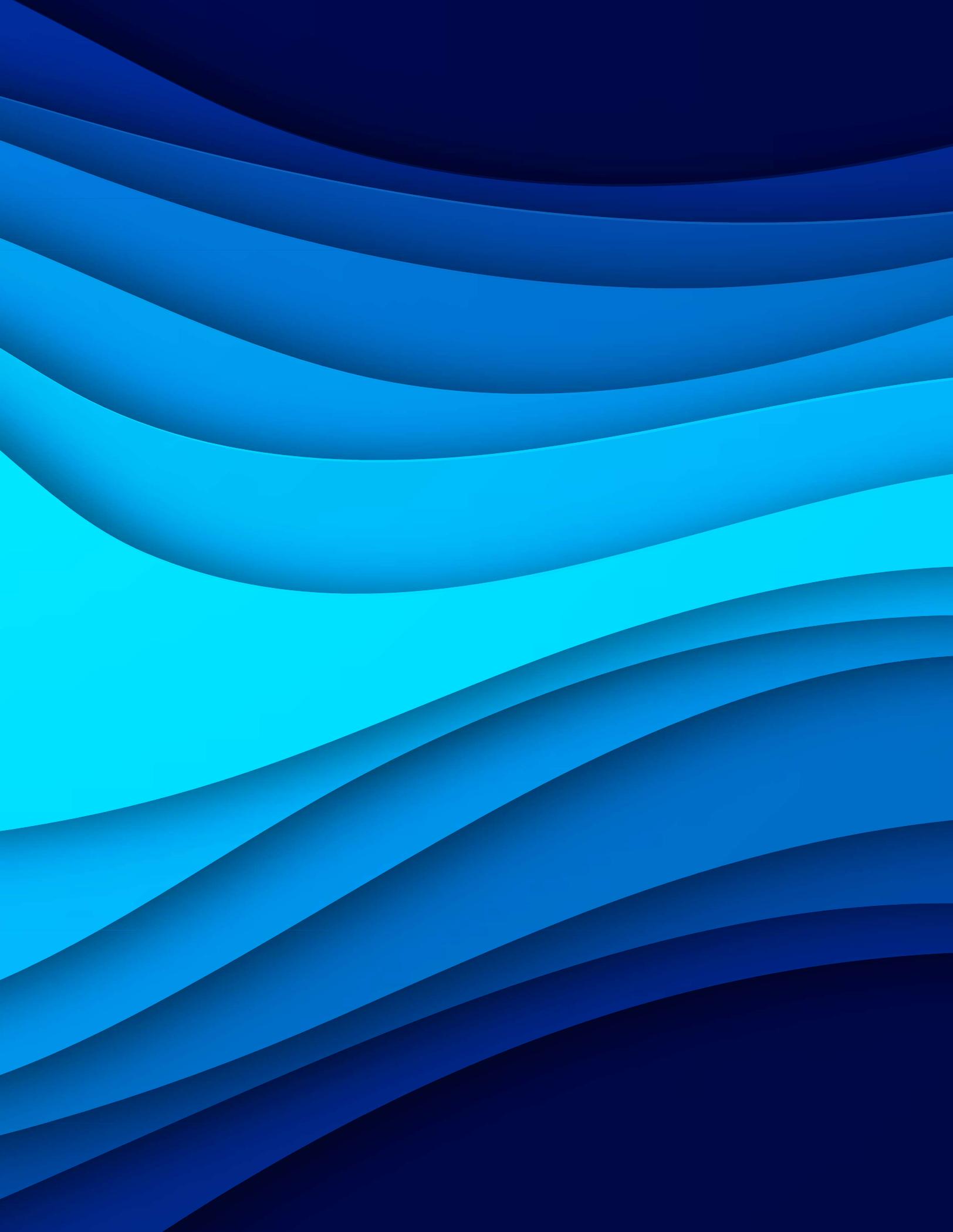


COMPONENT UNIT FINANCIAL STATEMENTS

JUNE 30, 2019

STARR INTERCHANGE
HENDERSON, NV
COMPLETED 2019



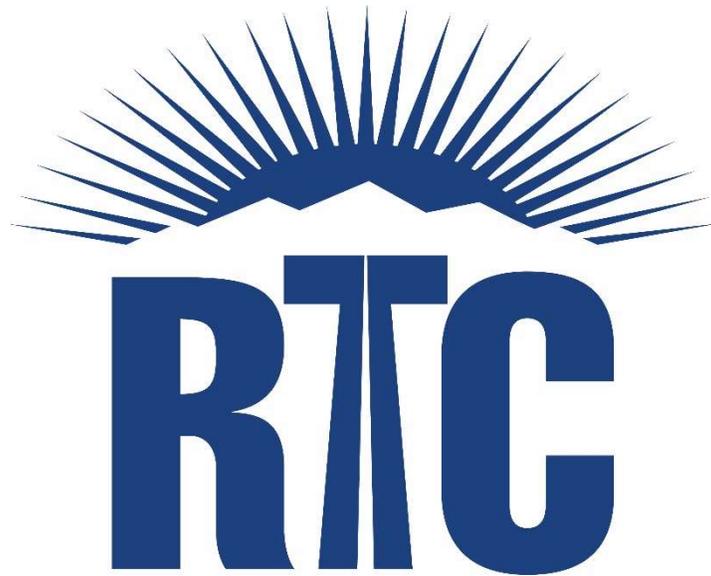


**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA**

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

**COMPONENT UNIT FINANCIAL
STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**



Prepared by the Department of Finance

Las Vegas, Nevada

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
JUNE 30, 2019**

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**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
JUNE 30, 2019**

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REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA

A COMPONENT UNIT OF CLARK
COUNTY, NEVADA

RTC BOARD OF COMMISSIONERS



Larry Brown, Chair
Clark County



Mayor Debra March, Vice Chair
City of Henderson



James Gibson
Clark County



Mayor Carolyn Goodman
City of Las Vegas

CHIEF EXECUTIVE OFFICER



Tina Quigley, CEO
Regional Transportation Commission
of Southern Nevada



Lois Tarkanian
City of Las Vegas



Isaac Barron
City of North Las Vegas

COUNTY COMMISSIONERS

Marilyn Kirkpatrick, Chair
Lawrence Weekly, Vice-Chair

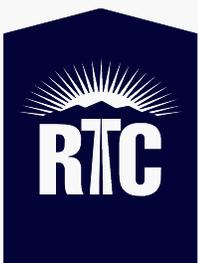
Michael Naft
Larry Brown
Tick Segerblom
Justin Jones
James Gibson

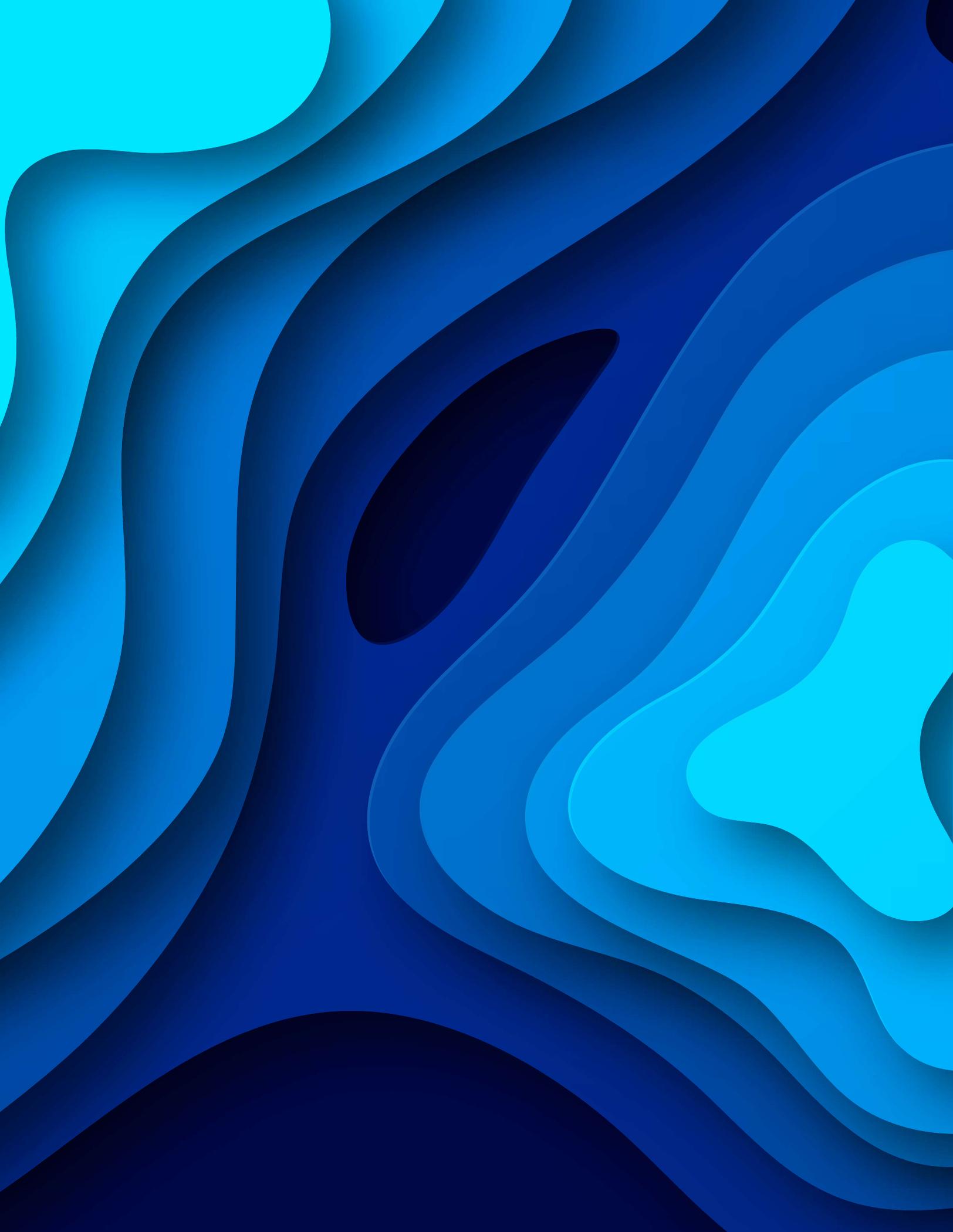


George Gault
City of Mesquite



Mayor Rod Woodbury
City of Boulder City

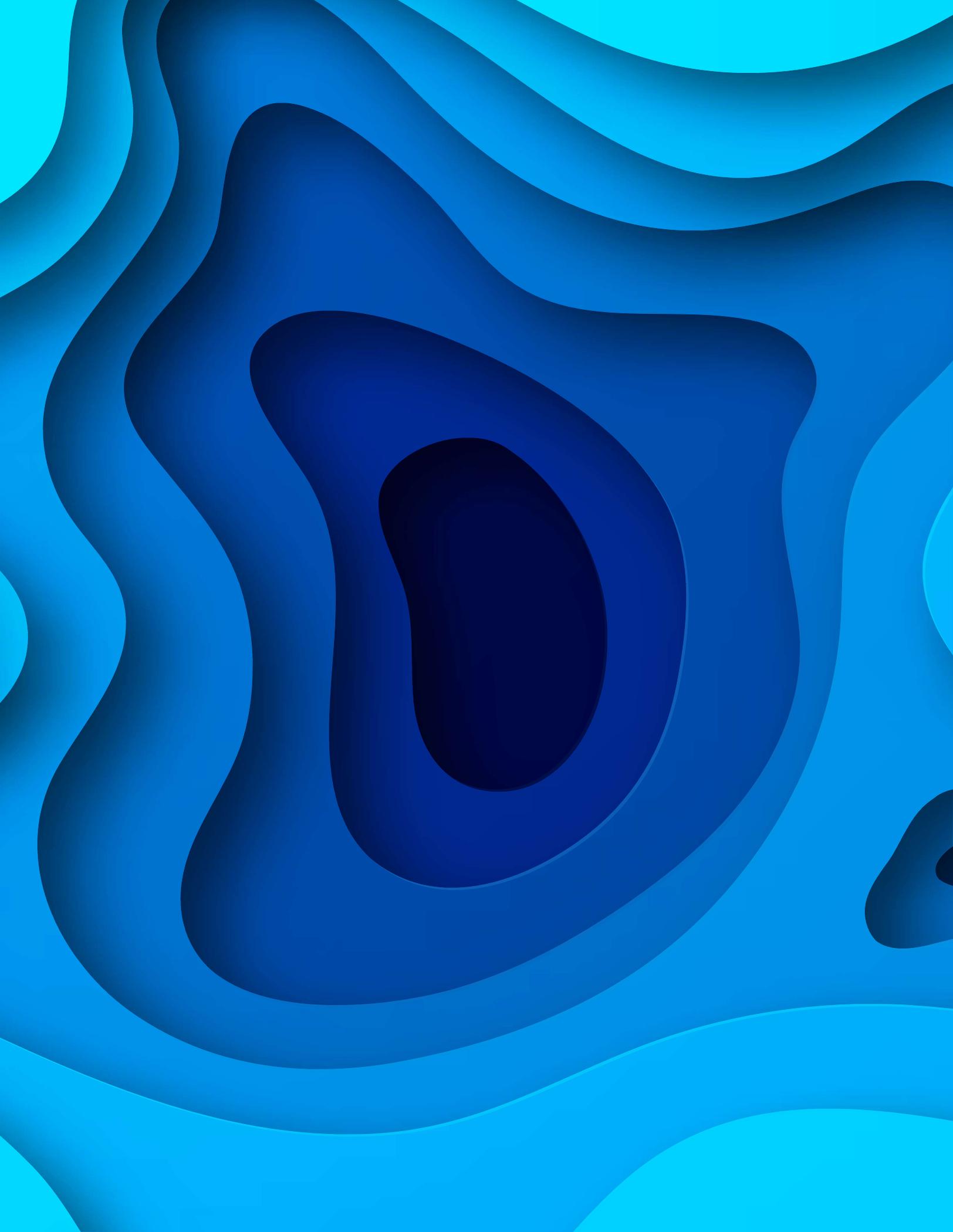




FINANCIAL SECTION

LONE MOUNTAIN ROAD
CLARK COUNTY
COMPLETED 2019





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 (RTC), a component unit of Clark County, Nevada, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 16, schedule of changes in total OPEB liability and related ratios, schedule of employer contributions, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of defined benefit plan contributions and related notes on pages 68 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RTC's basic financial statements. The accompanying officials, budgetary comparison information, schedule of motor vehicle fuel taxes and fuel revenue indexing, and schedule of sales tax collections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 2019 budgetary comparison information on pages 77 through 84 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statements or to the 2019 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 budgetary comparison information is fairly stated, in all material respects, in relation to the 2019 basic financial statements as a whole.

We have previously audited, in accordance with auditing standard generally accepted in the United States of America, the basic financial statements of the RTC as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated November 30, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund of the RTC. The 2018 Actual columns within the budgetary comparison schedules on pages 74 through 79 (referred to collectively as "Prior Year Comparative Information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements as of and for the year ended June 30, 2018 ("2018 basic financial statements"). The Prior Year Comparative Information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statements or to the 2018 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Prior Year Comparative Information is fairly stated, in all material respects, in relation to the 2018 basic financial statements as a whole.

The officials schedule, schedule of motor vehicle fuel taxes and fuel revenue indexing and schedule of sales tax collections on pages 83 and 84 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019 on our consideration of the RTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RTC's internal control over financial reporting and compliance.



Crowe LLP

Costa Mesa, California
November 1, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

The Management's Discussion and Analysis (MD&A) of the Regional Transportation Commission of Southern Nevada's (RTC) financial performance provides an introduction and overview to the financial statements of the RTC for the fiscal year ended June 30, 2019. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and accompanying notes in this report.

FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the RTC's finances. These statements are structured around the primary government. They are further divided into governmental activities and business-type activities. Governmental activities are those generally supported through taxes and intergovernmental revenues, while business-type activities are those for which a fee is charged for goods or services received, and can be subsidized with taxes.

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

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

Fund Financial Statements

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

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

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

FINANCIAL HIGHLIGHTS

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

In fiscal year (FY) 2019 the RTC benefited from a 7.25% increase in sales and excise tax revenue, and a 5.89% increase in motor vehicle fuel tax revenue. Motor vehicle fuel tax revenue as reported below is made up of three parts; a nine cent per gallon motor vehicle fuel tax, an indexed fuel tax (IFT 1) that was capped with the July 1, 2016 inflation adjustment, and an additional indexed fuel tax (IFT 2) that was approved by the voters of Clark County in November 2016 that will be adjusted for inflation through July 1, 2026. The nine cent motor vehicle fuel tax increased by 1.06%, the IFT 1 increased by 2.24%, and IFT 2 increased by 97.49%, with FY2018 being its first year. See a schedule of historic fuel tax revenue on page 82. The indexed fuel tax consists of annual inflationary adjustments, based on the ten year rolling average Producer Price Index for non-residential construction, on a series of local, state and federal fuel taxes.

Condensed Statements of Net Position
June 30, 2019 and 2018

| | Governmental Activities | | Business Type Activities | | Total | |
|--|-------------------------|-------------------------|--------------------------|-----------------------|-------------------------|-------------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Current and other assets | \$ 434,892,458 | \$ 520,161,957 | \$ 186,445,753 | \$ 178,719,470 | \$ 621,338,211 | \$ 698,881,427 |
| Net capital assets | <u>13,924,563</u> | <u>14,594,485</u> | <u>429,943,437</u> | <u>424,104,818</u> | <u>443,868,000</u> | <u>438,699,303</u> |
| Total assets | 448,817,021 | 534,756,442 | 616,389,190 | 602,824,288 | 1,065,206,211 | 1,137,580,730 |
| Deferred outflows of resources | <u>21,143,812</u> | <u>22,647,856</u> | <u>5,080,479</u> | <u>4,365,052</u> | <u>26,224,291</u> | <u>27,012,908</u> |
| Total assets and deferred outflows of resources | <u>\$ 469,960,833</u> | <u>\$ 557,404,298</u> | <u>\$ 621,469,669</u> | <u>\$ 607,189,340</u> | <u>\$ 1,091,430,502</u> | <u>\$ 1,164,593,638</u> |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Long-term liabilities | \$ 836,830,204 | \$ 994,777,553 | \$ 27,633,269 | \$ 28,389,722 | \$ 864,463,473 | \$ 1,023,167,275 |
| Other liabilities | <u>54,198,275</u> | <u>59,117,868</u> | <u>23,510,967</u> | <u>31,606,534</u> | <u>77,709,242</u> | <u>90,724,402</u> |
| Total liabilities | 891,028,479 | 1,053,895,421 | 51,144,236 | 59,996,256 | 942,172,715 | 1,113,891,677 |
| Deferred inflows of resources | <u>8,026,065</u> | <u>4,752,005</u> | <u>5,969,033</u> | <u>2,208,534</u> | <u>13,995,098</u> | <u>6,960,539</u> |
| Total liabilities and deferred inflows of resources | <u>899,054,544</u> | <u>1,058,647,426</u> | <u>57,113,269</u> | <u>62,204,790</u> | <u>956,167,813</u> | <u>1,120,852,216</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 13,924,563 | 14,594,485 | 426,036,632 | 420,990,174 | 439,961,195 | 435,584,659 |
| Restricted | 370,534,315 | 448,638,507 | - | - | 370,534,315 | 448,638,507 |
| Unrestricted (deficit) | <u>(813,552,588)</u> | <u>(964,476,120)</u> | <u>138,319,768</u> | <u>123,994,376</u> | <u>(675,232,820)</u> | <u>(840,481,744)</u> |
| TOTAL NET POSITION | <u>\$ (429,093,710)</u> | <u>\$ (501,243,128)</u> | <u>\$ 564,356,400</u> | <u>\$ 544,984,550</u> | <u>\$ 135,262,690</u> | <u>\$ 43,741,422</u> |

Governmental Activities

In June of 2013, the Nevada State Legislature passed Assembly Bill No. 413 authorizing Clark County to impose additional taxes on fuels, gasoline, diesel, compressed natural gas, and liquefied petroleum gas, for motor vehicles referred to as Indexed Fuel Tax. Under Indexed Fuel Tax, fuel taxes are increased annually by the ten year rolling average of the Producer Price Index for non-residential construction not to exceed 7.8%. On September 3, 2013, the Clark County Commission adopted Ordinance No. 4126, which imposed the IFT 1 commencing on January 1, 2014 and further increases were calculated and imposed on July 1, 2014, July 1, 2015, and July 1, 2016 to a maximum 10 cents per gallon of additional fuel tax. The RTC receives 8.8 cents and Clark County receives 1.2 cents of the 10 cents.

