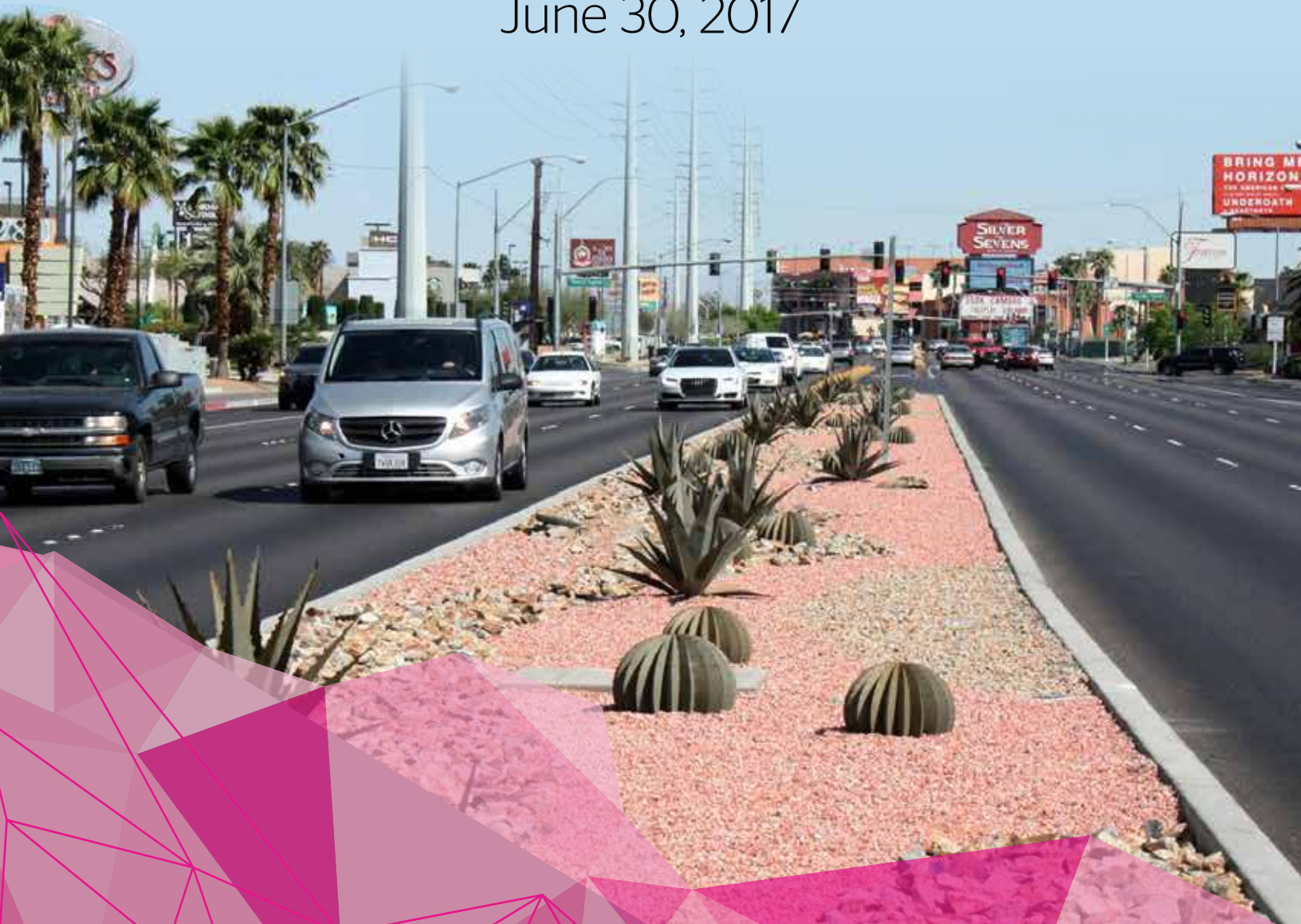


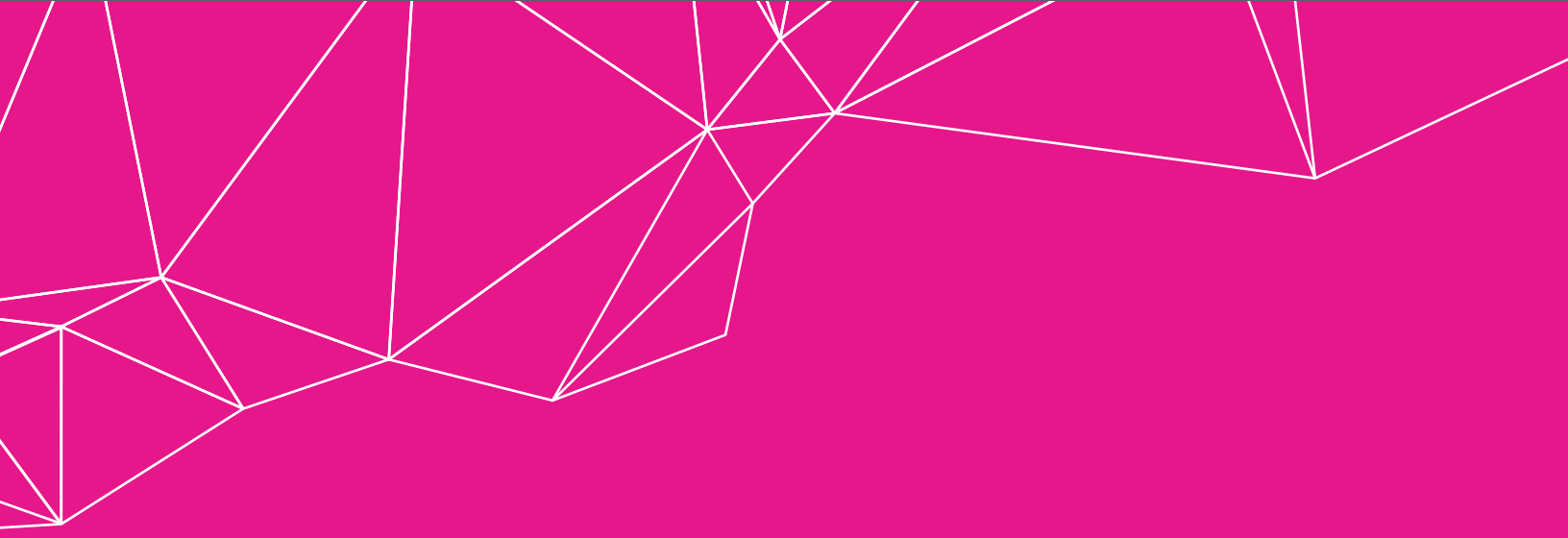
Regional Transportation Commission of Southern Nevada
A Component Unit of Clark County, Nevada

Component Unit Financial Statements

June 30, 2017



RTC's Flamingo Corridor Improvements Project



**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA**

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

**COMPONENT UNIT FINANCIAL
STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**



Prepared by the Department of Finance

Las Vegas, Nevada

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2017

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**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
JUNE 30, 2017**

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

RTC BOARD OF COMMISSIONERS

GENERAL MANAGER



Tina Quigley, General Manager
Regional Transportation Commission
of Southern Nevada



Larry Brown, Chair
Clark County



Mayor Debra March, Vice Chair
City of Henderson



Mayor Rod Woodbury
City of Boulder City



Chris Giunchigliani
Clark County

COUNTY COMMISSIONERS

Steve Sisolak, Chair
Chris Giunchigliani, Vice-Chair
Larry Brown
Marilyn Kirkpatrick
Lawrence Weekly
Susan Brager
James Gibson



Mayor Carolyn Goodman
City of Las Vegas



Lois Tarkanian
City of Las Vegas

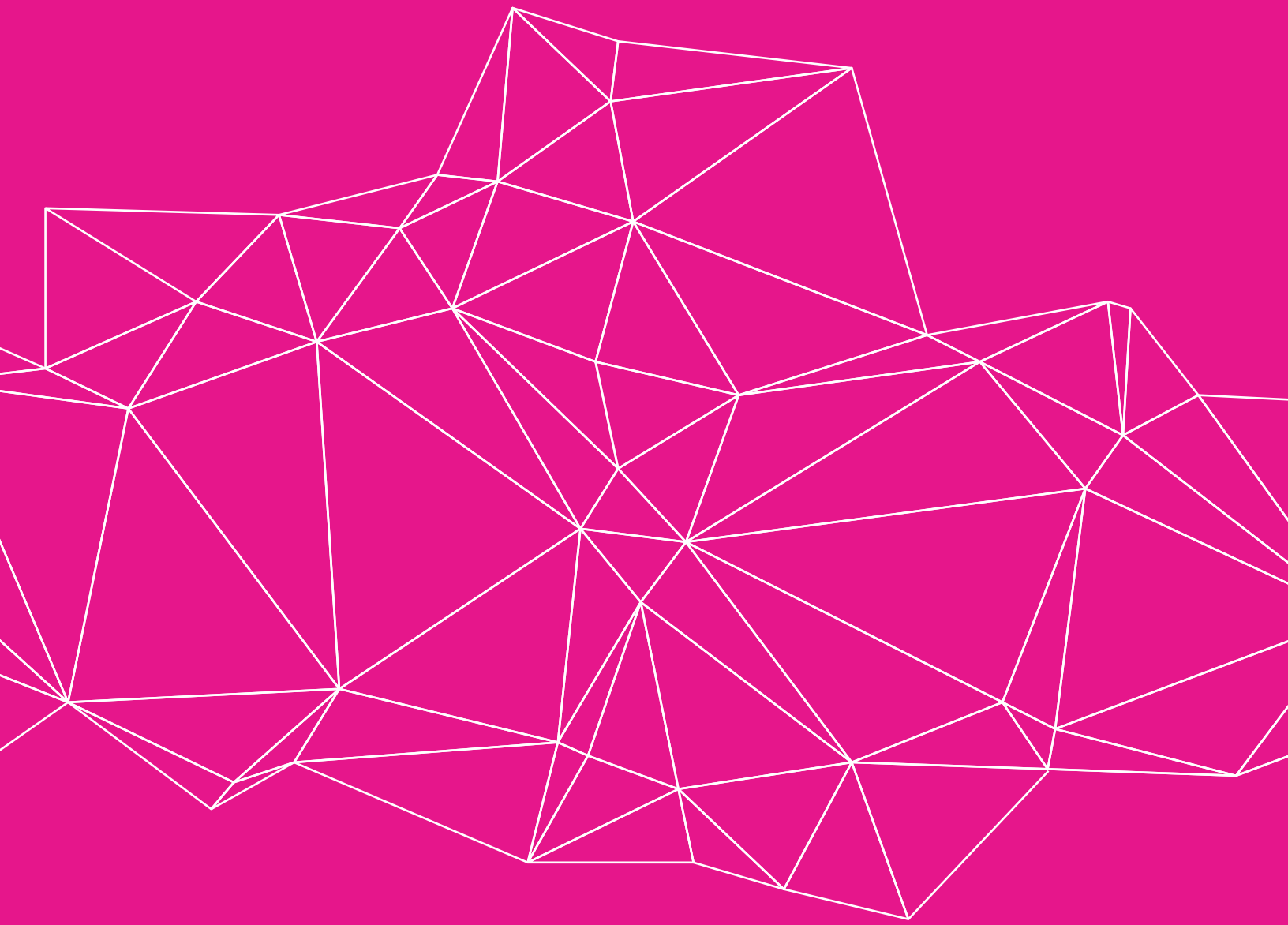


David Ballweg
City of Mesquite



Mayor John Lee
City of North Las Vegas





Financial Section





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada (RTC), a component unit of Clark County, Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 17, budgetary comparison information, schedule of funding progress - other postemployment benefits, schedule of proportionate share of the net pension liability, schedule of defined benefit plan contributions and related notes on pages 63 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RTC's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information on pages 70 through 75 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of motor vehicle fuel taxes and fuel revenue indexing and schedule of sales tax collections on pages 76 and 77 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017 on our consideration of the RTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RTC's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Costa Mesa, California
November 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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, 2017. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and accompanying notes in this report.

FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL HIGHLIGHTS

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

In fiscal year (FY) 2017 the RTC benefited from a 4.85% increase in sales and excise tax revenue, and a 4.92% increase in motor vehicle fuel tax revenue. Motor vehicle fuel tax revenue as reported below is made up of two parts; a nine cent per gallon motor vehicle fuel tax and an indexed fuel tax. The nine cent motor vehicle fuel tax increased by 2.80%, and the indexed fuel tax increased by 8.58%. The indexed fuel tax consists of annual inflationary adjustments, based on the ten year rolling average Producer Price Index for non-residential construction, on a series of local, state and federal fuel taxes. 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. The fourth indexed fuel tax adjustment for inflation occurred on July 1, 2016 at a rate of 0.54% which brought the cumulative indexed fuel tax rate to 10.0 cents per gallon, which generated \$86,083,024 in revenue for FY2017.

