

**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA
COMPONENT UNIT FINANCIAL
STATEMENTS
JUNE 30, 2007**

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2007

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**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2007**

Officials

Regional Transportation Commissioners

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

Appointed Official

Jacob L. Snow	General Manager
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County Commissioners

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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Regional Transportation Commission of Southern Nevada (the "RTC"), a component unit of Clark County, Nevada (the "County"), as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the RTC's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the RTC as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2006 on our consideration of the RTC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 4 through 11 and the budgetary comparison schedules for the Regional Transportation Commission Fund and the Regional Transportation Fund are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the MD&A required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Kafoury, Armstrong & Co.

Las Vegas, Nevada
December 13, 2007

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

The following Management Discussion and Analysis (MD&A) of the Regional Transportation Commission of Southern Nevada's (RTC) activities and financial performance provides the reader with an introduction and overview to the financial statements of the RTC for the Fiscal Year ended June 30, 2007. The information contained in this MD&A should be considered in conjunction with the information contained in the various historic summaries of activities and financial performance included in this report.

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

FINANCIAL HIGHLIGHTS

- The auditors' report offers an unqualified opinion that the RTC's financial statements are presented fairly in all material respects.
- Total net capital assets at June 30, 2007, equaled \$223,295,522, and include buildings, land and equipment. In addition to providing transit services for Clark County, the RTC funds millions of dollars for construction and acquisition of capital assets for street and highway infrastructure annually, but the RTC does not own those assets. All street and highway assets are owned by the jurisdiction in which the capital asset is located.
- The RTC expended \$186.5 million for street and highway infrastructure and net \$57.0 million on equipment/machinery, buildings, land, and other improvements (less depreciation).
- Revenues were relatively flat compared to last Fiscal Year. Sales tax revenue experienced a 1.8% percent increase over FY 2006. Motor vehicle fuel tax receipts increased by 2.0% percent over FY 2006 totals.
- At year end, the RTC had \$520 million in outstanding debt.
- An authorization of Commercial Paper (CP) was approved by the Commission on July 20, 2004, in the amount of \$500 million. \$200 million of the CP will support transit infrastructure. The remaining \$300 million was for street and highway construction and was refunded during FY07.

The following provides additional detail of activities for Fiscal Year 2007:

Proprietary Fund - Public Transit

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Ridership - Fixed Route/MAX	62,321,216	59,418,219	52,463,170
% increase	4.89%	13.3%	3.8%
Ridership – Paratransit	890,125	814,806	758,926
% increase	9.2%	7.4%	6.4%
Fixed Rte. Fare box Recovery ¹	38.9%	39.7%	39.1%

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

The RTC re-branded service on the Las Vegas Boulevard South (“The Strip”) route on October 27, 2005. Now known as “The Deuce”, this service uses double deck buses exclusively for the 8 mile route. The response from the public was overwhelmingly positive.

The RTC Board approved fare adjustments effective December 1, 2005 that raised prices on monthly passes, instituted a day pass and eliminated transfers. These adjustments had a positive effect on ridership, with the day passes being particularly popular. Overall system ridership for the fiscal year increased 4.7%, with a corresponding 4.8% increase in operating revenue. Overall operating costs increased 7.1%, resulting in an increase in the cost per passenger from \$1.86 in FY06 to \$1.90 in FY07.

The RTC also operates the Metropolitan Area Express (MAX) service on Las Vegas Boulevard North. This service is more of a “rail” like service than the regular fixed route service, operating most of the route in a bus-only lane. The vehicles do not have a fare box; rather, there are ticket vending machines (TVM) at the MAX stations along the route, with fare-checking provided by a contracted company. Ridership on the MAX increased 11% in FY 2007, and carries the most riders per service hour of any route in the CAT system. Cost per rider decreased from \$1.84 in FY 2006 to \$1.70 in FY 2007.

Paratransit ridership continued to increase in FY 2007, with a 9.22% increase over FY2006. New vehicles are being added to the fleet in FY 2008 and demand is expected to continue to increase. Cost per rider in FY 2007 decreased 1%, to \$41.67.

The recovery ratio for the CAT system, as a whole, is still well above the industry average of 30 percent. The RTC attributes this to significant cost savings in the contracting of service for fixed route and paratransit transport, as well as a high utilization of the CAT system in tourist-dominated venues such as the “Las Vegas Strip” resort corridor.

Effective October 1, 2003, the RTC began receiving an additional ¼ percent of Sales and Use Tax. One half of the proceeds were specifically earmarked for public transit. This new voter-approved tax resulted in an additional \$44.5 million in revenue for the Public Transit fund in FY 2007. In conjunction with the receipt of this enhanced revenue, the RTC maintained a previously established reserve fund for public transit. The reserve is maintained at a minimum of two months of budgeted operating expenses and is accounted for within the net assets of the Public Transit fund.

On July 20, 2004, the Board of County Commissioners approved debt of \$200 million for transit-related capital projects. This debt will roll out in two phases: First, a Commercial Paper phase began in December 2004. Then, once the entire CP has been issued, long-term debt will need to occur. As of June 30, 2007, \$30 million has been drawn.

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

Governmental Funds

While the RTC funds the construction of street and highway projects in Clark County, the jurisdictional entity (Unincorporated Clark County, City of Las Vegas, City of North Las Vegas, City of Henderson, City of Mesquite and the City of Boulder City) oversees the construction, and ultimately takes possession, of the asset. As a result, the net asset calculation of unrestricted assets for the two Streets and Highways funds appears skewed. In the governmental activities section, year ending net assets were (\$324.5 million), a \$104 million decrease from FY 2005.

On July 20, 2004, the Board of County Commissioners authorized an additional \$300 million of debt issuance for street and highway capital projects, with the initial debt consisting of CP. The RTC issued \$70 million of CP in early FY2007 for a total of \$140 million in outstanding CP. A favorable bond market existed in early calendar 2008, and thus influenced the RTC’s decision to draw down the remaining proceeds from the 2005 CP program, and then took out the CP program by issuing a 20 year \$300 million bond. At the end of FY 2007, the RTC had no active street and highway CP programs.

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

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

A comparison of the RTC’s net assets as of June 30, 2006, and June 30, 2007, is summarized below:

Regional Transportation Commission Net Assets						
	Governmental Activities		Business Type Activities		Total	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
ASSETS:						
Current and other assets	\$251,209,991	\$173,631,947	\$245,296,394	\$177,376,857	\$496,506,385	\$351,008,804
Net capital assets	17,631,949	15,353,317	205,663,573	168,428,803	223,295,522	183,782,120
Total assets	268,841,940	188,985,264	450,959,967	345,805,660	719,801,907	534,790,924
LIABILITIES:						
Long-term debt outstanding	502,636,278	354,484,005	30,000,000	30,000,000	532,636,278	384,484,005
Other liabilities	90,741,105	54,898,024	71,467,601	45,104,535	162,208,706	100,002,559
Total liabilities	593,377,383	409,382,029	101,467,601	75,104,535	694,844,984	484,486,564
NET ASSETS:						
Invested in capital assets, net of debt	17,631,949	15,353,317	175,663,573	138,428,803	193,295,522	153,782,120
Restricted	160,468,886	118,733,923	0	0	160,468,886	118,733,923
Unrestricted (deficit)	(502,636,278)	(354,484,005)	173,828,793	132,272,322	(328,807,485)	(222,211,683)
TOTAL NET ASSETS	(\$324,535,443)	(\$220,396,765)	\$349,492,366	\$270,701,125	\$ 24,956,923	\$50,304,360

Net assets would normally serve over time as a useful indicator of the RTC’s financial position. The RTC’s net assets exceeded liabilities by \$24.9 million as of June 30, 2007.

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

A portion of the RTC’s net assets (\$49,467,690 as of June 30, 2007) represents bond reserve funds that are subject to external restrictions on how they can be used under bond covenants. The balance of restricted assets is comprised of street and highway project encumbrances (existing contracts outstanding).

At June 30, 2007, the RTC had positive balances in two of three categories of net assets, both for the government as a whole, as well as for the separate business type activities.

