



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended December 31, 2019 and 2018



***REGIONAL TRANSPORTATION DISTRICT
DENVER, COLORADO***

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2019 and 2018

Prepared by

Finance Division

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Regional Transportation District

June 3, 2020

Board of Directors
Regional Transportation District
Denver, Colorado

In accordance with Colorado statutes and Regional Transportation District (RTD) bylaws, the enclosed Comprehensive Annual Financial Report of the Regional Transportation District as of December 31, 2019, has been compiled. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with RTD. Management believes the data, as presented, fairly sets forth the financial position and operating results of RTD. Disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of RTD have been included.

In developing and evaluating RTD's accounting system, consideration has been given to the adequacy of internal accounting controls. These controls are discussed by the Chief Financial Officer in the Letter of Transmittal. Within that framework, we believe RTD's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

This report has been prepared according to the guidelines recommended by the Government Finance Officers Association of the United States and Canada. In accordance with these guidelines, the accompanying report is presented in three parts:

1. Introductory Section, including the Chief Financial Officer's Letter of Transmittal.
2. Financial Section containing the independent auditor's report, Management's Discussion and Analysis, the financial statements, notes thereto and supplemental information.
3. Statistical Section, including selected tables of unaudited data depicting the financial history of RTD, demographics, and other miscellaneous information.

Colorado law requires the governing bodies of local governments to have an independent audit of RTD's financial statements performed. RTD has complied with this requirement and has included the report of the independent auditors in the Financial Section of this report.

Preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated efforts of the entire financial staff. Should you have any questions or comments, please contact Heather McKillop, Chief Financial Officer.

Respectfully submitted,
Angie Rivera-Malpiede
Chair, Executive Committee

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Regional Transportation District

June 3, 2020

Ms. Angie Rivera-Malpiede
Chair, Executive Committee
Regional Transportation District

State law requires that all general-purpose local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Regional Transportation District (RTD) for the fiscal year ended December 31, 2019.

This report consists of management's representations concerning the finances of RTD. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of RTD has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of RTD's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, RTD's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

RTD's financial statements have been audited by RubinBrown, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of RTD for the fiscal year ended December 31, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that RTD's financial statements for the fiscal year ended December 31, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of RTD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are in RTD's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. RTD's MD&A can be found immediately following the report of the independent auditors.

REGIONAL TRANSPORTATION DISTRICT (RTD)

RTD provides public mass transit service to the Denver metropolitan area. In 1969, the Colorado General Assembly (Assembly) found that public transit was a necessary part of the growing Denver Metropolitan Region. The Assembly found that public

sector involvement was the best method to ensure the continuation of this vital component. Thus, the Regional Transportation District was created as a political subdivision of the State effective July 1969 “to develop, maintain, and operate a public mass transportation system for the benefit of the District.”

RTD boundaries now include Jefferson, Boulder, and Denver counties, most of the City and County of Broomfield, and portions of Adams, Douglas, Weld, and Arapahoe counties. Over 3.09 million people reside within RTD’s 2,342 square mile area.

Since 1983, RTD has had a fifteen-member Board of Directors that are elected by their constituents to serve four-year terms to govern RTD. There are approximately 200,000 residents per director district. The RTD Board of Directors is responsible for setting policy, overseeing the agency’s annual budget, and establishing short and long-range transit goals and plans in concert with local, state, and federal agencies.

RTD employs over 2,956 men and women, making it one of the largest employers in the eight county areas. In addition, RTD contracts with private carriers to provide access-a-ride, fixed route and commuter rail services employing over 2,058 men and women. Besides its administrative headquarters in Denver, RTD has seven operating facilities (excluding purchased transportation services), including four in Denver, one in Aurora, one in Englewood, and one in Boulder.

The financial reporting entity includes all of the financial activities of RTD, as well as those activities of its component unit, the Asset Acquisition Authority, Inc. (the Authority), a nonprofit corporation established to facilitate RTD’s use of lease/purchase financing.

RTD also maintains budgetary controls. These controls ensure compliance with legal provisions embodied in the annual appropriated budget approved by RTD’s Board of Directors. The budget sets forth proposed outlays for operations, planning, administration, development, debt service, and capital assets. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the project level.

The annual budget serves as the foundation for RTD’s financial planning and control. All departments of RTD are required to submit requests for appropriation to the General Manager on or before August 1st of each year. The General Manager uses these requests as the starting point for developing a proposed budget. The General Manager then presents this proposed budget to the Board of Directors for review prior to October 15th. The Board of Directors is required to hold a public hearing on the proposed budget and to adopt a final budget no later than December 31st.

Unused appropriations lapse at year-end, except that the Board of Directors has the authority, as stated in the adopted appropriation resolution, to carry-over the unused portion of the funds for capital projects not completed, for a period not to exceed three years.

RTD’s policy also authorizes the General Manager to approve certain line-item transfers within the budget. Budget-to-actual comparisons are provided in the Supplemental Information Section of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which RTD operates.

RTD serves the eight-county region considered the Denver metropolitan area. It is the most populated area of the state and the economic barometer of Colorado. Employment in the Denver Metro area is dominated by small businesses. These companies represent a diverse mix of industries and are located throughout the Denver metropolitan area, providing a geographic balance in employment centers.

The Colorado Legislative Council (CLC) in its March 2020 report forecasts that the economy is changing by the hour based on news of the novel coronavirus. The efforts to contain the disease pose a significant downside risk to this economic and revenue forecast.

Economists for CLC reported the following key economic indicators:

Key Economic Indicators	2018 Actual	2019 Forecast	2020 Forecast
Job Growth	5.8%	6.0%	3.5%
Unemployment	3.3%	3.6%	3.2%
Personal Income Growth	5.4%	5.3%	3.5%
Population Growth	1.4%	1.4%	1.3%
Inflation	2.7%	2.3%	2.2%

On November 3, 1992, the voters of Colorado approved a Constitutional Amendment (the "Amendment") that limits taxes, revenue, and spending for state and local governments effective December 31, 1992. On November 7, 1995, the voters of the District exempted RTD from the revenue and spending limitations concerning the Amendment through December 31, 2005. On November 2, 1999, the voters of the District further exempted RTD from the revenue and spending limitations outlined in the Amendment for the purpose of paying any debt incurred to finance the construction of the Southeast and Southwest light rail lines or to operate such for as long as any debt remains outstanding, but in no event beyond December 31, 2026.

On November 2, 2004, the voters of the District authorized an increase in the District's sales and use tax rate from 0.6% to 1.0%, effective January 1, 2005, to finance the FasTracks transit improvement program. This authorization also exempted the District from any revenue and spending limitations on the additional tax and on any investment income generated by the increased tax revenue, and allowed RTD to incur debt to finance the capital improvements included in the FasTracks program. At the time that all FasTracks debt is repaid, the District's sales and use tax rate will be reduced to a rate sufficient to operate the transit system financed through FasTracks.

Long-term Financial Planning

Each year the Board of Directors adopts a financially balanced Mid-Term Financial Plan (MTFP), which is the six-year operating and capital improvement plan for RTD including both the Base System and FasTracks. This plan was previously made up of two separate components known as the Strategic Budget Plan (SBP) for the Base System and the Annual Program Evaluation (APE) for FasTracks. The MTFP is a component of the long-term transportation planning program for the Denver metropolitan area evaluated by the Denver Regional Council of Governments (DRCOG). While the MTFP is developed separately for the Base System and FasTracks, RTD integrates both plans into a single medium and long-term Financial Plan which includes the entirety of RTD in a single report. This financial information forms the basis for the development of RTD's annual budget.

Long-term financial planning seeks to allocate resources among related and, at times, competing activities and to optimize those resources in a manner consistent with defined organizational goals and objectives.

FINANCIAL INFORMATION

RTD management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. RTD has designed its internal control structure to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

Single Audit: As a recipient of federal assistance, RTD is responsible for ensuring that an adequate internal control structure is instituted to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the RTD internal audit staff.

As part of RTD's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to evaluate RTD's compliance. RTD's single audit for the fiscal year ended December 31, 2019 found no instances of material weakness in the internal control structures or significant violations of applicable laws and regulations. A separate report was prepared for this purpose.

Fiscal Policy: RTD follows a fiscal policy approved by the Board of Directors annually or as necessary due to modification. The fiscal policy contains policies for revenue, investments, expenditures, capital improvements, fund balance, debt, budgeting, accounting and grants.

Debt Administration: RTD formulates its debt policy to protect its credit ratings and soundly manage its assets and liabilities. Included in this policy is a requirement that debt will not be used to finance current operations. Another requirement precludes financing capital projects beyond the useful life of the project. Additional policies go beyond these essential guidelines and result in further protection. RTD has a dual rating for its 1.0% sales tax credit. Moody's Investors Service rates the sales tax credit as "Aa1", Standard and Poor's Corporation rates the sales tax credit "AAA" and Fitch Ratings rates the sales tax credit "AA" that are secured by the 0.6% sales tax. Moody's Investors Service rates the sales tax credit as "Aa2", Standard and Poor's Corporation rates the sales tax credit "AA+" and Fitch Ratings rates the sales tax credit "AA" that are secured by the 0.4% sales tax.

Cash Management: The main objective of RTD's cash management program is the protection of investment principal while providing optimal levels of cash throughout the year. The RTD investment policy is modified periodically to adapt to changes in eligible investments, benchmarks, and specific objectives.

During the year, RTD invested its cash in various investment vehicles including money market funds, U.S. Treasury securities, agency securities, discount notes, commercial paper, repurchase agreements, and variable and fixed rate mortgage-backed securities. The total average return on investments for the year was 1.4%.

Risk Management: RTD employs a combination of self-insurance and purchased insurance in its efforts to protect assets and control and prevent losses.

The areas of self-insurance are worker's compensation, automobile and general liability. RTD is self-insured for liability, the limits of which are \$387,000 per person and \$1,093,000 per occurrence as specified under the Colorado Governmental Immunity statute. The self-insured retention for worker's compensation claims is \$2,000,000 per claim, with any amounts above this covered by purchased insurance up to the legal limits of liability under the Colorado worker's compensation statute.

Commercial insurance policies provide property coverage up to \$500,000,000 for buildings, their contents, and rolling stock (other than collision); a Commercial Crime Policy with a limit of \$10,000,000; a \$5,000 bond for CDL Testing Performance Bond; \$2,600,000 Workers' Compensation Bond; Felonious Assault Policy; travel insurance for employees on RTD business; fiduciary coverage on the Trustees of the Union Pension Trust, Salaried Pension Trust, Represented Health and Welfare Union Trust, Legal Trust, and the employees administering the health benefits program for salaried employees with a limit of \$8,000,000; Cyber Liability policy with a limit of \$10,000,000; Drone policy with a limit of \$10,000,000. With the growth of Light Rail Transit (LRT) services, and Commuter Rail Transit (CRT) services. RTD has added Railroad Protective and Railroad Liability commercial insurance policies that provide coverage when required under operational needs.

OTHER INFORMATION

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of RubinBrown LLP was selected to perform the 2019 audit. This audit also was designated to meet the requirements of the

Federal Single Audit 2 CFR 200.501, Uniform Grant Guidance and related 2 CFR 200, Uniform Grant Guidance – Uniform Administrative Requirements, Cost Principles and Audit Requirements. The auditor’s report on the financial statements and schedules are included in the Financial Section of this report. The auditor’s report related specifically to the single audit is included in a separate report.

Awards: The Government Finance Officers Associations (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to RTD for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018. This is the twenty-seventh consecutive year that RTD has been awarded this prestigious award.

In order to receive the Certificate of Achievement for Excellence in Financial Reporting, RTD must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to program standards. This report must also satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for one year only. We believe our current Comprehensive Annual Financial Report meets the program’s requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements: Preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated services of the entire staff of the Finance Division. Each member of the division has our sincere appreciation for the contributions made in the preparation of this report.

Finally, without the leadership and support of the members of the RTD’s Board of Directors, preparation of this report would not have been possible.

Sincerely,



Heather McKillop
Chief Financial Officer

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Board of Directors

RTD's governing body is a 15-member elected Board of Directors, with each member elected from one of the fifteen districts comprising RTD's service area. Each district is apportioned equally by population and most districts cross county boundaries. The districts are assigned letter designations from "A" to "O". The following are the members of the Board of Directors as of January 2019:

District A

Kate Williams
Denver/Arapahoe Counties

District B

Shontel Lewis
Denver/Adams Counties

District C

Angie Rivera-Malpiede, Chair
Denver/Jefferson Counties

District D

Jeff Walker
Denver/Jefferson/Arapahoe Counties

District E

Claudia Folska PhD.
Denver/Arapahoe Counties

District F

Bob Broom
Arapahoe County

District G

Ken Mihalik
Arapahoe/Douglas Counties

District H

Doug Tisdale
Arapahoe/Douglas Counties

District I

Judy Lubow
Boulder/Broomfield/Adams/Weld Counties

District J

Vince Buzek, Secretary
Adams/Jefferson Counties

District K

Troy Whitmore
Adams/Weld Counties

District L

Shelley Cook, Second Vice Chair
Jefferson/Adams Counties

District M

Natalie Menten
Jefferson County

District N

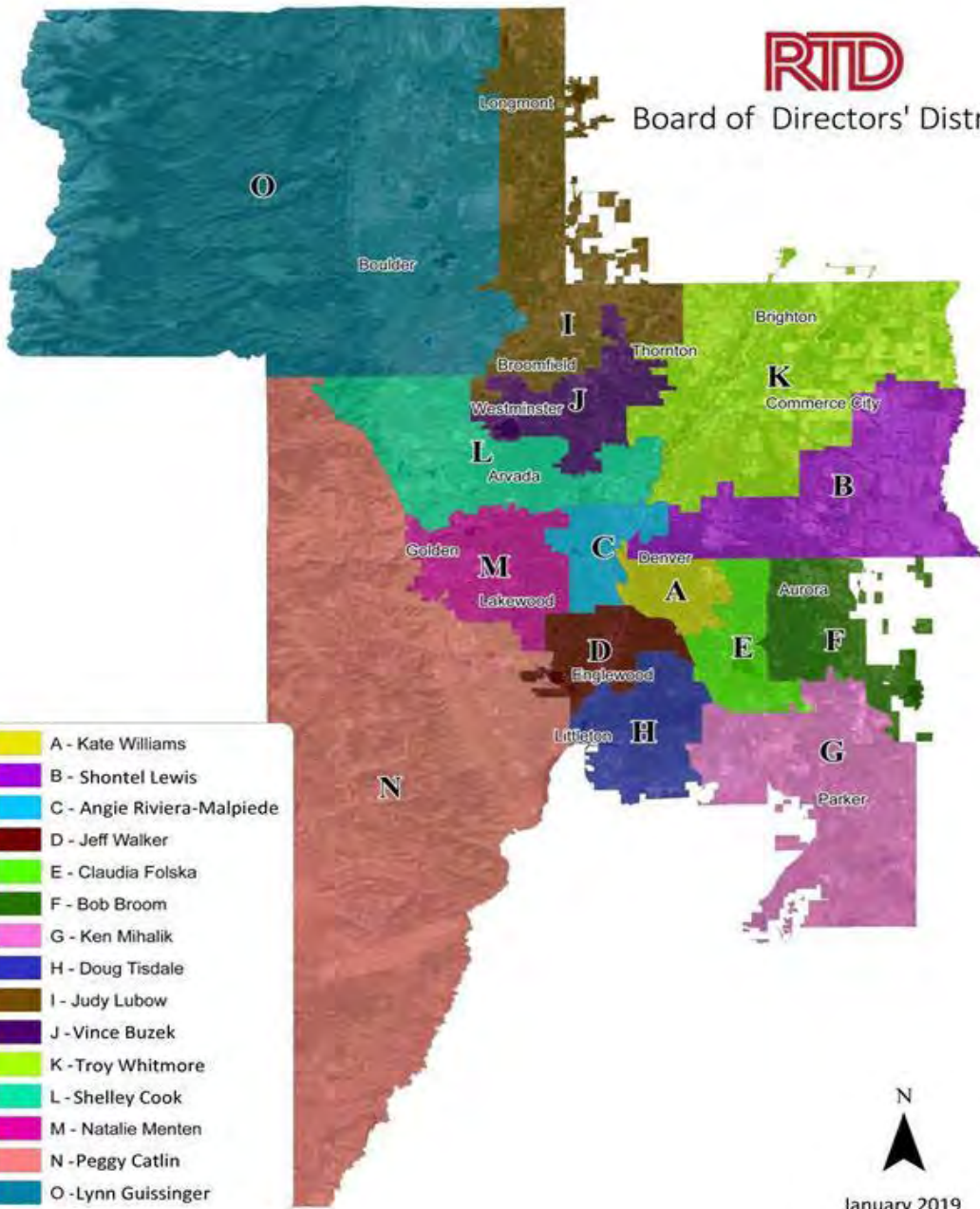
Peggy Catlin, First Vice Chair
Jefferson County