Condensed Statements of Net Position
June 30, 2017 and 2016

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	\$ 518,194,922	\$ 419,864,333	\$ 158,284,396	\$ 168,524,993	\$ 676,479,318	\$ 588,389,326
Net capital assets	15,839,507	16,903,301	422,803,226	397,982,176	438,642,733	414,885,477
Total assets	534,034,429	436,767,634	581,087,622	566,507,169	1,115,122,051	1,003,274,803
Deferred outflows of resources	26,612,188	16,610,629	5,590,401	2,838,851	32,202,589	19,449,480
Total assets and deferred outflows of resources	<u>560,646,617</u>	<u>453,378,263</u>	<u>586,678,023</u>	<u>569,346,020</u>	<u>1,147,324,640</u>	<u>1,022,724,283</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Long-term liabilities	1,043,795,191	902,422,772	25,255,116	20,878,807	1,069,050,307	923,301,579
Other liabilities	73,550,327	67,817,524	27,707,640	16,490,947	101,257,967	84,308,471
Total liabilities	1,117,345,518	970,240,296	52,962,756	37,369,754	1,170,308,274	1,007,610,050
Deferred inflows of resources	3,618,496	9,137,641	1,086,086	1,743,436	4,704,582	10,881,077
Total liabilities and deferred inflows of resources	<u>1,120,964,014</u>	<u>979,377,937</u>	<u>54,048,842</u>	<u>39,113,190</u>	<u>1,175,012,856</u>	<u>1,018,491,127</u>
NET POSITION						
Net investment in capital assets	15,839,507	16,903,301	417,546,391	397,982,176	433,385,898	414,885,477
Restricted	434,255,727	338,750,400	-	-	434,255,727	338,750,400
Unrestricted (deficit)	(1,010,412,631)	(881,653,375)	115,082,790	132,250,654	(895,329,841)	(749,402,721)
TOTAL NET POSITION	<u>\$ (560,317,397)</u>	<u>\$ (525,999,674)</u>	<u>\$ 532,629,181</u>	<u>\$ 530,232,830</u>	<u>\$ (27,688,216)</u>	<u>\$ 4,233,156</u>

Governmental Activities

In June of 2013 the Nevada State Legislature passed Assembly Bill No. 413, authorizing Clark County to impose additional taxes on fuels for motor vehicles referred to as Indexed Fuel Tax. Under Indexed Fuel Tax, Motor Vehicle Fuel Taxes are increased annually by the ten year rolling average of the Producer Price Index for non-residential construction not to exceed 7.8%. On September 3, 2013, the Clark County Commission adopted Ordinance No. 4126, which imposed the 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 June 13, 2017, Clark County for the benefit of RTC sold \$150,000,000 of Indexed Fuel Tax highway revenue bonds at a premium of \$28,080,335, Series 2017, and received approximately \$165,600,000 in proceeds to be used for roadway projects. The increase in current and other assets is due primarily to the receipt of bond proceeds toward the end of the fiscal year.

The increase in deferred outflows of resources is primarily due to recording deferred outflow of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and deferred outflow of resources related to two bond refundings. The increase in deferred outflows of resources related to pensions was a result of the net difference between investment earnings projected by the actuary and actual earnings during the measurement period and increases in RTC's proportionate share of the NV PERS net pension liability. On October 27, 2016 the RTC refunded Series 2010B motor vehicle fuel tax bonds and Series 2010 sales and excise tax bonds that had a combined refunding loss of \$7,655,912 which added approximately \$5,800,000 in deferred outflows of resources net of current year amortization. See note 7 for additional information related to these refundings.

The increase in long-term liabilities is primarily due to the issuance of Indexed Fuel Tax highway revenue bonds, Series 2017 for \$150,000,000 offset by the regularly scheduled payment of principal for bonds and notes payable.

The increase in other liabilities was primarily due to an increase of approximately \$4,200,000 in accrued interest related to the issuance of indexed fuel tax bonds.

The decrease in deferred inflows of resources was primarily due to the expenditure of approximately \$4,400,000 of deposits in FY2017 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 mostly comprised of net resources for the Jurisdictions' street and highway projects and debt service. Available resources for the Jurisdictions' street and highway projects increased 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

Current and other assets decreased primarily due to reimbursement for past capital purchases eligible for federal grant funding occurring subsequent to the current fiscal year end.

The increase in net capital assets was primarily due to approximately \$24,800,000 of capital expenditures for the acquisition of compressed natural gas fueling equipment for approximately \$11,600,000, replacement of roofs and heating ventilation and cooling equipment at the Integrated Bus Maintenance Facility in North Las Vegas for approximately \$6,700,000, a three story office building and parking lot in downtown Las Vegas across from the Bonneville Transit Center for approximately \$3,000,000 and bus shelters for approximately \$2,500,000. The RTC acquired 55 fixed route buses and 80 paratransit vehicles at a cost of approximately \$47,200,000 in FY2017 and retired transit vehicles and equipment with a historic cost of approximately \$53,700,000.

The increase in deferred outflows of resources related to pensions was a result of the net difference between investment earnings projected by the actuary and actual earnings during the measurement period and increases in RTC's proportionate share of the NV PERS net pension liability.

Long-term liabilities increased primarily due to a net increase in the net pension liability of approximately \$3,700,000.

The increase in other liabilities is primarily due to an increase in accounts payable of approximately \$11,100,000 which is a function of the timing of payment around fiscal year end.

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, 2017 and 2016

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
PROGRAM REVENUES						
Charges for services	\$ -	\$ -	\$ 79,606,058	\$ 81,752,550	\$ 79,606,058	\$ 81,752,550
Operating grants and contributions	2,083,488	3,836,206	2,938,904	2,741,383	5,022,392	6,577,589
Capital grants and contributions	30,732,460	78,683,978	36,303,742	41,895,579	67,036,202	120,579,557
GENERAL REVENUES						
Motor vehicle fuel tax	158,774,666	151,324,216	-	-	158,774,666	151,324,216
Jet-aviation fuel tax	4,016,784	3,779,101	-	-	4,016,784	3,779,101
Sales and excise tax	49,522,194	47,231,023	148,566,583	141,693,070	198,088,777	188,924,093
Interest income	250,757	5,800,022	292,286	2,149,961	543,043	7,949,983
Other	5,805,423	5,876,179	140,397	16,114	5,945,820	5,892,293
	251,185,772	296,530,725	267,847,970	270,248,657	519,033,742	566,779,382
EXPENSES						
Public works	260,809,020	302,520,644	-	-	260,809,020	302,520,644
Interest on long-term debt	33,666,524	33,062,056	-	-	33,666,524	33,062,056
Public transit			256,479,570	230,709,141	256,479,570	230,709,141
	294,475,544	335,582,700	256,479,570	230,709,141	550,955,114	566,291,841
Changes in net position before transfers	(43,289,772)	(39,051,975)	11,368,400	39,539,516	(31,921,372)	487,541
Net transfers	8,972,049	10,200,000	(8,972,049)	(10,200,000)	-	-
Change in net position	(34,317,723)	(28,851,975)	2,396,351	29,339,516	(31,921,372)	487,541
Net position - beginning	(525,999,674)	(497,147,699)	530,232,830	500,893,314	4,233,156	3,745,615
Net position - ending	\$ (560,317,397)	\$ (525,999,674)	\$ 532,629,181	\$ 530,232,830	\$ (27,688,216)	\$ 4,233,156

Fluctuations in revenues and expenses for FY2017 compared to FY2016 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.
- RTC and Nevada Department of Transportation (NDOT) entered into an inter-local “Advanced Construction” agreement where RTC has the construction performed in advance of NDOT reimbursements. This agreement is for the construction of the Boulder City Bypass/I-11 project. NDOT will reimburse the RTC for 95% of I-11 expenditures up to approximately \$233,506,000 with federal Surface Transportation Program (STP) funds over an eight year period that began in 2014. The reimbursement is limited to the amount of STP funds NDOT has received from the Federal Highway Administration and that are available to pay out. In FY2016, NDOT reimbursed \$71,298,572 to the RTC for the I-11 project and \$25,762,179 in FY2017. Both years’ reimbursement was limited by the amount NDOT had available for payment. The remaining decrease in the amount of grant revenue is primarily due to receiving \$4,927,247 in FY2017 versus \$7,380,596 in FY2016 for construction costs on the Flamingo Corridor improvement project.
- Motor vehicle fuel tax revenue increased mainly due to the Indexed Fuel Tax rate increasing from 9.7 cents per gallon to 10.0 cents per gallon effective July 1, 2016, and an increase of 2.75 % in the gallons of motor vehicle fuel sold.
- Sales and excise tax increased by approximately 4.85% due to increased taxable sales in Clark County. This is the seventh consecutive year of increased sales and excise tax revenue which supports the trend of a recovering Southern Nevada economy.

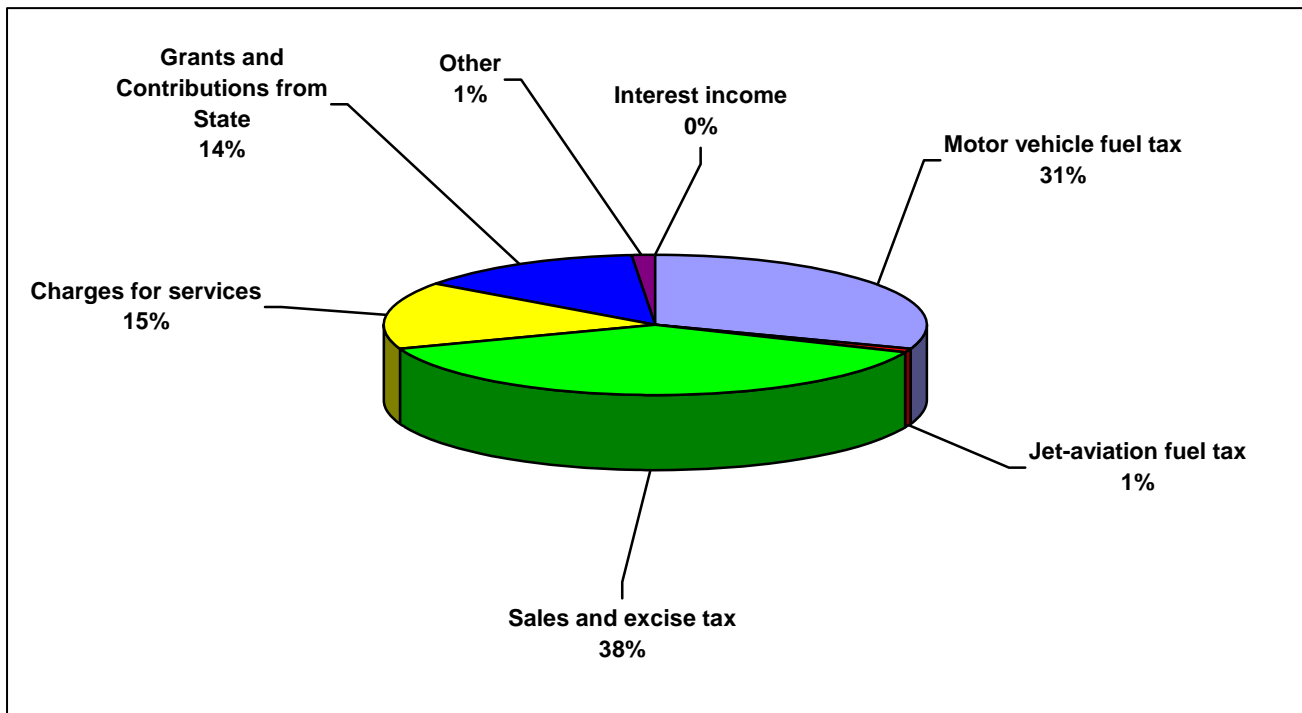
- The decrease in interest income was mainly due to an increase in short term interest rates in FY2017 causing the market value of investments held by the Clark County Treasurer to decline. In compliance with GASB 31, investments are written down to fair value in this circumstance, and in accordance with RTC accounting policies summarized in the accompanying notes, the RTC accounts for market fluctuations in the interest income accounts.
- Spending on public works is down 16.3% primarily due to the prior year having extraordinarily high construction activity due to increase in the amount of funds available from the indexed fuel tax collections and indexed fuel tax revenue bond proceeds. The current year spending level is still relatively high from a historic perspective. FY2017 was the third full year of indexed fuel tax revenue.
- The increase in interest expense is due to the issuance of additional indexed fuel tax bonds, series 2017.

Business Type Activities

- Charges for services decreased approximately \$2,100,000 for FY2017. Charges for services include transit fees paid for rides on the public transportation system and advertising on the buses and bus shelters. Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October 2015, which we attribute to causing a decline in transit fare revenue of approximately \$3,200,000 for the Strip bus routes. In FY2017 the RTC started collecting revenue for advertising on bus shelters which helped to increase transit advertising by approximately \$890,000.
- Capital grants for business type activities fluctuate annually based on the volume of capital procurements and the timing of grant awards. The decrease in capital grants in FY2017 is primarily due to grant award and reimbursement for 17 fixed route compressed natural gas (CNG) buses, 115 CNG paratransit buses, an office building, and roof and heating ventilation and cooling replacements at the North Las Vegas bus yard in FY2017 versus grant award and reimbursement for 39 fixed route CNG buses and 138 CNG paratransit buses in FY2016.
- As mentioned under Governmental Activities, sales and excise tax increased by approximately 4.85% due to increased taxable sales in Clark County.
- Interest income declined as explained under Governmental Activities.
- Public transit expenses increased approximately \$25,800,000 primarily due to the following: fixed route service hours were increased by 85,249 hours over the prior year, which included a new route (route 122), several service enhancements to other routes, the fixed route cost per service hour increased by 2.4%, for a total increase in the cost of providing fixed route service of approximately \$8,800,000. The cost of Para Transit service increased approximately \$1,400,000 due to the increased service area caused by route 122 and an increase in ridership of 2.5% or 32,686 trips. In prior years the RTC had an agreement with a third party vendor to maintain and clean bus shelters in exchange for advertising revenue generated in those bus shelters. This agreement was terminated making it necessary to contract new vendors to clean and maintain the bus shelters. FY2017 was the first full year of paying for custodial services and the expense increased over FY2016 by approximately \$1,300,000. Depreciation expense increased by approximately \$10,000,000 due to the retirement of fixed route buses several years earlier than their projected useful life based on years and the addition of newer vehicles and facilities. The RTC retires fixed route buses within one year upon reaching 12 years or 500,000 miles, whichever is achieved first. In FY2017 the RTC had an additional depreciation adjustment of approximately \$6,000,000 due to retiring buses that exceeded 500,000 miles and less than 12 years old. The remaining increase in depreciation was due mainly to the addition of new buses.

