



Regional Transportation Commission of Southern Nevada
A Component Unit of Clark County, Nevada

Component Unit Financial Statements

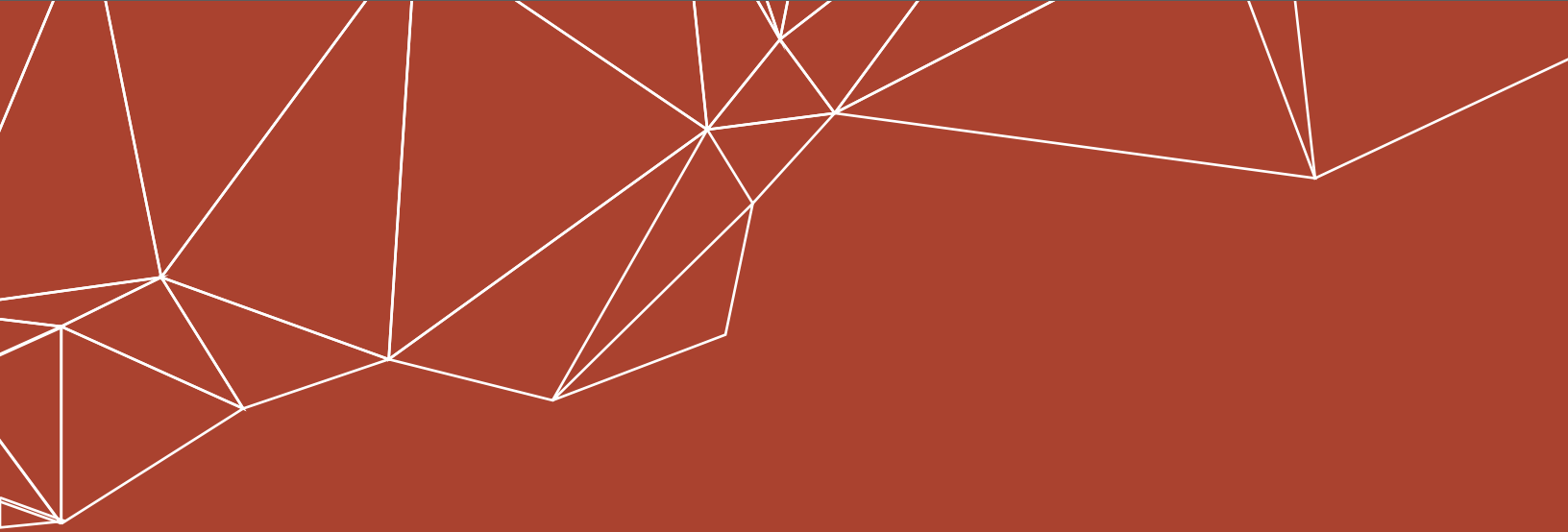
June 30, 2016



**RTC's Mobility Training Center,
2016 Winner of APTA's Innovation Award**



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**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA**

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

**COMPONENT UNIT FINANCIAL
STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**



Prepared by the Department of Finance

Las Vegas, Nevada

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2016

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REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2016

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Regional Transportation Commission of Southern Nevada A Component Unit of Clark County, Nevada

RTC BOARD OF COMMISSIONERS

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Regional Transportation Commission
of Southern Nevada



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Clark County



Debra March, Vice Chairman
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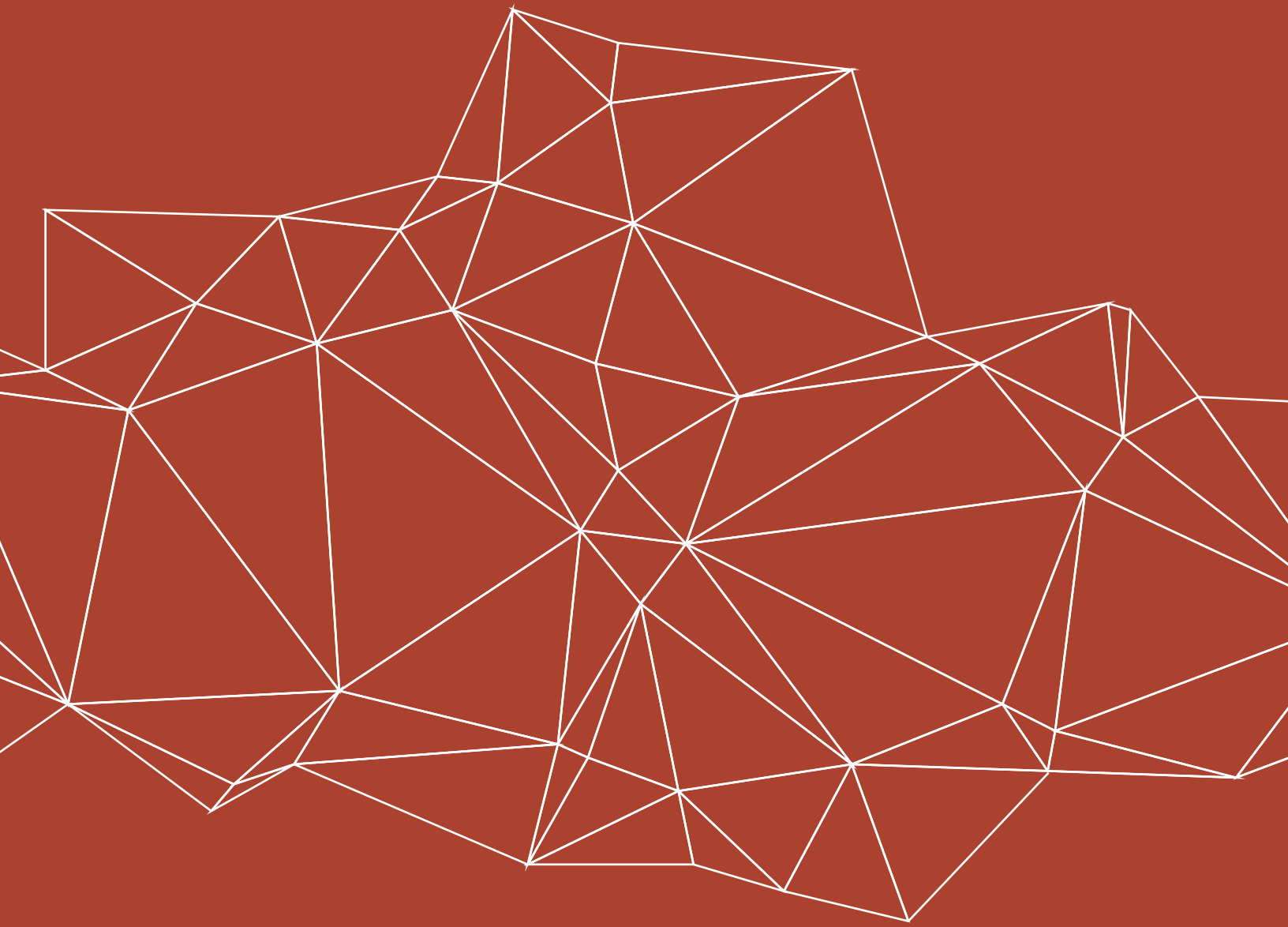
Mayor John Lee
City of North Las Vegas





Financial Section





REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Regional Transportation Commission of Southern Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada (RTC), as of and for the year ended June 30, 2016, 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.

Board of Commissioners
Regional Transportation Commission of Southern Nevada

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada as of June 30, 2016, 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 the *Management's Discussion and Analysis* on pages 5 through 15, the *Schedule of Funding Progress–Other Postemployment Benefits* on page 66, the *Schedule of Proportionate Share of the Net Pension Liability* on page 77, the *Schedule of Defined Benefit Plan Contributions* on page 78, and the *Budgetary Comparison Information* on pages 67 through 73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Commissioners
Regional Transportation Commission of Southern Nevada

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2016 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.

Mess Adams LLP

Albuquerque, New Mexico
November 8, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

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, 2016. 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, 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) 2016 the RTC benefited from a 3.76% increase in sales and excise tax revenue, a 3.6% increase in motor vehicle fuel tax revenue, and the continuation of the inflationary adjustments for the indexed fuel tax revenue. The first indexed fuel tax adjustment for inflation occurred on January 1, 2014 at a rate of 6.22%, which resulted in the first indexed fuel tax rate of 3.3 cents per gallon which generated \$12,732,079 in revenue for the last six months of FY2014. The second indexed fuel tax adjustment for inflation occurred on July 1, 2014 at a rate of 6.05% which brought the cumulative indexed fuel tax rate to 6.6 cents per gallon, which generated \$53,320,277 in revenue for FY2015. The third indexed fuel tax adjustment for inflation occurred on July 1, 2015 at a rate of 5.25% which brought the cumulative indexed fuel tax rate to 9.7 cents per gallon, which generated \$80,615,282 in revenue for FY2016.

Condensed Statements of Net Position
June 30, 2016 and 2015

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	\$ 419,864,333	\$ 383,499,108	\$ 168,524,993	\$ 164,234,877	\$ 588,389,326	\$ 547,733,985
Net capital assets	16,903,301	17,755,825	397,982,176	374,191,612	414,885,477	391,947,437
Total assets	436,767,634	401,254,933	566,507,169	538,426,489	1,003,274,803	939,681,422
Deferred outflows of resources	16,610,629	8,800,876	2,838,851	1,953,303	19,449,480	10,754,179
Total assets and deferred outflows of resources	453,378,263	410,055,809	569,346,020	540,379,792	1,022,724,283	950,435,601
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Long-term liabilities	902,422,772	836,560,596	20,878,807	17,872,791	923,301,579	854,433,387
Other liabilities	67,817,524	54,432,219	16,490,947	18,519,799	84,308,471	72,952,018
Total liabilities	970,240,296	890,992,815	37,369,754	36,392,591	1,007,610,050	927,385,406
Deferred inflows of resources	9,137,641	16,210,692	1,743,436	3,093,888	10,881,077	19,304,580
Total liabilities and deferred inflows of resources	979,377,937	907,203,507	39,113,190	39,486,479	1,018,491,127	946,689,986
NET POSITION						
Net investment in capital assets	16,903,301	17,755,825	397,982,176	374,191,612	414,885,477	391,947,437
Restricted	338,750,400	311,753,551	-	-	338,750,400	311,753,551
Unrestricted (deficit)	(881,653,375)	(826,657,074)	132,250,654	126,701,701	(749,402,721)	(699,955,373)
TOTAL NET POSITION	\$ (525,999,674)	\$ (497,147,698)	\$ 530,232,830	\$ 500,893,313	\$ 4,233,156	\$ 3,745,615

Governmental Activities

In June of 2013 the Nevada State Legislature passed Assembly Bill No. 413, authorizing Clark County to impose additional taxes on fuels for motor vehicles referred to as Indexed Fuel Tax. Under Indexed Fuel Tax, Motor Vehicle Fuel Taxes are increased annually by the ten year average of 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 Indexed Fuel Taxes 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.

On November 10, 2015, Clark County for the benefit of RTC issued Indexed Fuel Tax highway revenue bonds, Series 2015, and received approximately \$99,000,000 in proceeds to be used for roadway projects. The proceeds were completely expended prior to the end of FY2016. The increase in current and other assets is due primarily to the accumulation of revenue in cash as spending down of the Series 2015 bond proceeds was a priority. The increase in current and other assets was also due to an increase in accounts receivable which increased due to amounts due to RTC from the Nevada Department of Transportation (NDOT) for construction expenditures on the Boulder City Bypass or the first leg of Interstate 11 (I-11). RTC and NDOT entered into an inter-local agreement where NDOT reimburses the RTC for 95% of I-11 expenditures up to approximately \$233,506,000 with federal Surface Transportation Program (STP) funds. The total cost of I-11 is approximately \$289,000,000. I-11 expenditures not reimbursed with STP funds will be paid by a combination of Indexed Fuel Tax revenues and bond proceeds.

The increase in deferred outflows of resources is primarily due to recording deferred outflow of resources – contributions related to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Deferred outflow of resources – contributions of \$4,611,148 representing a deferred outflow of resources for contributions made to the Public Employees' Retirement System (PERS) for FY2016.

The increase in long-term liabilities is primarily due to the issuance of Indexed Fuel Tax highway revenue bonds, Series 2015 for \$85,000,000 and the issuance of Motor Vehicle Fuel Tax refunding revenue bonds of \$107,350,000, Series 2016, offset by the required deposit to the refunding escrow for the Motor Vehicle Fuel Tax refunding revenue bonds and the regularly scheduled payment of principal for bonds and notes payable. Also contributing to the increase in long-term liabilities is an increase of approximately \$2,800,000 in the net pension liability as a direct result of GASB 68 adjustments.

The increase in other liabilities was primarily due to the increased expenditures and accounts payable related to street and highway construction activity funded by indexed fuel taxes.

The decrease in deferred inflows of resources was primarily due to the expenditure of approximately \$4,800,000 of deposits in FY2016 from other government agencies for utility work related to the Flamingo Corridor Improvement project that was accounted for as unearned revenue.

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

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

Business Type Activities

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

Current and other assets increased primarily due to approximately \$5,000,000 due to the RTC at year end payable from the State of Nevada Department of Health and Human Services, Division of Health Care Financing and Policy for Medicaid eligible medical Para Transit rides provided in FY2016.

The increase in net capital assets was primarily due to approximately \$65,200,000 of capital expenditures for the Mobility Training Center, and the acquisition of transit vehicles and fueling equipment offset by depreciation expense of approximately \$44,500,000. Transit vehicles acquired consists of 55 fixed route buses and 80 paratransit vehicles.

Long-term liabilities increased due to the annual increase of approximately \$972,000 in the other post-employment benefits obligation more fully described in note 11 to the financial statements, and an increase in the pension liability of approximately \$1,800,000 due to the increase of the required employer contribution rate from 25.75% in FY2015 to 28.00% in FY2016.

