
***REGIONAL TRANSPORTATION
DISTRICT
REPORT ON COST OF GENERAL
MANAGER'S CONTRACT***



RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Independent Accountants' Report On Cost Of General Manager's Contract

Board of Directors
Regional Transportation District
Denver, Colorado

We have performed the procedures enumerated below, which were agreed to by the Board of Directors (the Board) of the Regional Transportation District (the District), solely for the purpose of determining the cost of the General Manager's Contract covering the period of January 1, 2016 through December 31, 2020. The Board is responsible for the General Manager's contract with the District. This engagement was conducted in accordance with consulting standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the party specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The following procedures, and the results of applying those procedures, are as follows:

1. Review the executive employment agreement, effective January 1, 2016 through December 31, 2020 (the Contract), by and between the District and David Genova, for employment services as the General Manager and Chief Executive Officer of the District.
2. Determine the cost of the General Manager's contract.

Actual Amounts And Revised Estimates

Amounts paid to the General Manager in 2016 and 2017 and the revised estimates for 2018 through 2021 are as follows:

	Three-Year Term			Two-Year Renewal Term		
	2016	2017	2018	2019	2020	2021
	Actual	Actual	Revised Estimate	Revised Estimate	Revised Estimate	Revised Estimate
Base salary	\$ 275,000	\$ 285,840	\$ 295,000	\$ 305,000	\$ 315,000	\$ —
Discretionary performance payment up to	—	—	2,850	29,500	30,500	31,500
Vacation sell back up to	10,577	10,962	11,346	11,731	12,115	—
Social Security and Medicare taxes	12,201	12,143	12,467	13,035	13,232	2,410
Benefit costs	10,951	11,736	12,768	13,352	13,969	—
Reimbursed legal costs	—	—	—	—	—	—
Contribution amount to RTD Salaried Employees' Pension Trust	24,750	25,726	26,550	27,450	28,350	—
Amounts Paid To The General Manager						
In Fiscal Year 2016 And 2017 And Revised Estimates	\$ 333,479	\$ 346,407	\$ 360,981	\$ 400,068	\$ 413,166	\$ 33,910

Procedures performed to validate the amounts paid to the General Manager for 2017 included the following:

1. Salary and benefit costs were agreed to payroll records.
2. Benefit costs under this Contract are the same as those provided for all salaried employees under the benefit plans.

The 2017 actual paid amounts were below the original estimate. This is primarily due to \$27,500 of discretionary performance payments that were not paid.

The revised estimated annual amounts for 2018 through 2021 were adjusted for the following:

1. Updated for Social Security and Medicare tax rates for 2018, with estimated annual increases of \$500 per year through 2021
2. District pension contributions of approximately 9% of pensionable compensation, as defined by the RTD Salaried Pension Plan, will be contributed by the District as part of the District's annual actuarially determined contribution to the Plan. Future benefits paid are adjusted to limits under IRS Section 401(a)(17) of \$400,000.
3. A payment of a potential discretionary performance payment of \$31,500 (10% of prior-year's base salary) that would be paid in 2021 for performance in 2020 was not included in the original estimate and has been added to both the original and revised estimates above.
4. Updated for Social Security and Medicare taxes on the 2021 potential discretionary performance payment assuming that no contribution is made to the Employees' Pension Trust

5. A revised discretionary performance payment of \$2,850 (1% of prior-year's base salary) to be paid in 2018 for performance in 2017, as approved by the Board in November 2017. The revised discretionary performance payment was less than the 10% of the prior-year's base salary allowed in the contract.

Original Estimate

Assumptions used in calculating the estimated cost of the Contract:

1. Mr. Genova's continued employment with the District through the remainder of the Contract period, including the automatic renewals for two additional one-year terms through December 31, 2020
2. A discretionary performance payment of 10% of prior-year's base salary is awarded annually, beginning in 2017.
3. Base salary shall receive an increase of \$10,000 effective January 1 of each successive year of the term or renewal term.
4. Vacation and sick time are included in the salary amounts and assumed to be fully used, except for the annual sellback of 80 hours as allowed for salaried employees of the District.
5. Enrollment in the District benefit plans remains unchanged, and annual cost increased 5.8% for health insurance benefits and 2.3% for other benefits (we were not engaged to, and we did not, perform any procedures on the reasonableness or accuracy of this estimate.).
6. Contribution percentage of 9% to the RTD Salaried Employees' Pension Trust
7. Reimbursement of legal fees of \$4,000 in 2016
8. Section 401(a)(17) limits equal to the amount of \$265,000 were used in the estimates.
9. All other costs are taken directly from the Contract.

The amounts below are the original estimates based on the Contract as reported on May 17, 2016:

	<u>Three-Year Term</u>			<u>Two-Year Renewal Term</u>		2021
	2016	2017	2018	2019	2020	
	<u>Original Estimate</u>	<u>Original Estimate</u>	<u>Original Estimate</u>	<u>Original Estimate</u>	<u>Original Estimate</u>	<u>Original Estimate</u>
Base salary	\$ 275,000	\$ 285,000	\$ 295,000	\$ 305,000	\$ 315,000	\$ —
Discretionary performance payment up to	—	27,500	28,500	29,500	30,500	31,500
Vacation sell back up to	10,577	10,962	11,346	11,731	12,115	—
Social Security and Medicare taxes	11,512	12,088	12,284	12,481	12,677	—
Benefit costs	11,192	11,690	12,215	12,768	13,352	—
Reimbursed legal costs	4,000	—	—	—	—	—
Contribution amount to RTD Salaried Employees' Pension Trust	23,850	23,850	23,850	23,850	23,850	—
Estimated Cost Of General Manager's Contract	\$ 336,131	\$ 371,090	\$ 383,195	\$ 395,330	\$ 407,494	\$ 31,500

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the General Manager's Contract. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than these specified parties.

RubinBrown LLP

March 1, 2018