

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA

A COMPONENT UNIT OF CLARK COUNTY, NEVADA



COMPONENT UNIT FINANCIAL STATEMENTS

JUNE 30, 2011

**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA**

**COMPONENT UNIT FINANCIAL
STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2011

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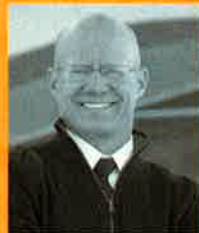
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REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA

A COMPONENT UNIT OF CLARK COUNTY, NEVADA

**RTC BOARD
OF COMMISSIONERS**

GENERAL MANAGER



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



*Larry Brown, Chairman
Clark County*



*David Bennett
City of Mesquite*



*Robert Eliason
City of North Las Vegas*



*Chris Giunchigliani
Clark County*

**COUNTY
COMMISSIONERS**

*Susan Brager, Chair
Steve Sisolak, Vice-Chair*

*Larry Brown
Tom Collins*

Chris Giunchigliani

Mary Beth Scow

Lawrence Weekly



*Debra March
City of Henderson*



*Steve Ross
City of Las Vegas*



*Lois Tarkanian
City of Las Vegas*



*Mayor Roger Tobler
City of Boulder City*

FINANCIAL SECTION



P B T K

**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada (the RTC) as of and for the year ended June 30, 2011, which collectively comprise the RTC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the RTC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

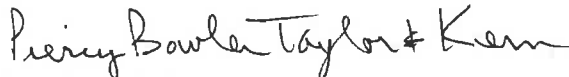
We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RTC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the RTC as of June 30, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, on our consideration of the RTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 11 and the schedule of funding progress, other postemployment benefit plans, and budgetary comparison information on pages 50 through 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, therefore express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the RTC's basic financial statements. The individual fund information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



December 1, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

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, 2011. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and accompanying notes in this report.

FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the RTC's finances. These statements are structured around the primary government. They are further divided into governmental activities and business-type activities. Governmental activities being those generally financed through taxes and intergovernmental revenues, while business-type activities are those financed primarily by charging external parties for goods or services received.

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

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements described above. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. To provide a better understanding of the relationship between the governmental fund financial statements and government-wide financial statements, reconciliations are provided detailing the differences between the two financial statements' balances and results.

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

FINANCIAL HIGHLIGHTS

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

Condensed Statements of Net Assets

	Governmental Activities		Business Type Activities		Total	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
ASSETS:						
Current and other assets	\$ 408,381,558	\$ 235,958,202	\$ 132,408,601	\$ 110,959,772	\$ 540,790,159	\$ 346,917,974
Net capital assets	15,246,132	15,565,346	404,770,604	413,503,141	420,016,736	429,068,487
Total assets	<u>423,627,690</u>	<u>251,523,548</u>	<u>537,179,205</u>	<u>524,462,913</u>	<u>960,806,895</u>	<u>775,986,461</u>
LIABILITIES:						
Long-term liabilities	852,065,952	672,799,946	3,062,049	2,219,070	855,128,001	675,019,016
Other liabilities	81,626,209	47,446,732	46,876,441	41,666,138	128,502,650	89,112,870
Total liabilities	<u>933,692,161</u>	<u>720,246,678</u>	<u>49,938,490</u>	<u>43,885,208</u>	<u>983,630,651</u>	<u>764,131,886</u>
NET ASSETS:						
Invested in capital assets, net of related debt	15,246,132	15,565,346	404,770,604	413,503,142	420,016,736	429,068,488
Restricted	308,896,695	175,204,663			308,896,695	175,204,663
Unrestricted (deficit)	<u>(834,207,298)</u>	<u>(659,493,139)</u>	<u>82,470,111</u>	<u>67,074,564</u>	<u>(751,737,187)</u>	<u>(592,418,575)</u>
TOTAL NET ASSETS	<u>\$ (510,064,471)</u>	<u>\$ (468,723,130)</u>	<u>\$ 487,240,715</u>	<u>\$ 480,577,706</u>	<u>\$ (22,823,756)</u>	<u>\$ 11,854,576</u>

Governmental Activities

The increase in current and other assets is primarily due to the increase of approximately \$113,000,000 of unspent bond proceeds in cash in custody of the fiscal agent related to the August 11, 2010, issuance of \$235,395,000 in sales tax highway improvement bonds, Clark County increasing loaned securities allocated to the RTC by approximately \$22,000,000, and the increase of approximately \$32,000,000 in cash in custody of the County Treasurer due to the additional debt service and debt service reserve requirements of the 2010 bonds mentioned above.

The increase in long-term debt outstanding and the unrestricted deficit is primarily due to the issuance of \$235,395,000 of new bonds, which refunded \$32,600,000 of commercial paper notes and provided \$192,000,000 of new money for street and highway projects. In addition to the refunding of commercial paper notes, this increase was also offset by the regularly scheduled bond principal payment of \$20,860,000.

The increase in other liabilities is due to Clark County increasing loaned securities allocated to the RTC by approximately \$22,000,000, and additional accrued interest of approximately \$7,000,000, due to the sales tax highway improvement bonds issued in August 2010.

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

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

Current and other assets increased primarily due to an increase in cash balance. Cash increased by approximately \$21,000,000 primarily due to federal and state grant reimbursements exceeding the amount spent on the acquisition and construction of capital assets due to the difference in the timing of expenditures and actual reimbursement, and to a lesser extent due to increased fare revenue and sales and excise taxes collected on behalf of the RTC.

- Net capital assets decreased by approximately \$9,000,000. This decrease was primarily due to approximately \$37,000,000 in depreciation expense. The decreases above were offset by approximately \$29,000,000 in capital expenditures for paratransit vehicles, bus shelters, and other transit improvements.

Other liabilities increased approximately \$5,000,000 due to Clark County increasing loaned securities allocated to the RTC Transit fund by approximately \$11,600,000 offset by a decrease in accounts payable of \$6,000,000.

Condensed Statements of Activities

	Governmental Activities		Business Type Activities		Total	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
PROGRAM REVENUES						
Charges for services			\$ 67,128,699	\$ 65,086,880	\$ 67,128,699	\$ 65,086,880
Operating grants and contributions	\$ 3,346,599	\$ 3,212,672	3,555,177	1,594,800	6,901,776	4,807,472
Capital grants and contributions	35,165,440	11,130,455	32,971,245	67,108,616	68,136,685	78,239,071
GENERAL REVENUES						
Motor vehicle fuel tax	65,409,657	65,408,709			65,409,657	65,408,709
Jet-aviation fuel tax	3,658,928	3,899,442			3,658,928	3,899,442
Sales and excise tax	35,444,544	33,934,033	106,333,631	101,802,100	141,778,175	135,736,133
Interest income	3,812,219	4,249,436	1,164,196	2,209,392	4,976,415	6,458,828
Other	4,140,717	3,521,319	29,734	46,979	4,170,451	3,568,298
	<u>150,978,104</u>	<u>125,356,066</u>	<u>211,182,682</u>	<u>237,848,767</u>	<u>362,160,786</u>	<u>363,204,833</u>
EXPENSES						
Public works	156,973,303	151,758,257			156,973,303	151,758,257
Interest on long-term debt	37,724,618	22,671,959			37,724,618	22,671,959
Public transit			201,724,886	189,072,038	201,724,886	189,072,038
	<u>194,697,921</u>	<u>174,430,216</u>	<u>201,724,886</u>	<u>189,072,038</u>	<u>396,422,807</u>	<u>363,502,254</u>
Changes in net assets before transfers and capital contributions	(43,719,817)	(49,074,150)	9,457,796	48,776,729	(34,262,021)	(297,421)
Capital contributions				(54,304,407)	-	(54,304,407)
Net transfers	2,794,787	8,568,750	(2,794,787)	(8,568,750)		
Change in net assets	(40,925,030)	(40,505,400)	6,663,009	(14,096,428)	(34,262,021)	(54,601,828)
Net assets - beginning	(469,136,211)	(428,630,811)	480,577,706	494,674,134	11,441,495	66,043,323
Net Assets - ending	<u>\$ (510,061,241)</u>	<u>\$ (469,136,211)</u>	<u>\$ 487,240,715</u>	<u>\$ 480,577,706</u>	<u>\$ (22,820,526)</u>	<u>\$ 11,441,495</u>

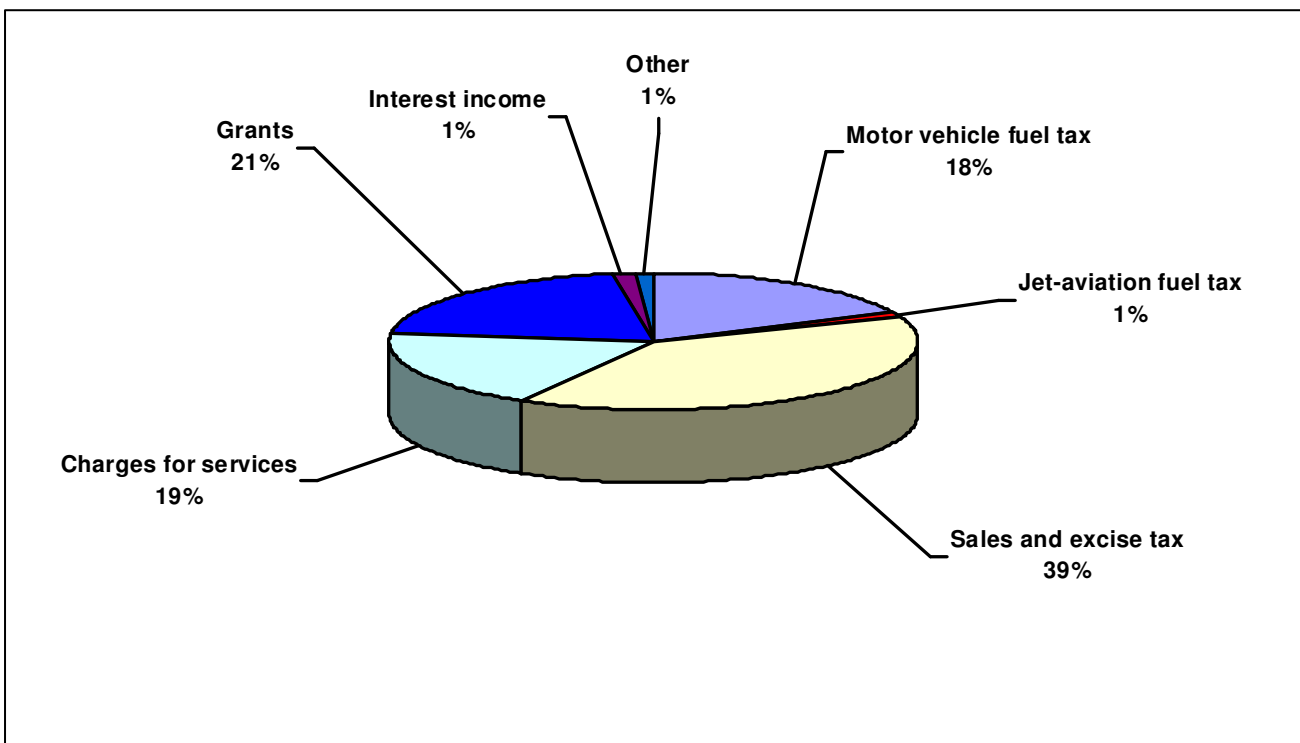
Fluctuations in revenues and expenses for fiscal year 2011 compared to fiscal year 2010 are explained below.