Regional Transportation Commission
Change in Net Assets

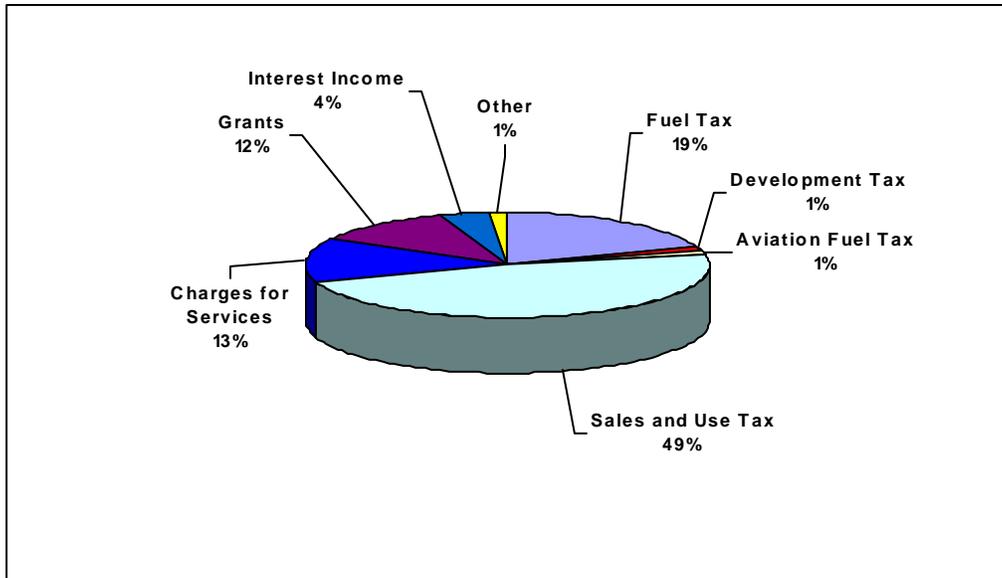
	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
PROGRAM REVENUES						
Charges for services	\$369,512	\$910,433	\$ 48,968,922	\$ 47,049,274	\$49,338,434	\$47,959,707
Operating grants and contributions	2,705,075	1,044,523	2,509,392	0	5,214,467	1,044,523
Capital grants and contributions	0	2,262,494	38,170,241	16,429,438	38,170,241	18,691,932
GENERAL REVENUES						
Fuel tax	71,152,436	69,495,040	0	0	71,152,436	69,495,040
Jet - Aviation fuel tax	4,679,952	4,689,417	0	0	4,679,952	4,689,416
Sales and use tax	45,087,050	44,145,702	133,629,506	132,491,860	178,716,556	176,637,562
Development tax	5,000,000	5,000,000	0	0	5,000,000	5,000,000
Interest income	6,284,533	5,513,514	8,591,427	3,472,696	14,875,960	8,986,210
Other	5,300,980	2,346,232	0	0	5,300,980	2,346,232
Total Revenues	140,579,538	135,407,354	231,869,488	199,443,268	372,449,026	334,850,622
EXPENSES						
Public works	227,941,730	218,603,913	0	0	227,941,730	218,603,913
Interest on long/short-term debt	12,418,914	10,856,151	281,238	1,682,004	12,700,152	12,538,155
Public transit	0	0	157,154,581	148,113,185	157,154,581	148,113,185
Total Expenses	240,360,644	229,460,064	157,435,819	149,795,189	397,796,463	379,255,253
Increase (decrease) in net assets before transfers	(99,781,106)	(94,052,709)	74,433,669	49,648,079	(25,347,437)	(44,404,631)
Transfers	(4,357,572)	(5,162,765)	4,357,572	5,162,765	0	0
Increase (decrease) in net assets	(104,138,678)	(99,215,474)	78,791,241	54,810,844	(25,347,437)	(44,404,631)
Net Assets – Beginning	(\$220,396,765)	(121,181,291)	270,701,125	215,890,281	50,304,359	94,708,990
Net Assets - Ending	(\$324,535,443)	(220,396,765)	349,492,366	270,701,125	24,956,923	50,304,359

Changes in balances in FY 2007, as compared to FY 2006, were a result of the following issues:

- In FY 2003, the voters approved an increase of an additional ¼ percent sales tax. The collections began in October 2003 (FY 2004). One-half of this new revenue source was designated for transit operations. Prior to FY 2006, the RTC deposited these revenues in the Governmental Activity funds and transferred the amount to the appropriate Business Type Activity fund. Beginning in FY 2006, the RTC began depositing the transit portion of the sales tax directly into the Business Type Activity – “Transit Fund”. This change in financial policy will result in reduced reported revenues in the Governmental Activities area, but overall RTC reported revenues will remain the consistent.
- Operating and capital grants increased by \$23.6 million due to the timing of the completion of federally funded capital projects.
- The one cent tax on each gallon of Jet-Aviation fuel sold within Clark County supports the RTC’s Streets and Highways and Clark County’s air quality improvement programs.
- Interest income in FY 2007 was again reported as positive. In prior years, such as FY 2004, a negative amount reported. This reported figure can fluctuate significantly from year to year as a result of a GASB Statement No. 31 adjustment, which adjusts the carrying amount of investments to reflect changes in fair market value.
- Public works expenses increased due to increased expenditures for highway construction.

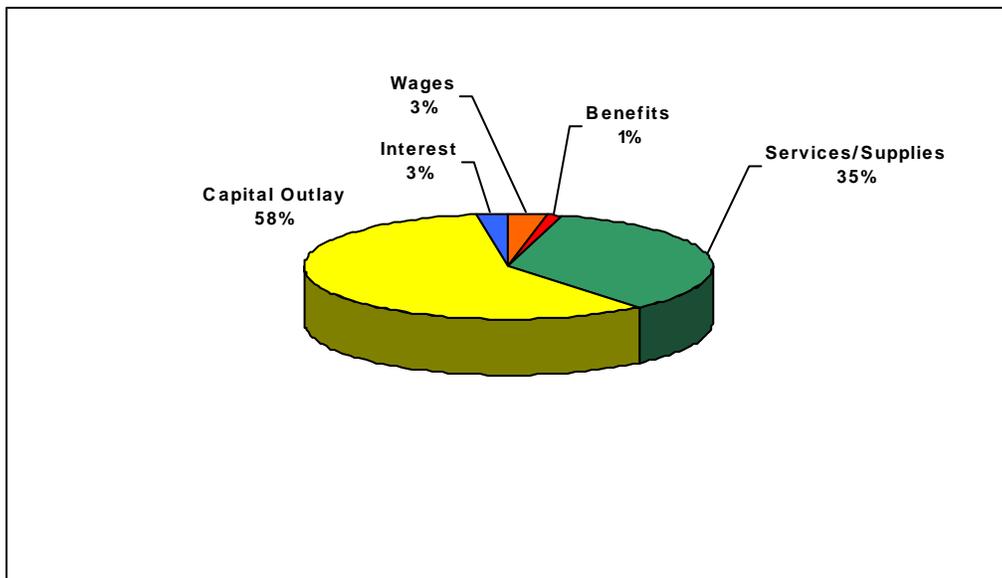
REVENUES

The following chart shows the major sources and the percentages of revenues for the year ended June 30, 2007:



EXPENDITURES

The following chart shows the major percentage of expenses for the year ended June 30, 2007:



FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the RTC's net assets changed during the Fiscal Year 2007. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, there are some revenues and expenses reported in this statement that will result in cash flows in future fiscal periods.

Fund Financial Statements

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

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

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

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

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During 2007, the RTC expended \$271.1 million on capital activities, the majority spent on street and highway projects. The following identifies the various major capital expenditures:

Street and Highway Projects	\$ 186.5 million
Equipment, Buildings, Land, and Improvements	57.0 million

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

LONG-TERM DEBT ADMINISTRATION

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

On May 17, 2007, an updated Debt Management Policy was adopted by the Commission. Nevada Revised Statutes 350.0035 requires the Debt Management Policy be updated on an annual basis and transmitted to the Nevada Department of Taxation and the Clark County Debt Management Commission.

The following summary of bond transactions for the year ended June 30, 2007:

	Beginning Balance	Additions and Premiums	Deletions	Ending Balance
Revenue Bonds	\$ 214,484,005	\$ 303,847,803	(\$15,695,530)	\$502,636,278

Bonds payable at June 30, 2007, are comprised of the following individual issues:

	Original Amount	Interest Rate	Balance June 30, 2007
Highway Improvement Motor Vehicle Fuel Tax Revenue Bonds:			
Series of April 15, 1997	70,000,000	4.50-6.00%	8,725,000
Series of September 9, 2003	200,000,000	4.50-6.00%	181,335,000
Series of June 12, 2007	300,000,000	5.00%	300,000,000
Plus: Unamortized Premium			12,576,278
TOTAL			\$ 502,636,278

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

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

BUDGETARY HIGHLIGHTS

Over the course of the year, one augmentation to the Regional Transportation Fund (2170) was made to the budget. Due to the timing of the receipt of sales tax revenues from the State of Nevada Department of Taxation, there was not enough time at the end of FY06 to transfer the monies deposited into the Regional Transportation Fund (2170) out to other Funds prior to year end close. The transfers were authorized by statute to be transferred from the Regional Transportation Fund (2170) to the RTC Highway Improvement Fund 4130 and RTC Public Transit Fund (5090). The augmentation was based on a larger than anticipated beginning fund balance in the Regional Transportation Fund (2170).

CREDIT RATINGS

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

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

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the RTC's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to Terry Cordell, 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 cordellt@rtcsonv.com.

