,806
Non-current liabilities:	
Compensated absences	544,067
Other post employment benefits	1,207,334
Total non-current liabilities	1,751,401
Total liabilities	43,885,207
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	413,503,142
Unrestricted	67,074,565
Total net assets	\$ 480,577,706

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	Public Transit
<b>OPERATING REVENUES</b>	
Charges for services:	
Transit fees	\$ 64,395,697
Other	691,183
Total operating revenues	65,086,880
<b>OPERATING EXPENSES</b>	
Salaries and wages	7,252,606
Employee benefits	3,095,902
Services and supplies	149,028,293
Depreciation	29,695,237
Total operating expenses	189,072,038
Operating loss	(123,985,158)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Intergovernmental revenue:	
Sales and excise tax	101,802,100
Federal and state grants	68,703,417
Interest income	2,209,392
Gain on sale of capital assets	46,977
Total non-operating revenue	172,761,886
Income before transfers and capital contributions	48,776,728
Capital contributions and donations	(54,304,407)
Transfers out	(8,568,750)
<b>CHANGE IN NET ASSETS</b>	(14,096,429)
Total net assets - beginning	494,674,134
Total net assets - ending	\$ 480,577,706

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Public Transit
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 61,508,718
Cash paid for employees and benefits	(9,704,899)
Cash paid for services and supplies	(155,559,088)
Other operating receipts	691,183
Net cash used in operating activities	(103,064,086)
<b>Cash flows from non-capital financing activities:</b>	
Cash provided by sales and excise tax	101,931,789
Transfers to other funds	(8,568,750)
Net cash provided by non-capital financing activities	93,363,039
<b>Cash flows from capital and related financing activities:</b>	
Federal and state grants	63,920,324
Acquisition, construction or improvements of capital assets	(72,981,915)
Proceeds from sale of capital assets	46,977
Net cash used in capital and related financing activities	(9,014,614)
<b>Cash flows from investing activities:</b>	
Interest received	2,411,969
Net change in cash and cash equivalents	(16,303,691)
Cash and cash equivalents - beginning of year	92,476,637
Cash and cash equivalents - end of year	\$ 76,172,946
<b>Reconciliation of operating loss to net cash flows from operating activities:</b>	
Operating loss	\$ (123,985,158)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	29,695,237
Bad debts	102,280
Increase in accounts receivable	(2,497,769)
Increase in prepaid expenses	(150,760)
Decrease in accounts payable	(5,944,815)
Increase in accrued payroll	31,040
Decrease in due to other funds	(537,500)
Decrease in other current liabilities	(389,211)
Increase in compensated absences	184,168
Increase in other post employment benefits	428,402
Net cash used in operating activities	\$ (103,064,086)

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**NOTE 1 – Summary of Significant Accounting Policies**

The Reporting Entity

In accordance with Nevada Revised Statutes (NRS) 373, an ordinance was adopted by the Clark County Board of 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 an 8 member Board of Commissioners, comprised of elected officials, 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 the Cities of Boulder City, Henderson, North Las Vegas and 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 also 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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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NOTE 1 – Summary of Significant Accounting Policies (continued)

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 user fees and charges for support.

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 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 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, compensated absences and other post employment benefits expenditures are recorded only when payment is due.

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (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 Fund (2170)*** – this fund serves as a pass-through account for revenues received from the November 2002, voter-approved Question 10 tax. Revenues will pay for transportation enhancements 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 a continuing reserve only to be used to prevent deficiencies in the payment of principal and interest associated with the RTC's outstanding debt.

***Highway Improvement Acquisition Fund (4100)*** – this fund is used to account for the funding of 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 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.

The RTC reports the following major proprietary fund:

***Public Transit (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 and proprietary fund 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 proprietary 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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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 transit and services. Operating expenses for the enterprise fund include the cost of transit 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.

Assets, Liabilities and Net Assets or Equity

Cash and Investments

The majority of all cash and investment transactions of the RTC are handled by the Clark County Treasurer's office. Cash balances are combined and invested as permitted by law in combination with Clark County funds. Investments are reported at fair value on the balance sheet and statement of net assets. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of 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, 2010, 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 market value on the date of donation.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
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**FOR THE YEAR ENDED JUNE 30, 2010**

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**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Assets, Liabilities and Net Assets or Equity (continued)

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 that are part of a construction project are capitalized and 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

Prepaid expenses

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

Compensated Absences

It is the RTC's policy to permit employees to accumulate earned, but unused vacation and sick leave benefits. Such benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of accrued benefits for employees that resign or retire prior to year end, but are paid for these benefits subsequent to year end.

Other Postemployment Benefits (OPEB)

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 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, 2010, 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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Assets, Liabilities and Net Assets or Equity (continued)

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 statements 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 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.

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 of market values of loaned securities.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**NOTE 2 – Stewardship, Compliance and Accountability**

The RTC adopts annual budgets for the general fund and all special revenue, debt service, and capital project funds. 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 tentative 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 tentative 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 final 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, 2010, the RTC had no funds with expenditures in excess of appropriations.

New Accounting Pronouncements

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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). 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 December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, effective for periods beginning after June 15, 2009. Retroactive application is required for all prior periods presented during which a government was in bankruptcy. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. Management does not anticipate filing for Chapter 9 Bankruptcy, and does not expect any financial or disclosure impact due to the issuance of this statement.

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*, effective for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. 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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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**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, 2010, these amounts are summarized as follows:

Clark County Investment Pool	\$ 225,961,323
Money Market Mutual Funds	43,799,089
Cash on hand	<u>10,500</u>
 Total cash and investments	 <u><u>\$ 269,770,912</u></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.