- Charges for services increased by approximately \$2.0 million due to a transit fare increase in January 2010, and increasing the 2 hour pass fare by \$2.00 in August 2010 on the transit routes that service Las Vegas Boulevard (The Strip) and Downtown Las Vegas.
- Operating grants increased by approximately \$2.1 million due to the addition of the Westcliff express route, which is funded by Congestion Mitigation Air Quality grants for the first 3 years of operation.
- Capital grants decreased by approximately \$10.1 million due to more grant funded projects, related to the American Recovery and Reinvestment Act (ARRA), being constructed and paid for in fiscal year 2010.
- Motor vehicle fuel tax remained flat year over year as the economy in southern Nevada is still struggling.
- Jet-aviation fuel tax declined by approximately \$241,000 due to fewer flights into McCarran International Airport in fiscal year 2011, but those flights are reported to have heavier passenger loads that brought an increase of tourists to Las Vegas.
- Sales and excise tax increased by approximately \$6.0 million or 4.5%. This was one bright spot in the struggling economy of southern Nevada. Contributing to this increase was the increased number of tourists visiting Las Vegas.
- Interest income decreased by approximately \$1.5 million in fiscal year 2011 due to declining short-term interest rates on cash and investments.
- Spending on public works projects remains in excess of \$150 million for both fiscal years 2010 and 2011. 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 \$15 million due to the issuance of additional motor vehicle fuel tax bonds for \$83,775,000 and sales and excise tax revenue bonds for \$69,595,000 in February 2010 and more sales and excise tax revenue bonds for \$235,395,000 in August 2010 for funding of the Jurisdictions street and highway projects, and refunding a portion of the outstanding commercial paper. The issuance of the August 2010 sales and excise tax bonds was made possible by the passage of Senate Bill 5 (SB5) in a special session of the Nevada State Legislature in July 2010. SB5 removed a sunset provision that previously existed on one-half of a quarter percent sales tax dedicated to the Streets and Highways Program.
- Public transit expenses increased approximately \$12.7 million due mainly to higher fuel prices in fiscal year 2011 and increased demand for paratransit services. The fiscal year 2010 fuel hedge agreement locked in \$1.74 a gallon for the cost of diesel fuel, and the fuel hedge fixed price for a gallon of diesel fuel for fiscal year 2011 was \$2.44. The actual price per gallon of diesel fuel in fiscal year 2011 was in the \$3.00 range. In fiscal year 2011 the State of Nevada discontinued providing Medicaid recipients with transportation to medical appointments and referred them to the RTC Paratransit service for their transportation needs.

- In fiscal year 2010, the RTC donated street improvements that cost approximately \$54.3 million to the City of Las Vegas. These donated street improvements primarily consist of RTC funded street enhancements for Bus Rapid Transit lanes in the City of Las Vegas that connect downtown Las Vegas to the Las Vegas Strip. The City of Las Vegas owns and is responsible for the maintenance of the street improvements.
- Net transfers from the Transit fund to the governmental funds declined by approximately \$5.8 million mainly due to \$4.7 million in bus stop and bus shelters constructed on the Boulder Highway Express Route being transferred from the RTC Highway Improvement fund to the RTC Transit fund. The remaining decrease was due to budget cuts in the RTC Regional Transportation Commission fund (General fund) resulting in a lower amount of transfers needed in that fund.

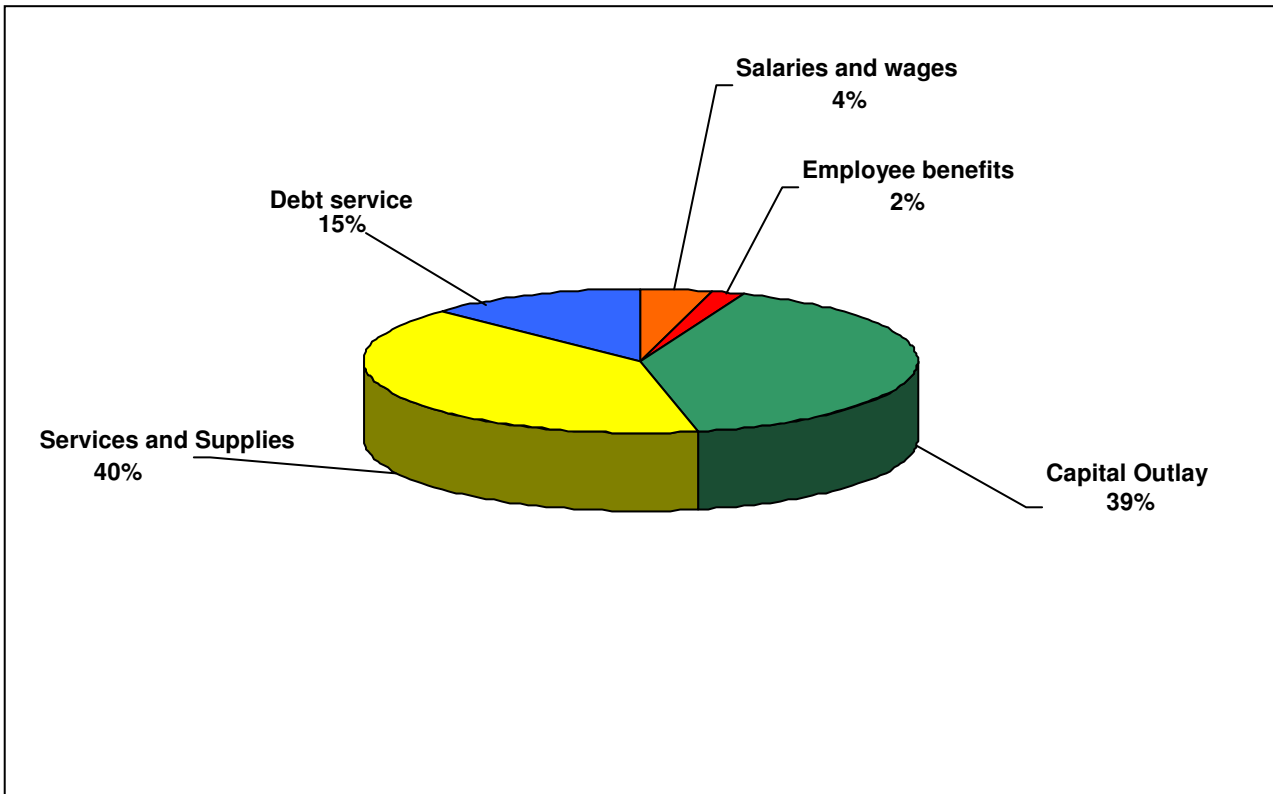
REVENUES

The following chart shows the components of revenues for the year ended June 30, 2011:



EXPENDITURES

The following chart shows the components of expenditures for the year ended June 30, 2011:



CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal year 2011, the RTC expended \$155.7 million on street and highway improvement projects for other jurisdictions, and transit capital asset projects, such as vehicle procurements and facilities construction. The following identifies the street and highway capital improvement grants paid to other jurisdictions and transit capital expenditures:

Street and highway capital improvement grants paid	\$126,807,187
Transit equipment, buildings, land, and improvements	28,883,615

All transit 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 14, 2011, 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, 2011:

	Beginning Balance	Additions and Premiums	Deletions and Discounts	Ending Balance
Revenue bonds	<u>\$ 610,472,126</u>	<u>\$ 244,419,182</u>	<u>\$ 22,730,088</u>	<u>\$ 832,161,220</u>

Bonds payable at June 30, 2011, are comprised of the following individual issues:

	Original Amount	Interest Rate	Balance June 30, 2011
Highway Improvement and Refunding Revenue Bonds			
Motor Vehicle Fuel Tax Revenue:			
Series 2003	\$ 200,000,000	4.50-6.00%	\$ 150,880,000
Series 2007	300,000,000	3.00-5.00%	271,895,000
Series 2010A	32,595,000	6.00-6.50%	32,595,000
Series 2010B	51,180,000	5.00%	51,180,000
Sales and Excise Tax Revenue:			
Series 2010	69,595,000	3.00-5.00%	66,920,000
Series 2010B	94,835,000	3.00-5.00%	94,835,000
Series 2010C	140,560,000	5.10-6.15%	140,560,000
Plus unamortized premium			23,331,399
Less unamortized discount			(35,179)
Total			<u>\$ 832,161,220</u>

Issuing highway improvement bonds allows the RTC to fund the construction of street and highway projects within Clark County for the benefit of the Jurisdictions. 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, and 0.25% sales and excise tax in Clark County.

The RTC debt management policy stipulates that the debt service coverage ratio must be greater than or equal to 150%, which is calculated by dividing net pledged revenue by the maximum annual debt service, with which we believe that the RTC is in compliance.

In the past, the RTC utilized commercial paper notes as an interim financing tool to meet the needs of the street and highway programs funded by motor vehicle fuel tax and a portion of the sales and excise tax. During the year ended June 30, 2011, the RTC paid down \$11 million of motor vehicle fuel tax commercial paper notes, and refunded \$32.6 million of sales and excise tax commercial paper notes with 20 year bonds. At June 30, 2011, the outstanding commercial paper consisted of \$16 million due from the motor vehicle fuel tax program. It is the RTC's intention to pay off the remaining \$16 million of commercial paper notes due from the motor vehicle fuel tax program over the next 2 fiscal years from motor vehicle fuel tax revenues, and then discontinue the commercial paper program.