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

Condensed Statements of Activities
For the years ended June 30, 2016 and 2015

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
PROGRAM REVENUES						
Charges for services	\$ -	\$ -	\$ 81,752,550	\$ 82,167,437	\$ 81,752,550	\$ 82,167,437
Operating grants and contributions	3,836,206	5,314,382	2,741,383	742,621	6,577,589	6,057,003
Capital grants and contributions	78,683,978	22,931,581	41,895,579	18,463,190	120,579,557	41,394,771
GENERAL REVENUES						
Motor vehicle fuel tax	151,324,216	121,569,246	-	-	151,324,216	121,569,246
Jet-aviation fuel tax	3,779,101	3,513,971	-	-	3,779,101	3,513,971
Sales and excise tax	47,231,023	45,517,496	141,693,070	136,552,487	188,924,093	182,069,982
Interest income	5,800,022	6,580,338	2,149,961	1,259,305	7,949,983	7,839,643
Other	5,876,179	2,159,473	16,114	46,667	5,892,293	2,206,139
	<u>296,530,725</u>	<u>207,586,487</u>	<u>270,248,657</u>	<u>239,231,707</u>	<u>566,779,382</u>	<u>446,818,193</u>
EXPENSES						
Public works	302,520,644	186,485,162	-	-	302,520,644	186,485,162
Interest on long-term debt	33,062,056	35,444,220	-	-	33,062,056	35,444,220
Public transit	-	-	230,709,141	223,190,763	230,709,141	223,190,763
	<u>335,582,700</u>	<u>221,929,382</u>	<u>230,709,141</u>	<u>223,190,763</u>	<u>566,291,841</u>	<u>445,120,145</u>
Changes in net position before transfers	(39,051,975)	(14,342,895)	39,539,516	16,040,944	487,541	1,698,049
Net transfers	10,200,000	9,550,000	(10,200,000)	(9,550,000)	-	-
Change in net position	<u>(28,851,975)</u>	<u>(4,792,895)</u>	<u>29,339,516</u>	<u>6,490,944</u>	<u>487,541</u>	<u>1,698,049</u>
Net position - beginning	(497,147,698)	(470,291,493)	500,893,313	507,804,917	3,745,615	37,513,424
Cumulative effect of change in accounting principle	-	(22,063,310)	-	(13,402,548)	-	(35,465,858)
Net position - beginning as restated	<u>(497,147,698)</u>	<u>(492,354,803)</u>	<u>500,893,313</u>	<u>494,402,369</u>	<u>3,745,615</u>	<u>2,047,566</u>
Net position - ending	<u>\$ (525,999,673)</u>	<u>\$ (497,147,698)</u>	<u>\$ 530,232,829</u>	<u>\$ 500,893,313</u>	<u>\$ 4,233,156</u>	<u>\$ 3,745,615</u>

Fluctuations in revenues and expenses for FY2016 compared to FY2015 are explained below.

Governmental Activities

Operating grants and contributions decreased due to reduced expenditures for grant reimbursed planning activities in the Metropolitan Planning Organization (MPO) department.

- Capital grants for governmental activities increased mainly due to the Nevada Department of Transportation Agreement for the Boulder City Bypass/I-11 project. RTC and NDOT entered into an inter-local agreement where NDOT reimburses the RTC for 95% of I-11 expenditures up to approximately \$233,506,000 with federal Surface Transportation Program funds. In FY2016, NDOT reimbursed \$71,298,572 to the RTC for the I-11 project.
- Motor vehicle fuel tax revenue increased mainly due to the Indexed Fuel Tax rate increasing from 6.6 cents per gallon to 9.7 cents per gallon effective July 1, 2015.
- Sales and excise tax increased by approximately 3.76% due to increased taxable sales in Clark County. This is the sixth consecutive year of increased sales and excise tax revenue which is contributing to a recovering Southern Nevada economy.
- The increase in spending on public works projects is due to the increase in the amount of funds available from the indexed fuel tax collections and indexed fuel tax revenue bond proceeds, Series 2015. Additionally, the Jurisdictions have had more time to design and place projects under contract for this \$700,000,000 to \$800,000,000 road construction program. FY2016 was the second full year of indexed fuel tax revenue.
- The cumulative effect of change in accounting principle of \$22,063,310 for FY2015 is due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and represents pension expenditures for prior fiscal years.

Business Type Activities

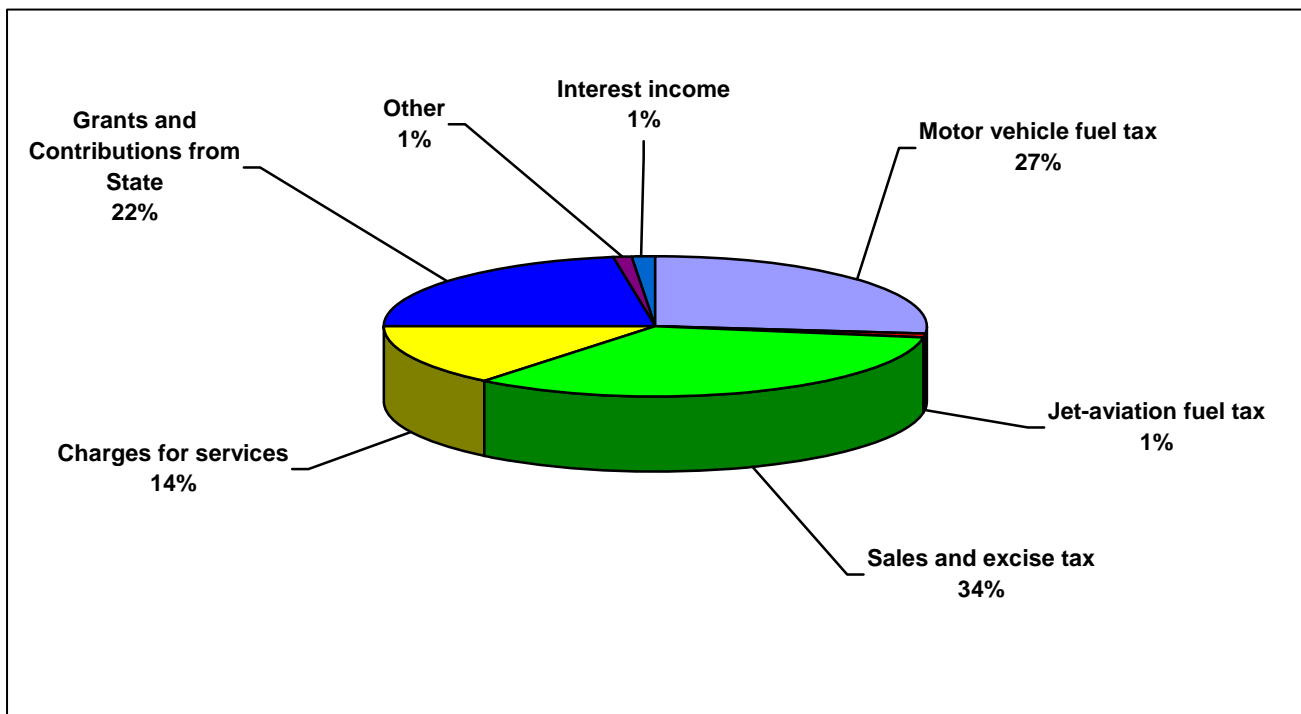
- Charges for services decreased approximately \$400,000 for FY2016. Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October, 2015, which caused a slight decline in transit fare revenue for the Strip bus routes for the last eight months of the fiscal year.
- Capital grants for business type activities fluctuate annually based on the volume of capital procurements and the timing of grant awards. The increase in capital grants in FY2016 is primarily due to grant award and reimbursement for 39 fixed route compressed natural gas (CNG) buses and 138 CNG paratransit buses in FY2016 versus grant award and reimbursement for 15 fixed route CNG buses and 6 CNG paratransit buses in FY2015.
- As mentioned under Governmental Activities, sales and excise tax increased by approximately 3.76% due to increased taxable sales in Clark County.
- Public transit expenses increased approximately \$7,500,000 primarily due to the following: fixed route service hours were increased by 109,058 hours over the prior year, which included a new route (route 121), several service enhancements to other routes, the fixed route cost per service hour increased by 0.9%, for a total increase in the cost of providing fixed route service of approximately \$6,800,000, the cost of Para Transit service increased approximately \$1,200,000 due to the increased service area caused by route 121 and an increase in ridership for non-profit service providers, security doors to protect the fixed route bus drivers and additional camera equipment for the fixed route and paratransit fleet were purchased for approximately \$1,300,000, an agreement

with a third party vendor to maintain and clean bus shelters in exchange for advertising revenue generated in those bus shelters was terminated making it necessary to contract new vendors to clean and maintain the bus shelters at a cost of approximately \$1,600,000, and Depreciation expense increased by approximately \$3,100,000 due to the ongoing implementation of the fleet replacement plan in purchasing fixed route and paratransit vehicles to replace vehicles closer to the end of their estimated useful lives. These increases in expenditures were offset by savings of approximately \$6,600,000 in the cost of fuel due to the wholesale cost of diesel fuel decreasing from an average annual cost of \$2.34 per gallon in FY2015 to \$1.49 in FY2016, a \$3,693,838 rebate from the IRS for the use of CNG in transportation, and the continued replacement of diesel fueled buses with compressed natural gas fueled buses. The IRS rebate received in FY2016 consisted of approximately \$900,000 related to FY2015 as the related tax return can only be filed for congressionally approved periods, which are sometimes delayed.

- The cumulative effect of change in accounting principle of \$13,402,548 for FY2015 is due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and represents pension expenditures for prior fiscal years.

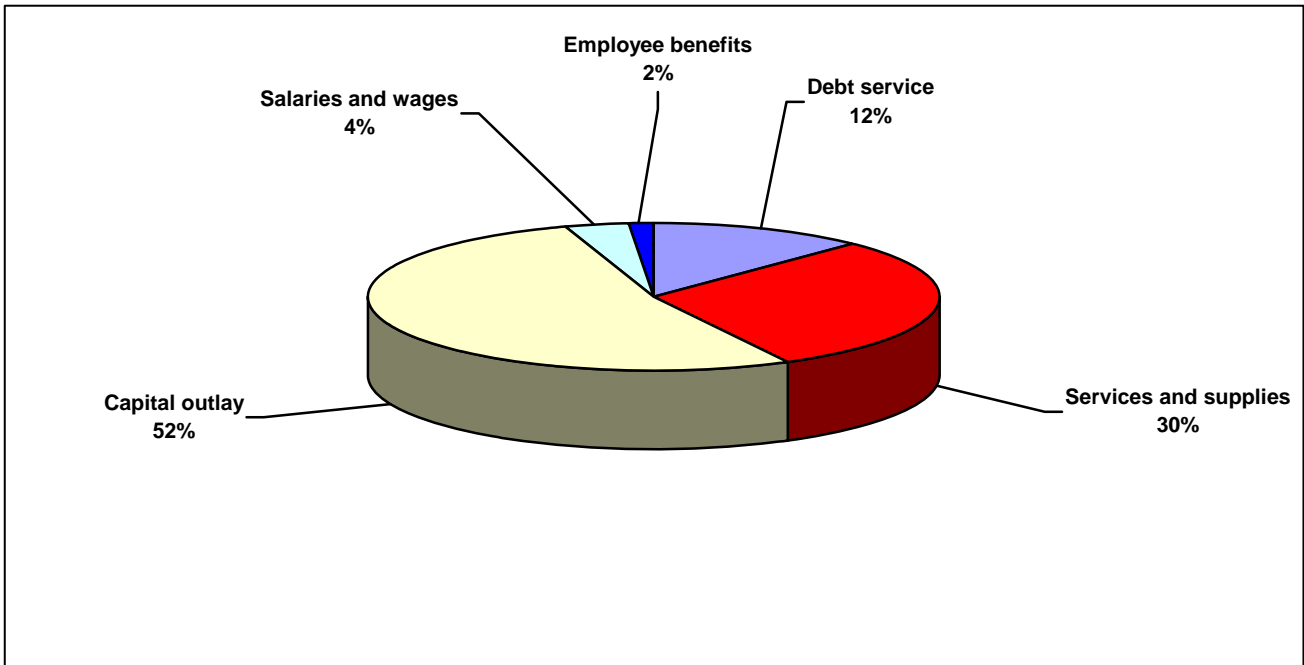
REVENUES

The following chart shows the components of revenues for the year ended June 30, 2016:



EXPENDITURES

The following chart shows the components of expenditures for the year ended June 30, 2016:



CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During FY2016, the RTC expended \$332.5 million 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	\$263,533,188
RTC Transit equipment, buildings, land, and improvements	68,415,123
RTC equipment	586,747

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 probably 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 14, 2016, 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, 2016:

	Beginning Balance	Additions and Premiums	Deletions and Discounts	Ending Balance
Revenue bonds	\$ 809,382,369	\$ 225,934,100	\$ 163,686,587	\$ 871,629,882

Bonds payable at June 30, 2016, are comprised of the following individual issues:

	Original Amount	Interest Rate	Balance June 30, 2016
Highway Improvement and Refunding Revenue Bonds			
Motor Vehicle Fuel Tax Revenue:			
Series 2007	\$ 300,000,000	3.00-5.00%	\$ 92,365,000
Series 2010A	32,595,000	6.10-6.35%	32,595,000
Series 2010B	51,180,000	5.00%	51,180,000
Series 2011	118,105,000	4.00-5.00%	96,895,000
Series 2016	107,350,000	5.00%	107,350,000
Indexed Fuel Tax Revenue:			
Series 2014A	100,000,000	3.00-5.00%	96,870,000
Series 2015	85,000,000	5.00%	85,000,000
Sales and Excise Tax Revenue:			
Series 2010	69,595,000	3.00-5.00%	54,225,000
Series 2010B	94,835,000	3.00-5.00%	52,220,000
Series 2010C	140,560,000	5.10-6.15%	140,560,000
			<u>809,260,000</u>
Plus unamortized premium			62,396,041
Less unamortized discount			(26,159)
Total			<u>\$ 871,629,882</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 FY2016.