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, 2010, the \$225,961,323 of RTC monies held in the investment pool are categorized as follows:

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 3 – Cash and Investments (continued)**

<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	16.3%	0.9%	92.0%	7.1%	
U.S. Agency Obligations	64.6%	35.8%	51.1%	11.8%	1.3%
Corporate Obligations	3.1%	5.9%	85.5%	8.7%	
Money Market Funds	12.8%	100.0%			
Commercial Paper	0.4%	100.0%			
Negotiable Certificates of Deposit	0.1%	100.0%			
Collateralized Mortgage Obligations	0.9%		9.5%	16.4%	74.1%
Collateralized Investment Agreements*	0.6%	100.0%			
Asset Backed Securities	0.8%	43.9%	1.7%	47.3%	7.0%
Derivative Instruments	0.5%				100.0%
	100.0%				

\* 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.

**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."

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**NOTE 3 – Cash and Investments (continued)**

At June 30, 2010, 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%				
U.S. Agency Obligations	79%			21%	
Corporate Obligations	63%	26%	8%		3%
Money Market Funds	100%				
Commercial Paper				100%	
Negotiable Certificates of Deposit				100%	
Collateralized Mortgage Obligations	100%				
Collateralized Investment Agreements		42%	58%		
Asset Backed Securities	100%				
Derivative Instruments			100%		

**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, 2010, the following investments exceeded 5% of the investment pool:

Federated Money Market Funds (FEDG)	8.93%
Federal Farm Credit Banks (FFCB)	10.98%
Federal Home Loan Banks (FHLB)	19.35%
Federal Home Loan Mortgage Corporation (FHLMC)	15.42%
Federal National Mortgage Association (FNMA)	21.05%

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 - Cash and Investments (continued)**

**Interest Rate Sensitivity**

At June 30, 2010, 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, 2010, 36% 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, 2010, 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 2010 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 fair value of the County's securities on loan at June 30, 2010, was \$48,981,550. At June 30, 2010, the County had received cash collateral with a value totaling \$50,001,250. The total collateral received was in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 3 – Cash and Investments (continued)**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the 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, \$25,856,846 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 \$1,446,281.

**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, 2010, were as follows:

	General Fund	Fund	Capital Project Funds		Total	Business-type Activities
	Regional Transportation Commission	Regional Transportation	Highway Improvement Acquisition	RTC Highway Improvement		
Accounts receivable	\$ 1,729,316		\$ 1,160,445		\$ 2,889,761	\$ 3,452,783
Less allowance for uncollectible receivables			(436,380)		(436,380)	(151,447)
Accounts receivables, net	\$ 1,729,316		\$ 724,065		\$ 2,453,381	\$ 3,301,336
Due from other governmental units	\$ 2,170,834	\$ 5,822,832	\$ 11,360,268	\$ 7,010,714	\$ 26,364,648	\$ 30,296,994
Less allowance for uncollectible receivables	(70,215)				(70,215)	
Due from other governmental units, net	\$ 2,100,619	\$ 5,822,832	\$ 11,360,268	\$ 7,010,714	\$ 26,294,433	\$ 30,296,994

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2010, consisted of the following:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 57,324	\$ 49,000	\$ 106,324	
Capital assets being depreciated:				
Buildings	18,522,095			\$ 18,522,095
Equipment	2,669,846	343,970	20,502	2,993,314
Total capital assets being depreciated	<u>21,191,941</u>	<u>343,970</u>	<u>20,502</u>	<u>21,515,409</u>
Less accumulated depreciation for:				
Buildings	3,689,630	417,108		4,106,738
Equipment	1,313,927	549,900	20,502	1,843,325
Total accumulated depreciation	<u>5,003,557</u>	<u>967,008</u>	<u>20,502</u>	<u>5,950,063</u>
Total capital assets being depreciated, net	<u>16,188,384</u>	<u>(623,038)</u>		<u>15,565,346</u>
Governmental activities capital assets, net	<u>\$ 16,245,708</u>	<u>\$ (574,038)</u>	<u>\$ 106,324</u>	<u>\$ 15,565,346</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 32,038,082			\$ 32,038,082
Construction in progress	184,935,646	\$ 72,400,851	\$ 207,989,274	49,347,223
Total capital assets not being depreciated	<u>216,973,728</u>	<u>72,400,851</u>	<u>207,989,274</u>	<u>81,385,305</u>
Capital assets being depreciated:				
Buildings and improvements	67,461,838	79,710,356		147,172,194
Equipment	247,187,314	74,555,575	5,871,115	315,871,774
Total capital assets being depreciated	<u>314,649,152</u>	<u>154,265,931</u>	<u>5,871,115</u>	<u>463,043,968</u>
Less accumulated depreciation for:				
Buildings and improvements	24,570,655	4,370,247		28,940,902
Equipment	82,531,355	25,324,990	5,871,115	101,985,230
Total accumulated depreciation	<u>107,102,010</u>	<u>29,695,237</u>	<u>5,871,115</u>	<u>130,926,132</u>
Total capital assets being depreciated, net	<u>207,547,142</u>	<u>124,570,694</u>		<u>332,117,836</u>
Business-type activities capital assets, net	<u>\$ 424,520,870</u>	<u>\$ 196,971,545</u>	<u>\$ 207,989,274</u>	<u>\$ 413,503,142</u>
	<u>Governmental activities</u>		<u>Business-type activities</u>	
FY 2010 Depreciation expense	<u>\$967,008</u>		<u>\$29,695,327</u>	
Capital contributions to City of Las Vegas		<u>\$54,304,407</u>		

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 6 – Interfund Balances and Transfers**

Interfund balances as of June 30, 2010, consisted of the following:

	Payable Fund			Total
	Regional Transportation	Highway Improvement Acquisition	Public Transit	
Receivable Fund				
General fund	\$ 700,302	\$ 1,212,500	\$ 1,212,500	\$ 3,125,302
RTC Highway Improvement	4,190,877			4,190,877
<b>Totals</b>	<b>\$ 4,891,179</b>	<b>\$ 1,212,500</b>	<b>\$ 1,212,500</b>	<b>\$ 7,316,179</b>