District O

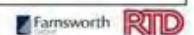
Lynn Guissinger, Treasurer
Boulder County



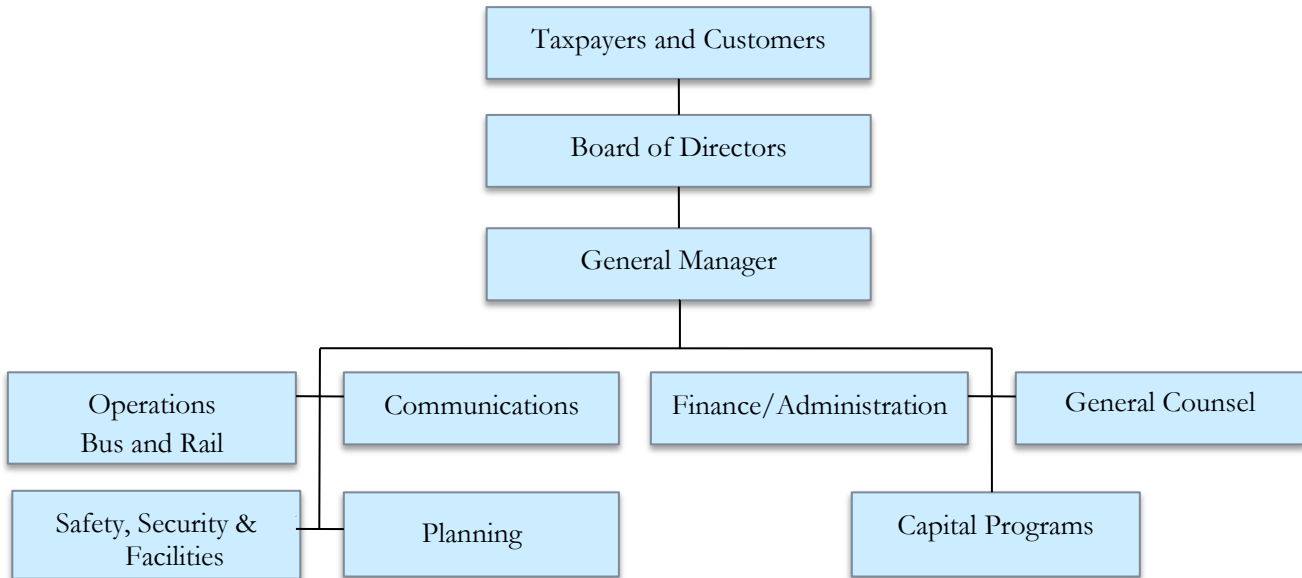
Board of Directors' Districts



RTD Director Districts



**Organization Chart
January 2020**



Department Officials

Interim General Manager/Chief Executive Officer
Paul Ballard

AGM, Safety, Security & Asset Management
Michael Meader

Chief Operating Officer, Bus and Rail
Michael Ford

AGM, Bus Operations
Fred Worthen

AGM, Rail Operation
Dave Jensen

AGM, Communications
Pauletta Tonilas

AGM, Planning
William C. Van Meter

AGM, Capital Programs & Facilities
Henry Stoppelcamp

Chief Financial Officer/Administration
Heather McKillop

General Counsel
Jennifer Ross-Amato (Acting)



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Regional Transportation District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
Regional Transportation District
Denver, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the Regional Transportation District (RTD) as of and for the years ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprise RTD'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RTD as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan summary information on pages 23 through 35 and 86 through 89, respectively, 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, which 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 And Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise RTD's basic financial statements. The accompanying budgetary information, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections 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 June 3, 2020 on our consideration of RTD'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 RTD's internal control over financial reporting and compliance.

RubinBrown LLP

June 3, 2020

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REGIONAL TRANSPORTATION DISTRICT
Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018 (Dollars in Thousands)

The management of the Regional Transportation District (RTD) offers users of our financial statements this narrative overview and analysis of the financial activities for the years ended December 31, 2019 and 2018. This discussion and analysis is designed to assist the reader to focus on significant financial activities and identify any significant changes in the financial position of RTD. It should be read in conjunction with the financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Key Reporting Implementations

In fiscal year 2016 RTD implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which would generally require state and local governments to measure investments at fair value. GASB's goal is to enhance the comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position.

Financial Highlights

As of December 31, 2019 and 2018, total assets and deferred outflows of resources of RTD exceeded total liabilities and deferred inflows of resources by \$3,336,878 and \$3,463,506 respectively. The amount of unrestricted net position as of December 31, 2019 was \$(165,410) compared to \$(207,306) in 2018. RTD's unrestricted net position was negatively impacted by the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 required RTD to record the amount of unfunded pension liabilities. More information on the pension plans is available in the Notes.

The net position of RTD decreased by \$126,628 (3.7%) during the current year compared to an increase of \$49,997 (1.5%) in the previous year. The decrease for 2019 was due to additional depreciation on assets that were placed in service during 2018 and 2019 due to the opening of additional rail lines as well as expensing interest costs on the Eagle P3 project that had previously been recorded as prepaid items. The 2018 increase was due to higher operating revenues, sales and use tax collections increases a one-time gain recognized for a bond refunding, net of increases in operating expenses and non-operating expenses.

RTD's sales and use tax revenues are its largest single source of revenues. These tax revenues increased \$25,226 (4.0%) in 2019 and increased \$36,005 (6.0%) in the previous year. In 2019 and 2018, The District experienced growth in tax revenues due to increased consumer and business-spending activity as the District continues to experience population growth in both years of 1.4%, low unemployment of 3.6% and 3.3% as well as growth in personal income of 5.3% and 5.4%, respectively.

For 2019, total operating expenses exceeded total revenues resulting in a loss before non-operating revenue and expenses of \$837,088 compared to a loss of \$713,392 for 2018. The increase in operating loss for 2019 and 2018 was mostly due to FasTracks depreciating assets for a full year and betterments for the North Metro. RTD anticipates operating losses, as these losses are subsidized by non-operating sales and use tax, grant revenues and other miscellaneous income.

RTD's total debt decreased \$69,194 (2.0%) and decreased \$68,788 (2.0%) in 2019 and 2018, respectively. Debt decreased in 2019 and 2018 due to payment of principal.

Capital grants and local contributions increased \$43,495 (53.4%) in 2019 and decreased 5,393 (6.2%) in the previous year. The increase in 2019 was a result of Eagle P3 project grant funding. The decrease in 2018 was a result of South East Rail Extension being in final phase of completion.

RTD's capital assets, excluding depreciation, increased \$297,820 (3.3%) in 2019 and increased \$312,270 (3.6%) in 2018. The increase in both 2019 and 2018 was primarily due to the build-out of the FasTracks project.

REGIONAL TRANSPORTATION DISTRICT
Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018 (Dollars in Thousands)

Basic Financial Statements

Management's Discussion and Analysis serves as an introduction to RTD's basic financial statements. RTD's financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred.

The basic financial statements are comprised of four components: statements of net position; statements of revenues, expenses and changes in net position; statements of cash flows; and notes to the financial statements.

The statements of net position presents information on assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of RTD is improving or deteriorating. The statements of revenues, expenses, and changes in net position presents information on operating revenues and expenses and non-operating revenues and expenses of RTD for the fiscal year with the difference, the net income or loss, combined with any capital grants and local contributions to determine the change in net position for the year. That change combined with the previous year-end total net position reconciles to the net position total at the end of the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows.

The statements of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital, and related financing activities, noncapital and related financing activities and investing activities. The result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year. The statements of cash flows, along with the related notes and information in other financial statements, can be used to assess the following: RTD's ability to generate positive cash flows and pay its debt as the debt matures; the reasons for differences between RTD's operating cash flows and operating income (loss); and the effect of investing, capital, and financing activities on RTD's financial position.

The notes to the financial statements provide additional information that is essential to fully understand the data provided in the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows.

RTD provides bus, paratransit, and light rail service in a 2,342 square mile area in and around Denver, Colorado. The activities of RTD are supported by a 0.6% and 0.4% sales and use tax collected within the District. The 0.6% sales and use tax is used to fund the Base System operations of RTD. The Base System operations provide the bus and the majority of current light rail services in the Denver area. The 0.4% sales and use tax funds the FasTracks build-out program and operation and maintenance of those program elements as well as providing for enhanced transit services in the District. Additional revenue sources include fare collections, federal, state, and local financial assistance, investment income, and other income such as advertising and rental income.

Financial Analysis

Condensed Financial Information - Condensed financial information from the statements of net position and statements of revenues, expenses, and changes in net position is presented below.³

Statements of Net Position – As of December 31, 2019 and 2018, total assets and deferred outflows of resources of RTD exceeded total liabilities and deferred inflows of resources by \$3,336,878 and \$3,463,506, respectively. The largest portion of this excess, in 2019 and in 2018, was invested in capital assets, net of related debt. RTD uses these capital assets to provide public transportation services to customers; consequently, these assets are not available for future spending. Although RTD's investment in capital assets is reported net of related debt, it should be noted that funding required to repay this debt will be obtained from other sources such as sales and use tax, since the capital assets themselves cannot be used to pay the related debt. The amount of unrestricted net position as of December 31, 2019 was \$(165,410) compared to \$(207,306) in 2018. Substantially all of the unrestricted net position, although not legally restricted, has been appropriated or reserved by the RTD Board for future capital acquisition and reserve policy requirements, and debt liquidation during

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the budget process. The deficit balance in Unrestricted Net Position includes an allowance for a Net Pension Liability of \$265,841 in 2019 for the represented employee defined benefit pension plan (see Note I). RTD has recognized this liability in its financial statements in accordance with *GASB Statement 68*; however, RTD is current in making all required contributions under the collective bargaining agreement.

Condensed Summary Statements of Net Position			
	2019	2018	2017
Assets and Deferred Outflows of Resources:			
Current assets	\$ 636,702	\$ 590,800	\$ 509,171
Current assets - restricted	148,698	231,752	270,180
Capital assets (net of accumulated depreciation)	6,841,843	6,851,205	6,804,036
Other noncurrent assets	112,762	146,383	263,293
Total assets	<u>7,740,005</u>	<u>7,820,140</u>	<u>7,846,680</u>
Deferred outflows of resources	106,844	80,739	95,038
Total assets and deferred outflows of resources	<u>7,846,849</u>	<u>7,900,879</u>	<u>7,941,718</u>
Liabilities and Deferred Inflows of Resources:			
Current liabilities	232,739	249,953	255,237
Noncurrent liabilities	4,218,495	4,083,427	4,253,670
Total liabilities	<u>4,451,234</u>	<u>4,333,380</u>	<u>4,508,907</u>
Deferred inflows of resources	58,737	103,993	19,302
Total liabilities and deferred inflows of resources	<u>4,509,971</u>	<u>4,437,373</u>	<u>4,528,209</u>
Net position:			
Net investment in capital assets	2,987,538	3,144,175	3,135,186
Restricted debt service	117,805	139,779	148,627
Restricted TABOR	25,940	24,079	25,735
Restricted Fastracks	369,502	361,275	325,663
Restricted Deposits	1,503	1,504	1,502
Unrestricted	(165,410)	(207,306)	(223,204)
Total net position	<u>\$ 3,336,878</u>	<u>\$ 3,463,506</u>	<u>\$ 3,413,509</u>

In 2019, capital assets net of accumulated depreciation decreased \$9,362 for acquisition of revenue equipment, buildings, land, and construction in progress for the projects in the FasTracks program.

Current liabilities decreased \$17,214 (6.9%) in 2019 primarily due to lower volume of Ecopass 2020 contracts processed and reduction of construction contract retention.

Noncurrent liabilities and deferred inflows increased \$89,812 (2.1%) in 2019 primarily due to change in the Net Pension Liability recognition of deferred resources as require by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The net position of RTD decreased by \$126,628 (3.7%) during the current year compared to an increase of \$49,997 (1.5%) in the previous year. The decrease for 2019 was due to additional depreciation on assets that were placed in service during 2018 and 2019 due to the opening of additional rail lines as well as expensing interest costs on the Eagle P3 project that had previously been recorded as prepaid items. The 2018 increase was due to higher operating revenues, sales and use tax collections increases a one-time gain recognized for a bond refunding, net of increases in operating expenses and non-operating expenses.

