



REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA



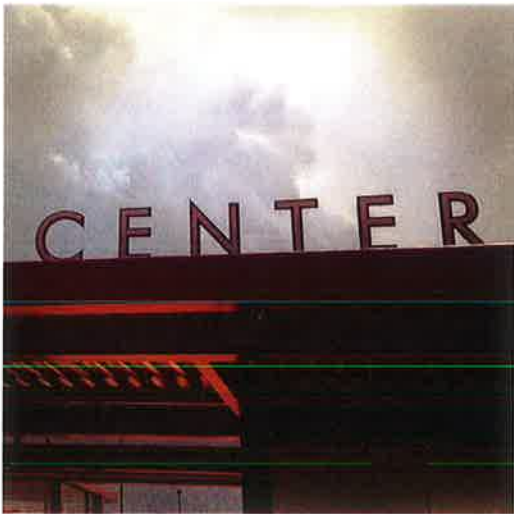
A COMPONENT UNIT OF CLARK COUNTY, NEVADA



COMPONENT UNIT FINANCIAL STATEMENTS



JUNE 30, 2014



**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA**

**A COMPONENT UNIT OF CLARK
COUNTY, NEVADA**

**COMPONENT UNIT FINANCIAL
STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**



Prepared by the Department of Finance

Las Vegas, Nevada

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2014

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

**RTC BOARD
OF COMMISSIONERS**

GENERAL MANAGER



*Tina Quigley, General Manager
Regional Transportation Commission
of Southern Nevada*



*Larry Brown, Chairman
Clark County*



*Debra March, Vice Chairman
City of Henderson*



*Mayor Roger Tobler
City of Boulder City*



*Chris Giunchigliani
Clark County*

**COUNTY
COMMISSIONERS**

*Steve Sisolak, Chair
Larry Brown, Vice-Chair*

*Tom Collins
Lawrence Weekly*

Chris Giunchigliani

Susan Brager

Mary Beth Scow



*Steve Ross
City of Las Vegas*



*Lois Tarkanian
City of Las Vegas*



*Mayor Allan Litman
City of Mesquite*

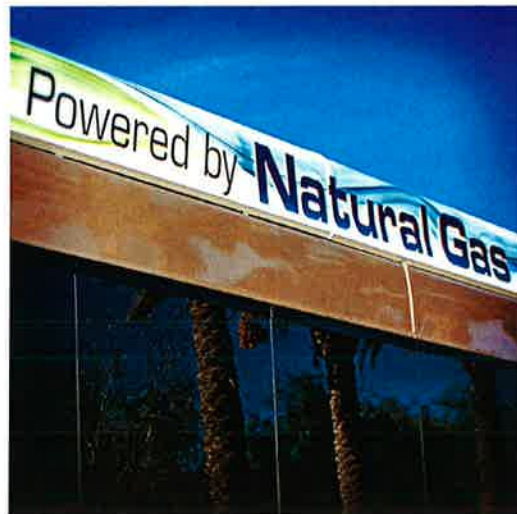


*Mayor John Lee
City of North Las Vegas*





FINANCIAL SECTION





REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Regional Transportation Commission of Southern Nevada

Report on the Financial Statements

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 (RTC) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

MOSS ADAMS^{LLP}

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada as of June 30, 2014 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 through 13, the *Schedule of Funding Progress—Other Postemployment Benefits* on page 54, and the *Budgetary Comparison Information* on pages 55 and 64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014 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* in considering the RTC's internal control over financial reporting and compliance.

Moss Adams LLP

Scottsdale, Arizona
November 13, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

The Management's 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, 2014. 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 paid. Capital assets, except land, are depreciated over their estimated useful lives. A portion of net position 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 are those generally supported through taxes and intergovernmental revenues, while business-type activities are those for which a fee is charged for goods or services received, and can be subsidized with taxes.

The statement of net position presents information on all of the RTC's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as net position. Net position is segregated into three components: net investment in capital assets, restricted, and unrestricted net position.

The statement of activities presents information showing how the RTC's net position changed during the fiscal year. All changes in net position 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 position (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 position.

In fiscal year 2014 the RTC enjoyed a 7.1% increase in sales tax revenue, and a significant increase in public transit fare revenue, due to a new Medicaid agreement with the State of Nevada, while maintaining operating expenses to a minimal increase. These positive events on the statement of activities contributed to a healthy increase in unrestricted net position that will be beneficial for funding the RTC's fleet replacement program. The new indexed fuel tax started on January 1, 2014, and bonds were issued against this new revenue source on April 1, 2014 enhancing the cash position for the streets and highways program, and providing future revenue and bonding capacity for road construction projects and maintenance in future years. Increases in revenue while maintaining expenses has been very beneficial to the RTC's overall financial health.

Condensed Statements of Net Position
June 30, 2014 and 2013

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	\$ 398,751,841	\$ 291,139,220	\$ 152,441,178	\$ 151,419,841	\$ 551,193,019	\$ 442,559,061
Net capital assets	18,583,700	19,862,648	388,756,830	387,417,757	407,340,530	407,280,405
Total assets	417,335,541	311,001,868	541,198,008	538,837,598	958,533,549	849,839,466
Deferred outflows of resources	6,211,737	-	-	-	6,211,737	-
Total assets and deferred outflows of resources	<u>423,547,278</u>	<u>311,001,868</u>	<u>541,198,008</u>	<u>538,837,598</u>	<u>964,745,286</u>	<u>849,839,466</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Long-term liabilities	852,511,929	769,354,144	5,037,074	4,633,744	857,549,003	773,987,888
Other liabilities	39,552,326	46,241,196	28,355,837	36,342,173	67,908,163	82,583,369
Total liabilities	892,064,255	815,595,340	33,392,911	40,975,917	925,457,166	856,571,257
Deferred inflows of resources	1,774,515	-	-	-	1,774,515	-
Total liabilities and deferred inflows of resources	<u>893,838,770</u>	<u>815,595,340</u>	<u>33,392,911</u>	<u>40,975,917</u>	<u>927,231,681</u>	<u>856,571,257</u>
NET POSITION						
Net investment in capital assets	18,583,700	19,862,648	388,756,830	387,417,757	407,340,530	407,280,405
Restricted	351,773,421	234,531,990	-	-	351,773,421	234,531,990
Unrestricted (deficit)	(840,648,613)	(758,988,109)	119,048,267	110,443,924	(721,600,349)	(648,544,185)
TOTAL NET POSITION	<u>\$ (470,291,492)</u>	<u>\$ (504,593,471)</u>	<u>\$ 507,805,097</u>	<u>\$ 497,861,681</u>	<u>\$ 37,513,605</u>	<u>\$ (6,731,790)</u>

Governmental Activities

In June of 2013 the Nevada State Legislature passed Assembly Bill No. 413, authorizing Clark County to impose additional taxes on fuels for motor vehicles referred to as Indexed Fuel Tax. Under Indexed Fuel Tax, Motor Vehicle Fuel Taxes are increased annually by the ten year average of a Producer Price Index not to exceed 7.8%. On September 3, 2013, the Clark County Commission adopted Ordinance No. 4126, which imposed the Indexed Fuel Taxes commencing on January 1, 2014 and further increases will be calculated and imposed on July 1, 2014, July 1, 2015, and July 1, 2016 to a maximum 10 cent per gallon additional fuel tax.

On April 1, 2014, Clark County for the benefit of RTC issued Indexed Fuel Tax highway revenue bonds, Series 2014A, and received approximately \$110,600,000 in proceeds to be used for roadway projects which was the primary cause of the increase in current and other assets. The increase in current and other assets is also due to the receipt of additional fuel tax revenue amounting to approximately \$12,300,000 from Fuel Tax Indexing. Internal balances decreased by approximately \$11,400,000 and offsetting this decrease was an increase in accounts receivable and amounts due from other governmental agencies of approximately \$11,900,000.

The approximate \$1,200,000 decrease in net investment in capital assets is primarily due to depreciation of capital assets.

Issuance of \$100,000,000 in Indexed Fuel Tax highway revenue bonds, additional premium of approximately \$10,600,000, off-set by principal payments for Bonds and notes payable of \$32,080,000 and the accretion of bond issuance premiums of approximately \$3,300,000 and the reclassification of deferred charges to deferred outflows of resources of approximately \$6,200,000 are the primary reasons long-term liabilities increased by approximately \$83,000,000.

The decrease in other liabilities was primarily due to the elimination of internal balances in Statement of Net Position.

Restricted net position is comprised of net resources for the Jurisdictions' street and highway projects and debt service. Available resources for the Jurisdictions' street and highway projects increased as described above for current and other assets.

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.

Business Type Activities

On October 10, 2013 the RTC approved an agreement with the State of Nevada Department of Health and Human Services, Division of Health Care Financing and Policy for the partial reimbursement of Medicaid eligible medical Para Transit rides based on a calculated cost per ride effective January 1, 2012 through December 31, 2016. The amount paid to RTC under this agreement may not exceed \$20,993,056.

Current and other assets increased primarily due an increase in due from other governments of approximately \$11,900,000 mainly related to amounts owed to RTC from the State for eligible Medicaid medical Para Transit rides, an increase in accounts receivable of approximately \$5,300,000 and a decrease in cash balances in the custody of the County Treasurer and in the bank of approximately \$16,400,000. Cash balances decreased due to more capital projects procured and timely payment of bills as they come due during the fiscal year that resulted in a decrease in the liability section.

Capital assets, net, increased by approximately \$1,300,000. The increase was due to capital expenditures of approximately \$42,300,000 for paratransit and fixed route vehicles, UNLV transit center construction, bus shelters and other transit improvements. The reduction on the increase was primarily due to approximately \$40,400,000 in depreciation expense.

Other liabilities decreased by approximately \$7,600,000 mainly due to earlier payment made to the fixed route public transit provider compared to the prior year.