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.

	2011	2010	2009	2008	2007
Ridership - fixed route	55,476,967	56,056,979	63,424,642	64,765,634	62,321,216
% increase (decrease)	(1.0%)	(11.6%)	(2.1%)	3.9%	4.90%
Ridership - paratransit	1,214,779	1,027,715	1,023,470	967,829	890,125
% increase	18.2%	0.4%	5.7%	8.7%	9.2%

The decline in the fixed route ridership for fiscal years 2011, 2010 and 2009 can be attributed to the general economic decline nationally and specifically in southern Nevada, and also due to 2 fare increases that could have had a negative impact on demand.

The increase in Paratransit ridership in fiscal year 2011 is due to the State of Nevada discontinuing the provision of transportation services for Medicaid recipients to medical appointments, and referring them to the RTC Paratransit service for their transportation needs.

BUDGET

The Regional Transportation Commission fund is the general operating fund of the RTC. Due to the ongoing economic recession, management has made a concerted effort to cut costs. For fiscal year 2011 the RTC and the Service Employees International Union, SEIU Local 1107, agreed to a zero percent cost of living adjustment (COLA). In addition to this, as employees terminated their employment, management left several positions vacant instead of filling them. As a result of these actions, salaries, wages and benefits were under budget by approximately 4% or \$0.6 million.

In addition to the savings in salaries, wages and benefits, services and supplies were under budget by 28% or \$3.2 million. Fiscal year 2011 total expenditures for the Regional Transportation Commission fund were approximately \$3.8 million under budget, and approximately \$1.7 million less than fiscal year 2010.

Total Transit fund expenses, excluding depreciation, were approximately \$2.4 million under budget for fiscal year 2011. In fiscal year 2011, the State of Nevada discontinued providing Medicaid recipients with transportation to medical appointments and referred them to the RTC paratransit service for their transportation needs, this caused a paratransit contract cost to exceed budget by approximately \$3.0 million. In order to help offset this budget overage, fixed route service hours were reduced by 50,000 in fiscal year 2011. Management is investigating strategies and policy adjustments to contain future Paratransit costs.

The fiscal year 2011 budget was not amended.

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

CREDIT RATINGS

NRS 373.130 mandates that Clark County must issue all revenue bonds on behalf of the RTC. The bond rating at June 30, 2011, 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, 2011, 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.

The Highway Revenue (Motor Vehicle Fuel Tax) Commercial Paper Notes were rated "NR" by Moody's and "A-1+" by Standard & Poor's.

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 transit fare revenue. The unemployment rate for Clark County, Nevada in September of 2011 is 13.6%, which is down from 15.6% in September a year ago. The hotel/motel occupancy rate for the Las Vegas metropolitan area in September of 2011 is 85.7%, which is up from 82.1% in September a year ago. These indicators show some improvement in the local economy; however, other indicators, such as the price of real estate are still declining. Tax and transit fare revenue budgets are prepared considering the indicators mentioned above, and are set at previous year actual levels as a conservative budget practice.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments:			
In custody of the County Treasurer	\$ 175,830,846	\$ 97,062,531	\$ 272,893,377
Cash on hand	500	14,500	15,000
In custody of the fiscal agent	158,055,235		158,055,235
Loaned securities	22,921,822	12,036,968	34,958,790
Accounts receivable, net	1,209,209	1,588,749	2,797,958
Interest receivable	526,194	276,320	802,514
Due from other funds *	7,621,007		
Due from other governmental units	35,422,028	21,363,452	56,785,480
Prepaid expenses	121,634	66,081	187,715
Deferred charges	6,673,083		6,673,083
Capital assets, not being depreciated	261,242	49,668,886	49,930,128
Capital assets, net of accumulated depreciation	14,984,890	355,101,718	370,086,608
TOTAL ASSETS	<u>423,627,690</u>	<u>537,179,205</u>	<u>953,185,888</u>
LIABILITIES			
Accounts payable	29,298,090	32,879,592	62,177,682
Accrued payroll	258,205	160,527	418,732
Accrued interest	19,799,033		19,799,033
Loaned securities	23,935,574	12,569,322	36,504,896
Due to other funds *	6,421,007	1,200,000	
Other current liabilities	1,914,300	67,000	1,981,300
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable	29,290,000		29,290,000
Compensated absences payable	744,412	587,253	1,331,665
Portion due or payable after one year:			
Bonds and notes payable	818,871,219		818,871,219
Compensated absences payable	1,217,449	502,926	1,720,375
Other post employment benefits	1,942,872	1,971,870	3,914,742
TOTAL LIABILITIES	<u>933,692,161</u>	<u>49,938,490</u>	<u>976,009,644</u>
NET ASSETS			
Invested in capital assets, net of related debt	15,246,132	404,770,604	420,016,736
Restricted for:			
Capital projects and intergovernmental capital grants	213,090,483		213,090,483
Debt service	95,806,212		95,806,212
Unrestricted	(834,207,298)	82,470,111	(751,737,187)
TOTAL NET ASSETS	<u>\$ (510,064,471)</u>	<u>\$ 487,240,715</u>	<u>\$ (22,823,756)</u>

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
Public works	\$ 156,973,303		\$ 3,346,599	\$ 35,162,210	\$ (118,464,494)		\$ (118,464,494)
Interest on long-term debt	37,724,618				(37,724,618)		(37,724,618)
TOTAL GOVERNMENTAL ACTIVITIES	194,697,921		3,346,599	35,162,210	(156,189,112)		(156,189,112)
BUSINESS-TYPE ACTIVITIES:							
Public transit	201,724,886	\$ 67,128,699	3,555,177	32,971,245		\$ (98,069,765)	(98,069,765)
TOTAL BUSINESS-TYPE ACTIVITIES	201,724,886	67,128,699	3,555,177	32,971,245		(98,069,765)	(98,069,765)
Total	\$ 396,422,807	\$ 67,128,699	\$ 6,901,776	\$ 68,133,455	(156,189,112)	(98,069,765)	(254,258,877)
General Revenues:							
Fuel taxes					69,068,585		69,068,585
Sales and excise tax					35,444,544	106,333,631	141,778,175
Interest income					3,812,219	1,164,196	4,976,415
Other					4,140,717	29,734	4,170,451
Transfers					2,794,787	(2,794,787)	
Total general revenues and transfers					115,260,852	104,732,774	219,993,626
Changes in net assets					(40,928,260)	6,663,009	(34,265,251)
Net assets - beginning					(469,136,211)	480,577,706	11,441,495
Net assets - ending					\$ (510,064,471)	\$ 487,240,715	\$ (22,823,756)

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	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	\$	6,486,407	\$	1,531,480	\$	50,062,248	\$	22,885,496	\$	35,078,637	\$	59,786,578	\$	175,830,846
Cash on hand		500												500
In custody of the fiscal agent							44,631,076		113,424,159					158,055,235
Loaned securities		674,587		196,474		6,422,507	2,935,989	4,500,253	8,192,012					22,921,822
Accounts receivable, net		1,209,209												1,209,209
Interest receivable		15,486		4,510		147,435	67,399	103,308	188,056					526,194
Due from other funds		3,013,975							4,607,032					7,621,007
Due from other governmental units		1,092,663		6,215,485				16,202,112	11,911,768					35,422,028
Prepaid expenses		110,384						11,250						121,634
TOTAL ASSETS	\$	12,603,211	\$	7,947,949	\$	56,632,190	\$	70,519,960	\$	55,895,560	\$	198,109,605	\$	401,708,475
LIABILITIES AND FUND BALANCES														
LIABILITIES:														
Accounts payable	\$	2,023,718	\$	2,015,393				\$	6,078,752	\$	19,180,227	\$	29,298,090	
Accrued payroll		258,205											258,205	
Due to other funds				5,221,007				1,200,000					6,421,007	
Loaned securities		704,421		205,163	\$	6,706,551	\$	3,065,839	4,699,283		8,554,317		23,935,574	
Deferred revenues						1,774,515			1,202,103				2,976,618	
Total liabilities		2,986,344		7,441,563		8,481,066		3,065,839	11,978,035		28,936,647		62,889,494	
FUND BALANCES:														
Nonspendable fund balance		110,384						11,250						121,634
Restricted fund balance				506,386		48,151,124		67,454,121	43,906,275		169,172,958		329,190,864	
Unassigned fund balance		9,506,483											9,506,483	
Total fund balances		9,616,867		506,386		48,151,124		67,454,121	43,917,525		169,172,958		338,818,981	
TOTAL LIABILITIES AND FUND BALANCES	\$	12,603,211	\$	7,947,949	\$	56,632,190	\$	70,519,960	\$	55,895,560	\$	198,109,605	\$	401,708,475

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

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

Total fund balance - governmental funds \$ 338,818,981

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

Capital assets	\$ 22,074,052	
Less accumulated depreciation	<u>(6,827,920)</u>	15,246,132

Other long-term assets are not available to pay current period expenditures; and therefore, are deferred in the fund financial statements.		1,062,318
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Long-term liabilities, including bonds and loans payable, are not due and payable in the current period; and therefore, are not reported in the fund financial statements.