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Statements of Revenues, Expenses, and Changes in Net Position—The following summary of revenues, expenses, and changes in net position shows the activities of RTD resulted in change of net position. The key elements of changes in net position for the fiscal years

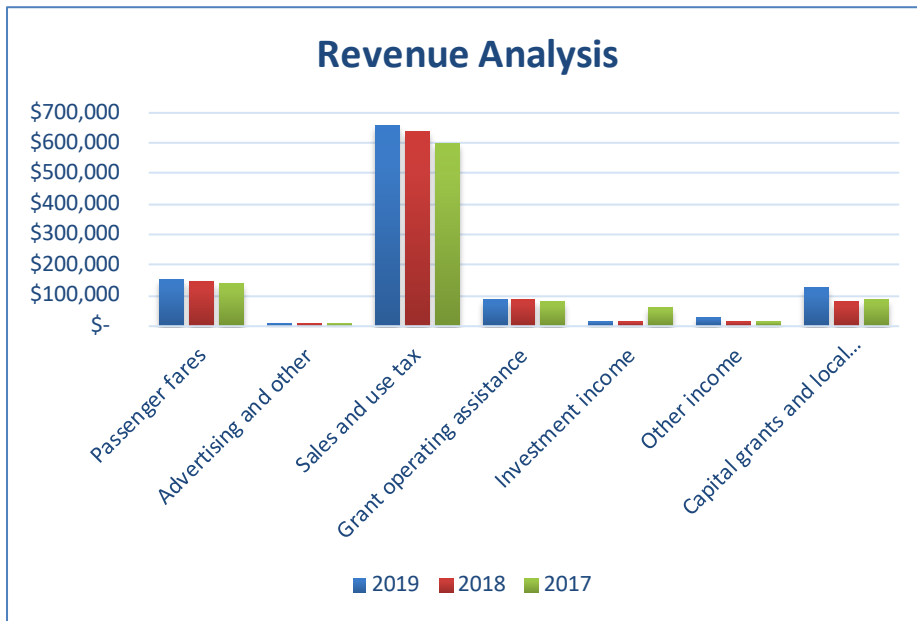
Summary of Revenues, Expenses, and Changes in Net Position			
	2019	2018	2017
Operating revenue:			
Passenger fares	\$ 154,390	\$ 143,231	\$ 140,217
Advertising and other	6,553	7,535	7,159
Total operating revenue	<u>160,943</u>	<u>150,766</u>	<u>147,376</u>
Operating expenses:			
Salaries and wages	196,505	183,899	172,535
Fringe benefits	54,569	52,993	91,442
Materials and supplies	54,983	51,335	44,686
Services	96,085	81,189	77,323
Utilities	17,823	16,419	16,503
Insurance	10,833	9,941	13,319
Purchased transportation	203,559	176,416	159,051
Leases and rentals	3,204	1,996	2,829
Miscellaneous	5,053	4,317	4,213
Depreciation	355,417	285,653	248,633
Total operating expenses	<u>998,031</u>	<u>864,158</u>	<u>830,534</u>
Operating loss	<u>(837,088)</u>	<u>(713,392)</u>	<u>(683,158)</u>
Nonoperating revenues (expenses):			
Sales and use tax	659,418	634,192	598,187
Grant operating assistance	86,263	86,403	80,412
Investment income	17,669	13,409	63,030
Other income/Gain on Sale of Assets	26,582	12,618	14,618
Interest expense	(200,845)	(62,770)	(65,346)
Other expense/ Unrealized Loss on Assets	(3,124)	(1,465)	(2,981)
Net nonoperating revenue (expenses)	<u>585,963</u>	<u>682,387</u>	<u>687,920</u>
Income before capital contribution	(251,125)	(31,005)	4,762
Capital grants and local contributions	<u>124,497</u>	<u>81,002</u>	<u>86,395</u>
Increase in net position	(126,628)	49,997	91,157
NET POSITION, beginning of year	<u>3,463,506</u>	<u>3,413,509</u>	<u>3,322,352</u>
NET POSITION, end of year	<u>\$ 3,336,878</u>	<u>\$ 3,463,506</u>	<u>\$ 3,413,509</u>

The information contained in the condensed information table is used as the basis for the revenue and expense discussion presented below, surrounding RTD's activities for the fiscal years ended December 31, 2019, 2018 and 2017.

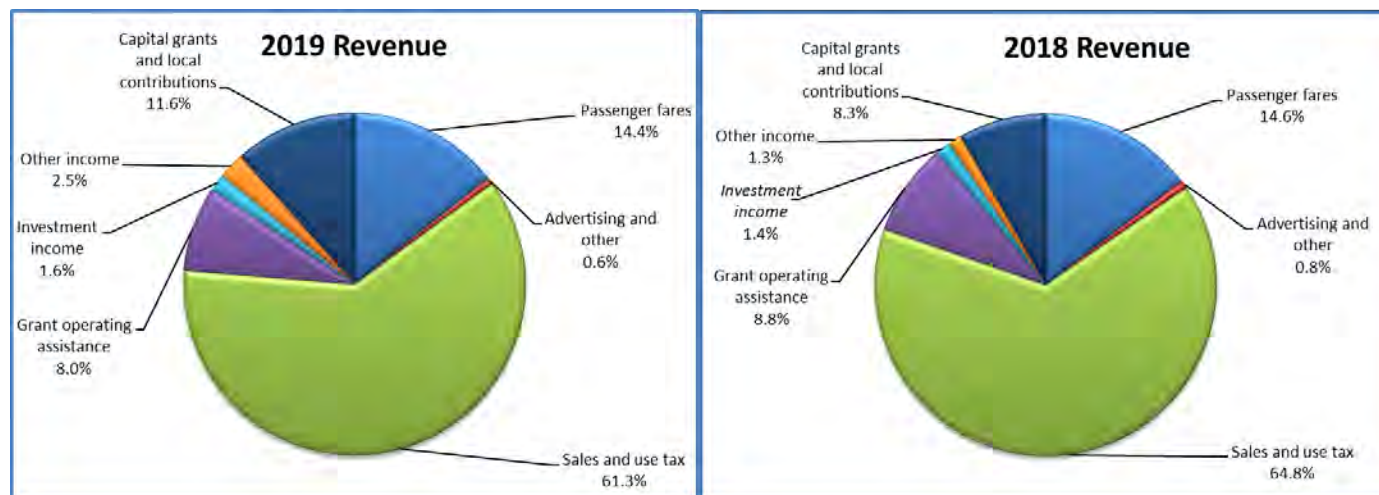
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Revenues - The following schedule and charts show the sources of revenue for the years ended December 31, 2019, 2018 and 2017.

Revenue Analysis			
	2019	2018	2017
Revenues			
Passenger fares	\$ 154,390	\$ 143,231	\$ 140,217
Advertising and other	6,553	7,535	7,159
Sales and use tax	659,418	634,192	598,187
Grant operating assistance	86,263	86,403	80,412
Investment income	17,669	13,409	63,030
Other income	26,582	12,618	14,618
Capital grants and local contributions	124,497	81,002	86,395
Total Revenues	\$ 1,075,372	\$ 978,390	\$ 990,018



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Passenger fares – Passenger fares provided 14.4% and 14.6% of total revenues in 2019 and 2018, respectively. Farebox receipts, monthly and annual pass revenue, and special event fares for bus and rail services are included in passenger fares. Passenger fares increased by \$11,159 (7.8%) in 2019 compared to an increase of \$3,014 (2.1%) in 2018. Passenger fares changes in 2019 was due to fare increase in addition, the opening of the G Line and growth in the A Line ridership.

Advertising and other – Advertising and other revenue provided 0.6% and 0.8% of total revenues in 2019 and 2018; this includes revenues from advertisements primarily on RTD’s buses and external wraps on light rail vehicles. Advertising and other income decreased \$982 (13.0%) in 2019 compared to an increase of \$376 (5.3%) in 2018. The decrease in 2019 was due ...The increase in 2018 was minimal. The increase in 2017 was due to an increase in advertising revenue related to a stronger economy, new rail lines and revenue for lease and naming rights.

Sales and Use Tax – Sales and use tax provided 61.3% and 64.8% of RTD’s total revenues in 2019 and 2018 respectively. Sales and use tax is a dedicated 1.0% tax imposed on certain sales within the service area. Sales and use tax increased \$25,226 (4.0%) in 2019 compared to an increase of \$36,005 (6.0%) in 2018. In 2019 and 2018, the District experienced growth in tax revenues due to increased consumer and business-spending activity as the District continues to experience population growth of 1.4% and 1.4%, low unemployment of 3.6% and 3.3% as well as growth in personal income of 5.3% and 5.4%, respectively.

Grant operating assistance – Grant operating assistance provided 8.0% and 8.8% of total revenues in 2019 and 2018. Grant operating assistance decreased \$140 (0.2%) in 2019 compared to an increase of \$5,991 (7.5%) in 2018. The operating assistance is a federal grant revenue program used to perform capital maintenance and maintain RTD’s revenue fleet of bus, paratransit, and rail vehicles. The revenue the result of grant funding sources being available during the year.

Investment Income – Investment income provided 1.6% and 1.4% of total revenues in 2019 and 2018. Investment income increased \$4,260 (31.8%) in 2019 compared to a decrease of \$49,621 (78.7%) in 2018. The increase in 2019 was due to fixed securities getting better yields. The decrease in 2018 was due to the 2017 gain from extinguishment of debt.

Other Income/Gain on sale of Assets – Other income provided 2.5% and 1.3% of total revenues in 2019 and 2018. Other income increased \$13,964 (110.7%) in 2019 compared to a decrease of \$2,000 (13.7%) in 2018. Other income includes interest subsidy income, rental income from retail space, parking, and miscellaneous other items. The increase in 2019 was primarily due to insurance refunds and other miscellaneous items. The decrease in 2018 was due to a onetime gain on asset disposals in 2017.

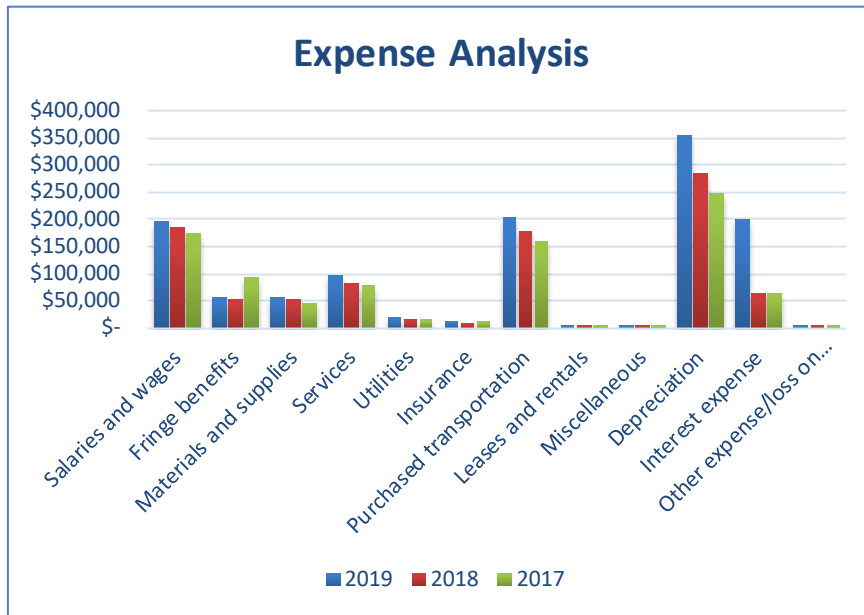
Capital grants and local contributions – Capital grants and local contributions provided 11.6% and 8.3% of total revenues in 2019 and 2018. Capital grants and local contributions increased \$43,495 (53.7%) in 2019 and decreased \$5,393 (6.2%) in the previous year. The

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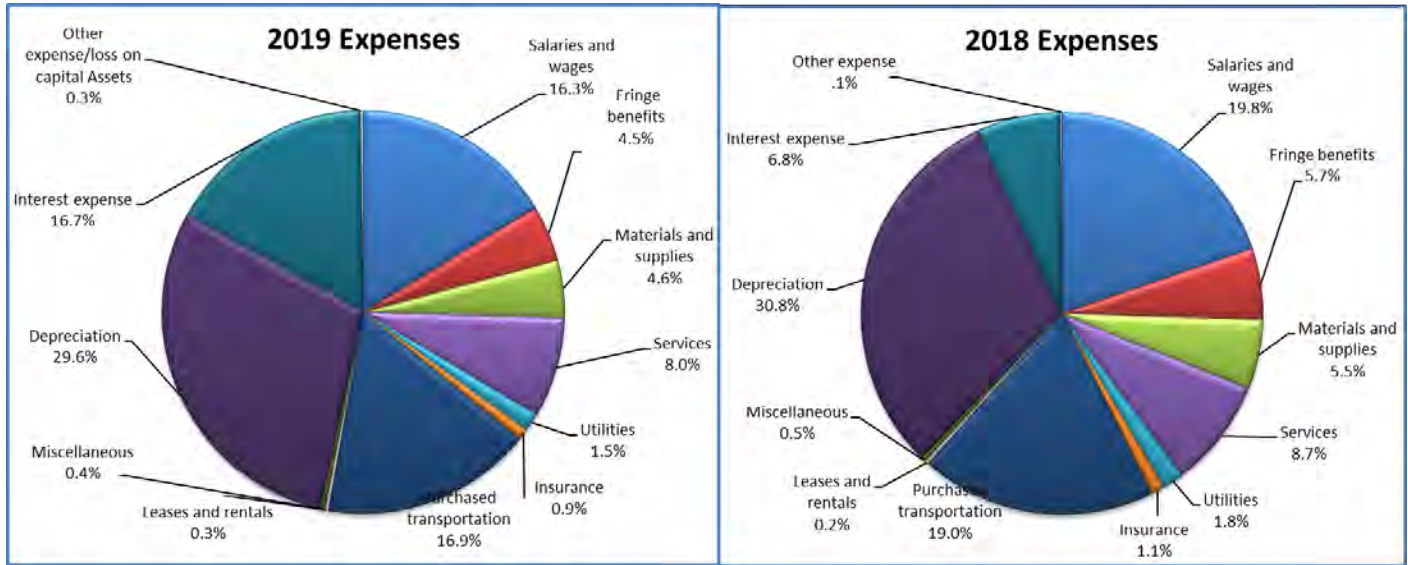
increase in 2019 was due to Eagle P3 FFGA grant funding appropriations. The decrease in 2018 was a result of lower capital contributions related to completion of major construction projects.

Expenses - The following schedule and charts shows the major sources of expenses for the years ended December 31, 2019, 2018 and 2017.

Expense Analysis			
	2019	2018	2017
Expenses			
Salaries and wages	\$ 196,505	\$ 183,899	\$ 172,535
Fringe benefits	54,569	52,993	91,442
Materials and supplies	54,983	51,335	44,686
Services	96,085	81,189	77,323
Utilities	17,823	16,419	16,503
Insurance	10,833	9,941	13,319
Purchased transportation	203,559	176,416	159,051
Leases and rentals	3,204	1,996	2,829
Miscellaneous	5,053	4,317	4,213
Depreciation	355,417	285,653	248,633
Interest expense	200,845	62,770	65,346
Other expense/loss on capital Assets	3,124	1,465	2,981
Total Expenses	\$ 1,202,000	\$ 928,393	\$ 898,861



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Salaries and wages—Salary and wage expense is one of the largest expense category accounting for 16.3% and 19.8% of the total RTD expenses in 2019 and 2018, respectively. Salary and wage expenses increased by \$12,606 (6.9%) in 2019 compared to an increase of \$11,364 (6.6%) in 2018. Increases in both years occurred from salary and wage performance (result based) and progression increases, and additional service provided with the openings of new rail lines.

