



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

Component Unit Financial Statements

June 30, 2018



RTC's Interstate-II Build



**REGIONAL TRANSPORTATION
COMMISSION OF SOUTHERN NEVADA**

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

**COMPONENT UNIT FINANCIAL
STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**



Prepared by the Department of Finance

Las Vegas, Nevada

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
JUNE 30, 2018**

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**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
JUNE 30, 2018**

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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, 2018, and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada, as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the RTC adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which resulted in a restatement of the RTC's July 1, 2017 governmental activities and business-type activities net position in the amount of \$2,728,708 and \$2,891,931, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 16, schedule of changes in total OPEB liability and related ratios, schedule of employer contributions, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of defined benefit plan contributions and related notes on pages 66 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The 2018 budgetary comparison information on pages 74 through 79 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statements or to the 2018 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 budgetary comparison information is fairly stated, in all material respects, in relation to the 2018 basic financial statements as a whole.

(Continued)

We have previously audited, in accordance with auditing standard generally accepted in the United States of America, the basic financial statements of the RTC as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated November 7, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund of the RTC. The 2017 Actual columns within the budgetary comparison schedules on pages 74 through 79 (referred to collectively as "Prior Year Comparative Information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements as of and for the year ended June 30, 2017 ("2017 basic financial statements"). The Prior Year Comparative Information has been subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statements or to the 2017 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Prior Year Comparative Information is fairly stated, in all material respects, in relation to the 2017 basic financial statements as a whole.

The officials, schedule of motor vehicle fuel taxes and fuel revenue indexing and schedule of sales tax collections on pages 80 and 81 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 30, 2018 on our consideration of the RTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RTC's internal control over financial reporting and compliance.



Crowe LLP

Costa Mesa, California
November 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

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, 2018. 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) 2018 the RTC benefited from a 4.42% increase in sales and excise tax revenue, and a 7.38% increase in motor vehicle fuel tax revenue. Motor vehicle fuel tax revenue as reported below is made up of three parts; a nine cent per gallon motor vehicle fuel tax, an indexed fuel tax (IFT 1) that was capped with the July 1, 2016 inflation adjustment, and an additional indexed fuel tax (IFT 2) that was approved by the voters of Clark County in November 2016 that will be adjusted for inflation through July 1, 2026. The nine cent motor vehicle fuel tax increased by 1.83%, the IFT 1 increased by 4.06%, and FY2018 was the first year of IFT 2. See a schedule of historic fuel tax revenue on page 76. The indexed fuel tax consists of annual inflationary adjustments, based on the ten year rolling average Producer Price Index for non-residential construction, on a series of local, state and federal fuel taxes.

Condensed Statements of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	\$ 520,161,957	\$ 518,194,922	\$ 178,719,470	\$ 158,284,396	\$ 698,881,427	\$ 676,479,318
Net capital assets	14,594,485	15,839,507	424,104,818	422,803,226	438,699,303	438,642,733
Total assets	534,756,442	534,034,429	602,824,288	581,087,622	1,137,580,730	1,115,122,051
Deferred outflows of resources	22,647,856	26,612,188	4,365,052	5,590,401	27,012,908	32,202,589
Total assets and deferred outflows of resources	<u>\$ 557,404,298</u>	<u>\$ 560,646,617</u>	<u>\$ 607,189,340</u>	<u>\$ 586,678,023</u>	<u>\$ 1,164,593,638</u>	<u>\$ 1,147,324,640</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Long-term liabilities	\$ 994,777,553	\$ 1,043,795,191	\$ 28,389,722	\$ 25,255,116	\$ 1,023,167,275	\$ 1,069,050,307
Other liabilities	59,117,868	73,550,327	31,606,534	27,707,640	90,724,402	101,257,967
Total liabilities	1,053,895,421	1,117,345,518	59,996,256	52,962,756	1,113,891,677	1,170,308,274
Deferred inflows of resources	4,752,005	3,618,496	2,208,534	1,086,086	6,960,539	4,704,582
Total liabilities and deferred inflows of resources	<u>1,058,647,426</u>	<u>1,120,964,014</u>	<u>62,204,790</u>	<u>54,048,842</u>	<u>1,120,852,216</u>	<u>1,175,012,856</u>
NET POSITION						
Net investment in capital assets	14,594,485	15,839,507	420,990,174	417,546,391	435,584,659	433,385,898
Restricted	448,638,507	434,255,727	-	-	448,638,507	434,255,727
Unrestricted (deficit)	(964,476,120)	(1,010,412,631)	123,994,376	115,082,790	(840,481,744)	(895,329,841)
TOTAL NET POSITION	<u>\$ (501,243,128)</u>	<u>\$ (560,317,397)</u>	<u>\$ 544,984,550</u>	<u>\$ 532,629,181</u>	<u>\$ 43,741,422</u>	<u>\$ (27,688,216)</u>

Governmental Activities

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

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

The decrease in net capital assets was mainly due to the depreciation recorded of approximately \$1,500,000 with an offset of approximately \$200,000 due to net increase in assets as a direct result of purchasing a bucket truck and 2 service vehicles for the RTC FAST department.

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

The decrease in long-term liabilities is primarily due to regularly scheduled payment of principal for bonds and notes payable amounting to \$43,785,000 and amortization of premiums and discount of approximately \$8,800,000. This decrease was offset by a net increase of approximately \$2,500,000 as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The decrease in other liabilities was primarily due to a decrease of approximately \$13,300,000 in accounts payable. The decrease in accounts payable was mainly attributable to the substantial completion of major indexed fuel tax projects during the fiscal year to include the Boulder City Bypass/I-11 project.

The increase in deferred inflows of resources was primarily due to the recording of deferred inflows related to other postemployment benefits of approximately \$1,100,000 as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

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

Business Type Activities

Current and other assets increased primarily due to reimbursement of capital purchased in the prior fiscal year that was eligible for federal grant funding during the current fiscal year.

The decrease in deferred outflows of resources is primarily due to an adjustment of approximately \$1,300,000 to the deferred outflow of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and with an offset of approximately \$100,000 in deferred outflows related to other postemployment benefits as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Long-term liabilities increased primarily due to an increase in the other postemployment benefits of approximately \$2,700,000 as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The increase in other liabilities is primarily due to an increase in accounts payable of approximately \$3,900,000 which is mainly due to the delay in Medicaid reimbursement with an accrual of approximately \$3,000,000. As part of the interlocal agreement with the State, the RTC is required to remit the local share to the State then the State will reimburse the RTC for the Medicaid portion plus the local share provided by the RTC.

The increase in deferred inflows of resources was primarily due to the recording of deferred inflows related to other postemployment benefits of approximately \$1,100,000 as a direct result of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

Condensed Statements of Activities
For the years ended June 30, 2018 and 2017

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
PROGRAM REVENUES						
Charges for services	\$ -	\$ -	\$ 80,288,981	\$ 79,606,058	\$ 80,288,981	\$ 79,606,058
Operating grants and contributions	2,304,311	2,083,488	1,437,224	2,938,904	3,741,535	5,022,392
Capital grants and contributions	35,930,180	30,732,460	70,897,998	36,303,742	106,828,178	67,036,202
GENERAL REVENUES						
Motor vehicle fuel tax	170,491,131	158,774,666	-	-	170,491,131	158,774,666
Jet-aviation fuel tax	3,931,488	4,016,784	-	-	3,931,488	4,016,784
Sales and excise tax	51,712,622	49,522,194	155,137,865	148,566,583	206,850,487	198,088,777
Interest income	1,528,033	250,757	384,587	292,286	1,912,620	543,043
Other	8,884,669	5,805,423	252,596	140,397	9,137,265	5,945,820
	<u>274,782,434</u>	<u>251,185,772</u>	<u>308,399,251</u>	<u>267,847,970</u>	<u>583,181,685</u>	<u>519,033,742</u>
EXPENSES						
Public works	201,342,411	260,809,020	-	-	201,342,411	260,809,020
Interest on long-term debt	32,786,963	33,666,524	-	-	32,786,963	33,666,524
Public transit	-	-	272,002,034	256,479,570	272,002,034	256,479,570
	<u>234,129,374</u>	<u>294,475,544</u>	<u>272,002,034</u>	<u>256,479,570</u>	<u>506,131,408</u>	<u>550,955,114</u>
Changes in net position before transfers	40,653,060	(43,289,772)	36,397,217	11,368,400	77,050,277	(31,921,372)
Net transfers	<u>21,149,917</u>	<u>8,972,049</u>	<u>(21,149,917)</u>	<u>(8,972,049)</u>	<u>-</u>	<u>-</u>
Change in net position	61,802,977	(34,317,723)	15,247,300	2,396,351	77,050,277	(31,921,372)
Net position - beginning, as originally reported	<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>
Cumulative effect of change in accounting principle	<u>(2,728,708)</u>	<u>-</u>	<u>(2,891,931)</u>	<u>-</u>	<u>(5,620,639)</u>	<u>-</u>
Net position - beginning as restated	<u>(563,046,105)</u>	<u>(525,999,674)</u>	<u>529,737,250</u>	<u>530,232,830</u>	<u>(33,308,855)</u>	<u>4,233,156</u>
Net position - ending	<u>\$ (501,243,128)</u>	<u>\$ (560,317,397)</u>	<u>\$ 544,984,550</u>	<u>\$ 532,629,181</u>	<u>\$ 43,741,422</u>	<u>\$ (27,688,216)</u>

Fluctuations in revenues and expenses for FY2018 compared to FY2017 are explained below.

Governmental Activities

- RTC and Nevada Department of Transportation (NDOT) entered into an inter-local “Advanced Construction” agreement where RTC has the construction performed in advance of NDOT reimbursements. This agreement is for the construction of the Boulder City Bypass/I-11 project. NDOT will reimburse the RTC for 95% of I-11 expenditures up to approximately \$233,506,000 with federal Surface Transportation Program (STP) funds over an eight year period that began in 2014. The reimbursement is limited to the amount of STP funds NDOT has received from the Federal Highway Administration and that are available to pay out. In FY2018, NDOT reimbursed \$35,930,180 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. In addition to the FY2017 grant revenue, the RTC received \$4,927,247 for construction costs on the Flamingo Corridor Improvement project.
- Motor vehicle fuel tax revenue increased mainly due to the additional Indexed Fuel Tax of 70 cents per gallon effective July 1, 2017, and an increase of 1.58 % in the gallons of motor vehicle fuel sold.
- Sales and excise tax increased by approximately 4.42% due to increased taxable sales in Clark County. This is the eighth consecutive year of increased sales and excise tax revenue.