Bonds and notes payable	(824,864,999)	
Unamortized issuance premiums	(23,331,399)	
Unamortized issuance discounts	35,179	
Unamortized deferred charges	6,673,083	
Accrued interest payable	(19,799,033)	
Compensated absences	(1,961,861)	
Other post employment benefits	<u>(1,942,872)</u>	(865,191,902)

Total net assets - governmental activities		<u><u>\$ (510,064,471)</u></u>
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REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	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	\$ 3,441,917					\$ 34,257,778	\$ 37,699,695
Fuel taxes					\$ 65,409,657	3,658,928	69,068,585
Sales and excise tax		\$ 35,444,544					35,444,544
Interest	73,133	27,889	\$ 362,056	\$ 1,338,301	790,994	1,219,847	3,812,219
Other	2,421,948		1,713,769		5,000		4,140,717
Total revenues	5,936,998	35,472,433	2,075,825	1,338,301	66,205,651	39,136,553	150,165,761
EXPENDITURES							
Current:							
Salaries and wages	10,660,033						10,660,033
Employee benefits	3,858,474						3,858,474
Services and supplies	8,121,318	5,671,155	601	364	256,016	102,027	14,151,481
Bond issuance costs						2,820,239	2,820,239
Debt service:							
Principal			20,860,000		11,000,000		31,860,000
Interest			31,734,073				31,734,073
Capital outlay and intergovernmental capital grants	572,128				34,085,835	92,149,224	126,807,187
Total expenditures	23,211,953	5,671,155	52,594,674	364	45,341,851	95,071,490	221,891,487
Excess (deficiency) of revenues over (under) expenditures	(17,274,955)	29,801,278	(50,518,849)	1,337,937	20,863,800	(55,934,937)	(71,725,726)
OTHER FINANCING SOURCES (USES)							
Transfers in	18,583,849		63,153,587	2,037,892		26,089,568	109,864,896
Transfers out		(29,773,417)			(44,395,924)	(32,900,768)	(107,070,109)
Revenue bond issued				14,890,693		187,904,307	202,795,000
Refunding bond issued						32,600,000	32,600,000
Premium on bond issued						9,024,182	9,024,182
Discount on bond issued						(36,833)	(36,833)
Payment to refund commercial paper						(32,600,000)	(32,600,000)
Total other financing sources (uses)	18,583,849	(29,773,417)	63,153,587	16,928,585	(44,395,924)	190,080,456	214,577,136
CHANGES IN FUND BALANCES	1,308,894	27,861	12,634,738	18,266,522	(23,532,124)	134,145,519	142,851,410
Fund balances - beginning	8,307,973	478,525	35,516,386	49,187,599	67,449,649	35,027,439	195,967,571
Fund balances - ending	\$ 9,616,867	\$ 506,386	\$ 48,151,124	\$ 67,454,121	\$ 43,917,525	\$ 169,172,958	\$ 338,818,981

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, 2011**

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

Changes in fund balances - total governmental funds \$ 142,851,410

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. The Regional Transportation Commission utilizes capital projects funds to account for intergovernmental capital grants.

Capital outlay and intergovernmental capital grants	\$ 126,807,187	
Less intergovernmental capital grants	<u>(126,235,059)</u>	
Capitalized expenditures	572,128	
Less current year depreciation	<u>(891,342)</u>	(319,214)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 809,113

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. Neither transaction; however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the related debt in the statement of activities.

Revenue bond issued	(211,782,349)	
Refunding bond issued	(32,600,000)	
Principal payments	20,860,000	
Commercial paper payments	11,000,000	
Payment to refund commercial paper	32,600,000	
Amortization of issuance costs	(414,258)	
Amortization of bond premiums	1,834,909	
Amortization of bond discounts	(1,654)	
Bond issuance costs	<u>2,820,239</u>	(175,683,113)

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	(7,409,543)	
Change in compensated absences	(381,909)	
Change in other post employment benefits	<u>(795,004)</u>	<u>(8,586,456)</u>

Change in net assets - governmental activities \$ (40,928,260)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	Public Transit
ASSETS	
Current assets:	
Cash and cash equivalents:	
In custody of the County Treasurer	\$ 97,062,531
Cash on hand	14,500
Loaned securities	12,036,968
Accounts receivable, net	1,588,749
Interest receivable	276,320
Due from other governmental units	21,363,452
Prepaid expenses	66,081
Total current assets	132,408,601
Non-current assets:	
Capital assets:	
Land and construction in progress	49,668,886
Buildings and improvements	176,772,362
Equipment and furniture	330,749,225
Accumulated depreciation	(152,419,869)
Total non-current assets	404,770,604
Total assets	537,179,205
LIABILITIES	
Current liabilities:	
Accounts payable	32,879,592
Accrued payroll	160,527
Loaned securities	12,569,322
Due to other funds	1,200,000
Other current liabilities	67,000
Total current liabilities	46,876,441
Non-current liabilities:	
Portion due or payable within one year:	
Compensated absences	587,253
Portion due or payable after one year:	
Compensated absences	502,926
Other post employment benefits	1,971,870
Total non-current liabilities	3,062,049
Total liabilities	49,938,490
NET ASSETS	
Invested in capital assets, net of related debt	404,770,604
Unrestricted	82,470,111
Total net assets	\$ 487,240,715

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Public Transit
OPERATING REVENUES	
Charges for services:	
Transit fees	\$ 66,863,224
Other	265,475
Total operating revenues	67,128,699
OPERATING EXPENSES	
Salaries and wages	6,986,912
Employee benefits	3,387,853
Services and supplies	153,733,969
Depreciation	37,616,152
Total operating expenses	201,724,886
Operating loss	(134,596,187)
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental revenue:	
Sales and excise tax	106,333,631
Federal and state grants	36,526,422
Interest income	1,164,196
Gain on sale of capital assets	29,734
Total non-operating revenue	144,053,983
Income before transfers and capital contributions	9,457,796
Transfers in	4,655,213
Transfers out	(7,450,000)
CHANGE IN NET ASSETS	6,663,009
Net assets - beginning	480,577,706
Net assets - ending	\$ 487,240,715

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Public Transit
Cash flows from operating activities:	
Cash received from customers	\$ 68,671,716
Cash paid for employees and benefits	(9,815,345)
Cash paid for services and supplies	(159,675,685)
Other operating receipts	265,475
Net cash used in operating activities	(100,553,839)
Cash flows from non-capital financing activities:	
Cash provided by sales and excise tax	105,155,671
Transfers to other funds	(7,450,000)
Net cash provided by non-capital financing activities	97,705,671
Cash flows from capital and related financing activities:	
Federal and state grants	46,637,924
Acquisition, construction, or improvements of capital assets	(28,883,613)
Proceeds from sale of capital assets	29,734
Transfers from other funds	4,655,213
Net cash provided by capital and related financing activities	22,439,258
Cash flows from investing activities:	
Interest received	1,312,995
Net change in cash and cash equivalents	20,904,085
Cash and cash equivalents - beginning of year	76,172,946
Cash and cash equivalents - end of year	\$ 97,077,031
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	\$ (134,596,187)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	37,616,152
Bad debts recovery	(78,905)
Decrease in accounts receivable	1,791,492
Decrease in prepaid expenses	250,931
Decrease in accounts payable	(6,101,242)
Decrease in accrued payroll	(283,559)
Decrease in due to other funds	(12,500)
Increase in other current liabilities	17,000
Increase in compensated absences	78,443
Increase in other post employment benefits	764,536
Net cash used in operating activities	\$ (100,553,839)

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

In accordance with Nevada Revised Statutes (NRS) 373, an ordinance was adopted by the Clark County Board of Commissioners 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 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 by GASB Statement No. 39, the RTC is a discretely presented component unit of the Clark County, Nevada financial reporting entity because the County issues debt on behalf of the RTC. The accounting policies of the RTC conform to accounting principles generally accepted in the United States as applicable to governmental entities.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the RTC considers revenues to be available if they are collected within 90 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service, compensated absences and other post employment benefits expenditures are recorded only when payment is due.

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

The RTC reports the following major governmental funds:

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

Regional Transportation Fund (2170) – this fund serves as a pass-through account for revenues received from the November 2002, voter-approved Question 10 tax, which are used to pay for transportation enhancements infrastructure.

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

RTC Reserve Fund (3190) – this fund is used to accumulate a continuing reserve only to be used to prevent deficiencies in the payment of principal and interest associated with the RTC's outstanding debt.

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

RTC Highway Improvement Fund (4130) – this fund is used to account for the funding of construction of roads and streets paid for from the November 2002, Question 10 voter approved Jet-Aviation fuel tax and sales tax increase in 2003.

The RTC reports the following major proprietary fund:

Public Transit (5090) – this fund is used to account for the operations of the RTC transit system.

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

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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 Assets or Equity

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 assets. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of investments are part of interest earnings of the individual funds.

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

At June 30, 2011, 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. 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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Assets or Equity (continued)

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

Major outlays for capital assets and improvements that are part of a construction project are capitalized and depreciated once the projects are placed in service. Prior to that time, they are reported as construction in progress.

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 and furniture	5 - 12

Prepaid expenses

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

Compensated Absences

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

Other Postemployment Benefits (OPEB)

Effective July 1, 2007, the RTC implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of the statement, the RTC elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB at zero for the year ended June 30, 2008. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the RTC, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at June 30, 2011, is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Long-Term Obligations

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

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.

Fund Equity

Governmental funds for the RTC reflect 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 RTC Transportation fund is restricted for transportation enhancements infrastructure. Restricted fund balance for RTC Bonds fund and RTC Reserve fund are restricted for servicing RTC's debt. Restricted fund balance for Highway Improvement Acquisition fund and 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.

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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2 – Stewardship, Compliance and Accountability

The RTC adopts annual budgets for the general fund and all special revenue, debt service, and capital project funds. All budgets are adopted on a basis consistent with applicable accounting principles generally accepted in the United States and used by the RTC for financial reporting.

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

- a. Prior to April 15, the RTC submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The tentative budget as submitted contains the proposed expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the RTC of its acceptance of the tentative budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all the changes have been noted and hearings closed, the RTC Board of Commissioners adopts the final budget on or before June 1.
- e. The NRS require budget controls to be exercised at the function level. The General Manager or designee is authorized to transfer budgeted amounts within functions or funds, but the RTC Board of Commissioners must approve any transfers between funds or increases to a fund's original appropriated level.
- f. Increases to a fund's budget (augmentations) other than by transfers are accomplished through formal RTC Board of Commissioners action.
- g. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

Compliance with Nevada Revised Statutes

Per NRS 354.626, the RTC is required to report and explain expenditures that exceeded budgeted appropriations at the legal level for each of its funds. For the year ended June 30, 2011, the RTC had no funds with expenditures in excess of appropriations.