Benefits – Fringe benefits accounted for 4.5% and 5.7% of total expenses in 2019 and 2018. Fringe benefits increased by \$1,576 (3.0%) in 2019 compared to a decrease of \$38,449 (42.0%) in 2018. The fluctuations for both 2019 and 2018 is primarily due to implementation GASB Statement Nos. 68 and 71 that establish standards for measuring and recognizing net pension liabilities.

Materials and supplies – The materials and supplies expense category accounted for 4.6% and 5.5% of the total expenses in 2019 and 2018 respectively. Materials and supplies expenses increased \$3,648 (7.1%) in 2019 compared to an increase of \$6,649 (14.9%) in 2018. The fluctuations for both 2019 and 2018 is primarily due to higher diesel fuel, gas prices and opening of new rail lines.

Services – Services expense accounted for 8.0% and 8.7% of total expenses in 2019 and 2018. Services expense includes contracted services such as security services; vehicle, equipment and right of way maintenance services; advertising and marketing services, and legal services. Services expense increased \$14,896 (18.3%) in 2019 compared to an increase of \$3,866 (5.0%) in 2018. The increase in 2019 and 2018 was due to increased contractual increases and additional security services due to opening of new rail lines.

Utilities – Utilities accounted for 1.5% and 1.8% of total expenses in 2019 and 2018. Utilities expense includes electric, telecommunications, water and sewer, and natural gas for facilities. Utilities expense increased \$1,404 (8.6%) in 2019 compared to a decrease of \$84 (0.5%) in 2018. The increase in 2019 occurred primarily due to traction power costs due to the opening of the Gold commuter rail line. The decrease in 2018 was negligible.

Insurance – Insurance accounted for 0.9% and 1.1% of total expenses in 2019 and 2018. Insurance expense includes RTD’s self-insured cost for general liability and worker’s compensation claims. In addition, RTD purchased insurance in its efforts to protect assets. Insurance expense increased \$892 (9.0%) in 2019 compared to a decrease of \$3,378 (25.4%) in 2018. The variation in both years 2019 and 2018 was due fluctuating frequency and severity of claims.

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Purchased transportation – The purchased transportation expense category accounted for 16.9% and 19.0% of the total expenses in 2019 and 2018. Purchased transportation represents the costs of contracted transportation services for bus, commuter rail, access-a-Ride, and FlexRide services. Purchased transportation costs increased \$27,143 (15.4%) in 2019 compared to an increase of \$17,365 (10.9%) in 2018. The increase in 2019 and 2018 was due to a higher scheduled payments to DTP including TABOR – secured payments as well as the opening of rail lines.

Leases and rentals – Leases and rentals include lease expense for office space, office equipment, park-n-Ride facilities, and use of communication towers. Leases and rentals expense increased \$1,208 (60.5%) in 2019 compared to a decrease of \$833 (29.4%) in 2018. The increase in 2019 was due to additional lease space for North Metro operation startup. The decrease in 2018 was primarily due to RTD's reduction of office space due to completion of FasTracks projects.

Miscellaneous – Miscellaneous expense includes other incidental operating expenses not included in other defined categories. Miscellaneous expenses increased \$736 (17.0%) in 2019 compared to an increase of \$104 (2.5%) in 2018. This category includes additional one-time project expenses creating fluctuations between years.

Depreciation – The depreciation expense category accounted for 29.6% and 30.8% of the total expenses in 2019 and 2018, respectively. Depreciation expense is a non-cash systematic allocation of the cost of capital assets over the estimated useful life of the assets. Depreciation expense increased \$69,764 (14.9%) in 2019 compared to an increase of \$37,020 (14.9%) in 2018. The increase in both 2019 and 2018 occurred primarily due to the FasTracks assets that were placed in revenue service.

Interest expense – The interest expense category accounted for 16.7% and 6.8% of the total expenses in 2019 and 2018, respectively. Interest expense increased \$138,075 (24.4.0%) in 2019 compared to a decrease of \$2,576 (3.9%) in 2018. The increase in 2019 was due to Eagle P3 recognition of interest expense. The decrease in 2018 is due to reduced principal resulting in a decrease in interest expense.

Other expense – Other expense includes miscellaneous non-operating expenses not classified in other expense categories. Other expense increased \$1,659 (113.2%) in 2019 compared to a decrease of \$1,516 (50.9%) in 2018. The increase in cost for 2019 was due to retirement of capital assets resulting in a loss. The decrease in 2018 was primarily due to no issuance costs in 2018 compared to 2017 issuance costs for 2017A/2017B Sales Tax FasTracks Revenue Bonds.

Capital Assets – Investments in capital assets include: land and rights-of-way; buildings and improvements; leasehold improvements; revenue and non-revenue vehicles; shop and service equipment; security and surveillance equipment; computer equipment; and furniture. RTD's investment in capital assets, net of accumulated depreciation, in 2019 was \$6,841,843 compared to \$6,851,205 in 2018. The decrease in capital assets in 2019 was \$9,362 (0.1%) compared to an increase of \$47,169 (0.7%) in 2018. RTD acquires its assets with sales and use tax revenues, farebox revenue, federal capital grants, and proceeds from the sale of revenue bonds and certificates of participation. The decrease in 2019 was due primarily retirement of capital assets, primarily revenue earning equipment and additional depreciation of assets placed in service with new rail line openings. The increase 2018 was primarily due to the cost of planning, design and construction of FasTracks projects and fleet acquisition.

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The following table summarizes capital assets, net of accumulated depreciation, as of December 31, 2019 and 2018 with comparative information for 2017.

Capital Assets (Net of Depreciation)			
	2019	2018	2017
Land	\$789,639	\$741,541	\$742,384
Land improvements	5,089,458	4,181,583	3,979,316
Buildings	664,678	637,720	604,642
Revenue earning equipment	1,323,153	1,219,967	1,216,116
Shop, maintenance and other equipment	335,707	310,316	289,390
Construction in progress	988,547	1,802,235	1,749,244
Total	<u>\$9,191,182</u>	<u>\$8,893,362</u>	<u>\$8,581,092</u>
Less accumulated depreciation:			
Land improvements	1,347,276	1,133,755	966,442
Buildings	265,306	243,160	227,186
Revenue earning equipment	523,983	475,388	426,462
Shop, maintenance and other equipment	212,774	189,854	156,966
Total accumulated depreciation	<u>2,349,339</u>	<u>2,042,157</u>	<u>1,777,056</u>
Total capital assets being depreciated, net	<u>5,063,657</u>	<u>4,307,429</u>	<u>4,312,408</u>
Capital assets, net	<u>\$6,841,843</u>	<u>\$6,851,205</u>	<u>\$6,804,036</u>

Major capital asset events during the 2019 fiscal year included the following:

FasTracks North Metro Corridor - The North Metro Corridor is an 18-mile rail transit corridor between Denver Union Station and 162nd Avenue, passing through Denver, Commerce City, Thornton, Northglenn and unincorporated Adams County. A construction contract was entered to complete the commuter rail line from DUS north to 124th Avenue by 2019 with an option to extend construction to 162nd Avenue if additional funding is identified.

East and Gold Line Public-Private Partnership (Eagle P3) -

RTD was selected for inclusion in the FTA Public-Private Partnership Pilot Program (Penta-P). In 2010, RTD entered into a public-private partnership to design, build, finance, operate and maintain several of the transit improvements contemplated under the FasTracks program. The Eagle P3 project is a \$2,185,000 project that includes a Commuter Rail Maintenance Facility, the East and Gold Line Corridors as well as the Northwest Rail Electrified Segment. The Eagle P3 partnership was awarded to a concessionaire, Denver Transit Partners (DTP), through a competitive bid process culminating in a contract price that was \$305,000 below internal estimates. The project was fully in revenue service in 2019.

The Eagle P3 project will be completed in two phases. Phase I includes the East Corridor, Commuter Rail Maintenance Facility and design work for Phase II. Phase II includes the Gold Line Corridor and the Northwest Electrified Rail Segment. The Eagle P3 Project elements are described below:

FasTracks East Corridor - The East Corridor is a 23.6-mile commuter rail transit corridor between Denver Union Station and Denver International Airport. The East Corridor opened for revenue service in April 2016.

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FasTracks Commuter Rail Maintenance Facility - The Commuter Rail Maintenance Facility is designed to service the four planned commuter rail corridors (East Corridor, Gold Line, North Metro, and Northwest Rail) included in the FasTracks plan. The Facility opened in 2015.

FasTracks Gold Line Corridor - The Gold Line Corridor is an 11.2-mile rail transit corridor between Denver Union Station to the vicinity of Ward Road, passing through northwest Denver, unincorporated Adams County, Arvada, and Wheat Ridge. The Gold Line opened for revenue service in 2019.

FasTracks Northwest Electrified Rail Segment – The Northwest Rail Corridor, described previously, includes a project segment, referred to as the Northwest Electrified Rail Segment, extending from Denver Union Station to Westminster. This segment opened for revenue service in Summer 2016.

FasTracks I-225 Rail Line – The I-225 Rail Line is a 10.5-mile extension of RTD’s existing light rail line from the Southeast Line Nine Mile Station to the East Line commuter rail transfer point near the intersection of Peoria Street and Smith Road. The project includes eight stations and serves the Aurora City Center and the Anschutz/Fitzsimons Medical Campus. This line opened for revenue service in February 2017.

FasTracks Southeast Rail Extension – The Southeast Rail Extension extends the popular Southeast Rail Line from Lincoln Station to the new RidgeGate Parkway Interchange at I-25. The project will add 2.3 miles of light rail. New stations will be built at Sky Ridge Medical Center, Lone Tree City Center and RidgeGate with a 1,300 space Park-n-Ride facility. In 2018, expenditures related to the Southeast Rail Extension were \$32,848. The project opened for revenue service in 2019.

Additional information on RTD’s capital assets can be found in footnote D of this report.

Debt Administration

The following table summarizes outstanding debt obligations as of December 31, 2019 and 2018 with comparative information for 2017.

	Outstanding Debt		
	2019	2018	2017
Bonds and COPs payable:			
Sales Tax Revenue Bonds	\$ 2,067,664	\$ 2,072,489	\$ 2,088,744
Certificates of Participation	1,089,312	1,137,932	1,176,397
Total Principal	3,156,976	3,210,421	3,265,141
Issuance premiums and discounts	226,333	242,082	256,150
Debt net of issuance and refunding	\$ 3,383,309	\$ 3,452,503	\$ 3,521,291

Outstanding debt – Outstanding debt includes sales tax revenue bond, a Transportation Infrastructure and Innovation Act (TIFIA) loan, certificates of participation, and a Purchase and Assignment Agreement. The 2019 outstanding debt was \$3,383,309 compared to \$3,452,503 in 2018. Outstanding debt decreased by \$69,194 (2.0%) in 2019 and decreased by \$68,788 (2.0%) in 2018. The decrease in 2019 and 2018 was due to payment of principal on outstanding debt.

Sales tax revenue bonds – RTD issues sales tax revenue bonds to fund the acquisition and construction of assets. The sales tax revenue bonds were \$2,067,664 and \$2,072,489 as of December 31, 2019 and 2018, respectively. The sales tax revenue bonds decreased \$4,825 (0.2%) in 2019 compared to a decrease of \$16,255 (0.8%) in 2018. The decrease in 2019 and 2018 was due to payment of principal on outstanding debt.

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Certificates of participation - Certificates of participation relate to financial obligations issued by the Asset Acquisition Authority, Inc. (Authority), a nonprofit corporation. The Authority issued Certificates of Participation (Certificates) with the proceeds being used to acquire certain equipment and facilities to be used by RTD. RTD leases the equipment acquired with the proceeds from the Certificates under separate Master Lease Purchase Agreements. For financial reporting purposes, RTD accounts for the Certificates as its own debt. Certificates outstanding were \$1,089,312 and \$1,137,932 as of December 31, 2019 and 2018, respectively. The Certificates outstanding decreased \$48,620 (4.3%) in 2019 compared to a decrease of \$38,465 (3.3%) in 2018. The decrease in 2019 and 2018 is due to principal payment reducing debt.

RTD maintains credit ratings from Standard & Poor Corporation, Moody’s Investor Services, and Fitch Ratings. Credit ratings vary based on the type of debt and the source of funds used for repayment.

RTD’s ratings are presented in the following table:

Rating Agency	Base System Bonds 0.6% Sales & Use Tax	FasTracks Bonds 0.4% Sales & Use Tax	Certificates of Participation
Standard & Poor’s	AAA	AA+	A
Moody’s	Aa1	Aa2	Aa3
Fitch	AA	AA	AA-

Additional information on RTD’s debt can be found in footnote E of this report.

Economic Factors and Subsequent Events after adoption of the 2020 Budget

RTD is dependent on sales and use taxes, which are the largest single source of revenue for RTD, representing 61.3% and 64.8% of the total revenues in 2019 and 2018, respectively. Sales and use tax revenues are affected by the local economy in which changes will affect the level of funding available to RTD during its fiscal year.

RTD is dependent on passenger fares collected for transit services provided. Passenger fares accounted for 14.4% and 14.6% of total revenues in 2019 and 2018, respectively. Passenger fare collections may be affected by fare levels charged by RTD.

RTD is dependent on federal and local grant funding as well as local capital contributions for both operations and capital expenditures. Grants and local contributions provided 19.6% and 17.1% of total revenues in 2019 and 2018, respectively. Grant funding and local capital contributions are only available for use by RTD for qualifying expenditures after appropriation is made by the awarding agency.

Each year, RTD proposes an Amended Budget at mid-year to the Board of Directors for appropriation in order to adjust revenue and expenditures for the remainder of the fiscal year according to existing economic conditions and fiscal results. RTD may also present budget amendments to the Board of Directors for approval at any time during the fiscal year to accommodate economic factors.

In July 2019, the Board of Directors approved the 2019 Amended Budget in which the primary changes driven by economic factors were lower than anticipated sales and use tax collections and certain contractual increases in labor costs due to the tight labor market.

RTD is in various phases of construction and testing on the Southeast Rail Extension (SERE), the North Metro rail line. This FasTracks project is expected to open for revenue service during the next few years. Additional funding for other capital projects within the FasTracks project scope have been deferred due to a lack of funding.

REGIONAL TRANSPORTATION DISTRICT
Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018 (Dollars in Thousands)

Requests for Information

This financial report is intended to provide an overview of RTD's finances for those with an interest in this organization. Questions concerning any information contained in this report may be directed to the Finance Division.