Condensed Statements of Activities
For the years ended June 30, 2014 and 2013

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
PROGRAM REVENUES						
Charges for services	\$ -	\$ -	\$ 87,827,263	\$ 71,702,356	\$ 87,827,263	\$ 71,702,356
Operating grants and contributions	4,903,108	4,391,723	1,385,020	4,121,528	6,288,128	8,513,251
Capital grants and contributions	5,485,563	4,384,860	11,890,510	32,596,066	17,376,073	36,980,926
GENERAL REVENUES						
Motor vehicle fuel tax	78,542,958	65,339,861	-	-	78,542,958	65,339,861
Jet-aviation fuel tax	3,462,893	3,756,040	-	-	3,462,893	3,756,040
Sales and excise tax	42,574,499	39,752,304	127,723,497	119,256,912	170,297,996	159,009,216
Interest income	2,836,427	939,530	1,011,845	253,898	3,848,272	1,193,429
Other	5,253,089	6,094,575	150,000	64,003	5,403,089	6,158,577
	<u>143,058,537</u>	<u>124,658,893</u>	<u>229,988,135</u>	<u>227,994,763</u>	<u>373,046,672</u>	<u>352,653,656</u>
EXPENSES						
Public works	79,737,084	74,925,747	-	-	79,737,084	74,925,747
Interest on long-term debt	38,685,858	34,478,684	-	-	38,685,858	34,478,684
Public transit	-	-	210,398,335	209,050,341	210,398,335	209,050,341
	<u>118,422,942</u>	<u>109,404,431</u>	<u>210,398,335</u>	<u>209,050,341</u>	<u>328,821,277</u>	<u>318,454,772</u>
Changes in net position before transfers	24,635,594	15,254,462	19,589,800	18,944,422	44,225,394	34,198,885
Net transfers	<u>9,646,384</u>	<u>7,480,000</u>	<u>(9,646,384)</u>	<u>(7,480,000)</u>	<u>-</u>	<u>-</u>
Change in net position	34,281,978	22,734,462	9,943,416	11,464,422	44,225,394	34,198,885
Net position - beginning	<u>(504,573,471)</u>	<u>(527,307,933)</u>	<u>497,861,681</u>	<u>486,397,259</u>	<u>(6,711,789)</u>	<u>(40,910,674)</u>
Net position - ending	<u>\$ (470,291,492)</u>	<u>\$ (504,573,471)</u>	<u>\$ 507,805,097</u>	<u>\$ 497,861,681</u>	<u>\$ 37,513,605</u>	<u>\$ (6,711,789)</u>

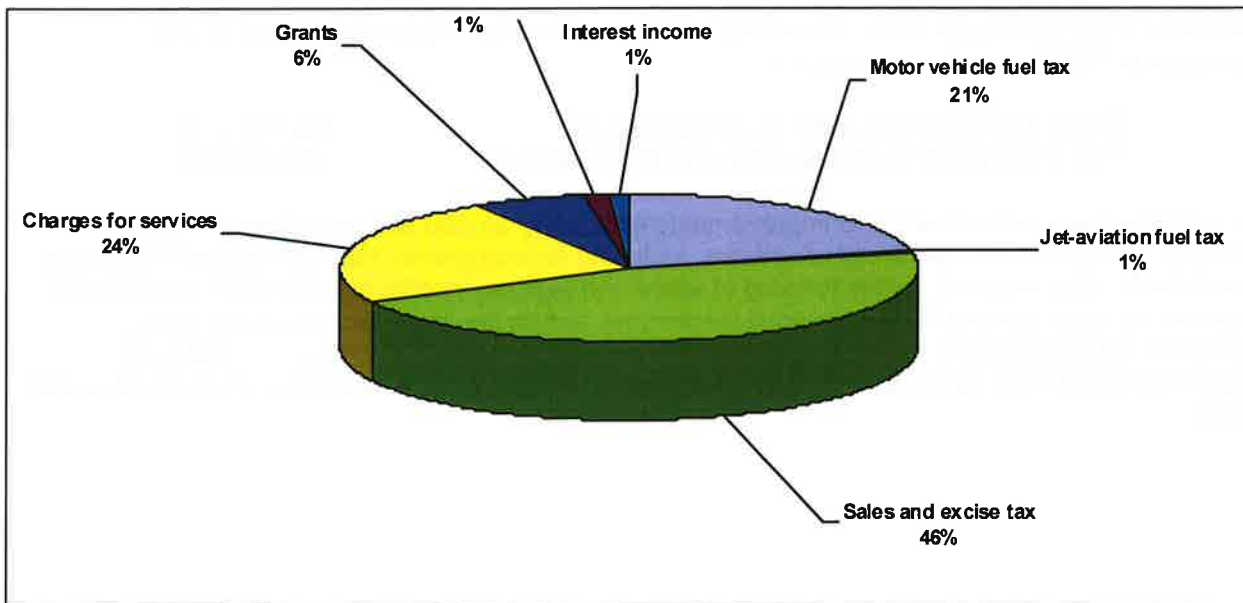
Fluctuations in revenues and expenses for fiscal year 2014 compared to fiscal year 2013 are explained below.

- Charges for services increased by approximately \$16,100,000 or 22% which was mainly due to the Medicaid ride reimbursement received by the agency from the State of Nevada retroactive from January 1, 2012 per agreement executed on December 3, 2013.
- Operating grants for governmental activities increased mainly due to more reimbursement received from the State of Nevada for the Unified Planning Work Program.
- Operating grants for business type activities decreased due to reclassification of remaining Congestion Mitigation/Air Quality grant funded express routes for future capital projects.
- Capital grants for governmental activities increased mainly due to the Nevada Department of Transportation Agreement for the Clark County Bike Lanes Project.
- Capital grants for business type activities decreased by approximately \$20,700,000 due to several FTA Section 5309 Bus and Bus Facilities and State of Good Repair grant awards reimbursed in FY2013.

- Motor vehicle fuel tax revenue increased by 20.2%, which is mainly due to the additional revenue from Indexed Fuel Tax.
- Sales and excise tax increased by approximately \$11,300,000 or 7.1% due to increased taxable sales in Clark County. This is the fourth year of increased sales and excise tax revenue which is contributing to a recovering Southern Nevada economy.
- Interest income increased in governmental activities by approximately \$1,900,000 and by approximately \$800,000 in business type activities in fiscal year 2014 due to more cash balances maintained in custody of the County Treasurer. In addition, the balance in the cash in custody of the fiscal agent increased by approximately \$82,000,000 mainly due to the proceeds from Fuel Tax Indexing Revenue Bonds. Average interest rate is relatively the same for FY2014 in comparison to FY2013.
- The increase in spending on public works projects is due to the increase in the amount of funds available from the Indexed Fuel Tax revenue bond proceeds, Series 2014A. The RTC has maximized opportunities to issue debt to fund public works projects in an attempt to help the local economy in boosting construction jobs and assist the Jurisdictions in providing improved streets and roads for their citizens.
- Interest on long-term debt increased by approximately \$4,200,000 mainly due to the adoption of GASB 65 and added bond issuance costs of approximately \$5,300,000 in interest expense. On April 1, 2014, the RTC issued Indexed Fuel Tax Revenue Bonds, Series 2014A amounting to \$100,000,000. The interest on the new issuance offset the increase by approximately \$1,200,000.
- Public transit expenses increased approximately \$1,300,000 primarily due to the following: a one-time expense of approximately \$550,000 related to the transition of the paratransit provider for FY14 and an increase in security cost of approximately \$450,000.

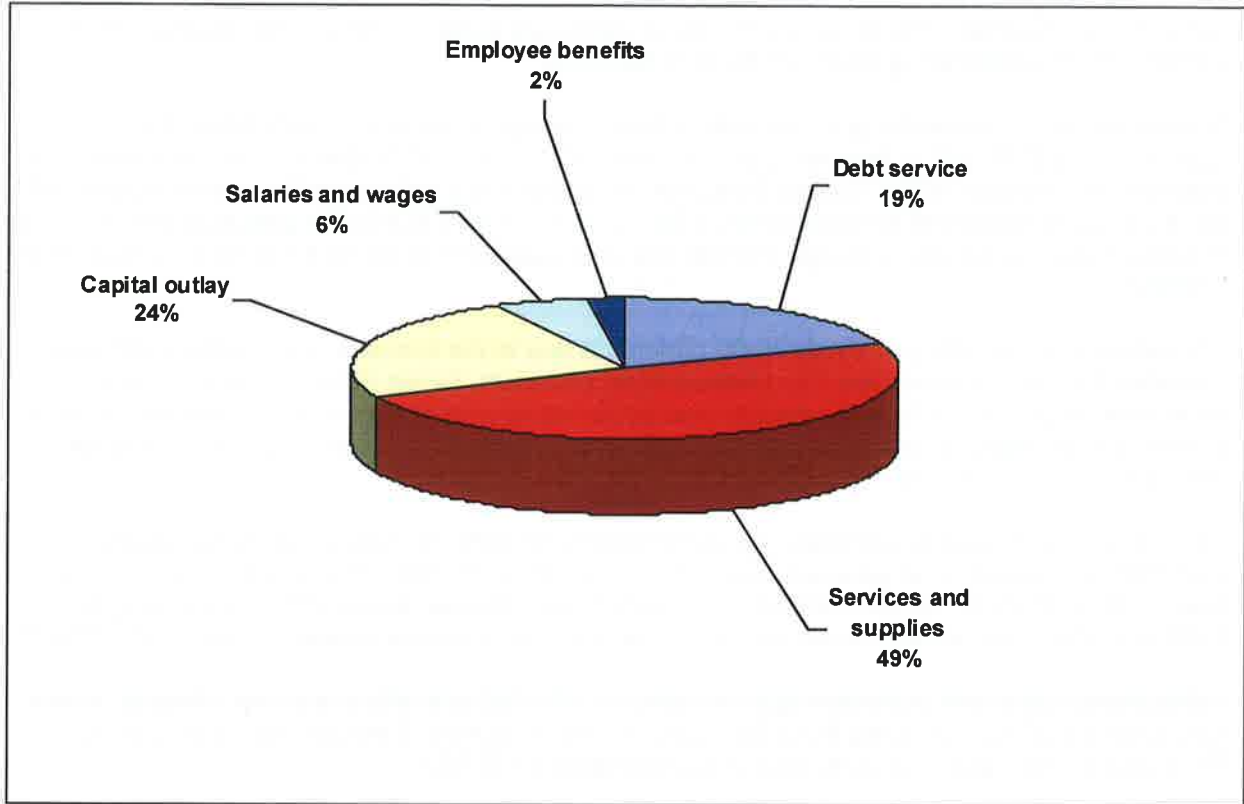
REVENUES

The following chart shows the components of revenues for the year ended June 30, 2014:



EXPENDITURES

The following chart shows the components of expenditures for the year ended June 30, 2014:



CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal year 2014, the RTC expended \$85 million on street and highway improvement projects for the Jurisdictions, and RTC capital asset projects, such as vehicle procurements and facilities construction. The following identifies the street and highway capital improvement paid to the Jurisdictions and RTC capital expenditures:

Street and highway capital improvement paid	\$42,855,690
RTC equipment, buildings, land, and improvements	42,399,356

All RTC 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 10, 2014, an updated Debt Management Policy was adopted by the RTC. 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, 2014:

	Beginning Balance	Additions and Premiums	Deletions and Discounts	Ending Balance
Revenue bonds	<u>\$ 770,480,956</u>	<u>\$ 110,635,131</u>	<u>\$ 35,421,409</u>	<u>\$ 845,694,678</u>

Bonds payable at June 30, 2014, are comprised of the following individual issues:

	Original Amount	Interest Rate	Balance June 30, 2014
Highway Improvement and Refunding Revenue Bonds			
Motor Vehicle Fuel Tax Revenue:			
Series 2003	\$ 200,000,000	4.50-6.00%	\$ -
Series 2007	300,000,000	3.00-5.00%	238,570,000
Series 2010A	32,595,000	6.10-6.35%	32,595,000
Series 2010B	51,180,000	5.00%	51,180,000
Series 2011	118,105,000	4.00-5.00%	115,905,000
Series 2014A	100,000,000	3.00-5.00%	100,000,000
Sales and Excise Tax Revenue:			
Series 2010	69,595,000	3.00-5.00%	59,590,000
Series 2010B	94,835,000	3.00-5.00%	70,330,000
Series 2010C	140,560,000	5.10-6.15%	140,560,000
Plus unamortized premium			36,994,445
Less unamortized discount			(29,767)
Total			<u>\$ 845,694,678</u>

Issuing highway improvement bonds allows the RTC to fund the construction of street and highway projects for the benefit of the Jurisdictions. Clark County has issued all outstanding bonds for the RTC in the County's name. Repayment of the highway improvement bonds is pledged from twelve cents of motor vehicle fuel tax per gallon of fuel sold within Clark County, all Indexed Fuel Taxes collected in Clark County, and 0.25% sales and excise tax collected 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.