PUBLIC TRANSIT STATISTICS

The RTC coordinates transportation programs and services for the safe, convenient, and effective movement of people and goods within Southern Nevada. As part of this mission, the RTC operates a fixed route bus service and a paratransit service in Southern Nevada. The Americans with Disabilities Act of 1990 requires all fixed route bus service operators to provide a comparable paratransit service for the elderly and disabled.

	2016	2015	2014	2013	2012
Ridership - fixed route	65,685,973	64,060,738	59,728,168	60,336,469	59,699,065
% increase (decrease)	2.5%	7.3%	(1.0%)	1.1%	7.6%
Ridership - paratransit	1,565,611	1,493,435	1,400,025	1,363,689	1,319,901
% increase	4.8%	6.7%	2.7%	3.3%	8.7%

The increase in the fixed route ridership for FY2016 may be attributed to the service hours increases in the form of higher frequencies, a new route, and a few route extensions, coupled with a continually improving economy and lower unemployment.

The increase in paratransit ridership in FY2016 is due to increase in the fixed route service area as a direct result of adding a new route.

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 due to delaying a portion of the expenditures related to the bike share program to FY2017, and delaying significant planning studies for the Unified Planning Work Program (UPWP), which is also 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 at 8% of the sales tax approved by voters in 2002. Sales Tax Revenue exceeded the original budget by 2.6%, 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. In FY2016 additional bonds were anticipated to be issued for indexed fuel tax revenue projects; however, projects did not progress as anticipated, more cash balance was used to fund projects, and the portion of a planned bond issuance was postponed causing interest expense to come in under budget.

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. Proceeds from revenue bonds issued came in below budget consistent with the explanation above for the RTC Bonds Fund. As part of the refunding of a portion of the Motor Vehicle Fuel Tax Series 2007 Bonds, it was decided to transfer excess debt reserve funds to the Highway Improvement Acquisition Fund for use on construction of projects.

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. Federal and state grant revenue in this fund was planned for reimbursements from the State with federal STP funds for the Boulder City Bypass or I-11 and Flamingo corridor improvements. These projects did not progress at the anticipated rate considered in the budget and grant revenue came in under budget. Motor Vehicle Fuel Tax revenue came in about 5.5% over budget due to gallons sold in Clark County for FY2016 coming in 3.6% over gallons sold in FY2015, and budgeting conservatively when setting the FY2016 budget during the middle of FY2015. Fuel Tax Indexing revenue is over budget by 7.9% due to the increase in gallons sold mentioned above, and also due to refunds not taken by distributors of special fuels subject to the indexed fuel tax of \$2,593,420 remitted to the RTC in FY2016. 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. 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 issuance of only a portion 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 the Clark County Department of Air Quality (CCDOAQ). 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 budget primarily due to sales tax revenue being over the original budget by 2.6%.

The Public Transit Fund (50) is an enterprise fund that contains all financial activity for all aspects of the RTC Transit System. Federal and state grants and contributions revenue is over budget due to a grant budget revision to use older Congestion Mitigation Air Quality (CMAQ) grant funds on three newer transit routes utilizing the available grant funds sooner than anticipated in the budget. Services and supplies expenses are under budget by approximately \$18,200,000 primarily due to fuel expense coming in under budget by approximately \$9,700,000 and a 3% budget contingency of \$6,000,000 that was not utilized. The budgeted savings for fuel was due to the cost of diesel fuel that was budgeted at \$2.50 per gallon, and the average annual cost per gallon was only \$1.49, a \$3,693,838 rebate from the IRS for the use of CNG in transportation, and the continued replacement of diesel fueled buses with compressed natural gas fueled buses. The IRS rebate received in FY2016 consisted of approximately \$900,000 related to FY2015 as the related tax return can only be filed for congressionally approved periods, which are sometimes delayed.

In June 2016, the RTC approved budget augmentations for The Regional Transportation Fund (2) sales and excise tax revenue for \$2,500,000 to pay for an augmentation of \$2,400,000 for transfers out and another augmentation for services and supplies of \$100,000 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, 2016, Clark County has issued all revenue bonds on behalf of the RTC. The bond rating at June 30, 2016, 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, 2016, 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, 2016, 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.

On September 30, 2015, Moody's Investors Service Inc., upgraded the bond rating for the Clark County Nevada Highway Revenue Bonds (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax) from A1 to Aa3. This credit rating increase was in conjunction with preparations to sell \$85,000,000 of new Clark County, Nevada Highway Revenue Bonds (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax).

On October 6, 2016, Moody's Investors Service affirmed its Aa3 rating for the Clark County, Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds and the Clark County, Nevada Highway Revenue Bonds (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax), and its Aa2 rating for the Clark County, Nevada Sales and Excise Tax Revenue (Street and Highway Projects) Refunding Bonds. On October 11, 2016, Standard & Poor's Rating Service affirmed its AA- rating for the Clark County, Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds and the Clark County, Nevada Highway Revenue Bonds (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax), and its AA rating for the Clark County, Nevada Sales and Excise Tax Revenue (Street and Highway Projects) Refunding Bonds. These updated credit ratings were given in conjunction with preparations to refund a portion, \$41,875,000, of the Sales and Excise Tax Revenue (Streets and Highways Projects) Series 2010 bonds and \$51,180,000 in Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds. The sale date for these transactions was October 19, 2016, and the anticipated close date is anticipated for November 9, 2016.

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 2016 was 6.0%, which was down from 6.8% in August a year ago, and down from 7.7% a year before that. The hotel/motel occupancy rate for the Las Vegas metropolitan area in August of 2016 was 89.3%, which was up from 88.4% in August a year ago. These indicators have shown improvement in the local economy for several years now.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2016

	<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	\$ 1,891,896	\$ 110,963,536	\$ 112,855,432
Restricted	276,153,266	-	276,153,266
Cash in bank			
Unrestricted	590,859	5,194,420	5,785,279
Restricted	10,246,752	-	10,246,752
Cash on hand	500	14,500	15,000
In custody of the fiscal agent	42,271,624	-	42,271,624
Accounts receivable, net	37,453,729	11,830,157	49,283,886
Interest receivable	620,743	247,224	867,967
Internal balances	1,700,000	(1,700,000)	-
Due from other governmental units	48,212,673	41,914,690	90,127,363
Prepaid expenses	722,291	60,466	782,757
Capital assets, not being depreciated	1,638,094	55,472,526	57,110,620
Capital assets, net of accumulated depreciation	<u>15,265,207</u>	<u>342,509,650</u>	<u>357,774,857</u>
 Total Assets	 <u>436,767,634</u>	 <u>566,507,169</u>	 <u>1,003,274,803</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	4,611,148	2,838,851	7,449,999
Deferred outflows related to bond refunding	<u>11,999,481</u>	<u>-</u>	<u>11,999,481</u>
 Total Deferred Outflows of Resources	 <u>16,610,629</u>	 <u>2,838,851</u>	 <u>19,449,480</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 453,378,263</u>	 <u>\$ 569,346,020</u>	 <u>\$ 1,022,724,283</u>

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES:			
Accounts payable	\$ 49,849,619	\$ 15,971,691	\$ 65,821,310
Accrued payroll	637,446	434,573	1,072,019
Accrued interest	17,313,321	-	17,313,321
Other current liabilities	17,139	84,683	101,822
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable	39,425,000	-	39,425,000
Compensated absences	726,440	525,580	1,252,020
Portion due or payable after one year:			
Bonds and notes payable	832,204,882	-	832,204,882
Compensated absences	1,725,581	949,660	2,675,241
Other post employment benefits	5,750,392	5,603,885	11,354,277
Net pension liability	<u>22,590,476</u>	<u>13,799,682</u>	<u>36,390,158</u>
 Total Liabilities	 <u>970,240,296</u>	 <u>37,369,754</u>	 <u>1,007,610,050</u>
 DEFERRED INFLOWS OF RESOURCES:			
Unearned revenue from Build America Bonds Rebate	1,653,848	-	1,653,848
Unearned revenue from Flamingo Corridor Improvement	4,430,738	-	4,430,738
Unearned revenue from Downtown and Pedestrian Bike Improvement	88,189	-	88,189
Deferred inflows related to pensions	<u>2,964,866</u>	<u>1,743,436</u>	<u>4,708,302</u>
 Total Deferred Inflows of Resources	 <u>9,137,641</u>	 <u>1,743,436</u>	 <u>10,881,077</u>
 TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	 <u>979,377,937</u>	 <u>39,113,190</u>	 <u>1,018,491,127</u>
 NET POSITION			
Net investment in capital assets	16,903,301	397,982,176	414,885,477
Restricted for:			
Capital projects and intergovernmental capital grants	217,012,968	-	217,012,968
Debt service	121,737,432	-	121,737,432
Unrestricted (deficit)	<u>(881,653,375)</u>	<u>132,250,654</u>	<u>(749,402,721)</u>
 TOTAL NET POSITION	 <u>\$ (525,999,674)</u>	 <u>\$ 530,232,830</u>	 <u>\$ 4,233,156</u>

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 302,520,645		\$ 3,836,206	\$ 78,683,978	\$ (220,000,461)		\$ (220,000,461)
Interest on long-term debt	33,062,056		-	-	(33,062,056)		(33,062,056)
TOTAL GOVERNMENTAL ACTIVITIES	335,582,701		3,836,206	78,683,978	(253,062,517)		(253,062,517)
BUSINESS-TYPE ACTIVITIES:							
Public transit	230,709,140	\$ 81,752,550	2,741,383	41,895,579		\$ (104,319,628)	(104,319,628)
TOTAL BUSINESS-TYPE ACTIVITIES	230,709,140	81,752,550	2,741,383	41,895,579		(104,319,628)	(104,319,628)
Total	\$ 566,291,841	\$ 81,752,550	\$ 6,577,589	\$ 120,579,557	(253,062,517)	(104,319,628)	(357,382,145)
General Revenues:							
Fuel taxes					155,103,317	-	155,103,317
Sales and excise tax					47,231,023	141,693,070	188,924,093
Interest income					5,800,022	2,149,961	7,949,983
Other					5,876,179	16,114	5,892,293
Transfers					10,200,000	(10,200,000)	-
Total general revenues and transfers					224,210,541	133,659,145	357,869,686
Changes in net position					(28,851,976)	29,339,517	487,541
Net position - beginning					(497,147,698)	500,893,313	3,745,615
Net position - ending					\$ (525,999,674)	\$ 530,232,830	\$ 4,233,156

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue		Debt Service Funds		Capital Project Funds		Total Governmental Funds
	General Fund	Fund			Highway		
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Improvement Acquisition	RTC Highway Improvement	
ASSETS							
Cash and investments:							
In custody of the County Treasurer							
Unrestricted	\$ 1,891,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,891,896
Restricted	-	547,693	59,160,816	39,052,896	136,064,056	41,327,805	276,153,266
Cash in bank							
Unrestricted	590,859	-	-	-	-	-	590,859
Restricted	-	728,854	-	-	8,594,415	923,483	10,246,752
Cash on hand	500	-	-	-	-	-	500
In custody of the fiscal agent							
Accounts receivable, net	2,181,750	-	-	42,271,624	-	-	42,271,624
Interest receivable	4,224	1,223	132,078	87,187	35,271,979	92,265	37,453,729
Due from other funds	4,439,699	-	-	-	303,766	9,119,218	620,743
Due from other governmental units	36,363	12,093,949	-	-	-	35,124,725	13,558,917
Prepaid expenses	128,488	-	-	-	593,803	957,636	48,212,673
							722,291
TOTAL ASSETS	\$ 9,273,779	\$ 13,371,719	\$ 59,292,894	\$ 81,411,707	\$ 215,952,744	\$ 52,420,407	\$ 431,723,250
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 2,087,903	\$ 2,620,460	\$ -	\$ -	\$ 43,981,022	\$ 1,160,234	\$ 49,849,619
Accrued payroll	637,446	-	-	-	-	-	637,446
Due to other funds	-	10,158,917	-	-	1,700,000	-	11,858,917
Other liabilities	17,139	-	-	-	-	-	17,139
Total liabilities	<u>2,742,488</u>	<u>12,779,377</u>	<u>-</u>	<u>-</u>	<u>45,681,022</u>	<u>1,160,234</u>	<u>62,363,121</u>
DEFERRED INFLOWS OF RESOURCES:							
Unearned revenue from Build America Bonds Rebate	-	-	1,653,848	-	-	-	1,653,848
Unearned revenue from Flamingo Corridor Improvement	-	-	-	-	4,430,738	-	4,430,738
Unearned revenue from Downtown and Pedestrian Bike Improvement	-	-	-	-	-	88,189	88,189
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,653,848</u>	<u>-</u>	<u>4,430,738</u>	<u>88,189</u>	<u>6,172,775</u>
Total liabilities and deferred inflows of resources	2,742,488	12,779,377	1,653,848	-	50,111,760	1,248,423	68,535,896
FUND BALANCES:							
Nonspendable fund balance	128,488	-	-	-	-	-	128,488
Restricted fund balance	-	592,342	57,639,046	81,411,707	165,840,984	51,171,984	356,656,063
Unassigned fund balance	6,402,803	-	-	-	-	-	6,402,803
Total fund balances	<u>6,531,291</u>	<u>592,342</u>	<u>57,639,046</u>	<u>81,411,707</u>	<u>165,840,984</u>	<u>51,171,984</u>	<u>363,187,354</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,273,779	\$ 13,371,719	\$ 59,292,894	\$ 81,411,707	\$ 215,952,744	\$ 52,420,407	\$ 431,723,250