In November, 2016 the voters in Clark County approved additional indexing of fuel taxes (IFT 2) that became effective July 1, 2017 and terminates after 2026 unless a proposal to continue the indexing is approved by a majority of voters in Clark County at the November 3, 2016 general election. On March 21, 2017, the Clark County Commission adopted Ordinance No. 4466, which continued the Indexed Fuel Taxes (IFT 2) commencing on July 1, 2017. In addition to the 7.8% limit on annual fuel tax rate increases, the Clark County Commission imposed an additional annual limit of 4 cents per gallon on fuel sold.

The decrease in net capital assets was mainly due to the depreciation recorded of approximately \$920,000 with an offset of approximately \$251,000 due to the Administration Building improvement in progress, furniture, RTC FAST conference room improvements and purchase of two service vehicles for the RTC FAST department.

The decrease in deferred outflows of resources is primarily due to an adjustment of approximately \$560,000 to the deferred outflow of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the amortization of deferred outflow of resources related to bond refundings of approximately \$2,000,000. The RTC refunded bonds for MVFT Series 2011, MVFT Series 2015, MVFT Series 2016B and Sales Tax Series 2016.

The decrease in long-term liabilities is primarily due to regularly scheduled payment of principal for bonds amounting to \$48,705,000, early payment for redeeming bonds amounting to \$97,295,000, amortization of premiums and discount of approximately \$8,800,000, and a decrease of approximately \$3,300,000 as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The decrease in other liabilities was primarily due to a decrease of approximately \$3,200,000 in accrued interest and a decrease of approximately \$1,600,000 in accounts payable. The decrease in accrued interest was mainly attributable to the redemption of bonds amounting to \$97,295,000. The decrease in accounts payable was mainly attributable to the completion of major indexed fuel tax projects during the fiscal year to include the Boulder City Bypass/I-11 project.

The increase in deferred inflows of resources was primarily due to the recording of deferred inflows related to other postemployment benefits of approximately \$3,700,000 as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions with an offset* of approximately \$470,000 to the deferred inflow of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Restricted net position is mostly comprised of net resources for the Jurisdictions' street and highway projects and debt service. Available resources for the Jurisdictions' street and highway projects increased mainly due to the issuance of IFT1 bond Series 2017 and refunding bond issues MVFT Series 2016 and Sales Tax Series 2016A.

The RTC reimburses the Jurisdictions for approved expenditures on street and highway projects, and the Jurisdictions retain and maintain the improved assets. The RTC's borrowing to help fund jurisdictional street and highway improvement projects contributes to the accumulated deficit in the RTC governmental funds as the resulting debt is retained and serviced by the RTC. The decrease in the unrestricted deficit is due to scheduled principal payments and redemption as discussed above for long-term liabilities.

Business Type Activities

Current and other assets increased primarily due to an increase of 7.25% in actual sales tax collection and an increase in interest income of approximately \$4,400,000 for the current fiscal year.

The increase in deferred outflows of resources is primarily due to an adjustment of approximately \$738,000 to the deferred outflow of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and with an offset of approximately \$23,000 in deferred outflows related to other postemployment benefits as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Long-term liabilities decreased due to an adjustment in the other postemployment benefits of approximately \$3,100,000 as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* with an offset of approximately \$2,200,000 to the net pension liability in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*

The decrease in other liabilities is primarily due to a decrease in accounts payable of approximately \$8,100,000, which is mainly due to a payment made to fixed route contractors at year-end.

The increase in deferred inflows of resources was primarily due to the recording of deferred inflows related to other postemployment benefits of approximately \$3,800,000 as a direct result of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The net position amounts fluctuated in relation to current and other assets and capital assets as described previously.

| | Governmental Activities | | Business Type Activities | | Total | |
|---|-------------------------|-------------------------|--------------------------|-----------------------|-----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| PROGRAM REVENUES | | | | | | |
| Charges for services | \$ - | \$ - | \$ 80,629,302 | \$ 80,288,981 | \$ 80,629,302 | \$ 80,288,981 |
| Operating grants and contributions | 2,712,344 | 2,304,311 | 1,398,878 | 1,437,224 | 4,111,222 | 3,741,535 |
| Capital grants and contributions | 37,066,367 | 35,930,180 | 59,469,622 | 70,897,998 | 96,535,989 | 106,828,178 |
| GENERAL REVENUES | | | | | | |
| Motor vehicle fuel tax | 180,531,947 | 170,491,131 | - | - | 180,531,947 | 170,491,131 |
| Jet-aviation fuel tax | 3,992,788 | 3,931,488 | - | - | 3,992,788 | 3,931,488 |
| Sales and excise tax | 55,460,145 | 51,712,622 | 166,380,438 | 155,137,865 | 221,840,583 | 206,850,487 |
| Interest income | 16,250,096 | 1,528,033 | 4,793,495 | 384,587 | 21,043,591 | 1,912,620 |
| Gain on extinguishment of debt | 686,732 | - | - | - | 686,732 | - |
| Other | 5,700,597 | 8,884,669 | 222,455 | 252,596 | 5,923,052 | 9,137,265 |
| | <u>302,401,016</u> | <u>274,782,434</u> | <u>312,894,190</u> | <u>308,399,251</u> | <u>615,295,206</u> | <u>583,181,685</u> |
| EXPENSES | | | | | | |
| Public works | 208,134,066 | 201,342,411 | - | - | 208,134,066 | 201,342,411 |
| Interest on long-term debt | 33,267,532 | 32,786,963 | - | - | 33,267,532 | 32,786,963 |
| Public transit | - | - | 282,372,340 | 272,002,034 | 282,372,340 | 272,002,034 |
| | <u>241,401,598</u> | <u>234,129,374</u> | <u>282,372,340</u> | <u>272,002,034</u> | <u>523,773,938</u> | <u>506,131,408</u> |
| Changes in net position before transfers | 60,999,418 | 40,653,060 | 30,521,850 | 36,397,217 | 91,521,268 | 77,050,277 |
| Net transfers | <u>11,150,000</u> | <u>21,149,917</u> | <u>(11,150,000)</u> | <u>(21,149,917)</u> | <u>-</u> | <u>-</u> |
| Change in net position | 72,149,418 | 61,802,977 | 19,371,850 | 15,247,300 | 91,521,268 | 77,050,277 |
| Net position - beginning, as originally reported | <u>(501,243,128)</u> | <u>(560,317,397)</u> | <u>544,984,550</u> | <u>532,629,181</u> | <u>43,741,422</u> | <u>(27,688,216)</u> |
| Cumulative effect of change in accounting principle | <u>-</u> | <u>(2,728,708)</u> | <u>-</u> | <u>(2,891,931)</u> | <u>-</u> | <u>(5,620,639)</u> |
| Net position - beginning as restated | <u>(501,243,128)</u> | <u>(563,046,105)</u> | <u>544,984,550</u> | <u>529,737,250</u> | <u>43,741,422</u> | <u>(33,308,855)</u> |
| Net position - ending | <u>\$ (429,093,710)</u> | <u>\$ (501,243,128)</u> | <u>\$ 564,356,400</u> | <u>\$ 544,984,550</u> | <u>\$ 135,262,690</u> | <u>\$ 43,741,422</u> |

Fluctuations in revenues and expenses for FY2019 compared to FY2018 are explained below.

Governmental Activities

- RTC and Nevada Department of Transportation (NDOT) entered into an inter-local “Advanced Construction” agreement where RTC has the construction performed in advance of NDOT reimbursements. This agreement is for the construction of the Boulder City Bypass/I-11 project. NDOT will reimburse the RTC for 95% of I-11 expenditures up to approximately \$233,506,000 with federal Surface Transportation Program (STP) funds over an eight year period that began in 2014. The reimbursement is limited to the amount of STP funds NDOT has received from the Federal Highway Administration and that are available to pay out. In FY2019, NDOT reimbursed \$37,000,000 to the RTC for the I-11 project and \$35,930,180 in FY2018. Both years’ reimbursement was limited by the amount NDOT had available for payment.
- Motor vehicle fuel tax revenue increased mainly due to the additional Indexed Fuel Tax of 0.66 cents per gallon effective July 1, 2018, and an increase of 1.00 % in the gallons of motor vehicle fuel sold.

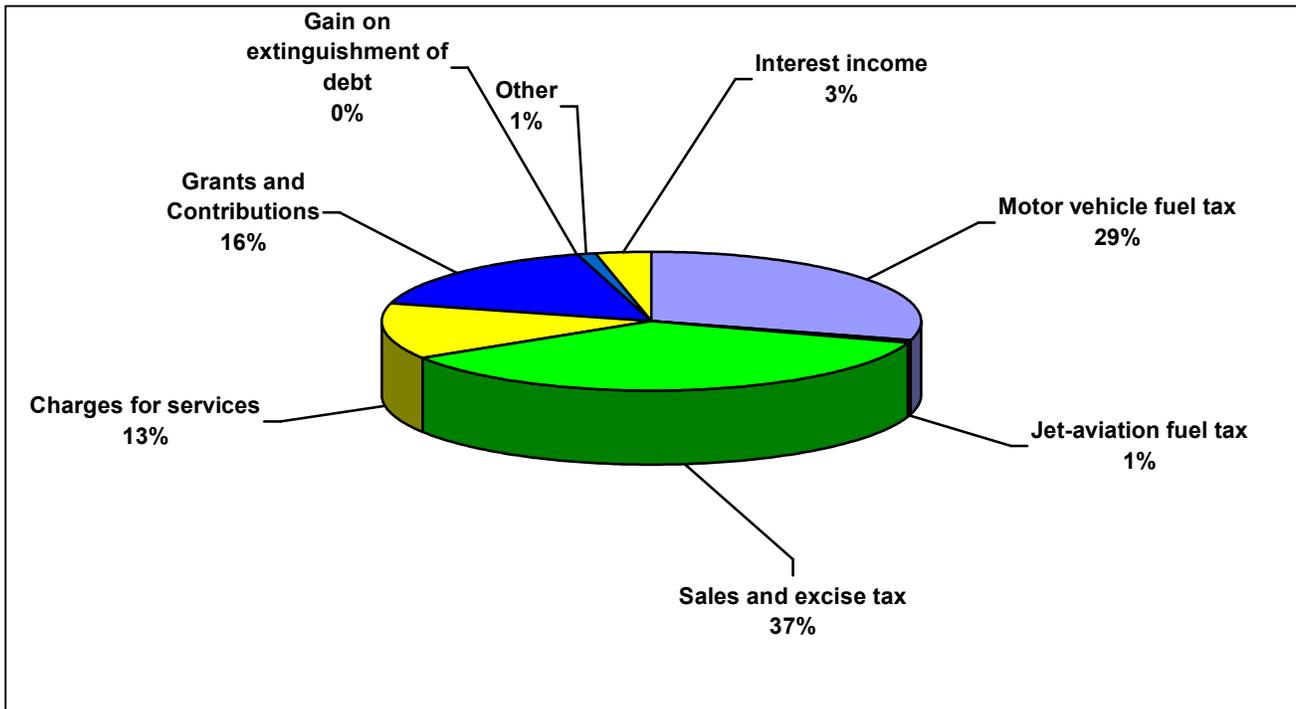
- Sales and excise tax increased by approximately 7.25% due to increased taxable sales in Clark County. This is the ninth consecutive year of increased sales and excise tax revenue.
- The increase in interest income was mainly due to GASB 31 adjustments by the Clark County Treasurer. In compliance with GASB 31 and in accordance with RTC accounting policies summarized in the accompanying notes, the RTC accounts for market fluctuations in the interest income accounts.
- The decrease in other income was mainly due to a cost reimbursement of approximately \$3,200,000 received by the RTC from NDOT for additional construction cost related to the Boulder City Bypass/I-11 project in FY2018. No reimbursements were received in FY2019.
- Spending on public works is up 3.4% primarily due a request with Public Works Directors to spend more on indexed fuel tax projects.

Business Type Activities

- Charges for services increased approximately \$300,000 for FY2019. Charges for services include transit fees paid for rides on the public transit system and advertising on the buses and bus shelters. Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October 2015, which we attribute to causing a decline in transit fare revenue of approximately \$1,600,000 for the Strip bus routes in FY2019. In FY2019, the RTC experienced an increase in transit fare revenue of approximately \$1,500,000 for the residential bus routes. The RTC also recorded increased reimbursement for Medicaid medical rides of approximately \$400,000 due to more rides provided in FY2019.
- Capital grants revenue for business type activities fluctuates annually based on the volume of capital procurements and the timing of grant awards. The decrease in capital grants in FY2019 is primarily due to grant award and reimbursement for 76 fixed route compressed natural gas (CNG) buses, 125 CNG paratransit buses versus grant award and reimbursement for 98 fixed route CNG buses and 178 CNG paratransit buses in FY2018.
- As mentioned under Governmental Activities, sales and excise tax increased by approximately 7.25% due to increased taxable sales in Clark County.
- Interest income increased as explained under Governmental Activities.
- Public transit expenses increased approximately \$10,400,000 primarily due to the following: fixed route service hours were increased by 25,855 hours over the prior year, which included several service enhancements to residential routes, the fixed route cost per service hour increased by 2.2%, for a total increase in the cost of providing fixed route service of approximately \$4,200,000. The cost of core Para Transit service increased approximately \$2,400,000 due to the increase in service hours of 5.25% or 37,495 hours. Depreciation expense increased by approximately \$2,100,000 mainly due increase in the number of newer fixed route and paratransit buses with higher cost.

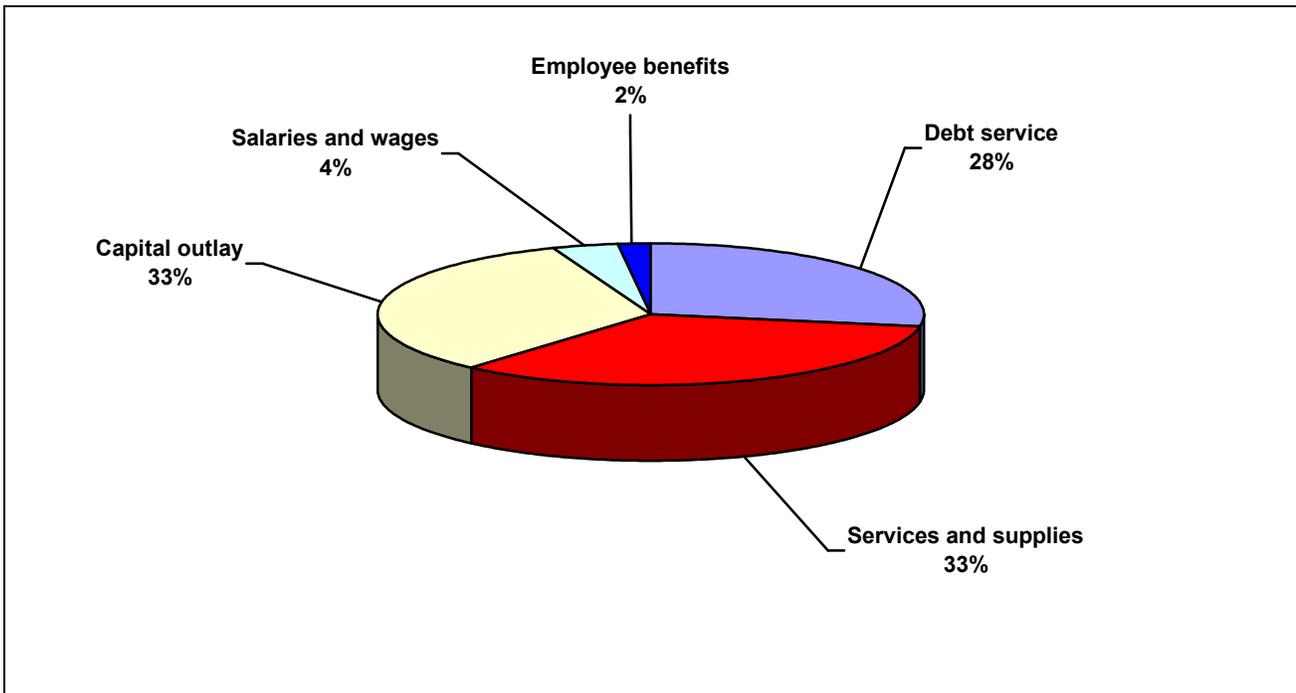
REVENUES

The following chart shows the components of revenues for the year ended June 30, 2019:



EXPENDITURES

The following chart shows the components of expenditures for the year ended June 30, 2019:



CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During FY2019, the RTC expended \$223,859,923 on street and highway improvement projects for the Jurisdictions, RTC Transit capital asset projects, such as vehicle procurements and facilities construction and RTC equipment. The following identifies the street and highway capital improvement expenditures to the Jurisdictions and RTC capital expenditures:

| | |
|--|---------------|
| Street and highway capital improvement | \$163,631,765 |
| RTC Transit equipment, buildings, land, and improvements | 59,976,691 |
| RTC equipment | 251,467 |

All RTC capital asset acquisitions and improvements exceeding \$5,000 are capitalized at cost. Acquisitions are funded from a variety of sources, including federal grants, state grants, debt issuance and local funds. Expenditures for the funding of street and highway capital improvement projects are not reported as assets on the RTC's financial statements, but are reported as capital outlay for others, and are required to be recorded as assets on the financial statements of the Jurisdictions that own and are responsible for maintenance and repair of the assets. Additional information on the RTC's capital assets and commitments can be found within the notes to the financial statements.

LONG-TERM DEBT ADMINISTRATION

A comprehensive debt management policy is an important foundation of sound financial management. This policy sets forth the parameters for issuing debt, managing outstanding debt, defining RTC responsibilities, delineating the purposes for which debt may be issued, defining debt objectives, identifying the type and amount of permissible debt, defining the method of sale that may be used, and defining other structural features. The policy also includes a debt capacity analysis.

On July 11, 2019, an updated Debt Management Policy was adopted by the RTC. Nevada Revised Statutes 350.013 requires the Debt Management Policy be updated on an annual basis and transmitted to the State of Nevada, Department of Taxation and the Clark County Debt Management Commission.

The following is a summary of bond transactions and balances for the year ended June 30, 2019:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---------------|----------------------|-----------|----------------|-------------------|
| Revenue bonds | \$ 954,043,657 | \$ - | \$ 155,492,096 | \$ 798,551,561 |

Bonds payable at June 30, 2019, are comprised of the following individual issues:

| | Original Amount | Interest Rate | Balance June 30, 2019 |
|--|--------------------|------------------|--------------------------|
| Highway Improvement and Refunding Revenue Bonds | | | |
| Motor Vehicle Fuel Tax Revenue: | | | |
| Series 2011 | 118,105,000 | 4.00-5.00% | \$ 64,830,000 |
| Series 2016 | 107,350,000 | 5.00% | 94,165,000 |
| Series 2016B | 43,495,000 | 5.00% | 43,495,000 |
| Indexed Fuel Tax Revenue: | | | |
| Series 2014A | 100,000,000 | 3.00-5.00% | 86,680,000 |
| Series 2015 | 85,000,000 | 5.00% | 79,830,000 |
| Series 2017 | 150,000,000 | 4.00-5.00% | 145,405,000 |
| Sales and Excise Tax Revenue: | | | |
| Series 2010 | 69,595,000 | 3.00-5.00% | 3,290,000 |
| Series 2010B | 94,835,000 | 3.00-5.00% | 22,235,000 |
| Series 2010C | 140,560,000 | 5.10-6.15% | 140,560,000 |
| Series 2016 | 36,405,000 | 5.00% | 36,405,000 |
| Plus unamortized premium | | | 81,677,308 |
| Less unamortized discount | | | (20,747) |
| Total | | | <u>\$ 798,551,561</u> |

Issuing highway improvement bonds allows the RTC to fund the construction of street and highway projects for the benefit of the Jurisdictions in a more expeditious manner than funding these projects on a “pay as you go” basis from available tax revenue. Funding street and highway projects with debt also spreads the payment for the assets over the useful life of the assets, and does not burden current tax payers with the full cost of assets that will serve the public and future tax payers for many years. Clark County has issued all outstanding bonds for the RTC in the County’s name. Repayment of the highway improvement bonds is pledged by twelve cents of motor vehicle fuel tax per gallon of fuel sold within Clark County, all Indexed Fuel Taxes collected in Clark County, and 0.25% sales and excise tax collected in Clark County.

The RTC debt management policy stipulates that the debt service coverage ratio must be greater than or equal to 150%, which is calculated by dividing net pledged revenue by the maximum annual debt service, with which we believe that the RTC is in compliance. See note 7 to the financial statements for the calculations of the debt service coverage ratio for FY2019.