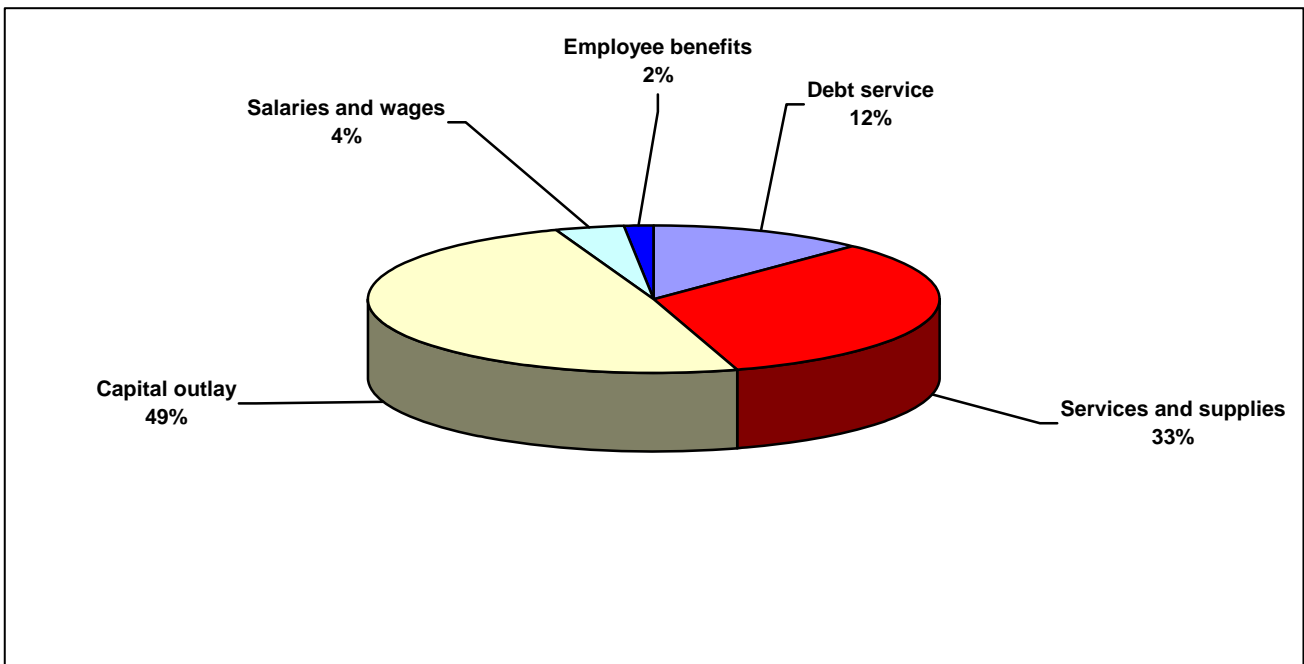
REVENUES

The following chart shows the components of revenues for the year ended June 30, 2017:



EXPENDITURES

The following chart shows the components of expenditures for the year ended June 30, 2017:



CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During FY2017, the RTC expended \$299,070,538 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	\$220,579,020
RTC Transit equipment, buildings, land, and improvements	78,003,093
RTC equipment	488,425

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

LONG-TERM DEBT ADMINISTRATION

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

On July 13, 2017, 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, 2017:

	Beginning Balance	Additions and Premiums	Deletions and Discounts	Ending Balance
Revenue bonds	\$ 871,629,882	\$ 277,898,318	\$ 142,873,368	\$ 1,006,654,832
Bonds payable at June 30, 2017, are comprised of the following individual issues:				
		Original Amount	Interest Rate	Balance June 30, 2017
Highway Improvement and Refunding Revenue Bonds				
Motor Vehicle Fuel Tax Revenue:				
Series 2007		\$ 300,000,000	3.00-5.00%	\$ 78,870,000
Series 2010A		32,595,000	6.10-6.35%	32,595,000
Series 2010B		51,180,000	5.00%	-
Series 2011		118,105,000	4.00-5.00%	86,710,000
Series 2016		107,350,000	5.00%	107,350,000
Series 2016B		43,495,000	5.00%	43,495,000
Indexed Fuel Tax Revenue:				
Series 2014A		100,000,000	3.00-5.00%	93,615,000
Series 2015		85,000,000	5.00%	85,000,000
Series 2017		150,000,000	4.00-5.00%	150,000,000
Sales and Excise Tax Revenue:				
Series 2010		69,595,000	3.00-5.00%	9,475,000
Series 2010B		94,835,000	3.00-5.00%	42,605,000
Series 2010C		140,560,000	5.10-6.15%	140,560,000
Series 2016		36,405,000	5.00%	36,405,000
Plus unamortized premium				99,999,187
Less unamortized discount				(24,355)
Total				\$ 1,006,654,832

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 FY2017.

PUBLIC TRANSIT STATISTICS

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

	2017	2016	2015	2014	2013
Ridership - fixed route	63,961,848	65,685,973	64,060,738	59,728,168	60,336,469
% increase (decrease)	(2.6%)	2.5%	7.3%	(1.0%)	1.1%
Ridership - paratransit	1,556,126	1,565,611	1,493,435	1,400,025	1,363,689
% increase (decrease)	(0.6%)	4.8%	6.7%	2.7%	3.3%

Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October, 2015, which we attribute to causing a decline in transit ridership on the Strip bus routes which mostly accounts for the FY2017 decrease in ridership for fixed route shown above.

The decrease in paratransit ridership in FY2017 is mainly due to decrease in Medicaid trips provided by the contracted adult daycare providers for the first quarter of FY2017.

BUDGET

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

The Regional Transportation Fund (2) is a special revenue fund for the purpose of accounting for half of the additional sales tax approved by voters in 2002. The services and supplies for this fund consist of statutory amounts paid to the Clark County Department of Air Quality (CCDOAQ) at 8% of the sales tax approved by voters in 2002. Sales Tax Revenue exceeded the original budget by 1.1%, 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. The decline in interest income is mainly due to an increase in short term interest rates in FY2017 causing the fair value of investments held by the Clark County Treasurer to decline. In compliance with GASB 31 investments are written down to fair value in this circumstance, and in accordance with RTC accounting policies summarized in the accompanying notes, the RTC accounts for market fluctuations in the interest income accounts. In FY2017 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 planned bond issuance was postponed until the last month of the fiscal year 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 over budget as \$150,000,000 in Indexed Fuel Tax bonds were issued, and only a \$100,000,000 bond issuance was planned in the budget. As mentioned above, in October 2016 the RTC refunded Series 2010B motor vehicle fuel tax bonds and Series 2010 sales and excise tax bonds and paid debt service reserves of \$3,103,814 to the refunding escrow. These bond refundings were not budgeted.

The Highway Improvement Acquisition Fund (5) is a special revenue fund used to account for the nine cent Clark County Motor Vehicle Fuel Tax revenue and Indexed Fuel Tax revenue. Fuel Tax Indexing revenue is over budget by 8.6% mainly due to conservative budgeting and refunds not taken by distributors of special fuels subject to the indexed fuel tax of \$2,927,902 accrued in FY2017 and remitted to the RTC in FY2018. The maximum amount of indexed fuel tax for special fuels that is subject to refund is 20% per NRS 373.083,1(c). The Department of Motor Vehicles withholds the 20% throughout the year, and if the refunds are not applied for and given to the distributors, they are remitted to the RTC. The decline in interest income is mainly due to an increase in short term interest rates in FY2017 causing the fair value of investments held by the Clark County Treasurer to decline. In compliance with GASB 31 investments are written down to fair value in this circumstance, and in accordance with RTC accounting policies summarized in the accompanying notes, the RTC accounts for market fluctuations in the interest income accounts. Bond issuance costs exceeded budget by \$503,116 due to issuing more Indexed Fuel Tax bonds, \$150,000,000 versus \$100,000,000, and refunding the Series 2010B motor vehicle fuel tax bonds and Series 2010 sales and excise tax bonds. The refunding transactions were not budgeted. Capital outlay and intergovernmental capital grants were under budget due to the jurisdictions spending less on roadway projects. The lower spending on roadway projects and the delayed issuance of planned new money bonds also caused transfers out for debt service to come in under budget. The budget variances for proceeds from revenue bond issued, refunding bond issued, premium on bond issued and payment to refund bond are due to the issuance of more than budgeted Indexed Fuel Tax bonds and the refunding of the Series 2010B motor vehicle fuel tax bonds as discussed previously.

The Highway Improvement Fund (6) is a special revenue fund used to account for half of the additional sales tax approved by voters in 2001 after transfers to fund 1 for FAST AMS operations and payments to CCDOAQ. Capital outlay and intergovernmental capital grants were under budget due to the jurisdictions spending less on roadway projects than planned for in the budget. Transfers in were over the original budget primarily due to higher than budgeted sales tax revenue. Transfers out is over the original budget due to a non-cash transfer of bus shelters from the Flamingo Corridor Improvement project to the Public Transit Fund, which required a budget augmentation. At the time of the budget augmentation the anticipated transfer value of the shelters was approximately \$4,400,000, and after final review of the shelter costs was actually only \$1,327,951.

The Public Transit Fund (50) is an enterprise fund that contains all financial activity for all aspects of the RTC Transit System. Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October 2015, which we attribute to causing transit fare revenue to come in under budget by approximately \$2,800,000 for the Strip bus routes. In FY2017 the RTC started collecting revenue for advertising on bus shelters which helped transit advertising to come in over budget by approximately \$920,000. 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 \$18,800,000 primarily due to fuel expense coming in under budget by approximately \$5,000,000 and a 3% budget contingency of \$6,000,000 which was not utilized. The budgeted savings for fuel was due primarily to a \$1,666,662 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. In FY2017 the RTC had an additional depreciation adjustment of approximately \$6,300,000 due to retiring buses that exceeded 500,000 miles and less than 12 years old causing depreciation expense to come in over budget.

In June 2017, the RTC approved budget augmentations for The Regional Transportation Fund (2) sales and excise tax revenue for \$2,400,000 to pay for an augmentation of \$2,000,000 for transfers out and another augmentation for services and supplies of \$400,000 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. The RTC also approved budget augmentations for the Highway Improvement Fund (6) transfers in from The Regional Transportation Fund (2) of \$2,000,000 and reduced the capital outlay budget \$2,400,000 to cover the augmentation of transfers out to the Public Transit Fund (50) of \$4,400,000 of bus shelters constructed in the Flamingo Corridor Improvement project, a Highway Improvement Fund (6) project.

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, 2017, Clark County has issued all revenue bonds on behalf of the RTC. The bond rating at June 30, 2017, 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, 2017, 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, 2017, 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.

Moody's Investors Service on October 6, 2016 affirmed its Aa3 rating for the Clark County, Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, and on October 7, 2016 affirmed 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 close date was November 9, 2016. On May 12, 2017, Moody's Investors Service affirmed its Aa3 rating for the Clark County, Nevada Highway Revenue (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax) Improvement Bonds and Standard & Poor's Rating Service affirmed its AA- rating for the Clark County, Nevada Highway Revenue (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax) Improvement Bonds in conjunction with the preparations to issue \$150,000,000 in Clark County, Nevada Highway Revenue (Indexed Fuel Tax and Subordinate Motor Vehicle Fuel Tax) Improvement Bonds. The sale date for this transaction was May 23, 2017, and the close date was June 13, 2017.