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, 2010, consisted of the following:

	Transfers In			Total
	General fund	RTC Bonds	RTC Highway Improvement	
Transfers Out				
Regional Transportation	\$ 4,201,810		\$ 24,302,778	\$ 28,504,588
Highway Improvement				
Acquisition	8,568,750	\$ 35,278,690		43,847,440
RTC Highway Improvement		10,505,929		10,505,929
Public Transit	8,568,750			8,568,750
<b>Total</b>	<b>\$ 21,339,310</b>	<b>\$ 45,784,619</b>	<b>\$ 24,302,778</b>	<b>\$ 91,426,707</b>

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  
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**NOTE 7 – Long-Term Debt**

Revenue Bonds

The RTC issues revenue bonds and pledges revenue derived from the motor vehicle fuel tax and the sales and excise tax to pay debt service. Revenue bonds outstanding at June 30, 2010, were as follows:

<u>Highway Improvement Revenue Bonds</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2010</u>
Motor vehicle fuel tax revenue bonds:			
Series 2003	\$ 200,000,000	4.50-6.00%	\$ 158,995,000
Series 2007	300,000,000	3.00-5.00%	281,965,000
Series 2010A1	32,595,000	6.10-6.35%	32,595,000
Series 2010B	51,180,000	5.00%	51,180,000
Sales tax revenue bonds:			
Series 2010	69,595,000	3.00-5.00%	<u>69,595,000</u>
Total revenue bonds			<u><u>\$ 594,330,000</u></u>

At June 30, 2010, revenue bond debt service requirements to maturity was as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 20,860,000	\$ 16,963,828	\$ 37,823,828
2012	21,420,000	17,548,511	38,968,511
2013	22,495,000	16,951,761	39,446,761
2014	23,595,000	16,351,136	39,946,136
2015	24,730,000	15,735,573	40,465,573
2016-2020	143,305,000	67,711,925	211,016,925
2021-2025	171,480,000	46,254,250	217,734,250
2026-2030	166,445,000	20,512,513	<u>186,957,513</u>
	<u>\$ 594,330,000</u>	<u>\$ 218,029,497</u>	<u>\$ 812,359,497</u>

Commercial Paper Notes Payable

In January 2008, the RTC established a commercial paper program, for the streets and highways improvement 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, 2010, \$32.6 million is outstanding. 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 based on market rates and averaged 0.34% at June 30, 2010.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – Long-Term Debt (continued)**

Commercial Paper Notes Payable (continued)

In February 2008, the RTC established a commercial paper program, for the streets and highways improvement 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, 2010, \$27 million is outstanding. 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 based on market rates and averaged 0.35% at June 30, 2010.

As of June 30, 2010, 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 \$59.6 million issued and outstanding.

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 assets.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Revenue bonds	\$ 458,315,000	\$ 153,370,000	\$ 17,355,000	\$ 594,330,000	\$ 20,860,000
Unamortized issuance premium	11,100,438	5,880,561	838,874	16,142,126	
Total bonds payable	<u>469,415,438</u>	<u>159,250,561</u>	<u>18,193,874</u>	<u>610,472,126</u>	<u>20,860,000</u>
Commercial paper notes payable	180,000,000		120,400,000	59,600,000	
Compensated absences	1,256,583	858,462	535,093	1,579,952	535,093
Other post employment benefits	722,840	425,028		1,147,868	
Governmental activities long-term liabilities	<u>\$ 651,394,861</u>	<u>\$ 160,534,051</u>	<u>\$ 139,128,967</u>	<u>\$ 672,799,946</u>	<u>\$ 21,395,093</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 827,568	\$ 651,837	\$ 467,669	\$ 1,011,736	\$ 467,669
Other post employment benefits	778,932	428,402		1,207,334	
Business-type activities long-term liabilities	<u>\$ 1,606,500</u>	<u>\$ 1,080,239</u>	<u>\$ 467,669</u>	<u>\$ 2,219,070</u>	<u>\$ 467,669</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
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**NOTE 7 – Long-Term Debt (continued)**

Pledged Revenues

Motor vehicle fuel tax revenue 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, 2010, were as follows:

Pledged revenues (net of administrative expenditures):	
State motor vehicle fuel tax	\$ 18,631,027
County motor vehicle fuel tax	65,469,176
	<u>84,100,203</u>
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	<u>(1,302,850)</u>
Net pledged revenues	<u><u>\$ 82,797,353</u></u>

Sales and excise tax revenue bonds issued for RTC purposes are collateralized by 1/8% sales and excise tax and a 1 cent jet aviation fuel tax in Clark County.

The net pledged revenues for the year ended June 30, 2010, were as follows:

Pledged revenues:	
Sales and excise tax	\$ 16,967,017
Jet aviation fuel tax	3,899,459
	<u>20,866,476</u>
Total pledged revenues	<u><u>\$ 20,866,476</u></u>

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 County for 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.