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. This Statement also provides guidance for governments that are operators in a service concession arrangement (SCA). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to improve financial reporting by addressing issues related to SCA, which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The RTC does not have Service Concession Arrangements. Therefore, adoption of Statement No. 60 is not expected to affect the RTC's financial position, results of operation or cash flows.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 – Stewardship, Compliance and Accountability (continued)

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34*. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The RTC does not report any component unit and in fact is a component unit of Clark County. Therefore, adoption of Statement No. 61 is not expected to affect the RTC’s financial position, results of operation or cash flows.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. 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 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. 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, 2011**

NOTE 2 – Stewardship, Compliance and Accountability (continued)

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

NOTE 3 – Cash and Investments

The majority of all cash and investments of RTC are included in the investment pool of the County Treasurer or are in the custody of a fiscal agent. Other investments held by RTC are comprised of money market mutual funds and U.S. agency obligations. As of June 30, 2011, these amounts are summarized as follows:

Clark County Investment Pool	\$	307,852,167
Money Market Mutual Funds		158,055,235
Cash on hand		15,000
 Total cash and investments	 \$	 <u><u>465,922,402</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 recent economic developments including, but not limited to, weakness in the commercial and investment banking systems. The extent of a future loss, if any, to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution; however, is not subject to estimation at this time.

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 3 – Cash and Investments (continued)

State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to allowable County investments described below, except that statutes 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.

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the RTC. Instead, the RTC owns a proportionate share of each investment, based on the RTC's participation percentage in the investment pool. As of June 30, 2011, the \$307,852,167 of RTC monies held in the investment pool are categorized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 to 3</u>	<u>3 to 5</u>	<u>5 to 10</u>
Debt Securities:					
U.S. Treasuries	16.3%	26.1%	67.9%	6.0%	
U.S. Agencies	59.4%	35.7%	51.4%	12.9%	
Corporate Obligations	4.8%	29.5%	57.9%	12.6%	
Money Market Funds	7.8%	100.0%			
Commercial Paper	7.0%	100.0%			
Negotiable Certificates of Deposit	0.7%	100.0%			
Local Government Investment Pool	1.1%	100.0%			
Collateralized Mortgage Obligations	0.7%	2.0%	12.7%	6.0%	79.3%
Collateralized Investment Agreements*	0.3%	100.0%			
Asset Backed Securities	1.1%	0.0%	36.6%	53.0%	10.4%
Derivative Instruments	0.8%				100.0%
	<u>100.0%</u>				

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

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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 3 – Cash and Investments (continued)

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy applies the prudent-person rule: "In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

At June 30, 2011, County investments were categorized by quality rating as follows:

<u>Investment Type</u>	<u>Quality Ratings by Moody's</u>				
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A-1</u>	<u>Unrated</u>
Debt Securities:					
U.S. Treasuries	97%			3%	
U.S. Agencies	78%			22%	
Corporate Obligations	14%	42%	41%		3%
Money Market Funds	100%				
Commercial Paper				100%	
Negotiable Certificates of Deposit				100%	
Local Government Investment Pool					100%
Collateralized Mortgage Obligations	100%				
Collateralized Investment Agreements		85%	15%		
Asset Backed Securities	100%				
Derivative Instruments		4%	96%		

Concentrations of Credit Risk

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

GASB Statement No. 40 requires disclosure of all investments in any one issuer that represent 5% or more of total investments. At June 30, 2011, the following investments exceeded 5% of the investment pool:

Federal Farm Credit Banks (FFCB)	8.32%
Federal Home Loan Banks (FHLB)	14.46%
Federal Home Loan Mortgage Corporation (FHLMC)	26.05%
Federal National Mortgage Association (FNMA)	18.14%

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 3 - Cash and Investments (continued)

Interest Rate Sensitivity

At June 30, 2011, the County invested in the following types of securities that have a higher sensitivity to interest rates:

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

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

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 three month LIBOR plus or minus a specified number of basis points. In some cases, interest rate caps are reset higher annually. These securities are callable generally on their coupon dates.

At June 30, 2011, 36% of U.S. Agency Obligations investments were interest rate sensitive.

Securities Lending Transactions

NRS 355.178 authorizes the County to participate in securities lending transactions, where the County's securities are loaned to broker/dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The County's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102% of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year end. The collateral for the loans is maintained at 102%, and the value of the securities borrowed is determined on a daily basis.

At June 30, 2011, the County had no credit risk exposure to borrowers because the amount the County held as collateral exceeded the amounts the borrowers owed to the County. The contract with the securities lending agent requires it to indemnify the County for all losses relating to securities lending transactions. There were no losses resulting from borrower default during fiscal year 2011 nor were there any recoveries of prior period losses.

State statutes place no restrictions on the amount of securities that can be loaned. Either the County or the borrower can terminate all open securities lending transactions on demand. Cash collateral is invested in accordance with the investment guidelines stated in NRS 355.170.

The fair value of the County's securities on loan at June 30, 2011, was \$514,240,879. At June 30, 2011, the County had received cash collateral with a value totaling \$524,793,243. The total collateral received was in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 3 – Cash and Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the County's securities lending policy, \$502,566,468 was held by the counterparty that was acting as the County's agent in securities lending transactions, and consisted of U.S. corporate obligations, certificates of deposit, commercial paper, and money market funds of which RTC's proportionate share was \$34,958,790.

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 Units

Accounts receivable and due from other governmental units as of June 30, 2011, were as follows:

	<u>General Fund</u>	<u>Fund</u>	<u>Capital Project Funds</u>			
	<u>Regional Transportation Commission</u>	<u>Regional Transportation</u>	<u>Highway Improvement Acquisition</u>	<u>RTC Highway Improvement</u>	<u>Total</u>	<u>Business-type Activities</u>
Accounts receivable	\$ 1,209,209		\$ 436,380		\$ 1,645,589	\$ 1,661,291
Less allowance for uncollectible receivables			(436,380)		(436,380)	(72,542)
Accounts receivables, net	<u>\$ 1,209,209</u>		<u>\$ 0</u>		<u>\$ 1,209,209</u>	<u>\$ 1,588,749</u>
 Due from other governmental units	 <u>\$ 1,092,663</u>	 <u>\$ 6,215,485</u>	 <u>\$ 16,202,112</u>	 <u>\$ 11,911,768</u>	 <u>\$ 35,422,028</u>	 <u>\$ 21,363,452</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 5 – Capital Assets

Capital asset activity for the year ended June 30, 2011, consisted of the following:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress		\$ 261,242		\$ 261,242
Capital assets being depreciated:				
Buildings	\$ 18,522,095			18,522,095
Equipment and furniture	2,993,314	310,886	\$ 13,485	3,290,715
Total capital assets being depreciated	<u>21,515,409</u>	<u>310,886</u>	<u>13,485</u>	<u>21,812,810</u>
Less accumulated depreciation for:				
Buildings	4,106,738	417,108		4,523,846
Equipment and furniture	1,843,325	474,234	13,485	2,304,074
Total accumulated depreciation	<u>5,950,063</u>	<u>891,342</u>	<u>13,485</u>	<u>6,827,920</u>
Total capital assets being depreciated, net	<u>15,565,346</u>	<u>(580,456)</u>		<u>14,984,890</u>
Governmental activities capital assets, net	<u>\$ 15,565,346</u>	<u>\$ (319,214)</u>	<u>\$ -</u>	<u>\$ 15,246,132</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 32,038,082			\$ 32,038,082
Construction in progress	49,347,223	\$ 28,596,421	\$ 60,312,840	17,630,804
Total capital assets not being depreciated	<u>81,385,305</u>	<u>28,596,421</u>	<u>60,312,840</u>	<u>49,668,886</u>
Capital assets being depreciated:				
Buildings and improvements	147,172,194	39,982,549	10,382,381	176,772,362
Equipment and furniture	315,871,774	20,617,485	5,740,034	330,749,225
Total capital assets being depreciated	<u>463,043,968</u>	<u>60,600,034</u>	<u>16,122,415</u>	<u>507,521,587</u>
Less accumulated depreciation for:				
Buildings and improvements	28,940,902	9,433,434	10,382,381	27,991,955
Equipment and furniture	101,985,230	28,182,718	5,740,034	124,427,914
Total accumulated depreciation	<u>130,926,132</u>	<u>37,616,152</u>	<u>16,122,415</u>	<u>152,419,869</u>
Total capital assets being depreciated, net	<u>332,117,836</u>	<u>22,983,882</u>	<u>-</u>	<u>355,101,718</u>
Business-type activities capital assets, net	<u>\$ 413,503,141</u>	<u>\$ 51,580,303</u>	<u>\$ 60,312,840</u>	<u>\$ 404,770,604</u>
	<u>Governmental activities</u>	<u>Business-type activities</u>		
FY 2011 depreciation expense	<u>\$891,342</u>	<u>\$37,616,152</u>		

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 6 – Interfund Balances and Transfers

Interfund balances as of June 30, 2011, consisted of the following:

Receivable Fund	Payable Fund			Total
	Regional Transportation	Highway Improvement Acquisition	Public Transit	
General fund	\$ 613,975	\$ 1,200,000	\$ 1,200,000	\$ 3,013,975
RTC Highway Improvement	4,607,032			4,607,032
Totals	\$ 5,221,007	\$ 1,200,000	\$ 1,200,000	\$ 7,621,007

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, 2011, consisted of the following:

Transfers Out	Transfers In					Total
	General fund	RTC Bonds	RTC Reserve	RTC Highway Improvement	Public Transit	
Regional Transportation	\$ 3,683,849			\$ 26,089,568		\$ 29,773,417
Highway Improvement Acquisition	7,450,000	\$ 36,945,924				44,395,924
RTC Highway Improvement		26,207,663	\$ 2,037,892		\$ 4,655,213	32,900,768
Public Transit	7,450,000					7,450,000
Total	\$ 18,583,849	\$ 63,153,587	\$ 2,037,892	\$ 26,089,568	\$ 4,655,213	\$ 114,520,109

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, 2011**

NOTE 7 – Long-Term Debt

Revenue Bonds

The RTC issues revenue bonds and pledges revenue derived from the motor vehicle fuel tax and the sales and excise tax to pay debt service. Revenue bonds outstanding at June 30, 2011, were as follows:

<u>Highway Improvement Revenue Bonds</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2011</u>
Motor vehicle fuel tax revenue bonds:			
Series 2003	\$ 200,000,000	4.50-6.00%	\$ 150,880,000
Series 2007	300,000,000	3.00-5.00%	271,895,000
Series 2010A	32,595,000	6.10-6.35%	32,595,000
Series 2010B	51,180,000	5.00%	51,180,000
Sales tax revenue bonds:			
Series 2010	69,595,000	3.00-5.00%	66,920,000
Series 2010B	94,835,000	3.00-5.00%	94,835,000
Series 2010C	140,560,000	5.10-6.15%	140,560,000
Total revenue bonds			<u><u>\$ 808,865,000</u></u>