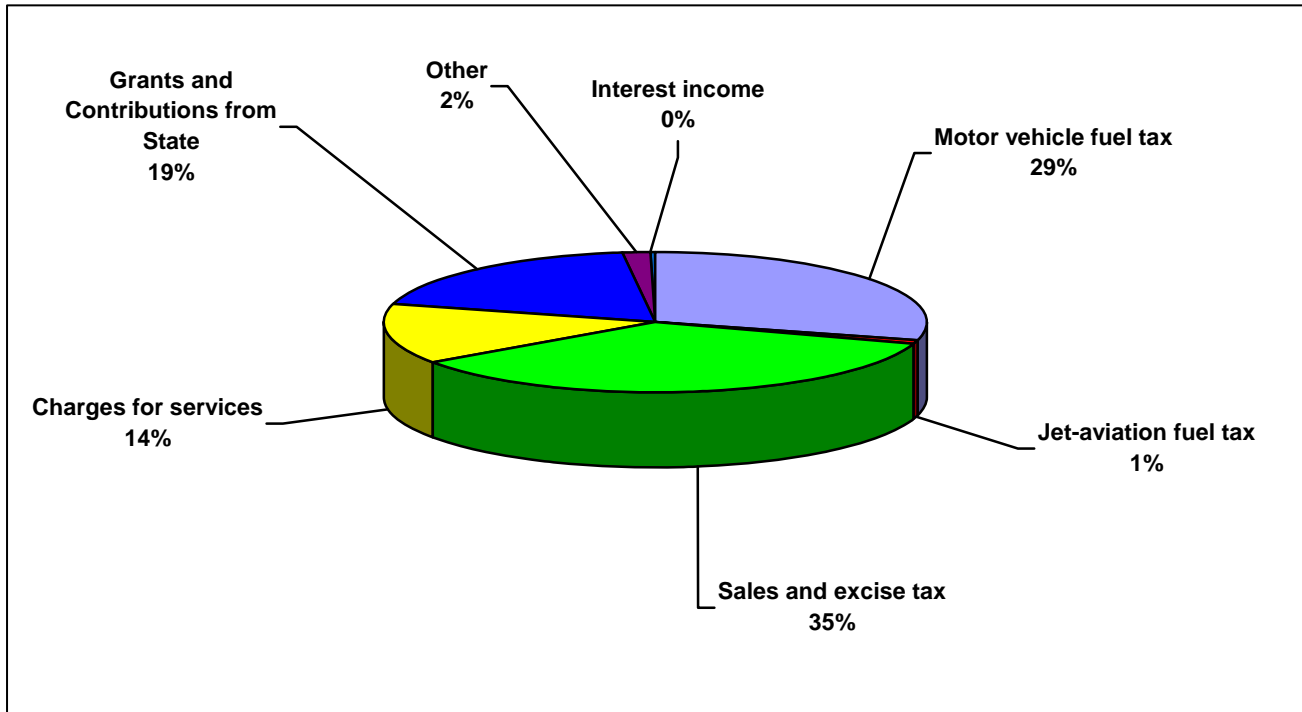
- The increase in interest income was mainly due to GASB 31 adjustments by the Clark County Treasurer. In compliance with GASB 31 and in accordance with RTC accounting policies summarized in the accompanying notes, the RTC accounts for market fluctuations in the interest income accounts.
- The increase in other income was mainly due to a cost reimbursement of approximately \$3,200,000 received by the RTC from NDOT for additional construction cost related to the Boulder City Bypass/I-11 project.
- Spending on public works is down 22.8% primarily due to the substantial completion of major indexed fuel tax projects to include Boulder City Bypass/I-11 project.

Business Type Activities

- Charges for services increased approximately \$700,000 for FY2018. Charges for services include transit fees paid for rides on the public transit system and advertising on the buses and bus shelters. Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October 2015, which we attribute to causing a decline in transit fare revenue of approximately \$1,700,000 for the Strip bus routes in FY2018. In FY2018, the RTC also experienced a decline in transit fare revenue of approximately \$1,100,000 for the residential bus routes. The RTC received approximately \$500,000 in reimbursement from the State for processing more Medicaid paratransit eligibility assessments. The RTC also recorded increased reimbursement for Medicaid medical rides of approximately \$2,900,000 due to more rides provided in FY2018.
- Capital grants revenue for business type activities fluctuates annually based on the volume of capital procurements and the timing of grant awards. The increase in capital grants in FY2018 is primarily due to grant award and reimbursement for 98 fixed route compressed natural gas (CNG) buses, 178 CNG paratransit buses versus grant award and reimbursement for 17 fixed route CNG buses and 115 CNG paratransit buses in FY2017.
- As mentioned under Governmental Activities, sales and excise tax increased by approximately 4.42% due to increased taxable sales in Clark County.
- Interest income increased as explained under Governmental Activities.
- Public transit expenses increased approximately \$15,500,000 primarily due to the following: fixed route service hours were increased by 50,371 hours over the prior year, which included several service enhancements to residential routes, the fixed route cost per service hour increased by 1.5%, for a total increase in the cost of providing fixed route service of approximately \$4,900,000. The cost of core Para Transit service increased approximately \$2,300,000 due to the increase in ridership of 2.8% or 36,447 rides. In FY2018, RTC replaced Hybrid batteries on 50 fixed route buses which resulted in a net increase in cost of approximately \$5,100,000. Depreciation expense decreased by approximately \$2,500,000 mainly due retiring less fixed route buses several years earlier than their projected useful life based on years in FY2018. The RTC retires fixed route buses within one year upon reaching 12 years or 500,000 miles, whichever is achieved first. In FY2018 the RTC had an additional depreciation adjustment of approximately \$3,700,000 due to retiring buses that exceeded 500,000 miles and less than 12 years old. In FY2017 the RTC had an additional depreciation adjustment of approximately \$6,000,000.

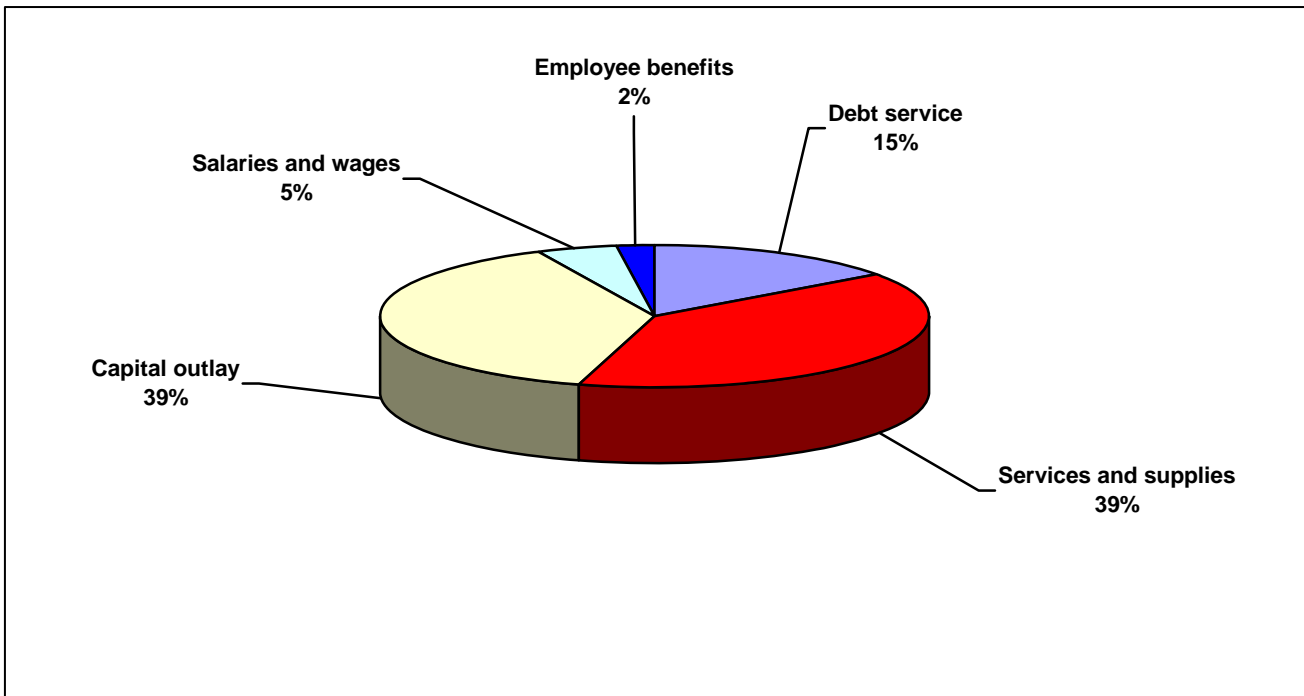
REVENUES

The following chart shows the components of revenues for the year ended June 30, 2018:



EXPENDITURES

The following chart shows the components of expenditures for the year ended June 30, 2018:



CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During FY2018, the RTC expended \$218,221,289 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	\$154,812,621
RTC Transit equipment, buildings, land, and improvements	63,181,564
RTC equipment	227,104

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 12, 2018, 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, 2018:

	Beginning Balance	Additions and Premiums	Deletions and Discounts	Ending Balance
Revenue bonds	\$ 1,006,654,832	\$ -	\$ 52,611,175	\$ 954,043,657

Bonds payable at June 30, 2018, are comprised of the following individual issues:

	Original Amount	Interest Rate	Balance June 30, 2018
Highway Improvement and Refunding Revenue Bonds			
Motor Vehicle Fuel Tax Revenue:			
Series 2007	\$ 300,000,000	3.00-5.00%	\$ 64,700,000
Series 2010A	32,595,000	6.10-6.35%	32,595,000
Series 2011	118,105,000	4.00-5.00%	76,030,000
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%	90,230,000
Series 2015	85,000,000	5.00%	82,480,000
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%	6,450,000
Series 2010B	94,835,000	3.00-5.00%	32,600,000
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			91,171,208
Less unamortized discount			(22,551)
Total			<u>\$ 954,043,657</u>

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

The RTC debt management policy stipulates that the debt service coverage ratio must be greater than or equal to 150%, which is calculated by dividing net pledged revenue by the maximum annual debt service, with which we believe that the RTC is in compliance. See note 7 to the financial statements for the calculations of the debt service coverage ratio for FY2018.

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.

	2018	2017	2016	2015	2014
Ridership - fixed route	63,779,330	63,961,848	65,685,973	64,060,738	59,728,168
% increase (decrease)	(0.3%)	(2.6%)	2.5%	7.3%	(1.0%)
Ridership - paratransit	1,641,083	1,556,126	1,565,611	1,493,435	1,400,025
% increase (decrease)	5.5%	(0.6%)	4.8%	6.7%	2.7%

Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October, 2015, which we attribute to causing a decline in transit ridership on the Strip bus routes which mostly accounts for the FY2018 decrease in ridership for fixed route shown above.

The increase in paratransit ridership in FY2018 is mainly due to an increase in Medicaid rides provided by the contracted adult daycare providers and an increase in the core paratransit service rides.

BUDGET

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

The Regional Transportation Fund (2) is a special revenue fund for the purpose of accounting for half of the additional sales tax approved by voters in 2002. The services and supplies for this fund consist of statutory amounts paid to the Clark County Department of Air Quality (CCDOAQ) at 8% of the sales tax approved by voters in 2002. Sales Tax Revenue exceeded the original budget by 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 FY2018 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.

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.

The Highway Improvement Acquisition Fund (5) is a special revenue fund used to account for the nine cent Clark County Motor Vehicle Fuel Tax revenue and Indexed Fuel Tax revenue. Fuel Tax Indexing revenue is over budget by 2.6% mainly due to conservative budgeting and refunds not taken by distributors of special fuels subject to the indexed fuel tax of approximately \$3,600,000 accrued 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 increase in interest income was mainly due to GASB 31 adjustments by the Clark County Treasurer. 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. The increase in other income was mainly due to a cost reimbursement of approximately \$3,200,000 received by the RTC from NDOT for additional construction cost related to the Boulder City Bypass/I-11 project. Capital outlay and intergovernmental capital grants were under budget due to the jurisdictions spending less on roadway projects. The lower spending on roadway projects and the non-issuance of planned new money bonds also caused transfers out for debt service to come in under budget.