PUBLIC TRANSIT STATISTICS

The RTC coordinates transportation programs and services to provide for a safe, accessible, and efficient regional transportation network that enhances the quality of life for Southern Nevada's residents and visitors. As part of this mission, the RTC operates a fixed route bus service and a paratransit service in Southern Nevada. The Americans with Disabilities Act of 1990 requires all fixed route bus service operators to provide a comparable paratransit service for the elderly and disabled.

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|-------------------------|------------|------------|------------|------------|------------|
| Ridership - fixed route | 64,406,024 | 63,779,330 | 63,961,848 | 65,685,973 | 64,060,738 |
| % increase (decrease) | 1.0% | (0.3%) | (2.6%) | 2.5% | 7.3% |
| Ridership - paratransit | 1,647,714 | 1,641,083 | 1,556,126 | 1,565,611 | 1,493,435 |
| % increase (decrease) | 0.4% | 5.5% | (0.6%) | 4.8% | 6.7% |

Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October, 2015, which we attribute to causing a decline in transit ridership on the Strip bus routes of approximately 750,000 for FY2019. On the contrary, there was an increase in ridership on general market routes of approximately 1,400,000 resulting a net increase in ridership for fixed route shown above.

The increase in paratransit ridership in FY2019 is mainly due to an increase in the core paratransit service rides.

BUDGET

The Regional Transportation Commission Fund (1) is the general operating fund of the RTC. Federal and state grant revenue and total expenditures for this fund were under budget primarily due to delaying a portion of the expenditures related to planning studies for the Unified Planning Work Program (UPWP), which is grant reimbursable.

The Regional Transportation Fund (2) is a special revenue fund for the purpose of accounting for half of the additional sales tax approved by voters in 2002. The services and supplies for this fund consist of statutory amounts paid to the Clark County Department of Air Quality (CCDOAQ) at 8% of the sales tax approved by voters in 2002. Sales Tax Revenue exceeded the original budget by 4.5%, and therefore the budget was augmented anticipating that the resultant expense would exceed the original budget. Transfers out of this fund are sent to the general fund (1) and the highway improvement fund (6) and are directly related to the amount of sales tax revenue, and therefore budgeted transfers were also augmented in consideration of the increase in sales tax revenue.

The RTC Bonds Fund (3) is utilized to account for the accumulation and payment of semi-annual debt service payments. For FY2019, interest income was \$2.5 million.

The RTC Reserve Fund (4) is utilized to account for the debt service reserve funds required by all Clark County debt issued for the RTC. In compliance with GASB 31, investments are adjusted to fair value in this circumstance, and in accordance with RTC accounting policies summarized in the accompanying notes, the RTC accounts for market fluctuations in the interest income accounts. During the fiscal year, the reserve fund was reduce by \$6,354,000 to account for a portion of \$97,295,000 in bond redemption.

The Highway Improvement Acquisition Fund (5) is a special revenue fund used to account for the nine cent Clark County Motor Vehicle Fuel Tax revenue and Indexed Fuel Tax revenue. Fuel Tax Indexing revenue is over budget by 2.7% mainly due to conservative budgeting and refunds not taken by distributors of special fuels subject to the indexed fuel tax of approximately \$4,500,000 accrued in FY2019. The maximum amount of indexed fuel tax for special fuels that is subject to refund is 20% per NRS 373.083,1(c). The Department of Motor Vehicles withholds the 20% throughout the year, and if the refunds are not applied for and given to the distributors, they are remitted to the RTC. The increase in interest income was mainly due to GASB 31 adjustments by the Clark County Treasurer. In compliance with GASB 31, investments are adjusted to fair value in this circumstance, and in accordance with RTC accounting policies summarized in the accompanying notes, the RTC accounts for market fluctuations in the interest income accounts. The decrease in other income was mainly due to a cost reimbursement of approximately \$3,200,000 received by the RTC from NDOT in FY2018 for additional construction cost related to the Boulder City Bypass/I-11 project. Capital outlay and intergovernmental capital grants were under budget due to the jurisdictions spending less on roadway projects. The lower spending on roadway projects and the non-issuance of planned new money bonds also caused transfers out for debt service to come in under budget.

The Highway Improvement Fund (6) is a special revenue fund used to account for half of the additional sales tax approved by voters in 2001 after transfers to fund 1 for FAST AMS operations and payments to CCDOAQ. The increase in interest income was mainly due to GASB 31 adjustments by the Clark County Treasurer. Capital outlay and intergovernmental capital grants were under budget due to the jurisdictions spending less on roadway projects than planned for in the budget. Transfers in were over the original budget primarily due to higher than budgeted sales tax revenue.

The Public Transit Fund (50) is an enterprise fund that contains all financial activity for all aspects of the RTC Transit System. Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October 2015, which we attribute to causing a decline in transit fare revenue of approximately \$1,600,000 for the Strip bus routes in FY2019. In FY2019, the RTC experienced an increase in transit fare revenue of approximately \$1,500,000 for the residential bus routes. The RTC also recorded increased reimbursement for Medicaid medical rides of approximately \$400,000 due to more rides provided in FY2019. Services and supplies expenses are under budget by approximately \$7,700,000 primarily due to a budget contingency of \$4,000,000 and a budget of \$2,500,000 in professional services that were not utilized. The increase in interest income was mainly due to GASB 31 adjustments by the Clark County Treasurer. In compliance with GASB 31, investments are adjusted to fair value in this circumstance, and in accordance with RTC accounting policies summarized in the accompanying notes, the RTC accounts for market fluctuations in the interest income accounts.

In June 2019, the RTC approved budget augmentations for The Regional Transportation Fund (2) sales and excise tax revenue for \$2,800,219 to pay for an augmentation of \$2,691,700 for transfers out and another augmentation for services and supplies of \$108,519 for payments to the CCDOAQ. The payment to CCDOAQ is based on 8% of one quarter percent of sales tax, and transfers out is the remainder of sales and excise tax revenue after subtracting payments to CCDOAQ and fund 1 for FAST operating expenses. These two expenditures are both determined by the sales and excise tax revenue which was estimated to be adequate to cover these additional expenditures.

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

CREDIT RATINGS

Through June 30, 2019, Clark County has issued all revenue bonds on behalf of the RTC. The bond rating at June 30, 2019, for the Clark County, Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds from Moody's Investors Service, Inc. was Aa3, and the rating from Standard & Poor's Rating Service was AA-. The bond rating at June 30, 2019, for the Clark County, Nevada Highway Revenue Bonds (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax) from Moody's Investors Service, Inc. was Aa3, and the rating from Standard & Poor's Rating Service was AA-. The bond rating at June 30, 2019, for the Clark County, Nevada Sales and Excise Tax Revenue (Street and Highway Projects) Refunding Bonds from Moody's Investors Service, Inc. was Aa2, and the rating from Standard & Poor's Rating Service was AA.

ECONOMIC FACTORS AND FUTURE BUDGETS

In preparing revenue forecasts and future budgets the RTC mainly monitors Sales Tax and Fuel Tax Revenues. In addition to tax revenues, local economic indicators are monitored. These economic indicators are considered in preparing revenue forecasts and future budgets for tax revenue and transit fare revenue. The unemployment rate for Clark County, Nevada in August of 2019 was 4.5%, which was down from 4.9% in August a year ago, and down from 5.2% a year before that. The hotel/motel occupancy rate for the Las Vegas metropolitan area for August, 2019 year-to-date was 89.4% which was up from August, 2018 year-to-date of 88.9%, which was down from 90.1% for August 2017 year-to-date. These indicators have shown stability in the local economy for several years now.

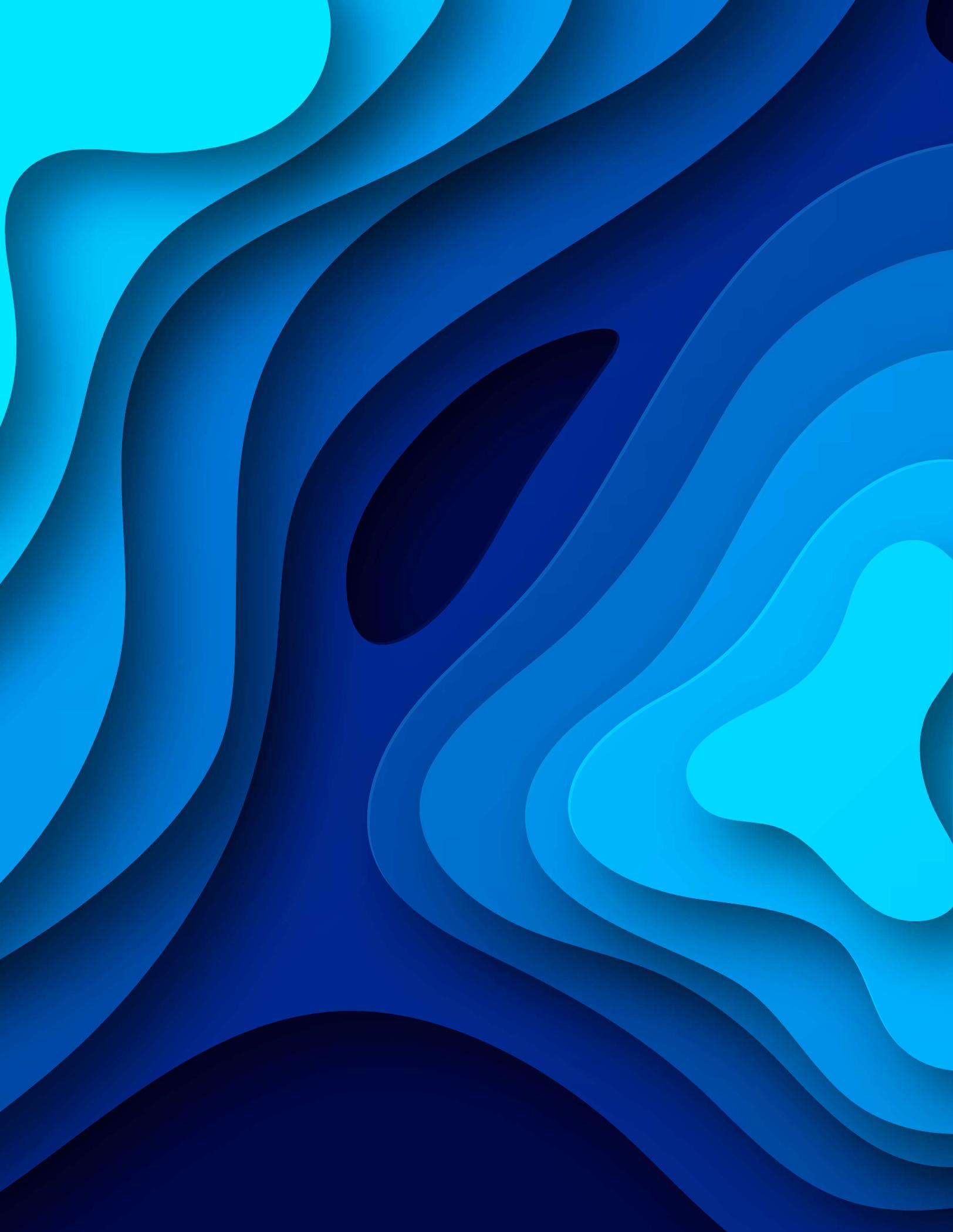
On November 6, 2019, the Clark County Commission will be selling approximately \$60 million in tax exempt highway revenue bonds on behalf of the Regional Transportation Commission. The bond proceeds will be used to fund Streets and Highways construction and improvement projects.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

WATER STREET
CITY OF HENDERSON
COMPLETED 2019



REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2019

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | |
| ASSETS: | | | |
| Cash and investments: | | | |
| In custody of the County Treasurer | | | |
| Unrestricted | \$ 4,725,323 | \$ 119,234,153 | \$ 123,959,476 |
| Restricted | 282,397,249 | - | 282,397,249 |
| Cash in bank | | | |
| Unrestricted | 2,239,789 | 1,779,899 | 4,019,688 |
| Restricted | 21,119,247 | - | 21,119,247 |
| Cash on hand | 500 | 14,700 | 15,200 |
| In custody of the fiscal agent | 49,438,461 | - | 49,438,461 |
| Accounts receivable, net | 2,901,846 | 8,519,209 | 11,421,055 |
| Interest receivable | 1,591,897 | 656,830 | 2,248,727 |
| Internal balances | 387,500 | (387,500) | - |
| Due from other governmental units | 69,956,126 | 56,190,118 | 126,146,244 |
| Prepaid expenses | 134,520 | 438,344 | 572,864 |
| Capital assets, not being depreciated | 1,817,518 | 41,017,566 | 42,835,084 |
| Capital assets, net of accumulated depreciation | 12,107,045 | 388,925,871 | 401,032,916 |
| | | | |
| Total assets | <u>448,817,021</u> | <u>616,389,190</u> | <u>1,065,206,211</u> |
| | | | |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred outflows related to pensions | 7,333,108 | 4,999,733 | 12,332,841 |
| Loss on bond refunding | 13,729,430 | - | 13,729,430 |
| Deferred outflows related to other post employment benefits | 81,274 | 80,746 | 162,020 |
| Total deferred outflows of resources | <u>21,143,812</u> | <u>5,080,479</u> | <u>26,224,291</u> |
| | | | |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u><u>\$ 469,960,833</u></u> | <u><u>\$ 621,469,669</u></u> | <u><u>\$ 1,091,430,502</u></u> |

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2019

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|-----------------------|
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | |
| LIABILITIES: | | | |
| Accounts payable | \$ 36,144,552 | \$ 22,813,576 | \$ 58,958,128 |
| Accrued payroll | 769,278 | 548,617 | 1,317,895 |
| Accrued interest | 17,157,198 | - | 17,157,198 |
| Other current liabilities | 127,247 | 148,774 | 276,021 |
| Long-term liabilities: | | | |
| Portion due or payable within one year: | | | |
| Bonds and notes payable | 50,975,000 | - | 50,975,000 |
| Compensated absences | 1,301,497 | 839,029 | 2,140,526 |
| Portion due or payable after one year: | | | |
| Bonds and notes payable | 747,576,561 | - | 747,576,561 |
| Compensated absences | 1,668,694 | 762,038 | 2,430,732 |
| Total OPEB liability | 5,724,979 | 5,862,105 | 11,587,084 |
| Net pension liability | 29,583,473 | 20,170,097 | 49,753,570 |
| | | | |
| Total liabilities | <u>891,028,479</u> | <u>51,144,236</u> | <u>942,172,715</u> |
| | | | |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unearned revenue from Build America | | | |
| Bonds Rebate | 1,664,495 | - | 1,664,495 |
| Deferred inflows related to pensions | 1,514,028 | 1,032,268 | 2,546,296 |
| Deferred inflows related to other post employment benefits | 4,847,542 | 4,936,765 | 9,784,307 |
| Total deferred inflows of resources | <u>8,026,065</u> | <u>5,969,033</u> | <u>13,995,098</u> |
| | | | |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>899,054,544</u> | <u>57,113,269</u> | <u>956,167,813</u> |
| | | | |
| NET POSITION | | | |
| Net investment in capital assets | 13,924,563 | 426,036,632 | 439,961,195 |
| Restricted for: | | | |
| Capital projects and intergovernmental capital grants | | | |
| | 237,180,891 | - | 237,180,891 |
| Debt service | 133,353,424 | - | 133,353,424 |
| Unrestricted (deficit) | <u>(813,552,588)</u> | <u>138,319,768</u> | <u>(675,232,820)</u> |
| | | | |
| TOTAL NET POSITION | <u>\$ (429,093,710)</u> | <u>\$ 564,356,400</u> | <u>\$ 135,262,690</u> |

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

| Functions/Programs | Expenses | Program Revenue | | | Net (Expense) Revenues and Changes in Net Position | | |
|--------------------------------------|----------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| GOVERNMENTAL ACTIVITIES: | | | | | | | |
| Public works | \$ 208,134,066 | | \$ 2,712,344 | \$ 37,066,367 | \$ (168,355,355) | | \$ (168,355,355) |
| Interest on long-term debt | 33,267,532 | | - | - | (33,267,532) | | (33,267,532) |
| TOTAL GOVERNMENTAL ACTIVITIES | 241,401,598 | | 2,712,344 | 37,066,367 | (201,622,887) | | (201,622,887) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | |
| Public transit | 282,372,340 | \$ 80,629,302 | 1,398,878 | 59,469,622 | | \$ (140,874,538) | (140,874,538) |
| TOTAL BUSINESS-TYPE ACTIVITIES | 282,372,340 | 80,629,302 | 1,398,878 | 59,469,622 | | (140,874,538) | (140,874,538) |
| Total | \$ 523,773,938 | \$ 80,629,302 | \$ 4,111,222 | \$ 96,535,989 | (201,622,887) | (140,874,538) | (342,497,425) |
| General Revenues: | | | | | | | |
| Fuel taxes | | | | | 184,524,735 | - | 184,524,735 |
| Sales and excise tax | | | | | 55,460,145 | 166,380,438 | 221,840,583 |
| Interest income | | | | | 16,250,096 | 4,793,495 | 21,043,591 |
| Gain on extinguishment of debt | | | | | 686,732 | - | 686,732 |
| Other | | | | | 5,700,597 | 222,455 | 5,923,052 |
| Transfers | | | | | 11,150,000 | (11,150,000) | - |
| Total general revenues and transfers | | | | | 273,772,305 | 160,246,388 | 434,018,693 |
| Changes in net position | | | | | 72,149,418 | 19,371,850 | 91,521,268 |
| Net position - beginning | | | | | (501,243,128) | 544,984,550 | 43,741,422 |
| Net position - ending | | | | | \$ (429,093,710) | \$ 564,356,400 | \$ 135,262,690 |

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | Special Revenue Fund | | Debt Service Funds | | Capital Project Funds | | Total Governmental Funds |
|--|------------------------------------|-------------------------|----------------------|----------------------|---------------------------------|-------------------------|--------------------------|
| | General Fund | | | | | | |
| | Regional Transportation Commission | Regional Transportation | RTC Bonds | RTC Reserve | Highway Improvement Acquisition | RTC Highway Improvement | |
| ASSETS | | | | | | | |
| Cash and investments: | | | | | | | |
| In custody of the County Treasurer | | | | | | | |
| Unrestricted | \$ 4,725,323 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,725,323 |
| Restricted | - | 315,507 | 69,692,195 | 39,480,585 | 110,250,461 | 62,658,501 | 282,397,249 |
| Cash in bank | | | | | | | |
| Unrestricted | 2,239,789 | - | - | - | - | - | 2,239,789 |
| Restricted | - | 53,242 | - | - | 19,325,999 | 1,740,007 | 21,119,248 |
| Cash on hand | 500 | - | - | - | - | - | 500 |
| In custody of the fiscal agent | - | - | - | 49,438,461 | - | - | 49,438,461 |
| Accounts receivable, net | 2,411,011 | - | - | - | 490,835 | - | 2,901,846 |
| Interest receivable | 26,197 | 1,749 | 386,397 | 218,895 | 611,258 | 347,401 | 1,591,897 |
| Due from other funds | 775,208 | - | - | - | 4,778,896 | 13,190,635 | 18,744,739 |
| Due from other governmental units | 190,496 | 14,438,479 | - | - | 54,321,591 | 1,005,560 | 69,956,126 |
| Prepaid expenses | 9,520 | - | - | - | 125,000 | - | 134,520 |
| TOTAL ASSETS | \$ 10,378,044 | \$ 14,808,977 | \$ 70,078,592 | \$ 89,137,941 | \$ 189,904,040 | \$ 78,942,104 | \$ 453,249,698 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable | \$ 1,750,759 | \$ 3,116,041 | \$ - | \$ - | \$ 30,249,245 | \$ 1,028,507 | \$ 36,144,552 |
| Accrued payroll | 769,278 | - | - | - | - | - | 769,278 |
| Due to other funds | - | 10,928,323 | 7,041,416 | - | 387,500 | - | 18,357,239 |
| Other liabilities | 127,247 | - | - | - | - | - | 127,247 |
| Total liabilities | 2,647,284 | 14,044,364 | 7,041,416 | - | 30,636,745 | 1,028,507 | 55,398,316 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | |
| Unearned revenue from Build America Bonds Rebate | - | - | 1,664,495 | - | - | - | 1,664,495 |
| Total deferred inflows of resources | - | - | 1,664,495 | - | - | - | 1,664,495 |
| Total liabilities and deferred inflows of resources | 2,647,284 | 14,044,364 | 8,705,911 | - | 30,636,745 | 1,028,507 | 57,062,811 |
| FUND BALANCES: | | | | | | | |
| Nonspendable fund balance | 9,520 | - | - | - | 125,000 | - | 134,520 |
| Restricted fund balance | - | 764,613 | 61,372,681 | 89,137,941 | 159,142,295 | 77,913,597 | 388,331,127 |
| Unassigned fund balance | 7,721,240 | - | - | - | - | - | 7,721,240 |
| Total fund balances | 7,730,760 | 764,613 | 61,372,681 | 89,137,941 | 159,267,295 | 77,913,597 | 396,186,887 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 10,378,044 | \$ 14,808,977 | \$ 70,078,592 | \$ 89,137,941 | \$ 189,904,040 | \$ 78,942,104 | \$ 453,249,698 |