At June 30, 2011, 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>
2012	\$ 29,290,000	\$ 38,944,519	\$ 68,234,519
2013	30,645,000	37,565,594	68,210,594
2014	32,080,000	36,094,407	68,174,407
2015	33,605,000	34,522,444	68,127,444
2016	35,175,000	32,896,326	68,071,326
2017-2021	202,625,000	137,030,474	339,655,474
2022-2026	232,910,000	82,058,692	314,968,692
2027-2031	212,535,000	26,580,531	239,115,531
	<u><u>\$ 808,865,000</u></u>	<u><u>\$ 425,692,987</u></u>	<u><u>\$ 1,234,557,987</u></u>

Commercial Paper Notes Payable

In January 2008, the RTC established a commercial paper program, for the streets and highways improvement projects incorporated in Clark County's Master Transportation Plan. This program is authorized for the issuance of up to \$200 million in tax-exempt commercial paper notes to be paid from pledged sales and excise tax revenues and additionally secured by an irrevocable letter of credit dated January 23, 2008 (Series 2008A and Series 2008B). As of June 30, 2011, this program has been closed.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 7 – Long-Term Debt (continued)

Commercial Paper Notes Payable (continued)

In February 2008, the RTC established a commercial paper program, for the streets and highways improvement projects incorporated in Clark County's Master Transportation Plan. This program is authorized for the issuance of up to \$200 million in tax-exempt commercial paper notes to be paid from pledged motor vehicle fuel tax revenues and additionally secured by an irrevocable letter of credit dated March 5, 2008 (Series 2008A and Series 2008B). In August 2010, the amount authorized for the program was reduced to \$100 million. As of June 30, 2011, \$16 million is outstanding. The commercial paper notes may have a maturity date from 1 to 270 days after their issuance; however, no note may mature after the earlier of March 4, 2018, or five days prior to the line of credit expiration date, currently March 13, 2013. Interest rates are variable based on market rates and averaged 0.3% at June 30, 2011.

As of June 30, 2011, the total amount of commercial paper approved for sale was \$100 million, which was divided equally into two separate issues, Series 2008A and Series 2008B with an aggregate of \$16 million issued and outstanding.

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

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 594,330,000	\$ 235,395,000	\$ 20,860,000	\$ 808,865,000	\$ 29,290,000
Unamortized issuance premium	16,142,126	9,024,182	1,834,909	23,331,399	
Unamortized issuance discount		(36,833)	(1,654)	(35,179)	
Total bonds payable	<u>610,472,126</u>	<u>244,382,349</u>	<u>22,693,255</u>	<u>832,161,220</u>	<u>29,290,000</u>
Commercial paper notes payable	59,600,000		43,600,000	16,000,000	
Compensated absences	1,579,952	1,126,321	744,412	1,961,861	744,412
Other post employment benefits	1,147,868	795,004		1,942,872	
Governmental activities long-term liabilities	<u>\$ 672,799,946</u>	<u>\$ 246,303,674</u>	<u>\$ 67,037,667</u>	<u>\$ 852,065,953</u>	<u>\$ 30,034,412</u>
Business-type activities:					
Compensated absences	\$ 1,011,736	\$ 665,696	\$ 587,253	\$ 1,090,179	\$ 587,253
Other post employment benefits	1,207,334	764,536		1,971,870	
Business-type activities long-term liabilities	<u>\$ 2,219,070</u>	<u>\$ 1,430,232</u>	<u>\$ 587,253</u>	<u>\$ 3,062,049</u>	<u>\$ 587,253</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 7 – Long-Term Debt (continued)

Pledged Revenues

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

The bonds are additionally collateralized by the County’s share of the three cents per gallon tax levied by the State pursuant to NRS 365.180 and 365.190 and accounted for in other County funds.

The net pledged revenues for the year ended June 30, 2011, were as follows:

Pledged revenues (net of administrative expenditures):	
State motor vehicle fuel tax	\$ 19,736,746
County motor vehicle fuel tax	65,464,850
	<u>85,201,596</u>
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	<u>(2,148,177)</u>
Net pledged revenues	<u>\$ 83,053,419</u>

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

The net pledged revenues for the year ended June 30, 2011, were as follows:

Pledged revenues:	
Sales and excise tax	\$ 35,444,544
Jet aviation fuel tax	3,658,928
	<u>39,103,472</u>
Total pledged revenues	<u>\$ 39,103,472</u>

Arbitrage Rebate and Debt Covenant Requirements

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 8 - Operating Lease Commitments

The RTC was party to one operating lease at June 30, 2011, as follows:

<u>Lessor</u>	<u>Average Monthly Rental</u>	<u>Date Lease Commenced</u>	<u>Date Lease Terminates</u>
LiveWork, LLC	<u>\$ 112,168</u>	January 5, 2008	January 4, 2048

Total rent expense for fiscal year 2011 was \$1,346,017. The following is a schedule of future minimum lease payments for the operating lease as of June 30, 2011:

Year ending June 30:

2012	\$ 1,386,397
2013	1,449,093
2014	1,513,669
2015	1,559,079
2016	1,605,851
2017-2021	8,964,603
2022-2026	10,695,124
2027-2031	12,759,704
2032-2036	15,222,829
2037-2041	18,161,433
2042-2046	21,667,305
2047-2048	<u>7,241,506</u>
Total minimum lease payments	<u>\$ 102,226,593</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, 2011, a \$3,750,000 letter of credit was issued and unused.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 9 - Net Assets and Fund Balances

Net Assets

At June 30, 2011, the RTC's government-wide statement of net assets accumulated deficit is mainly attributable to borrowings to fund jurisdictional street and highway improvement projects. The resultant debt is retained and serviced by the RTC while the improved assets are owned and maintained by the Jurisdictions. Net assets restricted for debt service totaled \$95,806,212. This amount is made up of restricted funds exclusively for debt service of \$115,605,245 less accrued interest payable of \$19,799,033.

Fund Balances

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

The following is a schedule of changes in the reserve for direct distributions for the year ended June 30, 2011:

	Balance June 30, 2010	Current Year Increases	Current Year Decreases	Balance June 30, 2011
City of Boulder City	\$ 392,199	\$ 587,367		\$ 979,566
Bunkerville	29,833	614,977		644,810
Indian Springs	11,217	14,825		26,042
Laughlin	298,692	698,801	\$ (840,000)	157,493
City of Mesquite	337,766	956,053	(1,079,873)	213,946
Moapa Town	45,216	76,891		122,107
Moapa Valley	132,034	217,530		349,564
Mt. Charleston	39,585	53,080		92,665
Searchlight	16,308	30,993		47,301
Total	\$ 1,302,850	\$ 3,250,517	\$ (1,919,873)	\$ 2,633,494

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, 2011**

NOTE 10 - Defined Benefit Pension Plan (continued)

The RTC does not exercise any control over the System. Nevada Revised Statute 286.110 states that: "Respective participating public employers are not liable for any obligation of the System."

Benefits, as required by State statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the System include pension, disability, and death benefits. Benefits may only be amended through legislation.

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

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 of up to 1% until such time as the actuarially determined unfunded liability of the System is reduced to zero. The RTC is obligated to contribute all amounts due under the System. The contribution rate for eligible employees and the RTC's required contributions are as follows:

	FISCAL YEAR ENDING JUNE 30,		
	2011	2010	2009
Contribution rates	21.50%	21.50%	20.50%
RTC's contribution	\$ 3,641,281	\$ 3,568,171	\$ 3,341,119

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, 2011**

NOTE 11 - Other Post-Employment Benefits (OPEB)

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

Plan Descriptions

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

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

Self-Funded Plan benefit provisions are established and amended through negotiations between 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 Plan is included in the financial statements of Clark County as an internal service fund (the Self-Funded Group Insurance fund). The Self-Funded Plan is not administered as a qualifying trust or equivalent arrangement. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The Self-Funded and PEBP reports may be obtained by writing or calling the plans at the following addresses or numbers:

Clark County, Nevada
PO Box 551210
500 S. Grand Central Parkway
Las Vegas, NV 89155-1210
(702) 455-3895

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

Funding Policy and Annual OPEB Cost

The RTC pays approximately 90% of premiums for active employee coverage, a monthly average of \$676 per active employee for the year ended June 30, 2011. Retirees in the Self-Funded Plan receive no direct subsidy from RTC. Under State law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the RTC.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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

Funding Policy and Annual OPEB Cost (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 2011, retirees were eligible for a \$86 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$473 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/HPN</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	\$86 per month after 5 years of service up to \$473 per month after 20 years	
Plan members	From \$128 per month for single coverage to \$1,356 per month for family coverage, depending on plan	From \$0 to \$1,475, depending on level of coverage and subsidy earned	
Annual required contribution (ARC)	\$ 1,750,697	\$ 141,359	\$ 1,892,056
Interest on net OPEB obligation	79,818	7,664	87,482
Adjustment to annual required contribution	(268,813)	(25,811)	(294,624)
Annual OPEB cost	1,561,702	123,212	1,684,914
Employer contributions made	(32,775)	(92,599)	(125,374)
Increase in net OPEB obligation	1,528,927	30,613	1,559,540
Net OPEB obligation, beginning of year	2,302,973	52,229	2,355,202
Net OPEB obligation, end of year	<u>\$ 3,831,901</u>	<u>\$ 82,841</u>	<u>\$ 3,914,742</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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 2011 were as follows:

	Year ended	Annual OPEB Cost	% of OPEB cost contributed	Net OPEB obligation
Self-funded / HPN	June 30, 2009	\$ 853,424	4.8%	\$ 1,461,201
Self-funded / HPN	June 30, 2010	882,970	4.7%	2,302,973
Self-funded / HPN	June 30, 2011	1,561,702	2.1%	3,831,901
PEBP Plan	June 30, 2009	40,095	89.4%	40,571
PEBP Plan	June 30, 2010	47,503	75.5%	52,229
PEBP Plan	June 30, 2011	123,212	75.2%	82,841

Funded status and funding progress

The funded status of the plans as of June 30, 2011 and 2010, were as follows:

	Self-funded / HPN 2010	Self-funded / HPN 2011
Actuarial accrued liability (a)	\$ 6,633,463	\$ 11,562,585
Actuarial value of plan assets (b)		
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 6,633,463	\$ 11,562,585
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	\$ 17,626,557	\$ 17,646,945
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	37.6%	65.5%
	PEBP *	PEBP *
	2010	2011
Actuarial accrued liability (a)	\$ 864,895	\$ 2,444,380
Actuarial value of plan assets (b)		
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 864,895	\$ 2,444,380
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	N/A	N/A
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	N/A	N/A

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2010	July 1, 2010
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	9.5% initial / 5% ultimate	10% 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, 2011, the Other Postemployment Benefit Reserve fund has \$220,332 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, 2011**

NOTE 12 - Risk Management

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

The United States is experiencing a widespread recession accompanied by declines in residential real estate sales and values, mortgage lending and related construction activity, and weakness in the commercial and investment banking systems, and is engaged in 2 wars, all of which are likely to 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.