ECONOMIC FACTORS AND FUTURE BUDGETS

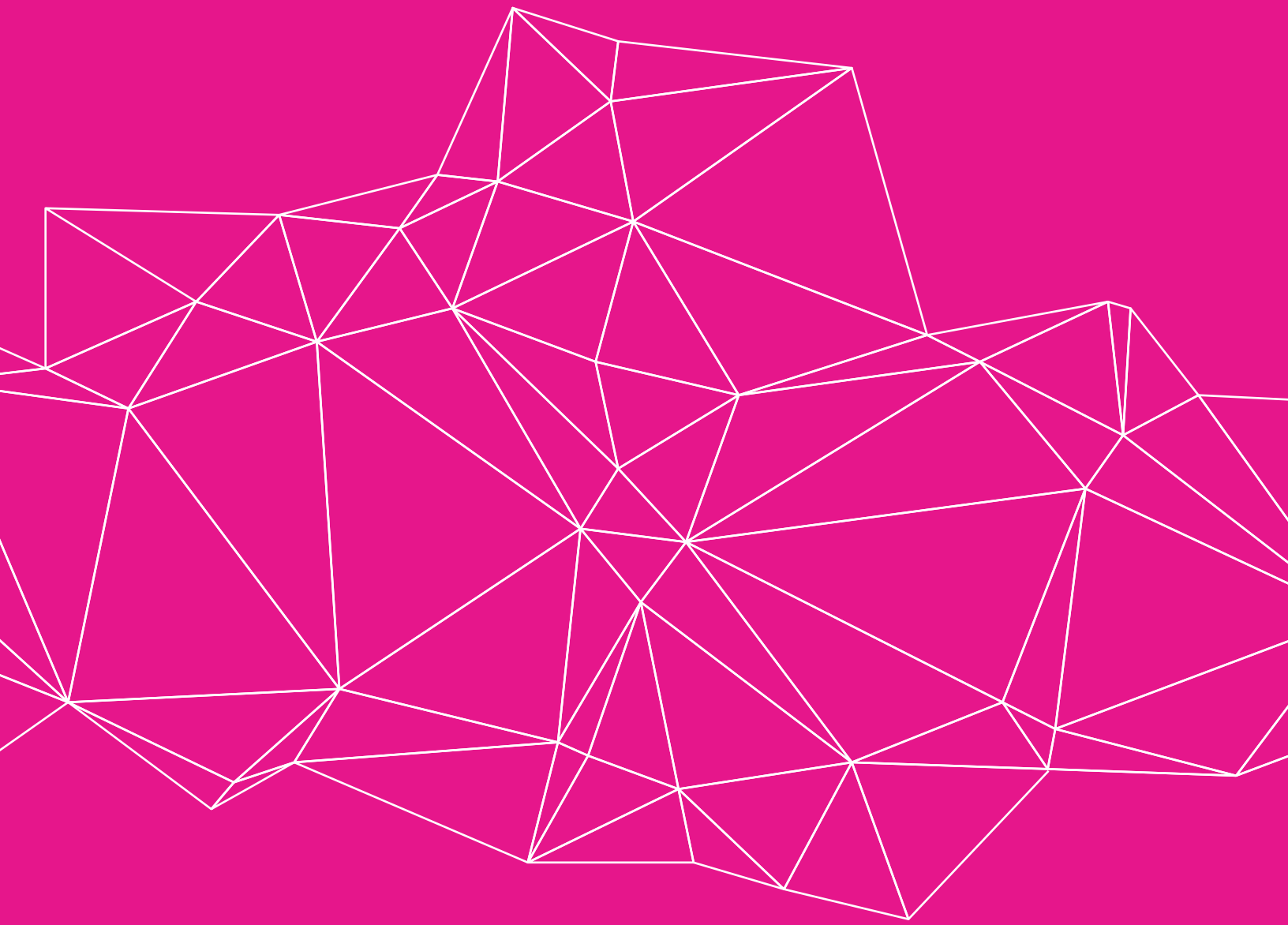
In preparing revenue forecasts and future budgets the RTC mainly monitors Sales Tax and Fuel Tax Revenues. In addition to tax revenues, local economic indicators are monitored. These economic indicators are considered in preparing revenue forecasts and future budgets for tax revenue and transit fare revenue. The unemployment rate for Clark County, Nevada in August of 2017 was 5.2%, which was down from 5.7% in August a year ago, and down from 6.8% a year before that. The hotel/motel occupancy rate for the Las Vegas metropolitan area for August, 2017 year-to-date was 90.1%, which was up from 89.7% for August year-to-date 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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and investments:			
In custody of the County Treasurer			
Unrestricted	\$ 1,474,365	\$ 96,631,650	\$ 98,106,015
Restricted	396,457,359	-	396,457,359
Cash in bank			
Unrestricted	164,130	3,373,127	3,537,257
Restricted	8,615,679	-	8,615,679
Cash on hand	500	14,500	15,000
In custody of the fiscal agent			
Restricted	52,873,760	-	52,873,760
Accounts receivable, net	3,013,364	14,342,371	17,355,735
Interest receivable	1,016,810	245,466	1,262,276
Internal balances	2,765,000	(2,765,000)	-
Due from other governmental units	51,158,257	46,389,808	97,548,065
Prepaid expenses	655,698	52,474	708,172
Capital assets, not being depreciated	1,687,689	79,480,982	81,168,671
Capital assets, net of accumulated depreciation	14,151,818	343,322,244	357,474,062
Total Assets	534,034,429	581,087,622	1,115,122,051
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	8,790,454	5,590,401	14,380,855
Deferred outflows related to bond refunding	17,821,734	-	17,821,734
Total Deferred Outflows of Resources	26,612,188	5,590,401	32,202,589
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 560,646,617	\$ 586,678,023	\$ 1,147,324,640

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES:			
Accounts payable	\$ 51,023,735	\$ 27,090,204	\$ 78,113,939
Accrued payroll	673,247	471,341	1,144,588
Accrued interest	21,512,946	-	21,512,946
Other current liabilities	340,399	146,095	486,494
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable	43,785,000	-	43,785,000
Compensated absences	916,356	792,385	1,708,741
Portion due or payable after one year:			
Bonds and notes payable	962,869,832	-	962,869,832
Compensated absences	1,600,736	687,677	2,288,413
Other post employment benefits	6,488,135	6,324,911	12,813,046
Net pension liability	<u>28,135,132</u>	<u>17,450,143</u>	<u>45,585,275</u>
 Total Liabilities	 <u>1,117,345,518</u>	 <u>52,962,756</u>	 <u>1,170,308,274</u>
 DEFERRED INFLOWS OF RESOURCES:			
Unearned revenue from Build America			
Bonds Rebate	1,652,074	-	1,652,074
Deferred inflows related to pensions	<u>1,966,422</u>	<u>1,086,086</u>	<u>3,052,508</u>
 Total Deferred Inflows of Resources	 <u>3,618,496</u>	 <u>1,086,086</u>	 <u>4,704,582</u>
 TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	 <u>1,120,964,014</u>	 <u>54,048,842</u>	 <u>1,175,012,856</u>
 NET POSITION			
Net investment in capital assets	15,839,507	417,546,391	433,385,898
Restricted for:			
Capital projects and intergovernmental capital grants	299,788,953	-	299,788,953
Debt service	134,466,774	-	134,466,774
Unrestricted (deficit)	<u>(1,010,412,631)</u>	<u>115,082,790</u>	<u>(895,329,841)</u>
 TOTAL NET POSITION	 <u>\$ (560,317,397)</u>	 <u>\$ 532,629,181</u>	 <u>\$ (27,688,216)</u>

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 260,809,020		\$ 2,083,488	\$ 30,732,460	\$ (227,993,072)		\$ (227,993,072)
Interest on long-term debt	33,666,524		-	-	(33,666,524)		(33,666,524)
TOTAL GOVERNMENTAL ACTIVITIES	294,475,544		2,083,488	30,732,460	(261,659,596)		(261,659,596)
BUSINESS-TYPE ACTIVITIES:							
Public transit	256,479,570	\$ 79,606,058	2,938,904	36,303,742		\$ (137,630,866)	(137,630,866)
TOTAL BUSINESS-TYPE ACTIVITIES	256,479,570	79,606,058	2,938,904	36,303,742		(137,630,866)	(137,630,866)
Total	\$ 550,955,114	\$ 79,606,058	\$ 5,022,392	\$ 67,036,202	(261,659,596)	(137,630,866)	(399,290,462)
General Revenues:							
Fuel taxes					162,791,450	-	162,791,450
Sales and excise tax					49,522,194	148,566,583	198,088,777
Interest income					250,757	292,286	543,043
Other					5,805,423	140,397	5,945,820
Transfers					8,972,049	(8,972,049)	-
Total general revenues and transfers					227,341,873	140,027,217	367,369,090
Changes in net position					(34,317,723)	2,396,351	(31,921,372)
Net position - beginning					(525,999,674)	530,232,830	4,233,156
Net position - ending					\$ (560,317,397)	\$ 532,629,181	\$ (27,688,216)

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue							Total Governmental Funds
	General Fund	Fund	Debt Service Funds		Capital Project Funds			
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement		
ASSETS								
Cash and investments:								
In custody of the County Treasurer								
Unrestricted	\$ 1,474,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,474,365	
Restricted	-	572,036	66,597,939	37,893,095	247,647,547	43,746,742	396,457,359	
Cash in bank								
Unrestricted	164,130	-	-	-	-	-	164,130	
Restricted	-	63,176	-	-	7,293,780	1,258,723	8,615,679	
Cash on hand	500	-	-	-	-	-	500	
In custody of the fiscal agent								
Restricted	-	-	-	52,873,760	-	-	52,873,760	
Accounts receivable, net	1,510,384	-	-	-	1,502,980	-	3,013,364	
Interest receivable	3,767	1,462	170,174	96,826	632,798	111,783	1,016,810	
Due from other funds	6,836,458	-	-	-	-	9,342,289	16,178,747	
Due from other governmental units	108,680	12,677,079	-	-	37,351,339	1,021,159	51,158,257	
Prepaid expenses	61,895	-	-	-	593,803	-	655,698	
TOTAL ASSETS	\$ 10,160,179	\$ 13,313,753	\$ 66,768,113	\$ 90,863,681	\$ 295,022,247	\$ 55,480,696	\$ 531,608,669	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES:								
Accounts payable	\$ 1,327,991	\$ 2,028,333	\$ -	\$ -	\$ 44,610,898	\$ 3,056,513	\$ 51,023,735	
Accrued payroll	673,247	-	-	-	-	-	673,247	
Due to other funds	-	10,648,747	-	-	2,765,000	-	13,413,747	
Other liabilities	58,820	-	-	-	193,390	88,189	340,399	
Total liabilities	2,060,058	12,677,080	-	-	47,569,288	3,144,702	65,451,128	
DEFERRED INFLOWS OF RESOURCES:								
Unearned revenue from Build America Bonds Rebate	-	-	1,652,074	-	-	-	1,652,074	
Total deferred inflows of resources	-	-	1,652,074	-	-	-	1,652,074	
Total liabilities and deferred inflows of resources	2,060,058	12,677,080	1,652,074	-	47,569,288	3,144,702	67,103,202	
FUND BALANCES:								
Nonspendable fund balance	61,895	-	-	-	-	-	61,895	
Restricted fund balance	-	636,673	65,116,039	90,863,681	247,452,959	52,335,994	456,405,346	
Unassigned fund balance	8,038,226	-	-	-	-	-	8,038,226	
Total fund balances	8,100,121	636,673	65,116,039	90,863,681	247,452,959	52,335,994	464,505,467	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,160,179	\$ 13,313,753	\$ 66,768,113	\$ 90,863,681	\$ 295,022,247	\$ 55,480,696	\$ 531,608,669	

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

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

Fund balance - governmental funds \$ 464,505,467

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	\$ 29,032,349	
Less accumulated depreciation	<u>(13,192,842)</u>	15,839,507

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

Bonds and notes payable	(906,680,000)	
Unamortized issuance premiums	(99,999,187)	
Unamortized issuance discounts	24,355	
Deferred loss on bond refunding	17,821,734	
Deferred outflows of resources - pensions	8,790,454	
Accrued interest payable	(21,512,946)	
Compensated absences	(2,517,092)	
Other post employment benefits	(6,488,135)	
Net pension liability	(28,135,132)	
Deferred inflows of resources - pensions	<u>(1,966,422)</u>	<u>(1,040,662,371)</u>

Total net position - governmental activities \$ (560,317,397)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Funds		Capital Project Funds		Total Governmental Funds
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Highway Improvement Acquisition	RTC Highway Improvement	
REVENUES							
Intergovernmental revenue:							
Federal and state grants	\$ 2,126,522	\$ -	\$ -	\$ -	\$ 30,689,426	\$ -	\$ 32,815,948
Fuel taxes	-	-	-	-	158,774,666	4,016,784	162,791,450
Sales and excise tax	-	49,522,194	-	-	-	-	49,522,194
Interest	2,561	44,332	(300,338)	807,090	(302,854)	(34)	250,757
Other	2,186,297	-	3,305,922	-	63,899	249,305	5,805,423
Total revenues	4,315,380	49,566,526	3,005,584	807,090	189,225,137	4,266,055	251,185,772
EXPENDITURES							
Current:							
Salaries and wages	14,143,481	-	-	-	-	-	14,143,481
Employee benefits	5,774,917	-	-	-	-	-	5,774,917
Services and supplies	8,165,557	7,923,552	5,452	-	93,707	3,464	16,191,732
Debt service:							
Principal	-	-	39,425,000	-	-	-	39,425,000
Interest	-	-	34,714,437	-	-	-	34,714,437
Bond issuance costs	-	-	-	-	1,073,116	324,815	1,397,931
Payment to refund bond	-	-	1,861,229	3,103,814	-	-	4,965,043
Capital outlay expenditures	488,425	-	-	-	211,308,289	9,270,731	221,067,445
Total expenditures	28,572,380	7,923,552	76,006,118	3,103,814	212,475,112	9,599,010	337,679,986
Excess (deficiency) of revenues over (under) expenditures	(24,257,000)	41,642,974	(73,000,534)	(2,296,724)	(23,249,975)	(5,332,955)	(86,494,214)
OTHER FINANCING SOURCES (USES)							
Transfers in	25,825,830	-	80,477,527	-	-	36,372,813	142,676,170
Transfers out	-	(41,598,643)	-	-	(61,881,402)	(30,224,076)	(133,704,121)
Revenue bond issued	-	-	-	11,748,698	138,251,302	-	150,000,000
Refunding bond issued	-	-	-	-	43,495,000	36,405,000	79,900,000
Premium on bond issued	-	-	-	-	39,490,891	8,507,427	47,998,318
Payment to refund bond	-	-	-	-	(54,493,841)	(44,564,199)	(99,058,040)
Total other financing sources (uses)	25,825,830	(41,598,643)	80,477,527	11,748,698	104,861,950	6,496,965	187,812,327
CHANGES IN FUND BALANCES	1,568,830	44,331	7,476,993	9,451,974	81,611,975	1,164,010	101,318,113
Fund balances - beginning	6,531,291	592,342	57,639,046	81,411,707	165,840,984	51,171,984	363,187,354
Fund balances - ending	\$ 8,100,121	\$ 636,673	\$ 65,116,039	\$ 90,863,681	\$ 247,452,959	\$ 52,335,994	\$ 464,505,467

