

**REGIONAL TRANSPORTATION COMMISSION
OF SOUTHERN NEVADA**

SINGLE AUDIT

Year ended June 30, 2021

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
Las Vegas, Nevada

SINGLE AUDIT
Year ended June 30, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada (RTC), a component unit of Clark County, Nevada, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2021-001 that we consider to be a significant deficiency.

(Continued)

Compliance and Other Matters

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

The RTC's Response to Finding

The RTC's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The RTC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Crowe LLP

Costa Mesa, California
October 28, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Regional Transportation Commission of Southern Nevada’s (RTC), a component unit of Clark County, Nevada, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the RTC’s major federal programs for the year ended June 30, 2021. The RTC’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the RTC’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the RTC’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the RTC’s compliance.

Opinion on Each Major Federal Program

In our opinion, the RTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

(Continued)

Report on Internal Control over Compliance

Management of the RTC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the RTC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the RTC's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the RTC as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements. We issued our report thereon dated October 28, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Costa Mesa, California
October 28, 2021

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Federal Expenditures
Department of Transportation			
Federal Transit Administration			
Direct Programs:			
Federal Transit Cluster			
Federal Transit - Capital Investment Grants	20.500	NV-2019-009-00	\$ 140,779
Federal Transit - Formula Grants	20.507	NV-90-X076-00	3,105,284
Federal Transit - Formula Grants	20.507	NV-2016-003-00	1,963,013
Federal Transit - Formula Grants	20.507	NV-2017-015-00	6,437,097
Federal Transit - Formula Grants	20.507	NV-2019-010-00	3,911,802
Federal Transit - Formula Grants	20.507	NV-2020-010-00	11,794,000
Federal Transit - Formula Grants	20.507	NV-2020-020-00	12,072,361
COVID-19 - CARES - Federal Transit - Formula Grants	20.507	NV-2020-006-00	63,592,422
COVID-19 - CRRSAA - Federal Transit - Formula Grants	20.507	NV-2021-002-00	58,808,873
COVID-19 - ARPA - Federal Transit - Formula Grants	20.507	NV-2021-010-00	<u>1,307,766</u>
			162,992,618
Bus and Bus Facilities Formula & Discretionary Programs	20.526	NV-2019-004-00	<u>599,138</u>
			163,732,535
Transit Services Programs Cluster			
COVID-19 - CRRSAA - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2021-003-00	308,138
COVID-19 - ARPA - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2021-009-00	<u>308,143</u>
Total Transit Services Programs Cluster			616,281
Public Transportation Innovation	20.530	NV-2020-011-00	<u>57,421</u>
			164,406,237
Federal Highway Administration			
Passed through Nevada Department of Transportation:			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	NDOT PR322-19-063	294,271
Highway Planning and Construction	20.205	NDOT PR336-20-063	858,638
Highway Planning and Construction	20.205	NDOT PR203-20-804	2,497,084
Highway Planning and Construction	20.205	NDOT PR382-13-015	22,379,029
Highway Planning and Construction	20.205	NDOT PR360-18-804	<u>102,252</u>
Total Highway Planning and Construction Cluster			26,131,274
Office of the Secretary			
National Infrastructure Investments	20.933	NV-2020-003-00	<u>387,832</u>
Total Expenditures of Federal Awards			<u><u>\$ 190,925,343</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the RTC for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the RTC's operations, it does not present the financial position, changes in net position, or cash flows of the RTC.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The RTC has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 - MATCHING COSTS

The nonfederal share of program costs (matching costs) are not included in the accompanying Schedule of Expenditure of Federal Awards.

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

 X Yes _____ None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Numbers
20.500, 20.507, 20.526

Name of Federal Program or Cluster
Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

(Continued)

REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding #: 2021-001 – Preparation of the Schedule of Expenditures of Federal Awards
Type of Finding: Significant Deficiency

Criteria or specific requirement: GASB Statement No. 33, as clarified by Implementation Guide 2019-1, requires that nonexchange revenue for expenditure-driven grants should be recognized for allowable costs only after the grant agreement is executed. Likewise, expenditures should not be reported as federal and included on the Schedule of Expenditures of Federal Awards (SEFA) until the grant agreement is executed.

Condition: Grant revenue and receivables were recognized, and expenditures were reported on the SEFA for grants that had not been executed as of June 30, 2021.

Context: During our testing of the SEFA, we identified \$11,722,002 of expenditures from one grant agreement that was not executed before the end of the reporting period. Grant revenue and receivables were also recorded relating to these expenditures. The sample was not a statistically valid sample.

Effect: Grant revenue and receivables and expenditures on the SEFA were overstated by \$11,722,002. Management posted an adjustment to correct the error and removed the related grant expenditures from the SEFA.

Cause: Management did not implement internal controls at the level of precision necessary to ensure the SEFA only included expenditures from executed grants and that grant revenue was recognized in the proper period based on the agreement execution date.

Recommendation: We recommend management review all grant agreements included on the SEFA to ensure they are properly executed before the end of reporting period and ensure grant revenue is recognized in the proper period.

Views of responsible officials and planned corrective actions: Management has created a process, which cross-references the grant agreement date of award and date of execution from the related grant agreements to the expenditures for inclusion in the SEFA. In addition to including copies of the grant agreements to the review spreadsheet used in the preparation, review and approval of the SEFA, two columns were added to the review spreadsheet to show the grant date of award and grant date of execution. Management reviews the grant award and execution dates to ensure proper inclusion of expenditures in the correct period. Review and approval is signified with initials next to the grant execution date, in addition to signing and dating the review spreadsheet.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings for the year ended June 30, 2021



RTC Corrective Action Plan SEFA

FY2021 Single Expenditure of Federal Awards

Audit Finding:

Finding 2021-001 – Preparation of the Schedule of Expenditures of Federal Awards

RTC Contact Person: **Sherwin John P. Gutierrez, CFE** | Director of Finance
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Corrective Action Plan:

Management has created a process, which cross-references the grant agreement date of award and date of execution from the related grant agreements to the expenditures for inclusion in the Schedule of Federal Awards. In addition to including copies of the grant agreements to the review spreadsheet used in the preparation, review and approval of the SEFA, two columns were added to the review spreadsheet to show the grant date of award and grant date of execution. Management reviews the grant award and execution dates to ensure proper inclusion of expenditures in the correct period. Review and approval is signified with initials next to the grant execution date, in addition to signing and dating the review spreadsheet.

Anticipated Completion Date: September 21, 2021 (completed)