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.

	2014	2013	2012	2011	2010
Ridership - fixed route	59,728,168	60,336,469	59,699,065	55,476,967	56,056,979
% increase (decrease)	(1.0%)	1.1%	7.6%	(1.0%)	(11.6%)
Ridership - paratransit	1,400,025	1,363,689	1,319,901	1,214,779	1,027,715
% increase	2.7%	3.3%	8.7%	18.2%	0.4%

The relatively low decrease in the fixed route ridership for fiscal year 2014 may be attributed to the elimination of barrier free services on selected RTC routes and implementation of front door boarding on those routes.

The increase in Para transit ridership in fiscal year 2014 is less than the annual average of 6% due to the September 30, 2012 increased rates for single ride from \$2.75 to \$3.00.

BUDGET

The Regional Transportation Commission Fund (1) is the general operating fund of the RTC. Total expenditures for this fund were 16% under budget due to delaying expenditures related to the bike share program to FY15, and not spending the entire consulting budget for the Unified Planning Work Program (UPWP) and salaries and benefits.

The Regional Transportation Fund (2) is a special revenue fund for the purpose of accounting for half of the additional sales tax approved by voters in 2002. Total expenditures for this fund were 2.4% under the final budget, and transfers out were 2.11% under the final budgeted amount.

The RTC Bonds Fund (3) is utilized to account for the accumulation and payment of semi-annual debt service payments. Total expenditures for this fund were substantially the same as the budgeted amounts.

The RTC Reserve Fund (4) is utilized to account for the debt service reserve funds required by all Clark County debt issued for the RTC.

The Highway Improvement Acquisition Fund (5) is a special revenue fund used to account for the nine cent Clark County Motor Vehicle Fuel Tax revenue and Indexed Fuel Tax revenue. Expenditures in this fund were significantly under budget due to the Jurisdictions concentrating their efforts on spending bond proceeds from the Sales and Excise Tax Revenue Bonds Series 2010B and 2010C.

The Highway Improvement Fund (6) is a special revenue fund used to account for half of the additional sales tax approved by voters in 2001 after transfers to Fund 1 for FAST AMS operations and payments to the Clark County Department of Air Quality (CCDOAQ). Remaining bond proceeds from the Sales and Excise Tax Revenue Bonds Series 2010B and 2010C were budgeted and not entirely spent by the Jurisdictions.

The Public Transit Fund (50) is an enterprise fund that contains all financial activity for all aspects of the RTC Transit System. Sales and excise tax and transit revenue have increased for the past three years; however, management remains vigilant in controlling expenses to maintain adequate reserves for future unknown revenue declines especially related to future availability of federal grants for funding capital replacement as the federal government works through the balancing of their budget. Operating expenses for this fund were 5% less than budgeted.

In December 2013, the RTC approved a budget augmentation. The capital expenditure for improving existing CNG fueling infrastructure and new CNG powered vehicles was made from the Public Transit Fund (50) in fiscal year 2014. A combination of federal grant revenue and availability of unspent balance in Fund 50 for fiscal year 2013 was considered adequate to cover the augmented amount.

In June 2014, the RTC approved several budget augmentations. Transfers amounting to \$900,000 from the Regional Transportation Commission Fund (1) to the RTC Highway Improvement Acquisition Fund (5) were made as these projects will be owned by other governmental entities. Transfers amounting to \$1,500,000 from the RTC Highway Improvement Acquisition Fund (5) to the RTC Bonds Fund (3) were made to cover additional debt payment from the new Indexed Fuel Tax Revenue Bonds. Transfers amounting to \$400,000 from the RTC Highway Improvement Fund (6) to the RTC Bonds Fund (3) were made to cover additional debt payments. Proceeds from Indexed Fuel Tax revenue were considered adequate to cover the augmented amount. The Regional Transportation Fund (2) was augmented by \$2,500,000 as the increase in sales tax caused increases in transfers out and an increase in payments to the CCDOAQ. The payment to CCDOAQ is based on 16% of one quarter percent of sales tax.

Management continues its effort to manage resources in order to enhance efficiency in providing transit services and fund streets and highways projects.

CREDIT RATINGS

Through June 30, 2014, Clark County has issued all revenue bonds on behalf of the RTC. The bond rating at June 30, 2014, for the Clark County, Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds from Moody's Investors Service, Inc. was Aa3, and the rating from Standard & Poor's Rating Service was AA-. The bond rating at June 30, 2014, for the Clark County, Nevada Highway Revenue Bonds (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax) from Moody's Investors Service, Inc. was A1, and the rating from Standard & Poor's Rating Service was A+. The bond rating at June 30, 2014, 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.

ECONOMIC FACTORS AND FUTURE BUDGETS

In preparing revenue forecasts and future budgets the RTC mainly monitors Sales Tax and Fuel Tax Revenues. In addition to tax revenues, local economic indicators are monitored. These economic indicators are considered in preparing revenue forecasts and future budgets for tax revenue and transit fare revenue. The unemployment rate for Clark County, Nevada in August of 2014 was 7.7%, which was down from 9.6% in August a year ago, and down from 11.4% a year before that. The hotel/motel occupancy rate for the Las Vegas metropolitan area in August of 2014 was 87.7%, which was up from 84.3% in August a year ago. These indicators show some improvement in the local economy; however, other indicators, such as the foreclosure rate on mortgages in Clark County still add some uncertainty in a fragile recovery.

REQUESTS 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.

BASIC FINANCIAL STATEMENTS

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and investments:			
In custody of the County Treasurer			
Unrestricted	\$ 976,077	\$ 84,786,136	\$ 85,762,213
Restricted	211,097,883	-	211,097,883
Cash in bank			
Unrestricted	1,118,030	7,811,168	8,929,198
Restricted	2,750,799	-	2,750,799
Cash on hand			
In custody of the fiscal agent	137,701,004	-	137,701,004
Accounts receivable, net	4,214,981	14,756,706	18,971,687
Interest receivable	621,311	290,508	911,819
Due from other governmental units	37,673,478	44,639,737	82,313,215
Prepaid expenses	2,597,778	142,423	2,740,201
Capital assets, not being depreciated	1,931,440	57,642,351	59,573,791
Capital assets, net of accumulated depreciation	16,652,260	331,114,299	347,766,559
Total Assets	417,335,541	541,197,828	958,533,369
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on bond refunding	6,211,737	-	6,211,737
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	423,547,278	541,197,828	964,745,106
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES:			
Accounts payable	20,484,044	28,074,956	48,559,000
Accrued payroll	346,960	230,881	577,841
Accrued interest	18,633,133	-	18,633,133
Other current liabilities	88,189	50,000	138,189
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable	33,030,000	-	33,030,000
Compensated absences	1,035,259	626,583	1,661,842
Portion due or payable after one year:			
Bonds and notes payable	812,664,677	-	812,664,677
Compensated absences	1,425,085	640,685	2,065,770
Other post employment benefits	4,356,908	3,769,806	8,126,714
Total Liabilities	892,064,255	33,392,911	925,457,166
DEFERRED INFLOWS OF RESOURCES:			
Unearned revenue from Build America Bonds Rebate	1,774,515	-	1,774,515
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	893,838,770	33,392,911	927,231,681
NET POSITION			
Net investment in capital assets	18,583,700	388,756,650	407,340,350
Restricted for:			
capital			
grants	243,235,726	-	243,235,726
Debt service	108,537,695	-	108,537,695
Unrestricted (deficit)	(840,648,613)	119,048,267	(721,600,346)
TOTAL NET POSITION	\$ (470,291,492)	\$ 507,804,917	\$ 37,513,425

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
Public works	\$ 79,737,084		\$ 4,903,108	\$ 5,485,563	\$ (69,348,413)		\$ (69,348,413)
Interest on long-term debt	38,685,858		-	-	(38,685,858)		(38,685,858)
TOTAL GOVERNMENTAL ACTIVITIES	118,422,942		4,903,108	5,485,563	(108,034,271)		(108,034,271)
BUSINESS-TYPE ACTIVITIES:							
Public transit	210,398,515	\$ 89,212,284	1,385,020	10,505,490		\$ (109,295,722)	(109,295,722)
TOTAL BUSINESS-TYPE ACTIVITIES	210,398,515	89,212,284	1,385,020	10,505,490		(109,295,722)	(109,295,722)
Total	\$ 328,821,457	\$ 89,212,284	\$ 6,288,128	\$ 15,991,053	(108,034,271)	(109,295,722)	(217,329,993)
General Revenues:							
Fuel taxes					82,005,851	-	82,005,851
Sales and excise tax					42,574,499	127,723,497	170,297,996
Interest income					2,836,427	1,011,845	3,848,272
Other					5,253,089	150,000	5,403,089
Transfers					9,646,384	(9,646,384)	
Total general revenues and transfers					142,316,250	119,238,958	261,555,208
Changes in net position					34,281,979	9,943,236	44,225,215
Net position - beginning					(504,573,471)	497,861,681	(6,711,790)
Net position - ending					\$ (470,291,492)	\$ 507,804,917	\$ 37,513,425

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	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	
ASSETS							
Cash and investments:							
In custody of the County Treasurer							
Unrestricted	\$ 976,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 976,077
Restricted	-	639,950	51,775,466	31,323,482	77,198,938	50,160,047	211,097,883
Cash in bank							
Unrestricted	1,118,030	-	-	-	-	-	1,118,030
Restricted	-	511,589	-	-	807,033	1,432,177	2,750,799
Cash on hand	500	-	-	-	-	-	500
In custody of the fiscal agent							
Accounts receivable, net	4,214,981	-	-	45,593,196	92,107,808	-	137,701,004
Interest receivable	1,851	1,846	165,181	88,018	204,932	159,483	4,214,981
Due from other funds	204,363	-	-	-	-	8,602,108	621,311
Due from other governmental units	347,878	11,079,132	-	-	-	-	8,806,471
Prepaid expenses	126,378	-	-	-	25,081,359	1,165,109	37,673,478
					2,471,400	-	2,597,778
TOTAL ASSETS	\$ 6,990,058	\$ 12,232,517	\$ 51,940,647	\$ 77,004,696	\$ 197,871,470	\$ 61,518,924	\$ 407,558,312
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 2,004,134	\$ 2,413,432	\$ -	\$ -	\$ 11,107,273	\$ 4,959,205	\$ 20,484,044
Accrued payroll	346,960	-	-	-	-	-	346,960
Due to other funds	-	8,806,471	-	-	-	-	8,806,471
Unearned revenues	-	-	-	-	-	88,189	88,189
Total liabilities	2,351,094	11,219,903	-	-	11,107,273	5,047,394	29,725,664
DEFERRED INFLOWS OF RESOURCES:							
Unearned revenue from Build America Bonds Rebate	-	-	1,774,515	-	-	-	1,774,515
Total liabilities and deferred inflows of resources	2,351,094	11,219,903	1,774,515	-	11,107,273	5,047,394	31,500,179
FUND BALANCES:							
Nonspendable fund balance	126,378	-	-	-	-	-	126,378
Restricted fund balance	-	1,012,614	50,166,132	77,004,696	186,764,197	56,471,530	371,419,169
Unassigned fund balance	4,512,586	-	-	-	-	-	4,512,586
Total fund balances	4,638,964	1,012,614	50,166,132	77,004,696	186,764,197	56,471,530	376,058,133
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,990,058	\$ 12,232,517	\$ 51,940,647	\$ 77,004,696	\$ 197,871,470	\$ 61,518,924	\$ 407,558,312