The RTC, through various interlocal agreements, contracted with the County for risk management services and various insurance coverages through December 31, 2009.

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

Under the interlocal agreement with 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, 2011

NOTE 12 - Risk Management (continued)

Self-Funded Group Health Insurance and Reserve

The County has established self-insurance funds for insuring medical benefits provided to participating employees and covered dependents. An independent claims administrator performs all claims handling procedures. Incurred but not reported claims have been accrued as a liability based upon a variety of actuarial and statistical techniques. Employees have the option in selecting between the Self-Funded Group Health Insurance (PPO) or Health Plan of Nevada (HMO).

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

Workers' Compensation

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

Commercial Property

The RTC has placed insurance coverage with a licensed and rated carrier for all 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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 12 - Risk Management (continued)

Commercial Auto Liability

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

Excess Liability

The RTC has placed insurance coverage with a licensed and rated carrier which includes \$10,000,000 in limits for Combined Bodily Injury 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 a licensed and rated insurance carrier which includes \$2,000,000 in coverage for each claim and in the Aggregate. A \$50,000 retention/deductible applies for each claim. Coverage is written on a Claims Made basis (which is common for this type of insurance). Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

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

NOTE 13 - Construction Commitments

Construction commitments include roadway projects with various local entities of approximately \$126,000,000. In addition, the Public Transit fund has outstanding construction commitments of approximately \$23,200,000 for capital projects and vehicles.

NOTE 14 - Variable-to-Fixed Commodity Swap Agreement

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

At June 30, 2010, the RTC's derivative portfolio was comprised of one variable-to-fixed commodity swap agreement, solely for the purpose of providing the RTC's projected diesel fuel requirements through June 2012. As of June 30, 2011, the RTC had commitments for 5,160,000 gallons of diesel fuel at a fixed price of \$2.4444 per gallon related to these derivatives.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 14 - Variable-to-Fixed Commodity Swap Agreement (continued)

Under applicable accounting standards, these derivatives, for which the RTC neither paid nor was paid anything at inception, are accounted for as “normal purchases and normal sales contracts” and not as investments. The primary risks associated with these derivatives are counter-party credit and termination risks. The RTC or its counter-party may terminate a commodity swap agreement if the other party fails to perform under the terms of the agreement. If at the time of termination, the applicable commodity swap agreement is in a liability position, the RTC would be liable to the counter-party for payment equal to the liability, subject to certain netting arrangements. As of June 30, 2011, the RTC is not aware of any event that has occurred that would lead to a termination event with respect to its existing commodity swap agreement.

NOTE 15 – Subsequent Events

In November 2011, the Clark County Commission sold approximately \$118.1 million in revenue refunding bonds on behalf of the RTC. The RTC refunded the motor vehicle fuel tax revenue bond Series 2003, which resulted in a cash flow interest expense savings of approximately \$10.6 million and a net present value savings of approximately \$1.5 million. The revenue refunding bonds mature in July 2023 with an overall coupon interest rate ranging from 4.00% to 5.00% and true interest cost, net of premium, of 2.79%. Interest and principal payments will begin in July 2012. All debt service payments will be funded with Motor Vehicle Fuel Tax revenue. The bond proceeds can only be used for bond sale expenses and refunding of existing bonds.

SUPPLEMENTARY INFORMATION

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS, OTHER POSTEMPLOYMENT BENEFITS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
County Plan	June 30, 2006	\$0	\$5,007,082	\$5,007,082	0.0%	\$16,577,905	30.2%
	July 1, 2008	0	6,633,463	6,633,463	0.0%	17,626,557	37.6%
	July 1, 2010	0	11,562,585	11,562,585	0.0%	17,646,945	65.5%
PEBP	June 30, 2006	0	1,046,677	1,046,677	0.0%	16,577,905	6.3%
	July 1, 2008	0	864,895	864,895	0.0%	N/A*	N/A*
	July 1, 2010	0	2,444,380	2,444,380	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, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)**

	2011				2010
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 2,610,367	\$ 2,841,700	\$ 3,441,917	\$ 600,217	\$ 4,015,147
Interest	100,000	100,000	73,133	(26,867)	81,398
Other	1,900,000	1,900,000	2,421,948	521,948	2,243,621
Total revenues	<u>4,610,367</u>	<u>4,841,700</u>	<u>5,936,998</u>	<u>1,095,299</u>	<u>6,340,166</u>
EXPENDITURES					
Current:					
Salaries and wages	11,210,168	11,210,168	10,660,033	(550,135)	10,373,951
Employee benefits	3,861,799	3,861,799	3,858,474	(3,325)	3,649,833
Services and supplies	11,026,009	11,294,167	8,121,318	(3,172,849)	10,631,931
Capital outlay and intergovernmental capital grants	620,492	620,492	572,128	(48,364)	266,710
Total expenditures	<u>26,718,468</u>	<u>26,986,626</u>	<u>23,211,953</u>	<u>(3,774,674)</u>	<u>24,922,425</u>
OTHER FINANCING SOURCES					
Transfers in	<u>19,283,849</u>	<u>19,283,849</u>	<u>18,583,849</u>	<u>(700,000)</u>	<u>21,339,310</u>
CHANGES IN FUND BALANCE					
	(2,824,252)	(2,861,077)	1,308,894	4,169,972	2,757,051
Fund balance - beginning	<u>4,827,120</u>	<u>4,827,120</u>	<u>8,307,973</u>	<u>3,480,853</u>	<u>5,550,922</u>
Fund balance - ending	<u>\$ 2,002,868</u>	<u>\$ 1,966,043</u>	<u>\$ 9,616,867</u>	<u>\$ 7,650,825</u>	<u>\$ 8,307,973</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, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)**

	2011				2010
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Sales and excise tax	\$ 32,608,102	\$ 32,608,102	\$ 35,444,544	\$ 2,836,442	\$ 33,934,033
Interest	100,000	100,000	27,889	(72,111)	
Total revenues	<u>32,708,102</u>	<u>32,708,102</u>	<u>35,472,433</u>	<u>2,764,330</u>	<u>33,934,033</u>
EXPENDITURES					
Current:					
Services and supplies	<u>5,717,296</u>	<u>5,717,296</u>	<u>5,671,155</u>	<u>(46,141)</u>	<u>5,433,376</u>
OTHER FINANCING USES					
Transfers out	<u>27,293,046</u>	<u>27,293,046</u>	<u>29,773,417</u>	<u>2,480,371</u>	<u>28,504,588</u>
CHANGES IN FUND BALANCE					
	(302,240)	(302,240)	27,861	330,100	(3,931)
Fund balance - beginning	<u>882,455</u>	<u>882,455</u>	<u>478,525</u>	<u>(403,930)</u>	<u>482,456</u>
Fund balance - ending	<u>\$ 580,215</u>	<u>\$ 580,215</u>	<u>\$ 506,386</u>	<u>\$ (73,829)</u>	<u>\$ 478,525</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - Other Postemployment Benefits

For the year ended June 30, 2011, no significant events occurred that would have affected or changed the benefits provision, size or composition of those covered by the other postemployment benefit plans, or actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2006, July 1, 2008 and July 1, 2010.

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 42 through 45 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 (CONTINUED)
JUNE 30, 2011

NOTE 2 - Budgetary Information (Continued)

- h. Statutory regulations require budget control to be exercised at the function level within the Regional Transportation commission fund, which serves as the RTC's general fund. Budget control is exercised at the fund level for all funds. The board administratively exercises control at the budgeted item level within a department.
- i. All unencumbered appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.
- j. Budgets are adopted on a basis consistent with the method used to report on governmental funds, which are prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)**

	2011				2010
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ 447,238	\$ 447,238	\$ 362,056	\$ (85,182)	\$ 557,762
IRS Rebate - Build America Bonds	723,448	723,448	1,713,769	990,321	
Total revenues	<u>1,170,686</u>	<u>1,170,686</u>	<u>2,075,825</u>	<u>905,139</u>	<u>557,762</u>
EXPENDITURES					
Current:					
Services and supplies			601	601	2,678
Debt Service:					
Principal	20,860,000	20,860,000	20,860,000		17,355,000
Interest	32,914,743	32,914,743	31,734,073	(1,180,670)	22,020,445
Total expenditures	<u>53,774,743</u>	<u>53,774,743</u>	<u>52,594,674</u>	<u>(1,180,069)</u>	<u>39,378,123</u>
OTHER FINANCING SOURCES					
Transfers in	<u>66,045,017</u>	<u>66,045,017</u>	<u>63,153,587</u>	<u>(2,891,430)</u>	<u>45,784,619</u>
CHANGES IN FUND BALANCE	13,440,960	13,440,960	12,634,738	(806,222)	6,964,259
Fund balance - beginning	<u>33,988,242</u>	<u>33,988,242</u>	<u>35,516,386</u>	<u>1,528,144</u>	<u>28,552,127</u>
Fund balance - ending	<u>\$ 47,429,202</u>	<u>\$ 47,429,202</u>	<u>\$ 48,151,124</u>	<u>\$ 721,922</u>	<u>\$ 35,516,386</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, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)**