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BASIC FINANCIAL STATEMENTS

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

REGIONAL TRANSPORTATION DISTRICT
STATEMENTS OF NET POSITION
As of December 31,
(In Thousands)

	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	\$ 343,514	\$ 260,906
Marketable interest bearing investments (note B)	53,895	67,503
Receivables:		
Sales tax	119,300	113,329
Other, less allowance for doubtful accounts of \$358 and \$384 at December, 31 2019 and 2018, respectively	13,696	15,534
Grants	63,448	16,279
Inventories	33,354	31,103
Other current assets (note C)	9,495	86,146
Cash and cash equivalents - restricted	130,818	124,222
Marketable interest bearing investments - restricted (note B)	17,880	107,530
Total current assets	<u>785,400</u>	<u>822,552</u>
Noncurrent Assets:		
Capital assets (note D):		
Land	789,639	741,541
Land improvements	5,089,458	4,181,583
Buildings	664,678	637,720
Revenue earning equipment	1,323,153	1,219,967
Shop, maintenance and other equipment	335,707	310,316
Construction in progress	988,547	1,802,235
Total capital assets	9,191,182	8,893,362
Less accumulated depreciation	(2,349,339)	(2,042,157)
Net capital assets	<u>6,841,843</u>	<u>6,851,205</u>
Other Noncurrent Assets:		
Long-term marketable interest bearing investments - restricted (note B)	89,906	76,027
Long-term marketable interest bearing investments - unrestricted (note B)	22,856	70,356
Total other noncurrent assets	<u>112,762</u>	<u>146,383</u>
Total noncurrent assets	<u>6,954,605</u>	<u>6,997,588</u>
Total assets	<u>7,740,005</u>	<u>7,820,140</u>
Deferred Outflows of Resources:		
Debt related (note A)	33,506	36,547
Pension related (note A and F)	73,338	44,192
Total deferred outflows of resources	<u>106,844</u>	<u>80,739</u>

The accompanying notes are an integral part of these statements.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

REGIONAL TRANSPORTATION DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
As of December 31,
(In Thousands)

	<u>2019</u>	<u>2018</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts and contracts payable	\$ 85,337	\$ 104,357
Current portion of long-term debt payable from restricted assets (note E)	78,128	67,335
Accrued compensation (note F)	25,805	23,868
Accrued interest payable from restricted assets	17,840	18,689
Other accrued expenses	25,629	35,704
Total current liabilities	<u>232,739</u>	<u>249,953</u>
Noncurrent Liabilities:		
Long-term debt, net (note E)	3,305,181	3,385,168
Net Pension Liability (note F)	319,177	268,278
Other liabilities (note E)	594,137	429,981
Total noncurrent liabilities	<u>4,218,495</u>	<u>4,083,427</u>
Total liabilities	<u>4,451,234</u>	<u>4,333,380</u>
Deferred Inflows of Resources:		
Debt related (note A)	416	485
Pension related (note A and F)	58,321	103,508
Total deferred inflows of resources	<u>58,737</u>	<u>103,993</u>
NET POSITION		
Net investment in capital assets (note I)	2,987,538	3,144,175
Restricted debt service (note I)	117,805	139,779
Restricted TABOR (note I)	25,940	24,079
Restricted Fastracks (note I)	369,502	361,275
Restricted Deposits (note I)	1,503	1,504
Unrestricted net position (note I)	<u>(165,410)</u>	<u>(207,306)</u>
Total net position	<u>\$ 3,336,878</u>	<u>\$ 3,463,506</u>

The accompanying notes are an integral part of these statements.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

REGIONAL TRANSPORTATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended December 31,
(In Thousands)

	<u>2019</u>	<u>2018</u>
OPERATING REVENUE:		
Passenger fares	\$ 154,390	\$ 143,231
Advertising, rent, and other	6,553	7,535
	<u>160,943</u>	<u>150,766</u>
OPERATING EXPENSES:		
Salaries and wages	196,505	183,899
Fringe benefits	54,569	52,993
Materials and supplies	54,983	51,335
Services	96,085	81,189
Utilities	17,823	16,419
Insurance	10,833	9,941
Purchased transportation	203,559	176,416
Leases and rentals	3,204	1,996
Miscellaneous	5,053	4,317
Depreciation	355,417	285,653
	<u>998,031</u>	<u>864,158</u>
	<u>OPERATING LOSS</u>	<u>(713,392)</u>
NONOPERATING REVENUE (EXPENSES):		
Sales and use tax	659,418	634,192
Grant operating assistance (note A)	86,263	86,403
Investment income	17,669	13,409
Other income	26,582	12,618
Gain(Loss) on capital assets	(2,452)	(1,449)
Interest expense (note A)	(200,845)	(62,770)
Other expense	(672)	(16)
	<u>585,963</u>	<u>682,387</u>
	<u>INCOME (LOSS) BEFORE CAPITAL GRANTS</u>	<u>(31,005)</u>
	<u>AND LOCAL CONTRIBUTIONS</u>	<u>(31,005)</u>
Capital grants and local contributions (note A)	124,497	81,002
	<u>INCREASE IN NET POSITION</u>	<u>49,997</u>
NET POSITION, beginning of year	<u>3,463,506</u>	<u>3,413,509</u>
NET POSITION, end of year	<u>\$ 3,336,878</u>	<u>\$ 3,463,506</u>

The accompanying notes are an integral part of these statements.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

REGIONAL TRANSPORTATION DISTRICT
STATEMENTS OF CASH FLOW
Years ended December 31,
(In Thousands)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts from customers	\$ 152,774	\$ 148,935
Payments to suppliers	(121,105)	(454,055)
Payments to employees	(323,470)	(161,961)
Net cash used in operating activities	<u>(291,801)</u>	<u>(467,081)</u>
Cash provided from noncapital financing activities:		
Grant operating assistance	86,263	86,403
Sales and use tax collections	653,447	627,087
Other revenue	26,582	12,618
Net cash provided by noncapital financing activities	<u>766,292</u>	<u>726,108</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(146,475)	(64,700)
Proceeds from issuance of debt	93,030	9,980
Issuance Premiums/Discounts	(15,749)	(14,068)
Capital grant funds and other contributions received	77,328	107,172
Proceeds from sale of assets	1,713	808
Acquisition and construction of capital assets	(315,916)	(267,869)
Cost of issuance	(740)	-
Interest paid on long-term debt	(233,026)	(126,143)
Net cash used in capital and related financing activities	<u>(539,835)</u>	<u>(354,820)</u>
Cash flows from investing activities:		
Purchases of investments	(11,227)	(58,123)
Proceeds from sales and maturities of investments	148,106	63,206
Interest and dividends on investments	17,669	13,409
Net cash provided by investing activities	<u>154,548</u>	<u>18,492</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	89,204	(77,301)
Cash and cash equivalents - January 1	<u>385,128</u>	<u>462,429</u>
Cash and cash equivalents - December 31	<u>\$ 474,332</u>	<u>\$ 385,128</u>

The accompanying notes are an integral part of these statements.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

REGIONAL TRANSPORTATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended December 31,
(In Thousands)

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	<u>2019</u>	<u>2018</u>
Operating loss	\$ (837,088)	\$ (713,392)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation expense	355,417	285,653
Bad debt expense	68	(16)
Changes in operating assets and liabilities:		
Decrease in other accounts receivable	1,838	2,690
Increase(decrease) in inventories	(2,251)	2,090
Decrease(increase) in other current assets	76,651	(32,520)
Decrease in deferred outflow pension	(29,146)	10,125
Increase(decrease) in accounts payable	196,035	(103,047)
Increase in accrued compensation and expenses	1,937	1,081
Decrease/(increase) in other accrued expenses	(10,075)	(4,505)
Increase in deferred inflow pension	(45,187)	84,760
Net cash used in operating activities	<u>\$ (291,801)</u>	<u>\$ (467,081)</u>
 RECONCILIATION OF CASH and CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 343,514	\$ 260,906
Cash and cash equivalents - restricted	<u>130,818</u>	<u>124,222</u>
Total cash and cash equivalents	<u>\$ 474,332</u>	<u>\$ 385,128</u>

Noncash investing, capital and financing activities:

RTD had unrealized Gain/loss on investments of \$26 and \$28 for 2019 and 2018, respectively.

RTD received noncash local match contributions for federal grants of \$389 and \$342 for 2019 and 2018, respectively.

RTD recognized deferred inflow/outflow for debt of \$3 and \$4 for 2019 and 2018, respectively.

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Organization*

The Regional Transportation District (RTD) was created as a transportation planning agency, a political subdivision of the State of Colorado, by an Act of the Colorado General Assembly (the Act), effective July 1969 (Title 32, Article 9, C.R.S., 1973, as amended). In 1974, the Act was amended and RTD became an operating entity charged with the responsibility for development, operation and maintenance of a public mass transportation system for the benefit of the citizens of the District. The District is comprised of 15 separate districts located in Denver, Boulder, Broomfield and Jefferson counties, and certain portions of Adams, Arapahoe, Douglas, and Weld counties.

RTD is governed by a publicly elected board of directors consisting of 15 members. Each board member is elected to serve a term of four years by the constituents of the district in which the board member resides. As required by Generally Accepted Accounting Principles (GAAP), these financial statements present RTD and its component unit. The component unit discussed in note A.2 is included in the RTD's reporting entity because of the significance of its operational or financial relationship with the District.

In 1988, a Senate Bill was enacted (privatization legislation) requiring RTD to implement by March 31, 1989, a plan to competitively bid contracts for the provision of at least 20% of RTD's bus service by private contractors. In 1999, the Bill was amended requiring RTD to increase this provision to at least 35% of fixed route bus service. In 2003, the Bill was amended to require that at least 50% of RTD's vehicular service be operated by private transit companies. In May of 2007, the legislation was amended to provide for "a system under which up to 58% of the District's service" is provided by private contractors.

2. *Financial Reporting Entities*

Blended Component Unit

The Asset Acquisition Authority, Inc. (the Authority) was formed in 1987 as a nonprofit corporation on behalf of RTD for the purpose of issuing certificates of participation in a public offering collateralized by an installment purchase agreement with RTD. RTD's General Manager appoints the Board of Directors of the Authority. The Authority serves as a financing mechanism for various financing arrangements for RTD. RTD follows pronouncements 14 and 61 issued by the Governmental Accounting Standards Board which provides guidance regarding the inclusion of component units in the primary government's financial statement presentation. The activity related to the underlying financial obligations of the Authority has been included as a blended component unit in RTD's financial statements for the years ended December 31, 2018 and 2017. No separately audited financial statements are prepared for the Authority.

3. *Basis of Accounting*

The accounts of RTD are reported as a Proprietary Fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred. 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 RTD are charges to customers for services. Operating expenses include the cost of services, administrative expenses and asset depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is RTD's policy to apply GAAP in its presentation of financial statements. When both restricted and unrestricted resources are available for use, it is RTD's policy to use restricted resources first, then unrestricted resources as they are needed.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

4. *Cash Equivalents*

RTD considers all highly liquid investments, both restricted and unrestricted, with an original maturity of three months or less when purchased to be cash equivalents.

5. *Interest Bearing Investments*

Investments with a maturity date, when purchased, of less than one year are carried at cost or amortized cost which approximates fair value. Investments with a maturity date of more than one year from the date of purchase are carried at fair value.

6. *Inventories*

Inventories consist primarily of materials and supplies used in the ordinary course of operations. Materials and supplies are stated at cost using the FIFO (first-in, first-out) method.

7. *Other Current Assets*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Escrows are deposits held in escrow during the period of construction. At the time projects are completed, escrows are generally applied toward the cost of the project or may be forfeited by RTD upon breach of contract.

8. *Receivables*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements.

9. *Restricted Assets*

Restricted assets are assets restricted by the covenants of long-term financial arrangements.

10. *Capital Assets*

Property and equipment are stated at historical cost. Capital assets are defined by RTD as assets with an initial, individual cost of more than \$5 and an estimated useful life in excess of one year. Maintenance and repairs are charged to current period operating expenses and improvements are capitalized. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in non-operating revenue and expense. A pro rata share of proceeds from the sale of property and equipment, which were acquired with federal funds, is required to be invested in a similar asset.

Interest is capitalized on assets financed with debt or certificates of participation from the date of the borrowing until completion of the project. The amount of tax-exempt and taxable debt and certificates of participation (externally restricted) interest to be capitalized is the difference between the interest expense and interest earnings on issuance proceeds. The amount of other interest to be capitalized is calculated by weighted average construction expenditures multiplied by the weighted average interest rate of the outstanding obligations.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Total interest cost of RTD consisted of the following as of December 31:

	2019	2018
Interest expense	\$ 200,845	\$ 62,770
Capitalized interest	34,305	67,211
Total interest cost	<u>\$ 235,150</u>	<u>\$ 129,981</u>

11. Depreciation

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

Land improvements	10–20 years
Buildings	30 years
Revenue earning equipment	8–25 years
Shop, maintenance and other equipment	3–10 years

Fully depreciated assets, which are still in use, are included in the asset balances in the accompanying financial statements. The cost of fully depreciated assets was approximately \$417,209 and \$378,780 at December 31, 2019 and 2018, respectively.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

13. Compensated Absences

RTD employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated in the various categories of absence is based generally on length of service. Compensated absences, which have been earned but not paid, have been accrued in the accompanying financial statements.

14. Self-Insurance

Liabilities for property damage and personal injury are recognized as incurred on the basis of the estimated cost to RTD. In addition, RTD offers a self-insured health benefit option as part of its employee benefits program in which costs are recognized as they are incurred.

15. *Revenue Recognition*

Passenger Fares

Passenger fares are recorded as revenue at the time services are performed and revenue is collected from the farebox. Sale of MyRide stored value, Mobile ticketing products, monthly passes, ten/six ride and day pass tickets are recorded as income at the time of sale. Sales of college based passes, which are valid for a specific academic semester, are recorded initially as unearned revenue. Sales are recognized as income at the end of each month, with the amount recognized in each month determined by prorating the total contract amount over the semesters/quarters covered. Sales of Eco Pass and Neighborhood Pass, which are valid through December 31 of a given year, are recorded initially as unearned revenue. Sales are recognized as income at the end of each month, with the total contract amount prorated evenly over the number of months of the contract.

Sales and Use Taxes

Under the provisions of the Act, as amended, RTD levies a sales tax of 1.0% on net taxable sales made within the District and a use tax of 1.0% on items purchased for use inside the District. As described in Note E, under the terms of the Sales Tax Revenue Bonds, Series 2007A, Series 2010B, Series 2012A, Series 2013A, 2016A, 2017A, 2017B and 2019A bond resolutions, and TIFIA Sales Tax, sales and use tax revenue is pledged for payment of debt service. Sales and use taxes are collected by the State of Colorado, Department of Revenue and are remitted to a trustee who satisfies debt service from the collections, as required under RTD's bond resolutions, and remits the balance to RTD.

Sales and use taxes are recorded as revenue by RTD in the month collected by the merchant. Sales and Use Tax Bonds debt service will be paid from the collateralized sales and use tax revenues in the amount of approximately \$3,704,464 through 2050. Principal and interest paid for the current year and pledged revenues received were \$104,377.

Grants and Local Contributions

RTD receives grants from the federal government, through the Federal Transit Administration (FTA). Grants are also awarded to RTD by state of Colorado through the Colorado Department of Transportation. The federal and state governments issue grants to RTD for operations and acquisition of property and equipment.