Respectfully submitted,

Terry Cordell
Director of Finance

BASIC FINANCIAL STATEMENTS

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments:			
In custody of the County Treasurer	\$ 139,417,769	\$ 163,816,461	\$ 303,234,230
In custody of other officials	56	60,000	60,056
With fiscal agent	39,646,666	-	39,646,666
Loaned securities	44,780,655	55,615,609	100,396,264
Accounts receivable	718,756	527,812	1,246,568
Interest receivable	1,429,554	1,775,442	3,204,996
Internal balances	(8,084,598)	8,084,598	-
Due from other governmental units	29,984,709	15,416,472	45,401,181
Deferred charges	3,311,624	-	3,311,624
Capital assets, not being depreciated	-	66,460,611	66,460,611
Capital assets, net of accumulated depreciation	17,631,949	139,202,962	156,834,911
TOTAL ASSETS	<u>268,837,140</u>	<u>450,959,967</u>	<u>719,797,107</u>
LIABILITIES			
Accounts payable	38,762,324	14,729,011	53,491,335
Accrued payroll	425,300	266,325	691,625
Accrued interest	5,403,467	-	5,403,467
Loaned securities	44,780,655	55,615,609	100,396,264
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and loans payable	15,870,000	-	15,870,000
Portion due or payable after one year:			
Bonds and loans payable	486,766,278	30,000,000	516,766,278
Compensated absences payable	1,369,359	856,656	2,226,015
TOTAL LIABILITIES	<u>593,377,383</u>	<u>101,467,601</u>	<u>694,844,984</u>
NET ASSETS			
Invested in capital assets, net of related debt	17,631,949	175,663,573	193,295,522
Restricted for:			
Capital projects	85,614,181	-	85,614,181
Debt service	64,771,176	-	64,771,176
Other projects	10,078,729	-	10,078,729
Unrestricted (deficit) for:			
Operations	-	173,828,793	173,828,793
Deficit created by bond obligation	(502,636,278)	-	(502,636,278)
TOTAL NET ASSETS	<u>\$ (324,540,243)</u>	<u>\$ 349,492,366</u>	<u>\$ 24,952,123</u>

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenues and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES:							
Public works	227,946,530	\$ 369,512	\$ 2,705,075	\$ -	\$ (224,871,943)	\$ -	\$ (224,871,943)
Interest on long-term debt	12,418,914	-	-	-	(12,418,914)	-	(12,418,914)
TOTAL GOVERNMENTAL ACTIVITIES	<u>240,365,444</u>	<u>369,512</u>	<u>2,705,075</u>	<u>-</u>	<u>(237,290,857)</u>	<u>-</u>	<u>(237,290,857)</u>
BUSINESS-TYPE ACTIVITIES:							
Public transit	157,435,819	48,968,922	2,509,392	38,170,241	-	(67,787,264)	(67,787,264)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>157,435,819</u>	<u>48,968,922</u>	<u>2,509,392</u>	<u>38,170,241</u>	<u>-</u>	<u>(67,787,264)</u>	<u>(67,787,264)</u>
Total	<u>\$ 397,801,263</u>	<u>\$ 49,338,434</u>	<u>\$ 5,214,467</u>	<u>\$ 38,170,241</u>	<u>(237,290,857)</u>	<u>(67,787,264)</u>	<u>(305,078,121)</u>
General Revenues:							
					75,832,388	-	75,832,388
					45,087,050	133,629,506	178,716,556
					5,000,000	-	5,000,000
					6,284,533	8,591,427	14,875,960
					5,300,980	-	5,300,980
					(4,357,572)	4,357,572	-
					<u>133,147,379</u>	<u>146,578,505</u>	<u>279,725,884</u>
						(104,143,478)	78,791,241
						(104,143,478)	(25,352,237)
					<u>(220,396,765)</u>	<u>270,701,125</u>	<u>50,304,360</u>
					<u>\$ (324,540,243)</u>	<u>\$ 349,492,366</u>	<u>\$ 24,952,123</u>

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General Fund	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total Governmental Funds
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
ASSETS							
Cash and investments:							
In custody of the County Treasurer	\$ 2,323,556	\$ 6,902,077	\$ 20,490,283	\$ 9,717,887	\$ 66,759,567	\$ 33,224,399	\$ 139,417,769
In custody of other officials	56	-	-	-	-	-	56
With fiscal agent	-	-	-	39,646,666	-	-	39,646,666
Loaned securities	773,894	189,028	6,818,487	3,230,755	20,563,669	13,204,822	44,780,655
Accounts receivable	37,770	-	-	-	680,986	-	718,756
Interest receivable	24,705	6,035	217,670	103,137	656,463	421,544	1,429,554
Due from other funds	617,908	-	-	-	-	5,829,573	6,447,481
Due from other governmental units	1,801,523	15,351,145	-	-	12,065,247	766,794	29,984,709
TOTAL ASSETS	<u>\$ 5,579,412</u>	<u>\$ 22,448,285</u>	<u>\$ 27,526,440</u>	<u>\$ 52,698,445</u>	<u>\$ 100,725,932</u>	<u>\$ 53,447,132</u>	<u>\$ 262,425,646</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 2,578,283	\$ 1,801,675	\$ 1,000	\$ -	\$ 21,104,693	\$ 13,276,673	\$ 38,762,324
Accrued expenses	425,300	-	-	-	-	-	425,300
Due to other funds	-	14,123,053	-	-	409,026	-	14,532,079
Loaned securities	773,894	189,028	6,818,487	3,230,755	20,563,669	13,204,822	44,780,655
Deferred revenues	1,083,420	-	-	-	-	-	1,083,420
Total liabilities	<u>4,860,897</u>	<u>16,113,756</u>	<u>6,819,487</u>	<u>3,230,755</u>	<u>42,077,388</u>	<u>26,481,495</u>	<u>99,583,778</u>
FUND BALANCES:							
Reserved for:							
Encumbrances	-	-	-	-	57,293,548	26,965,637	84,259,185
Reserved for direct distributions	-	-	-	-	1,354,996	-	1,354,996
Debt service	-	-	20,706,953	49,467,690	-	-	70,174,643
Unreserved:							
Undesignated	718,515	6,334,529	-	-	-	-	7,053,044
Total fund balances	<u>718,515</u>	<u>6,334,529</u>	<u>20,706,953</u>	<u>49,467,690</u>	<u>58,648,544</u>	<u>26,965,637</u>	<u>162,841,868</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,579,412</u>	<u>\$ 22,448,285</u>	<u>\$ 27,526,440</u>	<u>\$ 52,698,445</u>	<u>\$ 100,725,932</u>	<u>\$ 53,447,132</u>	<u>\$ 262,425,646</u>

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

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

Total fund balance - governmental funds \$ 162,841,868

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

Governmental capital assets	21,959,197	
Less: accumulated depreciation	(4,327,248)	17,631,949

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,083,420
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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 funds:

Bond payable	(490,060,000)	
Plus: issuance premium (to be amortized as interest expense)	(12,576,278)	
Less: deferred charge for issuance costs (to be amortized over life of debt)	3,311,624	
Accrued interest payable	(5,403,467)	
Compensated absences	(1,369,359)	(506,097,480)

Total net assets - governmental activities		\$ (324,540,243)
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REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVAD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 200

	General Fund	Special Revenue Fund	Debt Service Funds		Capital Projects Funds		Total Governmental Funds
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
REVENUES							
Intergovernmental revenue	\$ 1,289,640	\$ 45,087,057	\$ -	\$ -	\$ 76,484,444	\$ 4,679,952	\$ 127,541,093
Charges for services	1,603	-	-	-	367,909	-	369,512
Interest	89,957	406,597	938,361	1,146,341	2,359,913	1,343,364	6,284,533
Other	1,045,499	-	-	-	3,975,650	279,831	5,300,980
Total revenues	<u>2,426,699</u>	<u>45,493,654</u>	<u>938,361</u>	<u>1,146,341</u>	<u>83,187,916</u>	<u>6,303,147</u>	<u>139,496,118</u>
EXPENDITURES							
Current:							
Salaries and wages	8,468,442	-	-	-	-	-	8,468,442
Employee benefits	2,665,945	-	-	-	-	-	2,665,945
Services and supplies	15,091,874	7,232,426	342,721	197,447	5,941,611	376,767	29,182,846
Debt Service:							
Principal	-	-	15,150,000	-	-	-	15,150,000
Interest	-	-	10,089,581	-	1,255,660	-	11,345,241
Bond issuance costs	-	-	1,287,000	-	300,791	-	1,587,791
Capital Outlay	3,311,387	-	-	-	96,628,838	89,913,390	189,853,615
Total expenditures	<u>29,537,648</u>	<u>7,232,426</u>	<u>26,869,302</u>	<u>197,447</u>	<u>104,126,900</u>	<u>90,290,157</u>	<u>258,253,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,110,949)</u>	<u>38,261,228</u>	<u>(25,930,941)</u>	<u>948,894</u>	<u>(20,938,984)</u>	<u>(83,987,010)</u>	<u>(118,757,762)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	25,648,088	-	24,664,343	-	-	48,978,046	99,290,477
Transfers out	-	(64,884,497)	-	-	(38,763,552)	-	(103,648,049)
Revenue bonds issued	-	-	-	20,500,000	34,750,000	34,750,000	90,000,000
Refunding bonds issued	-	-	210,000,000	-	-	-	210,000,000
Premium on bonds issued	-	-	2,642,248	443,806	539,588	222,161	3,847,803
Payment to refunded bond escrow agent	-	-	(211,355,248)	-	-	-	(211,355,248)
Commercial paper issued	-	-	-	-	50,000,000	20,000,000	70,000,000
Total other financing sources and uses	<u>25,648,088</u>	<u>(64,884,497)</u>	<u>25,951,343</u>	<u>20,943,806</u>	<u>46,526,036</u>	<u>103,950,207</u>	<u>158,134,983</u>
NET CHANGE IN FUND BALANCES	<u>(1,462,861)</u>	<u>(26,623,269)</u>	<u>20,402</u>	<u>21,892,700</u>	<u>25,587,052</u>	<u>19,963,197</u>	<u>39,377,221</u>
Fund balances - beginning	<u>2,181,376</u>	<u>32,957,798</u>	<u>20,686,551</u>	<u>27,574,990</u>	<u>33,061,492</u>	<u>7,002,440</u>	<u>123,464,647</u>
Fund balances - ending	<u>\$ 718,515</u>	<u>\$ 6,334,529</u>	<u>\$ 20,706,953</u>	<u>\$ 49,467,690</u>	<u>\$ 58,648,544</u>	<u>\$ 26,965,637</u>	<u>\$ 162,841,868</u>