See accompanying notes
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**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

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

Fund balance - governmental funds		\$ 376,058,133
<p>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 position.</p>		
Capital assets	\$ 27,949,512	
Less accumulated depreciation	<u>(9,365,812)</u>	18,583,700
<p>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.</p>		
Bonds and notes payable	(882,659,355)	
Unamortized issuance premiums	36,994,445	
Unamortized issuance discounts	(29,767)	
Unamortized deferred outflows of resources	6,211,737	
Accrued interest payable	(18,633,133)	
Compensated absences	(2,460,344)	
Other post employment benefits	<u>(4,356,908)</u>	(864,933,326)
Total net position - governmental activities		<u>\$ (470,291,492)</u>

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Debt Service Funds		Capital Project Funds		Total Governmental Funds
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
REVENUES							
Intergovernmental revenue:							
Federal and state grants	\$ 4,986,771	\$ -	\$ -	\$ -	\$ -	\$ 5,401,900	\$ 10,388,671
Fuel taxes	-	-	-	-	78,542,958	3,462,893	82,005,851
Sales and excise tax	-	42,574,499	-	-	-	-	42,574,499
Interest	185,251	26,683	359,004	1,036,800	686,332	542,357	2,836,427
Other	1,959,589	-	3,293,500	-	-	-	5,253,089
Total revenues	<u>7,131,611</u>	<u>42,601,182</u>	<u>3,652,504</u>	<u>1,036,800</u>	<u>79,229,290</u>	<u>9,407,150</u>	<u>143,058,537</u>
EXPENDITURES							
Current:							
Salaries and wages	11,872,485	-	-	-	-	-	11,872,485
Employee benefits	4,578,556	-	-	-	-	-	4,578,556
Services and supplies	10,248,361	6,811,920	5,524	-	357,151	-	17,422,956
Debt service:							
Principal	-	-	32,080,000	-	-	-	32,080,000
Interest	-	-	35,579,300	-	-	-	35,579,300
Bond issuance costs	-	-	-	-	562,556	-	562,556
Capital outlay and intergovernmental capital grants	59,960	-	-	-	-	-	59,960
Total expenditures	<u>26,759,362</u>	<u>6,811,920</u>	<u>67,664,824</u>	<u>-</u>	<u>13,244,902</u>	<u>29,610,788</u>	<u>42,915,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,627,751)</u>	<u>35,789,262</u>	<u>(64,012,320)</u>	<u>1,036,800</u>	<u>65,064,681</u>	<u>(20,203,638)</u>	<u>(1,952,966)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	21,054,073	-	65,574,489	-	-	34,427,975	121,056,537
Transfers out	(836,465)	(35,762,579)	-	-	(46,306,439)	(28,504,670)	(111,410,153)
Revenue bond issued	-	-	-	7,995,750	92,004,250	-	100,000,000
Premium on bond issued	-	-	-	-	10,635,131	-	10,635,131
Total other financing sources (uses)	<u>20,217,608</u>	<u>(35,762,579)</u>	<u>65,574,489</u>	<u>7,995,750</u>	<u>56,332,942</u>	<u>5,923,305</u>	<u>120,281,515</u>
CHANGES IN FUND BALANCES	589,857	26,683	1,562,169	9,032,550	121,397,623	(14,280,333)	118,328,549
Fund balances - beginning	<u>4,049,107</u>	<u>985,931</u>	<u>48,603,963</u>	<u>67,972,146</u>	<u>65,366,574</u>	<u>70,751,863</u>	<u>257,729,584</u>
Fund balances - ending	<u>\$ 4,638,964</u>	<u>\$ 1,012,614</u>	<u>\$ 50,166,132</u>	<u>\$ 77,004,696</u>	<u>\$ 186,764,197</u>	<u>\$ 56,471,530</u>	<u>\$ 376,058,133</u>

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

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

Changes in fund balances - governmental funds \$ 118,328,549

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast such outlays are allocated over the assets' estimated useful lives as depreciation expense for the period in the statement of activities.

Capital outlay and intergovernmental capital grants	\$ 42,915,650	
Less intergovernmental capital grants	(42,855,690)	
Capitalized expenditures	59,960	
Less current year depreciation	(1,338,908)	(1,278,948)

The issuance of long-term debt (e.g. bonds and notes) 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. 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	(100,000,000)	
Premium on bond issued	(10,635,131)	
Principal payments	32,080,000	
Elimination of deferred bond issuance costs	(5,350,996)	
Amortization of deferred outflows of resources	(626,394)	
Amortization of bond premiums	3,343,213	
Amortization of bond discounts	(1,804)	(81,191,112)

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	(470,577)	
Change in compensated absences	(200,816)	
Change in other post employment benefits	(905,117)	(1,576,510)

Change in net position - governmental activities **\$ 34,281,979**

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Public Transit
ASSETS	
Current assets:	
Cash and cash equivalents:	
In custody of the County Treasurer	\$ 84,786,136
Cash in bank	7,811,168
Cash on hand	14,500
Accounts receivable	14,756,706
Interest receivable	290,508
Due from other governmental units	44,639,737
Prepaid expenses	142,423
Total current assets	152,441,178
Non-current assets:	
Capital assets:	
Land and construction in progress	57,642,351
Buildings and improvements	187,759,814
Equipment	358,912,378
Accumulated depreciation	(215,557,893)
Total non-current assets	388,756,650
Total assets	541,197,828
LIABILITIES	
Current liabilities:	
Accounts payable	28,074,956
Accrued payroll	230,881
Other current liabilities	50,000
Total current liabilities	28,355,837
Non-current liabilities:	
Portion due or payable within one year:	
Compensated absences	626,583
Portion due or payable after one year:	
Compensated absences	640,685
Other post employment benefits	3,769,806
Total non-current liabilities	5,037,074
Total liabilities	33,392,911
NET POSITION	
Net investment in capital assets	388,756,650
Unrestricted	119,048,267
Total net position	\$ 507,804,917

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Public Transit
OPERATING REVENUES	
Charges for services:	
Transit fees	\$ 85,062,071
Transit Advertising	2,470,981
Federal and state grants and contributions	1,385,020
Other	294,211
Total operating revenues	89,212,284
OPERATING EXPENSES	
Salaries and wages	7,787,127
Employee benefits	3,340,892
Services and supplies	158,868,251
Depreciation	40,402,245
Total operating expenses	210,398,515
Operating loss	(121,186,232)
NON-OPERATING REVENUES	
Intergovernmental revenue:	
Sales and excise tax	127,723,497
Federal and state grants and contributions	11,890,510
Interest income	1,011,845
Gain on sale of capital assets	150,000
Total non-operating revenues	140,775,852
Income before transfers	19,589,620
Transfers out	(9,646,384)
CHANGE IN NET POSITION	9,943,236
Net position - beginning	497,861,681
Net position - ending	\$ 507,804,917

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Public Transit
Cash flows from operating activities:	
Cash received from customers	\$ 74,618,239
Cash paid for employees and benefits	(10,671,919)
Cash paid for services and supplies	(166,930,737)
Other operating receipts	294,211
Net cash used in operating activities	(102,690,206)
Cash flows from non-capital financing activities:	
Cash provided by sales and excise tax	125,241,995
Federal and state grants	11,339,947
Transfers to other funds	(9,646,384)
Net cash provided by non-capital financing activities	126,935,558
Cash flows from capital and related financing activities:	
Acquisition, construction, or improvements of capital assets	(41,741,317)
Proceeds from sale of capital assets	150,000
Net cash used by capital and related financing activities	(41,591,317)
Cash flows from investing activities:	
Interest received	876,651
Decrease in cash and cash equivalents	(16,469,314)
Cash and cash equivalents - beginning of year	109,081,118
Cash and cash equivalents - end of year	\$ 92,611,804
Reconciliation of operating loss to net cash flows used in operating activities:	
Operating loss	\$ (121,186,232)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	40,402,245
Increase in accounts receivable	(14,299,835)
Increase in prepaid expenses	(23,558)
Decrease in accounts payable	(6,419,107)
Increase in accrued payroll	52,771
Decrease in due to other funds	(1,620,000)
Increase in compensated absences	61,509
Increase in other post employment benefits	341,821
Net cash used in operating activities	\$ (102,690,206)

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

In accordance with Nevada Revised Statutes (NRS) 373, ordinance 226 was adopted by the Clark County Board of Commissioners 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 (the "Board"), 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 that 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 June of 2013 the Nevada State Legislature passed Assembly Bill No. 413, authorizing Clark County to impose additional taxes on fuels for motor vehicles referred to as Indexed Fuel Tax. Under Indexed Fuel Tax, Motor Vehicle Fuel Taxes are increased annually by the ten year average of a Producer Price Index not to exceed 7.8%. On September 3, 2013, the Clark County Commission adopted Ordinance No. 4126, which imposed the Indexed Fuel Taxes commencing on January 1, 2014 and further increases will be calculated and imposed on July 1, 2014, July 1, 2015, and July 1, 2016 to a maximum 10 cent per gallon additional fuel tax.

In accordance with NRS 377A, an ordinance was also adopted by the County 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, 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 as applicable to governmental entities.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

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 position 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, 2014
(CONTINUED)**

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 (1) – 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 (2) – this fund serves as a pass-through account for revenues received from the November 2002, voter-approved Question 10 tax, which are used to pay for transportation enhancements infrastructure.

RTC Bonds Fund (3) – 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 outstanding debt.

RTC Reserve Fund (4) – 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 (5) – 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 (6) – 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 (50) – this fund is used to account for the operations of the RTC transit system.

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

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

Assets, Liabilities and Net Position or Fund Balance

Cash and Investments

The majority of all cash and investment transactions of the RTC are handled by the County Treasurer's office. Cash balances are combined and invested as permitted by law in combination with County funds. Investments are reported at fair value on the balance sheet and statement of net position. 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 in bank, cash on hand, cash in custody of Clark County Treasurer or fiscal agent, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

At June 30, 2014, a significant portion of the RTC's cash and cash equivalents were deposited in the custody of the County Treasurer or a fiscal agent, in a manner similar to an external investment pool. These 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 reported to as due to/from other funds.