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

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

Fund balance - governmental funds \$ 363,187,354

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	\$ 28,589,785	
Less accumulated depreciation	<u>(11,686,484)</u>	16,903,301

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	(933,999,765)	
Unamortized issuance premiums	62,396,042	
Unamortized issuance discounts	(26,159)	
Deferred loss on bond refunding	11,999,481	
Deferred outflows of resources - contributions	4,611,148	
Accrued interest payable	(17,313,321)	
Compensated absences	(2,452,021)	
Other post employment benefits	(5,750,392)	
Net pension liability	(22,590,476)	
Deferred inflows of resources - actuarial	<u>(2,964,866)</u>	<u>(906,090,329)</u>

Total net position - governmental activities **\$ (525,999,674)**

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Debt Service Funds		Capital Project Funds		Total Governmental Funds
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
REVENUES							
Intergovernmental revenue:							
Federal and state grants	\$ 3,840,348	\$ -	\$ -	\$ -	\$ 78,679,168	\$ 668	\$ 82,520,184
Fuel taxes	-	-	-	-	151,324,216	3,779,101	155,103,317
Sales and excise tax	-	47,231,023	-	-	-	-	47,231,023
Interest	29,901	42,011	826,062	1,534,537	2,643,837	723,674	5,800,022
Other	2,224,183	-	3,428,364	-	-	223,632	5,876,179
Total revenues	<u>6,094,432</u>	<u>47,273,034</u>	<u>4,254,426</u>	<u>1,534,537</u>	<u>232,647,221</u>	<u>4,727,075</u>	<u>296,530,725</u>
EXPENDITURES							
Current:							
Salaries and wages	13,023,971	-	-	-	-	-	13,023,971
Employee benefits	5,413,692	-	-	-	-	-	5,413,692
Services and supplies	10,325,218	7,556,963	2,051	-	139,711	7,500	18,031,443
Debt service:							
Principal	-	-	37,675,000	-	-	-	37,675,000
Interest	-	-	37,868,346	-	-	-	37,868,346
Bond issuance costs	-	-	-	-	870,544	-	870,544
Capital outlay and intergovernmental capital grants	704,537	-	-	-	252,870,921	10,662,267	264,237,725
Total expenditures	<u>29,467,418</u>	<u>7,556,963</u>	<u>75,545,397</u>	<u>-</u>	<u>253,881,176</u>	<u>10,669,767</u>	<u>377,120,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,372,986)</u>	<u>39,716,071</u>	<u>(71,290,971)</u>	<u>1,534,537</u>	<u>(21,233,955)</u>	<u>(5,942,692)</u>	<u>(80,589,996)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	24,558,797	-	76,330,257	-	4,914,113	35,815,263	141,618,430
Transfers out	-	(39,974,060)	-	(4,914,113)	(58,210,296)	(28,319,961)	(131,418,430)
Revenue bond issued	-	-	-	6,667,467	78,332,533	-	85,000,000
Refunding bond issued	-	-	-	-	107,350,000	-	107,350,000
Premium on bond issued	-	-	-	-	33,584,100	-	33,584,100
Payment to refund bond	-	-	(3,027,875)	-	(126,328,306)	-	(129,356,181)
Total other financing sources (uses)	<u>24,558,797</u>	<u>(39,974,060)</u>	<u>73,302,382</u>	<u>1,753,354</u>	<u>39,642,144</u>	<u>7,495,302</u>	<u>106,777,919</u>
CHANGES IN FUND BALANCES	1,185,811	(257,989)	2,011,411	3,287,891	18,408,189	1,552,610	26,187,923
Fund balances - beginning	5,345,480	850,331	55,627,635	78,123,816	147,432,795	49,619,374	336,999,431
Fund balances - ending	<u>\$ 6,531,291</u>	<u>\$ 592,342</u>	<u>\$ 57,639,046</u>	<u>\$ 81,411,707</u>	<u>\$ 165,840,984</u>	<u>\$ 51,171,984</u>	<u>\$ 363,187,354</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

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

Changes in fund balances - governmental funds \$ 26,187,923

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

Capital outlay and intergovernmental capital grants	\$ 264,237,725	
Less intergovernmental capital grants	<u>(263,533,188)</u>	
Capitalized expenditures	704,537	
Less current year depreciation	<u>(1,557,061)</u>	(852,524)

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

Revenue bond issued	(85,000,000)	
Premium on revenue bond issued	(14,181,542)	
Refunding bond issued	(107,350,000)	
Premium on refunding bond issued	(19,402,558)	
Principal payments	37,675,000	
Payment to refund bond	129,356,181	
Amortization of deferred outflows of resources	(626,394)	
Amortization of bond premiums	3,697,741	
Amortization of bond discounts	<u>(1,804)</u>	(55,833,376)

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

Change in accrued interest payable	1,736,747	
Change in compensated absences	(207,552)	
Change in retirement contribution	682,323	
Change in other post employment benefits	<u>(565,517)</u>	<u>1,646,001</u>

Change in net position - governmental activities \$ (28,851,976)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	Public Transit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets:	
Cash and cash equivalents:	
In custody of the County Treasurer	\$ 110,963,536
Cash in bank	5,194,420
Cash on hand	14,500
Accounts receivable	11,830,157
Interest receivable	247,224
Due from other governmental units	41,914,690
Prepaid expenses	60,466
Total current assets	170,224,993
Non-current assets:	
Capital assets:	
Land and construction in progress	55,472,526
Buildings and improvements	201,460,815
Equipment	426,501,390
Accumulated depreciation	(285,452,555)
Total non-current assets	397,982,176
Total assets	568,207,169
Deferred outflows of resources	
Deferred outflows related to pensions	2,838,851
Total assets and deferred outflows of resources	571,046,020
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities:	
Accounts payable	15,971,691
Accrued payroll	434,573
Due to other funds	1,700,000
Other current liabilities	84,683
Total current liabilities	18,190,947
Non-current liabilities:	
Portion due or payable within one year:	
Compensated absences	525,580
Portion due or payable after one year:	
Compensated absences	949,660
Other post employment benefits	5,603,885
Net pension liability	13,799,682
Total non-current liabilities	20,878,807
Total liabilities	39,069,754
Deferred inflows of resources	
Deferred inflows related to pensions	1,743,436
Total liabilities and deferred inflows of resources	40,813,190
NET POSITION	
Net investment in capital assets	397,982,176
Unrestricted	132,250,654
Total net position	\$ 530,232,830

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Public Transit
OPERATING REVENUES	
Charges for services:	
Transit fees	\$ 78,486,591
Transit Advertising	2,690,634
Federal and state grants and contributions	2,741,383
Other	575,325
Total operating revenues	84,493,933
OPERATING EXPENSES	
Salaries and wages	9,236,728
Employee benefits	4,130,287
Services and supplies	172,798,232
Depreciation	44,543,893
Total operating expenses	230,709,140
Operating loss	(146,215,207)
NON-OPERATING REVENUES	
Intergovernmental revenue:	
Sales and excise tax	141,693,070
Federal and state grants and contributions	41,895,579
Interest income	2,149,961
Gain on sale of capital assets	16,114
Total non-operating revenues	185,754,724
Income before transfers	39,539,517
Transfers out	(10,200,000)
CHANGE IN NET POSITION	29,339,517
Net position - beginning	500,893,313
Net position - ending	\$ 530,232,830

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Public Transit
Cash flows from operating activities:	
Cash received from customers	\$ 81,967,590
Cash paid for employees and benefits	(12,443,733)
Cash paid for services and supplies	(173,316,658)
Other operating receipts	575,325
Net cash used in operating activities	(103,217,476)
Cash flows from non-capital financing activities:	
Cash provided by sales and excise tax	140,576,535
Federal and state grants	36,017,103
Transfers to other funds	(10,200,000)
Net cash provided by non-capital financing activities	166,393,638
Cash flows from capital and related financing activities:	
Acquisition, construction, or improvements of capital assets	(68,334,457)
Proceeds from sale of capital assets	16,114
Net cash used in capital and related financing activities	(68,318,343)
Cash flows from investing activities:	
Interest received	2,095,171
Decrease in cash and cash equivalents	(3,047,010)
Cash and cash equivalents - beginning of year	119,219,466
Cash and cash equivalents - end of year	\$ 116,172,456
Reconciliation of operating loss to net cash flows used in operating activities:	
Operating loss	\$ (146,215,207)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	44,543,893
Increase in accounts receivable	(1,974,624)
Increase in prepaid expenses	(12,701)
Increase in deferred outflows of resources - contributions	(885,548)
Decrease in accounts payable	(2,205,726)
Increase in accrued payroll	153,267
Increase in due to other funds	1,700,000
Increase in other current liabilities	23,607
Increase in compensated absences	230,897
Increase in other post employment benefits	972,064
Increase in net pension liability	1,803,054
Increase in deferred inflows of resources - actuarial	(1,350,452)
Net cash used in operating activities	\$ (103,217,476)

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

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

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

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

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

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

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

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14 as amended, the RTC is a discretely presented component unit of the Clark County, Nevada financial reporting entity because the County issues debt on behalf of the RTC. The accounting policies of the RTC conform to accounting principles generally accepted in the United States as applicable to governmental entities.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

The RTC reports the following major governmental funds:

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

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

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

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

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

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

The RTC reports the following major proprietary fund:

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

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

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

Assets, Liabilities and Net Position or Fund Balance

Cash and Investments

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

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

At June 30, 2016, 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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Capital Assets

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

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

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

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

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

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

Compensated Absences

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

Long-Term Obligations

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Long-Term Obligations (continued)

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

Other Postemployment Benefits (OPEB)

Effective July 1, 2007, the RTC implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of the statement, the RTC elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB at zero for the year ended June 30, 2008. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the RTC, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at June 30, 2016, was determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Fund Balance

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

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

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

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

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

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

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 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. Estimates particularly sensitive to change during the upcoming year include market value estimates for loaned securities.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(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 financing them.
- b. The Nevada State Department of Taxation notifies the RTC of its acceptance of the tentative budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all the changes have been noted and hearings closed, the RTC Board of Commissioners adopts the final budget on or before June 1.
- e. The NRS require budget controls to be exercised at the function level. The General Manager or designee is authorized to transfer budgeted amounts within functions or funds, but the RTC Board of Commissioners must approve any transfers between funds or increases to a fund's original appropriated level.
- f. Increases to a fund's budget (augmentations) other than by transfers are accomplished through formal RTC Board of Commissioners action.
- g. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

Compliance with Nevada Revised Statutes

Per NRS 354.626, the RTC is required to report and explain expenditures that exceeded budgeted appropriations at the legal level for each of its funds. For the year ended June 30, 2016, the RTC had no funds or functions with expenditures in excess of appropriations.

New Accounting Pronouncements

In June 2015, GASB issued Statement No. 73, “*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*”. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 2 – Stewardship, Compliance and Accountability (continued)

New Accounting Pronouncements (continued)

In June 2015, GASB issued Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

In June 2015, GASB issued Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 2 – Stewardship, Compliance and Accountability (continued)

New Accounting Pronouncements (continued)

In August 2015, GASB issued Statement No. 77, “*Tax Abatement Disclosures*”. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

In December 2015, GASB issued Statement No. 78, “*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*”. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

In December 2015, GASB issued Statement No. 79, “*Certain External Investment Pools and Pool Participant*”. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 2 – Stewardship, Compliance and Accountability (continued)

New Accounting Pronouncements (continued)

In January 2016, GASB issued Statement No. 80, “*Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*”. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement enhance the comparability of financial statements among governments. Greater comparability improves the decision-usefulness of information reported in financial statements and enhances its value for assessing government accountability. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

In March 2016, GASB issued Statement No. 81, “*Irrevocable Split-Interest Agreements*”. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The provisions of this Statement are effective for reporting periods beginning after December 15, 2016. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

In March 2016, GASB issued Statement No. 82, “*Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*”. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(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, 2016, these amounts are summarized as follows:

Clark County Investment Pool	\$ 389,008,698
Cash and Investments with fiscal agent	42,271,624
Cash in bank	16,032,031
Cash on hand	<u>15,000</u>
Total cash and investments	<u>\$ 447,327,353</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

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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 3 – Cash and Investments (continued)

As of June 30, 2016, the \$389,008,698 of RTC monies held in the investment pool are categorized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 to 3</u>	<u>3 to 5</u>	<u>More than 5</u>
Debt Securities:					
U.S. Treasuries	31.0%	4.0%	55.4%	40.6%	
U.S. Agencies	35.4%	23.3%	51.7%	25.0%	
Corporate Obligations	15.6%	32.7%	62.7%	4.6%	
Money Market Funds	5.9%	100.0%			
Commercial Paper	2.0%	100.0%			
Negotiable Certificates of Deposit	1.0%	100.0%			
NV Local Government Investment Pool	0.6%	100.0%			
Collateralized Mortgage Obligations & Asset Backed Securities	4.1%	0.6%	32.4%	60.4%	6.6%
Collateralized Investment Agreements (1)	0.3%				100.0%
Repurchase Agreements	3.4%	100.0%			
Derivative Instruments	0.7%				100.0%
	<u>100.0%</u>				

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

As of June 30, 2016, the \$42,271,624 of RTC cash and investment 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>	<u>More than 5</u>
Debt Securities:					
U.S. Treasuries	\$ 5,005,300	\$ 5,005,300	-	-	-
U.S. Agencies	14,958,674	14,958,674	-	-	-
Money Market Funds	22,307,650	22,307,650	-	-	-
	<u>\$ 42,271,624</u>	<u>\$ 42,271,624</u>	-	-	-

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 3 – Cash and Investments (continued)

As of June 30, 2016, the \$389,008,698 of RTC monies held in the investment pool and derivative instruments are measured at fair values 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. Treasuries	31.0%	96.3%		3.7%
U.S. Agencies	35.4%	9.7%	90.3%	
Corporate Obligations	15.6%		100.0%	
Money Market Funds	5.9%	100.0%		
Commercial Paper	2.0%		100.0%	
Negotiable Certificates of Deposit	1.0%		100.0%	
NV Local Government Investment Pool	0.6%		100.0%	
Collateralized Mortgage Obligations & Asset Backed Securities	4.1%		100.0%	
Collateralized Investment Agreements (1)	0.3%			100.0%
Repurchase Agreements	3.4%		100.0%	
Derivative Instruments	0.7%		100.0%	
	<u>100.0%</u>			

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

As of June 30, 2016, the \$42,271,624 of RTC cash and investment with fiscal agent are measured at fair values 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. Treasuries	\$ 5,005,300	\$ 5,005,300	-	-
U.S. Agencies	14,958,674	14,958,674	-	-
Money Market Funds	22,307,650	22,307,650	-	-
	<u>\$ 42,271,624</u>	<u>\$ 42,271,624</u>	<u>-</u>	<u>-</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 3 – Cash and Investments (continued)

Securities classified in 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 in 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. Collateralized Investment Agreements are classified in Level 3, and are valued at cost because the agreements are not traded and the liquidation values pursuant to the agreements are at cost. State and Local Government Series (SLGS) are also classified as Level 3, as these securities are purchased from the U.S. Department of Treasury through a subscription process and are not traded on the open market, but can be redeemed through the Bureau of Fiscal Service via a redemption request.