Long-term debt obligations are subject to restrictive debt covenants, including certain revenue levels and revenue/expense ratios, for which management believes the RTC is in compliance.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
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**NOTE 8 - Operating Lease Commitments**

The RTC is party to one operating lease as of June 30, 2010, as follows:

<u>Lessor</u>	<u>Average Monthly Rental</u>	<u>Date Lease Commenced</u>	<u>Date Lease Terminates</u>
LiveWork, LLC	<u>\$ 108,365</u>	March 1, 2008	February 28, 2047

Total rent expense for fiscal year 2010 was \$1,300,375. The following is a schedule of future minimum lease payments for the operating lease as of June 30, 2010:

Year ending June 30:

2011	\$ 1,339,386
2012	1,393,637
2013	1,463,584
2014	1,507,491
2015	1,552,716
2016-2020	8,665,015
2021-2025	10,346,480
2026-2030	12,354,239
2031-2035	14,751,607
2036-2040	17,614,190
2041-2045	21,032,265
2046-2047	<u>7,786,538</u>
Total minimum lease payments	<u>\$ 99,807,148</u>

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% annual escalation beginning in March 2009, and an additional 3% escalation in the 5th, 10th, 15th, 20th, 30th, and 35th years. 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, 2010.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
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**NOTE 9 - Net Assets and Fund Balances**

Net Assets

At June 30, 2010, 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 owned and maintained by the Jurisdictions. Net assets restricted for debt service totaled \$72,314,494. This amount is made up of cash for debt service of \$84,703,985 less accrued interest payable of \$12,389,490.

Fund Balances

Included in the amounts restricted for capital projects and intergovernmental capital grants on the Governmental Funds Balance Sheet are direct distributions representing that portion of the special County motor vehicle fuel tax required to be allocated for use by those political entities not included wholly or in part in the "Las Vegas Valley Area Major Street and Highway Plan." The allocation to these entities 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, 2010:

	Balance June 30, 2009	Current Year Increases	Current Year Decreases	Balance June 30, 2010
City of Boulder City	\$ 302,621	\$ 491,577	\$ (402,000)	\$ 392,199
Bunkerville	220,745	45,688	(236,600)	29,833
Indian Springs	100,573	17,044	(106,400)	11,217
Laughlin	166,072	457,720	(325,100)	298,692
City of Mesquite	419,657	589,109	(671,000)	337,766
Moapa Town	630,193	69,223	(654,200)	45,216
Moapa Valley	429,673	201,860	(499,500)	132,034
Mt. Charleston	322,631	60,454	(343,500)	39,585
Searchlight	154,676	24,932	(163,300)	16,308
	<u>\$ 2,746,842</u>	<u>\$ 1,957,608</u>	<u>\$ (3,401,600)</u>	<u>\$ 1,302,850</u>
Total	<u>\$ 2,746,842</u>	<u>\$ 1,957,608</u>	<u>\$ (3,401,600)</u>	<u>\$ 1,302,850</u>

**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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 - Defined Benefit Pension Plan (continued)**

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 year ended June 30, 2010 was 21.5% and for the years ended June 30, 2009 and 2008 was 20.50%.

The RTC's contributions to the plan for the years ended June 30, 2010, 2009, and 2008 were \$3,568,171, \$3,341,119 and \$3,248,490, respectively, equal to the required contributions for each year.

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

**NOTE 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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 - Other Post-Employment Benefits (OPEB) (continued)**

Plan Description (continued)

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 by 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, a monthly average of \$630 per active employee for the year ended June 30, 2010. 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.

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 2010, retirees were eligible for a \$79 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$436 is earned after 20 years of combined service with any eligible entity. The subsidy is set by the State Legislature.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 - Other Post-Employment Benefits (OPEB) (continued)**

Funding Policy and Annual OPEB Cost (continued)

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/HPN</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	\$79 per month after 5 years of service up to \$436 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>(35,580)</u>	<u>(1,914)</u>
Annual OPEB cost	882,970	47,503
Employer contributions made	<u>(41,198)</u>	<u>(35,845)</u>
Increase in net OPEB obligation	841,772	11,658
Net OPEB obligation, beginning of year	<u>1,461,201</u>	<u>40,571</u>
Net OPEB obligation, end of year	<u>\$ 2,302,973</u>	<u>\$ 52,229</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 - Other Post-Employment Benefits (OPEB) (continued)**

Funding Policy and Annual OPEB Cost (continued)

RTC's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

	Year ended	Annual OPEB Cost	% of OPEB cost contributed	Net OPEB obligation
Self-funded / HPN	June 30, 2008	\$ 688,016	5.7%	\$ 648,975
Self-funded / HPN	June 30, 2009	853,424	4.8%	1,461,201
Self-funded / HPN	June 30, 2010	882,970	4.7%	2,302,973
PEBP Plan	June 30, 2008	62,950	42.3%	36,321
PEBP Plan	June 30, 2009	40,095	89.4%	40,571
PEBP Plan	June 30, 2010	47,503	75.5%	52,229

Funded status and funding progress

The funded status of the plans as of June 30, 2010 and 2009, were as follows:

	Self-funded / HPN 2009	Self-funded / HPN 2010
Actuarial accrued liability (a)	\$ 6,633,463	\$ 6,633,463
Actuarial value of plan assets (b)		
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 6,633,463	\$ 6,633,463
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	\$ 17,076,022	\$ 17,626,557
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	38.8%	37.6%
	PEBP *	PEBP *
	2009	2010
Actuarial accrued liability (a)	\$ 864,895	\$ 864,895
Actuarial value of plan assets (b)		
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 864,895	\$ 864,895
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	N/A	N/A
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	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  
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**NOTE 11 - Other Post-Employment Benefits (OPEB) (continued)**

Funded status and funding progress (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, 2010, the Other Postemployment Benefit Reserve fund has \$217,511 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 in a qualifying in trust or equivalent arrangement as defined by GASB Statement No. 45.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 - Risk Management**

The RTC's operating activities are comprised primarily of providing both transit authority services and transportation-planning agency services 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 and values, mortgage lending and related construction activity, and weakness in the commercial and investment banking systems, and is engaged in 2 wars, 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 a 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 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 RTC, through various interlocal agreements, contracted with Clark County for risk management services and various insurance coverages through December 31, 2009.

Effective January 1, 2010, the RTC acquired its own insurance with Travelers' Insurance for Commercial Property, Workers' Compensation, Commercial Auto Liability, Excess Liability, Employee Benefit Liability and Employment Practices Liability.