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

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

Fund balance - governmental funds \$ 396,186,887

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

| | | |
|-------------------------------|---------------------|------------|
| Capital assets | \$ 28,825,826 | |
| Less accumulated depreciation | <u>(14,901,263)</u> | 13,924,563 |

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

| | | |
|--|--------------------|---------------|
| Bonds and notes payable | (716,895,000) | |
| Unamortized issuance premiums | (81,677,308) | |
| Unamortized issuance discounts | 20,747 | |
| Loss on bond refunding | 13,729,430 | |
| Deferred outflows of resources - pension | 7,333,108 | |
| Deferred outflows of resources - other post employment benefit | 81,274 | |
| Accrued interest payable | (17,157,198) | |
| Compensated absences | (2,970,191) | |
| Total OPEB liability | (5,724,979) | |
| Net pension liability | (29,583,473) | |
| Deferred inflows of resources - pension | (1,514,028) | |
| Deferred inflows of resources - other post employment benefit | <u>(4,847,542)</u> | (839,205,160) |

Total net position - governmental activities \$ (429,093,710)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

| | General Fund | Special Revenue Fund | Debt Service Funds | | Capital Project Funds | | Total Governmental Funds |
|---|------------------------------------|-------------------------|----------------------|----------------------|---------------------------------|-------------------------|--------------------------|
| | Regional Transportation Commission | Regional Transportation | RTC Bonds | RTC Reserve | Highway Improvement Acquisition | RTC Highway Improvement | |
| REVENUES | | | | | | | |
| Intergovernmental revenue: | | | | | | | |
| Federal and state grants | \$ 2,778,711 | \$ - | \$ - | \$ - | \$ 37,000,000 | \$ - | \$ 39,778,711 |
| Fuel taxes | - | - | - | - | 180,531,947 | 3,992,788 | 184,524,735 |
| Sales and excise tax | - | 55,460,145 | - | - | - | - | 55,460,145 |
| Interest | 119,946 | 142,872 | 2,505,224 | 3,805,470 | 7,433,853 | 2,242,731 | 16,250,096 |
| Other | 2,107,635 | - | 3,321,894 | - | - | 271,068 | 5,700,597 |
| Total revenues | <u>5,006,292</u> | <u>55,603,017</u> | <u>5,827,118</u> | <u>3,805,470</u> | <u>224,965,800</u> | <u>6,506,587</u> | <u>301,714,284</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Salaries and wages | 16,202,337 | - | - | - | - | - | 16,202,337 |
| Employee benefits | 6,479,408 | - | - | - | - | - | 6,479,408 |
| Services and supplies | 11,569,593 | 8,873,623 | 3,250 | - | 179,599 | 3,500 | 20,629,565 |
| Debt service: | | | | | | | |
| Principal | - | - | 48,705,000 | 6,354,000 | 90,941,000 | - | 146,000,000 |
| Interest | - | - | 41,916,613 | - | 1,356,602 | - | 43,273,215 |
| Capital outlay | 251,467 | - | - | - | 158,261,681 | 5,370,084 | 163,883,232 |
| Total expenditures | <u>34,502,805</u> | <u>8,873,623</u> | <u>90,624,863</u> | <u>6,354,000</u> | <u>250,738,882</u> | <u>5,373,584</u> | <u>396,467,757</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(29,496,513)</u> | <u>46,729,394</u> | <u>(84,797,745)</u> | <u>(2,548,530)</u> | <u>(25,773,082)</u> | <u>1,133,003</u> | <u>(94,753,473)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 27,100,830 | - | 74,598,230 | - | - | 41,785,693 | 143,484,753 |
| Transfers out | - | (46,586,523) | - | - | (61,392,388) | (24,355,842) | (132,334,753) |
| Total other financing sources (uses) | <u>27,100,830</u> | <u>(46,586,523)</u> | <u>74,598,230</u> | <u>-</u> | <u>(61,392,388)</u> | <u>17,429,851</u> | <u>11,150,000</u> |
| CHANGES IN FUND BALANCES | | | | | | | |
| Fund balances - beginning | (2,395,683) | 142,871 | (10,199,515) | (2,548,530) | (87,165,470) | 18,562,854 | (83,603,473) |
| Fund balances - ending | <u>10,126,443</u> | <u>621,742</u> | <u>71,572,196</u> | <u>91,686,471</u> | <u>246,432,765</u> | <u>59,350,743</u> | <u>479,790,360</u> |
| Fund balances - ending | <u>\$ 7,730,760</u> | <u>\$ 764,613</u> | <u>\$ 61,372,681</u> | <u>\$ 89,137,941</u> | <u>\$ 159,267,295</u> | <u>\$ 77,913,597</u> | <u>\$ 396,186,887</u> |

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

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

Changes in fund balances - governmental funds \$ (83,603,473)

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

| | | |
|--------------------------------|----------------------|-----------|
| Capital outlay | \$ 163,883,232 | |
| Less capital outlay to others | <u>(163,631,765)</u> | |
| Capital asset additions | 251,467 | |
| Less current year depreciation | <u>(921,389)</u> | (669,922) |

The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized over the life of the related debt in the statement of activities.

| | | |
|--|----------------|-------------|
| Principal payments | 146,000,000 | |
| Gain on extinguishment of debt | 686,732 | |
| Amortization of loss on bond refunding | (2,046,151) | |
| Amortization of bond premiums | 8,807,169 | |
| Amortization of bond discounts | <u>(1,804)</u> | 153,445,946 |

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

| | | |
|---|------------------|------------------|
| Change in accrued interest payable | 3,246,470 | |
| Change in compensated absences | (190,243) | |
| Change in net pension liability and deferred inflows and outflows of resources related to pension | 402,724 | |
| Change in total OPEB liability and deferred inflows and outflows of resources related to OPEB | <u>(482,084)</u> | <u>2,976,867</u> |

Change in net position - governmental activities \$ 72,149,418

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

| | Public Transit |
|---|----------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| Current assets: | |
| Cash and cash equivalents: | |
| In custody of the County Treasurer | \$ 119,234,153 |
| Cash in bank | 1,779,899 |
| Cash on hand | 14,700 |
| Accounts receivable | 8,519,209 |
| Interest receivable | 656,830 |
| Due from other governmental units | 56,190,118 |
| Prepaid expenses | 438,344 |
| Total current assets | 186,833,253 |
| Non-current assets: | |
| Capital assets: | |
| Land and construction in progress | 41,017,566 |
| Buildings and improvements | 230,119,931 |
| Equipment | 473,190,218 |
| Accumulated depreciation | (314,384,278) |
| Total non-current assets | 429,943,437 |
| Total assets | 616,776,690 |
| Deferred outflows of resources | |
| Deferred outflows related to pensions | 4,999,733 |
| Deferred outflows related to other post employment benefits | 80,746 |
| Total deferred outflows of resources | 5,080,479 |
| Total assets and deferred outflows of resources | \$ 621,857,169 |

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019**

| | Public Transit |
|---|----------------|
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | |
| Current liabilities: | |
| Accounts payable | \$ 22,813,576 |
| Accrued payroll | 548,617 |
| Compensated absences | 839,029 |
| Due to other funds | 387,500 |
| Other current liabilities | 148,774 |
| Total current liabilities | 24,737,496 |
| Non-current liabilities: | |
| Compensated absences | 762,038 |
| Total OPEB liability | 5,862,105 |
| Net pension liability | 20,170,097 |
| Total non-current liabilities | 26,794,240 |
| Total liabilities | 51,531,736 |
| Deferred inflows of resources | |
| Deferred inflows related to pensions | 1,032,268 |
| Deferred inflows related to other post employment benefit | 4,936,765 |
| Total deferred inflows of resources | 5,969,033 |
| Total liabilities and deferred inflows of resources | 57,500,769 |
| NET POSITION | |
| Net investment in capital assets | 426,036,632 |
| Unrestricted | 138,319,768 |
| Total net position | \$ 564,356,400 |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

| | Public Transit |
|---|----------------|
| OPERATING REVENUES | |
| Charges for services: | |
| Transit fees | \$ 76,322,200 |
| Transit advertising | 3,900,000 |
| Other | 407,102 |
| Total operating revenues | 80,629,302 |
| OPERATING EXPENSES | |
| Salaries and wages | 11,264,730 |
| Employee benefits | 6,800,979 |
| Services and supplies | 210,235,694 |
| Depreciation | 54,070,937 |
| Total operating expenses | 282,372,340 |
| Operating loss | (201,743,038) |
| NON-OPERATING REVENUES | |
| Intergovernmental revenue: | |
| Sales and excise tax | 166,380,438 |
| Interest income | 4,793,495 |
| Federal and state grants and contributions | 1,398,878 |
| Gain on sale of capital assets | 222,455 |
| Total non-operating revenues | 172,795,266 |
| Loss before transfers and capital contributions | (28,947,772) |
| CAPITAL CONTRIBUTIONS AND TRANSFERS: | |
| Federal and state grants and contributions | 59,469,622 |
| Transfers out | (11,150,000) |
| Total capital contributions and transfers | 48,319,622 |
| CHANGE IN NET POSITION | 19,371,850 |
| Net position - beginning | 544,984,550 |
| Net position - ending | \$ 564,356,400 |

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | Public Transit |
|--|------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 79,587,099 |
| Cash paid for employees and benefits | (15,748,447) |
| Cash paid for services and supplies | (225,168,223) |
| Other operating receipts | 407,102 |
| Net cash used in operating activities | (160,922,469) |
| Cash flows from non-capital financing activities: | |
| Cash provided by sales and excise tax | 150,419,751 |
| Federal and state grants | 1,408,236 |
| Transfers to other funds | (11,150,000) |
| Net cash provided by non-capital financing activities | 140,677,987 |
| Cash flows from capital and related financing activities: | |
| Acquisition, construction, or improvements of capital assets | (56,002,753) |
| Proceeds from sale of capital assets | 222,455 |
| Federal and state grants | 59,632,257 |
| Net cash provided by capital and related financing activities | 3,851,959 |
| Cash flows from investing activities: | |
| Interest received | 4,519,480 |
| Decrease in cash and cash equivalents | (11,873,043) |
| Cash and cash equivalents - beginning of year | 132,901,795 |
| Cash and cash equivalents - end of year | \$ 121,028,752 |
| Reconciliation of operating loss to net cash flows used in operating activities: | |
| Operating loss | \$ (201,743,038) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation | 54,070,937 |
| Increase in accounts receivable | (651,984) |
| Increase in prepaid expenses | (334,632) |
| Decrease in accounts payable | (12,047,898) |
| Increase in accrued payroll | 28,643 |
| Decrease in due to other funds | (2,550,000) |
| Increase in other current liabilities | 16,884 |
| Increase in compensated absences | 200,046 |
| Net increase in total OPEB liability and related deferred inflows and deferred outflows | 708,959 |
| Net increase in net pension liability and related deferred inflows and deferred outflows | 1,379,614 |
| Net cash used in operating activities | \$ (160,922,469) |
| Non-cash investing, capital and related financing activities: | |
| Capital assets purchased included in accounts payable and retention payable | \$ 3,906,806 |

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

In accordance with Nevada Revised Statutes (NRS) 373, ordinance 226 was adopted by the Clark County Board of Commissioners on June 7, 1965, creating the Regional Streets and Highway Commission. On December 4, 1979, its name was changed to the Regional Transportation Commission. On September 21, 2000, the name was changed to the Regional Transportation Commission of Southern Nevada (the “RTC”). The RTC is governed by an 8 member Board of Commissioners (the “Board”), comprised of elected officials, as follows:

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

When initially adopted, the creating ordinance provided for a one cent per gallon tax on motor vehicle fuel sold (gasoline) in Clark County (the “County”). On September 1, 1969, the tax was increased to two cents per gallon and remained in effect until April 1, 1983, at which time the tax was increased to four cents per gallon and remained at that rate until January 1, 1992. On November 6, 1990, Clark County voters approved an advisory ballot question increasing the motor vehicle fuel tax levy along with five other taxes. In 1991, the State of Nevada Legislature responded to this voter mandate and passed Senate Bill 112 in March 1991. On April 16, 1991, the County passed an ordinance increasing the tax on motor vehicle fuel. The effective dates and tax rates per gallon this tax were: January 1, 1992, five cents; January 1, 1993, seven cents; January 1, 1994, eight cents, and January 1, 1995, nine cents.

In June of 2013 the Nevada State Legislature passed Assembly Bill No. 413, authorizing Clark County to impose additional taxes on fuels (gasoline, diesel, compressed natural gas, and liquefied petroleum gas) for motor vehicles referred to as Indexed Fuel Tax (IFT 1). Under IFT 1, Motor Vehicle Fuel Taxes are increased annually by the ten year average of a Producer Price Index (PPI) for nonresidential construction not to exceed 7.8%. The IFT 1 consist of index based excise taxes imposed on the rates of 12 existing base fuel taxes, seven of which are imposed by the State, four of which are imposed by the United States, and one of which is imposed by the County. Some of the taxes imposed by the State are for the benefit of the County. On September 3, 2013, the Clark County Commission adopted Ordinance No. 4126, which imposed the IFT 1 commencing on January 1, 2014 and further increases were calculated and imposed on July 1, 2014, July 1, 2015, and July 1, 2016 to a maximum 10 cent per gallon additional fuel tax (8.8 cents paid to the RTC and 1.2 cents paid to Clark County). As of July 1, 2016 the 10 cents per gallon tax rate was attained and will remain in effect until all outstanding bonds that have a lien against this revenue have been paid.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

On November 8, 2016 the voters in Clark County, Nevada approved additional indexing of fuel taxes that became effective July 1, 2017 and terminates after 2026 unless a proposal to continue indexing is approved by a majority of the registered voters of the County at the November 3, 2026 general election. As a result of the additional indexing the rates imposed on fuel taxes, as adjusted to account for prior indexing, will be further increased in each year for inflation based on PPI for nonresidential construction not to exceed 7.8% or 4 cents per gallon. On March 21, 2017, the Clark County Commission adopted Ordinance No. 4466, which continued the Indexed Fuel Taxes (IFT 2) commencing on July 1, 2017, and placed the additional annual limit on increases to 4 cents per gallon. Revenue from additional indexing of State based fuel taxes generated in Clark County is required to be sent to the State Highway Fund and must be spent on roadway projects in Clark County.

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

In November 2002, Clark County voters approved an advisory ballot question providing for a variety of new taxes to fund public transit, transportation infrastructure, air quality and traffic management. The 2003 Nevada Legislature passed enabling legislation allowing the County to increase aviation fuel tax, sales tax, and residential development tax for these purposes. These tax increases were enacted by the Board of County Commissioners on July 1, 2003, with the tax increases taking effect on October 1, 2003.

The RTC is a discretely presented component unit of the Clark County, Nevada financial reporting entity because the County issues debt on behalf of the RTC. The accounting policies of the RTC conform to accounting principles generally accepted in the United States as applicable to governmental entities.

Government-Wide and Fund Financial Statements

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

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

The RTC reports the following major governmental funds:

Regional Transportation Commission Fund (1) – this is the general operating fund of the RTC. It is used to account for all resources and cost of operations traditionally associated with governments, which are not required to be accounted for in other funds.

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

RTC Bonds Fund (3) – this fund is used to account for the payment of principal and interest, and the cost of operations associated with the debt service for the RTC's outstanding debt.

RTC Reserve Fund (4) – this fund is used to accumulate a continuing reserve only to be used to prevent deficiencies in the payment of principal and interest associated with the RTC's outstanding debt.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Highway Improvement Acquisition Fund (5) – this fund is used to account for the funding of construction of roads and streets paid for from motor vehicle fuel taxes, indexed fuel taxes and proceeds of revenue bonds.

RTC Highway Improvement Fund (6) – this fund is used to account for the funding of construction of roads and streets paid for from the November 2002, Question 10 voter approved Jet-Aviation fuel tax and sales tax increase in 2003 and proceeds of revenue bonds.

The RTC reports the following major proprietary fund:

Public Transit Fund (50) – this fund is used to account for the operations of the RTC public transit system.

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

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 public transit and services. Operating expenses for the enterprise fund include the cost of public transit services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and Investments

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Cash and cash equivalents include cash in bank, cash on hand, cash in custody of Clark County Treasurer or fiscal agent, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

At June 30, 2019, a significant portion of the RTC's cash and cash equivalents were deposited in the custody of the County Treasurer or a fiscal agent, in a manner similar to an external investment pool. These amounts are sufficiently liquid to permit withdrawals in the form of cash at any time without prior notice or penalty; and therefore, they are deemed to be cash equivalents.

Receivables and Payables

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

Prepaid Expenses

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

Capital Assets

Capital assets, which include land, construction in progress, buildings, equipment, and furniture, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the RTC as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition cost on the date of donation.

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

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

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

For federally funded assets, the RTC follows the federal guidelines for depreciation.

Compensated Absences

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

Long-Term Obligations

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

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

Other Postemployment Benefits (OPEB)

Effective July 1, 2017, the RTC implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended.

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A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows and inflows of resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

Fund Balance

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

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

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

Unassigned fund balance in the Regional Transportation Commission fund and Highway Improvement Acquisition fund is the excess of nonspendable fund balance.

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

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(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation and capital-related borrowings.

Restricted for capital projects and intergovernmental capital grants has constraints placed on use by external parties such as creditors, grants, laws or regulations.

Restricted for debt service has constraints placed on use by external parties such as creditors, laws or regulations.

Unrestricted/(deficit) consist of any portion of net position not already classified as either net investment in capital assets or net position-restricted. It also consists of borrowings used to finance capital outlay to others.

Use of Estimates

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

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

NOTE 2 – Stewardship, Compliance and Accountability

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

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

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

Compliance with Nevada Revised Statutes

Per NRS 354.626, the RTC is required to report and explain expenditures that exceeded budgeted appropriations at the legal level for each of its funds. For the year ended June 30, 2019, the RTC had no funds or functions with expenditures in excess of appropriations.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

NOTE 3 – Cash and Investments

The majority of all cash and investments of RTC are included in the investment pool of the County Treasurer or are in the custody of a fiscal agent. As of June 30, 2019, cash and investments are summarized as follows:

| | |
|--|---------------------------|
| Clark County Investment Pool | \$ 406,356,725 |
| Cash and Investments with fiscal agent | 49,438,461 |
| Cash in bank | 25,138,935 |
| Cash on hand | <u>15,200</u> |
| Total cash and investments | <u>\$ 480,949,321</u> |

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

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

The NRS specifically requires collateral for demand deposits and specifies that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to allowable County investments described below, except the NRS permits a longer term and includes securities issued by municipalities within Nevada. The County's, and therefore, the RTC's deposits are fully covered by federal depository insurance or collateral held by the County's agent in the County's name. The County monitors the Nevada Collateral Pool to ensure full collateralization.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 3 – Cash and Investments (continued)

When investing monies, the County is required to be in conformance with NRS and written policies adopted by the Board of County Commissioners designating allowable investments and the safeguarding of those investments. The County invests monies both by individual fund and through a pooling of monies. The pooled monies, referred to as the investment pool, are theoretically invested as a combination of monies from each fund belonging to the pool. In this manner, the County 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 balances of the funds for the month in which the investment matures. Cash and investments in the custody of the County Treasurer comprise the investment pool. Securities purchased by the County are delivered against payments and held in a custodial safekeeping account with the trust department of a bank designated by the County.

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the RTC. Instead, the RTC owns a proportionate share of each investment, based on the RTC's participation percentage in the investment pool.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the present value of a fixed income's cash flows and is used to estimate the sensitivity of a security's price to interest rate changes.

As of June 30, 2019, the \$49,438,461 of RTC investments with fiscal agent 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> |
| Debt Securities: | | | | |
| U.S. Agencies | \$ 31,187,506 | \$ 4,843,763 | \$ 18,715,749 | \$ 7,627,994 |
| Money Market Funds | 2,977,955 | 2,977,955 | - | - |
| Forward Delivery Agreements | 15,273,000 | 15,273,000 | - | - |
| | <u>\$ 49,438,461</u> | <u>\$ 23,094,718</u> | <u>\$ 18,715,749</u> | <u>\$ 7,627,994</u> |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 3 – Cash and Investments (continued)

Fair Value Measurements

In accordance with GASB 72, investments and derivative instruments are valued at fair value. Securities classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities or offer same day liquidity at a price of par. Securities classified at Level 2 of the fair value hierarchy are generally valued using a matrix pricing technique. Matrix pricing is the process of estimating the market price of a bond based on the quoted prices of more frequently traded comparable bonds. Securities classified at Level 3 of the fair value hierarchy generally are not traded on the open market and include Forward Delivery Agreements, and State and Local Government Series (SLGS) securities which are purchased from the U.S. Department of Treasury through a subscription process, but can be redeemed through the Bureau of Fiscal Service by a redemption request.