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

The Public Transit Fund (50) is an enterprise fund that contains all financial activity for all aspects of the RTC Transit System. Transportation Network Companies, Uber and Lyft, started conducting business on the Las Vegas Strip in October 2015, which we attribute to causing transit fare revenue to come in under budget by approximately \$1,700,000 for the Strip bus routes. The RTC also experienced a decline in transit fare revenue of approximately \$1,100,000 for the residential bus routes. The RTC received approximately \$500,000 in reimbursement from the State for processing more Medicaid paratransit eligibility assessments. The RTC also recorded increased reimbursement for Medicaid rides of approximately \$2,900,000 due to more rides being provided in FY2018. Services and supplies expenses are under budget by approximately \$12,500,000 primarily due to repairs and maintenance expense for 50 fixed route buses coming in under budget by approximately \$6,000,000 as the planned replacement of the HVAC systems for these buses was postponed to FY2019, a budget contingency of \$3,900,000 which was not utilized, and expenditures for supplemental paratransit services of approximately \$1,300,000 coming in under budget. The RTC transferred approximately \$7,000,000 to the Highway Improvement Fund (6) to account for roadway design included in the Public Transit fund CIP. In addition, the RTC transferred approximately \$2,900,000 to The Regional Transportation Commission Fund (1) to account for design and planning studies for possible future roadway and public transit projects.

In June 2018, the RTC approved budget augmentations for The Regional Transportation Fund (2) sales and excise tax revenue for \$1,776,263 to pay for an augmentation of \$1,480,693 for transfers out and another augmentation for services and supplies of \$295,570 for payments to the CCDOAQ. The payment to CCDOAQ is based on 8% of one quarter percent of sales tax, and transfers out is the remainder of sales and excise tax revenue after subtracting payments to CCDOAQ and fund 1 for FAST operating expenses. These two expenditures are both determined by the sales and excise tax revenue which was estimated to be adequate to cover these additional expenditures.

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

CREDIT RATINGS

Through June 30, 2018, Clark County has issued all revenue bonds on behalf of the RTC. The bond rating at June 30, 2018, 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, 2018, 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, 2018, for the Clark County, Nevada Sales and Excise Tax Revenue (Street and Highway Projects) Refunding Bonds from Moody's Investors Service, Inc. was Aa2, and the rating from Standard & Poor's Rating Service was AA.

ECONOMIC FACTORS AND FUTURE BUDGETS

In preparing revenue forecasts and future budgets the RTC mainly monitors Sales Tax and Fuel Tax Revenues. In addition to tax revenues, local economic indicators are monitored. These economic indicators are considered in preparing revenue forecasts and future budgets for tax revenue and transit fare revenue. The unemployment rate for Clark County, Nevada in August of 2018 was 4.9%, which was down from 5.2% in August a year ago, and down from 5.7% a year before that. The hotel/motel occupancy rate for the Las Vegas metropolitan area for August, 2018 year-to-date was 88.9% which was down from August, 2017 year-to-date of 90.1%, which was up from 89.7% for August 2016 year-to-date. These indicators have shown stability 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, Senior 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
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and investments:			
In custody of the County Treasurer			
Unrestricted	\$ 2,250,358	\$ 117,669,120	\$ 119,919,478
Restricted	372,360,821	-	372,360,821
Cash in bank			
Unrestricted	612,694	15,217,975	15,830,669
Restricted	1,168,451	-	1,168,451
Cash on hand	500	14,700	15,200
In custody of the fiscal agent	53,586,144	-	53,586,144
Accounts receivable, net	38,001,229	3,200,778	41,202,007
Interest receivable	1,223,309	382,815	1,606,124
Internal balances	2,937,500	(2,937,500)	-
Due from other governmental units	47,378,693	45,067,870	92,446,563
Prepaid expenses	642,258	103,712	745,970
Capital assets, not being depreciated	1,652,164	36,657,048	38,309,212
Capital assets, net of accumulated depreciation	12,942,321	387,447,770	400,390,091
Total assets	<u>534,756,442</u>	<u>602,824,288</u>	<u>1,137,580,730</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	6,768,908	4,261,687	11,030,595
Loss on bond refunding	15,775,583	-	15,775,583
Deferred outflows related to other post employment benefits	103,365	103,365	206,730
Total deferred outflows of resources	<u>22,647,856</u>	<u>4,365,052</u>	<u>27,012,908</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 557,404,298</u></u>	<u><u>\$ 607,189,340</u></u>	<u><u>\$ 1,164,593,638</u></u>

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES:			
Accounts payable	\$ 37,735,857	\$ 30,954,668	\$ 68,690,525
Accrued payroll	718,887	519,975	1,238,862
Accrued interest	20,403,668	-	20,403,668
Other current liabilities	259,456	131,891	391,347
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable	48,705,000	-	48,705,000
Compensated absences	1,196,944	900,331	2,097,275
Portion due or payable after one year:			
Bonds and notes payable	905,338,657	-	905,338,657
Compensated absences	1,583,004	500,690	2,083,694
Total OPEB liability	9,001,082	9,001,082	18,002,164
Net pension liability	28,952,866	17,987,619	46,940,485
Total liabilities	<u>1,053,895,421</u>	<u>59,996,256</u>	<u>1,113,891,677</u>
DEFERRED INFLOWS OF RESOURCES:			
Unearned revenue from Build America			
Bonds Rebate	1,657,397	-	1,657,397
Deferred inflows related to pensions	1,983,159	1,097,086	3,080,245
Deferred inflows related to other post employment benefits	1,111,449	1,111,448	2,222,897
Total deferred inflows of resources	<u>4,752,005</u>	<u>2,208,534</u>	<u>6,960,539</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,058,647,426</u>	<u>62,204,790</u>	<u>1,120,852,216</u>
NET POSITION			
Net investment in capital assets	14,594,485	420,990,174	435,584,659
Restricted for:			
Capital projects and intergovernmental capital grants	305,783,508	-	305,783,508
Debt service	142,854,999	-	142,854,999
Unrestricted (deficit)	(964,476,120)	123,994,376	(840,481,744)
TOTAL NET POSITION	<u>\$ (501,243,128)</u>	<u>\$ 544,984,550</u>	<u>\$ 43,741,422</u>

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 201,342,410		\$ 2,183,545	\$ 36,050,946	\$ (163,107,919)		\$ (163,107,919)
Interest on long-term debt	32,786,964		-	-	(32,786,964)		(32,786,964)
TOTAL GOVERNMENTAL ACTIVITIES	234,129,374		2,183,545	36,050,946	(195,894,883)		(195,894,883)
BUSINESS-TYPE ACTIVITIES:							
Public transit	272,002,034	\$ 80,288,981	1,437,224	70,897,998		\$ (119,377,831)	(119,377,831)
TOTAL BUSINESS-TYPE ACTIVITIES	272,002,034	80,288,981	1,437,224	70,897,998		(119,377,831)	(119,377,831)
Total	\$ 506,131,408	\$ 80,288,981	\$ 3,620,770	\$ 106,948,944	(195,894,883)	(119,377,831)	(315,272,714)
General Revenues:							
Fuel taxes					174,422,619	-	174,422,619
Sales and excise tax					51,712,622	155,137,865	206,850,487
Interest income					1,528,033	384,587	1,912,620
Other					8,884,669	252,596	9,137,265
Transfers					21,149,917	(21,149,917)	-
Total general revenues and transfers					257,697,860	134,625,131	392,322,991
Changes in net position					61,802,977	15,247,300	77,050,277
Net position - beginning					(560,317,397)	532,629,181	(27,688,216)
Cumulative effect of change in accounting principle					(2,728,708)	(2,891,931)	(5,620,639)
Net position - beginning, as restated					(563,046,105)	529,737,250	(33,308,855)
Net position - ending					\$ (501,243,128)	\$ 544,984,550	\$ 43,741,422

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue		Debt Service Funds		Capital Project Funds		Total Governmental Funds
	General Fund	Fund			Highway		
	Regional Transportation Commission	Regional Transportation	RTC Bonds	RTC Reserve	Improvement Acquisition	RTC Highway Improvement	
ASSETS							
Cash and investments:							
In custody of the County Treasurer							
Unrestricted	\$ 2,250,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,250,358
Restricted	-	4,831,365	80,009,735	37,976,314	201,739,852	47,803,555	372,360,821
Cash in bank							
Unrestricted	612,694	-	-	-	-	-	612,694
Restricted	-	114,057	-	-	481,511	572,883	1,168,451
Cash on hand	500	-	-	-	-	-	500
In custody of the fiscal agent	-	-	-	53,586,144	-	-	53,586,144
Accounts receivable, net	2,064,220	-	-	-	35,936,635	374	38,001,229
Interest receivable	7,349	15,777	261,274	124,013	658,791	156,105	1,223,309
Due from other funds	7,148,245	-	-	-	4,778,896	12,293,750	24,220,891
Due from other governmental units	165,319	9,118,251	-	-	37,411,805	683,318	47,378,693
Prepaid expenses	48,455	-	-	-	593,803	-	642,258
TOTAL ASSETS	\$ 12,297,140	\$ 14,079,450	\$ 80,271,009	\$ 91,686,471	\$ 281,601,293	\$ 61,509,985	\$ 541,445,348
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 1,385,744	\$ 2,153,233	\$ -	\$ -	\$ 32,037,638	\$ 2,159,242	\$ 37,735,857
Accrued payroll	718,887	-	-	-	-	-	718,887
Due to other funds	-	11,304,475	7,041,416	-	2,937,500	-	21,283,391
Other liabilities	66,066	-	-	-	193,390	-	259,456
Total liabilities	<u>2,170,697</u>	<u>13,457,708</u>	<u>7,041,416</u>	<u>-</u>	<u>35,168,528</u>	<u>2,159,242</u>	<u>59,997,591</u>
DEFERRED INFLOWS OF RESOURCES:							
Unearned revenue from Build America Bonds Rebate	-	-	1,657,397	-	-	-	1,657,397
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,657,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,657,397</u>
Total liabilities and deferred inflows of resources	<u>2,170,697</u>	<u>13,457,708</u>	<u>8,698,813</u>	<u>-</u>	<u>35,168,528</u>	<u>2,159,242</u>	<u>61,654,988</u>
FUND BALANCES:							
Nonspendable fund balance	48,455	-	-	-	593,803	-	642,258
Restricted fund balance	-	621,742	71,572,196	91,686,471	245,838,962	59,350,743	469,070,114
Unassigned fund balance	10,077,988	-	-	-	-	-	10,077,988
Total fund balances	<u>10,126,443</u>	<u>621,742</u>	<u>71,572,196</u>	<u>91,686,471</u>	<u>246,432,765</u>	<u>59,350,743</u>	<u>479,790,360</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 12,297,140	\$ 14,079,450	\$ 80,271,009	\$ 91,686,471	\$ 281,601,293	\$ 61,509,985	\$ 541,445,348