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Net change in fund balances - total governmental funds: \$ 39,377,221

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

Capital outlay recorded in governmental funds	189,853,615	
Less amounts dedicated to other entitie	(186,542,228)	
Capitalized expenditures	3,311,387	
Less current year depreciation	(922,533)	2,388,854

Governmental funds report the entire net sales price (proceeds) from sale of an asset as an other financing source because it provides current financial resources. In contrast, the statement of activities reports only the gain/(loss) o the sale of the assets. Thus, the change in net assets differs from the change in fund balances by the cost of the asset sold.

Loss on sale of capital asset (110,222)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,083,420

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

Revenue bonds issued	(90,000,000)	
Refunding bonds issued	(210,000,000)	
Commercial paper issued	(70,000,000)	
Principal payments	15,150,000	
Issuance costs	1,587,791	
Premium on refunding bonds	(3,847,803)	
Payment to refunded bond escrow agent	210,000,000	(147,110,012)

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

Change in accrued interest	(156,227)	
Amortization of issuance costs	(107,739)	
Amortization of bond premiums	545,530	
Change in long-term compensated absences	(54,303)	227,261

Change in net assets of governmental activities: \$ (104,143,478)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007

	Public Transit
ASSETS	
Current assets:	
Cash and cash equivalents	
In custody of the County Treasurer	\$ 163,816,461
In custody of other officials	60,000
Loaned securities	55,615,609
Accounts receivable, net	527,812
Interest receivable	1,775,442
Due from other funds	8,084,598
Receivables from other governments	15,416,472
Total current assets	245,296,394
Non-current assets:	
Capital Assets:	
Land and construction in progress	66,460,611
Buildings	65,909,186
Equipment and furniture	189,573,859
Less: accumulated depreciation	(116,280,083)
Total non-current assets	205,663,573
Total assets	450,959,967
LIABILITIES	
Current Liabilities:	
Accounts payable	14,729,011
Accrued payroll	266,325
Loaned securities	55,615,609
Total current liabilities	70,610,945
Non-current liabilities:	
Bonds, notes and loans payable	30,000,000
Compensated absences	856,656
Total non-current liabilities	30,856,656
Total liabilities	101,467,601
NET ASSETS	
Invested in capital assets, net of related debt	175,663,573
Unrestricted	173,828,793
Total net assets	\$ 349,492,366

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, 2007**

	Public Transit
OPERATING REVENUES	
Charges for services:	
Transit fees	\$ 47,951,923
Other operating revenues	1,016,999
Total operating revenues	48,968,922
OPERATING EXPENSES	
Salaries and wages	6,113,893
Employee benefits	2,082,960
Services and supplies	131,723,645
Depreciation	16,720,045
Total operating expenses	156,640,543
Operating income (loss)	(107,671,621)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue:	
Sales and use tax	133,629,506
Federal and state grants	40,679,633
Interest income	8,591,427
Interest expense	(281,238)
Gain (loss) on sale of capital assets	(514,038)
Total non-operating revenue (expenses)	182,105,290
Income (loss) before contributions and transfers	74,433,669
Transfers in	12,816,909
Transfers out	(8,459,337)
Total transfers in (out)	4,357,572
CHANGE IN NET ASSETS	78,791,241
Total net assets - beginning	270,701,125
Total net assets - ending	\$ 349,492,366

See accompanying notes.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	Public Transit
<i>Cash flows from operating activities:</i>	
Cash received from customers	\$ 56,716,630
Cash paid for employees and for benefits	(8,182,659)
Cash paid for services and supplies	(131,157,861)
Other operating receipts	1,016,999
Net cash used by operating activities	(81,606,891)
<i>Cash flows from noncapital financing activities:</i>	
Cash provided by sales and use tax	133,629,506
Transfers from other funds	12,816,909
Transfers to other funds	(8,459,337)
Net cash provided by non-capital financing activities	137,987,078
<i>Cash flows from capital and related financing activities:</i>	
Federal and state grants	26,203,930
Acquisition, construction, or improvement of capital assets	(54,502,297)
Interest paid on capital debt	(281,238)
Proceeds from the sale of capital assets	33,444
Net cash used by capital and related financing activities	(28,546,161)
<i>Cash flows from investing activities:</i>	
Interest income	7,661,341
Net increase in cash and cash equivalents	35,495,367
Cash and cash equivalents - beginning of year	128,381,094
Cash and cash equivalents - end of year	\$ 163,876,461
<i>Reconciliation of operating loss to net cash flows from operating activities:</i>	
Operating loss	\$ (107,671,621)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	16,720,045
Decrease in accounts receivable	16,440,279
Increase in due from other funds	(7,675,572)
Increase in accounts payable	565,784
Increase in accrued payroll	7,398
Increase in compensated absences	6,796
Net cash used by operating activities	\$ (81,606,891)

See accompanying notes.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

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

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

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

The members of the RTC are selected as follows:

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

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

Government-Wide and Fund Financial Statements

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

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

The RTC reports the following major governmental funds:

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements (continued)

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

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

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

Highway Improvement Acquisition Fund (4100) – this fund is used to account for the construction of roads and streets paid for from both motor vehicle fuel taxes and proceeds of 1992, 1997, and 1998 revenue bonds.

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

Additionally, the RTC reports the following major proprietary funds:

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

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

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

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

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities, and Net Assets or Equity

Cash and Investments

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

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

Receivables and Payables

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

All accounts receivable are deemed to be collectable.

Capital Assets

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

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

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

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

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Compensated Absences

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

Long-Term Obligations

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

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

Fund Equity

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

Reclassifications

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

Use of Estimates

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 – Stewardship, Compliance and Accountability

Compliance with Nevada Revised Statutes

Per NRS 354.626, the RTC is required to report and explain expenditures that exceeded budgeted appropriations at the legal level for each of its funds. As of June 30, 2007, the RTC had two funds with expenditures in excess of appropriations. Due to a change in the way securities lending expenditures are reported, these amounts were included in the original and final budgets as a decrease in estimated interest earnings, however are reported as expenditures in these financial statements. Listed below are the funds impacted by this change:

RTC Bonds Fund – expenditures exceeded appropriations by \$1,379,721.

RTC Debt Reserve Fund – expenditures exceeded appropriations by \$197,447.

NOTE 3 – Cash and Investments

The majority of all cash and investments of the District are included in the investment pool of the Clark County Treasurer (the Treasurer). All other cash and investments held by the District are invested in money market mutual funds. As of June 30, 2007, these amounts are broken down as follows:

Clark County Investment Pool	\$ 303,234,230
Money Market Mutual Funds	39,646,666
Cash on Hand	<u>60,056</u>
Total Cash and Investments	<u>\$ 342,940,952</u>

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

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

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 – Cash and Investments (continued)

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the District. Instead, the District owns a proportionate share of each investment, based on the District's participation percentage in the investment pool. As of June 30, 2007, the \$303,234,230 of District investments held in the investment pool are categorized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 to 3</u>	<u>3 to 5</u>	<u>5 to 10</u>
Debt Securities:					
U.S. Treasury Obligations	10.0%	46.3%	29.7%	15.0%	9.0%
U.S. Agency Obligations	43.4	38.6	47.0	14.4	-
Corporate Notes	6.4	8.6	80.9	10.5	-
Money Market Mutual Funds	11.4	100.0	-	-	-
Commercial Paper	5.9	100.0	-	-	-
Negotiable CDs	3.0	38.1	61.9	-	-
State Investment Pool	1.5	100.0	-	-	-
Collateralized Investment Agreements *	8.0	100.0	-	-	-
Repurchase Agreements	9.4	100.0	-	-	-
Asset Backed Securities	<u>1.0</u>	53.7	46.3	-	-
	<u>100.0%</u>				

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

Interest Rate Risk

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

Credit Risk

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 – Cash and Investments (continued)

<u>Investment Type</u>	<u>Quality Ratings by Moody's</u>				
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A-1</u>	<u>Unrated</u>
<u>Debt Securities:</u>					
U.S. Treasury Obligations	100.0%	-	-	-	-
U.S. Agency Obligations	100.0%	-	-	-	-
Corporate Notes	40.3%	30.1%	21.0%	8.6%	-
Money Market Mutual Funds	100.0%	-	-	-	-
Commercial Paper	-	-	-	100.0%	-
Negotiable CDs	-	54.3%	7.6%	38.1%	-
State Investment Pool	-	-	-	-	100.0%
Collateralized Investment Agreements*	-	47.1%	30.0%	-	22.9%
Repurchase Agreements	-	-	-	-	100.0%
Asset Backed Securities	100.0%	-	-	-	-

Concentrations of Credit Risk

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

Governmental Accounting Standards Board Statement 40 requires disclosure of all investments in any one issuer that represent 5% or more of total investments. At June 30, 2007, the following investments exceeded 5% of the Clark County Investment Pool:

Federal Home Loan Banks (FHLB)	23.78%
Federal Home Loan Mortgage Corporation (FHLMC)	12.36%
Federal National Mortgage Association (FNMA)	12.07%
Federated Money Market Funds	11.49%

Interest Rate Sensitivity

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.