Capital Assets

Capital assets, which include land, buildings, equipment, and furniture, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Capital assets are defined by the RTC as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

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

Major outlays for capital assets and improvements 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.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

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

For federally funded assets, the RTC follows the federal guidelines in depreciating the assets.

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 and are reported as expenditures in the governmental fund financial statements when incurred.

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.

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 position. Bond premiums, discounts, and deferred refunding charges are amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of applicable bond premiums, discounts and deferred refunding charges.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Long-Term Obligations (continued)

In the governmental fund financial statements bond premiums and discounts, as well as 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.

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, 2014, was 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.

Fund Balance

Governmental funds for the RTC report nonspendable fund balance, restricted fund balance and unassigned fund balance.

Nonspendable fund balance is for assets that never will be converted to cash. All RTC nonspendable fund balance pertains to prepaid expenses.

Restricted fund balance is legally restricted by outside parties or enabling legislation for a specific purpose. Restricted fund balance for the RTC Transportation fund is restricted for transportation enhancements infrastructure. Restricted fund balances for the RTC Bonds fund and the RTC Reserve fund are restricted for servicing the RTC's debt. Restricted fund balances for the Highway Improvement Acquisition fund and the RTC Highway Improvement fund are restricted for the funding of roads and streets constructions.

Unassigned fund balance in the Regional Transportation Commission fund is the excess of nonspendable fund balance.

When both restricted resources and other resources (*i.e.*, committed, assigned and unassigned) can be used for the same purposes, it is the RTC's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the RTC's policy to use committed resources first, assigned second, and unassigned last.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 market value estimates for loaned securities.

GASB 65

During fiscal year 2014, RTC adopted GASB 65, *“Items Previously Reported as Assets and Liabilities”*, which modified the accounting for bond issuance costs. Previously reported amounts for the bond issuance costs were reflected on the statement of net position as an asset. The implementation of this statement resulted in the write off of bond issuance costs on the statement of revenues, expenses, and changes in net position. Additionally, as a result of RTC’s adoption of GASB 65, the deferred loss on bond refunding is now reported as a deferred outflow of resources on the statement of net position. For advance refunding resulting in defeasance of debt reported by RTC, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense on a straight line basis over the remaining life of the new debt. GASB 65 requires reporting unearned revenue from Build America Bonds as deferred inflows of resources in the statement of net position.

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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 2 – Stewardship, Compliance and Accountability (continued)

- 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, 2014, the RTC had no funds or functions with expenditures in excess of appropriations.

New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fundbased reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The requirements of this resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 2 – Stewardship, Compliance and Accountability (continued)

are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement requires that notes to financial statements of defined benefit pension plans include descriptive information, such as the types of benefits provided, the classes of plan members covered, and the composition of the pension plan's board. This Statement requires single-employer and cost-sharing pension plans to present in required supplementary information the following information for each of the 10 most recent fiscal years about employer and nonemployer contributing entity obligations for pensions provided through the pension plan. This Statement requires the net pension liability to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. This Statement is effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. 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, 2014
(CONTINUED)

NOTE 2 – Stewardship, Compliance and Accountability (continued)

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. 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 April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. 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 November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. 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, 2014
(CONTINUED)**

NOTE 3 – Cash and Investments

The majority of all cash and investments of RTC are included in the investment pool of the County Treasurer or are in the custody of a fiscal agent. As of June 30, 2014, these amounts are summarized as follows:

Clark County Investment Pool	\$ 296,860,096
Cash and Investments with fiscal agent	137,701,004
Cash in bank	11,679,997
Cash on hand	<u>15,000</u>
 Total cash and investments	 <u><u>\$ 446,256,097</u></u>

The RTC’s cash and cash equivalents on deposit with financial institutions, including cash and cash equivalents in the custody of the 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 current economic conditions 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 the NRS, County monies must be deposited with federally insured banks, credit unions, or savings and loan associations within the County. The County is authorized to use demand accounts, time accounts, and certificates of deposit. The County’s deposits are fully covered by federal depository insurance or securities collateralized in the State of Nevada Collateral Pool. Securities used as such collateral must total 102 percent of the deposits with each financial institution.

The NRS specifically require collateral for demand deposits and specify that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to allowable County investments described below, except the NRS permit a longer term and include securities issued by municipalities within Nevada. 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. The County monitors the Nevada Collateral Pool to ensure full collateralization

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.

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. As the County ceased participating in securities lending activities through its custodial bank as of June 30, 2014, no securities were held by the counterparty that was acting as the County’s agent in securities lending transaction.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 3 – Cash and Investments (continued)

As of June 30, 2014, the \$296,860,096 of RTC monies held in the investment pool are categorized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 to 3</u>	<u>3 to 5</u>	<u>More than 5</u>
Debt Securities:					
U.S. Treasuries	20.6%	7.9%	38.9%	53.2%	
U.S. Agencies	49.8%	25.3%	39.9%	31.9%	2.9%
Corporate Obligations	11.9%	11.3%	48.4%	40.3%	
Money Market Funds	5.9%	100.0%			
Commercial Paper	8.2%	100.0%			
Negotiable Certificates of Deposit	0.1%	100.0%			
NV Local Government Investment Pool	0.0%	100.0%			
Collateralized Mortgage Obligations	0.6%	0.0%	12.2%	31.7%	56.1%
Collateralized Investment Agreements*	0.3%	0.0%			
Asset Backed Securities	1.9%		22.9%	59.4%	17.7%
Derivative Instruments	0.7%				100.0%
	100.0%				

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

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."

The County is exposed to credit risk in the amount of the hedging derivatives' positive fair values. Since none of the hedging derivatives had a positive fair value as of June 30, 2014, the County was exposed to no credit risk for these derivatives. The counterparty credit ratings for hedging derivative instruments were Baa or higher. The County is exposed to credit risk on interest rate swaps with positive fair values totaling \$34.7 million. The County is not exposed to credit risk on interest rate swaps with negative fair values. Exposure is mitigated through the use of an International Swaps and Derivatives Association credit support annex, which provides collateral to protect the value of the swaps under specific circumstances. The counterparty credit ratings for investment derivative swaps were Baa or higher.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 3 – Cash and Investments (continued)

At June 30, 2014, the fair value of County investments and derivative instruments 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>Baa</u>	<u>P-1</u>	<u>Unrated</u>
Debt Securities:						
U.S. Treasuries	100%					
U.S. Agencies	83%				17%	
Corporate Obligations	1%	31%	68%			
Money Market Funds	100%					
Commercial Paper					100%	
Negotiable Certificates of Deposit					100%	
NV Local Government Investment Pool						100%
Collateralized Mortgage Obligations	100%					
Collateralized Investment Agreements *			100%			
Asset Backed Securities	89%					11% **
Derivative Instruments		2%	2%	96%		

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

** Securities rated AA by Standard & Poor's

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 five percent of the investment pool.

GASB Statement No. 40 requires disclosure of all investments in any one issuer that represent five percent or more of total investments. At June 30, 2014, the following investments exceeded five percent of the investment pool:

Federal Farm Credit Banks (FFCB)	6.46%
Federal Home Loan Banks (FHLB)	12.60%
Federal Home Loan Mortgage Corporation (FHLMC)	17.89%
Federal National Mortgage Association (FNMA)	15.52%

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 3 - Cash and Investments (continued)

Interest Rate Sensitivity

At June 30, 2014, 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, generally on coupon dates.

Fixed-to-floating rate notes have fixed rate coupons for a specified period of time then a variable rate coupon for the remaining life of the security. The variable rate is generally based on the prime rate or the London Interbank Offered Rate (LIBOR), plus or minus a specified number of basis points.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

GASB 31

GASB Statement No. 31 requires the County to adjust the carrying amount of its investment portfolio to reflect the change in fair value. Interest revenue is increased or decreased in relation to this adjustment of unrealized gain or loss. Net interest income in the funds reflects this positive or negative fair value adjustment.

NOTE 4 – Accounts Receivable and Due from other Governmental

Accounts receivable and due from other governmental units as of June 30, 2014, were as follows:

	Governmental Activities					Business-type Activities
	General Fund	Special Revenue Fund	Capital Project Funds		Total	
	Regional Transportation Commission	Regional Transportation	Highway Improvement Acquisition	RTC Highway Improvement		
Accounts receivable	\$ 4,214,981	\$ -	\$ 436,380	\$ -	\$ 4,651,360	\$ 14,756,706
Less allowance for uncollectible receivables	-	-	436,380	-	436,380	-
Accounts receivables, net	<u>\$ 4,214,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,214,981</u>	<u>\$ 14,756,706</u>
 Due from other governmental units	 <u>\$ 347,878</u>	 <u>\$ 11,079,132</u>	 <u>\$ 25,081,359</u>	 <u>\$ 1,165,109</u>	 <u>\$ 37,673,478</u>	 <u>\$ 44,639,737</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 5 – Capital Assets

Capital asset activity for the year ended June 30, 2014, consisted of the following:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 2,410,046	\$ 59,960	\$ 538,566	\$ 1,931,440
Capital assets being depreciated:				
Buildings	18,515,505	-	-	18,515,505
Equipment	6,964,001	538,566	-	7,502,567
Total capital assets being depreciated	<u>25,479,506</u>	<u>538,566</u>	<u>-</u>	<u>26,018,072</u>
Less accumulated depreciation for:				
Buildings	5,256,464	354,998	-	5,611,462
Equipment	2,770,440	983,910	-	3,754,350
Total accumulated depreciation	<u>8,026,904</u>	<u>1,338,908</u>	<u>-</u>	<u>9,365,812</u>
Total capital assets being depreciated, net	<u>17,452,602</u>	<u>(800,342)</u>	<u>-</u>	<u>16,652,260</u>
Governmental activities capital assets, net	<u>\$ 19,862,648</u>	<u>\$ (740,382)</u>	<u>\$ 538,566</u>	<u>\$ 18,583,700</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 32,038,082	\$ -	\$ -	\$ 32,038,082
Construction in progress	37,896,830	42,339,356	54,631,917	25,604,269
Total capital assets not being depreciated	<u>69,934,912</u>	<u>42,339,356</u>	<u>54,631,917</u>	<u>57,642,351</u>
Capital assets being depreciated:				
Buildings and improvements	184,553,286	3,206,528	-	187,759,814
Equipment	326,764,746	51,425,389	19,277,757	358,912,378
Total capital assets being depreciated	<u>511,318,032</u>	<u>54,631,917</u>	<u>19,277,757</u>	<u>546,672,192</u>
Less accumulated depreciation for:				
Buildings and improvements	39,611,908	6,181,155	-	45,793,063
Equipment	154,223,279	34,221,090	18,679,539	169,764,830
Total accumulated depreciation	<u>193,835,187</u>	<u>40,402,245</u>	<u>18,679,539</u>	<u>215,557,893</u>
Total capital assets being depreciated, net	<u>317,482,845</u>	<u>14,229,672</u>	<u>598,218</u>	<u>331,114,299</u>
Business-type activities capital assets, net	<u>\$ 387,417,757</u>	<u>\$ 56,569,028</u>	<u>\$ 55,230,136</u>	<u>\$ 388,756,650</u>
	<u>Governmental activities</u>		<u>Business-type activities</u>	
FY 2014 depreciation expense	<u>\$1,338,908</u>		<u>\$40,402,245</u>	