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

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

Fund balance - governmental funds \$ 479,790,360

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	\$ 29,237,138	
Less accumulated depreciation	<u>(14,642,653)</u>	14,594,485

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

Bonds and notes payable	(862,895,000)	
Unamortized issuance premiums	(91,171,208)	
Unamortized issuance discounts	22,551	
Loss on bond refunding	15,775,583	
Deferred outflows of resources - pension	6,768,908	
Deferred outflows of resources - other post employment benefit	103,365	
Accrued interest payable	(20,403,668)	
Compensated absences	(2,779,948)	
Total OPEB liability	(9,001,082)	
Net pension liability	(28,952,866)	
Deferred inflows of resources - pension	(1,983,159)	
Deferred inflows of resources - other post employment benefit	<u>(1,111,449)</u>	<u>(995,627,973)</u>

Total net position - governmental activities \$ (501,243,128)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	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	\$ 2,304,311	\$ -	\$ -	\$ -	\$ 35,930,180	\$ -	\$ 38,234,491
Fuel taxes	-	-	-	-	170,491,131	3,931,488	174,422,619
Sales and excise tax	-	51,712,622	-	-	-	-	51,712,622
Interest	12,512	(14,932)	(366,661)	822,790	973,464	100,860	1,528,033
Other	2,152,355	-	3,309,471	-	3,163,595	259,248	8,884,669
Total revenues	<u>4,469,178</u>	<u>51,697,690</u>	<u>2,942,810</u>	<u>822,790</u>	<u>210,558,370</u>	<u>4,291,596</u>	<u>274,782,434</u>
EXPENDITURES							
Current:							
Salaries and wages	15,190,980	-	-	-	-	-	15,190,980
Employee benefits	6,127,290	-	-	-	-	-	6,127,290
Services and supplies	11,432,210	8,274,019	3,575	-	114,894	3,500	19,828,198
Debt service:							
Principal	-	-	43,785,000	-	-	-	43,785,000
Interest	-	-	40,676,265	-	-	-	40,676,265
Capital outlay	227,104	-	-	-	139,377,866	15,434,755	155,039,725
Total expenditures	<u>32,977,584</u>	<u>8,274,019</u>	<u>84,464,840</u>	<u>-</u>	<u>139,492,760</u>	<u>15,438,255</u>	<u>280,647,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,508,406)</u>	<u>43,423,671</u>	<u>(81,522,030)</u>	<u>822,790</u>	<u>71,065,610</u>	<u>(11,146,659)</u>	<u>(5,865,024)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	30,534,728	-	87,978,187	-	-	45,324,624	163,837,539
Transfers out	-	(43,438,602)	-	-	(72,085,804)	(27,163,216)	(142,687,622)
Total other financing sources (uses)	<u>30,534,728</u>	<u>(43,438,602)</u>	<u>87,978,187</u>	<u>-</u>	<u>(72,085,804)</u>	<u>18,161,408</u>	<u>21,149,917</u>
CHANGES IN FUND BALANCES	2,026,322	(14,931)	6,456,157	822,790	(1,020,194)	7,014,749	15,284,893
Fund balances - beginning	8,100,121	636,673	65,116,039	90,863,681	247,452,959	52,335,994	464,505,467
Fund balances - ending	<u>\$ 10,126,443</u>	<u>\$ 621,742</u>	<u>\$ 71,572,196</u>	<u>\$ 91,686,471</u>	<u>\$ 246,432,765</u>	<u>\$ 59,350,743</u>	<u>\$ 479,790,360</u>

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

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

Changes in fund balances - governmental funds \$ 15,284,893

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	\$	155,039,725	
Less capital outlay to others		(154,812,621)	
Capital asset additions		227,104	
Less current year depreciation		(1,472,126)	(1,245,022)

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

Principal payments		43,785,000	
Amortization of loss on bond refunding		(2,046,151)	
Amortization of bond premiums		8,827,979	
Amortization of bond discounts		(1,804)	50,565,024

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

Change in accrued interest payable		1,109,278	
Change in compensated absences		(262,856)	
Change in net pension liability and deferred inflows and outflows of resources related to pension		(2,856,017)	
Change in total OPEB liability and deferred inflows and outflows of resources related to OPEB		(792,323)	(2,801,918)

Change in net position - governmental activities \$ 61,802,977

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Public Transit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets:	
Cash and cash equivalents:	
In custody of the County Treasurer	\$ 117,669,120
Cash in bank	15,217,975
Cash on hand	14,700
Accounts receivable	3,200,778
Interest receivable	382,815
Due from other governmental units	45,067,870
Prepaid expenses	103,712
Total current assets	181,656,970
Non-current assets:	
Capital assets:	
Land and construction in progress	36,657,048
Buildings and improvements	225,939,425
Equipment	470,468,141
Accumulated depreciation	(308,959,796)
Total non-current assets	424,104,818
Total assets	605,761,788
Deferred outflows of resources	
Deferred outflows related to pensions	4,261,687
Deferred outflows related to other post employment benefits	103,365
Total deferred outflows of resources	4,365,052
Total assets and deferred outflows of resources	\$ 610,126,840

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018**

	Public Transit
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities:	
Accounts payable	\$ 30,954,668
Accrued payroll	519,975
Compensated absences	900,331
Due to other funds	2,937,500
Other current liabilities	131,891
Total current liabilities	35,444,365
Non-current liabilities:	
Compensated absences	500,690
Total OPEB liability	9,001,082
Net pension liability	17,987,619
Total non-current liabilities	27,489,391
Total liabilities	62,933,756
Deferred inflows of resources	
Deferred inflows related to pensions	1,097,086
Deferred inflows related to other post employment benefit	1,111,448
Total deferred inflows of resources	2,208,534
Total liabilities and deferred inflows of resources	65,142,290
NET POSITION	
Net investment in capital assets	420,990,174
Unrestricted	123,994,376
Total net position	\$ 544,984,550

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Public Transit
OPERATING REVENUES	
Charges for services:	
Transit fees	\$ 75,121,880
Transit advertising	3,817,498
Other	1,349,603
Total operating revenues	80,288,981
OPERATING EXPENSES	
Salaries and wages	10,491,176
Employee benefits	7,056,775
Services and supplies	202,453,194
Depreciation	52,000,889
Total operating expenses	272,002,034
Operating loss	(191,713,053)
NON-OPERATING REVENUES	
Intergovernmental revenue:	
Sales and excise tax	155,137,865
Interest income	384,587
Federal and state grants and contributions	1,437,224
Gain on sale of capital assets	252,596
Total non-operating revenues	157,212,272
Loss before transfers and capital contributions	(34,500,781)
CAPITAL CONTRIBUTIONS AND TRANSFERS:	
Federal and state grants and contributions	70,897,998
Transfers out	(21,149,917)
Total capital contributions and transfers	49,748,081
CHANGE IN NET POSITION	15,247,300
Net position - beginning, as originally reported	532,629,181
Cumulative effect of change in accounting principle	(2,891,931)
Net position - beginning, as restated	529,737,250
Net position - ending	\$ 544,984,550

See accompanying notes

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Public Transit
Cash flows from operating activities:	
Cash received from customers	\$ 71,539,539
Cash paid for employees and benefits	(14,908,846)
Cash paid for services and supplies	(196,325,276)
Other operating receipts	1,349,603
Net cash used in operating activities	(138,344,980)
Cash flows from non-capital financing activities:	
Cash provided by sales and excise tax	165,814,351
Federal and state grants	1,637,689
Transfers to other funds	(11,270,833)
Net cash provided by non-capital financing activities	156,181,207
Cash flows from capital and related financing activities:	
Acquisition, construction, or improvements of capital assets	(65,323,756)
Proceeds from sale of capital assets	252,596
Federal and state grants	79,870,213
Net cash used in capital and related financing activities	14,799,053
Cash flows from investing activities:	
Interest received	247,238
Increase in cash and cash equivalents	32,882,518
Cash and cash equivalents - beginning of year	100,019,277
Cash and cash equivalents - end of year	\$ 132,901,795
Reconciliation of operating loss to net cash flows used in operating activities:	
Operating loss	\$ (191,713,053)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	52,000,889
Increase in accounts receivable	(7,385,635)
Increase in prepaid expenses	(51,238)
Increase in accounts payable	6,006,655
Increase in accrued payroll	48,634
Increase in due to other funds	172,500
Decrease in other current liabilities	(14,204)
Decrease in compensated absences	(79,041)
Net increase in total OPEB liability and related deferred inflows and deferred outflows	792,323
Net increase in net pension liability and related deferred inflows and deferred outflows	1,877,190
Net cash used in operating activities	\$ (138,344,980)
Non-cash investing, capital and related financing activities:	
Capital assets purchased included in accounts payable and retention payable	\$ 3,114,644
Interfund capital assets transfer	\$ 9,879,094

See accompanying notes

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

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

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

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

Government-Wide and Fund Financial Statements

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

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

The RTC reports the following major governmental funds:

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

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

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

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

The RTC reports the following major proprietary fund:

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

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

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

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

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

Cash and Investments

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

At June 30, 2018, a significant portion of the RTC's cash and cash equivalents were deposited in the custody of the County Treasurer or a fiscal agent, in a manner similar to an external investment pool. These amounts are sufficiently liquid to permit withdrawals in the form of cash at any time without prior notice or penalty; and therefore, they are deemed to be cash equivalents.

Receivables and Payables

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

Prepaid Expenses

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

Capital Assets

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

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

Compensated Absences

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

Long-Term Obligations

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

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

Other Postemployment Benefits (OPEB)

Effective July 1, 2017, the RTC implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The implementation of this statement resulted in the restatement of governmental activities and business-type activities net position in the amount of \$2,728,708 and \$2,891,931, respectively.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Pensions

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

Deferred outflows and inflows of resources

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

Fund Balance

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

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

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

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

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

Net Position

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

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

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

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

Use of Estimates

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

Adoption of Accounting Principle

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

	Governmental Activities	Business-type Activities	Total
Net position as previously reported at June 30, 2017	\$ (560,317,397)	\$ 532,629,181	\$ (27,688,216)
Implementation of GASB 75: Total OPEB liability (measurement date as of June 30, 2017)	(2,728,708)	(2,891,931)	(5,620,639)
Net position as restated, July 1, 2017	<u>\$ (563,046,105)</u>	<u>\$ 529,737,250</u>	<u>\$ (33,308,855)</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(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, 2018, the RTC had no funds or functions with expenditures in excess of appropriations.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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(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, 2018, cash and investments are summarized as follows:

Clark County Investment Pool	\$ 492,280,299
Cash and Investments with fiscal agent	53,586,144
Cash in bank	16,999,120
Cash on hand	<u>15,200</u>
 Total cash and investments	 <u>\$ 562,880,763</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.