The County is exposed to credit risk for hedging derivatives with positive fair values totaling \$2.7 million at June 30, 2016. The RTC's proportionate share for hedging derivatives with positive fair values is \$216,848 at June 30, 2016. The counterparty credit ratings for hedging derivative instruments were Baa or higher.

The County is exposed to credit risk on interest rate swaps with positive fair values totaling \$40.7 million at June 30, 2016. The RTC's proportionate share for hedging derivatives with positive fair values is \$3.2 million at June 30, 2016. The County is not exposed to credit risk on interest rate swaps with negative fair values. The counterparty credit ratings for investment derivative swaps were Baa or higher. Exposure is mitigated through the use of an International Swaps and Derivatives Association credit support annex, which provides collateral to protect the value of the swaps under specific circumstances.

As of June 30, 2016, the \$42,271,624 of RTC cash and investment with fiscal agent were categorized by quality rating as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings by Moody's Investors Service</u>					
		<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>P-1</u>	<u>Unrated</u>
Debt Securities:							
U.S. Treasuries	\$ 5,005,300	\$ 5,005,300	-	-	-	\$ -	-
U.S. Agencies	14,958,674	-	-	-	-	14,958,674	-
Money Market Funds	22,307,650	22,307,650	-	-	-	-	-
	<u>\$ 42,271,624</u>	<u>\$ 27,312,950</u>	-	-	-	<u>\$ 14,958,674</u>	-

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 3 – Cash and Investments (continued)

At June 30, 2016, the \$389,008,698 of RTC monies held in the investment pool and derivative instruments were categorized by quality rating as follows:

Investment Type	Quality Ratings by Moody's Investors Service					
	Aaa	Aa	A	Baa	P-1	Unrated
Debt Securities:						
U.S. Treasuries	100%					
U.S. Agencies (1)	90%				10%	
Corporate Obligations	5%	28%	67%			
Money Market Funds	100%					
Commercial Paper					100%	
Negotiable Certificates of Deposit					89%	11%
NV Local Government Investment Pool						100%
Collateralized Mortgage Obligations & Asset Backed Securities (2)	70%					30%
Collateralized Investment Agreements (3)			100%			
Repurchase Agreements	100%					
Derivative Instruments				100%		

- (1) Unrated U.S. federal agency securities are Farmer Mac securities and Overseas Private Investment Corporation securities not rated by either Moody's or Standard & Poor's.
- (2) Unrated asset backed securities rated AAA by Standard & Poor's.
- (3) These are fully collateralized guaranteed investment contracts and forward delivery agreements related to bond proceeds.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 3 – Cash and Investments (continued)

Interest Rate Sensitivity

At June 30, 2016, the County invested in the following types of securities that have a higher sensitivity to interest rates:

<u>Terms Table of Interest Rate Sensitive Securities</u>						
CUSIP	Security Type	Fair Value	Maturity Date	Call Frequency	Index	Coupon
3134G8L98	Federal Agency Callables	\$ 50,012,500	02/26/18	Quarterly	N/A	Fixed
3134G8YU7	Federal Agency Callables	2,002,360	10/26/18	One time	N/A	Fixed
3134G8YU7	Federal Agency Callables	5,005,900	10/26/18	One time	N/A	Fixed
3134G8YU7	Federal Agency Callables	2,002,360	10/26/18	One time	N/A	Fixed
3136G2CW5	Federal Agency Callables	50,369,500	01/30/20	One time	N/A	Fixed
3136G2LC9	Federal Agency Callables	5,011,900	08/24/18	One time	N/A	Fixed
38374D2K4	Agency CMOs	66,330	10/16/22	N/A	N/A	Fixed
31393RVW7	Agency CMOs	182,037	06/15/18	N/A	N/A	Fixed
31397NFA8	Agency CMOs	231,985	03/25/24	N/A	N/A	Fixed
31397SPC2	Agency CMOs	602,448	06/25/21	N/A	N/A	Fixed
3137AAR54	Agency CMOs	605,040	10/15/18	N/A	N/A	Fixed
3137AAYD9	Agency CMOs	659,503	08/15/18	N/A	N/A	Fixed
3136A3UG4	Agency CMOs	1,083,910	12/25/21	N/A	N/A	Fixed
92867QAD3	Asset Backed Securities	1,118,839	04/20/17	N/A	N/A	Fixed
3137AA4V2	Agency MBS Pass-Throughs	1,215,797	08/25/20	N/A	N/A	Fixed
3136A3XZ9	Agency CMOs	1,256,908	02/25/22	N/A	N/A	Fixed
44890YAB2	Asset Backed Securities	1,763,130	04/16/18	N/A	N/A	Fixed
92867PAC7	Asset Backed Securities	1,872,291	04/20/18	N/A	N/A	Fixed
65477MAC2	Asset Backed Securities	2,422,501	08/15/18	N/A	N/A	Fixed
3136A9YB8	Agency CMOs	2,510,558	02/25/22	N/A	N/A	Fixed
31398WD27	Agency CMOs	2,821,358	04/25/19	N/A	N/A	Fixed
3136ANJY4	Agency CMOs	3,024,330	04/25/18	N/A	N/A	Fixed
12594DAD0	Asset Backed Securities	3,322,407	08/15/21	N/A	N/A	Fixed
89236WAC2	Asset Backed Securities	4,508,100	02/15/19	N/A	N/A	Fixed
44890LAD6	Asset Backed Securities	4,526,120	02/15/19	N/A	N/A	Fixed
87165LAX9	Asset Backed Securities	4,582,350	03/15/22	N/A	N/A	Fixed
02006TAB2	Asset Backed Securities	4,716,248	10/15/18	N/A	N/A	Fixed
3136AMKW8	Agency CMOs	4,820,569	02/25/18	N/A	N/A	Fixed
14313LAD8	Asset Backed Securities	4,857,004	08/17/18	N/A	N/A	Fixed
41283YAD9	Asset Backed Securities	4,990,000	07/15/19	N/A	N/A	Fixed
14041NEM9	Asset Backed Securities	5,003,050	09/16/19	N/A	N/A	Fixed
43813NAC0	Asset Backed Securities	5,004,150	02/21/19	N/A	N/A	Fixed
14313PAD9	Asset Backed Securities	5,008,250	05/15/19	N/A	N/A	Fixed
161571GJ7	Asset Backed Securities	5,010,000	01/15/19	N/A	N/A	Fixed
36159JDQ1	Asset Backed Securities	5,010,750	03/15/21	N/A	N/A	Fixed
86803VAC3	Asset Backed Securities	5,011,700	09/16/19	N/A	N/A	Fixed
14041NEP2	Asset Backed Securities	5,015,900	01/15/20	N/A	N/A	Fixed

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 3 – Cash and Investments (continued)

Interest Rate Sensitivity (continued)

Terms Table of Interest Rate Sensitive Securities (Continued)						
CUSIP	Security Type	Fair Value	Maturity Date	Call Frequency	Index	Coupon
05581QAD0	Asset Backed Securities	5,019,800	02/20/19	N/A	N/A	Fixed
161571HC1	Asset Backed Securities	5,025,850	06/15/21	N/A	N/A	Fixed
161571GQ1	Asset Backed Securities	5,025,950	11/15/19	N/A	N/A	Fixed
12623PAD8	Asset Backed Securities	5,170,534	05/17/21	N/A	N/A	Fixed
3137BPCF4	Agency CMOs	5,933,510	10/25/20	N/A	N/A	Fixed
05522RCU0	Asset Backed Securities	6,036,120	09/15/20	N/A	N/A	Fixed
02582JGS3	Asset Backed Securities	6,564,544	01/15/20	N/A	N/A	Fixed
65477UAC4	Asset Backed Securities	7,007,350	10/15/19	N/A	N/A	Fixed
587729AD6	Asset Backed Securities	7,024,850	11/16/20	N/A	N/A	Fixed
14313WAC6	Asset Backed Securities	7,027,650	11/15/19	N/A	N/A	Fixed
58772PAD0	Asset Backed Securities	7,035,140	12/16/19	N/A	N/A	Fixed
02007CAE2	Asset Backed Securities	7,071,540	11/16/20	N/A	N/A	Fixed
05581QAD0	Asset Backed Securities	7,529,700	02/20/19	N/A	N/A	Fixed
14313UAC0	Asset Backed Securities	8,014,320	11/15/19	N/A	N/A	Fixed
65478UAD1	Asset Backed Securities	8,040,880	10/15/20	N/A	N/A	Fixed
14314MAC7	Asset Backed Securities	8,046,320	02/16/21	N/A	N/A	Fixed
Total		\$ 312,802,141				

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

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the average weighted duration of its investment pool portfolio to less than 2.5 years. Duration is a measure of the present value of a fixed income's cash flows and is used to estimate the sensitivity of a security's price to interest rate changes.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As the County ceased participating in securities lending activities through its custodial bank as of June 30, 2016, no securities were held by the counterparty that was acting as the County's agent in securities lending transactions.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(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. The County's investment policy applies the prudent-person rule: "In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The County's investments were rated by Moody's Investors Service as follows: U.S. Treasury Notes, Aaa; bonds of U.S. Federal agencies, Aaa; discount notes of U.S. Federal agencies, P-1; municipal bonds issued by state and local governments, A or its equivalent or higher; money market funds, Aaa; commercial paper issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating in the United States, P-1; negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations, not specified; collateralized mortgage obligations, Aaa; collateralized investment agreements issued by insurance companies rated Aa or its equivalent or higher, or issued by entities rated A or its equivalent or higher; asset-backed securities, Aaa; corporate notes issued by corporations organized and operating in the United States which have a rating of A or its equivalent or higher. The County's investments in non-negotiable certificates of deposit are FDIC insured and do not exceed \$250,000 per insured institution.

Concentrations of Credit Risk

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

GASB Statement No. 40 requires disclosure of all investments in any one issuer that represent five percent or more of total investments. At June 30, 2016, the following investments exceeded five percent of the investment pool:

Federal Home Loan Banks (FHLB)	6.86%
Federal Home Loan Mortgage Corporation (FHLMC)	8.32%
Federal National Mortgage Association (FNMA)	17.16%
Morgan Stanley Money Market Funds (MSGF)	5.86%

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 3 – Cash and Investments (continued)

GASB 31

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

NOTE 4 – Accounts Receivable and Due from other Governmental Units

Accounts receivable and due from other governmental units as of June 30, 2016, were as follows:

	<u>General Fund</u>	<u>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	\$ 2,181,750	\$ -	\$ 35,708,359	\$ -	\$ 37,890,109	\$ 11,830,157
Less allowance for uncollectible receivables	-	-	436,380	-	436,380	-
Accounts receivables, net	<u>\$ 2,181,750</u>	<u>\$ -</u>	<u>\$ 35,271,979</u>	<u>\$ -</u>	<u>\$ 37,453,729</u>	<u>\$ 11,830,157</u>
 Due from other governmental units	 <u>\$ 36,363</u>	 <u>\$ 12,093,949</u>	 <u>\$ 35,124,725</u>	 <u>\$ 957,636</u>	 <u>\$ 48,212,673</u>	 <u>\$ 41,914,690</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 5 – Capital Assets

Capital asset activity for the year ended June 30, 2016, consisted of the following:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,520,304	\$ 704,537	\$ 586,747	\$ 1,638,094
Capital assets being depreciated:				
Buildings	18,529,985	193,341	-	18,723,326
Equipment	7,876,222	393,406	41,263	8,228,365
Total capital assets being depreciated	<u>26,406,207</u>	<u>586,747</u>	<u>41,263</u>	<u>26,951,691</u>
Less accumulated depreciation for:				
Buildings	5,959,375	333,266	-	6,292,641
Equipment	4,211,311	1,223,795	41,263	5,393,843
Total accumulated depreciation	<u>10,170,686</u>	<u>1,557,061</u>	<u>41,263</u>	<u>11,686,484</u>
Total capital assets being depreciated, net	<u>16,235,521</u>	<u>(970,314)</u>	<u>-</u>	<u>15,265,207</u>
Governmental activities capital assets, net	<u>\$ 17,755,825</u>	<u>\$ (265,777)</u>	<u>\$ 586,747</u>	<u>\$ 16,903,301</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 32,038,082	\$ -	\$ -	\$ 32,038,082
Construction in progress	20,231,207	68,415,123	65,211,886	23,434,444
Total capital assets not being depreciated	<u>52,269,289</u>	<u>68,415,123</u>	<u>65,211,886</u>	<u>55,472,526</u>
Capital assets being depreciated:				
Buildings and improvements	192,400,950	9,059,865	-	201,460,815
Transit vehicles and equipment	379,552,090	56,152,021	9,202,721	426,501,390
Total capital assets being depreciated	<u>571,953,040</u>	<u>65,211,886</u>	<u>9,202,721</u>	<u>627,962,205</u>
Less accumulated depreciation for:				
Buildings and improvements	51,984,108	6,424,978	-	58,409,086
Transit vehicles and equipment	198,046,609	38,118,915	9,122,055	227,043,469
Total accumulated depreciation	<u>250,030,717</u>	<u>44,543,893</u>	<u>9,122,055</u>	<u>285,452,555</u>
Total capital assets being depreciated, net	<u>321,922,323</u>	<u>20,667,993</u>	<u>80,666</u>	<u>342,509,650</u>
Business-type activities capital assets, net	<u>\$ 374,191,612</u>	<u>\$ 89,083,116</u>	<u>\$ 65,292,552</u>	<u>\$ 397,982,176</u>
	<u>Governmental activities</u>	<u>Business-type activities</u>		
FY 2016 depreciation expense	<u>\$1,557,061</u>	<u>\$44,543,893</u>		