Under the interlocal agreement with Clark County, the RTC was solely responsible to pay all claim costs which come within its retained limit as set forth in the agreement. Under the insurance policies with Travelers', the RTC is only responsible to pay the deductibles and co-insurance amounts stipulated in the policies.

Under the interlocal agreement with Clark 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 was solely responsible for the costs of the services rendered it by the claims adjusting firm.

The interlocal agreement with Clark County for the provision of employee health insurance has not been terminated.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 - Risk Management (continued)**

Self-Funded Group Health Insurance and 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 Health Insurance (PPO) or Health Plan of Nevada (HMO).

Clark County is responsible for the management and administration of the Self-Funded Group Health Insurance Fund.

Workers' Compensation

The RTC has placed insurance coverage with a licensed and rated carrier which includes Coverage A – Workers' Compensation Benefits with Statutory Limits and Coverage B Employer's Liability – Bodily Injury Each Accident \$1,000,000, Bodily Injury by Disease (Policy Limit) \$1,000,000, and Bodily Injury by Disease (Each Employee) \$1,000,000. No deductible applies to this coverage. Claims are reported by the RTC directly to the insurance carrier.

Commercial Property

The RTC has placed insurance coverage with a licensed and rated carrier for all owned facilities. Building and Business Personal Property/Contents (including Mechanical Breakdown) are insured for Replacement Cost on a Blanket basis with a \$50,000 deductible. Equipment Insurance is also maintained for the RTC's computerized equipment, ticket vending machines, electronic data processing, etc. A \$10,000 deductible applies for this coverage. This equipment is insured on an Actual Cash Value basis (which is common for this type of insurance). Builder's Risk/Course of Construction policies are purchased by the RTC for any project constructed on RTC property with limits and deductible levels varying by project size and type. (For projects not constructed on RTC property the General Contractor or Construction Manager is responsible for placement of Builder's Risk/Course of Construction policies). Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

Commercial General Liability

The RTC has placed insurance coverage with a licensed and rated carrier which includes \$1,000,000 limits for Bodily Injury/Property Damage (Each Occurrence) and Personal and Advertising Injury, \$2,000,000 limit for Products/Completed Operates Aggregate, and \$2,000,000 limit for General Aggregate. No deductible applies to this coverage. Employee Benefits Liability is also included on a Claims Made Basis (which is common for this type of insurance) with a \$1,000,000 limit for Each Employee and a \$2,000,000 Aggregate Limit. No deductible applies to this coverage. Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
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**NOTE 12 - Risk Management (continued)**

Commercial Auto Liability

The RTC has placed insurance coverage with a licensed and rated carrier which includes \$1,000,000 limits for Owned Automobile Bodily Injury and Property Damage and Uninsured/Underinsured Motorist. Comprehensive and Collision Physical Damage Coverage is maintained on most vehicles but is not maintained on older vehicles with low value. Also included is Hired and Non Owned Auto Liability with limits of \$1,000,000 for Bodily Injury and Property Damage. No deductible applies to this coverage. Hired Auto Physical Damage coverage is also in place with \$50,000 Maximum Limit per Vehicle. A \$1,000 deductible applies to this coverage. Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

Excess Liability

The RTC has placed insurance coverage with a licensed and rated carrier which includes \$10,000,000 in limits for Combined Bodily Injury & Property Damage Each Occurrence and General Aggregate. The Excess Liability policy provides additional liability limits over and above the Commercial General Liability, Auto Liability, Employers Liability and Employee Benefit Liability. Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

Employment Practices Liability

The RTC has placed insurance coverage with a licensed and rated insurance carrier which includes \$2,000,000 in coverage for each claim and in the Aggregate. A \$50,000 retention/deductible applies for each claim. Coverage is written on a Claims Made basis (which is common for this type of insurance). Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

Over the past three years, settlements have not exceeded insurance coverage.

**NOTE 13 - Construction Commitments**

Construction commitments include roadway projects with various local entities of approximately \$196,000,000. In addition, the Public Transit fund has outstanding construction commitments of approximately \$39,200,000 for capital projects and vehicles.

**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, 2010, the RTC's derivative portfolio is comprised of one variable-to-fixed commodity swap agreement, solely for the purpose of providing the RTC's projected diesel fuel requirements through June 2012. As of June 30, 2010, the RTC had commitments for 10,320,000 gallons of diesel fuel at a fixed price of \$2.4444 per gallon related to these derivatives.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 - Variable-to-Fixed Commodity Swap Agreement (continued)**

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, 2010, 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 - Subsequent Events**

In August 2010, the Clark County Commission sold approximately \$94.8 million in tax exempt revenue bonds on behalf of the Regional Transportation Commission. The term of the revenue bonds is twenty years with an overall interest rate ranging from 3.00% to 5.00%. Interest payments will begin in January 2011 and principal payments will begin in July 2011. All debt service payments will be funded with Sales and Excise Tax revenue. The bond proceeds can only be used for road construction projects, bond sale expenses and refunding of existing commercial paper notes.

In August 2010, the Clark County Commission sold approximately \$140.6 million in Taxable Direct Pay Build America revenue bonds on behalf of the Regional Transportation Commission. The term of the revenue bonds and Jet Aviation Fuel Tax revenue is twenty years with an overall interest rate ranging from 5.10% to 6.15% before the applicable 35% IRS interest rebate. Interest payments will begin in January 2011 and principal payments will begin in July 2021. All debt service payments will be funded with Sales and Excise Tax and Jet Aviation Fuel Tax revenue. The bond proceeds can only be used for road construction projects and bond sale expenses.