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(CONTINUED)**

NOTE 3 – Cash and Investments (continued)

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

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

Interest Rate Risk

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

As of June 30, 2018, the \$53,586,144 of RTC investments with fiscal agent are categorized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less Than 1</u>	<u>1 to 3</u>	<u>3 to 5</u>
Debt Securities:				
U.S. Treasuries	\$ 15,450,696	\$ 15,450,696	\$ -	\$ -
U.S. Agencies	22,531,984	6,968,770	9,668,894	5,894,320
Money Market Funds	417,464	417,464	-	-
Forward Delivery Agreements	15,186,000	15,186,000	-	-
	<u>\$ 53,586,144</u>	<u>\$ 38,022,930</u>	<u>\$ 9,668,894</u>	<u>\$ 5,894,320</u>

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(CONTINUED)**

NOTE 3 – Cash and Investments (continued)

Fair Value Measurements

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

As of June 30, 2018, the \$53,586,144 of RTC investments with fiscal agent are measured at fair value as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Debt Securities:				
U.S. Treasuries	\$ 15,450,696	\$ 15,450,696	\$ -	\$ -
U.S. Agencies	22,531,984	-	22,531,984	-
Money Market Funds	417,464	417,464	-	-
Forward Delivery Agreements	15,186,000	-	-	15,186,000
	<u>\$ 53,586,144</u>	<u>\$ 15,868,160</u>	<u>\$ 22,531,984</u>	<u>\$ 15,186,000</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the RTC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2018, the RTC had no investment securities exposed to custodial credit risk.

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

NOTE 3 – Cash and Investments (continued)

Credit Risk

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

As of June 30, 2018, the \$53,586,144 of RTC investment with fiscal agent were categorized by credit quality rating as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings by Moody's Investors Service</u>			
		<u>Aaa</u>	<u>A</u>	<u>P-1</u>	<u>Unrated</u>
Debt Securities:					
U.S. Treasuries	\$ 15,450,696	\$ 13,370,940	\$ -	\$ 2,079,756	\$ -
U.S. Agencies	22,531,984	14,637,974	-	-	7,894,010
Money Market Funds	417,464	417,464	-	-	-
Forward Delivery Agreements	15,186,000	-	15,186,000	-	-
	<u>\$ 53,586,144</u>	<u>\$ 28,426,378</u>	<u>\$ 15,186,000</u>	<u>\$ 2,079,756</u>	<u>\$ 7,894,010</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, 2018, the following investments exceeded five percent of investments with fiscal agent:

Federal Home Loan Banks (FHLB)	7.41%
Federal Home Loan Mortgage Corporation (FHLMC)	11.00%
Federal Agricultural Mortgage Corporation (FAMC)	14.73%
Federal Farm Credit Banks (FFCB)	8.91%

GASB 31

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

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(CONTINUED)**

NOTE 4 – Accounts Receivable and Due from Other Governmental Units

Accounts receivable and due from other governmental units as of June 30, 2018, were as follows:

	<u>Governmental Activities</u>					<u>Business-type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Funds</u>		<u>Total</u>	
	<u>Regional Transportation Commission</u>	<u>Regional Transportation</u>	<u>Highway Improvement Acquisition</u>	<u>RTC Highway Improvement</u>		
Accounts receivable	\$ 2,064,220	\$ -	\$ 36,373,015	\$ 374	\$ 38,437,609	\$ 3,200,778
Less allowance for uncollectible receivables	-	-	436,380	-	436,380	-
Accounts receivables, net	<u>\$ 2,064,220</u>	<u>\$ -</u>	<u>\$ 35,936,635</u>	<u>\$ 374</u>	<u>\$ 38,001,229</u>	<u>\$ 3,200,778</u>
 Due from other governmental units	 <u>\$ 165,319</u>	 <u>\$ 9,118,251</u>	 <u>\$ 37,411,805</u>	 <u>\$ 683,318</u>	 <u>\$ 47,378,693</u>	 <u>\$ 45,067,870</u>

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(CONTINUED)

NOTE 5 – Capital Assets

Capital asset activity for the year ended June 30, 2018, consisted of the following:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,687,689	\$ 227,104	\$ 262,629	\$ 1,652,164
Capital assets being depreciated:				
Buildings	18,722,303	-	-	18,722,303
Equipment	8,622,357	262,629	22,315	8,862,671
Total capital assets being depreciated	27,344,660	262,629	22,315	27,584,974
Less accumulated depreciation for:				
Buildings	6,625,109	323,690	-	6,948,799
Equipment	6,567,733	1,148,436	22,315	7,693,854
Total accumulated depreciation	13,192,842	1,472,126	22,315	14,642,653
Total capital assets being depreciated, net	14,151,818	(1,209,497)	-	12,942,321
Governmental activities capital assets, net	<u>\$ 15,839,507</u>	<u>\$ (982,393)</u>	<u>\$ 262,629</u>	<u>\$ 14,594,485</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 32,038,082	\$ 402,304	\$ -	\$ 32,440,386
Construction in progress	47,442,900	63,184,870	106,411,108	4,216,662
Total capital assets not being depreciated	79,480,982	63,587,174	106,411,108	36,657,048
Capital assets being depreciated:				
Buildings and improvements	207,361,316	22,990,633	-	230,351,949
Transit vehicles and equipment	422,197,514	73,238,258	29,380,155	466,055,617
Total capital assets being depreciated	629,558,830	96,228,891	29,380,155	696,407,566
Less accumulated depreciation for:				
Buildings and improvements	65,052,310	7,191,653	-	72,243,963
Transit vehicles and equipment	221,184,276	44,809,236	29,277,679	236,715,833
Total accumulated depreciation	286,236,586	52,000,889	29,277,679	308,959,796
Total capital assets being depreciated, net	343,322,244	44,228,002	102,476	387,447,770
Business-type activities capital assets, net	<u>\$ 422,803,226</u>	<u>\$ 107,815,176</u>	<u>\$ 106,513,584</u>	<u>\$ 424,104,818</u>
	<u>Governmental activities</u>			<u>Business-type activities</u>
FY 2018 depreciation expense	<u>\$1,472,126</u>			<u>\$52,000,889</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 6 – Interfund Balances and Transfers

Interfund balances as of June 30, 2018, consisted of the following:

Receivable Fund	Payable Fund				Total
	Regional Transportation	RTC Bonds	RTC Highway Improvement Acquisition	Public Transit	
Regional Transportation Commission	\$ 1,273,245	\$ -	\$ 2,937,500	\$ 2,937,500	\$ 7,148,245
RTC Highway Improvement Acquisition	-	4,778,896	-	-	4,778,896
RTC Highway Improvement	10,031,230	2,262,520	-	-	12,293,750
Totals	\$ 11,304,475	\$ 7,041,416	\$ 2,937,500	\$ 2,937,500	\$ 24,220,891

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, 2018, consisted of the following:

Transfers Out	Transfers In			Total
	Regional Transportation Commission	RTC Bonds	RTC Highway Improvement	
Regional Transportation	\$ 5,092,978	\$ -	\$ 38,345,624	\$ 43,438,602
RTC Highway Improvement Acquisition	11,270,833	60,814,971	-	72,085,804
RTC Highway Improvement	-	27,163,216	-	27,163,216
Public Transit	14,170,917	-	6,979,000	21,149,917
Total	\$ 30,534,728	\$ 87,978,187	\$ 45,324,624	\$ 163,837,539

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
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(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, 2018, were as follows:

	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Balance June 30, 2018</u>
Motor vehicle fuel tax bonds:				
Series 2007	\$ 300,000,000	July 1, 2027	3.00-5.00%	\$ 64,700,000
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%	76,030,000
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%	90,230,000
Series 2015	85,000,000	July 1, 2035	5.00%	82,480,000
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%	6,450,000
Series 2010B	94,835,000	July 1, 2020	3.00-5.00%	32,600,000
Series 2010C	140,560,000	July 1, 2030	5.10-6.15%	140,560,000
Series 2016	36,405,000	July 1, 2029	5.00%	36,405,000
Total highway improvement revenue and refunding bonds				<u><u>\$ 862,895,000</u></u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

Revenue and Refunding Bonds (continued)

At June 30, 2018, the debt service requirements to maturity were as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	58,045,000	31,434,468	89,479,468
2024-2028	292,695,000	114,687,480	407,382,480
2029-2033	211,850,000	44,138,125	255,988,125
2034-2038	92,270,000	9,842,750	102,112,750
Total debt service requirements	<u>\$ 862,895,000</u>	<u>\$ 352,869,262</u>	<u>\$ 1,215,764,262</u>

Arbitrage Rebate and Debt Covenant Requirements

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

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

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.

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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(CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

Pledged Revenues (continued)

The net pledged revenues related to motor vehicle fuel taxes for the year ended June 30, 2018, were as follows:

Pledged revenues (net of administrative expenditures):	
County share motor vehicle fuel tax (\$.03)	\$ 21,754,600
RTC share motor vehicle fuel tax (\$.09)	74,018,287
	<u>95,772,887</u>
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	
	<u>(2,086,997)</u>
Net pledged revenues	<u><u>\$ 93,685,890</u></u>

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, 2018, were as follows:

Pledged revenues (net of administrative expenditures):	
County share Indexed Fuel Taxes	\$ 8,880,181
RTC share Indexed Fuel Taxes	89,575,222
Subordinate Motor Vehicle Fuel Tax Revenue	
Net pledge Motor Vehicle Fuel Tax Revenue	\$ 93,685,890
Principal and interest payment	<u>(40,822,995)</u>
	<u>52,862,895</u>
	151,318,298
Direct distributions allocated for certain political subdivisions not included in the Las Vegas Valley Area Major Street and Highway Plan	
	<u>(2,619,296)</u>
Net pledged revenues	<u><u>\$ 148,699,002</u></u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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(CONTINUED)**

NOTE 7 – Long-Term Debt (continued)

Pledged Revenues (continued)

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

The net pledged revenues related to sales and excise tax and jet aviation fuel tax for the year ended June 30, 2018, were as follows:

Pledged revenues:		
Sales and excise tax		\$ 103,425,243
Jet aviation fuel tax		<u>3,931,488</u>
Total net pledged revenues		<u><u>\$ 107,356,731</u></u>

The debt coverage ratio for net pledged revenues for the year ended June 30, 2018, were as follows:

	Motor Vehicle Fuel Tax	Indexed Fuel Tax	Sales and Excise Tax and Jet Aviation Fuel Tax
	<u> </u>	<u> </u>	<u> </u>
Net pledged revenues	\$ 93,685,890	\$ 148,699,002	\$ 107,356,731
Total principal and interest payment based on Maximum Annual Debt Service	<u>39,127,120</u>	<u>26,562,300</u>	<u>24,932,193</u>
Debt coverage ratio	<u>2.39</u>	<u>5.60</u>	<u>4.31</u>
Required debt coverage ratio	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
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FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