As of June 30, 2019, the \$49,438,461 of RTC investments with fiscal agent are measured at fair value as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
|-----------------------------|----------------------|---|--|--|
| Debt Securities: | | | | |
| U.S. Agencies | \$ 31,187,506 | \$ - | \$ 31,187,506 | \$ - |
| Money Market Funds | 2,977,955 | 2,977,955 | - | - |
| Forward Delivery Agreements | 15,273,000 | - | - | 15,273,000 |
| | <u>\$ 49,438,461</u> | <u>\$ 2,977,955</u> | <u>\$ 31,187,506</u> | <u>\$ 15,273,000</u> |

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the RTC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, the RTC had no investment securities exposed to custodial credit risk.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 3 – Cash and Investments (continued)

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality is evaluated by one of the independent bond rating agencies, for example Moody's Investors Services (Moody's). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

As of June 30, 2019, the \$49,438,461 of RTC investment with fiscal agent were categorized by credit quality rating as follows:

| Investment Type | Fair Value | Quality Ratings by Moody's Investors Service | | | |
|------------------------------|----------------------|--|----------------------|-------------|---------------------|
| | | Aaa | A | P-1 | Unrated |
| Debt Securities: | | | | | |
| U.S. Agencies ⁽¹⁾ | \$ 31,187,506 | \$ 24,219,056 | \$ - | \$ - | \$ 6,968,450 |
| Money Market Funds | 2,977,955 | 2,977,955 | - | - | - |
| Forward Delivery Agreements | 15,273,000 | - | 15,273,000 | - | - |
| | <u>\$ 49,438,461</u> | <u>\$ 27,197,011</u> | <u>\$ 15,273,000</u> | <u>\$ -</u> | <u>\$ 6,968,450</u> |

⁽¹⁾ Unrated U.S. federal agency securities are Farmer Mac securities not rated by either Moody's or Standard & Poor's.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to no more than five percent of the investment pool. GASB Statement No. 40 requires disclosure of all investments in any one issuer that represent five percent or more of total investments. At June 30, 2019, the following investments exceeded five percent of investments with fiscal agent:

| | |
|--|--------|
| Federal Farm Credit Banks (FFCB) | 21.43% |
| Federal Home Loan Banks (FHLB) | 19.47% |
| Federal Agricultural Mortgage Corporation (FAMC) | 14.10% |
| Federal Home Loan Mortgage Corporation (FHLMC) | 8.09% |
| Morgan Stanley Liq. Govt. Inst. | 5.37% |

GASB 31

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 4 – Accounts Receivable and Due from Other Governmental Units

Accounts receivable and due from other governmental units as of June 30, 2019, were as follows:

| | <u>Governmental Activities</u> | | | | | |
|---|---|------------------------------------|--|------------------------------------|--------------------------|-------------------------------------|
| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Project Funds</u> | | <u>Total</u> | <u>Business-type Activities</u> |
| | <u>Regional Transportation Commission</u> | <u>Regional Transportation</u> | <u>Highway Improvement Acquisition</u> | <u>RTC Highway Improvement</u> | | |
| | | | | | | |
| Accounts receivable | \$ 2,411,011 | \$ - | \$ 927,215 | \$ - | \$ 3,338,226 | \$ 8,519,209 |
| Less allowance for uncollectible receivables | - | - | 436,380 | - | 436,380 | - |
| Accounts receivables, net | <u>\$ 2,411,011</u> | <u>\$ -</u> | <u>\$ 490,835</u> | <u>\$ -</u> | <u>\$ 2,901,846</u> | <u>\$ 8,519,209</u> |
| Due from other governmental units | <u>\$ 190,496</u> | <u>\$ 14,438,479</u> | <u>\$ 54,321,591</u> | <u>\$ 1,005,561</u> | <u>\$ 69,956,127</u> | <u>\$ 56,190,118</u> |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 5 – Capital Assets

Capital asset activity for the year ended June 30, 2019, consisted of the following:

| | Balance July 1, 2018 | Increases | Decreases | Balance June 30, 2019 |
|--|--------------------------------|---------------------------------|----------------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 1,652,164 | \$ 251,467 | \$ 86,113 | \$ 1,817,518 |
| Capital assets being depreciated: | | | | |
| Buildings | 18,722,303 | - | - | 18,722,303 |
| Equipment | 8,862,671 | 86,113 | 662,779 | 8,286,005 |
| Total capital assets being depreciated | <u>27,584,974</u> | <u>86,113</u> | <u>662,779</u> | <u>27,008,308</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 6,948,799 | 323,690 | - | 7,272,489 |
| Equipment | 7,693,854 | 597,699 | 662,779 | 7,628,774 |
| Total accumulated depreciation | <u>14,642,653</u> | <u>921,389</u> | <u>662,779</u> | <u>14,901,263</u> |
| Total capital assets being depreciated, net | <u>12,942,321</u> | <u>(835,276)</u> | <u>-</u> | <u>12,107,045</u> |
| Governmental activities capital assets, net | <u>\$ 14,594,485</u> | <u>\$ (583,809)</u> | <u>\$ 86,113</u> | <u>\$ 13,924,563</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 32,440,386 | \$ - | \$ - | \$ 32,440,386 |
| Construction in progress | 4,216,662 | 59,976,691 | 55,616,173 | 8,577,180 |
| Total capital assets not being depreciated | <u>36,657,048</u> | <u>59,976,691</u> | <u>55,616,173</u> | <u>41,017,566</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 230,351,949 | 4,180,506 | 4,412,524 | 230,119,931 |
| Transit vehicles and equipment | 466,055,617 | 55,781,056 | 48,646,455 | 473,190,218 |
| Total capital assets being depreciated | <u>696,407,566</u> | <u>59,961,562</u> | <u>53,058,979</u> | <u>703,310,149</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 72,243,963 | 7,616,200 | - | 79,860,163 |
| Transit vehicles and equipment | 236,715,833 | 46,454,737 | 48,646,455 | 234,524,115 |
| Total accumulated depreciation | <u>308,959,796</u> | <u>54,070,937</u> | <u>48,646,455</u> | <u>314,384,278</u> |
| Total capital assets being depreciated, net | <u>387,447,770</u> | <u>5,890,625</u> | <u>4,412,524</u> | <u>388,925,871</u> |
| Business-type activities capital assets, net | <u>\$ 424,104,818</u> | <u>\$ 65,867,316</u> | <u>\$ 60,028,697</u> | <u>\$ 429,943,437</u> |
| | <u>Governmental activities</u> | <u>Business-type activities</u> | | |
| FY 2019 depreciation expense | <u>\$921,389</u> | <u>\$54,070,937</u> | | |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 6 – Interfund Balances and Transfers

Interfund balances as of June 30, 2019, consisted of the following:

| Receivable Fund | Payable Fund | | | | Total |
|-------------------------------------|-------------------------|---------------------|-------------------------------------|-------------------|----------------------|
| | Regional Transportation | RTC Bonds | RTC Highway Improvement Acquisition | Public Transit | |
| Regional Transportation Commission | \$ 208 | \$ - | \$ 387,500 | \$ 387,500 | \$ 775,208 |
| RTC Highway Improvement Acquisition | - | 4,778,896 | - | - | 4,778,896 |
| RTC Highway Improvement | 10,928,115 | 2,262,520 | - | - | 13,190,635 |
| Totals | \$ 10,928,323 | \$ 7,041,416 | \$ 387,500 | \$ 387,500 | \$ 18,744,739 |

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

Interfund transfers for the year ended June 30, 2019, consisted of the following:

| Transfers Out | Transfers In | | | Total |
|-------------------------------------|------------------------------------|----------------------|-------------------------|-----------------------|
| | Regional Transportation Commission | RTC Bonds | RTC Highway Improvement | |
| Regional Transportation | \$ 4,800,830 | \$ - | \$ 41,785,693 | \$ 46,586,523 |
| RTC Highway Improvement Acquisition | 11,150,000 | 50,242,388 | - | 61,392,388 |
| RTC Highway Improvement | - | 24,355,842 | - | 24,355,842 |
| Public Transit | 11,150,000 | - | - | 11,150,000 |
| Total | \$ 27,100,830 | \$ 74,598,230 | \$ 41,785,693 | \$ 143,484,753 |

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 7 – Long-Term Debt

Revenue and Refunding Bonds

Clark County on behalf of the RTC issues revenue bonds, refunding bonds and pledges revenue derived from fuel tax and the sales and excise tax to pay debt service. Highway Improvement Revenue and Refunding bonds outstanding at June 30, 2019, were as follows:

| | <u>Original Amount</u> | <u>Maturity Dates</u> | <u>Interest Rate</u> | <u>Balance June 30, 2019</u> |
|---|------------------------|-----------------------|----------------------|----------------------------------|
| Motor vehicle fuel tax bonds: | | | | |
| Series 2011 | 118,105,000 | July 1, 2023 | 4.00-5.00% | \$ 64,830,000 |
| Series 2016 | 107,350,000 | July 1, 2024 | 5.00% | 94,165,000 |
| Series 2016B | 43,495,000 | July 1, 2028 | 5.00% | 43,495,000 |
| Fuel tax indexing bonds: | | | | |
| Series 2014A | 100,000,000 | July 1, 2034 | 3.00-5.00% | 86,680,000 |
| Series 2015 | 85,000,000 | July 1, 2035 | 5.00% | 79,830,000 |
| Series 2017 | 150,000,000 | July 1, 2037 | 4.00-5.00% | 145,405,000 |
| Sales and excise tax bonds: | | | | |
| Series 2010 | 69,595,000 | July 1, 2029 | 3.00-5.00% | 3,290,000 |
| Series 2010B | 94,835,000 | July 1, 2020 | 3.00-5.00% | 22,235,000 |
| Series 2010C | 140,560,000 | July 1, 2030 | 5.10-6.15% | 140,560,000 |
| Series 2016 | 36,405,000 | July 1, 2029 | 5.00% | 36,405,000 |
| Total highway improvement revenue and refunding bonds | | | | <u>\$ 716,895,000</u> |

At June 30, 2019, the debt service requirements to maturity were as follows:

| <u>Year ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| 2020 | \$ 50,975,000 | \$ 35,556,868 | \$ 86,531,868 |
| 2021 | 52,900,000 | 32,991,893 | 85,891,893 |
| 2022 | 55,455,000 | 30,277,080 | 85,732,080 |
| 2023 | 58,045,000 | 27,426,473 | 85,471,473 |
| 2024 | 60,750,000 | 24,419,728 | 85,169,728 |
| 2025-2029 | 230,800,000 | 85,523,435 | 316,323,435 |
| 2030-2034 | 137,875,000 | 32,742,514 | 170,617,514 |
| 2035-2038 | 70,095,000 | 5,783,625 | 75,878,625 |
| Total debt service requirements | <u>\$ 716,895,000</u> | <u>\$ 274,721,616</u> | <u>\$ 991,616,616</u> |

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

NOTE 7 – Long-Term Debt (continued)

Arbitrage Rebate and Debt Covenant Requirements

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

Long-term debt obligations are subject to restrictive debt covenants, including certain revenue levels, debt service coverage ratios and maintenance of a debt reserve account, for which management believes the RTC, is in compliance.

Pledged Revenues

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

The collateralized twelve cents includes the County’s share of three cents per gallon tax levied by the State pursuant to NRS 365.180 and 365.190 and accounted for in other County funds, and the County’s share of the Indexed Fuel Taxes.

The net pledged revenues related to motor vehicle fuel taxes for the year ended June 30, 2019, were as follows:

| | |
|---|---------------|
| Pledged revenues (net of administrative expenditures): | |
| County share motor vehicle fuel tax (\$.03) | \$ 22,030,635 |
| RTC share motor vehicle fuel tax (\$.09) | 74,801,402 |
| | 96,832,037 |
| Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan | (2,098,454) |
| | \$ 94,733,583 |

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FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

Pledged Revenues (continued)

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

The net pledged revenues related to indexed fuel taxes for the year ended June 30, 2019, were as follows:

| | | |
|---|---------------------|------------------------------|
| Pledged revenues (net of administrative expenditures): | | |
| County share Indexed Fuel Taxes | | \$ 10,757,416 |
| RTC share Indexed Fuel Taxes | | 105,730,556 |
| Subordinate Motor Vehicle Fuel Tax Revenue | | |
| Net pledge Motor Vehicle Fuel Tax Revenue | \$ 94,733,583 | |
| Principal and interest payment | <u>(39,127,120)</u> | <u>55,606,463</u> |
| | | 172,094,435 |
| Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan | | <u>(2,838,954)</u> |
| Net pledged revenues | | <u><u>\$ 169,255,481</u></u> |

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

The net pledged revenues related to sales and excise tax and jet aviation fuel tax for the year ended June 30, 2019, were as follows:

| | | |
|----------------------------|--|------------------------------|
| Pledged revenues: | | |
| Sales and excise tax | | \$ 110,920,292 |
| Jet aviation fuel tax | | <u>3,992,788</u> |
| Total net pledged revenues | | <u><u>\$ 114,913,080</u></u> |

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NOTE 7 – Long-Term Debt (continued)

Pledged Revenues (continued)

The debt coverage ratio for net pledged revenues for the year ended June 30, 2019, were as follows:

| | Motor Vehicle Fuel Tax | Indexed Fuel Tax | Sales and Excise Tax and Jet Aviation Fuel Tax |
|--|-----------------------------|-----------------------------|---|
| | <u> </u> | <u> </u> | <u> </u> |
| Net pledged revenues | \$ 94,733,583 | \$ 169,255,481 | \$ 114,913,080 |
| Total principal and interest payment based on Maximum Annual Debt Service | <u>35,074,750</u> | <u>26,527,225</u> | <u>24,929,893</u> |
| Debt coverage ratio | <u>2.70</u> | <u>6.38</u> | <u>4.61</u> |
| Required debt coverage ratio | <u>1.50</u> | <u>1.50</u> | <u>1.50</u> |

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NOTE 8 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------------|----------------------|-----------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue and refunding bonds | \$ 862,895,000 | \$ - | \$ 146,000,000 | \$ 716,895,000 | \$ 50,975,000 |
| Unamortized issuance premium | 91,171,208 | - | 9,493,900 | 81,677,308 | - |
| Unamortized issuance discount | (22,551) | - | (1,804) | (20,747) | - |
| Total bonds payable | <u>954,043,657</u> | <u>-</u> | <u>155,492,096</u> | <u>798,551,561</u> | <u>50,975,000</u> |
| Compensated absences | 2,779,948 | 1,491,740 | 1,301,497 | 2,970,191 | 1,301,497 |
| Total OPEB liability | 9,001,081 | 5,724,979 | 9,001,081 | 5,724,979 | - |
| Net pension liability | <u>28,952,866</u> | <u>3,590,824</u> | <u>2,960,217</u> | <u>29,583,473</u> | <u>-</u> |
| Governmental activities Long-term liabilities | <u>\$ 994,777,552</u> | <u>\$ 10,807,543</u> | <u>\$ 168,754,891</u> | <u>\$ 836,830,204</u> | <u>\$ 52,276,497</u> |
| Business-type activities: | | | | | |
| Compensated absences | \$ 1,401,021 | 1,039,075 | 839,029 | \$ 1,601,067 | \$ 839,029 |
| Total OPEB liability | 9,001,082 | 5,862,105 | 9,001,082 | 5,862,105 | - |
| Net pension liability | <u>17,987,619</u> | <u>3,490,288</u> | <u>1,307,810</u> | <u>20,170,097</u> | <u>-</u> |
| Business-type activities Long-term liabilities | <u>\$ 28,389,722</u> | <u>\$ 10,391,468</u> | <u>\$ 11,147,921</u> | <u>\$ 27,633,269</u> | <u>\$ 839,029</u> |

Redemption and Defeasance of Debt

On April 5, 2019, RTC redeemed its Improvement and Refunding Bonds, Series 2007 (with original maturity from 2025 through 2027) at 100% of the principal amount of \$64,700,000 plus interest of \$506,817. The difference between the reacquisition price and net carrying amount of the debt was recognized as gain on extinguishment of debt (mainly due to the unamortized portion of bond premium).

On April 8, 2019, RTC defeased its Improvement Bonds, Series 2010A with outstanding balance of \$32,595,000 by placing cash of \$33,444,785 in a trust account with Bank of New York Mellon Trust Company, N.A., the escrow agent for the defeasance. The \$849,785 difference between the cash placed in a trust account and the outstanding balance of Series 2010A represents interest. The funds, which were used to purchase US Securities in accordance with the escrow agreement, have been irrevocably pledged to the payment of the outstanding bonds. The escrow agent has not been authorized to substitute assets that are not essentially risk-free in the trust portfolio. Principal and interest from the funds have been deemed sufficient to retire the principal and interest on the \$32,595,000 outstanding balance of the Improvement Refunding Bonds, Series 2010A. Accordingly, the trust account assets and the liability for the defeased bonds are not included in RTC's financial statements. At June 30, 2019, \$32,595,000 of bonds remained outstanding and are considered defeased.

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(CONTINUED)**

NOTE 9 - Operating Lease Commitments

The RTC was party to one operating lease at June 30, 2019, as follows:

| <u>Lessor</u> | <u>FY19 Average Monthly Rental</u> | <u>Date Lease Commenced</u> | <u>Date Lease Terminates</u> |
|---------------|--|---------------------------------|----------------------------------|
| LiveWork, LLC | <u>\$ 150,489</u> | January 5, 2008 | January 4, 2048 |

Total rent expense for fiscal year 2019 was \$1,805,866. The following is a schedule of future minimum lease payments for the operating lease as of June 30, 2019:

| | | |
|-------------------------------------|-----------|----------------------|
| Year ending June 30: | | |
| | 2020 | \$ 1,860,042 |
| | 2021 | 1,915,844 |
| | 2022 | 1,973,319 |
| | 2023 | 2,062,556 |
| | 2024 | 2,154,470 |
| | 2025-2029 | 11,890,104 |
| | 2030-2034 | 14,185,362 |
| | 2035-2039 | 16,923,695 |
| | 2040-2044 | 20,190,634 |
| | 2045-2048 | <u>16,367,762</u> |
| Total future minimum lease payments | | <u>\$ 89,523,788</u> |

The RTC entered into a 40-year land lease with LiveWork, LLC on April 2, 2007, as amended by First Amendment of Lease dated September 17, 2007. The base rent is \$1,250,000 per annum with a 3% annual escalation beginning in January 2009, and an additional 3% escalation in the 5th, 10th, 15th, 20th, 30th, and 35th years. This operating lease is cancelable if funds become unavailable. As a condition of the lease agreement, the RTC provided the lessor with a \$5,000,000 letter of credit as a security deposit. The security deposit shall be reduced by an amount equal to \$1,250,000 until the balance reaches the base security amount. Base security amount shall mean an amount equal to 1 year's then base rent. The reduction starts on the first day of the lease year immediately following the lease year in which the RTC commences operation of the terminal and on the first day of each subsequent lease year until the security deposit reaches the base security amount. As of June 30, 2019, a \$1,832,554 letter of credit was issued and unused.

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NOTE 10 - Net Position and Fund Balances

Net Position

At June 30, 2019, the RTC's government-wide statement of net position accumulated deficit is mainly attributable to borrowings to fund jurisdictional street and highway improvement projects. The resultant debt is retained and serviced by the RTC while the improved assets are owned and maintained by the Jurisdictions. Net position restricted for debt service totaled \$133,353,424. This amount is made up of restricted funds exclusively for debt service of \$150,510,622 less accrued interest payable of \$17,157,198.

Fund Balances

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

The following is a schedule of changes in the reserve for direct distributions for the year ended June 30, 2019:

| | Balance July 1, 2018 | Current Year Increases | Current Year Decreases | Balance June 30, 2019 |
|----------------------|-------------------------|---------------------------|---------------------------|--------------------------|
| City of Boulder City | \$ 2,831,557 | \$ 1,683,490 | \$ (135,000) | \$ 4,380,047 |
| Bunkerville | 160,756 | 62,143 | - | 222,899 |
| Indian Springs | 155,089 | 24,499 | - | 179,588 |
| Laughlin | 5,194,526 | 994,512 | (1,500,000) | 4,689,038 |
| City of Mesquite | 5,097,835 | 1,650,299 | - | 6,748,134 |
| Moapa Town | 62,803 | 1,699,653 | - | 1,762,456 |
| Moapa Valley | 1,189,478 | 389,346 | - | 1,578,824 |
| Mt. Charleston | 764,099 | 98,384 | - | 862,483 |
| Searchlight | 204,155 | 72,941 | - | 277,096 |
| Total | \$ 15,660,298 | \$ 6,675,267 | \$ (1,635,000) | \$ 20,700,565 |

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(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan

Plan Description

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

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

Benefits provided

Benefits, as required by the NRS, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants may be entitled under the System include pension, disability, and survivor benefits. Benefits may only be amended through legislation.