**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, 2017**

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

Changes in fund balances - governmental funds \$ 101,318,113

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 expenditures	\$ 221,067,445	
Less capital outlay to others	<u>(220,579,020)</u>	
Capitalized expenditures	488,425	
Less current year depreciation	<u>(1,552,219)</u>	(1,063,794)

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

Revenue bond issued	(150,000,000)	
Premium on revenue bond issued	(28,080,335)	
Refunding bond issued	(79,900,000)	
Premium on refunding bond issued	(19,917,983)	
Principal payments	39,425,000	
Payment to refund bond	99,058,040	
Amortization of deferred outflows of resources	(1,833,659)	
Amortization of bond premiums	7,083,001	
Amortization of bond discounts	<u>(1,804)</u>	(134,167,740)

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	(4,199,625)	
Change in compensated absences	(65,071)	
Change in net pension liability and deferred inflows and outflows of resources related to pension	(366,906)	
Change in other post employment benefits	<u>(737,743)</u>	<u>(5,369,345)</u>

Change in net position - governmental activities \$ (39,282,766)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	Public Transit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets:	
Cash and cash equivalents:	
In custody of the County Treasurer	\$ 96,631,650
Cash in bank	3,373,127
Cash on hand	14,500
Accounts receivable	14,342,371
Interest receivable	245,466
Due from other governmental units	46,389,808
Prepaid expenses	52,474
Total current assets	161,049,396
Non-current assets:	
Capital assets:	
Land and construction in progress	79,480,982
Buildings and improvements	202,948,792
Equipment	426,610,038
Accumulated depreciation	(286,236,586)
Total non-current assets	422,803,226
Total assets	583,852,622
Deferred outflows of resources	
Deferred outflows related to pensions	5,590,401
Total assets and deferred outflows of resources	\$ 589,443,023
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities:	
Accounts payable	\$ 27,090,204
Accrued payroll	471,341
Due to other funds	2,765,000
Other current liabilities	146,095
Total current liabilities	30,472,640
Non-current liabilities:	
Portion due or payable within one year:	
Compensated absences	792,385
Portion due or payable after one year:	
Compensated absences	687,677
Other post employment benefits	6,324,911
Net pension liability	17,450,143
Total non-current liabilities	25,255,116
Total liabilities	55,727,756
Deferred inflows of resources	
Deferred inflows related to pensions	1,086,086
Total liabilities and deferred inflows of resources	56,813,842
NET POSITION	
Net investment in capital assets	417,546,391
Unrestricted	115,082,790
Total net position	\$ 532,629,181

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, 2017**

	Public Transit
OPERATING REVENUES	
Charges for services:	
Transit fees	\$ 75,301,983
Transit Advertising	3,580,885
Federal and state grants and contributions	2,938,904
Other	723,190
Total operating revenues	82,544,962
OPERATING EXPENSES	
Salaries and wages	10,010,569
Employee benefits	4,992,964
Services and supplies	186,966,043
Depreciation	54,509,994
Total operating expenses	256,479,570
Operating loss	(173,934,608)
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental revenue:	
Sales and excise tax	148,566,583
Interest income	292,286
Gain on sale of capital assets	140,397
Total non-operating revenues	148,999,266
Loss before transfers and capital contribution	(24,935,342)
Federal and state capital grants and contributions:	
Federal and state grants and contributions	36,303,742
Transfers in	1,327,951
Transfers out	(10,300,000)
CHANGE IN NET POSITION	2,396,351
Net position - beginning	530,232,830
Net position - ending	\$ 532,629,181

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Public Transit
Cash flows from operating activities:	
Cash received from customers	\$ 75,874,306
Federal and state grants	2,432,797
Cash paid for employees and benefits	(13,999,355)
Cash paid for services and supplies	(174,774,538)
Other operating receipts	723,190
Net cash used in operating activities	(109,743,600)
Cash flows from non-capital financing activities:	
Cash provided by sales and excise tax	146,817,192
Transfers to other funds	(10,300,000)
Net cash provided by non-capital financing activities	136,517,192
Cash flows from capital and related financing activities:	
Acquisition, construction, or improvements of capital assets	(78,003,093)
Proceeds from sale of capital assets	140,397
Federal and state grants	34,641,881
Net cash used in capital and related financing activities	(43,220,815)
Cash flows from investing activities:	
Interest received	294,044
Decrease in cash and cash equivalents	(16,153,179)
Cash and cash equivalents - beginning of year	116,172,456
Cash and cash equivalents - end of year	\$ 100,019,277
Reconciliation of operating loss to net cash flows used in operating activities:	
Operating loss	\$ (173,934,608)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	54,509,994
Increase in accounts receivable	(3,576,081)
Increase in prepaid expenses	7,992
Increase in deferred outflows of resources related to pensions	(2,751,550)
Increase in accounts payable	11,118,513
Increase in accrued payroll	36,768
Increase in due to other funds	1,065,000
Increase in other current liabilities	61,412
Increase in compensated absences	4,822
Increase in other post employment benefits	721,027
Increase in net pension liability	3,650,461
Decrease in deferred inflows of resources related to pensions	(657,350)
Net cash used in operating activities	\$ (109,743,600)
Non-cash investing, capital and related financing activities:	
Capital assets purchased included in accounts payable and retention payable	\$ 5,256,835
Interfund capital assets transfer	\$ 1,327,951

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

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

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

When initially adopted, the creating ordinance provided for a one cent per gallon tax on 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 (PPI) for nonresidential construction not to exceed 7.8%. The Indexed Fuel Taxes consist of index based excise taxes imposed on the rates of 12 existing base fuel taxes, seven of which are imposed by the State, four of which are imposed by the United States, and one of which is imposed by the County. Some of the taxes imposed by the State are for the benefit of the County. On September 3, 2013, the Clark County Commission adopted Ordinance No. 4126, which imposed the 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 cent per gallon additional fuel tax. As of July 1, 2016 the 10 cents per gallon tax rate was attained and will remain in effect until all outstanding bonds that have a lien against this revenue have been paid.

On November 8, 2016 the voters in Clark County, Nevada approved additional indexing of fuel taxes that became effective July 1, 2017 and terminates after 2026 unless a proposal to continue indexing is approved by a majority of the registered voters of the County at the November 3, 2026 general election. As a result of the additional indexing the rates imposed on fuel taxes, as adjusted to account for prior indexing, will be further increased in each year for inflation based on PPI for nonresidential construction not to exceed 7.8%. Revenue from additional indexing of State based fuel taxes that do not benefit the County is required to be sent to the State Highway Fund.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the activities of the RTC. 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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

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.

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 infrastructure enhancements.

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

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

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

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

The RTC reports the following major proprietary fund:

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the RTC's enterprise fund are charges to customers for 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, Deferred Outflows, Liabilities, Deferred Inflows, 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, 2017, 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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Prepaid expenses

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

Capital Assets

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

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

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

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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Long-Term Obligations

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

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

Other Postemployment Benefits (OPEB)

Effective July 1, 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 net OPEB obligation at June 30, 2017, 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, 2017
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (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 and capital-related borrowing.

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

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

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

Use of Estimates

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 2 – Stewardship, Compliance and Accountability

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

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

- a. Prior to April 15, the RTC submits to the Nevada State Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The tentative budget as submitted contains the proposed expenditures and means of funding and financing them.
- b. The Nevada State Department of Taxation notifies the RTC of its acceptance of the tentative budget.
- c. Public hearings are conducted on the third Thursday in May.
- d. After all the changes have been noted and hearings closed, the RTC Board of Commissioners adopts the final budget on or before June 1.
- e. The NRS require budget controls to be exercised at the function level. The 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, 2017, the RTC had no funds or functions with expenditures in excess of appropriations.

New Accounting Pronouncements

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. Adoption of this statement had no effect on the RTC’s net position or changes therein.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 2 – Stewardship, Compliance and Accountability (continued)

New Accounting Pronouncements (continued)

The following is the most significant future GASB pronouncement that will be implemented:

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, 2017
 (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, 2017, cash and investments are summarized as follows:

Clark County Investment Pool	\$	494,563,374
Cash and Investments with fiscal agent		52,873,760
Cash in bank		12,152,936
Cash on hand		<u>15,000</u>
 Total cash and investments	 \$	 <u><u>559,605,070</u></u>

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

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

The NRS specifically 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.

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

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 3 – Cash and Investments (continued)

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

Interest Rate Risk

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

As of June 30, 2017, the \$52,873,760 of RTC 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>
Debt Securities:				
U.S. Treasuries	\$ 1,996,880	\$ 1,996,880	\$ -	\$ -
U.S. Agencies	26,000,392	8,168,856	11,843,616	5,987,920
Money Market Funds	24,876,488	24,876,488	-	-
	<u>\$ 52,873,760</u>	<u>\$ 35,042,224</u>	<u>\$ 11,843,616</u>	<u>\$ 5,987,920</u>

Fair Value Measurements

In accordance with GASB 72, investments and derivative instruments are valued at fair value. 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.

As of June 30, 2017, the \$52,873,760 of RTC investment with fiscal agent are measured at fair values as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quoted Prices in</u>	<u>Significant Other</u>	<u>Significant</u>
		<u>Active Markets for</u>	<u>Observable Inputs</u>	<u>Unobservable</u>
		<u>Identical Assets</u>	<u>(Level 2)</u>	<u>Inputs</u>
		<u>(Level 1)</u>		<u>(Level 3)</u>
Debt Securities:				
U.S. Treasuries	\$ 1,996,880	\$ -	\$ 1,996,880	\$ -
U.S. Agencies	26,000,392	-	26,000,392	-
Money Market Funds	24,876,488	24,876,488	-	-
	<u>\$ 52,873,760</u>	<u>\$ 24,876,488</u>	<u>\$ 27,997,272</u>	<u>\$ -</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 3 – Cash and Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the RTC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2017, the RTC had no investment securities exposed to custodial credit risk.

Credit Risk

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

As of June 30, 2017, the \$52,873,760 of RTC investment with fiscal agent were categorized by credit quality rating as follows:

Investment Type	Fair Value	Quality Ratings by Moody's Investors Service					
		Aaa	Aa	A	Baa	P-1	Unrated
Debt Securities:							
U.S. Treasuries	\$ 1,996,880	\$ 1,996,880	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	26,000,392	14,848,006	-	-	-	8,168,856	2,983,530
Money Market Funds	24,876,488	24,876,488	-	-	-	-	-
	<u>\$ 52,873,760</u>	<u>\$ 41,721,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,168,856</u>	<u>\$ 2,983,530</u>

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to no more than five percent of the investment pool. GASB Statement No. 40 requires disclosure of all investments in any one issuer that represent five percent or more of total investments. At June 30, 2017, the following investments exceeded five percent of investments with fiscal agent:

Federal Agricultural Mortgage Corporations (FAMC)	5.64%
Federal Home Loan Banks (FHLB)	9.17%
Federal Home Loan Mortgage Corporation (FHLMC)	23.04%
Federal National Mortgage Association (FNMA)	11.32%
Morgan Stanley Money Market Funds (MSGF)	47.05%

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(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, 2017, were as follows:

	General Fund	Special Revenue Fund	Capital Project Funds		Total	Business-type Activities
	Regional Transportation Commission	Regional Transportation	Highway Improvement Acquisition	RTC Highway Improvement		
Accounts receivable	\$ 1,510,384	\$ -	\$ 1,939,360	\$ -	\$ 3,449,744	\$ 14,342,371
Less allowance for uncollectible receivables	-	-	436,380	-	436,380	-
Accounts receivables, net	<u>\$ 1,510,384</u>	<u>\$ -</u>	<u>\$ 1,502,980</u>	<u>\$ -</u>	<u>\$ 3,013,364</u>	<u>\$ 14,342,371</u>
 Due from other governmental units	 <u>\$ 108,680</u>	 <u>\$ 12,677,079</u>	 <u>\$ 37,351,339</u>	 <u>\$ 1,021,159</u>	 <u>\$ 51,158,257</u>	 <u>\$ 46,389,808</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 5 – Capital Assets