NOTE 8 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue and refunding bonds	\$ 906,680,000	\$ -	\$ 43,785,000	\$ 862,895,000	\$ 48,705,000
Unamortized issuance premium	99,999,187	-	8,827,979	91,171,208	-
Unamortized issuance discount	(24,355)	-	(1,804)	(22,551)	-
Total bonds payable	<u>1,006,654,832</u>	<u>-</u>	<u>52,611,175</u>	<u>954,043,657</u>	<u>48,705,000</u>
Compensated absences	2,517,092	1,459,800	1,196,944	2,779,948	1,196,944
Total OPEB liability, as restated	6,488,135	9,001,081	6,488,135	9,001,081	-
Net pension liability	<u>28,135,132</u>	<u>2,650,949</u>	<u>1,833,215</u>	<u>28,952,866</u>	<u>-</u>
Governmental activities Long-term liabilities	<u>\$ 1,043,795,191</u>	<u>\$ 13,111,830</u>	<u>\$ 62,129,469</u>	<u>\$ 994,777,552</u>	<u>\$ 49,901,944</u>
Business-type activities:					
Compensated absences	\$ 1,480,062	821,290	900,331	\$ 1,401,021	\$ 900,331
Total OPEB liability, as restated	6,324,911	9,001,082	6,324,911	9,001,082	-
Net pension liability	<u>17,450,143</u>	<u>1,742,404</u>	<u>1,204,928</u>	<u>17,987,619</u>	<u>-</u>
Business-type activities Long-term liabilities	<u>\$ 25,255,116</u>	<u>\$ 11,564,776</u>	<u>\$ 8,430,170</u>	<u>\$ 28,389,722</u>	<u>\$ 900,331</u>

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(CONTINUED)**

NOTE 9 - Operating Lease Commitments

The RTC was party to one operating lease at June 30, 2018, as follows:

<u>Lessor</u>	<u>FY18 Average Monthly Rental</u>	<u>Date Lease Commenced</u>	<u>Date Lease Terminates</u>
LiveWork, LLC	<u>\$ 144,069</u>	January 5, 2008	January 4, 2048

Total rent expense for fiscal year 2018 was \$1,728,824. The following is a schedule of future minimum lease payments for the operating lease as of June 30, 2018:

Year ending June 30:		
	2019	\$ 1,805,866
	2020	1,860,042
	2021	1,915,844
	2022	1,973,319
	2023	2,062,556
	2024-2028	11,474,207
	2029-2033	13,689,180
	2034-2038	16,331,730
	2039-2043	19,484,397
	2044-2048	<u>20,732,513</u>
Total future minimum lease payments		<u>\$ 91,329,654</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, 2018, a \$1,779,179 letter of credit was issued and unused.

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NOTE 10 - Net Position and Fund Balances

Net Position

At June 30, 2018, 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 \$142,854,999. This amount is made up of restricted funds exclusively for debt service of \$163,258,667 less accrued interest payable of \$20,403,668.

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, 2018:

	Balance July 1, 2017	Current Year Increases	Current Year Decreases	Balance June 30, 2018
City of Boulder City	\$ 1,743,581	\$ 1,587,976	\$ (500,000)	\$ 2,831,557
Bunkerville	97,532	63,224	-	160,756
Indian Springs	130,185	24,904	-	155,089
Laughlin	4,297,460	897,066	-	5,194,526
City of Mesquite	4,078,279	1,517,556	(498,000)	5,097,835
Moapa Town	100,373	58,430	(96,000)	62,803
Moapa Valley	800,962	388,516	-	1,189,478
Mt. Charleston	670,387	93,712	-	764,099
Searchlight	129,246	74,909	-	204,155
Total	\$ 12,048,005	\$ 4,706,293	\$ (1,094,000)	\$ 15,660,298

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NOTE 11 - Defined Benefit Pension Plan

Plan Description

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

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

Benefits provided

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

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

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

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NOTE 11 - Defined Benefit Pension Plan (continued)

Benefits provided (continued)

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

Contributions

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

	FISCAL YEAR ENDING JUNE 30,		
	2018	2017	2016
Contribution rates	28.00%	28.00%	28.00%
Contractually required contribution - statutorily determined	\$ 6,438,218	\$ 6,061,100	\$ 5,565,155

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, 2017, are used as the basis for determining each employer's proportionate share of the collective pension amounts.

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NOTE 11 - Defined Benefit Pension Plan (continued)

Investment Policy

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

The following was the Board adopted policy target asset allocation as of June 30, 2017:

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, 2017, PERS' long-term inflation assumption was 2.75%

Pension Liability

Net Pension Liability

The employer allocation percentage of the net pension liability was based on the employer contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their employer contributions relative to the total combined employer contributions for all employers for the period ended June 30, 2017.

The following is the percentage of the RTC to the Total Plan and any changes from the previous measurement date to June 30, 2017:

	Net Pension Liability as of June 30, 2016	Net Pension Liability as of June 30, 2017	Change from previous measurement date
RTC	\$ 45,585,275	\$ 46,940,485	\$ 1,355,210
Total Plan	\$ 13,457,132,664	\$ 13,299,844,084	\$ (157,288,580)
RTC's % to the Total Plan	0.33874%	0.35294%	0.01420%

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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, 2017, calculated using the discount rate of 7.50%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1- percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	<u>\$ 70,960,885</u>	<u>\$ 46,940,485</u>	<u>\$ 26,991,139</u>

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NOTE 11 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	7.50%
Productivity pay increase	0.5%
Projected salary increases	4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions funding actuarial valuation	Same as those used in the June 30, 2017
Actual mortality assumption used:	
<i>Healthy:</i>	Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50(1), mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016.
<i>Disabled:</i>	Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years.
<i>Pre-Retirement:</i>	Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

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

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NOTE 11 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review as of June 30, 2016 completed in 2017.

Actuarial assumptions as of the prior measurement date, June 30, 2016, were as follows:

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 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
Actual mortality assumption used:	For non-disabled male regular members it is the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA.
	For non-disabled female regular members it is the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year.
	The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017 compared to 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, 2017, 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, 2017. There were no changes to the plan between the measurement date of the net pension liability and the employer's reporting date that are expected to have a significant effect on the net pension liability.

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

As of June 30, 2018, the total employer pension expense is \$4,482,771. At June 30, 2017, the measurement date, the RTC's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 11 - Defined Benefit Pension Plan (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,080,245
Changes of assumptions	3,114,054	-
Net difference between projected and actual earnings on investments	304,776	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	4,385,792	-
Contributions subsequent to the measurement date	3,225,973	-
	\$ 11,030,595	\$ 3,080,245

Average expected remaining service lives 6.39 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, 2019. Deferred outflows/(inflows) of resources related to pension will be recognized as follows:

Reporting period ended June 30:

2019	\$ 158,120
2020	2,089,622
2021	1,267,217
2022	50,658
2023	863,797
2024	294,963
	<u>\$ 4,724,377</u>

Additional Information

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

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NOTE 12 - Other Post-Employment Benefits (OPEB)

Plan description

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

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

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

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

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

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

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

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

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

Funding Policy

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

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

Benefits Provided

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

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

Plan membership*

At July 1, 2016, OPEB plan membership consisted of the following:

	<u>PEBP</u>	<u>RHHP</u>	<u>TOTAL ALL PLANS</u>
Retired members currently receiving benefits	23	18	41
Married spouses of retired members currently receiving benefits	-	1	1
Beneficiaries currently receiving benefits	-	-	-
Active members	-	298	298
Total	<u>23</u>	<u>317</u>	<u>340</u>

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

* All participating Clark County employer entities reflected; excludes LVMPD Appointed members (19 retirees, 12 married spouses of retirees, 117 actives) that were included in the July 1, 2016 valuation under GAS 45.

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

Actuarial assumptions and methods

The Total OPEB Liability (TOL) as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to the measurement date. The demographic (e.g. mortality, retirement, disability, turnover) actuarial assumptions were based on the results of the Public Employees' Retirement System of the State of Nevada (NVPERS) experience study for the period from July 1, 2006 through June 30, 2012. The salary scale and inflation assumptions were based on the results of the Public Employees' Retirement System of the State of Nevada (NVPERS) experience study for the period July 1, 2012 through June 30, 2016.

In particular, the following assumptions were applied to all periods included in the June 30, 2017 measurement:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age, level percent of pay
Asset valuation method	No assets in trust
Actuarial assumptions	
Inflation	2.75%
Salary increases	Ranges from 4.25% to 13.90% based on years of service, including inflation
Municipal bond rate	3.58% as of June 30, 2017
Health care premium trend rates	
PPO medical plan	Graded from 7.5% to ultimate 4.5% over 12 years
PPO drug	Graded from 12.0% to ultimate 4.5% over 10 years
HMO non-Medicare medical plan	Graded from 7.0% to ultimate 4.5% over 10 years
HMO Medicare medical plan	Graded from 6.5% to ultimate 4.5% over 8 years
Dental	4.00%
ASO fees	2.50%
Post-Retirement Mortality Rates	
Healthy	RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year for females (no age set forward for males)
Disabled	RP-2000 Disabled Retiree Mortality Table, projected to 2013 with Scale AA, set forward three years. The RP-2000 Combined Healthy Mortality Table, set back one year for females (no age setback for males), reasonably reflects the projected mortality experience of the Plan as of the measurement date. The additional projection of 13 years is a provision made for future mortality improvement.

Discount rate. The discount rates used to measure the Total OPEB Liability (TOL) was 3.58% as of June 30, 2017 and 2.85% as of June 30, 2016. The RTC has no assets held in trust for future OPEB benefits, therefore the 20-year municipal bond rate as of the measurement date is used as the discount rate to determine the total OPEB liability. There were no changes between the measurement date of the total OPEB liability and the reporting date that are expected to have a significant effect on the total OPEB liability.

The discount rate was based on the Bond Buyer 20-Bond GO Index.

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

Changes in the Total OPEB liability

	<u>PEBP</u>	<u>RHPP</u>	<u>Total</u>
Total OPEB liability			
Service cost	\$ -	\$ 1,548,246	\$ 1,548,246
Interest	37,523	534,440	571,963
Changes of benefit terms	-	-	-
Differences between expected and actual experience	27,873	(82,457)	(54,584)
Changes of assumptions	(107,325)	(2,389,821)	(2,497,146)
Benefit payments	(85,082)	(60,628)	(145,710)
Net change in OPEB liability	<u>(127,011)</u>	<u>(450,220)</u>	<u>(577,231)</u>
Total OPEB liability, beginning	1,358,211	17,221,184	18,579,395
Total OPEB liability, ending	<u>\$ 1,231,200</u>	<u>\$ 16,770,964</u>	<u>\$ 18,002,164</u>

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

The following presents the Total OPEB Liability (TOL) of the RTC as of June 30, 2017, calculated using the municipal bond rate of 3.58%, as well as what the RTC's TOL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58% municipal bond rate) or 1- percentage-point higher (4.58% municipal bond rate) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current (3.58%)</u>	<u>1% Increase (4.58%)</u>
PEBP	\$ 1,381,924	\$ 1,231,200	\$ 1,104,703
RHHP	20,158,159	16,770,964	14,101,269
Total OPEB liability	<u>\$ 21,540,083</u>	<u>\$ 18,002,164</u>	<u>\$ 15,205,972</u>

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

The following presents the Total OPEB Liability of the RTC as of June 30, 2017, as well as what the RTC's Total OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease Ultimate</u>	<u>Current Trend Ultimate</u>	<u>1% Increase Ultimate</u>
PEBP	\$ 1,100,879	\$ 1,231,200	\$ 1,383,512
RHHP	12,225,425	16,770,964	23,628,765
Total OPEB liability	<u>\$ 13,326,304</u>	<u>\$ 18,002,164</u>	<u>\$ 25,012,277</u>

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

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

For the year ended June 30, 2018, RTC recognized OPEB expense of \$1,791,376. At June 30, 2018, RTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 74,184
Changes in assumptions	-	2,148,713
Differences between actual and projected earnings on OPEB plan investments	-	-
Contributions made after the measurement date	206,730	-
Total	\$ 206,730	\$ 2,222,897

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction to the total OPEB liability in the reporting year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the OPEB expense as follows:

Year ended June:

2019	\$	(249,381)
2020		(249,381)
2021		(249,381)
2022		(249,381)
2023		(249,381)
2024-2028		(975,992)
Total	\$	(2,222,897)

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NOTE 13 - Risk Management

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

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

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

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

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

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

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

Workers' Compensation

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 13 - Risk Management (continued)

Commercial Property

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

Commercial General Liability

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

Cyber Liability

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

Excess Liability

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

NOTE 13 - Risk Management (continued)

Employment Practices Liability

The RTC has placed insurance coverage with a licensed and rated insurance carrier, which includes \$2,000,000 in coverage for each claim and in the Aggregate. A \$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.