**REQUIRED SUPPLEMENTARY INFORMATION**

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS, OTHER POSTEMPLOYMENT BENEFITS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL)	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 YEAR ENDED JUNE 30, 2010**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	<b>2010</b>				<b>2009</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>					
Intergovernmental revenue:					
Federal and state grants	\$ 3,832,000	\$ 3,832,000	\$ 4,015,147	\$ 183,147	\$ 4,675,267
Interest	125,000	125,000	81,398	(43,602)	156,860
Other	815,500	815,500	2,243,621	1,428,121	1,130,052
Total revenues	<u>4,772,500</u>	<u>4,772,500</u>	<u>6,340,166</u>	<u>1,567,666</u>	<u>5,962,179</u>
<b>EXPENDITURES</b>					
Current:					
Salaries and wages	11,001,418	11,001,418	10,373,951	(627,467)	10,134,907
Employee benefits	3,907,390	3,907,390	3,649,833	(257,557)	3,461,027
Services and supplies	13,980,952	13,980,952	10,631,931	(3,349,021)	12,495,047
Capital outlay and intergovernmental capital grants	480,000	480,000	266,710	(213,290)	394,265
Total expenditures	<u>29,369,760</u>	<u>29,369,760</u>	<u>24,922,425</u>	<u>(4,447,335)</u>	<u>26,485,246</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	<u>25,201,810</u>	<u>25,201,810</u>	<u>21,339,310</u>	<u>(3,862,500)</u>	<u>24,266,495</u>
<b>CHANGE IN FUND BALANCES</b>					
	<u>604,550</u>	<u>604,550</u>	<u>2,757,051</u>	<u>2,152,501</u>	<u>3,743,428</u>
Fund balances - beginning as previously reported	2,628,464	2,628,464	5,550,922	2,922,458	1,975,990
Prior period adjustment					(168,496)
Fund balances - as restated	<u>2,628,464</u>	<u>2,628,464</u>	<u>5,550,922</u>	<u>2,922,458</u>	<u>1,807,494</u>
Fund balances - ending	<u>\$ 3,233,014</u>	<u>\$ 3,233,014</u>	<u>\$ 8,307,972</u>	<u>\$ 5,074,958</u>	<u>\$ 5,550,922</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
REGIONAL TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	<b>2010</b>				<b>2009</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>					
Intergovernmental revenue:					
Sales and excise tax	\$ 39,325,000	\$ 39,250,000	\$ 33,934,033	\$ (5,315,967)	\$ 37,480,578
Interest	100,000	100,000		(100,000)	574,067
Total revenues	<u>39,425,000</u>	<u>39,350,000</u>	<u>33,934,033</u>	<u>(5,415,967)</u>	<u>38,054,645</u>
<b>EXPENDITURES</b>					
Current:					
Services and supplies	<u>3,296,000</u>	<u>6,430,000</u>	<u>5,433,376</u>	<u>(996,624)</u>	<u>6,013,018</u>
<b>OTHER FINANCING USES</b>					
Transfers out	<u>40,201,810</u>	<u>33,651,810</u>	<u>28,504,588</u>	<u>(5,147,222)</u>	<u>31,587,740</u>
<b>CHANGE IN FUND BALANCES</b>					
	(4,072,810)	(731,810)	(3,931)	727,879	453,887
Fund balances - beginning	<u>4,357,471</u>	<u>780,471</u>	<u>482,456</u>	<u>(298,015)</u>	<u>28,569</u>
Fund balances - ending	<u>\$ 284,661</u>	<u>\$ 48,661</u>	<u>\$ 478,525</u>	<u>\$ 429,864</u>	<u>\$ 482,456</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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NOTE 1 - 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.

For the year ended June 30, 2010, no significant events occurred that would have affected or changed the benefits provision, size or composition of those covered by the other postemployment benefit plans, or actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2006 and July 1, 2008.

The actuarial accrued liability and unfunded actuarial accrued liability involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These estimates are subject to continual revisions.

Additional information related to postemployment benefits other than pensions can be found in Note 11 to the RTC's basic financial statements on pages 40 through 44 of this report.

NOTE 2 - Budgetary Information

The accompanying required supplementary general fund schedule of revenues, expenditures and changes in fund balances presents the original adopted budget, the final amended budget and actual general fund data. The original budget was adopted on a basis consistent with the RTC's financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent.

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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**JUNE 30, 2010**

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NOTE 2 - Budgetary Information (Continued)

- 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. 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.

Additional budgetary information can be found in Note 2 to the RTC's financial statements on page 26 of this report.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
RTC BONDS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>					
Interest	\$ 108,254	\$ 108,254	\$ 557,762	\$ 449,508	\$ 206,219
<b>EXPENDITURES</b>					
Current:					
Services and supplies			2,678	2,678	6,262
Bond issuance costs	300,000	300,000		(300,000)	
Debt Service:					
Principal	17,355,000	17,355,000	17,355,000		15,875,000
Interest	21,320,456	24,920,456	22,020,445	(2,900,011)	22,151,206
Total expenditures	<u>38,975,456</u>	<u>42,575,456</u>	<u>39,378,123</u>	<u>(3,197,333)</u>	<u>38,032,468</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	38,675,456	42,275,456	45,784,619	3,509,163	38,847,828
Total other financing sources (uses)	<u>38,675,456</u>	<u>42,275,456</u>	<u>45,784,619</u>	<u>3,509,163</u>	<u>38,847,828</u>
<b>CHANGE IN FUND BALANCES</b>			6,964,259	6,964,259	1,021,579
Fund balances - beginning	<u>27,773,746</u>	<u>27,055,290</u>	<u>28,552,127</u>	<u>1,496,836</u>	<u>27,530,548</u>
Fund balances - ending	<u>\$ 27,773,746</u>	<u>\$ 27,055,290</u>	<u>\$ 35,516,385</u>	<u>\$ 8,461,095</u>	<u>\$ 28,552,127</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
RTC RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>					
Interest	\$ 626,746	\$ 626,746	\$ 938,790	\$ 312,044	\$ 1,193,918
<b>EXPENDITURES</b>					
Current:					
Services and supplies			41	41	3,880
<b>OTHER FINANCING SOURCES</b>					
Proceeds from bonds and loans			5,267,250	5,267,250	
Transfers out					10,485,382
<b>CHANGE IN FUND BALANCES</b>	626,746	626,746	6,205,998	5,579,253	(9,295,344)
Fund balances - beginning	41,809,848	40,728,304	42,981,601	2,253,297	52,276,945
Fund balances - ending	\$ 42,436,593	\$ 41,355,049	\$ 49,187,599	\$ 7,832,550	\$ 42,981,601