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 6 – Interfund Balances and Transfers

Interfund balances as of June 30, 2016, consisted of the following:

Receivable Fund	Payable Fund			Total
	Regional Transportation	Highway Improvement Acquisition	Public Transit	
Regional Transportation Commission	\$ 1,039,699	\$ 1,700,000	\$ 1,700,000	\$ 4,439,699
RTC Highway Improvement	9,119,218	-	-	9,119,218
Totals	\$ 10,158,917	\$ 1,700,000	\$ 1,700,000	\$ 13,558,917

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, 2016, consisted of the following:

Transfers Out	Transfers In				Total
	Regional Transportation Commission	RTC Bonds	Highway Improvement Acquisition	RTC Highway Improvement	
Regional Transportation Commission	\$ 4,158,797	\$ -	\$ -	\$ 35,815,263	\$ 39,974,060
RTC Reserve	-	-	4,914,113	-	4,914,113
Highway Improvement Acquisition	10,200,000	48,010,296	-	-	58,210,296
RTC Highway Improvement	-	28,319,961	-	-	28,319,961
Public Transit	10,200,000	-	-	-	10,200,000
Total	\$ 24,558,797	\$ 76,330,257	\$ 4,914,113	\$ 35,815,263	\$ 141,618,430

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 7 – Long-Term Debt

Revenue Bonds

Clark County on behalf of the RTC issues revenue bonds and pledges revenue derived from fuel tax and the sales and excise tax to pay debt service. Highway Improvement Revenue bonds outstanding at June 30, 2016, were as follows:

	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Balance June 30, 2016</u>
Motor vehicle fuel tax bonds:				
Series 2007	\$ 300,000,000	July 1, 2027	3.00-5.00%	\$ 92,365,000
Series 2010A	32,595,000	July 1, 2029	6.10-6.35%	32,595,000
Series 2010B	51,180,000	July 1, 2028	5.00%	51,180,000
Series 2011	118,105,000	July 1, 2023	4.00-5.00%	96,895,000
Series 2016	107,350,000	July 1, 2024	5.00%	107,350,000
Fuel tax indexing bonds:				
Series 2014A	100,000,000	July 1, 2034	3.00-5.00%	96,870,000
Series 2015	85,000,000	July 1, 2035	5.00%	85,000,000
Sales tax bonds:				
Series 2010	69,595,000	July 1, 2029	3.00-5.00%	54,225,000
Series 2010B	94,835,000	July 1, 2020	3.00-5.00%	52,220,000
Series 2010C	140,560,000	July 1, 2030	5.10-6.15%	<u>140,560,000</u>
Total highway improvement revenue bonds				<u><u>\$ 809,260,000</u></u>

At June 30, 2016, revenue bond debt service requirements to maturity were as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 39,425,000	\$ 36,370,857	\$ 75,795,857
2018	43,785,000	37,060,863	80,845,863
2019	44,110,000	35,048,913	79,158,913
2020	46,195,000	32,908,563	79,103,563
2021	48,440,000	30,591,713	79,031,713
2022-2026	260,755,000	114,552,567	375,307,567
2027-2031	262,630,000	49,066,656	311,696,656
2032-2036	<u>63,920,000</u>	<u>8,301,250</u>	<u>72,221,250</u>
Total long-term debt	809,260,000	343,901,382	1,153,161,382
Less current portion	<u>39,425,000</u>	<u>36,370,857</u>	<u>75,795,857</u>
Noncurrent portion	<u><u>\$ 769,835,000</u></u>	<u><u>\$ 307,530,525</u></u>	<u><u>\$ 1,077,365,525</u></u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 7 – Long-Term Debt (continued)

Revenue Bonds (continued)

On June 15, 2016, the RTC refunded a portion of Series 2007 motor vehicle fuel tax bonds with an outstanding value of \$121,115,000, by issuing Series 2016 motor vehicle fuel tax bonds with replacement value of \$107,350,000. The refunding bonds had premiums of \$19,402,558. This refunding resulted in a net present value savings of \$16,219,411.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 775,700,000	\$ 192,350,000	\$ 158,790,000	\$ 809,260,000	\$ 39,425,000
Unamortized issuance premium	33,710,332	33,584,100	4,898,391	62,396,041	-
Unamortized issuance discount	(27,963)	-	(1,804)	(26,159)	-
Total bonds payable	<u>809,382,369</u>	<u>225,934,100</u>	<u>163,686,587</u>	<u>871,629,882</u>	<u>39,425,000</u>
Compensated absences	2,244,471	933,990	726,440	2,452,021	726,440
Other post employment benefits	5,184,875	565,517	-	5,750,392	-
Net pension liability	19,748,881	2,841,595	-	22,590,476	-
Governmental activities Long-term liabilities	<u>\$ 836,560,596</u>	<u>\$ 230,275,202</u>	<u>\$ 164,413,027</u>	<u>\$ 902,422,771</u>	<u>\$ 40,151,440</u>
Business-type activities:					
Compensated absences	\$ 1,244,343	756,477	\$ 525,580	\$ 1,475,240	\$ 525,580
Other post employment benefits	4,631,821	972,064	-	5,603,885	-
Net pension liability	11,996,628	1,803,054	-	13,799,682	-
Business-type activities Long-term liabilities	<u>\$ 17,872,792</u>	<u>\$ 3,531,595</u>	<u>\$ 525,580</u>	<u>\$ 20,878,807</u>	<u>\$ 525,580</u>

Arbitrage Rebate and Debt Covenant Requirements

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016
 (CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

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, 2016, were as follows:

Pledged revenues (net of administrative expenditures):	
County share motor vehicle fuel tax (\$.03)	\$ 20,506,934
RTC share motor vehicle fuel tax (\$.09)	70,790,933
	91,297,867
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	
	(2,061,850)
Net pledged revenues	\$ 89,236,017

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, 2016, were as follows:

Pledged revenues (net of administrative expenditures):	
County share Indexed Fuel Taxes	\$ 9,220,523
RTC share Indexed Fuel Taxes	80,615,282
Subordinate Motor Vehicle Fuel Tax Revenue	
Net pledge Motor Vehicle Fuel Tax Revenue	\$ 91,297,867
Principal and interest payment	(41,990,120)
	49,307,747
	139,143,552
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	
	(2,273,774)
Net pledged revenues	\$ 136,869,778

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

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, 2016, were as follows:

Pledged revenues:	
Sales and excise tax	\$ 94,462,047
Jet aviation fuel tax	<u>3,779,101</u>
Total pledged revenues	<u><u>\$ 98,241,148</u></u>

The debt coverage ratio for net pledged revenues for the year ended June 30, 2016, were as follows:

	Motor Vehicle Fuel Tax	Indexed Fuel Tax	Sales and Excise Tax and Jet Aviation Fuel Tax
Net pledged revenues	\$ 89,236,017	\$ 136,869,778	\$ 98,241,148
Total principal and interest payment	<u>41,207,245</u>	<u>14,627,650</u>	<u>25,021,093</u>
Debt coverage ratio	<u><u>2.17</u></u>	<u><u>9.36</u></u>	<u><u>3.93</u></u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 8 - Operating Lease Commitments

The RTC was party to one operating lease at June 30, 2016, as follows:

<u>Lessor</u>	<u>FY14 Average Monthly Rental</u>	<u>Date Lease Commenced</u>	<u>Date Lease Terminates</u>
LiveWork, LLC	<u>\$ 133,821</u>	January 5, 2008	January 4, 2048

Total rent expense for fiscal year 2016 was \$1,605,851. The following is a schedule of future minimum lease payments for the operating lease as of June 30, 2016:

Year ending June 30:

2017	\$ 1,654,027
2018	1,728,824
2019	1,805,866
2020	1,860,042
2021	1,915,844
2022-2026	10,695,124
2027-2031	12,759,703
2032-2036	15,222,829
2037-2041	18,161,433
2042-2046	21,667,304
2047-2048	<u>7,241,506</u>
 Total future minimum lease payments	 <u>\$ 94,712,502</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, 2016, a \$1,629,583 letter of credit was issued and unused.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016
 (CONTINUED)**

NOTE 9 - Net Position and Fund Balances

Net Position

At June 30, 2016, 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 \$121,737,432. This amount is made up of restricted funds exclusively for debt service of \$139,050,753 less accrued interest payable of \$17,313,321.

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, 2016:

	<u>Balance June 30, 2015</u>	<u>Current Year Increases</u>	<u>Current Year Decreases</u>	<u>Balance June 30, 2016</u>
City of Boulder City	\$ 2,974,361	\$ 1,442,003	\$ (2,419,686)	\$ 1,996,678
Bunkerville	806,605	57,827	(825,997)	38,435
Indian Springs	81,183	25,539	-	106,722
Laughlin	2,654,868	815,551	(6)	3,470,414
City of Mesquite	2,018,758	1,377,719	(144,752)	3,251,725
Moapa Town	629,480	132,885	(535,184)	227,181
Moapa Valley	1,784,921	337,325	(1,677,010)	445,236
Mt. Charleston	504,838	81,319	(4)	586,153
Searchlight	304,825	65,456	(314,000)	56,281
Total	<u>\$ 11,759,838</u>	<u>\$ 4,335,624</u>	<u>\$ (5,916,638)</u>	<u>\$ 10,178,824</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 10 - 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. Benefit payments to which participants may be entitled under the System include pension, disability, and death benefits. Benefits may only be amended through legislation.

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 10 - Defined Benefit Pension Plan (continued)

Benefits Provided (continued)

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.

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,		
	2016	2015	2014
Contribution rates	28.00%	25.75%	25.75%
RTC's contribution	\$ 5,565,155	\$ 4,900,614	\$ 4,588,722

Summary of Significant Accounting and Reporting Policies

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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.

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, 2015, are used as the basis for determining each employer's proportionate share of the collective pension amounts.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016
 (CONTINUED)**

NOTE 10 - 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, 2015:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

* As of June 30, 2015, PERS' long-term inflation assumption was 3.5%

Pension Liability

Net Pension Liability

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the System as of June 30, 2015, calculated using the discount rate of 8.00%, 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 (7.00%) or 1- percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	<u>55,451,312</u>	<u>36,390,158</u>	<u>20,539,718</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016
 (CONTINUED)**

NOTE 10 - 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.

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2015, 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	3.50%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions funding actuarial valuation	Same as those used in the June 30, 2015

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. 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, 2015, 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, 2015.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 10 - Defined Benefit Pension Plan (continued)

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

As of June 30, 2015, the total employer pension expense is \$4,376,565. At June 30, 2015, the measurement date, the System'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 Resource
Differences between expected and actual experience	\$ -	\$ 2,737,170
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	1,971,132
Changes in proportion and differences between actual contributions and proportionate share of contributions	1,884,844	-

Average expected remaining service lives 6.55 years

Deferred outflows/(inflows) of resources related to pension will be recognized as follows:

Reporting period ended June 30:	
2017	\$ (877,319)
2018	(877,319)
2019	(877,319)
2020	164,835
2021	(271,282)
2022	(85,054)
Thereafter	-

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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 11 - Other Post-Employment Benefits (OPEB)

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

Plan Descriptions

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 between the Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan) and an 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. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information.

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

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

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

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

Funding Policy and Annual OPEB Cost

The RTC pays 90% of premiums for active employee coverage, a monthly average of approximately \$833 per active employee for the year ended June 30, 2016. Retirees in the Self-Funded/HMO Plan receive no direct subsidy from the RTC. Under State law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the RTC.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

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

The RTC is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who are enrolled in this plan. In 2016, retirees with less than 15 years of service were required to pay an additional monthly premium up to \$319 per month. Retirees were eligible for a \$32 per month subsidy after 15 years of service with Nevada State or local government entity. The maximum subsidy of \$160 is earned after 20 years of combined service with any eligible entity. The subsidy is set by the State Legislature.