Fix-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 150 basis points. In some cases, interest rate caps are reset higher annually. These securities are callable generally on their coupon dates.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 – Cash and Investments (continued)

Range Notes have fixed rate coupons based on three month LIBOR staying within a range for a time period, generally one year. If three month LIBOR is within the predetermined range for a specified time period, the coupon rate is set at a higher rate that steps up at periodic intervals. If three month LIBOR is out of the predetermined range, the coupon rate is reset to a floor rate of 1%. These securities are also callable on their coupon dates.

At June 30, 2007, the following investment types were held in interest rate sensitive securities:

<u>Investment Type</u>	<u>Percentage of Total Held in Interest Rate Sensitive Securities</u>
U.S. Agency Obligations	9.7%

Securities Lending Transactions

Nevada Revised Statutes (NRS 355.178) and the County's investment policy permit the Treasurer to participate in securities lending transactions, where the County's U.S. Government securities are loaned to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The County's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102% of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year-end. The collateral for the loans is maintained at 102%, and the value of the securities borrowed must be determined on a daily basis.

At June 30, 2007, the County had no credit risk exposure to borrowers because the amount the County owed to borrowers exceeded the amounts the borrowers owed to the County. The contract with the securities lending agent requires it to indemnify the County for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

There are no restrictions on the amount of securities that can be loaned. Either the County or the borrower can terminate all open securities loans on demand. Cash collateral is invested in accordance with the investment guidelines stated in NRS 355.170. The maturities of the investments made with cash collateral match the maturities of the securities loans.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the County's securities lending policy, \$100,396,264 of District investments were held by the counterparty that was acting as the County's agent in securities lending transactions.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 – Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
Governmental activities:				
Capital assets being depreciated:				
Buildings	\$ 16,311,510	\$ 2,210,586	\$ -	\$ 18,522,095
Equipment	<u>2,557,465</u>	<u>1,100,801</u>	<u>221,163</u>	<u>3,437,103</u>
Total capital assets being depreciated	<u>18,868,975</u>	<u>3,311,386</u>	<u>221,163</u>	<u>21,959,198</u>
Less: accumulated depreciation for:				
Buildings	2,495,641	359,773	-	2,855,414
Equipment	<u>1,020,017</u>	<u>562,760</u>	<u>110,941</u>	<u>1,471,835</u>
Total accumulated depreciation	<u>3,515,658</u>	<u>922,533</u>	<u>110,941</u>	<u>4,327,249</u>
Governmental activities capital assets, net	<u>\$ 15,353,317</u>	<u>\$ 2,388,854</u>	<u>\$ 110,222</u>	<u>\$ 17,631,949</u>
	<u>Balance</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 31,779,543	\$ 1,871,250	\$ -	\$ 33,650,793
Construction in progress	<u>7,548,924</u>	<u>51,970,108</u>	<u>26,709,214</u>	<u>32,809,818</u>
Total capital assets not being depreciated	<u>39,328,467</u>	<u>53,841,358</u>	<u>26,709,214</u>	<u>66,460,611</u>
Capital assets being depreciated:				
Buildings and improvements	63,956,565	1,952,621	-	65,909,186
Equipment	<u>175,068,546</u>	<u>25,417,535</u>	<u>10,912,222</u>	<u>189,573,859</u>
Total capital assets being depreciated	<u>239,025,111</u>	<u>27,370,156</u>	<u>10,912,222</u>	<u>255,483,045</u>
Less: accumulated depreciation for:				
Buildings and improvements	16,853,584	2,491,706	-	19,345,290
Equipment	<u>93,071,192</u>	<u>14,228,339</u>	<u>10,364,738</u>	<u>96,934,793</u>
Total accumulated depreciation	<u>109,924,776</u>	<u>16,720,045</u>	<u>10,364,738</u>	<u>116,280,083</u>
Total capital assets being depreciated, net	<u>129,100,335</u>	<u>10,650,111</u>	<u>547,484</u>	<u>139,202,962</u>
Business-type activities capital assets, net	<u>\$ 168,428,802</u>	<u>\$ 64,491,469</u>	<u>\$27,256,698</u>	<u>\$ 205,663,573</u>

Depreciation expense was charged to the following functions or programs:

Governmental activities:	
Public works	<u>\$ 922,533</u>
Business-type activities:	
Public transit	<u>\$ 16,720,045</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – Interfund Balances and Transfers

The composition of interfund balances at June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
RTC (2090)	Regional Transportation (2170)	\$ 617,908
RTC Highway Improvement (4130)	Regional Transportation (2170)	5,829,573
Public Transit (5090)	Regional Transportation (2170)	7,675,572
Public Transit (5090)	Highway Improvement Acquisition (4100)	409,026
		<u>\$ 14,532,079</u>

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

Interfund transfers for the year ended June 30, 2007 consisted of the following:

	Transfers In:				Totals
	RTC (2090)	RTC Bonds (3180 & 3190)	RTC Highway Improvement (4130)	Public Transit (5090)	
Transfers Out:					
Regional Transportation (2170)	\$ 3,089,542	\$ -	\$ 48,978,046	\$ 12,816,909	\$ 64,884,497
Highway Improvement Acquisition (4100)	14,099,209	24,664,343	-	-	38,763,552
Public Transit (5090)	8,459,337	-	-	-	8,459,337
Total Transfers In and Out	<u>\$ 25,648,088</u>	<u>\$ 24,664,343</u>	<u>\$ 48,978,046</u>	<u>\$ 12,816,909</u>	<u>\$ 112,107,386</u>

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

NOTE 6 – Long-Term Debt

Revenue Bonds

The RTC issues revenue bonds where the RTC pledges income derived from the acquired or constructed assets to pay debt service. The original amount of revenue bonds issued in prior years was \$270,000,000; one additional \$300 million revenue bond was issued in the current year dated June 12, 2007. Revenue bonds outstanding at June 30, 2007 are as follows:

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 – Long-Term Debt (continued)

Revenue Bonds:	Original Amount	Interest Rate	Balance June 30, 2007
Highway improvement motor vehicle fuel tax revenue bonds:			
Series 1997	\$ 70,000,000	4.50–6.00%	\$ 8,725,000
Series 2003	200,000,000	4.50–6.00%	181,335,000
Series 2007	300,000,000	5.00%	<u>300,000,000</u>
Total revenue bonds			<u>\$ 490,060,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year ending June 30,	Total Principal	Total Interest	Total
2008	\$ 15,870,000	\$ 16,858,829	\$ 32,728,829
2009	\$ 15,875,000	\$ 22,151,206	\$ 38,026,206
2010	\$ 17,355,000	\$ 21,320,456	\$ 38,675,456
2011	\$ 18,185,000	\$ 20,431,956	\$ 38,616,956
2012	\$ 19,090,000	\$ 19,500,081	\$ 38,590,081
2013-2017	\$ 110,760,000	\$ 81,619,744	\$ 192,379,744
2018-2022	\$ 141,360,000	\$ 49,848,935	\$ 191,208,935
2023-2027	<u>\$ 151,565,000</u>	<u>\$ 14,651,725</u>	<u>\$ 166,216,725</u>
	<u>\$ 490,060,000</u>	<u>\$ 246,382,931</u>	<u>\$ 736,442,931</u>

Loans Payable

In December 2004, the RTC established a commercial paper program allowing for the issuance of \$200 million in tax-exempt commercial paper notes (Series 2004A and Series 2004B) for transit projects. This commercial paper is being issued as needed, and as of June 30, 2007, \$30 million has been issued. The loan is being serviced, interest only in the current year, by the Public Transit fund. The commercial paper notes may have a maturity date from 1 to 270 days after their issuance, provided, however, that no note may mature after the earlier of November 1, 2034, or five days prior to the line of credit expiration date. The line of credit expiration date is December 8, 2007; however, the line of credit may be extended from time to time. Interest rates are fixed as of the date each of the notes are issued. As of June 30, 2007, the interest rate on the issued notes ranged from 3.5 – 3.7%.