Capital asset activity for the year ended June 30, 2017, consisted of the following:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,638,094	\$ 488,425	\$ 438,830	\$ 1,687,689
Capital assets being depreciated:				
Buildings	18,723,326	-	1,023	18,722,303
Equipment	8,228,365	439,853	45,861	8,622,357
Total capital assets being depreciated	26,951,691	439,853	46,884	27,344,660
Less accumulated depreciation for:				
Buildings	6,292,641	332,468	-	6,625,109
Equipment	5,393,843	1,219,751	45,861	6,567,733
Total accumulated depreciation	11,686,484	1,552,219	45,861	13,192,842
Total capital assets being depreciated, net	15,265,207	(1,112,366)	1,023	14,151,818
Governmental activities capital assets, net	\$ 16,903,301	\$ (623,941)	\$ 439,853	\$ 15,839,507
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 32,038,082	\$ -	\$ -	\$ 32,038,082
Construction in progress	23,434,444	79,331,044	55,322,588	47,442,900
Total capital assets not being depreciated	55,472,526	79,331,044	55,322,588	79,480,982
Capital assets being depreciated:				
Buildings and improvements	201,460,815	5,900,501	-	207,361,316
Transit vehicles and equipment	426,501,390	49,422,087	53,725,963	422,197,514
Total capital assets being depreciated	627,962,205	55,322,588	53,725,963	629,558,830
Less accumulated depreciation for:				
Buildings and improvements	58,409,086	6,643,224	-	65,052,310
Transit vehicles and equipment	227,043,469	47,866,770	53,725,963	221,184,276
Total accumulated depreciation	285,452,555	54,509,994	53,725,963	286,236,586
Total capital assets being depreciated, net	342,509,650	812,594	-	343,322,244
Business-type activities capital assets, net	\$ 397,982,176	\$ 80,143,638	\$ 55,322,588	\$ 422,803,226
	Governmental activities	Business-type activities		
FY 2017 depreciation expense	\$1,552,219	\$54,509,994		

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 6 – Interfund Balances and Transfers

Interfund balances as of June 30, 2017, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Total</u>
	<u>Regional Transportation</u>	<u>Highway Improvement Acquisition</u>	<u>Public Transit</u>	
Regional Transportation Commission	\$ 1,306,458	\$ 2,765,000	\$ 2,765,000	\$ 6,836,458
RTC Highway Improvement	9,342,289	-	-	9,342,289
Totals	<u>\$ 10,648,747</u>	<u>\$ 2,765,000</u>	<u>\$ 2,765,000</u>	<u>\$ 16,178,747</u>

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, 2017, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>Regional Transportation Commission</u>	<u>RTC Bonds</u>	<u>RTC Highway Improvement</u>	<u>Public Transit</u>	
Regional Transportation Highway Improvement Acquisition	\$ 5,225,830	\$ -	\$ 36,372,813	\$ -	\$ 41,598,643
RTC Highway Improvement	10,300,000	51,581,402	-	-	61,881,402
Public Transit	-	28,896,125	-	1,327,951	30,224,076
	10,300,000	-	-	-	10,300,000
Total	<u>\$ 25,825,830</u>	<u>\$ 80,477,527</u>	<u>\$ 36,372,813</u>	<u>\$ 1,327,951</u>	<u>\$ 144,004,121</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) move receipts restricted 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, 2017
(CONTINUED)

NOTE 7 – Long-Term Debt

Revenue and Refunding Bonds

Clark County on behalf of the RTC issues revenue bonds, refunding bonds and pledges revenue derived from fuel tax and the sales and excise tax to pay debt service. Highway Improvement Revenue and Refunding bonds outstanding at June 30, 2017, were as follows:

	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Balance June 30, 2017</u>
Motor vehicle fuel tax bonds:				
Series 2007	\$ 300,000,000	July 1, 2027	3.00-5.00%	\$ 78,870,000
Series 2010A	32,595,000	July 1, 2029	6.10-6.35%	32,595,000
Series 2011	118,105,000	July 1, 2023	4.00-5.00%	86,710,000
Series 2016	107,350,000	July 1, 2024	5.00%	107,350,000
Series 2016B	43,495,000	July 1, 2028	5.00%	43,495,000
Fuel tax indexing bonds:				
Series 2014A	100,000,000	July 1, 2034	3.00-5.00%	93,615,000
Series 2015	85,000,000	July 1, 2035	5.00%	85,000,000
Series 2017	150,000,000	July 1, 2037	4.00-5.00%	150,000,000
Sales and excise tax bonds:				
Series 2010	69,595,000	July 1, 2029	3.00-5.00%	9,475,000
Series 2010B	94,835,000	July 1, 2020	3.00-5.00%	42,605,000
Series 2010C	140,560,000	July 1, 2030	5.10-6.15%	140,560,000
Series 2016	36,405,000	July 1, 2029	5.00%	<u>36,405,000</u>
Total highway improvement revenue and refunding bonds				<u><u>\$ 906,680,000</u></u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 7 – Long-Term Debt (continued)

Revenue and Refunding Bonds (continued)

At June 30, 2017, the debt service requirements to maturity were as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 43,785,000	\$ 40,676,266	\$ 84,461,266
2019	48,705,000	41,916,613	90,621,613
2020	50,975,000	39,564,863	90,539,863
2021	52,900,000	36,999,888	89,899,888
2022	55,455,000	34,285,075	89,740,075
2023-2027	288,585,000	128,568,945	417,153,945
2028-2032	252,885,000	56,549,628	309,434,628
2033-2037	101,935,000	14,697,875	116,632,875
2038-2042	11,455,000	286,375	11,741,375
Total long-term debt	906,680,000	393,545,528	1,300,225,528
Less current portion	43,785,000	40,676,266	84,461,266
Noncurrent portion	<u>\$ 862,895,000</u>	<u>\$ 352,869,262</u>	<u>\$ 1,215,764,262</u>

On October 27, 2016, the RTC refunded Series 2010B motor vehicle fuel tax bonds with an outstanding value of \$51,180,000, by issuing Series 2016B motor vehicle fuel tax bonds with replacement value of \$43,495,000. The refunding bonds had premiums of \$11,410,556. This refunding resulted in a net present value savings of \$9,380,628.

On October 27, 2016, the RTC refunded a portion of Series 2010 sales and excise tax bonds with an outstanding value of \$41,875,000, by issuing Series 2016 sales and excise tax bonds with replacement value of \$36,405,000. The refunding bonds had premiums of \$8,507,427. This refunding resulted in a net present value savings of \$5,583,611.

The net cash flow savings that resulted from the refunding are as follows:

<u>Refunding Debt</u>	<u>Prior Net Cash Flows</u>	<u>Refunded Debt Service</u>	<u>Net Cash Flow Savings</u>	<u>Net Present Value of Net Cash Flow Savings</u>
MVFT Series 2016B	\$ 78,023,000	\$ 66,751,006	\$ 11,271,994	\$ 9,380,628
Sales Tax Series 2016	58,527,121	51,990,550	6,536,571	5,583,611
	<u>\$ 136,550,121</u>	<u>\$ 118,741,556</u>	<u>\$ 17,808,565</u>	<u>\$ 14,964,239</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017
 (CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

Arbitrage Rebate and Debt Covenant Requirements

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

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

Pledged Revenues

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

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

The net pledged revenues related to motor vehicle fuel taxes for the year ended June 30, 2017, were as follows:

Pledged revenues (net of administrative expenditures):	
County share motor vehicle fuel tax (\$.03)	\$ 21,216,393
RTC share motor vehicle fuel tax (\$.09)	72,691,642
	93,908,035
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	
	(1,970,809)
Net pledged revenues	\$ 91,937,226

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017
 (CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

Pledged Revenues (continued)

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

The net pledged revenues related to indexed fuel taxes for the year ended June 30, 2017, were as follows:

Pledged revenues (net of administrative expenditures):		
County share Indexed Fuel Taxes	\$	8,259,500
RTC share Indexed Fuel Taxes		86,083,024
Subordinate Motor Vehicle Fuel Tax Revenue		
Net pledge Motor Vehicle Fuel Tax Revenue	\$ 91,937,226	
Principal and interest payment	<u>(37,631,195)</u>	<u>54,306,031</u>
		148,648,555
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan		<u>(2,253,189)</u>
Net pledged revenues		<u><u>\$ 146,395,366</u></u>

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

The net pledged revenues related to sales and excise tax and jet aviation fuel tax for the year ended June 30, 2017, were as follows:

Pledged revenues:		
Sales and excise tax	\$	99,044,388
Jet aviation fuel tax		<u>4,016,784</u>
Total net pledged revenues		<u><u>\$ 103,061,172</u></u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 7 – Long-Term Debt (continued)

Pledged Revenues (continued)

The debt coverage ratio for net pledged revenues for the year ended June 30, 2017, were as follows:

	Motor Vehicle Fuel Tax	Indexed Fuel Tax	Sales and Excise Tax and Jet Aviation Fuel Tax
Net pledged revenues	\$ 91,937,226	\$ 146,395,366	\$ 103,061,172
Total principal and interest payment based on Maximum Annual Debt Service	40,822,995	26,562,300	24,933,393
Debt coverage ratio	2.25	5.51	4.13
Required debt coverage ratio	1.50	1.50	1.50

NOTE 8 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue and refunding bonds	\$ 809,260,000	\$ 229,900,000	\$ 132,480,000	\$ 906,680,000	\$ 43,785,000
Unamortized issuance premium	62,396,041	47,998,318	10,395,172	99,999,187	-
Unamortized issuance discount	(26,159)	-	(1,804)	(24,355)	-
Total bonds payable	871,629,882	277,898,318	142,873,368	1,006,654,832	43,785,000
Compensated absences	2,452,021	981,427	916,356	2,517,092	916,356
Other post employment benefits	5,750,392	737,743	-	6,488,135	-
Net pension liability	22,590,476	9,575,714	4,031,058	28,135,132	-
Governmental activities Long-term liabilities	\$ 902,422,771	\$ 289,193,202	\$ 147,820,782	\$ 1,043,795,191	\$ 44,701,356
Business-type activities:					
Compensated absences	\$ 1,475,240	797,207	792,385	\$ 1,480,062	\$ 792,385
Other post employment benefits	5,603,885	721,026	-	6,324,911	-
Net pension liability	13,799,682	6,304,408	2,653,947	17,450,143	-
Business-type activities Long-term liabilities	\$ 20,878,807	\$ 7,822,641	\$ 3,446,332	\$ 25,255,116	\$ 792,385

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 9 - Operating Lease Commitments

The RTC was party to one operating lease at June 30, 2017, as follows:

<u>Lessor</u>	<u>FY17 Average Monthly Rental</u>	<u>Date Lease Commenced</u>	<u>Date Lease Terminates</u>
LiveWork, LLC	<u>\$ 137,836</u>	January 5, 2008	January 4, 2048

Total rent expense for fiscal year 2017 was \$1,654,027. The following is a schedule of future minimum lease payments for the operating lease as of June 30, 2017:

Year ending June 30:

2018	\$ 1,728,824
2019	1,805,866
2020	1,860,042
2021	1,915,844
2022	1,973,319
2023-2027	11,076,052
2028-2032	13,214,166
2033-2037	15,765,020
2038-2042	18,808,289
2043-2047	22,439,029
2048	<u>2,472,025</u>
Total future minimum lease payments	<u>\$ 93,058,476</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, 2017, a \$1,678,470 letter of credit was issued and unused.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 10 - Net Position and Fund Balances

Net Position

At June 30, 2017, 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 \$134,466,774. This amount is made up of restricted funds exclusively for debt service of \$155,979,720 less accrued interest payable of \$21,512,946.

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, 2017:

	Balance July 1, 2016	Current Year Increases	Current Year Decreases	Balance June 30, 2017
City of Boulder City	\$ 1,996,678	\$ 1,403,003	\$ (1,656,100)	\$ 1,743,581
Bunkerville	38,435	59,097	-	97,532
Indian Springs	106,722	23,463	-	130,185
Laughlin	3,470,414	827,046	-	4,297,460
City of Mesquite	3,251,725	1,340,458	(513,904)	4,078,279
Moapa Town	227,181	58,008	(184,816)	100,373
Moapa Valley	445,236	355,726	-	800,962
Mt. Charleston	586,153	84,234	-	670,387
Searchlight	56,281	72,965	-	129,246
Total	\$ 10,178,825	\$ 4,224,000	\$ (2,354,820)	\$ 12,048,005

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 11 - Defined Benefit Pension Plan

Plan Description

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

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

Benefits provided

Benefits, as required by the NRS, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. 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% 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, 2017
 (CONTINUED)**

NOTE 11 - 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% 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,		
	2017	2016	2015
Contribution rates	28.00%	28.00%	25.75%
RTC's contribution	\$ 6,061,100	\$ 5,565,155	\$ 4,900,614

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, 2016, 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, 2017
(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Investment Policy

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

The following was the Board adopted policy target asset allocation as of June 30, 2016:

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, 2016, PERS' long-term inflation assumption was 3.5%

Pension Liability

Net Pension Liability

The net pension liability was measured as of June 30, 2016, 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, 2016.

The following is the percentage of the RTC to the Total Plan and any changes from the previous measurement date to June 30, 2016:

	Net Pension Liability as of June 30, 2015	Net Pension Liability as of June 30, 2016	Change from previous measurement date
RTC	\$ 36,390,158	\$ 45,585,275	\$ 9,195,117
Total Plan	\$ 11,459,436,845	\$ 13,457,132,664	\$ 1,997,695,819
RTC's % to the Total Plan	0.31756%	0.33874%	0.02118%

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Pension Plan Fiduciary Net Position

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

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the System as of June 30, 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	66,819,041	45,585,275	27,918,960

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2016, 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, 2016

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013. The study was conducted for the period from July 1, 2006, through June 30, 2012.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. 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, 2016, 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, 2016.

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

As of June 30, 2016, the total employer pension expense is \$6,685,005. At June 30, 2016, 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 Resources
Differences between expected and actual experience	\$ -	\$ 3,052,508
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	4,237,719	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	4,066,850	-
Contributions subsequent to the measurement date	6,076,286	
	\$ 14,380,855	\$ 3,052,508

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 11 - Defined Benefit Pension Plan (continued)

Average expected remaining service lives 6.48 years

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2018.