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
HIGHWAY IMPROVEMENT ACQUISITION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	<b>2010</b>				<b>2009</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>					
Intergovernmental revenue:					
Federal and state grants			\$ 1,221	\$ 1,221	\$ 151,036
Fuel taxes	\$ 66,700,000	\$ 66,700,000	65,408,709	(1,291,291)	67,282,816
Interest	1,200,000	1,200,000	1,351,084	151,084	3,896,478
Other			1,217,575	1,217,575	549,761
Total revenues	<u>67,900,000</u>	<u>67,900,000</u>	<u>67,978,589</u>	<u>78,589</u>	<u>71,880,091</u>
<b>EXPENDITURES</b>					
Current:					
Services and supplies	2,650,000	250,000	461,150	211,150	764,556
Debt Service:					
Interest					518,219
Bond issuance costs			902,559	902,559	
Capital outlay and intergovernmental capital grants	101,800,000	101,800,000	51,089,376	(50,710,624)	91,519,000
Total expenditures	<u>104,450,000</u>	<u>102,050,000</u>	<u>52,453,085</u>	<u>(49,596,915)</u>	<u>92,801,775</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(43,516,956)	(45,516,956)	(43,847,440)	1,669,516	(33,389,273)
Proceeds from bonds and loans			85,982,595	85,982,595	
Payments to refund commercial paper			(53,000,000)	(53,000,000)	
Commercial paper issued					30,000,000
Total other financing sources (uses)	<u>(43,516,956)</u>	<u>(45,516,956)</u>	<u>(10,864,845)</u>	<u>34,652,111</u>	<u>(3,389,273)</u>
<b>CHANGE IN FUND BALANCES</b>	<u>(80,066,956)</u>	<u>(79,666,956)</u>	<u>4,660,659</u>	<u>84,327,615</u>	<u>(24,310,957)</u>
Fund balances - beginning	103,085,949	104,885,949	62,788,990	(42,096,959)	87,099,947
Fund balances - ending	<u>\$ 23,018,993</u>	<u>\$ 25,218,993</u>	<u>\$ 67,449,649</u>	<u>\$ 42,230,655</u>	<u>\$ 62,788,990</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 YEAR ENDED JUNE 30, 2010**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	<b>2010</b>				<b>2009</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>					
Intergovernmental revenue:					
Federal and state grants			\$ 10,326,759	\$ 10,326,759	
Fuel taxes	\$ 4,535,761	\$ 4,535,761	3,899,442	(636,319)	\$ 4,495,839
Interest	800,000	800,000	1,320,402	520,402	2,835,741
Other			60,120	60,120	28,194,759
Total revenues	<u>5,335,761</u>	<u>5,335,761</u>	<u>15,606,723</u>	<u>10,270,962</u>	<u>35,526,339</u>
<b>EXPENDITURES</b>					
Current:					
Services and supplies	4,020,000	275,000	4,160,445	3,885,445	11,289,154
Debt Service:					
Principal					
Interest					736,865
Bond issuance costs			542,027	542,027	
Capital outlay and intergovernmental capital grants	<u>122,203,403</u>	<u>122,203,403</u>	<u>64,493,212</u>	<u>(57,710,191)</u>	<u>79,800,652</u>
Total expenditures	<u>126,223,403</u>	<u>122,478,403</u>	<u>69,195,685</u>	<u>(53,282,718)</u>	<u>91,826,671</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from bonds and loans	30,000,000	35,000,000	68,000,716	33,000,716	50,000,000
Payments to refund commercial paper			(67,400,000)	(67,400,000)	
Transfers in	36,000,000	29,450,000	24,302,778	(5,147,222)	26,821,245
Transfers out	(5,658,500)	(7,258,500)	(10,505,929)	(3,247,429)	(4,723,173)
Total other financing sources (uses)	<u>60,341,500</u>	<u>57,191,500</u>	<u>14,397,565</u>	<u>(42,793,935)</u>	<u>72,098,072</u>
<b>CHANGE IN FUND BALANCES</b>	<u>(60,546,142)</u>	<u>(59,951,142)</u>	<u>(39,191,396)</u>	<u>20,759,746</u>	<u>15,797,740</u>
Fund balances - beginning	<u>61,098,857</u>	<u>61,098,857</u>	<u>74,218,835</u>	<u>13,119,978</u>	<u>58,421,095</u>
Fund balances - ending	<u>\$ 552,715</u>	<u>\$ 1,147,715</u>	<u>\$ 35,027,439</u>	<u>\$ 33,879,724</u>	<u>\$ 74,218,835</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
PUBLIC TRANSIT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	<b>2010</b>				<b>2009</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>OPERATING REVENUES</b>					
Charges for services:					
Transit fees	\$ 64,184,461	\$ 64,184,461	\$ 64,395,697	\$ 211,236	\$ 57,657,000
Other	4,000,000	4,000,000	691,183	(3,308,817)	3,428,195
Total operating revenues	<u>68,184,461</u>	<u>68,184,461</u>	<u>65,086,880</u>	<u>(3,097,581)</u>	<u>61,085,195</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	7,885,226	7,885,226	7,252,606	(632,620)	6,941,115
Employee benefits	2,979,939	2,979,939	3,095,902	115,963	2,959,758
Services and supplies	166,017,016	166,017,016	149,028,293	(16,988,723)	163,361,107
Depreciation	35,000,000	35,000,000	29,695,237	(5,304,763)	24,351,191
Total operating expenses	<u>211,882,181</u>	<u>211,882,181</u>	<u>189,072,038</u>	<u>(22,810,143)</u>	<u>197,613,170</u>
Operating loss	<u>(143,697,720)</u>	<u>(143,697,720)</u>	<u>(123,985,158)</u>	<u>19,712,562</u>	<u>(136,527,975)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenue:					
Sales and excise tax	117,975,000	117,750,000	101,802,100	(15,947,900)	112,441,733
Federal and state grants	105,494,060	105,494,060	68,703,417	(36,790,643)	129,326,999
Interest income	1,000,000	1,000,000	2,209,392	1,209,392	3,459,322
Interest expense	(250,000)	(250,000)		250,000	
Gain (loss) on sale of capital assets			46,977	46,977	3,353,242
Capital contributions and donations			(54,304,407)	(54,304,407)	
Total nonoperating revenues (expenses)	<u>224,219,060</u>	<u>223,994,060</u>	<u>118,457,479</u>	<u>(105,536,581)</u>	<u>248,581,297</u>
Income before transfers	80,521,340	80,296,340	(5,527,679)	(85,824,019)	112,053,321
Transfers out	<u>(10,500,000)</u>	<u>(10,500,000)</u>	<u>(8,568,750)</u>	<u>1,931,250</u>	<u>(9,750,000)</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 70,021,340</u>	<u>\$ 69,796,340</u>	<u>\$ (14,096,429)</u>	<u>\$ (83,892,769)</u>	<u>\$ 102,303,321</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA  
PUBLIC TRANSIT FUND  
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 64,184,461	\$ 64,184,461	\$ 61,508,718	\$ (2,675,743)	\$ 59,147,406
Cash paid for employees and benefits	(10,865,165)	(10,865,165)	(9,704,899)	1,160,266	(9,529,314)
Cash paid for services and supplies	(166,017,016)	(166,017,016)	(155,559,088)	10,457,928	(160,791,203)
Other operating receipts	4,000,000	4,000,000	691,183	(3,308,817)	3,428,195
Net cash used in operating activities	<u>(108,697,720)</u>	<u>(108,697,720)</u>	<u>(103,064,086)</u>	<u>5,633,634</u>	<u>(107,744,915)</u>
<b>Cash flows from noncapital financing activities:</b>					
Cash provided by sales and excise tax	117,975,000	117,750,000	101,931,789	(15,818,211)	112,451,773
Transfers to other funds	(10,500,000)	(10,500,000)	(8,568,750)	1,931,250	(9,750,000)
Net cash provided by non-capital financing activities	<u>107,475,000</u>	<u>107,250,000</u>	<u>93,363,039</u>	<u>(13,886,961)</u>	<u>102,701,773</u>
<b>Cash flows from capital and related financing activities:</b>					
Federal and state grants	105,494,060	105,494,060	63,920,324	(41,573,736)	129,326,999
Acquisition, construction, or improvement of capital assets	(141,058,458)	(141,058,458)	(72,981,915)	68,076,543	(125,162,872)
Interest paid on capital debt	(250,000)	(250,000)			
Proceeds from the sale of capital assets			46,977	46,977	4,779,370
Net cash provided by (used in) capital and related financing activities	<u>(35,814,398)</u>	<u>(35,814,398)</u>	<u>(9,014,614)</u>	<u>26,549,784</u>	<u>8,943,497</u>
<b>Cash flows from investing activities:</b>					
Interest received	1,000,000	1,000,000	2,411,969	1,411,969	4,201,169
Net change in cash and cash equivalents	(36,037,118)	(36,262,118)	(16,303,691)	19,958,427	8,101,524
Cash and cash equivalents - beginning of year	64,804,050	63,379,050	92,476,637	29,097,587	84,375,113
Cash and cash equivalents - end of year	<u>\$ 28,766,932</u>	<u>\$ 27,116,932</u>	<u>\$ 76,172,946</u>	<u>\$ 49,056,014</u>	<u>\$ 92,476,637</u>