The amount recorded as capital grant revenue was \$116,303 and \$52,229 in 2019 and 2018, respectively. Operating assistance grant revenue was \$86,263 and \$86,403 in 2019 and 2018, respectively. Other contribution revenue was \$8,194 and \$28,773 in 2019 and 2018, respectively.

Grants and local contributions are recorded as revenue by RTD once all applicable eligibility requirements are met.

16. *Use of Estimates*

The financial statements contained herein have been prepared in accordance with US Generally Accepted Accounting Principles (GAAP). GAAP are uniform minimum standards of and guidelines to financial accounting and reporting. GAAP establishes appropriate measurement and classification criteria for financial reporting. Adherence to GAAP provides a reasonable degree of comparability among the financial reports of state and local governmental units. The preparation of financial statements in accordance with GAAP involves the use of management's estimates. These estimates are based upon management's best judgments, after considering past and current events and assumptions about future events. Actual results may differ from estimates.

17. *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

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

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.

18. *TABOR (Taxpayer's Bill of Rights) – Reserve Composition*

Restricted net position represents amounts constrained by external parties or legislation. In 1992, Colorado voters approved an amendment to the state constitution referred to as the TABOR (Taxpayer's Bill of Rights) Amendment in which certain annual limitations were placed on the growth of government revenues. The Amendment also requires that an Emergency Reserve, referred to as Restricted TABOR, of 3.0% of fiscal year spending excluding debt service be maintained for all years subsequent to 1994 for declared emergencies.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

NOTE B – DEPOSITS AND INVESTMENTS

Deposits

RTD’s deposits are subject to the State of Colorado’s Public Deposit Protection Act (PDPA). Under this act, all uninsured public deposits at qualified institutions are fully collateralized with pledged collateral which is held in custody by any Federal Reserve Bank or branch thereof, or held in escrow by some other bank in a manner as the banking Commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. Colorado’s PDPA requires that pledged collateral to be held is clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. The depository has the right at any time to make substitutions of eligible collateral maintained or pledged and is at all times entitled to collect and retain all income derived from those investments without restrictions.

As of December 31, 2019 and 2018, respectively, RTD had bank deposits of \$5,861 and \$33,514 collateralized with securities held by the pledging financial institutions’ trust department or agent but not in RTD’s name.

Investments

At December 31, 2019, the Regional Transportation District’s investments consisted of the following:

Investment Type	Fair Value	< 6 Months	6-12 Months	1-5 Years
U.S. Treasury Securities	\$ 149,007	\$ 21,419	\$ 28,396	\$ 99,192
U.S. Agency Securities	27,279	8,952	8,392	9,935
Municipal Bonds	207	-	-	207
Corporate bonds	8,044	4,271	346	3,427
Total	\$ 184,537	\$ 34,642	\$ 37,134	\$ 112,761

At December 31, 2018, the Regional Transportation District’s investments consisted of the following:

Investment Type	Fair Value	< 6 Months	6-12 Months	1-5 Years
U.S. Treasury Securities	\$ 265,859	\$ 50,778	\$ 106,318	\$ 108,763
U.S. Agency Securities	35,445	8,262	559	26,624
Municipal Bonds	683	339	144	200
Corporate bonds	19,429	2,994	5,639	10,796
Total	\$ 321,416	\$ 62,373	\$ 112,660	\$ 146,383

Interest Rate Risk, as a means of limiting its exposure to fair value losses arising from rising interest rates, RTD’s investment policy limits maturities of individual investment securities to 5 years, unless otherwise authorized by RTD’s Board of Directors.

Credit Risk, investment transactions are made in accordance with the Colorado Revised Statutes (CRS) 24-75-601, et seq.

The types of investments, which are authorized by RTD’s internal investment policy, include the following:

1. Obligations of the United States government.
2. Obligations of the United States government agencies and United States government sponsored corporations.
3. Municipal notes or bonds that are an obligation of any state of the United States.
4. Corporate Bonds that are an obligation of corporations or financial institutions organized and operating in the United States.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

5. Commercial paper.
6. Time Deposits/Time Certificates of Deposits.
7. Bankers' Acceptances Notes.
8. Repurchase agreements.
9. Money market funds.
10. Local government Investment Pools.
11. Any other Investment permitted under CRS 24-75-601 et seq.

Credit ratings of RTD's portfolio, as of December 31, 2019 and 2018, are exhibited in the table below. Portfolio holdings adhere to RTD's investment policy and applicable statute. Investments rated AAA, AA and A are from the Standard & Poor's rating service. Investments rated A-1 + /P-1 are from the Standard & Poor's and Moody's rating services, respectively.

At December 31, 2019, the Regional Transportation District's investment credit ratings consisted of the following:

Investment Ratings	Fair Value
AAA (Standard & Poor's)	\$ 164,394
AA (Standard & Poor's)	20,143
Total:	<u>\$ 184,537</u>

At December 31, 2018, the Regional Transportation District's investment credit ratings consisted of the following:

Investment Ratings	Fair Value
AAA (Standard & Poor's)	\$ 304,628
AA (Standard & Poor's)	11,767
A	5,021
Total:	<u>\$ 321,416</u>

Concentration of Credit Risk, it is the policy of RTD to diversify its investment portfolio. Assets held in the investment funds shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issue or a specific class of securities. The asset allocation in the portfolio should, however, be flexible, depending upon the outlook for the economy and the securities markets.

RTD's investment policy outlines the following maximum exposure limits for unrestricted investments. As of December 31, 2019, RTD was in compliance with these limits. As of December 31, 2018, RTD was in compliance with limitations set out in RTD's previous investment policy limitations.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Investment Type	Maximum Portfolio %	Maximum Issue %	Maturity Restrictions	Rating Restrictions
U.S. Treasury Securities	100%	100%	5 years	N/A
U.S Agencies 1	75%	25%	5 years	AA
Municipal Bonds of a Colorado Issuer	20%	3%	5 years	A
Municipal Bonds of a non-Colorado Issuer	20%	3%	5 years	AA
Municipal Bonds, Short Term	20%	3%	5 years	"A-1 or "MIG 1"
Pre-Refunded Muni Bonds	40%	5%	3 years	AA
Corporate or Bank Securities	20%	3%	3 years	AA
Commercial Paper	40%	3%	270 days	A-1/P1/F1
FDIC Insured CDs	10%	3%	1 year	AA
Bankers Acceptances	20%	3%	1 year	AA
Repurchase agreements	50%	10%	90 days	AA
Local Government Investment Pools	100%	50%	N/A	AAAm/AAAf
Money market funds	100%	50%	N/A	AAAm

¹ In the event that one or more nationally recognized statistical rating agency rates such Agency obligations below the highest rating category, but no lower than one of the two highest rating categories, RTD's funds may continue to be invested in Agencies if such investments satisfy the requirements of CRS 24.75.601.1 (m) which limits the maturity from the date of settlement to three years, provided that the book value limits of CRS 24.75.601.1 (m) (II) shall not apply. Rather, the diversification limit shall be set as follows: no more than 75% of the portfolio may be invested in Agencies, with any more than 25% being invested in any one Agency.

Proceeds from the issuance of RTD's obligations are invested in accordance with legal documentation governing the transaction, notwithstanding any provisions of RTD's investment policy to the contrary, and do not fall within the maximum exposure limits listed above.

At December 31, 2019 and 2018, RTD had \$238,604 and \$307,779 of cash and investments that were restricted under the provisions of bond agreements.

Fair Value Measurements

In March 2015, the Governmental Accounting Standards Board (GASB) released Statement No. 72, *Fair Value Measurement and Application*, which would generally require state and local governments to measure investments at fair value. GASB's goal is enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position.

Level 1 - Unadjusted quoted prices in an active market for identical assets or liabilities that the District has the ability to access at the measurement date. Examples derived from NYSE, NASDAQ, Chicago Board of Trade, Pink Sheets.

Level 2 - Inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly on the measurement date. Examples include Matrix pricing, market corroborated pricing; inputs such as yield curves and indices.

Level 3 - Unobservable inputs for the asset or liability used to measure fair value that rely on the reporting entity's reasonably available information concerning the assumptions that market participants would use in pricing an asset or liability, including

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assumptions about risk. Examples include investment Manager Pricing for Private Placement, Private Equities, and Hedge Funds.

Valuation Inputs Summary for the fiscal period ended December 31, 2019:

Investment in Securities at Value	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ -	\$ 149,007	\$ -	\$ 149,007
U.S. Agency Securities	-	27,279	-	27,279
Municipal Bonds	-	207	-	207
Corporate bonds	-	8,044	-	8,044
Total	\$ -	\$ 184,537	\$ -	\$ 184,537

Valuation Inputs Summary for the fiscal period ended December 31, 2018:

Investment in Securities at Value	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ -	\$ 265,859	\$ -	\$ 265,859
U.S. Agency Securities	-	35,445	-	35,445
Municipal Bonds	-	683	-	683
Corporate bonds	-	19,429	-	19,429
Total	\$ -	\$ 321,416	\$ -	\$ 321,416

NOTE C - OTHER CURRENT ASSETS

Other Current Assets consist of:

	2019	2018
Prepaid expenses	\$ 7,458	\$ 6,500
Prepaid Secure Tabor Interest	-	72,521
Eagle P3 construction escrow	-	5,088
Park Creek Metro escrow	227	227
Other constuction escrow	155	155
Assets held for sale	1,655	1,655
Total Other Current Assets	\$ 9,495	\$ 86,146

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NOTE D – CAPITAL ASSETS

Capital asset activity as of December 31, 2019 was as follows:

(In Thousands)

	Balances 12/31/2018	Additions	Deletions	Balances 12/31/2019
Capital assets not being depreciated:				
Land	\$ 741,541	\$ 49,268	\$ 1,170	\$ 789,639
Construction in progress	1,802,235	350,221	1,163,909	988,547
Total capital assets not being depreciated	<u>2,543,776</u>	<u>399,489</u>	<u>1,165,079</u>	<u>1,778,186</u>
Capital assets being depreciated:				
Land improvements	4,181,583	913,596	5,721	5,089,458
Buildings	637,720	27,110	152	664,678
Revenue earning equipment	1,219,967	124,531	21,345	1,323,153
Shop, maintenance and other equipment	310,316	49,404	24,013	335,707
Total capital assets being depreciated	<u>6,349,586</u>	<u>1,114,641</u>	<u>51,231</u>	<u>7,412,996</u>
Less accumulated depreciation:				
Land improvements	1,133,755	217,381	3,860	1,347,276
Buildings	243,160	22,220	74	265,306
Revenue earning equipment	475,388	69,353	20,758	523,983
Shop, maintenance and other equipment	189,854	46,463	23,543	212,774
Total accumulated depreciation	<u>2,042,157</u>	<u>355,417</u>	<u>48,235</u>	<u>2,349,339</u>
Total capital assets being depreciated, net	<u>4,307,429</u>	<u>759,224</u>	<u>2,996</u>	<u>5,063,657</u>
Capital assets, net	<u>\$ 6,851,205</u>	<u>\$ 1,158,713</u>	<u>\$ 1,168,075</u>	<u>\$ 6,841,843</u>

Depreciation expense was \$355,417 and \$285,653 for years 2019 and 2018, respectively.

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Capital asset activity as of December 31, 2018 was as follows:
(In Thousands)

	Balances 12/31/2017	Additions	Deletions	Balances 12/31/2018
Capital assets not being depreciated:				
Land	\$ 742,384	\$ 34	\$ 877	\$ 741,541
Construction in progress	1,749,244	335,080	282,089	1,802,235
Total capital assets not being depreciated	2,491,628	335,114	282,966	2,543,776
Capital assets being depreciated:				
Land improvements	3,979,316	202,275	8	4,181,583
Buildings	604,642	35,671	2,593	637,720
Revenue earning equipment	1,216,116	21,991	18,140	1,219,967
Shop, maintenance and other equipment	289,390	22,118	1,192	310,316
Total capital assets being depreciated	6,089,464	282,055	21,933	6,349,586
Less accumulated depreciation:				
Land improvements	966,442	167,317	4	1,133,755
Buildings	227,186	17,861	1,887	243,160
Revenue earning equipment	426,462	66,410	17,484	475,388
Shop, maintenance and other equipment	156,966	34,065	1,177	189,854
Total accumulated depreciation	1,777,056	285,653	20,552	2,042,157
Total capital assets being depreciated, net	4,312,408	(3,598)	1,381	4,307,429
Capital assets, net	\$ 6,804,036	\$ 331,516	\$ 284,347	\$ 6,851,205

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NOTE E – LONG-TERM DEBT

Long-term debt is comprised of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Sales Tax FasTracks Revenue Refunding Bonds, Series 2007A , due serially on November 1 of 2030 through 2035, issued with a coupon of 4.50% payable semiannually on May 1 and November 1 of each year; including discount of (\$526) and (\$559) for 2019 and 2018, respectively. In 2014, The District did a partial Modification and Exchange on these Bonds, it resulted in a premium with an ending balance of \$13,109 and \$13,888 for 2019 and 2018, respectively. Furthermore, In 2017, The District did another partial Modification and Exchange on these Bonds, it resulted in a premium with an ending balance of \$16,007 and \$16,958 for 2019 and 2018, respectively.	\$ 249,070	\$ 250,767
Sales Tax Revenue Refunding Bonds, Series 2007A , due serially on November 1 of each year through 2024, issued with a 5.25% coupon, payable semiannually on May 1 and November 1 of each year; including premium of \$2,701 and \$3,260 for 2019 and 2018, respectively.	50,806	61,695
Sales Tax FasTracks Revenue Bonds, Series 2010A , due serially on November 1 of 2037 and 2038, issued with coupon of 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of \$0 and \$1,771, for 2019 and 2018, respectively.	-	80,911
Sales Tax FasTracks Revenue Bonds Taxable (Direct Pay Build America Bonds), Series 2010B , due serially on November 1 of 2046 through 2050, issued with coupon of 5.844%, payable semiannually on May 1 and November 1 of each year.	300,000	300,000
Sales Tax FasTracks Revenue Bonds, Series 2012A , due serially on November 1 of 2023 and 2037, issued with coupon of 3.0% and 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of \$50,778 and \$53,625 for 2019 and 2018, respectively.	525,713	528,560
Sales Tax Revenue Refunding Bonds, Series 2013A , due serially on November 1 of 2013 and 2021, issued with coupon of .25% and 2.207%, payable semiannually on May 1 and November 1 of each year; including premium of \$134 and \$206 for 2019 and 2018, respectively.	7,819	14,206
Sales Tax FasTracks Revenue Refunding Bonds, Series 2013A , due serially on November 1 of 2027 and 2036, issued with coupon of 4.25% and 5.0%, payable semiannually on May 1 and November 1 of each year; including premium of \$32,871 and \$34,824 for 2019 and 2018, respectively	237,691	239,644
TIFIA Sales Tax FasTracks Loan , due on May 1 of 2025 thru 2045, loaned with coupon of 3.14% and interest capitalized thru November 1, 2020. Payable semiannually on May 1 and November 1 of each year from 2021 thru 2045.	335,619	325,328
Sales Tax FasTracks Revenue Bonds, Series 2016A , due serially on November 1 of 2036 and 2046, issued with a coupon of 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of \$31,466 and \$32,639 for 2019 and 2018, respectively.	226,431	227,604
Sales Tax FasTracks Revenue Refunding Bonds, Series 2017A , due serially on November 1 of each thru 2040, issued with a coupon between 3.625% to 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of \$ 10,126 and \$10,611 for 2019 and 2018, respectively.	88,976	91,531