	2011				2010
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ 752,762	\$ 752,762	\$ 1,338,301	\$ 585,539	\$ 938,790
EXPENDITURES					
Current:					
Services and supplies			364	364	41
OTHER FINANCING SOURCES					
Proceeds from bonds and loans	18,500,000	18,500,000	14,890,693	(3,609,307)	5,267,250
Transfers in			2,037,892	2,037,892	
CHANGES IN FUND BALANCE	19,252,762	19,252,762	18,266,522	(5,062,024)	6,205,998
Fund balance - beginning	51,164,982	51,164,982	49,187,599	(1,977,383)	42,981,601
Fund balance - ending	<u>\$ 70,417,744</u>	<u>\$ 70,417,744</u>	<u>\$ 67,454,121</u>	<u>\$ (7,039,406)</u>	<u>\$ 49,187,599</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, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)**

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue:					
Federal and state grants					\$ 1,221
Fuel taxes	\$ 65,300,000	\$ 65,300,000	\$ 65,409,657	\$ 109,657	65,408,709
Interest	129,000	129,000	790,994	661,994	1,351,084
Other			5,000	5,000	1,217,575
Total revenues	<u>65,429,000</u>	<u>65,429,000</u>	<u>66,205,651</u>	<u>776,651</u>	<u>67,978,589</u>
EXPENDITURES					
Current:					
Services and supplies	806,000	806,000	256,016	(549,984)	461,150
Bond issuance costs					902,559
Debt Service:					
Principal			11,000,000		
Capital outlay and intergovernmental capital grants	34,307,663	34,307,663	34,085,835	(221,828)	51,089,376
Total expenditures	<u>35,113,663</u>	<u>35,113,663</u>	<u>45,341,851</u>	<u>(771,812)</u>	<u>52,453,085</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(45,482,192)	(45,482,192)	(44,395,924)	1,086,268	(43,847,440)
Proceeds from bonds and loans					85,982,595
Payments to refund commercial paper	(11,000,000)	(11,000,000)		11,000,000	(53,000,000)
Total other financing sources (uses)	<u>(56,482,192)</u>	<u>(56,482,192)</u>	<u>(44,395,924)</u>	<u>12,086,268</u>	<u>(10,864,845)</u>
CHANGES IN FUND BALANCE	(26,166,855)	(26,166,855)	(23,532,124)	13,634,731	4,660,659
Fund balance - beginning	<u>27,673,673</u>	<u>27,673,673</u>	<u>67,449,649</u>	<u>39,775,976</u>	<u>62,788,990</u>
Fund balance - ending	<u>\$ 1,506,818</u>	<u>\$ 1,506,818</u>	<u>\$ 43,917,525</u>	<u>\$ 53,410,707</u>	<u>\$ 67,449,649</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, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)

	2011				2010
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants		\$ 23,236,781	\$ 34,257,778	\$ 11,020,997	\$ 10,326,759
Fuel taxes	\$ 4,360,964	4,360,964	3,658,928	(702,036)	3,899,442
Interest	3,800	3,800	1,219,847	1,216,047	1,320,402
Other	2,500,000	2,500,000		(2,500,000)	60,120
Total revenues	<u>6,864,764</u>	<u>30,101,545</u>	<u>39,136,553</u>	<u>9,035,008</u>	<u>15,606,723</u>
EXPENDITURES					
Current:					
Services and supplies	12,100,000	12,100,000	102,027	(11,997,973)	4,702,472
Bond issuance costs			2,820,239	2,820,239	
Capital outlay and intergovernmental capital grants	181,800,000	205,036,781	92,149,224	(112,887,557)	64,493,212
Total expenditures	<u>193,900,000</u>	<u>217,136,781</u>	<u>95,071,490</u>	<u>(122,065,292)</u>	<u>69,195,684</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds and loans	226,500,000	226,500,000	229,491,656	2,991,656	68,000,716
Payments to refund commercial paper	(32,600,000)	(32,600,000)	(32,600,000)		(67,400,000)
Transfers in	23,609,197	23,609,197	26,089,568	2,480,371	24,302,778
Transfers out	(28,362,825)	(28,362,825)	(32,900,768)	(4,537,943)	(10,505,929)
Total other financing sources (uses)	<u>189,146,372</u>	<u>189,146,372</u>	<u>190,080,456</u>	<u>934,084</u>	<u>14,397,565</u>
CHANGES IN FUND BALANCE	2,111,136	2,111,136	134,145,519	132,034,384	(39,191,396)
Fund balance - beginning	<u>702,175</u>	<u>702,175</u>	<u>35,027,439</u>	<u>34,325,264</u>	<u>74,218,835</u>
Fund balance - ending	<u>\$ 2,813,311</u>	<u>\$ 2,813,311</u>	<u>\$ 169,172,958</u>	<u>\$ 166,359,648</u>	<u>\$ 35,027,439</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)**

	2011				2010
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
OPERATING REVENUES					
Charges for services:					
Transit fees	\$ 63,200,000	\$ 63,200,000	\$ 66,863,224	\$ 3,663,224	\$ 64,395,697
Other	2,700,000	2,700,000	265,475	(2,434,525)	691,183
Total operating revenues	<u>65,900,000</u>	<u>65,900,000</u>	<u>67,128,699</u>	<u>1,228,699</u>	<u>65,086,880</u>
OPERATING EXPENSES					
Salaries and wages	7,563,279	7,563,279	6,986,912	(576,367)	7,252,606
Employee benefits	3,269,833	3,269,833	3,387,853	118,020	3,095,902
Services and supplies	155,704,958	155,704,958	153,733,969	(1,970,989)	149,028,293
Depreciation	45,000,000	45,000,000	37,616,152	(7,383,848)	29,695,237
Total operating expenses	<u>211,538,070</u>	<u>211,538,070</u>	<u>201,724,886</u>	<u>(9,813,184)</u>	<u>189,072,038</u>
Operating loss	<u>(145,638,070)</u>	<u>(145,638,070)</u>	<u>(134,596,187)</u>	<u>11,041,883</u>	<u>(123,985,158)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue:					
Sales and excise tax	97,824,307	97,824,307	106,333,631	8,509,324	101,802,100
Federal and state grants	40,131,324	63,573,095	36,526,422	(27,046,673)	68,703,417
Interest income	2,200,000	2,200,000	1,164,196	(1,035,804)	2,209,392
Gain on sale of capital assets			29,734	29,734	46,977
Total nonoperating revenues (expenses)	<u>140,155,631</u>	<u>163,597,402</u>	<u>144,053,983</u>	<u>(19,543,420)</u>	<u>172,761,886</u>
Income before capital contributions and transfers	<u>(5,482,439)</u>	<u>17,959,332</u>	<u>9,457,796</u>	<u>(8,501,537)</u>	<u>48,776,728</u>
Capital contributions					(54,304,407)
Transfers in	1,641,018	1,641,018	4,655,213	3,014,195	
Transfers out	<u>(7,800,000)</u>	<u>(7,800,000)</u>	<u>(7,450,000)</u>	<u>350,000</u>	<u>(8,568,750)</u>
CHANGES IN NET ASSETS	<u>\$ (11,641,421)</u>	<u>\$ 11,800,350</u>	<u>\$ 6,663,009</u>	<u>\$ (5,137,342)</u>	<u>\$ (14,096,429)</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)
(CONTINUED)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Cash flows from operating activities:					
Cash received from customers	\$ 65,500,000	\$ 65,500,000	\$ 68,671,716	\$ 3,171,716	\$ 61,508,718
Cash paid for employees and benefits	(10,833,112)	(10,833,112)	(9,815,345)	1,017,767	(9,704,899)
Cash paid for services and supplies	(155,704,958)	(155,704,958)	(159,675,685)	(3,970,727)	(155,559,088)
Other operating receipts	400,000	400,000	265,475	(134,525)	691,183
Net cash used in operating activities	<u>(100,638,070)</u>	<u>(100,638,070)</u>	<u>(100,553,839)</u>	<u>84,231</u>	<u>(103,064,086)</u>
Cash flows from noncapital financing activities:					
Cash provided by sales and excise tax	97,824,307	97,824,307	105,155,671	7,331,364	101,931,789
Transfers to other funds	(7,800,000)	(7,800,000)	(7,450,000)	350,000	(8,568,750)
Net cash provided by non-capital financing activities	<u>90,024,307</u>	<u>90,024,307</u>	<u>97,705,671</u>	<u>7,681,364</u>	<u>93,363,039</u>
Cash flows from capital and related financing activities:					
Federal and state grants	40,131,324	63,573,095	46,637,924	(16,935,171)	63,920,324
Acquisition, construction, or improvement of capital assets	(47,147,795)	(56,541,035)	(28,883,613)	27,657,422	(72,981,915)
Proceeds from the sale of capital assets			29,734	29,734	46,977
Transfers from RTC Highway Improvement Fund for capital assets	1,641,018	1,641,018	4,655,213	3,014,195	
Net cash provided by (used in) capital and related financing activities	<u>(5,375,453)</u>	<u>8,673,078</u>	<u>22,439,258</u>	<u>13,766,179</u>	<u>(9,014,614)</u>
Cash flows from investing activities:					
Interest received	2,200,000	2,200,000	1,312,995	(887,005)	2,411,969
Net change in cash and cash equivalents	(13,789,216)	259,315	20,904,085	20,644,770	(16,303,691)
Cash and cash equivalents - beginning of year	75,813,442	62,290,764	76,172,946	13,882,182	92,476,637
Cash and cash equivalents - end of year	<u>\$ 62,024,226</u>	<u>\$ 62,550,079</u>	<u>\$ 97,077,031</u>	<u>\$ 34,526,952</u>	<u>\$ 76,172,946</u>

COMMENTS OF INDEPENDENT AUDITORS

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

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

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

We have audited the basic financial statements of the Regional Transportation Commission of Southern Nevada (the RTC) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

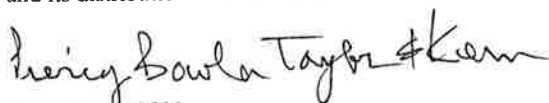
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters. As part of obtaining reasonable assurance about whether the RTC's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the basic financial statement amounts, including whether the funds established by the RTC, as listed in Nevada Revised Statutes (NRS) 354.624(5)(a) (1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We noted certain matters that were reported to the RTC's management in a separate letter dated December 1, 2011.

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



December 1, 2011

600 S. GRAND CENTRAL PKWY. LAS VEGAS, NEVADA 89106



RTC

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