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

	<u>Self-Funded Plan/HMO Plan</u>	<u>PEBP</u>	<u>Total</u>
Contribution rates	Actuarially determined, premium sharing determined by union contracts	Set by State Legislature	
RTC	Implicit subsidy through blending of active and retiree loss experience	Up to \$636 per month after 20 years	
Plan members	From \$338 per month for single coverage to \$1,500 per month for family coverage, depending on plan	From \$185 to \$1,559, depending on level of coverage and subsidy earned	
Annual required contribution (ARC)	\$ 1,752,645	\$ 77,284	\$ 1,829,929
Interest on net OPEB obligation	376,084	16,584	392,668
Adjustment to annual required contribution	<u>(543,726)</u>	<u>(23,976)</u>	<u>(567,702)</u>
Annual OPEB cost	1,585,003	69,892	1,654,895
Employer contributions made	<u>(52,323)</u>	<u>(64,991)</u>	<u>(117,314)</u>
Increase in net OPEB obligation	1,532,680	4,901	1,537,581
Net OPEB obligation, beginning of year	<u>9,704,096</u>	<u>112,600</u>	<u>9,816,696</u>
Net OPEB obligation, end of year	<u>\$ 11,236,776</u>	<u>\$ 117,501</u>	<u>\$ 11,354,277</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

Funding Policy and Annual OPEB Cost (continued)

RTC's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2014, 2015 and 2016 were as follows:

	Year ended	Annual OPEB Cost	% of OPEB cost	Net OPEB obligation
Self-funded/HMO Plan	June 30, 2014	1,564,159	19.5%	8,025,450
Self-funded/HMO Plan	June 30, 2015	1,730,968	17.8%	9,704,096
Self-funded/HMO Plan	June 30, 2016	1,585,003	14.1%	11,236,776
PEBP Plan	June 30, 2014	90,112	89.0%	101,263
PEBP Plan	June 30, 2015	76,328	67.8%	112,600
PEBP Plan	June 30, 2016	69,892	59.5%	117,501

Funded status and funding progress

The funded status of the plans as of June 30, 2014, 2015 and 2016, were as follows:

	Self-funded / HMO Plan		
	2014	2015	2016
Actuarial accrued liability (a)	\$ 13,301,785	\$ 14,381,876	\$ 14,381,876
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 13,301,785	\$ 14,381,876	\$ 14,381,876
Funded ratio (b) / (a)	0%	0%	0%
Covered payroll (c)	\$ 19,659,612	\$ 20,619,759	\$ 22,260,699
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	67.7%	69.7%	64.6%
	PEBP *		
	2014	2015	2016
Actuarial accrued liability (a)	\$ 1,718,943	\$ 1,389,847	\$ 1,389,847
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 1,718,943	\$ 1,389,847	\$ 1,389,847
Funded ratio (b) / (a)	0%	0%	0%
Covered payroll (c)	N/A	N/A	N/A
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	N/A	N/A	N/A

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016
 (CONTINUED)**

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

Funded status and funding progress (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multi-year trend information that shows, whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided at the valuation date and the historical pattern of sharing benefit costs between RTC and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial methods and assumptions

	<u>Self-funded / HPN</u>	<u>PEBP Plan</u>
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar amount	Level dollar amount
Remaining amortization period	30 years, open	30 years, open
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions:		
Discount rate	4.0%	4.0%
Projected salary increases	N/A	N/A
Healthcare inflation rate	7% initial / 5% ultimate	7% initial / 5% ultimate

RTC assets in internal service fund

Clark County utilizes the Other Employment Benefit Reserve internal service fund to allocate OPEB costs to each fund, based on employee count. Each fund incurs a charge for service from the Other Postemployment Benefit Reserve fund for their portion of the annual OPEB cost. As of June 30, 2016, the Other Postemployment Benefit Reserve fund has \$155,806 in cash, investments, and interest receivable held on behalf of the RTC. The RTC intends to use these assets for future OPEB funding. These assets cannot be included in the plan assets considered in the OPEB funding schedules because they are not held in a qualifying trust or equivalent arrangement as defined by GASB Statement No. 45.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 12 - 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.

The United States is slowly recovering from a widespread recession that included declines in residential real estate sales and values, mortgage lending and related construction activity, and weakness in the commercial and investment banking systems, and is engaged in an ongoing war on terror, all of which are likely to continue to have far-reaching effects on the economic activity in the country for an indeterminate period. The near and long-term impact of these factors on the southern Nevada economy and the RTC's operating activities cannot be predicted at this time but may be substantial.

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

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

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

Effective January 1, 2010, the RTC acquired its own insurance for Commercial Property, Workers' Compensation, Commercial Auto Liability, Excess Liability, Employee Benefits Liability, and Employment Practices Liability. On July 1, 2016 the RTC added Cyber Liability Insurance.

Under the 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

Under the interlocal agreement with the County, the RTC's designated representative shall notify the County's designated representative and the designated adjusting firm of any occurrence for which it is believed liability will exceed RTC's retention. RTC was solely responsible for the costs of the services rendered it by the claims adjusting firm.

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 12 - Risk Management (continued)

Workers' Compensation

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

Commercial Property

The RTC has placed insurance coverage with a licensed and rated carrier for all RTC 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 \$1,000,000 limits for Bodily Injury/Property Damage (Each Occurrence) and Personal and Advertising Injury, \$2,000,000 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 a \$1,000,000 limit for Each Occurrence and a \$2,000,000 Aggregate. 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 \$1,000,000 limits for Owned Automobile Bodily Injury and Property Damage and Uninsured/Underinsured Motorist. Comprehensive and Collision Physical Damage Coverage is maintained on most vehicles but is not maintained on older vehicles with low value. Also included is Hired and Non Owned Auto Liability with limits of \$1,000,000 for Bodily Injury and Property Damage. 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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 12 - Risk Management (continued)

Excess Liability

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

Employment Practices Liability

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

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

NOTE 13 - Commitments

Construction commitments include roadway projects with various local entities of \$206,511,076.

NOTE 14 – Subsequent Events

On October 19, 2016, the Clark County Commission sold approximately \$36 million in tax exempt sales and excise tax revenue refunding bonds, series 2016, on behalf of the Regional Transportation Commission. The term of the sales and excise tax revenue refunding bonds is thirteen years with an average coupon of 5.0% and an all-in true interest cost of 2.028%. Interest payments will begin in July, 2017 and principal payments will begin in July 2020. All debt service payments will be funded with Sales and Excise Tax revenue. The bonds proceeds will be used to advance refund a portion of the outstanding Clark County, Nevada Sales and Excise Tax Revenue (Streets and Highways Projects) Refunding Bonds, Series 2010 and pay the costs of issuing the 2016 Bonds.

On October 19, 2016, the Clark County Commission sold approximately \$43 million in tax exempt highway revenue refunding bonds, series 2016B, on behalf of the Regional Transportation Commission. The term of the highway revenue refunding bonds is twelve years with an average coupon of 5.0% and an all-in true interest cost of 2.265%. Interest payments will begin in July 2017 and principal payments will begin in July 2024. All debt service payments will be funded with Motor Vehicle Fuel Tax revenue. The bonds proceeds will be used to advance refund all of the outstanding Clark County, Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2010B and to pay the costs of issuing the 2016B Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS, OTHER POSTEMPLOYEMENT BENEFITS
 FOR THE YEAR ENDED JUNE 30, 2016**

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
County Plan	July 1, 2010	0	11,562,585	11,562,585	0.0%	17,646,945	65.5%
	July 1, 2012	0	13,301,785	13,301,785	0.0%	17,963,919	74.0%
	July 1, 2014	0	14,381,986	14,381,986	0.0%	22,260,699	64.6%
PEBP	July 1, 2010	0	2,444,380	2,444,380	0.0%	N/A*	N/A*
	July 1, 2012	0	1,718,943	1,718,943	0.0%	N/A*	N/A*
	July 1, 2014	0	1,389,847	1,389,847	0.0%	N/A*	N/A*

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)**

	2016				2015
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 7,579,271	\$ 7,579,271	\$ 3,840,348	\$ (3,738,923)	\$ 5,240,520
Interest	-	-	29,901	29,901	19,987
Other	1,918,000	1,918,000	2,224,183	306,183	2,131,424
Total revenues	<u>9,497,271</u>	<u>9,497,271</u>	<u>6,094,432</u>	<u>(3,402,839)</u>	<u>7,391,931</u>
EXPENDITURES					
Current:					
Salaries and wages	13,833,113	13,833,113	13,023,971	(809,142)	12,678,166
Employee benefits	5,633,068	5,633,068	5,413,692	(219,376)	4,977,383
Services and supplies	12,827,257	12,827,257	10,325,218	(2,502,039)	10,931,367
Capital outlay and intergovernmental capital grants	973,803	973,803	704,537	(269,266)	543,341
Total expenditures	<u>33,267,241</u>	<u>33,267,241</u>	<u>29,467,418</u>	<u>(3,799,823)</u>	<u>29,130,257</u>
OTHER FINANCING SOURCES					
Transfers in	24,558,797	24,558,797	24,558,797	-	22,444,842
CHANGES IN FUND BALANCE	788,827	788,827	1,185,811	396,984	706,516
Fund balance - beginning	2,577,098	2,577,098	5,345,480	2,768,382	4,638,964
Fund balance - ending	<u>\$ 3,365,925</u>	<u>\$ 3,365,925</u>	<u>\$ 6,531,291</u>	<u>\$ 3,165,366</u>	<u>\$ 5,345,480</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
REGIONAL TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)

	2016			Variance	2015
	Original Budget	Final Budget	Actual		Actual
REVENUES					
Intergovernmental revenue:					
Sales and excise tax	\$ 46,044,321	\$ 48,544,321	\$ 47,231,023	\$ (1,313,298)	\$ 45,517,496
Interest	-	-	42,011	42,011	24,549
Total revenues	<u>46,044,321</u>	<u>48,544,321</u>	<u>47,273,034</u>	<u>(1,271,287)</u>	<u>45,542,045</u>
EXPENDITURES					
Current:					
Services and supplies	<u>7,735,446</u>	<u>7,835,446</u>	<u>7,556,963</u>	<u>(278,483)</u>	<u>7,282,799</u>
OTHER FINANCING USES					
Transfers out	<u>(38,758,797)</u>	<u>(41,158,797)</u>	<u>(39,974,060)</u>	<u>1,184,737</u>	<u>(38,421,529)</u>
CHANGES IN FUND BALANCE	(449,922)	(449,922)	(257,989)	191,933	(162,283)
Fund balance - beginning	<u>505,312</u>	<u>505,312</u>	<u>850,331</u>	<u>345,019</u>	<u>1,012,614</u>
Fund balance - ending	<u>\$ 55,390</u>	<u>\$ 55,390</u>	<u>\$ 592,342</u>	<u>\$ 536,952</u>	<u>\$ 850,331</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)

	2016				2015
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ -	\$ -	\$ 826,062	\$ 826,062	\$ 413,168
IRS Rebate - Build America Bonds	3,293,502	3,293,502	3,428,364	134,862	3,289,951
Total revenues	<u>3,293,502</u>	<u>3,293,502</u>	<u>4,254,426</u>	<u>960,924</u>	<u>3,703,119</u>
EXPENDITURES					
Current:					
Services and supplies	10,000	10,000	2,051	(7,949)	2,050
Debt Service:					
Principal	37,675,000	37,675,000	37,675,000	-	33,030,000
Interest	42,366,263	42,366,263	37,868,346	(4,497,917)	37,683,200
Total expenditures	<u>80,051,263</u>	<u>80,051,263</u>	<u>75,545,397</u>	<u>(4,505,866)</u>	<u>70,715,250</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	83,235,249	83,235,249	76,330,257	(6,904,992)	72,473,634
Payment to refund bond	-	-	(3,027,875)	(3,027,875)	-
Total other financing sources	<u>83,235,249</u>	<u>83,235,249</u>	<u>73,302,382</u>	<u>(9,932,867)</u>	<u>72,473,634</u>
CHANGES IN FUND BALANCE	6,477,488	6,477,488	2,011,411	(4,466,077)	5,461,503
Fund balance - beginning	56,650,894	56,650,894	55,627,635	(1,023,259)	50,166,132
Fund balance - ending	<u>\$ 63,128,382</u>	<u>\$ 63,128,382</u>	<u>\$ 57,639,046</u>	<u>\$ (5,489,336)</u>	<u>\$ 55,627,635</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)**

	2016				2015
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ -	\$ -	\$ 1,534,537	\$ 1,534,537	\$ 1,119,120
OTHER FINANCING SOURCES (USES)					
Proceeds from revenue bond issued	13,940,000	13,940,000	6,667,467	(7,272,533)	-
Transfers out	-	-	(4,914,113)	(4,914,113)	-
Total other financing sources	<u>13,940,000</u>	<u>13,940,000</u>	<u>1,753,354</u>	<u>(12,186,646)</u>	<u>-</u>
CHANGES IN FUND BALANCE	13,940,000	13,940,000	3,287,891	(10,652,109)	1,119,120
Fund balance - beginning	<u>79,560,887</u>	<u>79,560,887</u>	<u>78,123,816</u>	<u>(1,437,071)</u>	<u>77,004,696</u>
Fund balance - ending	<u>\$ 93,500,887</u>	<u>\$ 93,500,887</u>	<u>\$ 81,411,707</u>	<u>\$ (12,089,180)</u>	<u>\$ 78,123,816</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
HIGHWAY IMPROVEMENT ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)**

	2016				2015
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 88,075,179	\$ 88,075,179	\$ 78,679,168	\$ (9,396,011)	\$ 21,746,984
Motor vehicle fuel taxes	67,000,000	67,000,000	70,708,934	3,708,934	68,248,968
Fuel tax indexing	74,728,665	74,728,665	80,615,282	5,886,617	53,320,277
Interest	-	-	2,643,837	2,643,837	1,259,502
Other	-	-	-	-	238
Total revenues	<u>229,803,844</u>	<u>229,803,844</u>	<u>232,647,221</u>	<u>2,843,377</u>	<u>144,575,969</u>
EXPENDITURES					
Current:					
Services and supplies	30,000	30,000	139,711	109,711	219,622
Debt Service:					
Bond issuance costs	960,000	960,000	870,544	(89,456)	-
Capital outlay and intergovernmental capital grants	<u>460,611,354</u>	<u>460,611,354</u>	<u>252,870,921</u>	<u>(207,740,433)</u>	<u>130,281,940</u>
Total expenditures	<u>461,601,354</u>	<u>461,601,354</u>	<u>253,881,176</u>	<u>(207,720,178)</u>	<u>130,501,562</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(64,557,345)	(64,557,345)	(58,210,296)	6,347,049	(53,405,810)
Transfers in	-	-	4,914,113	4,914,113	-
Proceeds from revenue bond issued	156,060,000	156,060,000	78,332,533	(77,727,467)	-
Refunding bond issued	-	-	107,350,000	107,350,000	-
Premium on bond issued	-	-	33,584,100	33,584,100	-
Payment to refund bond	-	-	(126,328,306)	(126,328,306)	-
Total other financing sources (uses)	<u>91,502,655</u>	<u>91,502,655</u>	<u>39,642,144</u>	<u>(51,860,511)</u>	<u>(53,405,810)</u>
CHANGES IN FUND BALANCE	(140,294,855)	(140,294,855)	18,408,189	158,703,044	(39,331,402)
Fund balance - beginning	<u>157,364,634</u>	<u>157,364,634</u>	<u>147,432,795</u>	<u>(9,931,839)</u>	<u>186,764,197</u>
Fund balance - ending	<u>\$ 17,069,779</u>	<u>\$ 17,069,779</u>	<u>\$ 165,840,984</u>	<u>\$ 148,771,205</u>	<u>\$ 147,432,795</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RTC HIGHWAY IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)