Monthly benefit allowances for regular members are computed at 2.5% for service credits earned prior to July 1, 2001, and 2.67% for service credits earned after July 1, 2001, of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement up to a maximum of 90% of the average compensation for employees who entered the system prior to July 1, 1985, and 75% for those entering after that date. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance, payable monthly during the employee's life and various optional monthly payments to a named beneficiary after the employee's death. Employees are eligible for retirement benefits at age 65 with 5 years of service, at age 60 with 10 years of service and at any age with 30 years of service. Post-retirement increases are provided by authority of NRS 286.575-579

The 2009 Legislature made changes to the System. The benefit allowances for members enrolled on or after January 1, 2010, are computed at 2.5% for service credits of average compensation (36 consecutive months of highest compensation, however; salary subject to 10% cap if it has increased more than 10% from the prior year) for each accredited year of service prior to retirement up to a maximum of 75% of the average compensation. Early retirement benefit reduction based on years, months and days increased from 4% to 6% for each full year. Employees are eligible for retirement benefits at age 65 with 5 years of service, at age 62 with 10 years of service and at any age with 30 years of service.

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(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Benefits provided (continued)

The 2015 Legislature made additional changes to the System. A member who has an effective date of membership on or after July 1, 2015, is eligible to retire at age 65 if the member has at least 5 years of service, at age 62 if the member has at least 10 years of service, at age 55 if the member has at least 30 years of service and at any age if the member has at least 33 1/3 years of service. For a regular member who has an effective date of membership on or after July 1, 2015, a monthly service retirement allowance must be determined by multiplying the member's average compensation by 2.25% for each year of service earned. A regular member who has an effective date of membership on or after July 1, 2015, is entitled to a benefit of not more than 75% of the member's average compensation with the member's eligibility for service credit ceasing at 33 1/3 years of service.

Contributions

Contribution rates are established by NRS 286.410, which provides for yearly increases until such time as the actuarially determined unfunded liability of the System is reduced to zero. The RTC is obligated to contribute all amounts due under the System. The contribution rate for eligible employees and the RTC's required contributions are as follows:

| | FISCAL YEAR ENDING JUNE 30, | | |
|---|-----------------------------|--------------|--------------|
| | 2019 | 2018 | 2017 |
| Contribution rates | 28.00% | 28.00% | 28.00% |
| Contractually required contribution - statutorily determined | \$ 6,847,292 | \$ 6,438,218 | \$ 6,061,100 |

Basis of accounting

Employers participating in the System's cost sharing multiple-employer defined benefit plans are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

The underlying financial information used to prepare the pension allocation schedules is based on the System's financial statements. The System's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

Contributions for employer pay dates that fall within the System's fiscal year ending June 30, 2018, are used as the basis for determining each employer's proportionate share of the collective pension amounts.

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NOTE 11 - Defined Benefit Pension Plan (continued)

Investment Policy

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Board adopted policy target asset allocation as of June 30, 2018:

| Asset Class | Target Allocation | Long-Term Geometric Expected Real Rate of Return* |
|----------------------|-------------------|---|
| Domestic stocks | 42% | 5.50% |
| International stocks | 18% | 5.75% |
| U.S. bonds | 30% | 0.25% |
| Private Markets | 10% | 6.80% |

* As of June 30, 2018, PERS' long-term inflation assumption was 2.75%

Pension Liability

Net Pension Liability

The employer allocation percentage of the net pension liability was based on the employer contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their employer contributions relative to the total combined employer contributions for all employers for the period ended June 30, 2018.

The following is the percentage of the RTC to the Total Plan and any changes from the previous measurement date to June 30, 2018:

| | Net Pension Liability as of June 30, 2017 | Net Pension Liability as of June 30, 2018 | Change from previous measurement date |
|---------------------------|--|--|---|
| RTC | \$ 46,940,485 | \$ 49,753,570 | \$ 2,813,085 |
| Total Plan | \$ 13,299,844,084 | \$ 13,637,741,889 | \$ 337,897,805 |
| RTC's % to the Total Plan | 0.35294% | 0.36482% | 0.01188% |

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(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the System’s Comprehensive Annual Financial Report, available on the System’s website.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the System as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1- percentage-point higher (8.50%) than the current discount rate:

| | 1% Decrease in Discount Rate (6.50%) | Discount Rate (7.50%) | 1% Increase in Discount Rate (8.50%) |
|-----------------------|--|--------------------------|--|
| Net Pension Liability | \$ 75,871,632 | \$ 49,753,570 | \$ 28,050,323 |

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(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Inflation rate | 2.75% |
| Payroll Growth | 5.00%, including inflation |
| Investment Rate of Return | 7.50% |
| Productivity pay increase | 0.50% |
| Projected salary increases | 4.25% to 9.15%, depending on service Rates include inflation and productivity increases |
| Consumer Price Index | 2.75% |
| Other assumptions funding actuarial valuation | Same as those used in the June 30, 2018 |
| Actual mortality assumption used: | |
| <i>Healthy:</i> | Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50 ⁽¹⁾ , mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. |
| <i>Disabled:</i> | Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. |
| <i>Pre-Retirement:</i> | Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. |

⁽¹⁾ The RP-2014 Healthy Annuitant Mortality Tables have rates only for ages 50 and later

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(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2017.

Actuarial assumptions as of the prior measurement date, June 30, 2017, were as follows:

| | |
|---|--|
| Inflation rate | 2.75% |
| Payroll Growth | 5.00%, including inflation |
| Investment Rate of Return | 7.50% |
| Productivity pay increase | 0.50% |
| Projected salary increases | Regular: 4.25% to 9.15%, depending on service Rates include inflation and productivity increases |
| Consumer Price Index | 2.75% |
| Other assumptions funding actuarial valuation | Same as those used in the June 30, 2017 |
| Actual mortality assumption used: | |
| <i>Healthy:</i> | Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50 ⁽¹⁾ , mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. |
| <i>Disabled:</i> | Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. |
| <i>Pre-Retirement:</i> | Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. |

⁽¹⁾ The RP-2014 Healthy Annuitant Mortality Tables have rates only for ages 50 and later

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NOTE 11 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018 and June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018. There were no changes to the plan between the measurement date of the net pension liability and the employer's reporting date that are expected to have a significant effect on the net pension liability.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2019, the total employer pension expense is \$4,559,021. At June 30, 2018, the measurement date, the RTC's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 1,558,640 | \$ 2,546,296 |
| Changes of assumptions | 2,621,698 | - |
| Net difference between projected and actual earnings on investments | - | - |
| Changes in proportion and differences between actual contributions and proportionate share of contributions | 4,728,857 | - |
| Contributions subsequent to the measurement date | 3,423,646 | - |
| | \$ 12,332,841 | \$ 2,546,296 |

Average expected remaining service lives

6.22 years

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(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (continued)

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2020. Deferred outflows/(inflows) of resources related to pension will be recognized as follows:

Reporting period ended June 30:

| | |
|------------|---------------------|
| 2020 | \$ 179,050 |
| 2021 | 1,896,831 |
| 2022 | 3,885,700 |
| 2023 | 666,198 |
| 2024 | (243,916) |
| Thereafter | (20,964) |
| | <u>\$ 6,362,899</u> |

Additional Information

The total pension liability is calculated by the System’s actuary. The plan’s fiduciary net position is reported in the System’s financial statements and the net pension liability is disclosed in the System’s notes to the financial statements. Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the System’s website: www.nvpers.org under Quick Links – Publications. An annual report containing financial statements and required information may be obtained by writing to State of Nevada Public Employees’ Retirement System, 693 W. Nye Lane, Carson City, Nevada 89703-1599, or by calling (775) 687-4200.

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NOTE 12 - Other Post-Employment Benefits (OPEB)

Plan description

The RTC participates in Clark County's Retiree Health Program Plan (RHPP), a non-trust, single-employer defined benefit postemployment healthcare plan, as well as the State of Nevada's Public Employee Benefit Plan (PEBP), a non-trust, agent multiple-employer defined benefit postemployment healthcare plan.

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

PEBP is administered by a nine member governing board. PEBP provides medical, prescription, dental and vision benefits to retirees. Eligibility and subsidy requirements are governed by NRS and can only be established or amended through legislation. In 2008, NRS was amended. As a result of this amendment, the number of retirees for whom the RTC is obligated to provide PEBP postemployment benefits is limited to eligible employees who retired from RTC service prior to September 1, 2008. PEBP is a closed plan, and therefore, no current employees are covered by the Plan.

RHPP benefit provisions are established and amended through negotiations between Clark County and the SEIU employee union. The RTC has an interlocal agreement with Clark County which allows Clark County to negotiate with the SEIU on RTC's behalf for RHPP benefits.

There are no assets accumulated in a trust to pay related benefits to both RHPP and PEBP.

The RHPP is included in the financial statements of Clark County as an internal service fund (the Self-Funded Group Insurance fund). The RHPP is not administered as a qualifying trust or equivalent arrangement. The RHPP and PEBP reports may be obtained by writing or calling the plans at the following addresses or numbers:

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

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

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(CONTINUED)**

NOTE 12 - Other Post-Employment Benefits (OPEB) (continued)

Funding Policy

Retirees in the RHPP receive no direct subsidy from the RTC. Under State law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the RTC.

The RTC is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who are enrolled in this plan. The subsidy is set by the State Legislature.

Benefits Provided

PEBP plan provides medical, dental, prescription drug, Medicare Part B, and life insurance coverage to eligible retirees and their spouses. Benefits are provided through a third-party insurer.

RHPP provides medical, dental, prescription drug, and life insurance coverage to eligible active and retired employees and beneficiaries. Benefit provisions are established and amended through negotiations between the respective unions and the Health District.

Plan membership*

At July 1, 2018, OPEB plan membership consisted of the following:

| | <u>PEBP</u> | <u>RHHP</u> | <u>TOTAL ALL PLANS</u> |
|---|-------------|-------------|----------------------------|
| Retired members currently receiving benefits | 22 | 35 | 57 |
| Married spouses of retired members currently receiving benefits | - | 7 | 7 |
| Active members | - | 313 | 313 |
| Total | <u>22</u> | <u>355</u> | <u>377</u> |

As of November 1, 2008, PEBP was closed to any new participants.

* All participating Clark County employer entities reflected in the PEBP and RHPP OPEB Valuation Report.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 12 - Other Post-Employment Benefits (OPEB) (continued)

Actuarial assumptions and methods

The Total OPEB Liability (TOL) as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date.

In particular, the following assumptions were applied to all periods included in the June 30, 2018 measurement:

| | |
|------------------------------|--|
| Reporting Date | June 30, 2019 |
| Valuation Date & Census Data | Valuation date as of June 30, 2018 based on the census provided by the County as of June 30, 2018. |
| Discount Rate | 3.58% per annum (BOY) 3.87% per annum (EOY) <i>Source: Bond Buyer 20-Bond GO Index</i> |
| Salary Increase Rate | 3.0% per annum |
| Medical Consumer Price Index | Chained-CPI of 2.0% per annum |
| Marriage Rate | 20% of future female retirees and 50% of future male retirees are assumed married with a spouse at retirement, eligible for plan benefits. |
| Spouse Age | Male spouses are assumed to be three years older than female spouses. |
| Medicare Eligibility | All future retirees are assumed to be eligible for Medicare at age 65, unless specified in the census data provided by the County. Indicators were provided for retirees not eligible for Medicare. |
| Actuarial Cost Method | Entry Age Normal based on level percentage of salary |
| Amortization Method | <i>Experience/Assumptions</i> gains and losses are amortized over a closed period of 13.8 average remaining service to expected retirement age of active and inactive plan members (who have no future service). <i>Investment</i> gains and losses are amortized over a closed period of 5 years starting the current fiscal year. |
| Mortality Rates | RP-2014 generational table, back-projected to 2006, then scaled using MP-2018, applied on a gender-specific basis. |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 12 - Other Post-Employment Benefits (OPEB) (continued)

Actuarial assumptions and methods (continued)

| | | | |
|-----------------------------|---|---------------|-----------------|
| Health Care Cost Trend Rate | The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study, and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate. | | |
| | <u>Expense Type</u> | <u>Select</u> | <u>Ultimate</u> |
| | Pre-Medicare Medical and Rx Benefits | 7.0% | 4.5% |
| | Medicare Benefits | 6.0% | 4.5% |
| | Administrative Fees | 4.5% | 4.5% |
| | Dental | 4.0% | 4.0% |

Changes in the Total OPEB liability

| | <u>PEBP</u> | <u>RHPP</u> | <u>Total</u> |
|--|---------------------|----------------------|----------------------|
| Total OPEB liability | | | |
| Service cost | \$ - | \$ 1,507,770 | \$ 1,507,770 |
| Interest | 48,382 | 653,038 | 701,420 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | (99) | (6,975,593) | (6,975,692) |
| Changes of assumptions | (61,506) | (1,445,416) | (1,506,922) |
| Benefit payments | (66,783) | (74,873) | (141,656) |
| Net change in total OPEB liability | <u>(80,006)</u> | <u>(6,335,074)</u> | <u>(6,415,080)</u> |
| Total OPEB liability, beginning | 1,231,200 | 16,770,964 | 18,002,164 |
| Total OPEB liability, ending | <u>\$ 1,151,194</u> | <u>\$ 10,435,890</u> | <u>\$ 11,587,084</u> |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 12 - Other Post-Employment Benefits (OPEB) (continued)

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following presents the Total OPEB Liability (TOL) of the RTC as of June 30, 2018, calculated using the municipal bond rate of 3.87%, as well as what the RTC's TOL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87% municipal bond rate) or 1- percentage-point higher (4.87% municipal bond rate) than the current rate:

| | 1% Decrease (2.87%) | Current (3.87%) | 1% Increase (4.87%) |
|----------------------|------------------------|----------------------|------------------------|
| PEBP | \$ 1,318,000 | \$ 1,151,194 | \$ 1,016,000 |
| RHHP | 12,671,000 | 10,435,890 | 8,705,000 |
| Total OPEB liability | <u>\$ 13,989,000</u> | <u>\$ 11,587,084</u> | <u>\$ 9,721,000</u> |

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rate

The following presents the Total OPEB Liability of the RTC as of June 30, 2018, as well as what the RTC's Total OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

| | 1% Decrease Ultimate | Current Trend Ultimate | 1% Increase Ultimate |
|----------------------|-------------------------|---------------------------|-------------------------|
| PEBP | \$ 1,020,000 | \$ 1,151,194 | \$ 1,308,000 |
| RHHP | 8,492,000 | 10,435,890 | 13,036,000 |
| Total OPEB liability | <u>\$ 9,512,000</u> | <u>\$ 11,587,084</u> | <u>\$ 14,344,000</u> |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 12 - Other Post-Employment Benefits (OPEB) (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources related to OPEB

For the year ended June 30, 2019, RTC recognized OPEB expense of \$1,287,986. At June 30, 2019, RTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 6,536,026 |
| Changes in assumptions | - | 3,248,281 |
| Differences between actual and projected earnings on OPEB plan investments | - | |
| Contributions made after the measurement date | 162,020 | |
| Total | \$ 162,020 | \$ 9,784,307 |

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction to the total OPEB liability in the reporting year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the OPEB expense as follows:

Year ended June:

| | | |
|------------|----|-------------|
| 2020 | \$ | (859,599) |
| 2021 | | (859,599) |
| 2022 | | (859,599) |
| 2023 | | (859,599) |
| 2024 | | (859,599) |
| Thereafter | | (5,486,312) |
| Total | \$ | (9,784,307) |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 13 - Risk Management

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

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

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

The RTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Effective January 1, 2010, the RTC acquired its own insurance for Commercial Property, Workers' Compensation, Commercial Auto Liability, Excess Liability, Employee Benefits Liability, and Employment Practices Liability. On December 7, 2015, Employed Lawyers Insurance was added. On July 1, 2016 the RTC added Cyber Liability Insurance. On July 1, 2017, Public Officials Directors and Officers coverage was added.

Prior to January 1, 2010, an interlocal agreement with the County, the RTC was solely responsible to pay all claims costs which come within its retained limit as set forth in the agreement. Under the insurance policies with various insurance carriers, the RTC is only responsible to pay the deductibles and co-insurance amounts stipulated in the policies.

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

Workers' Compensation

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 13 - Risk Management (continued)

Commercial Property

The RTC has placed insurance coverage with a licensed and rated carrier for all RTC facilities. Building, Business Personal Property/Contents, and Equipment (including Mechanical Breakdown) are insured for Replacement Cost on a Blanket basis with a \$50,000 retention. Builder's Risk/Course of Construction policies are purchased by the RTC for any project constructed on RTC property with limits and deductible levels varying by project size and type. (For projects not constructed on RTC property, the General Contractor or Construction Manager is responsible for placement of Builder's Risk/Course of Construction policies). Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

Commercial General Liability

The RTC has placed insurance coverage with a licensed and rated carrier which includes \$6,000,000 limits for Bodily Injury/Property Damage (Each Occurrence) and Personal and Advertising Injury, \$6,000,000 limit for Products/Completed Operations Aggregate, and \$2,000,000 limit for General Aggregate. A \$100,000 Self Insured Retention applies. Employee Benefits Liability is also included on a Claims Made Basis (which is common for this type of insurance) with the limit included in the General Liability limit. A \$100,000 Self Insured Retention applies. Claims are reported by the RTC to the Third Party Administrator (TPA).

Commercial Auto Liability

The RTC has placed insurance coverage with a licensed and rated carrier which includes \$6,000,000 limits for Owned Automobile Bodily Injury and Property Damage and \$500,000 Uninsured/Underinsured Motorist. Comprehensive and Collision Physical Damage Coverage is maintained on most vehicles but is not maintained on older vehicles with low value. Also included is Hired and Non Owned Auto Liability with limits of \$6,000,000 for Bodily Injury and Property Damage. A \$100,000 Self Insured Retention applies. Hired Auto Physical Damage coverage is also in place based on the Lessor of Actual Cash Value or Repair cost. A \$2,500 deductible applies. Claims are reported by the RTC to the Third Party Administrator (TPA).

Cyber Liability

The RTC has placed insurance coverage with a non-admitted and rated insurance carrier, which includes a \$2,000,000 aggregate for most modules of coverage with a \$25,000 deductible.

Excess Liability

The RTC has placed insurance coverage with a licensed and rated carrier which includes \$5,000,000 in limits for Combined Bodily Injury and Property Damage Each Occurrence and General Aggregate. The Excess Liability policy provides additional liability limits over and above the Commercial General Liability, Auto Liability, Employers Liability and Employee Benefit Liability. Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 13 - Risk Management (continued)

Employment Practices Liability

The RTC has placed insurance coverage with a licensed and rated insurance carrier, which includes \$2,000,000 in coverage for each claim and in the Aggregate. A \$100,000 retention/deductible applies for each claim. Coverage is written on a Claims Made basis (which is common for this type of insurance). Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

Employed Lawyers

The RTC has placed insurance coverage with a licensed and rated insurance carrier, which includes \$1,000,000 in coverage for each claim and in the Aggregate. A \$0 retention/deductible applies for Insurance Clause (A) and a \$5,000 retention/deductible applies for Insuring Clause (B). Coverage is written on a Claims Made basis (which is common for this type of insurance). Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

Public Officials Directors and Officers Liability

The RTC has placed insurance coverage with a licensed and rated carrier, which includes \$2,000,000 for each claim and in the Aggregate. A \$0 retention/deductible applies for Insuring Clause (A) and a \$50,000 retention/deductible applies for Insuring Clause (B) and Insuring Clause (C). Coverage is written on a Claims Made basis (which is common for this type of insurance). Claims are reported to the RTC's insurance carrier by the RTC's insurance broker.