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

Reporting period ended June 30:

2018	\$	456,993
2019		456,993
2020		2,310,807
2021		1,520,912
2022		346,535
2023		159,821
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, 2017
(CONTINUED)

NOTE 12 - 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, 2017. 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, 2017
(CONTINUED)

NOTE 12 - 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 2017, retirees were eligible for a monthly subsidy ranging from a minimum of \$65 after 5 years of service to a maximum of \$1,477 for 20 or more years of service with a Nevada state or local government 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 \$339 per month for single coverage to \$1,621 per month for family coverage, depending on plan	From \$79 to \$1,563, depending on level of coverage and subsidy earned	
Annual required contribution (ARC)	\$ 1,740,942	\$ 65,986	\$ 1,806,928
Interest on net OPEB obligation	437,585	16,586	454,171
Adjustment to annual required contribution	<u>(632,640)</u>	<u>(23,979)</u>	<u>(656,619)</u>
Annual OPEB cost	1,545,887	58,593	1,604,480
Employer contributions made	<u>(60,628)</u>	<u>(85,082)</u>	<u>(145,710)</u>
Increase in net OPEB obligation	1,485,259	(26,489)	1,458,770
Net OPEB obligation, beginning of year	<u>11,236,776</u>	<u>117,501</u>	<u>11,354,277</u>
Net OPEB obligation, end of year	<u>\$ 12,722,035</u>	<u>\$ 91,012</u>	<u>\$ 12,813,047</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 12 - 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 2015, 2016 and 2017 were as follows:

	Year ended	Annual OPEB Cost	% of OPEB cost	Net OPEB obligation
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
Self-funded/HMO Plan	June 30, 2017	1,545,887	12.2%	12,722,035
PEBP Plan	June 30, 2015	76,328	67.8%	112,600
PEBP Plan	June 30, 2016	69,892	59.5%	117,501
PEBP Plan	June 30, 2017	58,593	64.4%	91,012

Funded status and funding progress

The funded status of the plans as of June 30, 2015, 2016 and 2017, were as follows:

	Self-funded / HMO Plan		
	2015	2016	2017
Actuarial accrued liability (a)	\$ 14,381,876	\$ 14,381,876	\$ 13,700,532
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 14,381,876	\$ 14,381,876	\$ 13,700,532
Funded ratio (b) / (a)	0%	0%	0%
Covered payroll (c)	\$ 20,619,759	\$ 22,260,699	\$ 24,154,050
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) - (b)] / (c)	69.7%	64.6%	56.7%
	PEBP *		
	2015	2016	2017
Actuarial accrued liability (a)	\$ 1,389,847	\$ 1,389,847	\$ 1,186,672
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 1,389,847	\$ 1,389,847	\$ 1,186,672
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, 2017
 (CONTINUED)**

NOTE 12 - 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 / HMO</u>	<u>PEBP Plan</u>
Actuarial valuation date	July 1, 2016	July 1, 2016
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 /4.5% ultimate	7% initial /4.5% ultimate

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 13 - Risk Management

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

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

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

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

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

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

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

Workers' Compensation

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

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.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

NOTE 13 - Risk Management (continued)

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.

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.

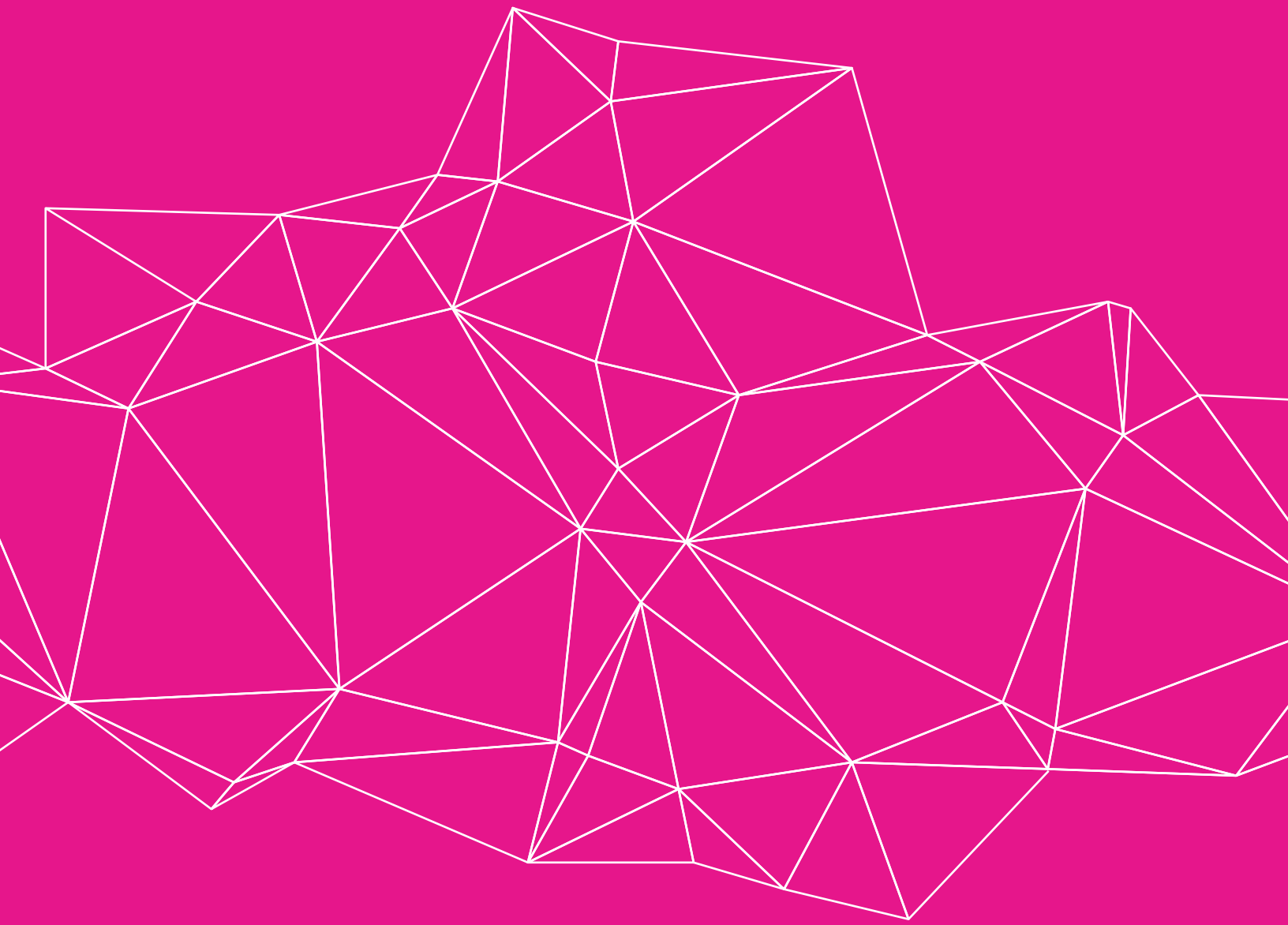
**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

NOTE 14 - Commitments

Construction commitments include roadway projects with various local entities of \$232,409,482.
Capital commitment for transit include revenue vehicle acquisition project of \$51,792,672.

Required Supplementary Information





**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS, OTHER POSTEMPLOYMENT BENEFITS
 FOR THE YEAR ENDED JUNE 30, 2017**

	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, 2012	0	13,301,785	13,301,785	0.0%	17,963,919	74.0%
	July 1, 2014	0	14,381,876	14,381,876	0.0%	22,260,699	64.6%
	July 1, 2016	0	13,700,532	13,700,532	0.0%	24,154,050	56.7%
PEBP	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*
	July 1, 2016	0	1,186,672	1,186,672	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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental revenue:				
Federal and state grants	\$ 3,041,313	\$ 3,041,313	\$ 2,126,522	\$ (914,791)
Interest	-	-	2,561	2,561
Other	1,918,000	1,918,000	2,186,297	268,297
Total revenues	<u>4,959,313</u>	<u>4,959,313</u>	<u>4,315,380</u>	<u>(643,933)</u>
EXPENDITURES				
Current:				
Salaries and wages	14,983,895	14,983,895	14,143,481	(840,414)
Employee benefits	6,113,640	6,113,640	5,774,917	(338,723)
Services and supplies	11,498,959	11,498,959	8,165,557	(3,333,402)
Capital outlay and intergovernmental capital grants	701,900	701,900	488,425	(213,475)
Total expenditures	<u>33,298,394</u>	<u>33,298,394</u>	<u>28,572,380</u>	<u>(4,726,014)</u>
OTHER FINANCING SOURCES				
Transfers in	27,225,830	27,225,830	25,825,830	(1,400,000)
CHANGES IN FUND BALANCE	(1,113,251)	(1,113,251)	1,568,830	2,682,081
Fund balance - beginning	6,693,607	6,693,607	6,531,291	(162,316)
Fund balance - ending	<u>\$ 5,580,356</u>	<u>\$ 5,580,356</u>	<u>\$ 8,100,121</u>	<u>\$ 2,519,765</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Sales and excise tax	\$ 48,995,033	\$ 51,395,033	\$ 49,522,194	\$ (1,872,839)
Interest	-	-	44,332	44,332
Total revenues	<u>48,995,033</u>	<u>51,395,033</u>	<u>49,566,526</u>	<u>(1,828,507)</u>
EXPENDITURES				
Current:				
Services and supplies	<u>8,231,166</u>	<u>8,631,166</u>	<u>7,923,552</u>	<u>(707,614)</u>
OTHER FINANCING USES				
Transfers out	<u>(40,725,830)</u>	<u>(42,725,830)</u>	<u>(41,598,643)</u>	<u>1,127,187</u>
CHANGES IN FUND BALANCE				
Fund balance - beginning	<u>125,619</u>	<u>125,619</u>	<u>592,342</u>	<u>466,723</u>
Fund balance - ending	<u>\$ 163,656</u>	<u>\$ 163,656</u>	<u>\$ 636,673</u>	<u>\$ 473,017</u>

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

	<u>2015 (2)</u>	<u>2016 (2)</u>	<u>2017 (2)</u>
Proportion of the net pension liability	0.30%	0.32%	0.34%
Proportionate share of the net pension liability	\$ 31,745,509	\$ 36,390,157	\$ 45,585,275
Covered payroll	\$ 19,031,511	\$ 20,196,982	\$ 21,646,786
Proportionate share of the net pension liability as a percentage of the covered payroll	167%	180%	211%
Plan's fiduciary net position	\$ 33,575,081,157	\$ 34,610,720,184	\$ 35,002,028,906
Plan fiduciary net position as a percentage of the total pension liability	76.30%	75.10%	72.20%

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

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

**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 (statutorily determined)	Contributions in relation to the statutorily determined contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of the covered payroll
2015	\$ 4,900,614	\$ 4,900,614	\$ -	\$ 19,031,511	25.75%
2016	\$ 5,655,155	\$ 5,655,155	\$ -	\$ 20,196,982	28.00%
2017	\$ 6,061,100	\$ 6,061,100	\$ -	\$ 21,646,786	28.00%

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - Other Postemployment Benefits

For the year ended June 30, 2017, 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, 2012, July 1, 2014 and July 1, 2016.

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 12 to the RTC's financial statements on pages 56 through 59 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, 2017
(CONTINUED)**

NOTE 2 - Budgetary Information (continued)

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

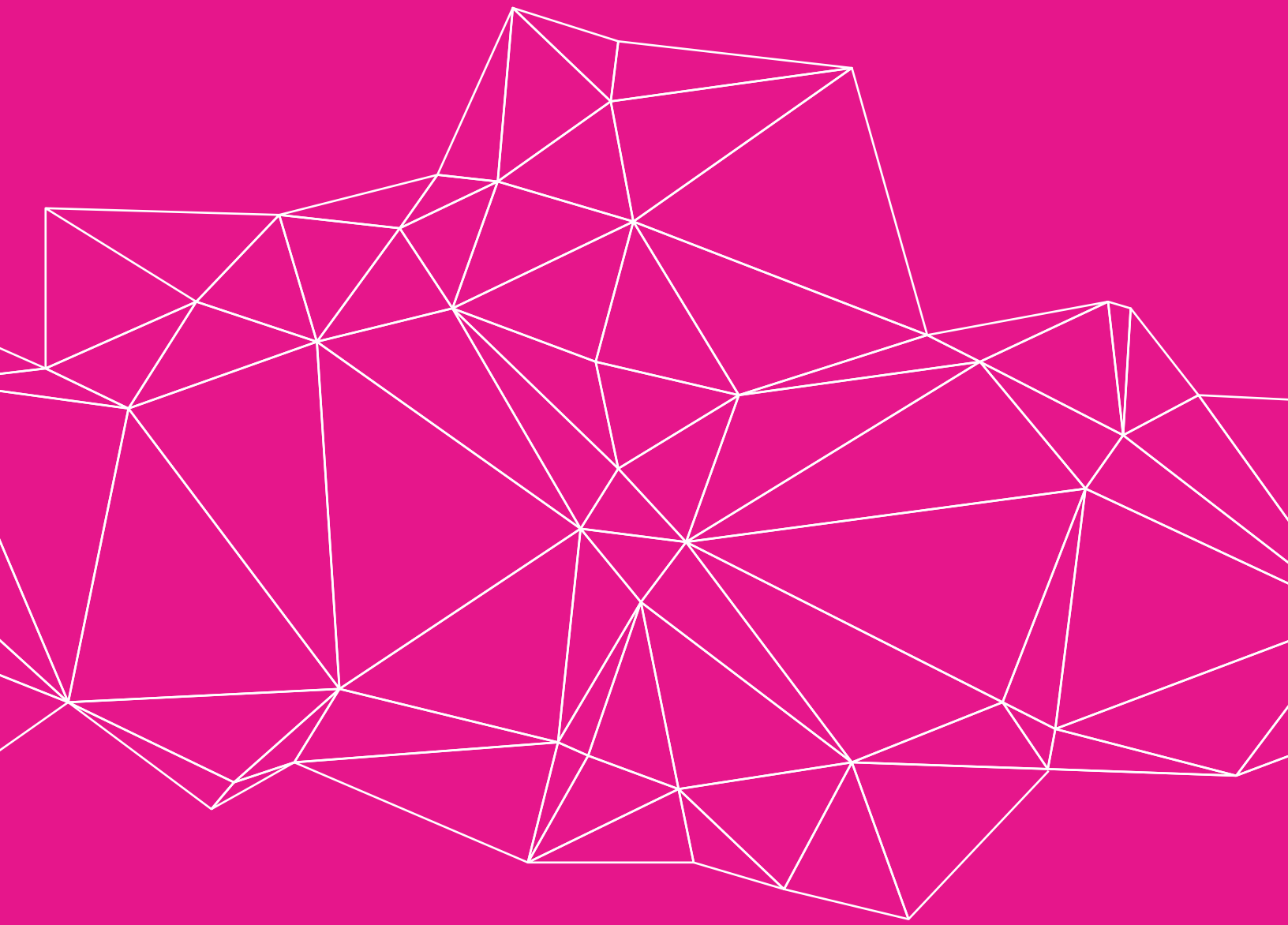
Additional budgetary information can be found in Note 2 to the RTC's financial statements on page 35 of this report.