Additionally, in March 2005, the RTC established a commercial paper program allowing for the issuance of \$300 million in tax-exempt commercial paper notes (Series 2005A and Series 2005B) for the streets and highways improvements projects incorporated in Clark County's Master Transportation Plan. This commercial paper was issued as needed over the last three fiscal years. On June 12, 2007, the balance of the 2005 program in the amount of \$210 million was refunded through the issuance of a \$300 million bond. The loan is being paid off through budgeted transfers from the Highway Improvement Acquisition fund (4100) and the Highway Improvement Fund (4130).

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 – Long-Term Debt (continued)

The debt service requirements for the commercial paper are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Business-type activities:			
2008	\$30,000,000	\$ 225,000	\$30,225,000

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Revenue bonds	\$205,210,000	\$300,000,000	\$ 15,150,000	\$ 490,060,000	\$ 15,870,000
Plus issuance premium	<u>9,274,005</u>	<u>3,847,803</u>	<u>545,530</u>	<u>12,576,278</u>	<u>-</u>
Total bonds payable	<u>214,484,005</u>	<u>303,847,803</u>	<u>15,695,530</u>	<u>502,636,278</u>	<u>15,870,000</u>
Loans payable	140,000,000	70,000,000	210,000,000	-	-
Compensated absences	<u>1,315,056</u>	<u>54,303</u>	<u>-</u>	<u>1,369,359</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$355,799,061</u>	<u>\$373,902,106</u>	<u>\$ 225,695,530</u>	<u>\$ 504,005,637</u>	<u>\$ 15,870,000</u>
Business-type activities:					
Loans payable	\$ 30,000,000	\$ -	\$ -	\$ 30,000,000	\$ -
Compensated absences	<u>849,860</u>	<u>6,796</u>	<u>-</u>	<u>856,656</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 30,849,860</u>	<u>\$ 6,796</u>	<u>\$ -</u>	<u>\$ 30,856,656</u>	<u>\$ -</u>

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

Pledged Revenues

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 6 – Long-Term Debt (continued)

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

The net pledged revenues for the year ended June 30, 2007 are:

Pledged revenues (net of administrative expenditures):	
State motor vehicle fuel tax	\$ 20,419,807
County motor vehicle fuel tax	<u>71,035,806</u>
Total	91,455,613
Deduct direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	
	<u>(1,354,996)</u>
Net pledged revenues	<u>\$ 90,100,617</u>

NOTE 7 – Operating Lease Commitments

The following summarizes the current operating lease commitments of the RTC:

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

The total rent expense for fiscal year 2007 was \$419,668.

The following is a schedule of future minimum lease payments for operating leases (with initial or remaining terms in excess of one year) as of June 30, 2007:

Year ending June 30:	
2008	\$ 432,258
2009	445,226
2010	<u>112,123</u>
Total minimum lease payments	<u>\$ 989,607</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 8 – Net Assets and Fund Balances

Net Assets

At June 30, 2007, net assets restricted for capital projects on the government-wide statement of net assets totaled \$85,614,181, or the total fund balances of the RTC's capital projects funds. Net assets restricted for debt service totaled \$64,771,176. This amount equals the fund balance of the debt service funds of \$70,174,643 less accrued interest payable of \$5,403,467. Net assets restricted for other purposes totaled \$10,078,729.

Fund Balances

Reserved for Direct Distribution:

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

The following is a schedule of changes in the reserve for direct distributions for the year ended June 30, 2007:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Current Year</u> <u>Increases</u>	<u>Current Year</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
Boulder City	\$ 144,454	\$ 538,509	\$ 828,749	\$ (145,786)
Bunkerville	442,445	50,901	-	493,346
Indian Springs	60,826	14,186	33,898	41,114
Laughlin	1,629,452	410,692	2,970,258	(930,114)
Mesquite City	739,345	453,604	425,279	767,670
Moapa Valley	512,112	167,397	236,630	442,879
Mt. Charleston	7,874	197,996	-	205,870
Searchlight	351,709	21,492	262,068	111,133
Moapa	<u>(35,908)</u>	<u>554,792</u>	<u>150,000</u>	<u>368,884</u>
Total	<u>\$ 3,852,309</u>	<u>\$ 2,409,569</u>	<u>\$4,906,882</u>	<u>\$ 1,354,996</u>

NOTE 9 – Defined Benefit Pension Plan

RTC employees are covered by the State of Nevada Public Employees' Retirement System (the "System"). The System was established on July 1, 1948, by the Legislature and is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor. All public employees who meet certain eligibility requirements participate in the System, which is a cost sharing multiple-employer defined benefit plan.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 9 – 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 statute, are determined by the number of years of accredited service at the time of retirement and the member’s highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the System include pension benefits, disability benefits, and death benefits.

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

Contribution rates are established by NRS 286.410. The statute provides for yearly increases of up to one percent until such time as the actuarially determined unfunded liability of the System is reduced to zero. The RTC is obligated to contribute all amounts due under the System. The contribution rate for regular members, based on covered payroll, for the year ended June 30, 2007 was 19.75 percent, for the years ended June 30, 2006, 2005 and 2004 was 20.25 percent while the year ended June 30, 2003 was 18.75.

The RTC’s contributions to the plan for the years ended June 30, 2007, 2006 and 2005 were \$2,678,999, \$2,433,918 and \$2,272,785 respectively, equal to the required contributions for each year.

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

NOTE 10 – Risk Management

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

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 10 – Risk Management (continued)

Self-Funded Group Insurance and Group Insurance Reserve

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

Clark County Workers' Compensation

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

County Liability Insurance Pool

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

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

NOTE 11 – Construction Commitments

Construction commitments include major arterial roadway projects with various local entities of approximately \$308,717,000. In addition, the Public Transit fund has outstanding construction commitments of approximately \$32,809,000 for capital projects and vehicles.

REQUIRED SUPPLEMENTARY INFORMATION

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006)

	2007				2006
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 3,627,703	\$ 3,627,703	1,289,640	\$ (2,338,063)	\$ 726,540
Charges for services	-	-	1,603	1,603	-
Interest	125,000	125,000	89,957	(35,043)	169,511
Other	973,873	973,873	1,045,499	71,626	1,089,196
Total revenues	<u>4,726,576</u>	<u>4,726,576</u>	<u>2,426,699</u>	<u>(2,299,877)</u>	<u>1,985,247</u>
OTHER FINANCING SOURCES					
Transfers in	26,265,996	26,265,996	25,648,088	(617,908)	18,125,630
Total revenues and other financing sources	<u>30,992,572</u>	<u>30,992,572</u>	<u>28,074,787</u>	<u>(2,917,785)</u>	<u>20,110,877</u>
EXPENDITURES					
Current:					
Salaries and wages	8,621,292	8,621,292	8,468,442	(152,850)	7,336,178
Employee benefits	2,920,936	2,920,936	2,665,945	(254,991)	2,400,648
Services and supplies	15,123,985	15,123,985	15,091,874	(32,111)	12,486,579
Capital outlay	3,934,500	3,934,500	3,311,387	(623,113)	1,403,195
Total expenditures	<u>30,600,713</u>	<u>30,600,713</u>	<u>29,537,648</u>	<u>(1,063,065)</u>	<u>23,626,600</u>
NET CHANGE IN FUND BALANCES	391,859	391,859	(1,462,861)	(1,854,720)	(3,515,723)
Fund balances - beginning	<u>2,668,213</u>	<u>2,668,213</u>	<u>2,181,376</u>	<u>(486,837)</u>	<u>5,697,099</u>
Fund balances - ending	<u>\$ 3,060,072</u>	<u>\$ 3,060,072</u>	<u>\$ 718,515</u>	<u>\$ (2,341,557)</u>	<u>\$ 2,181,376</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006)

	2007				2006
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Sales and use tax	\$ 45,647,862	\$ 44,807,887	45,087,057	\$ 279,170	\$ 44,145,701
Aviation fuel tax	-	-	-	-	4,689,418
Interest	150,000	300,000	406,598	106,598	654,429
Total revenues	<u>45,797,862</u>	<u>45,107,887</u>	<u>45,493,655</u>	<u>385,768</u>	<u>49,489,548</u>
EXPENDITURES					
Current:					
Services and supplies	8,553,658	7,369,262	7,232,426	(136,836)	7,434,703
OTHER FINANCING USES					
Transfers out	37,244,204	70,696,422	64,884,497	(5,811,925)	30,721,160
Total expenditures and other financing uses	<u>45,797,862</u>	<u>78,065,684</u>	<u>72,116,923</u>	<u>(5,948,761)</u>	<u>38,155,863</u>
NET CHANGE IN FUND BALANCES	-	(32,957,797)	(26,623,268)	6,334,529	11,333,685
Fund balances - beginning	-	32,957,797	32,957,797	-	21,624,112
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,334,529</u>	<u>\$ 6,334,529</u>	<u>\$ 32,957,797</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2007

Budgetary Information

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

- a. Prior to April 15, the RTC General Manager submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The budget as submitted contains the proposed expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the RTC of its acceptance of the budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all changes have been noted and hearings closed, the RTC governing board adopts the budget on or before June 1.
- e. The RTC's General Manager is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the RTC governing board.
- f. Increases to a fund's budget (augmentations) other than by transfers are accomplished through formal board action.
- g. Formal budgetary control is employed for all RTC funds.
- h. Statutory regulations require budget control to be exercised at the function level within the Regional Transportation Commission fund, which serves as the RTC's general fund. Budget control is exercised at the fund level for all other funds. The board administratively exercises control at the budgeted item level within a department.
- i. All unencumbered appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.
- j. Budgeted amounts as originally adopted for the year ended June 30, 2007, were adjusted for transfers between funds.
- k. Budgets are adopted on a basis consistent with the method used to report on governmental funds, which are prepared in accordance with the accounting principles generally accepted in the United States of America.