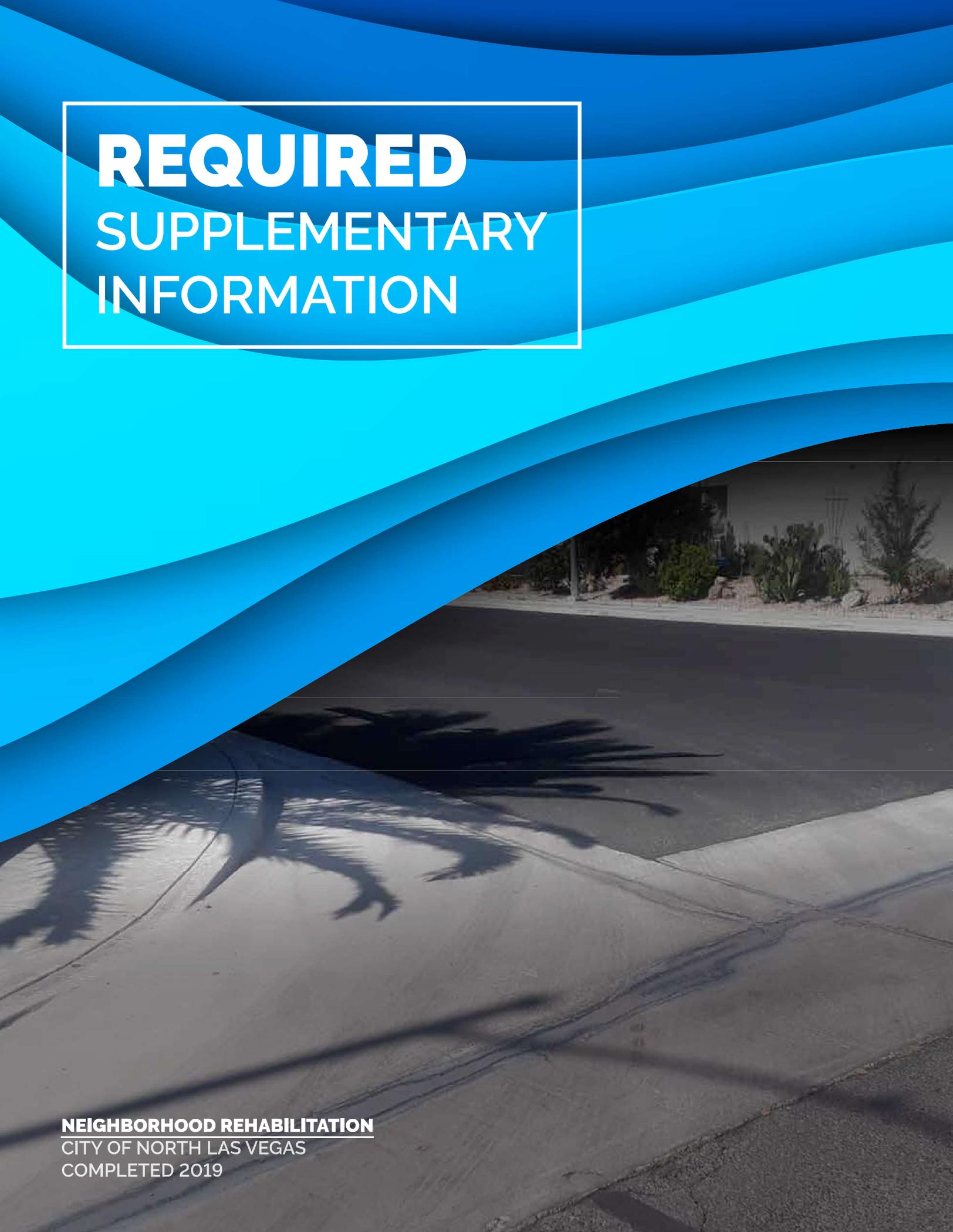
Over the past three years, no settlements have exceeded any of the above insurance coverages.

NOTE 14 - Commitments

Construction commitments include roadway projects with various local entities of \$245,414,023. Capital commitments for transit include revenue vehicle acquisition project of \$35,173,545.

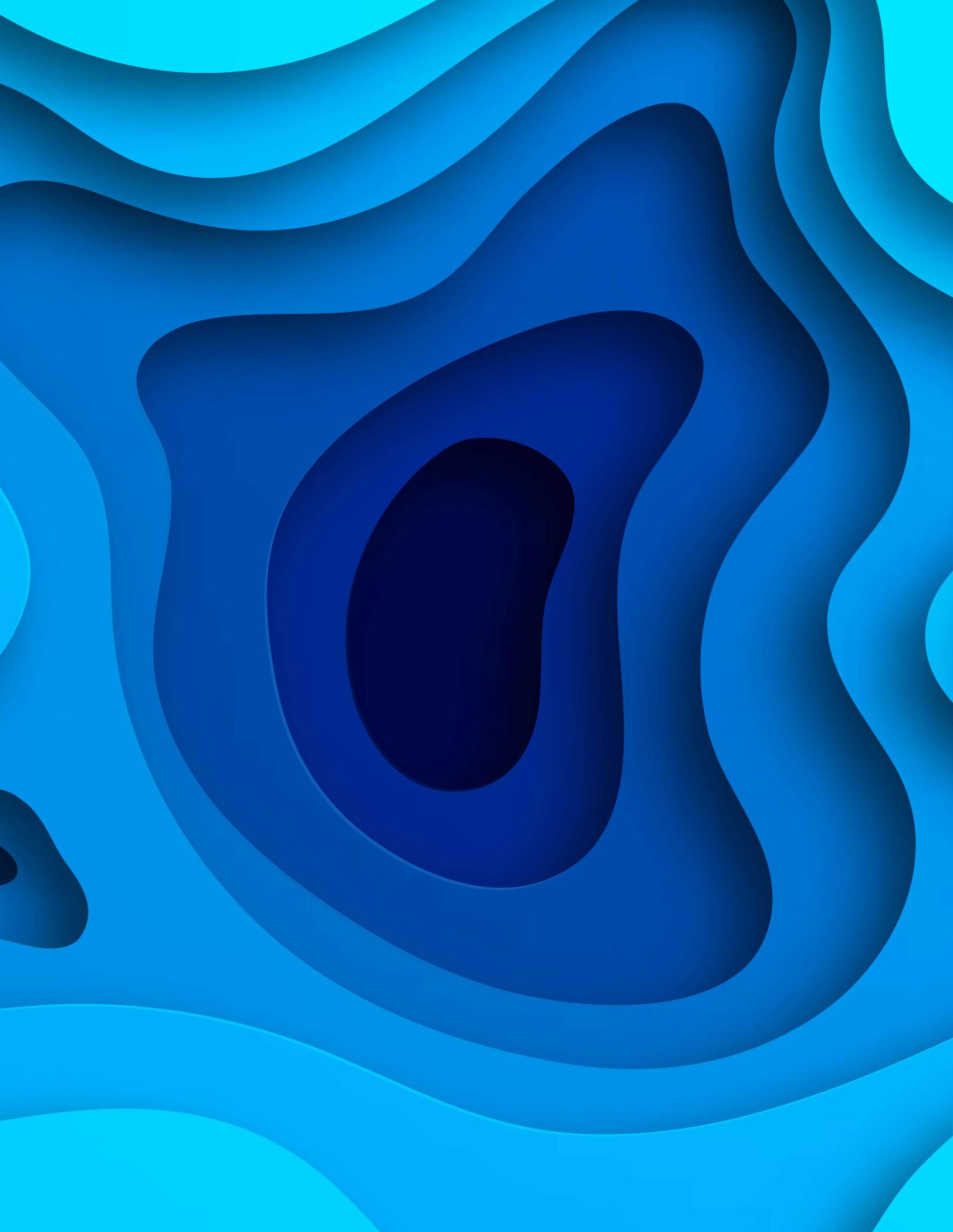
NOTE 15 – Subsequent Events

On November 6, 2019, the Clark County Commission will sell approximately \$60 million in tax exempt highway revenue bonds, Series 2019, on behalf of the Regional Transportation Commission. The planned closing date is November 27, 2019. The term of the highway revenue bonds is ten years. All debt service payments will be funded with Indexed Fuel Tax revenue. The bonds proceeds will be used to fund Streets and Highways construction and improvement projects.



REQUIRED SUPPLEMENTARY INFORMATION

NEIGHBORHOOD REHABILITATION
CITY OF NORTH LAS VEGAS
COMPLETED 2019



**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
LAST TEN YEARS**

Changes in the Total OPEB liability

| | <u>PEBP**</u> | | <u>RHHP</u> | | <u>TOTAL</u> | |
|---|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>FY2018*</u> | <u>FY2019</u> | <u>FY2018*</u> | <u>FY2019</u> | <u>FY2018*</u> | <u>FY2019</u> |
| Total OPEB liability | | | | | | |
| Service Cost | \$ - | \$ - | \$ 1,548,246 | \$ 1,507,770 | \$ 1,548,246 | \$ 1,507,770 |
| Interest | 37,523 | 48,382 | 534,440 | 653,038 | 571,963 | 701,420 |
| Changes of benefit terms | - | - | - | - | - | - |
| Difference between expected and actual experience | 27,873 | (99) | (82,457) | (6,975,593) | (54,584) | (6,975,692) |
| Changes of assumptions | (107,325) | (61,506) | (2,389,821) | (1,445,416) | (2,497,146) | (1,506,922) |
| Benefit payments | <u>(85,082)</u> | <u>(66,783)</u> | <u>(60,628)</u> | <u>(74,873)</u> | <u>(145,710)</u> | <u>(141,656)</u> |
| Net change in OPEB liability | (127,011) | (80,006) | (450,220) | (6,335,074) | (577,231) | (6,415,080) |
| Total OPEB liability, beginning | <u>1,358,211</u> | <u>1,231,200</u> | <u>17,221,184</u> | <u>16,770,964</u> | <u>18,579,395</u> | <u>18,002,164</u> |
| Total OPEB liability, ending | <u>\$ 1,231,200</u> | <u>\$ 1,151,194</u> | <u>\$ 16,770,964</u> | <u>\$ 10,435,890</u> | <u>\$ 18,002,164</u> | <u>\$ 11,587,084</u> |
| Covered-employee payroll | N/A | N/A | 24,154,050 | 25,829,219 | 24,154,050 | 25,829,219 |
| Total OPEB Liability as a percentage of covered-employee payroll*** | N/A | N/A | 69.43% | 40.40% | 74.53% | 44.86% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, RTC will only present information for available years.

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

***Covered-employee payroll represents the employees that are provided with OPEB through the OPEB plan.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
LAST TEN YEARS**

| | PEBP | | RHHP | | TOTAL | |
|---|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| | FY2018* | FY2019 | FY2018* | FY2019 | FY2018* | FY2019 |
| Contractually required contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contributions | <u>\$ 60,753</u> | <u>\$ 69,525</u> | <u>\$ 145,977</u> | <u>\$ 92,495</u> | <u>\$ 206,730</u> | <u>\$ 162,020</u> |
| Contribution deficiency (excess) | <u>\$ 60,753</u> | <u>\$ 69,525</u> | <u>\$ 145,977</u> | <u>\$ 92,495</u> | <u>\$ 206,730</u> | <u>\$ 162,020</u> |
| Covered-employee payroll | N/A | N/A | 25,682,156 | 27,467,067 | 25,682,156 | 27,467,067 |
| Total OPEB Liability as a percentage of covered-employee payroll*** | N/A | N/A | 0.57% | 0.34% | 0.80% | 0.59% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, RTC will only present information for available years.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
REGIONAL TRANSPORTATION COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)**

| | 2019 | | | | 2018 |
|---|------------------------|---------------------|----------------------|---------------------|----------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| REVENUES | | | | | |
| Intergovernmental revenue: | | | | | |
| Federal and state grants | \$ 4,000,000 | \$ 4,000,000 | \$ 2,778,711 | \$ (1,221,289) | \$ 2,304,311 |
| Interest | - | - | 119,946 | 119,946 | 12,512 |
| Other | 2,193,000 | 2,193,000 | 2,107,635 | (85,365) | 2,152,355 |
| Total revenues | <u>6,193,000</u> | <u>6,193,000</u> | <u>5,006,292</u> | <u>(1,186,707)</u> | <u>4,469,178</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Salaries and wages | 17,094,002 | 17,094,002 | 16,202,337 | (891,665) | 15,190,980 |
| Employee benefits | 7,053,800 | 7,053,800 | 6,479,408 | (574,392) | 6,127,290 |
| Services and supplies | 10,817,320 | 10,817,320 | 11,569,593 | 752,273 | 11,432,210 |
| Capital outlay and intergovernmental capital grants | 251,226 | 251,226 | 251,467 | 241 | 227,104 |
| Total expenditures | <u>35,216,348</u> | <u>35,216,348</u> | <u>34,502,805</u> | <u>(713,543)</u> | <u>32,977,584</u> |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | 27,100,830 | 27,100,830 | 27,100,830 | (0) | 30,534,728 |
| CHANGES IN FUND BALANCE | | | | | |
| Fund balance - beginning | (1,922,518) | (1,922,518) | (2,395,683) | (473,165) | 2,026,322 |
| Fund balance - ending | <u>\$ 8,864,521</u> | <u>\$ 8,864,521</u> | <u>\$ 10,126,443</u> | <u>\$ 1,261,922</u> | <u>\$ 8,100,121</u> |
| Fund balance - ending | <u>\$ 6,942,003</u> | <u>\$ 6,942,003</u> | <u>\$ 7,730,760</u> | <u>\$ 788,757</u> | <u>\$ 10,126,443</u> |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
REGIONAL TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)**

| | 2019 | | | | 2018 |
|--------------------------------|------------------------|---------------------|---------------------|------------------|---------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| REVENUES | | | | | |
| Intergovernmental revenue: | | | | | |
| Sales and excise tax | \$ 53,049,412 | \$ 55,849,631 | \$ 55,460,145 | \$ (389,486) | \$ 51,712,622 |
| Interest | - | - | 142,872 | 142,872 | (14,932) |
| Total revenues | <u>53,049,412</u> | <u>55,849,631</u> | <u>55,603,017</u> | <u>(246,614)</u> | <u>51,697,690</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Services and supplies | <u>8,827,422</u> | <u>8,935,941</u> | <u>8,873,623</u> | <u>(62,318)</u> | <u>8,274,019</u> |
| OTHER FINANCING (USES) | | | | | |
| Transfers (out) | <u>(44,221,990)</u> | <u>(46,913,690)</u> | <u>(46,586,523)</u> | <u>327,167</u> | <u>(43,438,602)</u> |
| CHANGES IN FUND BALANCE | - | - | 142,871 | 142,872 | (14,931) |
| Fund balance - beginning | <u>673,674</u> | <u>673,674</u> | <u>621,742</u> | <u>(51,932)</u> | <u>636,673</u> |
| Fund balance - ending | <u>\$ 673,674</u> | <u>\$ 673,674</u> | <u>\$ 764,613</u> | <u>\$ 90,939</u> | <u>\$ 621,742</u> |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS⁽¹⁾**

| | <u>2015⁽²⁾</u> | <u>2016⁽²⁾</u> | <u>2017⁽²⁾</u> | <u>2018⁽²⁾</u> | <u>2019⁽²⁾</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Proportion of the net pension liability | 0.30% | 0.32% | 0.34% | 0.35% | 0.36% |
| Proportionate share of the net pension liability | \$ 31,745,509 | \$ 36,390,157 | \$ 45,585,275 | \$ 46,940,485 | \$ 49,753,570 |
| Covered Payroll | \$ 19,031,511 | \$ 20,196,982 | \$ 21,646,786 | \$ 22,993,635 | \$ 24,454,614 |
| Proportionate share of the net pension liability as a percentage of the covered payroll | 167% | 180% | 211% | 204% | 203% |
| Plan's fiduciary net position | \$ 33,575,081,157 | \$ 34,610,720,184 | \$ 35,002,028,906 | \$ 38,686,253,408 | \$ 41,431,686,852 |
| Plan fiduciary net position as a percentage of the total pension liability | 76.30% | 75.10% | 72.20% | 74.40% | 75.24% |

⁽¹⁾Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

⁽²⁾The amounts presented for each fiscal year were determined as the year-end that occurred one year prior.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
SCHEDULE OF DEFINED BENEFIT PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS ⁽¹⁾**

| Plan Year Ending June 30 | Contractually required contribution (statutorily determined) | Contributions in relation to the statutorily determined contributions | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of the covered payroll |
|-----------------------------|--|---|--|-----------------|---|
| 2015 | \$ 4,900,614 | \$ 4,900,614 | \$ - | \$ 20,196,982 | 25.75% |
| 2016 | \$ 5,655,155 | \$ 5,655,155 | \$ - | \$ 21,646,786 | 28.00% |
| 2017 | \$ 6,061,100 | \$ 6,061,100 | \$ - | \$ 22,993,635 | 28.00% |
| 2018 | \$ 6,438,218 | \$ 6,438,218 | \$ - | \$ 24,454,614 | 28.00% |
| 2019 | \$ 6,847,292 | \$ 6,847,292 | \$ - | \$ 25,829,219 | 28.00% |

(1) Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 1 - Postemployment Benefits Other Than Pensions

There are no assets accumulated in a trust to pay related benefits.

Changes of Assumptions PEBP Plan

The \$80,006 decrease in the liability from June 30, 2018 to June 30, 2019 is primarily due to the increase in the assumed discount rate from 3.58% as of June 30, 2016 to 3.87% as of June 30, 2018, and a change in the salary increase rate assumption from rate range between 4.25% to 13.90%, based on years of service, including inflation to a flat 3% per annum.

Change of Assumptions RHPP

The \$6,335,074 decrease in the liability from June 30, 2018 to June 30, 2019 is primarily due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018, a change in the salary increase rate assumption from rate range between 4.25% to 13.90%, based on years of service, including inflation to a flat 3% per annum and difference between expected and actual experience.

NOTE 2 - Budgetary Information

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

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

- a. Prior to April 15, the RTC Chief Executive Officer 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 Chief Executive Officer 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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

NOTE 2 - Budgetary Information (continued)

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

Additional budgetary information can be found in Note 2 to the RTC's financial statements on page 36 of this report.

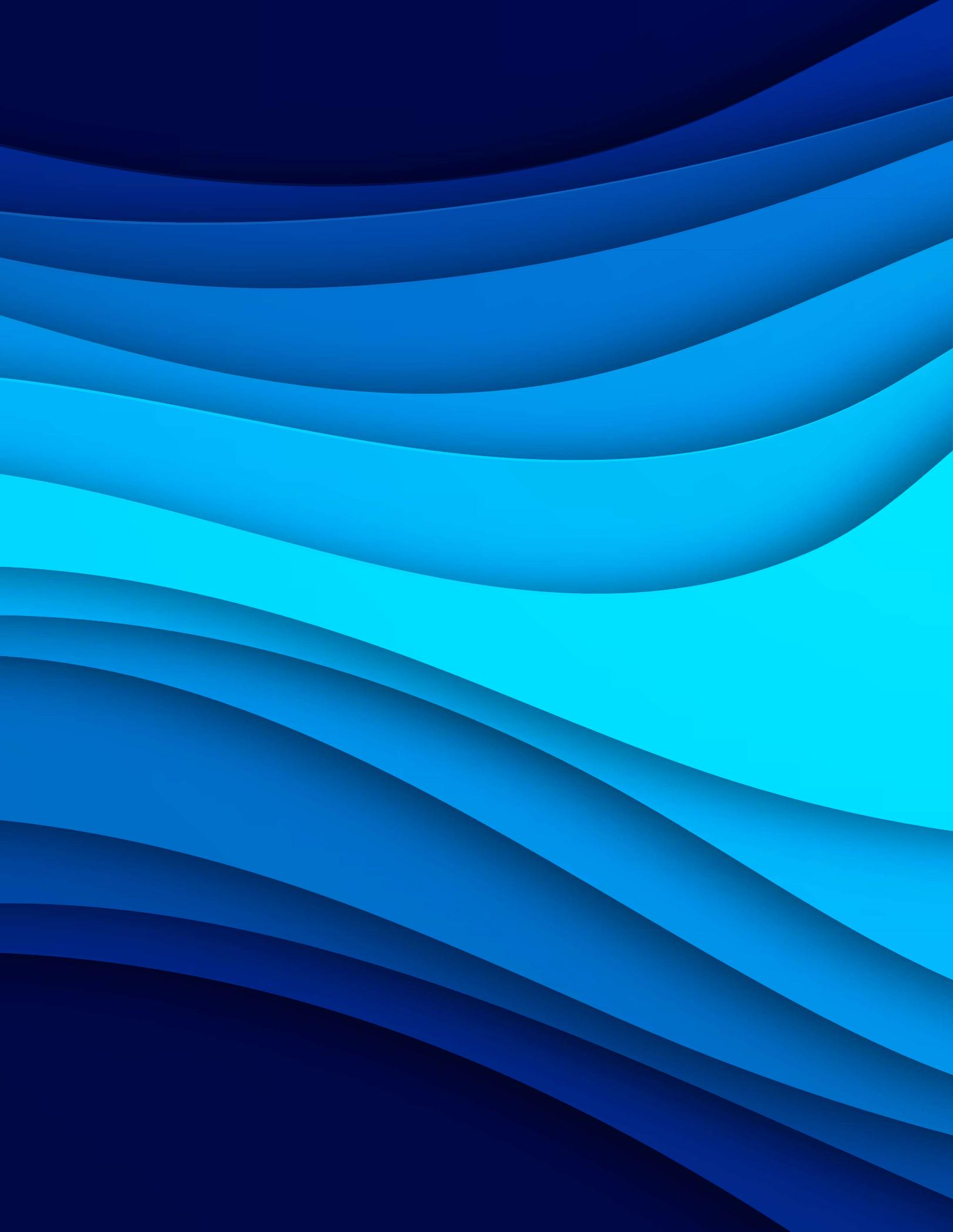
NOTE 3 – Changes in Pension Benefits

The 2015 Legislature made additional changes to the System. A member who has an effective date of membership on or after July 1, 2015, is eligible to retire at age 65 if the member has at least 5 years of service, at age 62 if the member has at least 10 years of service, at age 55 if the member has at least 30 years of service and at any age if the member has at least 33 1/3 years of service. For a regular member who has an effective date of membership on or after July 1, 2015, a monthly service retirement allowance must be determined by multiplying the member's average compensation by 2.25 percent for each year of service earned. A regular member who has an effective date of membership on or after July 1, 2015, is entitled to a benefit of not more than 75 percent of the member's average compensation with the member's eligibility for service credit ceasing at 33 1/3 years of service.