Employed Lawyers

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

Public Officials Directors and Officers Liability

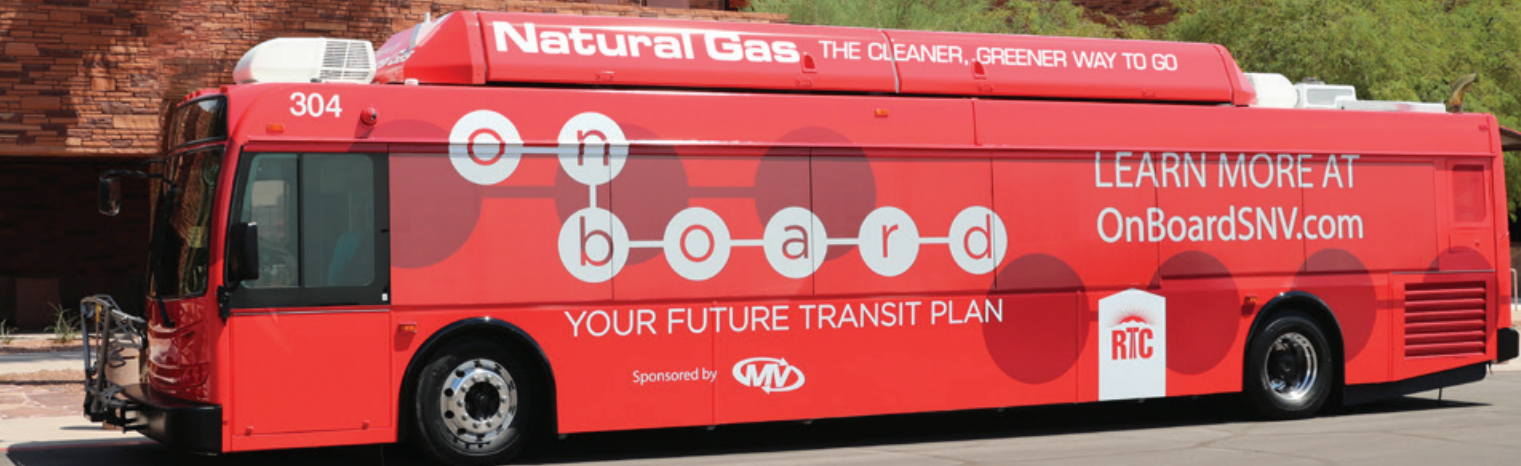
The RTC has placed insurance coverage with a licensed and rated carrier, which includes \$2,000,000 for each claim and in the Aggregate. A \$0 retention/deductible applies for Insuring Clause (A) and a \$50,000 retention/deductible applies for Insuring Clause (B) and Insuring Clause (C). Coverage is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

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

NOTE 14 - Commitments

Construction commitments include roadway projects with various local entities of \$273,122,630. Capital commitments for transit include revenue vehicle acquisition projects of \$53,612,441 and facility improvement projects of \$3,473,210.

Required Supplementary Information





**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>PEBP**</u>	<u>RHHP</u>	<u>TOTAL</u>
Total OPEB liability	\$ 1,231,200	\$ 16,770,964	\$ 18,002,164
Covered employee payroll	N/A	24,154,050	24,154,050
Total OPEB liability as a percentage of covered-employee payroll***	N/A	69.43%	74.53%

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

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

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

Changes in the Total OPEB liability

	<u>PEBP*</u>	<u>RHPP</u>	<u>Total</u>
Total OPEB liability			
Service cost	\$ -	\$ 1,548,246	\$ 1,548,246
Interest	37,523	534,440	571,963
Changes of benefit terms	-	-	-
Differences between expected and actual experience	27,873	(82,457)	(54,584)
Changes of assumptions	(107,325)	(2,389,821)	(2,497,146)
Benefit payments	(85,082)	(60,628)	(145,710)
Net change in OPEB liability	(127,011)	(450,220)	(577,231)
Total OPEB liability, beginning	1,358,211	17,221,184	18,579,395
Total OPEB liability, ending	<u>\$ 1,231,200</u>	<u>\$ 16,770,964</u>	<u>\$ 18,002,164</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

	Fiscal year 2018*		
	PEBP	RHPP	TOTAL
Contractually required contributions	\$ -	\$ -	\$ -
Contributions in relation to the contractually require contribution	<u>60,753</u>	<u>145,977</u>	<u>206,730</u>
Contribution deficiency (excess)	<u>\$ 60,753</u>	<u>\$ 145,977</u>	<u>\$ 206,730</u>
Employer's covered-employee payroll	N/A	\$ 25,682,156	\$ 25,682,156
Contributions as a percentage of covered-employee payroll	N/A	0.57%	0.80%

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
REGIONAL TRANSPORTATION COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)**

	2018				2017
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 3,234,409	\$ 3,234,409	\$ 2,304,311	\$ (930,098)	\$ 2,126,522
Interest	-	-	12,512	12,512	2,561
Other	2,225,160	2,225,160	2,152,355	(72,805)	2,186,297
Total revenues	<u>5,459,569</u>	<u>5,459,569</u>	<u>4,469,178</u>	<u>(990,391)</u>	<u>4,315,380</u>
EXPENDITURES					
Current:					
Salaries and wages	15,719,506	15,719,506	15,190,980	(528,526)	14,143,481
Employee benefits	6,616,373	6,616,373	6,127,290	(489,083)	5,774,917
Services and supplies	12,097,101	12,097,101	11,432,210	(664,891)	8,165,557
Capital outlay and intergovernmental capital grants	1,013,302	1,013,302	227,104	(786,198)	488,425
Total expenditures	<u>35,446,282</u>	<u>35,446,282</u>	<u>32,977,584</u>	<u>(2,468,698)</u>	<u>28,572,380</u>
OTHER FINANCING SOURCES					
Transfers in	28,592,978	28,592,978	30,534,728	1,941,750	25,825,830
CHANGES IN FUND BALANCE					
	(1,393,735)	(1,393,735)	2,026,322	3,420,057	1,568,830
Fund balance - beginning	7,210,896	7,210,896	8,100,121	889,225	6,531,291
Fund balance - ending	<u>\$ 5,817,161</u>	<u>\$ 5,817,161</u>	<u>\$ 10,126,443</u>	<u>\$ 4,309,282</u>	<u>\$ 8,100,121</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
REGIONAL TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)

	2018				2017
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Sales and excise tax	\$ 50,717,263	\$ 52,493,526	\$ 51,712,622	\$ (780,904)	\$ 49,522,194
Interest	-	-	(14,932)	(14,932)	44,332
Total revenues	<u>50,717,263</u>	<u>52,493,526</u>	<u>51,697,690</u>	<u>(795,836)</u>	<u>49,566,526</u>
EXPENDITURES					
Current:					
Services and supplies	<u>8,439,352</u>	<u>8,734,922</u>	<u>8,274,019</u>	<u>(460,903)</u>	<u>7,923,552</u>
OTHER FINANCING USES					
Transfers out	<u>(42,277,911)</u>	<u>(43,758,604)</u>	<u>(43,438,602)</u>	<u>320,002</u>	<u>(41,598,643)</u>
CHANGES IN FUND BALANCE	-	-	(14,931)	(14,931)	44,331
Fund balance - beginning	<u>129,342</u>	<u>129,342</u>	<u>636,673</u>	<u>507,331</u>	<u>592,342</u>
Fund balance - ending	<u>\$ 129,342</u>	<u>\$ 129,342</u>	<u>\$ 621,742</u>	<u>\$ 492,400</u>	<u>\$ 636,673</u>

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

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

(1) Fiscal year 2015 was the first year of implementation, therefore only four 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
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
SCHEDULE OF DEFINED BENEFIT PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS ⁽¹⁾**

Plan Year Ending June 30	Contractually required contribution (statutorily determined)	Contributions in relation to the statutorily determined contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of the covered payroll
2015	\$ 4,900,614	\$ 4,900,614	\$ -	\$ 20,196,982	25.75%
2016	\$ 5,655,155	\$ 5,655,155	\$ -	\$ 21,646,786	28.00%
2017	\$ 6,061,100	\$ 6,061,100	\$ -	\$ 22,993,635	28.00%
2018	\$ 6,438,218	\$ 6,438,218	\$ -	\$ 24,154,050	28.00%

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

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - Postemployment Benefits Other Than Pensions

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

Changes of Assumptions PEBP Plan

The \$127,011 decrease in the liability from June 30, 2017 to June 30, 2018 is primarily due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017, and a change in the actuarial cost method from Entry age level dollar to Entry age level percent of pay.

Change of Assumptions RHPP

The \$450,220 decrease in the liability from June 30, 2017 to June 30, 2018 is primarily due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017, and a change in the actuarial cost method from Entry age level dollar to Entry age level percent of pay.

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
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(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 36 of this report.