NOTE 3 – Changes in Pension Benefits

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

Other Supplementary Information





**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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest	\$ -	\$ -	\$ (300,338)	\$ (300,338)
Other	3,293,502	3,293,502	3,305,922	12,420
Total revenues	<u>3,293,502</u>	<u>3,293,502</u>	<u>3,005,584</u>	<u>(287,918)</u>
EXPENDITURES				
Current:				
Services and supplies	20,000	20,000	5,452	(14,548)
Debt Service:				
Principal	39,425,000	39,425,000	39,425,000	-
Interest	43,713,038	43,713,038	34,714,437	(8,998,601)
Payment to refund bond	-	-	1,861,229	1,861,229
Total expenditures	<u>83,158,038</u>	<u>83,158,038</u>	<u>76,006,118</u>	<u>(7,151,920)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>83,235,190</u>	<u>83,235,190</u>	<u>80,477,527</u>	<u>(2,757,663)</u>
CHANGES IN FUND BALANCE	3,370,654	3,370,654	7,476,993	4,106,339
Fund balance - beginning	<u>59,820,720</u>	<u>59,820,720</u>	<u>57,639,046</u>	<u>(2,181,674)</u>
Fund balance - ending	<u>\$ 63,191,374</u>	<u>\$ 63,191,374</u>	<u>\$ 65,116,039</u>	<u>\$ 1,924,665</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest	\$ -	\$ -	\$ 807,090	\$ 807,090
EXPENDITURES				
Debt Service:				
Payment to refund bond	-	-	3,103,814	3,103,814
OTHER FINANCING SOURCES				
Proceeds from revenue bond issued	8,000,000	8,000,000	11,748,698	3,748,698
CHANGES IN FUND BALANCE	8,000,000	8,000,000	9,451,974	1,451,974
Fund balance - beginning	84,493,191	84,493,191	81,411,707	(3,081,484)
Fund balance - ending	<u>\$ 92,493,191</u>	<u>\$ 92,493,191</u>	<u>\$ 90,863,681</u>	<u>\$ (1,629,510)</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental revenue:				
Federal and state grants	\$ 31,533,236	\$ 31,533,236	\$ 30,689,426	\$ (843,810)
Motor vehicle fuel taxes	72,550,427	72,550,427	72,691,642	141,215
Fuel tax indexing	79,279,641	79,279,641	86,083,024	6,803,383
Interest	-	-	(302,854)	(302,854)
Other	-	-	63,899	63,899
Total revenues	<u>183,363,304</u>	<u>183,363,304</u>	<u>189,225,137</u>	<u>5,861,833</u>
EXPENDITURES				
Current:				
Services and supplies	217,647	217,647	93,707	(123,940)
Debt Service:				
Bond issuance costs	570,000	570,000	1,073,116	503,116
Capital outlay and intergovernmental capital grants	<u>327,940,250</u>	<u>327,940,250</u>	<u>211,308,289</u>	<u>(116,631,961)</u>
Total expenditures	<u>328,727,897</u>	<u>328,727,897</u>	<u>212,475,112</u>	<u>(116,252,785)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,891,723)	(65,891,723)	(61,881,402)	4,010,321
Proceeds from revenue bond issued	102,000,000	102,000,000	138,251,302	36,251,302
Refunding bond issued	-	-	43,495,000	43,495,000
Premium on bond issued	-	-	39,490,891	39,490,891
Payment to refund bond	-	-	(54,493,841)	(54,493,841)
Total other financing sources (uses)	<u>36,108,277</u>	<u>36,108,277</u>	<u>104,861,950</u>	<u>68,753,673</u>
CHANGES IN FUND BALANCE	(109,256,316)	(109,256,316)	81,611,975	190,868,291
Fund balance - beginning	<u>162,888,773</u>	<u>162,888,773</u>	<u>165,840,984</u>	<u>2,952,211</u>
Fund balance - ending	<u>\$ 53,632,457</u>	<u>\$ 53,632,457</u>	<u>\$ 247,452,959</u>	<u>\$ 193,820,501</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fuel taxes	\$ 3,513,971	\$ 3,513,971	\$ 4,016,784	\$ 502,813
Interest	-	-	(34)	(34)
Other	-	-	249,305	249,305
Total revenues	<u>3,513,971</u>	<u>3,513,971</u>	<u>4,266,055</u>	<u>752,084</u>
EXPENDITURES				
Current:				
Services and supplies	2,373	2,373	3,464	1,091
Debt Service:				
Bond issuance costs	-	-	324,815	324,815
Capital outlay and intergovernmental capital grants	44,000,000	41,600,000	9,270,731	(32,329,269)
Total expenditures	<u>44,002,373</u>	<u>41,602,373</u>	<u>9,599,010</u>	<u>(32,003,363)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	35,500,000	37,500,000	36,372,813	(1,127,187)
Refunding bond issued	-	-	36,405,000	36,405,000
Premium on bond issued	-	-	8,507,427	8,507,427
Payment to refund bond	-	-	(44,564,199)	(44,564,199)
Transfers out	(28,343,467)	(32,743,467)	(30,224,076)	2,519,391
Total other financing sources	<u>7,156,533</u>	<u>4,756,533</u>	<u>6,496,965</u>	<u>1,740,432</u>
CHANGES IN FUND BALANCE	(33,331,869)	(33,331,869)	1,164,010	34,495,879
Fund balance - beginning	<u>33,780,554</u>	<u>33,780,554</u>	<u>51,171,984</u>	<u>17,391,430</u>
Fund balance - ending	<u>\$ 448,685</u>	<u>\$ 448,685</u>	<u>\$ 52,335,994</u>	<u>\$ 51,887,309</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services:				
Transit fees	\$ 78,058,188	\$ 78,058,188	\$ 75,301,983	\$ (2,756,205)
Transit Advertising	2,700,000	2,700,000	3,580,885	880,885
Federal and state grants and contributions	2,019,910	2,019,910	2,938,904	918,994
Other	200,000	200,000	723,190	523,190
Total operating revenues	<u>82,978,098</u>	<u>82,978,098</u>	<u>82,544,962</u>	<u>(433,136)</u>
OPERATING EXPENSES				
Salaries and wages	10,311,900	10,311,900	10,010,569	(301,331)
Employee benefits	4,853,570	4,853,570	4,992,964	139,394
Services and supplies	205,782,593	205,782,593	186,966,043	(18,816,550)
Depreciation	47,000,000	47,000,000	54,509,994	7,509,994
Total operating expenses	<u>267,948,063</u>	<u>267,948,063</u>	<u>256,479,570</u>	<u>(11,468,493)</u>
Operating loss	<u>(184,969,965)</u>	<u>(184,969,965)</u>	<u>(173,934,608)</u>	<u>11,035,357</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue:				
Sales and excise tax	146,985,097	146,985,097	148,566,583	1,581,486
Interest income	-	-	292,286	292,286
Gain on sale of capital assets	-	-	140,397	140,397
Total non-operating revenues	<u>146,985,097</u>	<u>146,985,097</u>	<u>148,999,266</u>	<u>2,014,169</u>
Loss before transfers and capital contribution	<u>(37,984,868)</u>	<u>(37,984,868)</u>	<u>(24,935,342)</u>	<u>13,049,526</u>
Federal and state capital grants and contributions:				
Federal and state grants and contributions	67,448,370	68,339,210	36,303,742	(32,035,468)
Transfers in	-	-	1,327,951	1,327,951
Transfers out	(11,000,000)	(11,000,000)	(10,300,000)	700,000
CHANGES IN NET POSITION	<u>\$ 18,463,502</u>	<u>\$ 19,354,342</u>	<u>\$ 2,396,351</u>	<u>\$ (16,957,991)</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Cash flows from operating activities:				
Cash received from customers	\$ 80,758,188	\$ 80,758,188	\$ 75,874,306	\$ (4,883,882)
Federal and state grants	-	-	2,432,797	2,432,797
Cash paid for employees and benefits	(15,165,470)	(15,165,470)	(13,999,355)	1,166,115
Cash paid for services and supplies	(205,782,593)	(205,782,593)	(174,774,538)	31,008,055
Other operating receipts	200,000	200,000	723,190	523,190
Net cash used in operating activities	<u>(139,989,875)</u>	<u>(139,989,875)</u>	<u>(109,743,600)</u>	<u>30,246,275</u>
Cash flows from noncapital financing activities:				
Cash provided by sales and excise tax	146,985,097	146,985,097	146,817,192	(167,905)
Transfers to other funds	(11,000,000)	(11,000,000)	(10,300,000)	700,000
Net cash provided by non-capital financing activities	<u>135,985,097</u>	<u>135,985,097</u>	<u>136,517,192</u>	<u>532,095</u>
Cash flows from capital and related financing activities:				
Federal and state grants	69,468,280	70,359,120	34,641,881	(35,717,239)
Acquisition, construction, or improvement of capital assets	(96,699,238)	(99,706,397)	(78,003,093)	21,703,304
Proceeds from the sale of capital assets	-	-	140,397	140,397
Net cash used in capital and related financing activities	<u>(27,230,958)</u>	<u>(29,347,277)</u>	<u>(43,220,815)</u>	<u>(13,873,538)</u>
Cash flows from investing activities:				
Interest received	-	-	294,044	294,044
Net change in cash and cash equivalents	(31,235,736)	(33,352,055)	(16,153,179)	17,198,876
Cash and cash equivalents - beginning of year	113,508,721	113,508,721	116,172,456	2,663,735
Cash and cash equivalents - end of year	<u>\$ 82,272,985</u>	<u>\$ 80,156,666</u>	<u>\$ 100,019,277</u>	<u>\$ 19,862,611</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF MOTOR VEHICLE FUEL TAXES AND FUEL REVENUE INDEXING
LAST TEN FISCAL YEARS**

Fiscal Year Ending June 30	Motor Vehicle Fuel Taxes	Fuel Revenue Indexing(1)	Total
2008	\$ 70,205,339	\$ -	\$ 70,205,339
2009	\$ 67,282,815	\$ -	\$ 67,282,815
2010	\$ 65,408,709	\$ -	\$ 65,408,709
2011	\$ 65,409,657	\$ -	\$ 65,409,657
2012	\$ 64,868,301	\$ -	\$ 64,868,301
2013	\$ 65,339,861	\$ -	\$ 65,339,861
2014	\$ 66,194,843	\$ 12,732,079	\$ 78,926,922
2015	\$ 68,248,969	\$ 53,320,277	\$ 121,569,246
2016	\$ 70,708,934	\$ 80,615,282	\$ 151,324,216
2017	\$ 72,691,642	\$ 86,083,024	\$ 158,774,666

(1) Fiscal year 2014 was the first year of implementation, therefore only four years are shown.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF SALES TAX COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ending June 30	Streets and Highways, Freeway and Arterial System of Transportation, Clark County Department of		Transit	Total
	Air Quality			
2008	\$ 43,130,784	\$	129,392,353	\$ 172,523,137
2009	\$ 37,480,577	\$	112,441,733	\$ 149,922,310
2010	\$ 33,934,033	\$	101,802,101	\$ 135,736,134
2011	\$ 35,444,543	\$	106,333,631	\$ 141,778,174
2012	\$ 37,606,331	\$	112,818,994	\$ 150,425,325
2013	\$ 39,752,304	\$	119,256,912	\$ 159,009,216
2014	\$ 42,574,499	\$	127,723,497	\$ 170,297,996
2015	\$ 45,517,495	\$	136,552,487	\$ 182,069,982
2016	\$ 47,231,023	\$	141,693,070	\$ 188,924,093
2017	\$ 49,522,194	\$	148,566,583	\$ 198,088,777





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