	2016				2015
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ -	\$ -	\$ 668	\$ 668	\$ 1,258,459
Fuel taxes	3,462,893	3,462,893	3,779,101	316,208	3,513,971
Interest	-	-	723,674	723,674	454,061
Other	-	-	223,632	223,632	27,811
Total revenues	<u>3,462,893</u>	<u>3,462,893</u>	<u>4,727,075</u>	<u>1,264,182</u>	<u>5,254,302</u>
EXPENDITURES					
Current:					
Services and supplies	20,000	20,000	7,500	(12,500)	2,250
Capital outlay and intergovernmental capital grants	<u>42,362,767</u>	<u>42,362,767</u>	<u>10,662,267</u>	<u>(31,700,500)</u>	<u>18,563,071</u>
Total expenditures	<u>42,382,767</u>	<u>42,382,767</u>	<u>10,669,767</u>	<u>(31,713,000)</u>	<u>18,565,321</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	34,600,000	34,600,000	35,815,263	1,215,263	34,776,687
Transfers out	<u>(28,427,904)</u>	<u>(28,427,904)</u>	<u>(28,319,961)</u>	<u>107,943</u>	<u>(28,317,824)</u>
Total other financing sources	<u>6,172,096</u>	<u>6,172,096</u>	<u>7,495,302</u>	<u>1,323,206</u>	<u>6,458,863</u>
CHANGES IN FUND BALANCE	<u>(32,747,778)</u>	<u>(32,747,778)</u>	<u>1,552,610</u>	<u>34,300,388</u>	<u>(6,852,156)</u>
Fund balance - beginning	<u>47,055,453</u>	<u>47,055,453</u>	<u>49,619,374</u>	<u>2,563,921</u>	<u>56,471,530</u>
Fund balance - ending	<u>\$ 14,307,675</u>	<u>\$ 14,307,675</u>	<u>\$ 51,171,984</u>	<u>\$ 36,864,309</u>	<u>\$ 49,619,374</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)**

	2016				2015
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
OPERATING REVENUES					
Charges for services:					
Transit fees	\$ 77,579,530	\$ 77,579,530	\$ 78,486,591	\$ 907,061	\$ 79,193,695
Transit Advertising	2,400,000	2,400,000	2,690,634	290,634	2,749,866
Federal and state grants and contributions	1,008,003	1,008,003	2,741,383	1,733,380	742,621
Other	300,000	300,000	575,325	275,325	223,876
Total operating revenues	<u>81,287,533</u>	<u>81,287,533</u>	<u>84,493,933</u>	<u>3,206,400</u>	<u>82,910,058</u>
OPERATING EXPENSES					
Salaries and wages	9,370,104	9,370,104	9,236,728	(133,376)	7,941,593
Employee benefits	4,580,196	4,580,196	4,130,287	(449,909)	3,730,841
Services and supplies	191,035,631	191,035,631	172,798,232	(18,237,399)	170,102,636
Depreciation	45,000,000	45,000,000	44,543,893	(456,107)	41,415,693
Total operating expenses	<u>249,985,931</u>	<u>249,985,931</u>	<u>230,709,140</u>	<u>(19,276,791)</u>	<u>223,190,763</u>
Operating loss	<u>(168,698,398)</u>	<u>(168,698,398)</u>	<u>(146,215,207)</u>	<u>22,483,191</u>	<u>(140,280,705)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue:					
Sales and excise tax	138,132,962	138,132,962	141,693,070	3,560,108	136,552,487
Federal and state grants	68,627,239	68,627,239	41,895,579	(26,731,660)	18,463,190
Interest income	-	-	2,149,961	2,149,961	1,259,305
Gain on sale of capital assets	-	-	16,114	16,114	46,667
Total nonoperating revenues	<u>206,760,201</u>	<u>206,760,201</u>	<u>185,754,724</u>	<u>(21,005,477)</u>	<u>156,321,649</u>
Income before transfers	38,061,803	38,061,803	39,539,517	1,477,714	16,040,944
Transfers out	(9,750,000)	(10,200,000)	(10,200,000)	-	(9,550,000)
CHANGES IN NET POSITION	<u>\$ 28,311,803</u>	<u>\$ 27,861,803</u>	<u>\$ 29,339,517</u>	<u>\$ 1,477,714</u>	<u>\$ 6,490,944</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)**

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Cash flows from operating activities:					
Cash received from customers	\$ 79,979,530	\$ 79,979,530	\$ 81,967,590	\$ 1,988,060	\$ 99,756,545
Cash paid for employees and benefits	(13,950,300)	(13,950,300)	(12,443,733)	1,506,567	(11,048,255)
Cash paid for services and supplies	(191,035,631)	(191,035,631)	(173,316,658)	17,718,973	(179,905,517)
Other operating receipts	300,000	300,000	575,325	275,325	223,876
Net cash used in operating activities	<u>(124,706,401)</u>	<u>(124,706,401)</u>	<u>(103,217,476)</u>	<u>21,488,925</u>	<u>(90,973,351)</u>
Cash flows from noncapital financing activities:					
Cash provided by sales and excise tax	138,132,962	138,132,962	140,576,535	2,443,573	134,624,572
Transfers to other funds	(10,200,000)	(10,200,000)	(10,200,000)	-	(9,250,000)
Net cash provided by non-capital financing activities	<u>127,932,962</u>	<u>127,932,962</u>	<u>130,376,535</u>	<u>2,443,573</u>	<u>125,374,572</u>
Cash flows from capital and related financing activities:					
Federal and state grants	69,635,242	69,635,242	36,017,103	(33,618,139)	17,953,049
Acquisition, construction, or improvement of capital assets	(89,222,622)	(89,222,622)	(68,334,457)	20,888,165	(26,850,654)
Proceeds from the sale of capital assets	-	-	16,114	16,114	46,667
Transfers from RTC Highway Improvement Fund for capital assets	-	-	-	-	(300,000)
Net cash used in capital and related financing activities	<u>(19,587,380)</u>	<u>(19,587,380)</u>	<u>(32,301,240)</u>	<u>(12,713,860)</u>	<u>(9,150,938)</u>
Cash flows from investing activities:					
Interest received	-	-	2,095,171	2,095,171	1,357,379
Net change in cash and cash equivalents	(16,360,819)	(16,360,819)	(3,047,010)	13,313,809	26,607,662
Cash and cash equivalents - beginning of year	109,624,699	109,624,699	119,219,466	9,594,767	92,611,804
Cash and cash equivalents - end of year	<u>\$ 93,263,880</u>	<u>\$ 93,263,880</u>	<u>\$ 116,172,456</u>	<u>\$ 22,908,576</u>	<u>\$ 119,219,466</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - Other Postemployment Benefits

For the year ended June 30, 2016, no significant events occurred that would have affected or changed the benefits provision, size or composition of those covered by the other postemployment benefit plans, or actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2010, July 1, 2012 and July 1, 2014.

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

Additional information related to postemployment benefits other than pensions can be found in Note 11 to the RTC's financial statements on pages 59 through 62 of this report.

NOTE 2 - Budgetary Information

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

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

- a. Prior to April 15, the RTC General Manager submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The budget as submitted contains the proposed expenditures and means of financing them.
- b. The Nevada State Department of Taxation notifies the RTC of its acceptance of the budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all changes have been noted and hearings closed, the RTC governing board adopts the budget on or before June 1.
- e. The RTC's General Manager is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the RTC governing board.
- f. Increases to a fund's budget (augmentations) other than by transfers are accomplished through formal board action.
- g. Formal budgetary control is employed for all RTC funds.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 2 - Budgetary Information

- 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.

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

Additional budgetary information can be found in Note 2 to the RTC's financial statements on page 33 of this report.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS (1)**

	2015	2016
Proportion of the net pension liability	0.30%	0.32%
Proportionate share of the net pension liability	\$ 31,745,509	\$ 36,390,157
Covered-employee payroll	\$ 19,031,511	\$ 20,196,982
Proportionate share of the net pension liability as a percentage of the covered-employee payroll	167%	180%
Plan's fiduciary net position	\$ 33,575,081,157	\$ 34,610,720,184
Plan fiduciary net position as a percentage of the total pension liability	76.30%	75.10%

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

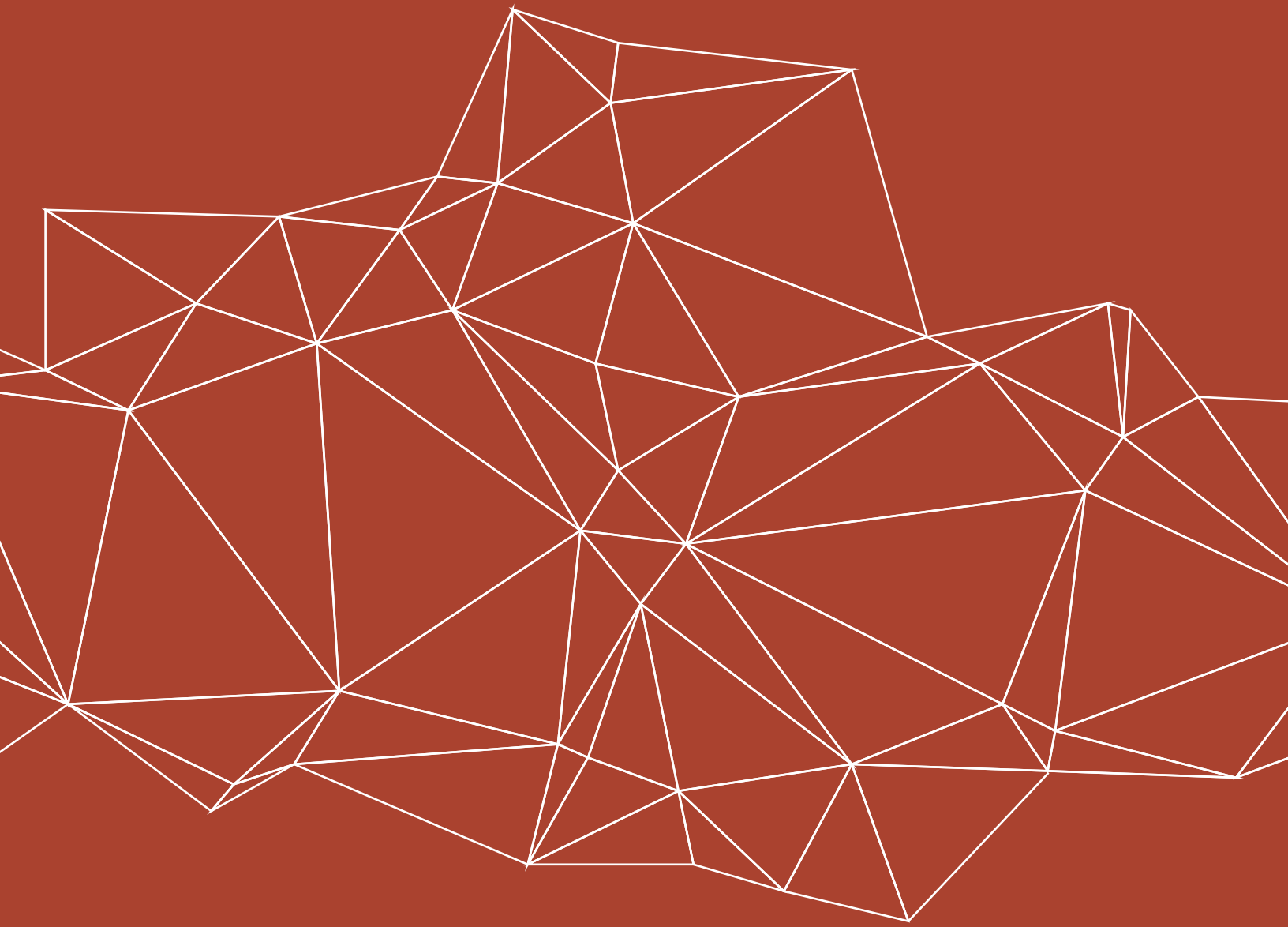
**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF DEFINED BENEFIT PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS (1)**

Plan Year Ending June 30	Contractually required contribution (actuarially determined)	Contributions in relation to the actuarially determined contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of the covered-employee payroll
2015	\$ 4,900,614	\$ 4,900,614	\$ -	\$ 19,031,511	25.75%
2016	\$ 5,655,155	\$ 5,655,155	\$ -	\$ 20,196,982	28.00%

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

Other Information





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

Board of Commissioners
Regional Transportation Commission of Southern Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada (RTC) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements, and have issued our report thereon dated November 8, 2016.

Internal Control Over Financial Reporting

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

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

Board of Commissioners
Regional Transportation Commission of Southern Nevada

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

Compliance and Other Matters

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

Purpose of this Report

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

Mess Adams LLP

Albuquerque, New Mexico
November 8, 2016





RTC



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