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 6 – Interfund Balances and Transfers

Interfund balances as of June 30, 2014, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>
	Regional Transportation
Regional Transportation Commission	\$ 204,363
RTC Highway Improvement	8,602,108
Totals	\$ 8,806,471

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, 2014, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	Regional Transportation Commission	RTC Bonds	RTC Highway Improvement	
Regional Transportation Commission	\$ -	\$ -	\$ 836,465	\$ 836,465
Regional Transportation Highway Improvement	2,817,453	-	32,945,126	35,762,579
Acquisition	9,000,000	\$ 37,306,439	-	46,306,439
RTC Highway Improvement	236,620	28,268,050	-	28,504,670
Public Transit	9,000,000	-	646,384	9,646,384
Total	\$ 21,054,073	\$ 65,574,489	\$ 34,427,975	\$ 121,056,537

Transfers are used to: (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) move receipts restricted 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
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

NOTE 7 – Long-Term Debt

Revenue Bonds

Clark County on behalf of the RTC issues revenue bonds and pledges revenue derived from fuel tax and the sales and excise tax to pay debt service. Revenue bonds outstanding at June 30, 2014, were as follows:

<u>Highway Improvement Revenue Bonds</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>
Motor vehicle fuel tax revenue bonds:			
Series 2003	\$ 200,000,000	4.50-6.00%	\$ -
Series 2007	300,000,000	3.00-5.00%	238,570,000
Series 2010A	32,595,000	6.10-6.35%	32,595,000
Series 2010B	51,180,000	5.00%	51,180,000
Series 2011	118,105,000	4.00-5.00%	115,905,000
Series 2014A	100,000,000	3.00-5.00%	100,000,000
Sales tax revenue bonds:			
Series 2010	69,595,000	3.00-5.00%	59,590,000
Series 2010B	94,835,000	3.00-5.00%	70,330,000
Series 2010C	140,560,000	5.10-6.15%	140,560,000
Total revenue bonds			<u>\$ 808,730,000</u>

At June 30, 2014, 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>
2015	33,030,000	37,683,201	70,713,201
2016	37,675,000	37,266,263	74,941,263
2017	39,425,000	35,463,038	74,888,038
2018	41,265,000	33,562,113	74,827,113
2019	43,150,000	31,637,163	74,787,163
2020-2024	248,380,000	123,761,592	372,141,592
2025-2029	256,080,000	62,757,528	318,837,528
2030-2034	102,110,000	9,324,879	111,434,879
2035	7,615,000	190,375	7,805,375
	<u>\$ 808,730,000</u>	<u>\$ 371,646,151</u>	<u>\$ 1,180,376,151</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 740,810,000	\$ 100,000,000	\$ 32,080,000	\$ 808,730,000	\$ 33,030,000
Unamortized issuance premium	29,702,527	10,635,131	3,343,214	36,994,444	-
Unamortized issuance discount	(31,571)	-	(1,804)	(29,767)	-
Total bonds payable	770,480,956	110,635,131	35,421,410	845,694,677	33,030,000
Compensated absences	2,259,528	1,236,075	1,035,259	2,460,344	1,035,259
Other post employment benefits	3,451,791	905,117	-	4,356,908	-
Governmental activities long-term liabilities	\$ 776,192,275	\$ 112,776,323	\$ 36,456,668	\$ 852,511,929	\$ 34,065,259
Business-type activities:					
Compensated absences	\$ 1,205,759	688,092	\$ 626,583	\$ 1,267,268	\$ 626,583
Other post employment benefits	3,427,985	341,821	-	3,769,806	-
Business-type activities long-term liabilities	\$ 4,633,744	\$ 1,029,913	\$ 626,583	\$ 5,037,074	\$ 626,583

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.

Pledged Revenues

Motor vehicle fuel tax revenue bonds issued for RTC purposes are collateralized by a maximum of twelve cents per gallon of motor vehicle fuel tax and all Indexed 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 collateralized twelve cents includes the County's share of three cents per gallon tax levied by the State pursuant to NRS 365.180 and 365.190 and accounted for in other County funds, and the County's share of the Indexed Fuel Taxes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

Indexed Fuel Tax includes taxes calculated and imposed on motor vehicle fuel tax, and special fuels taxes that consist of taxes on diesel fuel, taxes on compressed natural gas, and taxes on liquefied petroleum gas.

The net pledged revenues related to fuel taxes for the year ended June 30, 2014, were as follows:

Pledged revenues (net of administrative expenditures):	
County share motor vehicle fuel tax (\$.03)	\$ 18,895,421
RTC share motor vehicle fuel tax (\$.09)	65,810,879
County share Indexed Fuel Taxes	1,213,400
RTC share Indexed Fuel Taxes	<u>12,732,079</u>
	98,651,779
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	
	<u>(2,471,567)</u>
Net pledged revenues	<u><u>\$ 96,180,212</u></u>

Series 2010 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.

Series 2010B and 2010C sales and excise tax revenue bonds issued for RTC purposes are collateralized by 1/4% sales and excise tax and a 1 cent jet aviation fuel tax in Clark County.

The net pledged revenues related to sales and excise tax and jet aviation fuel tax for the year ended June 30, 2014, were as follows:

Pledged revenues:	
Sales and excise tax	\$ 85,148,998
Jet aviation fuel tax	<u>3,462,893</u>
Total pledged revenues	<u><u>\$ 88,611,891</u></u>

The debt coverage ratio for net pledged revenues for the year ended June 30, 2014, were as follows:

	Motor Vehicle Fuel Taxes	Sales and Excise Tax and Jet Aviation Fuel Tax
Net pledged revenues	\$ 96,180,212	\$ 88,611,891
Total principal and interest payment	<u>42,638,608</u>	<u>25,020,693</u>
Debt coverage ratio	<u>2.26</u>	<u>3.54</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 8 - Operating Lease Commitments

The RTC was party to one operating lease at June 30, 2014, as follows:

<u>Lessor</u>	<u>FY14 Average Monthly Rental</u>	<u>Date Lease Commenced</u>	<u>Date Lease Terminates</u>
LiveWork, LLC	<u>\$ 126,139</u>	January 5, 2008	January 4, 2048

Total rent expense for fiscal year 2014 was \$1,513,669. The following is a schedule of future minimum lease payments for the operating lease as of June 30, 2014:

Year ending June 30:

2015	\$ 1,559,079
2016	1,605,851
2017	1,654,027
2018	1,728,824
2019	1,805,866
2020-2024	9,966,230
2025-2029	11,890,104
2030-2034	14,185,362
2035-2039	16,923,695
2040-2044	20,190,634
2045-2048	<u>16,367,762</u>
Total future minimum lease payments	<u>\$ 97,877,433</u>

The RTC entered into a 40-year land lease with LiveWork, LLC on April 2, 2007, as amended by First Amendment of Lease dated September 17, 2007. The base rent is \$1,250,000 per annum with a 3% annual escalation beginning in January 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. The security deposit shall be reduced by an amount equal to \$1,250,000 until the balance reaches the base security amount. Base security amount shall mean an amount equal to 1 year's then base rent. The reduction starts on the first day of the lease year immediately following the lease year in which the RTC commences operation of the terminal and on the first day of each subsequent lease year until the security deposit reaches the base security amount. As of June 30, 2014, a \$1,536,038 letter of credit was issued and unused.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 9 - Net Position and Fund Balances

Net Position

At June 30, 2014, the RTC's government-wide statement of net position 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 position restricted for debt service totaled \$108,537,695. This amount is made up of restricted funds exclusively for debt service of \$127,170,828 less accrued interest payable of \$18,633,133.

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 County motor vehicle fuel tax and Indexed 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, 2014:

	Balance June 30, 2013	Current Year Increases	Current Year Decreases	Balance June 30, 2014
City of Boulder City	\$ 1,713,106	\$ 751,731	\$ (420,000)	\$ 2,044,838
Bunkerville	703,885	37,371	-	741,256
Indian Springs	39,460	16,958	-	56,418
Laughlin	632,955	1,290,290	-	1,923,245
City of Mesquite	1,436,800	766,256	(820,000)	1,383,056
Moapa Town	323,100	119,649	-	442,749
Moapa Valley	703,914	785,266	-	1,489,180
Mt. Charleston	372,842	55,271	-	428,113
Searchlight	107,230	140,014	-	247,244
Total	\$ 6,033,293	\$ 3,962,805	\$ (1,240,000)	\$ 8,756,098

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
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

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 the NRS, 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.

The 2009 Legislation made changes to the system. The benefit allowances for members enrolled on or after January 1, 2010, are computed at 2.5% for service credits of average compensation (36 consecutive months of highest compensation, however; salary subject to 10% cap if it has increased more than 10% from the prior year) for each accredited year of service prior to retirement up to a maximum of 75% of the average compensation. Early retirement benefit reduction based on years, months and days increased from 4% to 6% for each full year. Eligible employees are eligible for retirement benefits at age 65 with 5 years of service, at age 62 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 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 and the RTC's required contributions are as follows:

	FISCAL YEAR ENDING JUNE 30,		
	2014	2013	2012
Contribution rates	25.75%	23.75%	23.75%
RTC's contribution	\$ 4,588,722	\$ 4,053,405	\$ 3,971,166

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

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

The RTC also provides other postemployment benefits to retirees by participating in the State of Nevada's Public Employee Benefit Plan (PEBP), cost sharing, multiple-employer, defined benefit plan administered by a nine member governing board. PEBP provides medical, prescription, dental and vision benefits to retirees. Eligibility and subsidy requirements are governed 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/HMO Plan benefit provisions are established and amended through negotiations between Clark County and the SEIU employee union. The RTC has an interlocal agreement with Clark County which allows Clark County to negotiate with the SEIU on RTC's behalf. PEBP benefit provisions are established and amended by the State Legislature.

The Self-Funded/HMO Plan are included in the financial statements of Clark County as an internal service fund (the Self-Funded Group Insurance fund). The Self-Funded/HMO Plan are 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 90% of premiums for active employee coverage, a monthly average of approximately \$786 per active employee for the year ended June 30, 2014. Retirees in the Self-Funded/HMO Plan receive no direct subsidy from the RTC. Under State law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the RTC.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

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

The RTC is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who are enrolled in this plan. In 2014, retirees were eligible for a \$114 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$627 is earned after 20 years of combined service with any eligible entity. The subsidy is set by the State Legislature.