**COMMENTS OF INDEPENDENT AUDITORS**

**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, 2010, and have issued our report thereon dated November 8, 2010. 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.

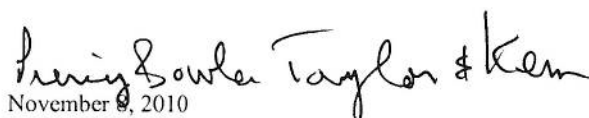
A *deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of RTC's basic financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 10-1 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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. 5 (a) (1 through 5) complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the RTC in a separate letter dated November 8, 2010. 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.

  
November 8, 2010

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**Regional Transportation Commission of Southern Nevada**

**Schedule of Findings and Responses**

**For the Year Ended June 30, 2010**

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**10-1**

Criteria:	Expenses should be recorded in the period for which services were rendered to prevent financial statement misstatements.
Condition:	Several errors were noted in which expenses were entered into the accounting system based on the invoice date rather than the period for which the services were provided. Review of the expenses failed to indentify the errors.
Effect:	The expenses reported for the year and related asset and liability accounts could be materially misstated.
Cause:	Ineffective application and monitoring of the payables process.
Recommendation:	We recommend that policies and procedures regarding the payables process be revised to insure that the data entry of invoices provides that expenses are recorded in the proper period.
Management's response:	Management of the Regional Transportation Commission (the RTC) has informed us that they have initiated the recommended changes to policies and procedures and will monitor compliance therewith timely.

Regional Transportation Commission  
of Southern Nevada  
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