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	<u>2019</u>	<u>2018</u>
Sales Tax FasTracks Revenue Refunding Bonds, Series 2017B , due serially on November 1 of 2033 thru 2036, issued with a coupon between 4.0% to 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of and \$19,005 and \$20,134 for 2019 and 2018, respectively.	\$ 138,470	\$ 139,599
Sales Tax FasTracks Revenue Refunding Bonds, Series 2019A , due serially on November 1 of 2035 thru 2038, issued with a 3.258% coupon, payable semiannually on May 1 and November 1 of each year.	\$ 82,740	\$ -
Certificates of Participation Taxable Refunding Obligations, Series 2007A , under a lease agreement for acquisition of transit buses and vehicles, payments are due semiannually on June 1 and December 1 to 2021, issued with a 5.535% coupon.	3,295	4,815
Certificates of Participation Obligations, Series 2010A , under a lease purchase agreement for acquisition of light rail vehicles, construct, install and improve certain equipment and other capital projects. Payments are due semiannually on June 1 and December 1 to 2031, issued with coupons between 5.00% and 5.50%, including premium of \$634 and \$749 for 2019 and 2018, respectively.	93,444	101,679
Certificates of Participation Taxable (Direct Pay Build America Bonds), Obligations, Series 2010B , under a lease purchase agreement for acquisition of light rail vehicles, construct, install and improve certain equipment and other capital projects. Payments are due semiannually on June 1 and December 1 through 2040, issued with a coupon of 7.672%.	100,000	100,000
Certificates of Participation Obligations, Series 2013A , as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2027, issued with coupons between 2.00% and 5.00%, including premium of \$19 and \$22,074 for 2019 and 2018, respectively.	162,157	180,779
Certificates of Participation Obligations, Series 2014A , as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2044, issued with coupons between 4.125% and 5.00%, including premium of \$20,745 and \$22,595 for 2019 and 2018, respectively.	461,660	462,510
Certificates of Participation Obligations, Series 2015A , as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2040, issued with coupons between 3.25% and 5.00%, including premium of \$9,831 and \$10,307 for 2019 and 2018, respectively.	128,036	139,222
JPMorgan Chase Bank, N.A., Purchase and Assignment (2016) Agreement , Refunding Project of the 2002A COP's, as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2022, issued with a coupon of 1.903%.	38,242	50,513
JPMorgan Chase Bank, N.A., Purchase and Assignment (2017) Agreement , Partial Refunding Projects of the 2010A COP's and 2015A COP's, as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2025, issued with a coupon of 2.437%.	153,140	153,140
Total	<u>3,383,309</u>	<u>3,452,503</u>
Less current portion	<u>(78,128)</u>	<u>(67,335)</u>
Total Long-Term Debt	<u>\$ 3,305,181</u>	<u>\$ 3,385,168</u>

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The Sales Tax Revenue Bonds and the TIFIA loan are payable from and secured by RTD's sales and use tax revenue. RTD is required to maintain certain minimum deposits, as defined in the Indenture of Trust, to meet debt service requirements. Sales Tax Revenue Bonds debt service requirements to maturity are as follows:

Year ending December 31,	TIFIA Capitalized			Total
	Principal	Interest	Interest	
2020	\$ 19,475	\$ -	\$ 83,292	\$ 102,767
2021	14,795	-	93,574	108,369
2022	10,675	-	92,838	103,513
2023	30,975	-	92,284	123,259
2024	32,550	-	90,719	123,269
2025-2029	346,889	4,416	417,917	769,222
2030-2034	445,306	4,417	319,444	769,167
2035-2039	457,310	-	210,317	667,627
2040-2044	321,351	-	138,255	459,606
2045-2049	321,148	-	76,567	397,715
2050-2050	67,190	-	3,927	71,117
	<u>\$ 2,067,664</u>	<u>\$ 8,833</u>	<u>\$ 1,619,134</u>	<u>\$ 3,695,631</u>

Certificates of Participation are issued by Asset Acquisition Authority, Inc., a nonprofit corporation. The Authority issued Certificates of Participation (Certificates) with the proceeds being used to acquire certain equipment and facilities to be used by RTD as well as for construction of the North Metro commuter rail line. RTD leases the equipment acquired and elements constructed with the proceeds from the Certificates under separate Master Lease Purchase Agreements. In 2016, RTD refund Series 2002A Certificates with a capital lease agreement with JP Morgan Chase Bank N.A. In 2017, RTD refund portions of previously outstanding Series 2010A and Series 2015A with a Capital Lease Agreement with JP Morgan Chase Bank N.A. For financial reporting purposes, RTD accounts for the Certificates and the Capital Lease Agreements as its own obligations.

Annual repayment requirements on the Certificates and Capital Lease Agreements to maturity are as follows:

Year ending December 31,	Principal	Interest	Total
2020	\$ 58,653	\$ 49,711	\$ 108,364
2021	63,756	47,489	111,245
2022	61,993	45,520	107,513
2023	63,515	43,371	106,886
2024	65,920	40,946	106,866
2025-2029	235,100	167,546	402,646
2030-2034	187,390	119,057	306,447
2035-2039	192,455	64,492	256,947
2040-2044	160,530	18,449	178,979
	<u>\$ 1,089,312</u>	<u>\$ 596,581</u>	<u>\$ 1,685,893</u>

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Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Balance			Balance		Due Within
	12/31/2018	Additions	Reductions	12/31/2019		One Year
Sales Tax Revenue Bonds	\$ 2,072,489	\$ 93,030	\$ 97,855	\$ 2,067,664	\$	19,475
Certificates of Participation	1,137,932	-	48,620	1,089,312		58,653
Issuance premiums and discounts	242,082		15,749	226,333		-
Total Bonds-COPs Payable	3,452,503	93,030	162,224	3,383,309		78,128
Net Pension Liability	268,278	50,899	-	319,177		-
Other liabilities*	429,981	164,156	-	594,137		-
Total long-term liabilities	\$ 4,150,762	\$ 308,085	\$ 162,224	\$ 4,296,623	\$	78,128

*Other liabilities consist of Eagle P3 finance charge liability, 2007 Sales Tax arbitrage call modification liability and the CCD Aviation Intergovernmental Agreement (IGA).

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Balance			Balance		Due Within
	12/31/2017	Additions	Reductions	12/31/2018		One Year
Sales Tax Revenue Bonds	\$ 2,088,744	\$ 9,980	\$ 26,235	\$ 2,072,489	\$	18,715
Certificates of Participation	1,176,397	-	38,465	1,137,932		48,620
Issuance premiums and discounts	256,150	-	14,068	242,082		-
Total Bonds-COPs Payable	3,521,291	9,980	78,768	3,452,503		67,335
Net Pension Liability	384,208	-	115,930	268,278		-
Other liabilities*	412,871	17,110	-	429,981		-
Total long-term liabilities	\$ 4,318,370	\$ 27,090	\$ 194,698	\$ 4,150,762	\$	67,335

*Other liabilities consist of Eagle P3 finance charge liability and the CCD Aviation Intergovernmental Agreement (IGA).

In prior years, RTD defeased certain obligations by placing the proceeds of new obligations in an irrevocable trust to provide for all future service payments on the old obligations. Accordingly, the trust account assets and the liability for the defeased obligations are not included in these financial statements. Outstanding as of December 31, 2019 are the following amounts, which are considered defeased:

2019A RTD FasTracks Escrow \$81,587

2010A COP's and 2015A COP's Escrow – Light Rail Vehicles and Maintenance Facility \$145,798

In December 2019, RTD issued its Sales Tax Revenue Bonds (FasTracks Project), Series 2019A in the par amount of \$82,740 for refunding its previously outstanding Series 2010A bonds for interest expense savings. The transaction achieved a 19.9% net present value savings and \$20,142 of gross cash flow savings between 2020 and 2038 while retaining the same final maturity of 2038.

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NOTE F – EMPLOYEE RETIREMENT AND UNEARNED COMPENSATION PLANS

Employee Retirement Plans

RTD maintains two single-employer defined benefit pension plans and one defined contribution plan for substantially all full-time employees:

- ATU 1001 Pension Plan - Defined Benefit
- Salaried Pension Plan - Defined Benefit
- Salaried Pension Plan - Defined Contribution

Plans are administered by a pension trust that issues audited financial statements, which include financial information for that plan. Those financial statements may be obtained from the plan administrators:

Regional Transportation District Salaried Employees Pension Trust 7000 North Broadway, Building 106 Denver, Colorado 80221	RTD ATU 1001 Pension Plan 2821 S. Parker Road, Suite 215 Aurora, Colorado 80014-2602
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A summary of pension related items as of December 31, 2019, is presented below:

Plan	Net Pension Liability	Deferred Outflow of Resources *	Deferred Inflows of Resources	Pension Expense
ATU 1001 Pension Plan - D	\$ 268,271	\$ 47,127	\$ 50,775	\$ (31,516)
Salaried Pension Plan - DB	50,906	26,211	7,546	19,754
Salaried Pension Plan - DC	-	-	-	4,818
Total	\$ 319,177	\$ 73,338	\$ 58,321	\$ (6,944)

*ATU 1001 Pension plan deferred outflow related to contributions subsequent to measurement date was \$20,664.
 Salaried Pension Plan deferred outflow related to contributions subsequent to measurement date was \$5,100.

A summary of pension related items as of December 31, 2018, is presented below:

Plan	Net Pension Liability	Deferred Outflow of Resources *	Deferred Inflows of Resources	Pension Expense
ATU 1001 Pension Plan - D	\$ 241,090	\$ 32,365	\$ 94,709	\$ (7,068)
Salaried Pension Plan - DB	27,188	11,827	8,799	11,575
Salaried Pension Plan - DC	-	-	-	4,246
Total	\$ 268,278	\$ 44,192	\$ 103,508	\$ 8,753

*ATU 1001 Pension plan deferred outflow related to contributions subsequent to measurement date was \$19,754

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ATU 1001 Pension Plan – Defined Benefit (2019)

Plan Description

The Regional Transportation District and Amalgamated Transit Union Local 1001 Pension Plan was established pursuant to collective bargaining agreements between RTD and the Union. This plan covers substantially all full-time union-represented employees in accordance with the union agreement. The plan is a single-employer defined benefit pension plan administered by Compusys, Inc.

Benefits Provided

All benefits are paid in the form of a 50% joint and survivor annuity unless this form is rejected by the participant and the spouse.

Normal retirement benefits under the Plan are paid to participants who have attained age 65 and have been with the Plan for ten years. The benefit amount is based on final average earnings, years of employment under this Plan and age at date of retirement.

Early retirement, effective January 1, 1992, any Participant who has accumulated 20 or more years of credited service and terminated employment prior to attaining age 50, will be entitled to an early retirement benefit starting on the first day of any month after he has attained age 50. The Plan was amended effective January 1, 2011. The years of credited service needed to qualify for a normal retirement benefit was increased from five to ten years and the benefit multiplier for both the normal and early retirement was revised.

Death benefits state if an employee, who is not eligible for a vested benefit or not eligible to retire, should die, his beneficiary will be paid the accumulated employee contributions plus interest. Upon the death of a pensioner, a funeral benefit of \$2,000 will be paid in a lump sum to the pensioners designated beneficiary.

Disability benefits, an individual who becomes totally disabled prior to age 65 and retires from active employment with RTD as a direct result of being totally disabled is entitled to a disability retirement benefit provided he or she has worked for at least ten years for RTD in covered employment or any of its predecessors. An individual will be considered totally disabled upon receipt of a disability award from Social Security. Effective January 1, 2011 the years of credited service needed to qualify for a disability benefit was increased from five to ten years and the benefit multiplier was revised.

Deferred Vested Retirement Benefit, an individual who terminated employment on or after January 1, 1993, for any reason other than retirement, will be entitled to a deferred vested benefit at age 65 provided he or she had worked for at least ten years in covered employment for RTD or any of its predecessors. A participant is entitled to deferred, vested benefits as early as age 50 if he or she has worked for at least 20 years in covered employment and terminates active employment on or after attaining age 50. If an individual with 20 or more years of service terminated employment prior to age 50, benefits will be payable at any time after age 50. Effective January 1, 2011 the years of credited service needed to qualify for a deferred vested retirement disability benefit was increased from five to ten years and the benefit multiplier was revised.

Benefit structure for participants hired on or after January 1, 2011. The following changes are included:

- The benefit multiplier is changed from 2.5% to 1% with a new benefit schedule. (Priority 1).
- Regular retirement is changed from age 55 with 20 years of service to age 60 with 20 years of service.
- Sick and vacation payouts are no longer included in the pension benefit calculation. (Priority 2).
- Vesting is changed from 5 years to 10 years.
- Interest on employee contributions is changed from 5% to 3%.
- The maximum service included in the benefit calculation is reduced from 30 years to 25 years. (Priority 3).

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A "Trigger Policy" has also been provided that will partially rescind the modified benefit structure when certain Plan funding benchmarks are achieved. If the total Actuarial Required Contribution (ARC) is less than 11% of payroll, pension benefits would be restored in the order of priority listed above. The "Trigger" remains in effect until such time as the 11% ARC is restored.

Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2019 (December 31, 2018 measurement date), pension plan membership consisted of the following¹:

Active Plan Members	1,644
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,682
Inactive employee entitled to but not yet receiving benefits	<u>1,712</u>
Total	<u><u>5,038</u></u>

¹Based on December 31, 2015 actuarial valuation demographic information

Net Pension Liability

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2019 as follows:

Total Pension Liability	\$ 478,082
Plan Fiduciary Net Position	<u>209,811</u>
Plan's Net Pension Liability	<u>\$ 268,271</u>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	43.89%

Actuarial Methods and Assumptions Used to Calculate Net Pension Liability:

Valuation Date:	January 1, 2019
Notes	Actuarially determined contribution rates are calculated as of December 31st each year. Actual contributions are made pursuant to a collective bargaining agreement.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	7.00% During first 5 years of service, 3.00% after five years of service
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Healthy Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Disabled Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Other Information:	There were no benefit changes during the year.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

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For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 7.00%.