The annual other postemployment benefit (OPEB) cost for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. RTC's annual OPEB cost for the current year and the related information for each plan are as follows:

	<u>Self-Funded Plan/HMO Plan</u>	<u>PEBP</u>	<u>Total</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	\$114 per month after 5 years of service up to \$627 per month after 20 years	
Plan members	From \$161 per month for single coverage to \$1,449 per month for family coverage, depending on plan	From \$672 to \$2,674, depending on level of coverage and subsidy earned	
Annual required contribution (ARC)	\$ 1,659,124	\$ 95,583	\$ 1,754,706
Interest on net OPEB obligation	213,041	12,273	225,314
Adjustment to annual required contribution	(308,004)	(17,744)	(325,748)
Annual OPEB cost	1,564,161	90,112	1,654,272
Employer contributions made	(332,615)	(74,719)	(407,334)
Increase in net OPEB obligation	1,231,546	15,393	1,246,938
Net OPEB obligation, beginning of year	6,793,906	85,870	6,879,776
Net OPEB obligation, end of year	<u>\$ 8,025,452</u>	<u>\$ 101,263</u>	<u>\$ 8,126,714</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

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 2012, 2013 and 2014 were as follows:

	Year ended	Annual OPEB Cost	% of OPEB cost	Net OPEB obligation
Self-funded/HMO Plan	June 30, 2012	\$ 1,761,450	1.8%	\$ 5,562,362
Self-funded/HMO Plan	June 30, 2013	1,564,159	21.3%	6,793,906
Self-funded/HMO Plan	June 30, 2014	1,564,159	21.3%	8,025,450
PEBP Plan	June 30, 2012	60,806	120.3%	70,477
PEBP Plan	June 30, 2013	90,112	82.9%	85,870
PEBP Plan	June 30, 2014	90,112	82.9%	101,263

Funded status and funding progress

The funded status of the plans as of June 30, 2014, 2013 and 2012, were as follows:

	Self-funded / HMO Plan		
	2012	2013	2014
Actuarial accrued liability (a)	\$ 11,562,585	\$ 13,301,785	\$ 13,301,785
Actuarial value of plan assets (b)			
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 11,562,585	\$ 13,301,785	\$ 13,301,785
Funded ratio (b) / (a)	0%	0%	0%
Covered payroll (c)	\$ 17,646,945	\$ 17,963,919	\$ 19,659,612
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	65.5%	74.0%	67.7%
	PEBP *		
	2012	2013	2014
Actuarial accrued liability (a)	\$ 2,444,380	\$ 1,718,943	\$ 1,718,943
Actuarial value of plan assets (b)			
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 2,444,380	\$ 1,718,943	\$ 1,718,943
Funded ratio (b) / (a)	0%	0%	0%
Covered payroll (c)	N/A	N/A	N/A
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	N/A	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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

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, 2012	July 1, 2012
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:		
Discount rate	4.0%	4.0%
Projected salary increases	N/A	N/A
Healthcare inflation rate	8.5% initial / 5% ultimate	8.5% 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, 2013, the Other Postemployment Benefit Reserve fund has \$224,571 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 trust or equivalent arrangement as defined by GASB Statement No. 45.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

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 slowly recovering from a widespread recession that included 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 an ongoing war on terror, all of which are likely to continue 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.

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 the 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 the County, the RTC's designated representative shall notify the 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 the County for the provision of employee health insurance has not been terminated.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 12 - Risk Management (continued)

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 RTC 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.

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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

NOTE 12 - Risk Management (continued)

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 and 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 Hiscox Insurance, 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, no settlements have exceeded any of the above insurance coverages.

NOTE 13 - Commitments

Construction commitments include roadway projects with various local entities of \$231,050,613.

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, 2014**

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
County Plan	July 1, 2008	0	6,633,463	6,633,463	0.0%	17,076,022	38.8%
	July 1, 2010	0	11,562,585	11,562,585	0.0%	17,646,945	65.5%
	July 1, 2012	0	13,301,785	13,301,785	0.0%	17,963,919	74.0%
PEBP	July 1, 2008	0	864,895	864,895	0.0%	N/A*	N/A*
	July 1, 2010	0	2,444,380	2,444,380	0.0%	N/A*	N/A*
	July 1, 2012	0	1,718,943	1,718,943	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 BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 6,717,900	\$ 6,717,900	\$ 4,986,771	\$ (1,731,129)	\$ 4,966,844
Interest	10,000	10,000	185,251	175,251	14,839
Other	2,608,017	2,608,017	1,959,589	(648,428)	2,459,547
Total revenues	<u>9,335,917</u>	<u>9,335,917</u>	<u>7,131,611</u>	<u>(2,204,306)</u>	<u>7,441,230</u>
EXPENDITURES					
Current:					
Salaries and wages	12,587,165	12,587,165	11,872,485	(714,680)	11,079,678
Employee benefits	4,857,531	4,857,531	4,578,556	(278,975)	4,220,482
Services and supplies	13,035,842	13,035,842	10,248,361	(2,787,481)	8,880,573
Capital outlay and intergovernmental capital grants	1,368,208	1,368,208	59,960	(1,308,248)	3,435,790
Total expenditures	<u>31,848,746</u>	<u>31,848,746</u>	<u>26,759,362</u>	<u>(5,089,384)</u>	<u>27,616,524</u>
OTHER FINANCING SOURCES					
Transfers in	21,309,796	21,309,796	21,054,073	(255,723)	18,513,326
Transfers out		(900,000)	(836,465)	63,535	
Total other financing sources (uses)	<u>21,309,796</u>	<u>20,409,796</u>	<u>20,217,608</u>	<u>(192,188)</u>	<u>18,513,326</u>
CHANGES IN FUND BALANCE					
	(1,203,033)	(2,103,033)	589,857	2,692,890	(1,661,967)
Fund balance - beginning	<u>4,594,121</u>	<u>4,594,121</u>	<u>4,049,107</u>	<u>(545,014)</u>	<u>5,711,074</u>
Fund balance - ending	<u>\$ 3,391,088</u>	<u>\$ 2,491,088</u>	<u>\$ 4,638,964</u>	<u>\$ 2,147,876</u>	<u>\$ 4,049,107</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013)

	2014				2013
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Sales and excise tax	\$ 40,516,309	\$ 43,016,309	\$ 42,574,499	\$ (441,810)	\$ 39,752,304
Interest	10,000	10,000	26,683	16,683	8,822
Total revenues	<u>40,526,309</u>	<u>43,026,309</u>	<u>42,601,182</u>	<u>(425,126)</u>	<u>39,761,126</u>
EXPENDITURES					
Current:					
Services and supplies	<u>6,682,609</u>	<u>6,982,609</u>	<u>6,811,920</u>	<u>(170,689)</u>	<u>6,360,867</u>
OTHER FINANCING USES					
Transfers out	<u>(34,333,699)</u>	<u>(36,533,699)</u>	<u>(35,762,579)</u>	<u>771,120</u>	<u>(32,941,935)</u>
CHANGES IN FUND BALANCE	(489,999)	(489,999)	26,683	516,682	458,324
Fund balance - beginning	<u>540,607</u>	<u>540,607</u>	<u>985,931</u>	<u>445,324</u>	<u>527,607</u>
Fund balance - ending	<u>\$ 50,608</u>	<u>\$ 50,608</u>	<u>\$ 1,012,614</u>	<u>\$ 962,006</u>	<u>\$ 985,931</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013)**

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Interest	\$ -	\$ -	\$ 359,004	\$ 359,004	\$ (120,598)
IRS Rebate - Build America Bonds	3,229,617	3,229,617	3,293,500	63,883	3,394,648
Total revenues	<u>3,229,617</u>	<u>3,229,617</u>	<u>3,652,504</u>	<u>422,888</u>	<u>3,274,050</u>
EXPENDITURES					
Current:					
Services and supplies	10,000	10,000	5,524	(4,476)	13,617
Debt Service:					
Principal	32,080,000	32,080,000	32,080,000	-	32,845,000
Interest	35,579,301	35,579,301	35,579,300	(1)	37,622,361
Total expenditures	<u>67,669,301</u>	<u>67,669,301</u>	<u>67,664,824</u>	<u>(4,477)</u>	<u>70,480,978</u>
OTHER FINANCING SOURCES					
Transfers in	64,066,543	64,066,543	65,574,489	1,507,946	64,310,521
Total other financing sources	<u>64,066,543</u>	<u>64,066,543</u>	<u>65,574,489</u>	<u>1,507,946</u>	<u>64,310,521</u>
CHANGES IN FUND BALANCE	(373,141)	(373,141)	1,562,169	1,935,310	(2,896,407)
Fund balance - beginning	<u>51,032,868</u>	<u>51,032,868</u>	<u>48,603,963</u>	<u>(2,428,906)</u>	<u>51,500,370</u>
Fund balance - ending	<u>\$ 50,659,727</u>	<u>\$ 50,659,727</u>	<u>\$ 50,166,132</u>	<u>\$ (493,595)</u>	<u>\$ 48,603,963</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013)**

	2014				2013
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ 950,000	\$ 950,000	\$ 1,036,800	\$ 86,800	\$ 866,652
EXPENDITURES					
Current:					
Services and supplies	-	-	-	-	7,430
OTHER FINANCING SOURCES					
Proceeds from revenue bond issued	-	-	7,995,750	7,995,750	-
CHANGES IN FUND BALANCE	950,000	950,000	9,032,550	8,082,550	859,222
Fund balance - beginning	66,503,697	66,503,697	67,972,146	1,468,449	67,112,924
Fund balance - ending	<u>\$ 67,453,697</u>	<u>\$ 67,453,697</u>	<u>\$ 77,004,696</u>	<u>\$ 9,550,999</u>	<u>\$ 67,972,146</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
HIGHWAY IMPROVEMENT ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013)**

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Fuel taxes	\$ 64,868,301	\$ 76,636,301	\$ 78,542,958	\$ 1,906,657	\$ 65,339,861
Interest	355,603	355,603	686,332	330,729	43,480
Other			-	-	240,380
Total revenues	<u>65,223,904</u>	<u>76,991,904</u>	<u>79,229,290</u>	<u>2,237,386</u>	<u>65,623,721</u>
EXPENDITURES					
Current:					
Services and supplies	240,598	240,598	357,151	116,553	29,140
Debt Service:					
Principal	-	-	-	-	8,000,000
Bond issuance costs	-	-	562,556	562,556	-
Capital outlay and intergovernmental capital grants	60,296,586	60,296,586	13,244,902	(47,051,684)	6,874,401
Total expenditures	<u>60,537,184</u>	<u>60,537,184</u>	<u>14,164,609</u>	<u>(46,372,574)</u>	<u>14,903,541</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(44,974,282)	(46,474,282)	(46,306,439)	167,843	(42,872,586)
Transfers in	-	900,000	-	(900,000)	-
Proceeds from revenue bond issued	-	-	92,004,250	92,004,250	-
Premium on bond issued	-	-	10,635,131	10,635,131	-
Total other financing sources (uses)	<u>(44,974,282)</u>	<u>(45,574,282)</u>	<u>56,332,942</u>	<u>101,907,224</u>	<u>(42,872,586)</u>
CHANGES IN FUND BALANCE	(40,287,562)	(29,119,562)	121,397,623	150,517,184	7,847,594
Fund balance - beginning	<u>59,267,115</u>	<u>59,267,115</u>	<u>65,366,574</u>	<u>6,099,459</u>	<u>57,518,980</u>
Fund balance - ending	<u>\$ 18,979,553</u>	<u>\$ 30,147,553</u>	<u>\$ 186,764,197</u>	<u>\$ 156,616,643</u>	<u>\$ 65,366,574</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC HIGHWAY IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013)