Comparative Data

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

SUPPLEMENTARY INFORMATION

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006)

	2007				2006
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Interest	\$ 200,000	\$ 200,000	\$ 938,361	\$ 738,361	\$ 651,260
Total revenues	200,000	200,000	938,361	738,361	651,260
OTHER FINANCING SOURCES					
Transfers in	24,890,333	24,890,333	24,664,343	(225,990)	24,901,246
Refunding bonds issued	-	-	210,000,000	210,000,000	-
Premium on refunding bonds	-	-	2,642,248	2,642,248	-
Total revenues and other financing sources	<u>25,090,333</u>	<u>25,090,333</u>	<u>238,244,952</u>	<u>213,154,619</u>	<u>25,552,506</u>
EXPENDITURES					
Current:					
Services and supplies	250,000	250,000	342,721	92,721	354,739
Debt Service:					
Principal	15,150,000	15,150,000	15,150,000	-	14,475,000
Interest and other charges	10,089,581	10,089,581	10,089,581	-	10,856,150
Bond issuance costs	-	-	1,287,000	1,287,000	-
Total expenditures	<u>25,489,581</u>	<u>25,489,581</u>	<u>26,869,302</u>	<u>1,379,721</u>	<u>25,685,889</u>
OTHER FINANCING USES					
Payment to refunded bond escrow agent	-	-	211,355,248	211,355,248	-
Total expenditures and other financing uses	<u>25,489,581</u>	<u>25,489,581</u>	<u>238,224,550</u>	<u>212,734,969</u>	<u>25,685,889</u>
NET CHANGE IN FUND BALANCES	(399,248)	(399,248)	20,402	419,650	(133,383)
Fund balances - beginning	<u>25,152,457</u>	<u>25,152,457</u>	<u>20,686,551</u>	<u>(4,465,906)</u>	<u>20,819,934</u>
Fund balances - ending	<u>\$ 24,753,209</u>	<u>\$ 24,753,209</u>	<u>\$ 20,706,953</u>	<u>\$ (4,046,256)</u>	<u>\$ 20,686,551</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC RESERVE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006)

	2007				2006
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Interest	\$ 225,000	\$ 225,000	\$ 1,146,341	\$ 921,341	\$ 1,253,098
OTHER FINANCING SOURCES					
Revenue bonds issued	-	-	20,500,000	20,500,000	-
Premium on bonds issued	-	-	443,806	443,806	-
Total revenues and other financing sources	<u>225,000</u>	<u>225,000</u>	<u>22,090,147</u>	<u>21,865,147</u>	<u>1,253,098</u>
EXPENDITURES					
Current:					
Services and supplies	-	-	197,447	197,447	116,840
Total expenditures	<u>-</u>	<u>-</u>	<u>197,447</u>	<u>197,447</u>	<u>116,840</u>
NET CHANGE IN FUND BALANCES	225,000	225,000	21,892,700	21,667,700	1,136,258
Fund balances - beginning	<u>25,152,457</u>	<u>25,152,457</u>	<u>27,574,990</u>	<u>2,422,533</u>	<u>26,438,732</u>
Fund balances - ending	<u>\$ 25,377,457</u>	<u>\$ 25,377,457</u>	<u>\$ 49,467,690</u>	<u>\$ 24,090,233</u>	<u>\$ 27,574,990</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
HIGHWAY IMPROVEMENT ACQUISITION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006)

	2007				2006
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Fuel taxes	\$ 71,586,998	\$ 71,586,998	\$ 71,484,444	\$ (102,554)	\$ 69,495,040
Development tax	5,000,000	5,000,000	5,000,000	-	5,000,000
Federal and state grants	-	-	-	-	2,580,476
Charges for services	2,000,000	2,000,000	367,909	(1,632,091)	910,433
Interest	1,000,000	1,000,000	2,359,913	1,359,913	1,257,505
Other	500,000	500,000	3,975,650	3,475,650	1,257,036
Total revenues	<u>80,086,998</u>	<u>80,086,998</u>	<u>83,187,916</u>	<u>3,100,918</u>	<u>80,500,490</u>
OTHER FINANCING SOURCES					
Revenue bonds issued	-	-	34,750,000	34,750,000	-
Commercial paper issued	115,000,000	115,000,000	50,000,000	(65,000,000)	70,000,000
Premium on bonds issued	-	-	539,588	539,588	-
Total revenues and other financing sources	<u>195,086,998</u>	<u>195,086,998</u>	<u>168,477,504</u>	<u>(26,609,494)</u>	<u>150,500,490</u>
EXPENDITURES					
Current:					
Services and supplies	555,000	555,000	5,941,611	5,386,611	2,073,369
Debt Service:					
Interest and other charges	3,000,000	3,000,000	1,255,660	(1,744,340)	2,343,289
Bond issuance costs	-	-	300,791	300,791	-
Capital outlay	180,459,000	180,459,000	96,628,838	(83,830,162)	133,605,177
Total expenditures	<u>184,014,000</u>	<u>184,014,000</u>	<u>104,126,900</u>	<u>(79,887,100)</u>	<u>138,021,835</u>
OTHER FINANCING USES					
Transfers out	38,989,542	38,989,542	38,763,552	(225,990)	34,492,090
Total expenditures and other financing uses	<u>223,003,542</u>	<u>223,003,542</u>	<u>142,890,452</u>	<u>(80,113,090)</u>	<u>172,513,925</u>
NET CHANGE IN FUND BALANCES	(27,916,544)	(27,916,544)	25,587,052	53,503,596	(22,013,435)
Fund balances - beginning	<u>29,820,873</u>	<u>29,820,873</u>	<u>33,061,492</u>	<u>3,240,619</u>	<u>55,074,927</u>
Fund balances - ending	<u>\$ 1,904,329</u>	<u>\$ 1,904,329</u>	<u>\$ 58,648,544</u>	<u>\$ 56,744,215</u>	<u>\$ 33,061,492</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC HIGHWAY IMPROVEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006)

	2007				2006
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue:					
Fuel taxes	\$ 4,593,626	\$ 4,593,626	\$ 4,679,952	\$ 86,326	\$ -
Other	-	-	279,831	279,831	-
Interest	1,500,000	1,500,000	1,343,364	(156,636)	1,527,709
Total revenues	<u>6,093,626</u>	<u>6,093,626</u>	<u>6,303,147</u>	<u>209,521</u>	<u>1,527,709</u>
OTHER FINANCING SOURCES					
Revenue bonds issued	-	-	34,750,000	34,750,000	-
Premium on bonds issued	-	-	222,161	222,161	-
Commercial paper issued	15,000,000	15,000,000	20,000,000	5,000,000	-
Transfers in	33,536,754	33,536,754	48,978,046	15,441,292	17,023,610
Total other financing sources	<u>48,536,754</u>	<u>48,536,754</u>	<u>103,950,207</u>	<u>55,413,453</u>	<u>17,023,610</u>
Total revenues and other financing sources	<u>54,630,380</u>	<u>54,630,380</u>	<u>110,253,354</u>	<u>55,622,974</u>	<u>18,551,319</u>
EXPENDITURES					
Current:					
Services and supplies	105,000	105,000	376,767	271,767	384,146
Debt Service:					
Interest and other charges	250,000	250,000	-	(250,000)	-
Capital outlay	104,770,000	104,770,000	89,913,390	(14,856,610)	49,833,673
Total expenditures	<u>105,125,000</u>	<u>105,125,000</u>	<u>90,290,157</u>	<u>(14,834,843)</u>	<u>50,217,819</u>
NET CHANGE IN FUND BALANCES	(50,494,620)	(50,494,620)	19,963,197	70,457,817	(31,666,500)
Fund balances - beginning	54,286,097	54,286,097	7,002,440	(47,283,657)	38,668,940
Fund balances - ending	<u>\$ 3,791,477</u>	<u>\$ 3,791,477</u>	<u>\$ 26,965,637</u>	<u>\$ 23,174,160</u>	<u>\$ 7,002,440</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT
SCHEDULE OF BUDGET COMPARISONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006)