NOTE 3 – Changes in Pension Benefits

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

Other Supplementary Information





REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RTC BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
REVENUES					
Interest	\$ -	\$ -	\$ (366,661)	\$ (366,661)	\$ (300,338)
IRS Rebate - Build America Bonds	3,496,943	3,496,943	3,309,471	(187,472)	3,305,922
Total revenues	<u>3,496,943</u>	<u>3,496,943</u>	<u>2,942,810</u>	<u>(554,133)</u>	<u>3,005,584</u>
EXPENDITURES					
Current:					
Services and supplies	20,000	20,000	3,575	(16,425)	5,452
Debt Service:					
Principal	43,785,000	43,785,000	43,785,000	-	39,425,000
Interest	48,032,414	48,032,414	40,676,265	(7,356,149)	34,714,437
Total expenditures	<u>91,837,414</u>	<u>91,837,414</u>	<u>84,464,840</u>	<u>(7,372,574)</u>	<u>74,144,889</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	90,412,464	90,412,464	87,978,187	(2,434,277)	80,477,527
Payment to refund bond	-	-	-	-	(1,861,229)
Total other financing sources	<u>90,412,464</u>	<u>90,412,464</u>	<u>87,978,187</u>	<u>(2,434,277)</u>	<u>78,616,298</u>
CHANGES IN FUND BALANCE	2,071,993	2,071,993	6,456,157	4,384,164	7,476,993
Fund balance - beginning	<u>71,123,120</u>	<u>71,123,120</u>	<u>65,116,039</u>	<u>(6,007,081)</u>	<u>57,639,046</u>
Fund balance - ending	<u>\$ 73,195,113</u>	<u>\$ 73,195,113</u>	<u>\$ 71,572,196</u>	<u>\$ (1,622,917)</u>	<u>\$ 65,116,039</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RTC RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)

	2018				2017
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Interest	\$ -	\$ -	\$ 822,790	\$ 822,790	\$ 807,090
OTHER FINANCING SOURCES (USES)					
Proceeds from revenue bond issued	12,000,000	12,000,000	-	(12,000,000)	11,748,698
Payment to refund bond			-	-	(3,103,814)
Total other financing sources	<u>12,000,000</u>	<u>12,000,000</u>	<u>-</u>	<u>(12,000,000)</u>	<u>8,644,884</u>
CHANGES IN FUND BALANCE	12,000,000	12,000,000	822,790	(11,177,210)	9,451,974
Fund balance - beginning	<u>99,246,033</u>	<u>99,246,033</u>	<u>90,863,681</u>	<u>(8,382,352)</u>	<u>81,411,707</u>
Fund balance - ending	<u>\$ 111,246,033</u>	<u>\$ 111,246,033</u>	<u>\$ 91,686,471</u>	<u>\$ (19,559,562)</u>	<u>\$ 90,863,681</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
HIGHWAY IMPROVEMENT ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)

	2018				2017
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Intergovernmental revenue:					
Federal and state grants	\$ 30,983,236	\$ 30,983,236	\$ 35,930,180	\$ 4,946,944	\$ 30,689,426
Motor vehicle fuel taxes	75,015,108	75,015,108	74,018,287	(996,821)	72,691,642
Fuel tax indexing	93,966,020	93,966,020	96,472,844	2,506,824	86,083,024
Interest	-	-	973,464	973,464	(302,854)
Other	-	-	3,163,595	3,163,595	63,899
Total revenues	<u>199,964,364</u>	<u>199,964,364</u>	<u>210,558,370</u>	<u>10,594,006</u>	<u>189,225,137</u>
EXPENDITURES					
Current:					
Services and supplies	147,606	147,606	114,894	(32,712)	93,707
Debt Service:					
Bond issuance costs	1,215,480	1,215,480	-	(1,215,480)	1,073,116
Capital outlay and intergovernmental capital grants	<u>381,628,632</u>	<u>381,628,632</u>	<u>139,377,866</u>	<u>(242,250,766)</u>	<u>211,308,289</u>
Total expenditures	<u>382,991,718</u>	<u>382,991,718</u>	<u>139,492,760</u>	<u>(243,498,958)</u>	<u>212,475,112</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(74,458,535)	(74,458,535)	(72,085,804)	2,372,731	(61,881,402)
Proceeds from revenue bond issued	141,870,000	141,870,000	-	(141,870,000)	138,251,302
Refunding bond issued	-	-	-	-	43,495,000
Premium on bond issued	-	-	-	-	39,490,891
Payment to refund bond	-	-	-	-	(54,493,841)
Total other financing sources (uses)	<u>67,411,465</u>	<u>67,411,465</u>	<u>(72,085,804)</u>	<u>(139,497,269)</u>	<u>104,861,950</u>
CHANGES IN FUND BALANCE	(115,615,889)	(115,615,889)	(1,020,194)	114,595,695	81,611,975
Fund balance - beginning	<u>183,940,423</u>	<u>183,940,423</u>	<u>247,452,959</u>	<u>63,512,536</u>	<u>165,840,984</u>
Fund balance - ending	<u>\$ 68,324,534</u>	<u>\$ 68,324,534</u>	<u>\$ 246,432,765</u>	<u>\$ 178,108,231</u>	<u>\$ 247,452,959</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
RTC HIGHWAY IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)**

	2018				2017
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES					
Fuel taxes	\$ 3,779,101	\$ 3,779,101	\$ 3,931,488	\$ 152,387	\$ 4,016,784
Interest	-	-	100,860	100,860	(34)
Other	-	-	259,248	259,248	249,305
Total revenues	<u>3,779,101</u>	<u>3,779,101</u>	<u>4,291,596</u>	<u>512,495</u>	<u>4,266,055</u>
EXPENDITURES					
Current:					
Services and supplies	7,910	7,910	3,500	(4,410)	3,464
Debt Service:					
Bond issuance costs	-	-	-	-	324,815
Capital outlay and intergovernmental capital grants	45,000,000	45,000,000	15,434,755	(29,565,245)	9,270,731
Total expenditures	<u>45,007,910</u>	<u>45,007,910</u>	<u>15,438,255</u>	<u>(29,569,655)</u>	<u>9,599,010</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	37,184,933	37,184,933	45,324,624	8,139,691	36,372,813
Refunding bond issued	-	-	-	-	36,405,000
Premium on bond issued	-	-	-	-	8,507,427
Payment to refund bond	-	-	-	-	(44,564,199)
Transfers out	(27,703,929)	(27,703,929)	(27,163,216)	540,713	(30,224,076)
Total other financing sources	<u>9,481,004</u>	<u>9,481,004</u>	<u>18,161,408</u>	<u>8,680,404</u>	<u>6,496,965</u>
CHANGES IN FUND BALANCE	(31,747,805)	(31,747,805)	7,014,749	38,762,554	1,164,010
Fund balance - beginning	<u>51,218,266</u>	<u>51,218,266</u>	<u>52,335,994</u>	<u>1,117,728</u>	<u>51,171,984</u>
Fund balance - ending	<u>\$ 19,470,461</u>	<u>\$ 19,470,461</u>	<u>\$ 59,350,743</u>	<u>\$ 39,880,282</u>	<u>\$ 52,335,994</u>

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)

	2018				2017
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
OPERATING REVENUES					
Charges for services:					
Transit fees	\$ 75,907,522	\$ 75,907,522	\$ 75,121,880	\$ (785,642)	\$ 75,301,983
Transit Advertising	3,900,000	3,900,000	3,817,498	(82,502)	3,580,885
Federal and state grants and contributions	2,019,910	2,019,910	1,437,224	(582,686)	2,938,904
Other	360,000	360,000	1,349,603	989,603	723,190
Total operating revenues	<u>82,187,432</u>	<u>82,187,432</u>	<u>81,726,205</u>	<u>(461,227)</u>	<u>82,544,962</u>
OPERATING EXPENSES					
Salaries and wages	10,891,377	10,891,377	10,491,176	(400,201)	10,010,569
Employee benefits	5,225,741	5,225,741	7,056,775	1,831,034	4,992,964
Services and supplies	214,967,969	214,967,969	202,453,194	(12,514,775)	186,966,043
Depreciation	55,000,000	55,000,000	52,000,889	(2,999,111)	54,509,994
Total operating expenses	<u>286,085,087</u>	<u>286,085,087</u>	<u>272,002,034</u>	<u>(14,083,053)</u>	<u>256,479,570</u>
Operating loss	<u>(203,897,655)</u>	<u>(203,897,655)</u>	<u>(190,275,829)</u>	<u>13,621,826</u>	<u>(173,934,608)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue:					
Sales and excise tax	152,151,790	152,151,790	155,137,865	2,986,075	148,566,583
Federal and state grants	72,763,368	72,763,368	70,897,998	(1,865,370)	36,303,742
Interest income	-	-	384,587	384,587	292,286
Gain on sale of capital assets	-	-	252,596	252,596	140,397
Total nonoperating revenues	<u>224,915,158</u>	<u>224,915,158</u>	<u>226,673,046</u>	<u>1,757,888</u>	<u>185,303,008</u>
Income before transfers	21,017,503	21,017,503	36,397,217	15,379,714	11,368,400
Transfers in	-	-	-	-	1,327,951
Transfers out	(11,750,000)	(11,750,000)	(21,149,917)	(9,399,917)	(10,300,000)
CHANGES IN NET POSITION	<u>\$ 9,267,503</u>	<u>\$ 9,267,503</u>	<u>\$ 15,247,300</u>	<u>\$ 5,979,797</u>	<u>\$ 2,396,351</u>

**REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
A COMPONENT UNIT OF CLARK COUNTY, NEVADA
PUBLIC TRANSIT FUND
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)**

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Cash flows from operating activities:					
Cash received from customers	\$ 79,807,522	\$ 79,807,522	\$ 71,539,539	\$ (8,267,983)	\$ 75,874,306
Federal and state grants	-	-	1,637,689	1,637,689	2,432,797
Cash paid for employees and benefits	(16,117,118)	(16,117,118)	(14,908,846)	1,208,272	(13,999,355)
Cash paid for services and supplies	(214,967,969)	(214,967,969)	(196,325,276)	18,642,693	(174,774,538)
Other operating receipts	360,000	360,000	1,349,603	989,603	723,190
Net cash used in operating activities	<u>(150,917,565)</u>	<u>(150,917,565)</u>	<u>(136,707,292)</u>	<u>14,210,273</u>	<u>(109,743,600)</u>
Cash flows from noncapital financing activities:					
Cash provided by sales and excise tax	152,151,790	152,151,790	165,814,351	13,662,561	146,817,192
Transfers to other funds	(11,750,000)	(11,750,000)	(11,270,833)	479,167	(10,300,000)
Net cash provided by non-capital financing activities	<u>140,401,790</u>	<u>140,401,790</u>	<u>154,543,518</u>	<u>14,141,728</u>	<u>136,517,192</u>
Cash flows from capital and related financing activities:					
Federal and state grants	74,783,278	74,783,278	79,870,213	5,086,935	34,641,881
Acquisition, construction, or improvement of capital assets	(108,712,611)	(108,712,611)	(65,323,756)	43,388,855	(78,003,093)
Proceeds from the sale of capital assets	-	-	252,596	252,596	140,397
Net cash used in capital and related financing activities	<u>(33,929,333)</u>	<u>(33,929,333)</u>	<u>14,799,054</u>	<u>48,728,387</u>	<u>(43,220,815)</u>
Cash flows from investing activities:					
Interest received	-	-	247,238	247,238	294,044
Net change in cash and cash equivalents	(44,445,108)	(44,445,108)	32,882,518	77,327,626	(16,153,179)
Cash and cash equivalents - beginning of year	105,131,067	113,508,721	100,019,277	(13,489,444)	116,172,456
Cash and cash equivalents - end of year	<u>\$ 60,685,959</u>	<u>\$ 69,063,613</u>	<u>\$ 132,901,795</u>	<u>\$ 63,838,182</u>	<u>\$ 100,019,277</u>

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

Fiscal Year Ending June 30	Motor Vehicle Fuel Taxes	Indexed Fuel Taxes 1 *	Indexed Fuel Taxes 2 **	Total
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
2018	\$ 74,018,287	\$ 89,575,222	\$ 6,897,622	\$ 170,491,131

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

** Fiscal year 2018 was the first year of implementation, therefore only one year is shown.

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

Fiscal Year Ending June 30	Streets and Highways, Freeway and Arterial System of Transportation, Clark County Department of Air Quality	Transit	Total
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
2018	\$ 51,712,622	\$ 155,137,865	\$ 206,850,486





Regional Transportation Commission of Southern Nevada
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