OTHER SUPPLEMENTARY INFORMATION



COOLIDGE AVENUE
CITY OF LAS VEGAS
COMPLETED 2019



REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RTC BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)

| | 2019 | | | | 2018 |
|---------------------------------------|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | | |
| Interest | \$ - | \$ - | \$ 2,505,224 | \$ 2,505,224 | \$ (366,661) |
| IRS Rebate - Build America Bonds | 3,293,500 | 3,293,500 | 3,321,894 | 28,394 | 3,309,471 |
| Total revenues | <u>3,293,500</u> | <u>3,293,500</u> | <u>5,827,118</u> | <u>2,533,618</u> | <u>2,942,810</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Services and supplies | 10,000 | 10,000 | 3,250 | (6,750) | 3,575 |
| Debt Service: | | | | | |
| Principal | 48,705,000 | 48,705,000 | 48,705,000 | - | 43,785,000 |
| Interest | 41,916,613 | 41,916,613 | 41,916,613 | - | 40,676,265 |
| Total expenditures | <u>90,631,613</u> | <u>90,631,613</u> | <u>90,624,863</u> | <u>(6,750)</u> | <u>84,464,840</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 88,488,836 | 88,488,836 | 74,598,230 | (13,890,606) | 87,978,187 |
| Total other financing sources | <u>88,488,836</u> | <u>88,488,836</u> | <u>74,598,230</u> | <u>(13,890,606)</u> | <u>87,978,187</u> |
| CHANGES IN FUND BALANCE | 1,150,723 | 1,150,723 | (10,199,515) | (11,350,237) | 6,456,157 |
| Fund balance - beginning | 69,271,963 | 69,271,963 | 71,572,196 | 2,300,233 | 65,116,039 |
| Fund balance - ending | <u>\$ 70,422,686</u> | <u>\$ 70,422,686</u> | <u>\$ 61,372,681</u> | <u>\$ (9,050,004)</u> | <u>\$ 71,572,196</u> |

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RTC RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)

| | 2019 | | | | 2018 |
|---------------------------------------|----------------------|----------------------|----------------------|-------------------|----------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | | |
| Interest | \$ - | \$ - | \$ 3,805,470 | \$ 3,805,470 | \$ 822,790 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Payment to redeem bond | | | (6,354,000) | (6,354,000) | - |
| Total other financing sources | - | - | (6,354,000) | (6,354,000) | - |
| CHANGES IN FUND BALANCE | - | - | (2,548,530) | (2,548,530) | 822,790 |
| Fund balance - beginning | 88,739,793 | 88,739,793 | 91,686,471 | 2,946,678 | 90,863,681 |
| Fund balance - ending | <u>\$ 88,739,793</u> | <u>\$ 88,739,793</u> | <u>\$ 89,137,941</u> | <u>\$ 398,149</u> | <u>\$ 91,686,471</u> |

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
HIGHWAY IMPROVEMENT ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)

| | 2019 | | | | 2018 |
|---|------------------------|----------------------|-----------------------|----------------------|-----------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| REVENUES | | | | | |
| Intergovernmental revenue: | | | | | |
| Federal and state grants | \$ 30,983,236 | \$ 30,983,236 | \$ 37,000,000 | \$ 6,016,764 | \$ 35,930,180 |
| Motor vehicle fuel taxes | 75,888,075 | 75,888,075 | 74,801,402 | (1,086,673) | 74,018,287 |
| Fuel tax indexing | 102,970,465 | 102,970,465 | 105,730,545 | 2,760,080 | 96,472,844 |
| Interest | - | - | 7,433,853 | 7,433,853 | 973,464 |
| Other | - | - | - | - | 3,163,595 |
| Total revenues | <u>209,841,776</u> | <u>209,841,776</u> | <u>224,965,800</u> | <u>15,124,024</u> | <u>210,558,370</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Services and supplies | 105,171 | 105,171 | 179,599 | 74,428 | 114,894 |
| Debt Service: | | | | | |
| Principal | | | 90,941,000 | 90,941,000 | - |
| Interest | | | 1,356,602 | 1,356,602 | - |
| Capital outlay and intergovernmental capital grants | <u>288,924,628</u> | <u>288,924,628</u> | <u>158,261,681</u> | <u>(130,662,947)</u> | <u>139,377,866</u> |
| Total expenditures | <u>289,029,799</u> | <u>289,029,799</u> | <u>250,738,882</u> | <u>(38,290,917)</u> | <u>139,492,760</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers (out) | <u>(71,870,723)</u> | <u>(71,870,723)</u> | <u>(61,392,388)</u> | <u>10,478,335</u> | <u>(72,085,804)</u> |
| Total other financing sources (uses) | <u>(71,870,723)</u> | <u>(71,870,723)</u> | <u>(61,392,388)</u> | <u>10,478,335</u> | <u>(72,085,804)</u> |
| CHANGES IN FUND BALANCE | | | | | |
| | <u>(151,058,746)</u> | <u>(151,058,746)</u> | <u>(87,165,470)</u> | <u>63,893,276</u> | <u>(1,020,194)</u> |
| Fund balance - beginning | <u>213,451,316</u> | <u>213,451,316</u> | <u>246,432,765</u> | <u>32,981,449</u> | <u>247,452,959</u> |
| Fund balance - ending | <u>\$ 62,392,570</u> | <u>\$ 62,392,570</u> | <u>\$ 159,267,295</u> | <u>\$ 96,874,725</u> | <u>\$ 246,432,765</u> |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RTC HIGHWAY IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)**

| | 2019 | | | | 2018 |
|---|------------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| REVENUES | | | | | |
| Fuel taxes | \$ 3,815,945 | \$ 3,815,945 | \$ 3,992,788 | \$ 176,843 | \$ 3,931,488 |
| Interest | - | - | 2,242,731 | 2,242,731 | 100,860 |
| Other | 249,305 | 249,305 | 271,068 | 21,763 | 259,248 |
| Total revenues | <u>4,065,250</u> | <u>4,065,250</u> | <u>6,506,587</u> | <u>2,441,336</u> | <u>4,291,596</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Services and supplies | 3,654 | 3,654 | 3,500 | (154) | 3,500 |
| Debt Service: | | | | | |
| Capital outlay and intergovernmental capital grants | 22,000,000 | 22,000,000 | 5,370,084 | (16,629,916) | 15,434,755 |
| Total expenditures | <u>22,003,654</u> | <u>22,003,654</u> | <u>5,373,584</u> | <u>(16,630,070)</u> | <u>15,438,255</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 39,421,160 | 39,421,160 | 41,785,693 | 2,364,533 | 45,324,624 |
| Transfers (out) | (27,768,113) | (27,768,113) | (24,355,842) | 3,412,271 | (27,163,216) |
| Total other financing sources | <u>11,653,047</u> | <u>11,653,047</u> | <u>17,429,851</u> | <u>5,776,803</u> | <u>18,161,408</u> |
| CHANGES IN FUND BALANCE | (6,285,357) | (6,285,357) | 18,562,854 | 24,848,209 | 7,014,749 |
| Fund balance - beginning | 44,861,100 | 44,861,100 | 59,350,743 | 14,489,643 | 52,335,994 |
| Fund balance - ending | <u>\$ 38,575,743</u> | <u>\$ 38,575,743</u> | <u>\$ 77,913,597</u> | <u>\$ 39,337,852</u> | <u>\$ 59,350,743</u> |

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)

| | 2019 | | | | 2018 |
|--|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| OPERATING REVENUES | | | | | |
| Charges for services: | | | | | |
| Transit fees | \$ 70,479,659 | \$ 70,479,659 | \$ 76,322,200 | \$ 5,842,541 | \$ 75,121,880 |
| Transit Advertising | 3,357,080 | 3,357,080 | 3,900,000 | 542,920 | 3,817,498 |
| Federal and state grants and contributions | 1,235,000 | 1,235,000 | 1,398,878 | 163,878 | 1,437,224 |
| Other | 720,000 | 720,000 | 407,102 | (312,898) | 1,349,603 |
| Total operating revenues | <u>75,791,739</u> | <u>75,791,739</u> | <u>82,028,180</u> | <u>6,236,439</u> | <u>81,726,205</u> |
| OPERATING EXPENSES | | | | | |
| Salaries and wages | 11,552,217 | 11,552,217 | 11,264,730 | (287,487) | 10,491,176 |
| Employee benefits | 5,741,042 | 5,741,042 | 6,800,979 | 1,059,937 | 7,056,775 |
| Services and supplies | 217,896,032 | 217,896,032 | 210,235,694 | (7,660,338) | 202,453,194 |
| Depreciation | 60,000,000 | 60,000,000 | 54,070,937 | (5,929,063) | 52,000,889 |
| Total operating expenses | <u>295,189,291</u> | <u>295,189,291</u> | <u>282,372,340</u> | <u>(12,816,951)</u> | <u>272,002,034</u> |
| Operating loss | <u>(219,397,552)</u> | <u>(219,397,552)</u> | <u>(200,344,160)</u> | <u>19,053,390</u> | <u>(190,275,829)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental revenue: | | | | | |
| Sales and excise tax | 159,148,238 | 159,148,238 | 166,380,438 | 7,232,200 | 155,137,865 |
| Federal and state grants | 66,810,040 | 66,810,040 | 59,469,622 | (7,340,418) | 70,897,998 |
| Interest income | - | - | 4,793,495 | 4,793,495 | 384,587 |
| Gain on sale of capital assets | - | - | 222,455 | 222,455 | 252,596 |
| Total nonoperating revenues | <u>225,958,278</u> | <u>225,958,278</u> | <u>230,866,010</u> | <u>4,907,733</u> | <u>226,673,046</u> |
| Income before transfers | <u>6,560,726</u> | <u>6,560,726</u> | <u>30,521,850</u> | <u>23,961,123</u> | <u>36,397,217</u> |
| Transfers in | - | - | - | - | - |
| Transfers (out) | (11,150,000) | (11,150,000) | (11,150,000) | (0) | (21,149,917) |
| CHANGES IN NET POSITION | <u>\$ (4,589,274)</u> | <u>\$ (4,589,274)</u> | <u>\$ 19,371,850</u> | <u>\$ 23,961,123</u> | <u>\$ 15,247,300</u> |

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)

| | 2019 | | | | 2018 |
|--|----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 73,836,738 | \$ 73,836,738 | \$ 79,587,099 | \$ 5,750,361 | \$ 71,539,539 |
| Cash paid for employees and benefits | (17,293,259) | (17,293,259) | (15,748,447) | 1,544,812 | (14,908,846) |
| Cash paid for services and supplies | (217,896,032) | (217,896,032) | (225,168,223) | (7,272,191) | (196,325,276) |
| Other operating receipts | 720,000 | 720,000 | 407,102 | (312,898) | 1,349,603 |
| Net cash used in operating activities | <u>(160,632,553)</u> | <u>(160,632,553)</u> | <u>(160,922,469)</u> | <u>(289,916)</u> | <u>(138,344,980)</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Cash provided by sales and excise tax | 159,148,238 | 159,148,238 | 150,419,751 | (8,728,487) | 165,814,351 |
| Federal and state grants | 1,235,000 | 1,235,000 | 1,408,236 | 173,236 | 1,637,689 |
| Transfers to other funds | (11,150,000) | (11,150,000) | (11,150,000) | (0) | (11,270,833) |
| Net cash provided by non-capital financing activities | <u>149,233,238</u> | <u>149,233,238</u> | <u>140,677,987</u> | <u>(8,555,251)</u> | <u>156,181,207</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Federal and state grants | 66,810,040 | 66,810,040 | 59,632,257 | (7,177,783) | 79,870,213 |
| Acquisition, construction, or improvement of capital assets | (86,378,257) | (86,378,257) | (56,002,753) | 30,375,504 | (65,323,756) |
| Proceeds from the sale of capital assets | - | - | 222,455 | 222,455 | 252,596 |
| Net cash used in capital and related financing activities | <u>(19,568,217)</u> | <u>(19,568,217)</u> | <u>3,851,959</u> | <u>23,420,176</u> | <u>14,799,053</u> |
| Cash flows from investing activities: | | | | | |
| Interest received | - | - | 4,519,480 | 4,519,480 | 247,238 |
| Net change in cash and cash equivalents | (30,967,532) | (30,967,532) | (11,873,043) | 19,094,489 | 32,882,518 |
| Cash and cash equivalents - beginning of year | 116,762,618 | 116,762,618 | 132,901,795 | 16,139,177 | 100,019,277 |
| Cash and cash equivalents - end of year | <u>\$ 85,795,086</u> | <u>\$ 85,795,086</u> | <u>\$ 121,028,752</u> | <u>\$ 35,233,666</u> | <u>\$ 132,901,795</u> |

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
SCHEDULE OF MOTOR VEHICLE FUEL TAXES AND INDEXED FUEL TAXES
LAST TEN FISCAL YEARS**

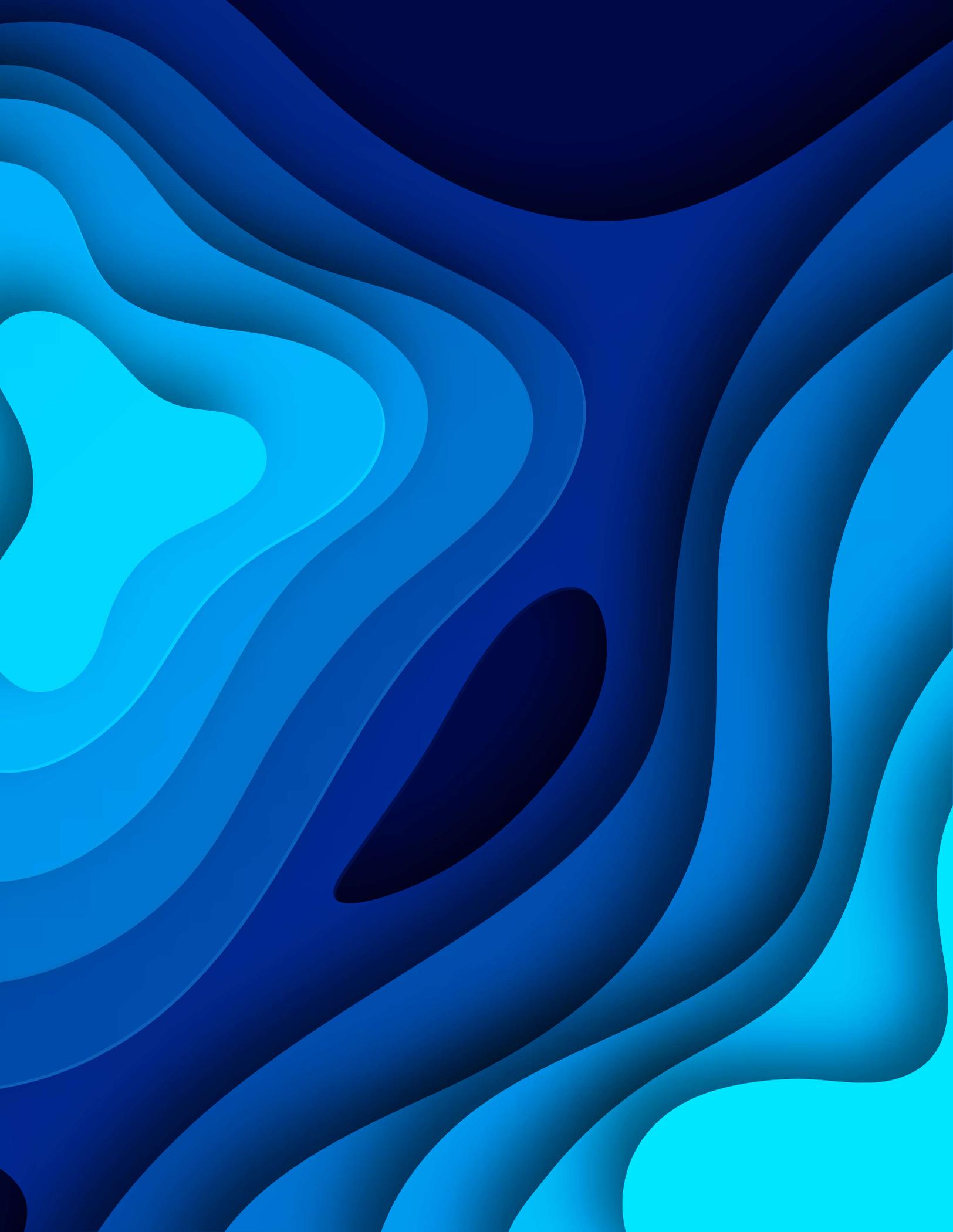
| Fiscal Year Ending June 30 | Motor Vehicle Fuel Taxes | Indexed Fuel Taxes 1 * | Indexed Fuel Taxes 2 ** | Total |
|-------------------------------|-----------------------------|---------------------------|----------------------------|----------------|
| 2010 | \$ 65,408,709 | \$ - | \$ - | \$ 65,408,709 |
| 2011 | \$ 65,409,657 | \$ - | \$ - | \$ 65,409,657 |
| 2012 | \$ 64,868,301 | \$ - | \$ - | \$ 64,868,301 |
| 2013 | \$ 65,339,861 | \$ - | \$ - | \$ 65,339,861 |
| 2014 | \$ 66,194,843 | \$ 12,732,079 | \$ - | \$ 78,926,922 |
| 2015 | \$ 68,248,969 | \$ 53,320,277 | \$ - | \$ 121,569,246 |
| 2016 | \$ 70,708,934 | \$ 80,615,282 | \$ - | \$ 151,324,216 |
| 2017 | \$ 72,691,642 | \$ 86,083,024 | \$ - | \$ 158,774,666 |
| 2018 | \$ 74,018,287 | \$ 89,575,222 | \$ 6,897,622 | \$ 170,491,131 |
| 2019 | \$ 74,801,402 | \$ 92,039,435 | \$ 13,691,110 | \$ 180,531,947 |

* Fiscal year 2014 was the first year of implementation, therefore only six years are shown.

** Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
SCHEDULE OF SALES TAX COLLECTIONS
LAST TEN FISCAL YEARS**

| Fiscal Year Ending June 30 | Streets and Highways, Freeway and Arterial System of Transportation, Clark County Department of Air Quality | Transit | Total |
|-------------------------------|---|----------------|----------------|
| 2010 | \$ 33,934,033 | \$ 101,802,101 | \$ 135,736,134 |
| 2011 | \$ 35,444,543 | \$ 106,333,631 | \$ 141,778,174 |
| 2012 | \$ 37,606,331 | \$ 112,818,994 | \$ 150,425,325 |
| 2013 | \$ 39,752,304 | \$ 119,256,912 | \$ 159,009,216 |
| 2014 | \$ 42,574,499 | \$ 127,723,497 | \$ 170,297,996 |
| 2015 | \$ 45,517,495 | \$ 136,552,487 | \$ 182,069,982 |
| 2016 | \$ 47,231,023 | \$ 141,693,070 | \$ 188,924,093 |
| 2017 | \$ 49,522,194 | \$ 148,566,583 | \$ 198,088,777 |
| 2018 | \$ 51,712,622 | \$ 155,137,865 | \$ 206,850,487 |
| 2019 | \$ 55,460,145 | \$ 166,380,438 | \$ 221,840,583 |



HORIZON DRIVE
CITY OF HENDERSON
COMPLETED 2019