	2007				2006
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
OPERATING REVENUES					
Charges for services:					
Transit fees	\$ 47,500,000	\$ 47,500,000	\$ 47,951,923	\$ 451,923	\$ 45,776,225
Other operating revenues	3,206,722	3,206,722	1,016,999	(2,189,723)	1,273,049
Total operating revenues	<u>50,706,722</u>	<u>50,706,722</u>	<u>48,968,922</u>	<u>(1,737,800)</u>	<u>47,049,274</u>
OPERATING EXPENSES					
Salaries and wages	6,455,462	6,455,462	6,113,893	(341,569)	5,812,327
Employee benefits	2,390,170	2,390,170	2,082,960	(307,210)	2,067,426
Services and supplies	136,894,229	136,894,229	131,723,645	(5,170,584)	121,434,925
Depreciation	28,040,000	28,040,000	16,720,045	(11,319,955)	19,195,894
Total operating expenses	<u>173,779,861</u>	<u>173,779,861</u>	<u>156,640,543</u>	<u>(17,139,318)</u>	<u>148,510,572</u>
Operating loss	<u>(123,073,139)</u>	<u>(123,073,139)</u>	<u>(107,671,621)</u>	<u>15,401,518</u>	<u>(101,461,298)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue:					
Sales and use tax	136,943,588	136,943,588	133,629,506	(3,314,082)	132,491,860
Federal and state grants	73,750,443	73,750,443	40,679,633	(33,070,810)	16,429,438
Interest income	3,000,000	3,000,000	8,591,427	5,591,427	3,472,697
Interest expense	(1,000,000)	(1,000,000)	(281,238)	718,762	(662,527)
Gain (loss) on sale of capital assets	-	-	(514,038)	(514,038)	(622,091)
Total nonoperating revenues (expenses)	<u>212,694,031</u>	<u>212,694,031</u>	<u>182,105,290</u>	<u>(30,588,741)</u>	<u>151,109,377</u>
Income before transfers	89,620,892	89,620,892	74,433,669	(15,187,223)	49,648,079
Transfers in	-	-	12,816,909	12,816,909	10,711,434
Transfers out	<u>(8,459,337)</u>	<u>(8,459,337)</u>	<u>(8,459,337)</u>	<u>-</u>	<u>(5,548,669)</u>
CHANGE IN NET ASSETS	<u>\$ 81,161,555</u>	<u>\$ 81,161,555</u>	<u>\$ 78,791,241</u>	<u>\$ (2,370,314)</u>	<u>\$ 54,810,844</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT
SCHEDULE OF BUDGET COMPARISONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

	2006				2006
	Original Budget	Final Budget	Actual	Variance	Actual
Cash flows from operating activities:					
Cash received from customers	\$ 47,500,000	\$ 47,500,000	\$ 56,716,630	\$ 9,216,630	\$ 51,805,827
Cash paid for employees and for benefits	(8,845,632)	(8,845,632)	(8,182,659)	662,973	(7,771,223)
Cash paid for services and supplies	(136,894,229)	(136,894,229)	(131,157,861)	5,736,368	(116,658,977)
Other operating receipts	3,206,722	3,206,722	1,016,999	(2,189,723)	1,273,049
Net cash used by operating activities	<u>(95,033,139)</u>	<u>(95,033,139)</u>	<u>(81,606,891)</u>	<u>13,426,248</u>	<u>(71,351,324)</u>
Cash flows from noncapital financing activities:					
Cash provided by sales and use tax	136,943,588	136,943,588	133,629,506	(3,314,082)	132,491,860
Federal and state grants	1,000,000	1,000,000	12,816,909	11,816,909	-
Transfers from other funds	-	-	-	-	10,711,434
Transfers to other funds	(8,459,337)	(8,459,337)	(8,459,337)	-	(5,548,669)
Net cash provided by non-capital financing activities	<u>129,484,251</u>	<u>129,484,251</u>	<u>137,987,078</u>	<u>8,502,827</u>	<u>137,654,625</u>
Cash flows from capital and related financing activities:					
Proceeds from bonds and loans	13,000,000	13,000,000	-	(13,000,000)	20,000,000
Federal and state grants	72,750,443	72,750,443	26,203,930	(46,546,513)	18,987,831
Acquisition, construction, or improvement of capital assets	(116,709,459)	(116,709,459)	(54,502,297)	62,207,162	(45,669,943)
Interest paid on capital debt	(1,000,000)	(1,000,000)	(281,238)	718,762	(1,682,004)
Proceeds from the sale of capital assets	-	-	33,444	33,444	877,339
Net cash used by capital and related financing activities	<u>(31,959,016)</u>	<u>(31,959,016)</u>	<u>(28,546,161)</u>	<u>3,412,855</u>	<u>(7,486,777)</u>
Cash flows from investing activities:					
Interest income	3,000,000	3,000,000	7,661,341	4,661,341	3,020,149
Net increase in cash and cash equivalents	5,492,096	5,492,096	35,495,367	30,003,271	61,836,673
Cash and cash equivalents - beginning of year	<u>111,501,273</u>	<u>111,501,273</u>	<u>128,381,094</u>	<u>16,879,821</u>	<u>66,544,421</u>
Cash and cash equivalents - end of year	<u>\$ 116,993,369</u>	<u>\$ 116,993,369</u>	<u>\$ 163,876,461</u>	<u>\$ 46,883,092</u>	<u>\$ 128,381,094</u>

COMMENTS OF INDEPENDENT AUDITORS



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

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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Regional Transportation Commission of Southern Nevada, Clark County, Nevada (the "RTC"), as of and for the year ended June 30, 2007, which collectively comprise the RTC's basic financial statements and have issued our report thereon dated December 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Regional Transportation Commission of Southern Nevada's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional Transportation Commission of Southern Nevada's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Regional Transportation Commission of Southern Nevada's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control

deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. See Finding 2007-01 for further details.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are a material weakness in the entity's internal control over the financial reporting process.

Compliance and Other Matters

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

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

Kafoury, Armstrong & Co.

Las Vegas, Nevada
December 13, 2007

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2007

FINDING 2007-1 CONTROLS OVER THE FINANCIAL REPORTING PROCESS

Criteria: The entity should have controls over the financial reporting process that enable it to produce timely, reliable financial statements.

Condition: During the current period, the entity entered into \$300 million in revenue and refunding debt. Due to the complexity of the transaction, only the cash received portion of the debt was recorded at the time the debt was issued. As part of the year-end closing process, management posted an entry to book the entire transaction, which resulted in an overstatement by the amount previously recorded.

In addition, we noted that several of the prior year's audit adjustments were not recorded in the entity's general ledger. This resulted in a misstatement of beginning fund balance amounts in several of the entity's funds.

We also noted that during the current period the entity had earned the right to receive reimbursement for certain grant expenditures from the State of Nevada. Since the reimbursement wasn't received until after year-end, the entity should have accounted for this as a grant receivable.

Our audit identified these errors and corrected them before the entity's financial statements became final. However, the procedures performed as part of the independent auditor's annual audit are not a part of the entity's internal control and, therefore, management should not rely on these procedures to achieve these objectives.

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

Recommendation: Management should modify the design of the internal controls over the preparation of financial statements to include procedures for year-end closing procedures. These procedures should include steps (1) to determine that any audit adjustments are posted timely, (2) that non-routine transactions are identified and properly recorded, and (3) that year-end accruals are recorded. Additionally, procedures should be established to assist with the conversion from fund financial statement reporting to government-wide financial statement reporting.

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

Based upon the recommendation from the external auditors, the Finance Department has developed new internal procedures to ensure that all year end transactions, including accruals and audit adjustments, are recorded accurately. The Fiscal Administrator will manually initiate all year end transactions. Prior to posting the transactions, the Director of Finance (or

designee) will review for accuracy and initial off on the backup. The Administrator will input the transaction into the RTC's financial system, and the Director (or designee) will electronically approve all transactions via established workflow procedures.

All adjusting journal entries recommended by the auditors will be posted by the Fiscal Administrator within a week after the RTC Board has accepted the financial statements. The Director (or designee) will review/approve of the adjustments via the electronic workflow using the RTC's financial system.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2007**

CURRENT YEAR STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The prior year statute compliance was still an issue in the current year as mentioned above.

PRIOR YEAR RECOMMENDATIONS

There were no recommendations made in the audit report for the year ended June 30, 2006.

CURRENT YEAR RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within this report.



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INDEPENDENT ACCOUNTANT'S REPORT ON NEVADA REVISED STATUTE 354.6241

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

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624(5)(a):

- The identified funds are being used expressly for the purposes for which they were created.
- The funds are administered in accordance with accounting principles generally accepted in the United States of America.
- The reserved fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2007 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau).
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements.
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2007, except as previously noted in Note 2 to the financial statements.
- The balance and net assets of the funds are as noted in the financial statements.

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

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

Kafoury, Armstrong & Co.

Las Vegas, Nevada
December 13, 2007