	2014				2013
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 5,756,575	\$ 5,756,575	\$ 5,401,900	\$ (354,675)	\$ 3,809,739
Fuel taxes	4,015,199	4,015,199	3,462,893	(552,306)	3,756,040
Interest	293,665	293,665	542,357	248,692	126,335
Total revenues	<u>10,065,439</u>	<u>10,065,439</u>	<u>9,407,150</u>	<u>(658,290)</u>	<u>7,692,114</u>
EXPENDITURES					
Current:					
Services and supplies	20,076	20,076	-	(20,076)	16,633
Capital outlay and intergovernmental capital grants	55,014,603	55,014,603	29,610,788	(25,403,815)	36,090,607
Total expenditures	<u>55,034,679</u>	<u>55,034,679</u>	<u>29,610,788</u>	<u>(25,423,891)</u>	<u>36,107,240</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	33,274,169	35,474,169	34,427,975	(1,046,194)	29,967,109
Transfers out	(28,584,604)	(28,984,604)	(28,504,670)	479,934	(29,496,435)
Total other financing sources (uses)	<u>4,689,565</u>	<u>6,489,565</u>	<u>5,923,305</u>	<u>(566,260)</u>	<u>470,674</u>
CHANGES IN FUND BALANCE	(40,279,675)	(38,479,675)	(14,280,333)	24,199,341	(27,944,452)
Fund balance - beginning	<u>58,418,099</u>	<u>58,418,099</u>	<u>70,751,863</u>	<u>12,333,764</u>	<u>98,696,315</u>
Fund balance - ending	<u>\$ 18,138,424</u>	<u>\$ 19,938,424</u>	<u>\$ 56,471,530</u>	<u>\$ 36,533,105</u>	<u>\$ 70,751,863</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013)**

	2014				2013
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
OPERATING REVENUES					
Charges for services:					
Transit fees	\$ 70,408,447	\$ 70,408,447	\$ 85,062,071	\$ 14,653,624	\$ 69,297,909
Transit Advertising	2,500,000	2,500,000	2,470,981	(29,019)	2,058,008
Federal and state grants and contributions	-	-	1,385,020	1,385,020	-
Other	200,000	200,000	294,211	94,211	346,439
Total operating revenues	<u>73,108,447</u>	<u>73,108,447</u>	<u>89,212,284</u>	<u>16,103,836</u>	<u>71,702,356</u>
OPERATING EXPENSES					
Salaries and wages	8,135,050	8,135,050	7,787,127	(347,923)	6,884,241
Employee benefits	4,098,042	4,098,042	3,340,892	(757,150)	3,675,551
Services and supplies	167,188,269	167,188,269	158,868,251	(8,320,018)	162,611,723
Depreciation	42,000,000	42,000,000	40,402,245	(1,597,755)	35,878,826
Total operating expenses	<u>221,421,361</u>	<u>221,421,361</u>	<u>210,398,515</u>	<u>(11,022,845)</u>	<u>209,050,340</u>
Operating loss	<u>(148,312,914)</u>	<u>(148,312,914)</u>	<u>(121,186,232)</u>	<u>27,126,681</u>	<u>(137,347,985)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue:					
Sales and excise tax	121,548,928	121,548,928	127,723,497	6,174,569	119,256,912
Federal and state grants	23,830,071	37,270,071	11,890,510	(25,379,561)	36,717,594
Interest income	580,000	580,000	1,011,845	431,845	253,898
Gain on sale of capital assets	-	-	150,000	150,000	64,003
Total nonoperating revenues (expenses)	<u>145,958,999</u>	<u>159,398,999</u>	<u>140,775,852</u>	<u>(18,623,146)</u>	<u>156,292,407</u>
Income before capital contributions and transfers	<u>(2,353,915)</u>	<u>11,086,085</u>	<u>19,589,620</u>	<u>8,503,535</u>	<u>18,944,422</u>
Transfers out	<u>(10,757,923)</u>	<u>(10,757,923)</u>	<u>(9,646,384)</u>	<u>1,111,539</u>	<u>(7,480,000)</u>
CHANGES IN NET POSITION	<u>\$ (13,111,838)</u>	<u>\$ 328,162</u>	<u>\$ 9,943,236</u>	<u>\$ 9,615,073</u>	<u>\$ 11,464,422</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013)**

	2014				2013
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Cash flows from operating activities:					
Cash received from customers	\$ 72,908,447	\$ 72,908,447	\$ 74,618,239	\$ 1,709,792	\$ 65,357,943
Cash paid for employees and benefits	(12,233,092)	(12,233,092)	(10,671,919)	1,561,173	(9,595,943)
Cash paid for services and supplies	(167,188,269)	(167,188,269)	(166,930,737)	257,532	(145,258,671)
Other operating receipts	200,000	200,000	294,211	94,211	346,439
Net cash used in operating activities	<u>(106,312,914)</u>	<u>(106,312,914)</u>	<u>(102,690,206)</u>	<u>3,622,708</u>	<u>(89,150,232)</u>
Cash flows from noncapital financing activities:					
Cash provided by sales and excise tax	121,548,928	121,548,928	125,241,995	3,693,067	117,708,199
Transfers to other funds	<u>(9,000,000)</u>	<u>(9,000,000)</u>	<u>(9,646,384)</u>	<u>(646,384)</u>	<u>(7,480,000)</u>
Net cash provided by non-capital financing activities	<u>112,548,928</u>	<u>112,548,928</u>	<u>115,595,611</u>	<u>3,046,683</u>	<u>110,228,199</u>
Cash flows from capital and related financing activities:					
Federal and state grants	23,830,071	37,270,071	11,339,947	(25,930,124)	35,400,410
Acquisition, construction, or improvement of capital assets	(33,270,738)	(60,070,738)	(41,741,317)	18,329,421	(38,773,168)
Proceeds from the sale of capital assets	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>64,003</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,440,667)</u>	<u>(22,800,667)</u>	<u>(30,251,370)</u>	<u>(7,450,703)</u>	<u>(3,308,755)</u>
Cash flows from investing activities:					
Interest received	<u>580,000</u>	<u>580,000</u>	<u>876,651</u>	<u>296,651</u>	<u>(173,582)</u>
Net change in cash and cash equivalents	(2,624,653)	(15,984,653)	(16,469,314)	(484,661)	17,595,630
Cash and cash equivalents - beginning of year	90,155,709	90,155,709	109,081,118	18,925,409	91,485,488
Cash and cash equivalents - end of year	<u>\$ 87,531,056</u>	<u>\$ 74,171,056</u>	<u>\$ 92,611,804</u>	<u>\$ 18,440,748</u>	<u>\$ 109,081,118</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - Other Postemployment Benefits

For the year ended June 30, 2014, 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, 2008, July 1, 2010 and July 1, 2012.

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 financial statements on pages 45 through 48 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 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
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

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.

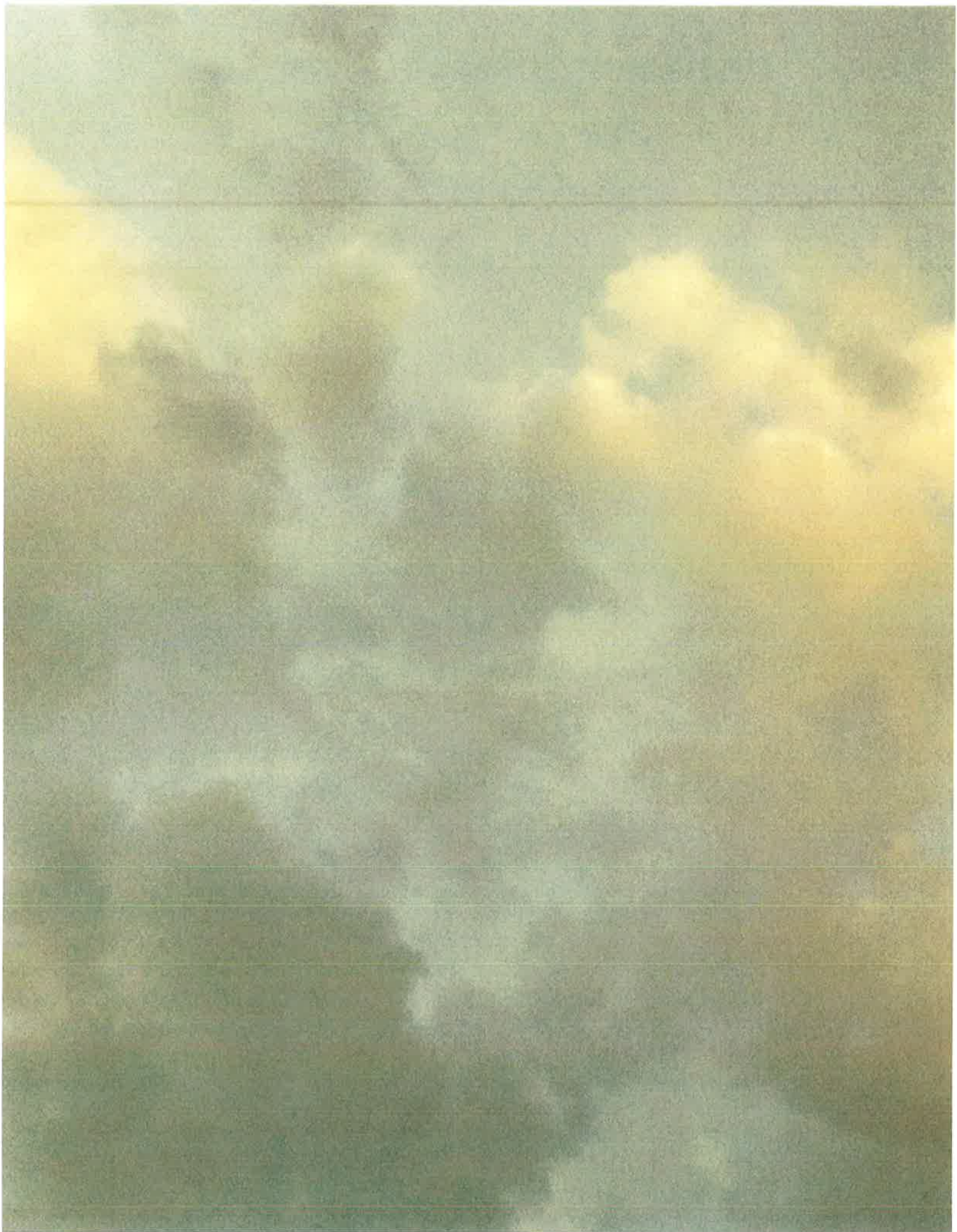
Comparative data for the prior year have been presented for the individual fund statements in order to provide an understanding of the changes in these funds.

Additional budgetary information can be found in Note 2 to the RTC's financial statements on page 29 of this report.



OTHER INFORMATION





REPORT OF INDEPENDENT AUDITORS 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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada (RTC), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements, and have issued our report thereon dated November 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the RTC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the RTC's internal control. Accordingly, we do not express an opinion on the effectiveness of the RTC's internal control.

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

MOSS ADAMS_{LLP}

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the RTC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Scottsdale, Arizona
November 13, 2014





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