Development of the Single Discount Rate

Single Discount Rate 7.00 %

Long-Term Expected Rate of Investment Return 7.00 %

Long-Term Municipal Bond Rate 3.71 %

Asset Class	30 Year Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	4%	30%
International Equity	6%	25%
Real Estate	3%	5%
Domestic Fixed Income	1%	10%
International Fixed Income	0%	10%
Commodities	3%	5%
Private Equity	10%	15%
	Inflation Assumption	2%
	Actuarial Return Assumption	7%

Changes in the Net Pension Liability

(in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/2018	\$ 463,756	\$ 222,666	\$ 241,090
Changes for the year:			
Service Cost	9,045	-	9,045
Interest	32,102	-	32,102
Differences between expected and actual experience	1,596	-	1,596
Assumption Changes	-	-	-
Contributions-employer	-	20,163	(20,163)
Contributions-employee	-	4,627	(4,627)
Net investment income	-	(8,837)	8,837
Benefit payments, including refunds of employee contributions	(28,417)	(28,417)	-
Administrative expense	-	(391)	391
Other changes	-	-	-
Net Changes	14,326	(12,855)	27,181
Balances at 12/31/2019	\$ 478,082	\$ 209,811	\$ 268,271

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
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Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plans' net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percentage-point lower or one percentage-point higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability	\$ 316,421	\$ 268,271	\$ 225,516

Contribution

Contributions to the Union Plan are made in accordance with the collective bargaining agreement. This agreement requires RTD to contribute 13% plus \$6,200 for years 2018 through 2020 and the employee to contribute 5% of the employee's qualifying wages. RTD has included the full amount of the actuarially determined net pension liability for the represented pension plan, in accordance with financial reporting requirements. RTD is current in making all required contributions under the collective bargaining agreement.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended 2019 the employer recognized pension expense of \$(10,443). The employer reported deferred outflows and inflows of resources related from pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 2,965	\$ -
Differences in assumptions	-	41,732
Excess(deficit) Investment Returns	23,498	9,043
Contributions Subsequent to Measurement Date	20,664	-
	\$ 47,127	\$ 50,775

\$20,664 reported as deferred outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2020	\$ (25,678)
2021	(5,414)
2022	1,923
2023	4,857
Total	\$ (24,312)

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
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ATU 1001 Pension Plan – Defined Benefit (2018)

Plan Description

The Regional Transportation District and Amalgamated Transit Union Local 1001 Pension Plan was established pursuant to collective bargaining agreements between RTD and the Union. This plan covers substantially all full-time union-represented employees in accordance with the union agreement. The plan is a single-employer defined benefit pension plan administered by Compusys, Inc.

Benefits Provided

All benefits are paid in the form of a 50% joint and survivor annuity unless this form is rejected by the participant and the spouse.

Normal retirement benefits under the Plan are paid to participants who have attained age 65 and have been with the Plan for ten years. The benefit amount is based on final average earnings, years of employment under this Plan and age at date of retirement.

Early retirement, effective January 1, 1992, any Participant who has accumulated 20 or more years of credited service and terminated employment prior to attaining age 50, will be entitled to an early retirement benefit starting on the first day of any month after he has attained age 50. The Plan was amended effective January 1, 2011. The years of credited service needed to qualify for a normal retirement benefit was increased from five to ten years and the benefit multiplier for both the normal and early retirement was revised.

Death benefits state if an employee, who is not eligible for a vested benefit or not eligible to retire, should die, his beneficiary will be paid the accumulated employee contributions plus interest. Upon the death of a pensioner, a funeral benefit of \$2,000 will be paid in a lump sum to the pensioners designated beneficiary.

Disability benefits, an individual who becomes totally disabled prior to age 65 and retires from active employment with RTD as a direct result of being totally disabled is entitled to a disability retirement benefit provided he or she has worked for at least ten years for RTD in covered employment or any of its predecessors. An individual will be considered totally disabled upon receipt of a disability award from Social Security. Effective January 1, 2011 the years of credited service needed to qualify for a disability benefit was increased from five to ten years and the benefit multiplier was revised.

Deferred Vested Retirement Benefit, an individual who terminated employment on or after January 1, 1993, for any reason other than retirement, will be entitled to a deferred vested benefit at age 65 provided he or she had worked for at least ten years in covered employment for RTD or any of its predecessors. A participant is entitled to deferred, vested benefits as early as age 50 if he or she has worked for at least 20 years in covered employment and terminates active employment on or after attaining age 50. If an individual with 20 or more years of service terminated employment prior to age 50, benefits will be payable at any time after age 50. Effective January 1, 2011 the years of credited service needed to qualify for a deferred vested retirement disability benefit was increased from five to ten years and the benefit multiplier was revised.

Benefit structure for participants hired on or after January 1, 2011. The following changes are included:

- The benefit multiplier is changed from 2.5% to 1% with a new benefit schedule. (Priority 1).
- Regular retirement is changed from age 55 with 20 years of service to age 60 with 20 years of service.
- Sick and vacation payouts are no longer included in the pension benefit calculation. (Priority 2).
- Vesting is changed from 5 years to 10 years.
- Interest on employee contributions is changed from 5% to 3%.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
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- The maximum service included in the benefit calculation is reduced from 30 years to 25 years. (Priority 3).

A "Trigger Policy" has also been provided that will partially rescind the modified benefit structure when certain Plan funding benchmarks are achieved. If the total Actuarial Required Contribution (ARC) is less than 11% of payroll, pension benefits would be restored in the order of priority listed above. The "Trigger" remains in effect until such time as the 11% ARC is restored.

Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2018 (December 31, 2017 measurement date), pension plan membership consisted of the following¹:

Active Plan Members	1,858
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,592
Inactive employee entitled to but not yet receiving benefits	1,426
	<hr/>
Total	<u>4,876</u>

¹Based on December 31, 2015 actuarial valuation demographic information

Net Pension Liability

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2018 as follows:

Total Pension Liability	\$ 463,756
Plan Fiduciary Net Position	222,666
	<hr/>
Plan's Net Pension Liability	<u>\$ 241,090</u>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	48.01%

Actuarial Methods and Assumptions Used to Calculate Net Pension Liability:

Valuation Date:	January 1, 2018
Notes	Actuarially determined contribution rates are calculated as of December 31st each year. Actual contributions are made pursuant to a collective bargaining agreement.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	7.00% During first 5 years of service, 3.00% after five years of service
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Healthy Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Disabled Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Other Information:	There were no benefit changes during the year.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

REGIONAL TRANSPORTATION DISTRICT
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For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.31% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 7.00%.

Development of the Single Discount Rate

Single Discount Rate 7.00 %
 Long-Term Expected Rate of Investment Return 7.00 %
 Long-Term Municipal Bond Rate 3.31 %

Asset Class	30 Year Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	4%	30%
International Equity	6%	25%
Real Estate	6%	5%
Domestic Fixed Income	1%	10%
International Fixed Income	1%	10%
Commodities	5%	5%
Private Equity	8%	15%
	Inflation Assumption	2%
	Actuarial Return Assumption	7%

Changes in the Net Pension Liability

(in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/2017	\$ 552,781	\$ 203,770	\$ 349,011
Changes for the year:			
Service Cost	14,387	-	14,387
Interest	27,099	-	27,099
Differences between expected and actual experience	4,855	-	4,855
Assumption Changes	(108,133)	-	(108,133)
Contributions-employer	-	13,168	(13,168)
Contributions-employee	-	4,389	(4,389)
Net investment income	-	28,983	(28,983)
Benefit payments, including refunds of employee contributions	(27,233)	(27,233)	-
Administrative expense	-	(411)	411
Other changes	-	-	-
Net Changes	(89,025)	18,896	(107,921)
Balances at 12/31/2018	\$ 463,756	\$ 222,666	\$ 241,090

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plans' net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percentage-point lower or one percentage-point higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability	\$ 289,393	\$ 241,090	\$ 199,993

Contribution

Contributions to the Union Plan are made in accordance with the collective bargaining agreement. This agreement requires RTD to contribute 13% plus \$6,200 for years 2018 through 2020 and the employee to contribute 5% of the employee's qualifying wages. RTD has included the full amount of the actuarially determined net pension liability for the represented pension plan, in accordance with financial reporting requirements. RTD is current in making all required contributions under the collective bargaining agreement.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended 2018 the employer recognized pension expense of \$(7,068). The employer reported deferred outflows and inflows of resources related from pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 3,364	\$ 1,198
Differences in assumptions*	937	81,454
Excess(deficit) Investment Returns	8,310	12,057
Contributions Subsequent to Measurement Date	19,754	
	<u>\$ 32,365</u>	<u>\$ 94,709</u>

\$19,754 reported as deferred outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2019	\$ (37,268)
2020	(31,041)
2021	(10,776)
2022	(3,013)
2023	-
Total	<u>\$ (82,098)</u>

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Salaried Pension Plan - Defined Benefit (2019)

Plan Description

The Regional Transportation District Salaried Employees' Pension Plan provides coverage for all full-time salaried employees whom were hired prior to January 1, 2008. The plan is a single-employer defined benefit pension plan administered by Fringe Benefit Services, Inc.

Benefits Provided

Normal retirement eligibility age is 65 with five years of credited service; monthly benefit 2.5% of average final compensation times credited service. Early retirement age is 55 with five years of credited service; monthly benefit if retire or terminate from active status on or after age 55, the normal retirement benefit is reduced 1/30 for each year less than age 60. If the employee terminates from active status prior to age 55, the normal retirement benefit is reduced 1/15 for each year between ages 60 and 65, and 1/30 for each year less than age 60.

Disability retirement is five years of credited service, totally and permanently disabled, and entitled to a Social Security disability award; monthly benefit unreduced normal retirement benefit, payable upon approval for Social Security disability. Pre-retirement death eligibility is five years of credited service; monthly benefit survivor pension assuming the participant retired the day before death with a 50% Joint and Survivor Benefit. If death occurs before age 55, payment is deferred until the participant would have reached age 55 and is reduced for early commencement. Survivors of married participants may elect to receive an annuity or a lump sum distribution. Survivors of unmarried participants will receive a lump sum distribution if death occurs while the participant is actively employed with RTD. The lump sum is the present value of the survivor's pension above but determined as if the participant was married and the spouse was the same age as the participant.

Termination eligibility is five years of credited service; monthly benefit if not eligible to retire normal retirement benefit, early retirement benefit, or if elected within six months, a lump sum equal to the present value of the age 65 accrued benefits, payable in lieu of all other benefits in the Plan. Employee monthly benefit if eligible to retire normal retirement benefit, early retirement benefit, or a lump sum equal to the present value of an immediate accrued benefit, payable in lieu of all other benefits in the Plan.

Forms of annuity payments for normal form are 50% Joint and Survivor Annuity if married, Single Life Annuity otherwise. Optional Forms are 25%, 50%, 66-2/3% or 100% Joint and Survivor Annuity with 5-year or 10-year Certain and Life Annuity (60 or 120 months guaranteed) Social Security Adjustment (Age 62 or Age 65) Lump Sum.

Credited service is one year for each calendar year of 1,000 hours of service (except years and completed months in the year of transfer). Credited service applies to vesting and service for retirement benefit eligibility. Average final compensation is average of participant's highest consecutive 36 months of compensation in the last 120 months of credited service immediately preceding the calendar month in which retirement occurs. Compensation excludes bonuses, severance pay, long-term disability pay and other extra compensation paid in the Fiscal Year. Compensation includes deferrals made to the RTD Deferred Compensation Plan and RTD Flexible Spending Account Plan, overtime, shift differentials, leave pay and salary reductions.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2019 (December 31, 2018 measurement date), pension plan membership consisted of the following¹:

Active Plan Members	267
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	276
Inactive Plan Members Entitled to But Not Yet Receiving Benefits ²	115
Total	<u>658</u>

¹Based on January 1, 2018 actuarial valuation demographic information

²Includes transfer outs

Net Pension Liability

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2019 as follows:

Total Pension Liability	\$ 180,572
Plan Fiduciary Net Position	<u>129,666</u>
Plan's Net Pension Liability	<u>\$ 50,906</u>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	71.81%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation with date of January 1, 2019, using the following actuarial assumptions applied to all periods included in the measurement with a liability roll forward to December 31, 2018 for disclosure purposes for the Fiscal Year Ending December 31, 2019:

Inflation	2.75%
Salary Increases	3.70% - 6.45%, based on age
Investment Rate of Return	7.00%, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage including expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the December 31, 2018 (for disclosure purposes for the Fiscal Year Ending December 31, 2019) are summarized in the following data and reflect assumed long-term expected real rate of return over a 30-year horizon upon which the disclosure is based:

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Asset Class	Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	7.6%	35%
International Equity	7.8%	25%
Fixed Income	3.3%	20%
Real Estate	7.2%	15%
Cash	2.2%	5%

Mortality Rates for Annuities (60% Election Assumption)

Healthy: RP-2014 Blue Collar Mortality Tables for healthy employees and annuitants. Disabled: RP-2014 Disabled Retiree Mortality Tables.

Mortality Rates for Lump Sums (40% Election Assumption)

RP-2014 Blue Collar Mortality Tables for healthy annuitants, blended 70% male / 30% female for participants and 30% male / 70% female for beneficiaries.

The actuarial assumptions used in the January 1, 2017 evaluation were based on the results of an actuarial experience study covering the period January 1, 2009 – December 31, 2013.

Single Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that RTD contributions would be equal to the actuarially determined contribution rate for the applicable fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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. The discount rate does not incorporate nor require a 20-year tax-exempt general obligation municipal bond rate (with an average rating of AA/As or higher).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following present the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability/Assets	\$ 68,742	\$ 50,906	\$ 35,522

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Changes in the Net Pension Liability

(in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/2018	\$ 171,550	\$ 144,362	\$ 27,188
Changes for the year:			
Service Cost	3,000	-	3,000
Interest	12,624	-	12,624
Differences between expected and actual experience	(1,981)	-	(1,981)
Assumption Changes	7,844	-	7,844
Contributions-employer	-	5,100	(5,100)
Net investment income	-	(7,143)	7,143
Benefit payments, including refunds of employee contributions	(12,465)	(12,465)	-
Administrative expense	-	(188)	188
Other changes	-	-	-
Net Changes	9,022	(14,696)	23,718
Balances at 12/31/2019	\$ 180,572	\$ 129,666	\$ 50,906

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended 2019 the employer recognized pension expense of \$13,181. The employer reported deferred outflows and inflows of resources related from pensions from the following resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 1,435
Differences in assumptions	4,938	-
Excess(deficit) Investment Returns	16,173	6,111
Contributions Subsequent to Measurement Date	5,100	
Total	\$ 26,211	\$ 7,546

\$5,100 reported as deferred outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended,	
2020	\$ 5,357
2021	2,871
2022	1,800
2023	3,537
Total	\$ 13,565

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Salaried Pension Plan - Defined Benefit (2018)

Plan Description

The Regional Transportation District Salaried Employees' Pension Plan provides coverage for all full-time salaried employees whom were hired prior to January 1, 2008. The plan is a single-employer defined benefit pension plan administered by Fringe Benefit Services, Inc.

Benefits Provided

Normal retirement eligibility age is 65 with five years of credited service; monthly benefit 2.5% of average final compensation times credited service. Early retirement age is 55 with five years of credited service; monthly benefit if retire or terminate from active status on or after age 55, the normal retirement benefit is reduced 1/30 for each year less than age 60. If the employee terminates from active status prior to age 55, the normal retirement benefit is reduced 1/15 for each year between ages 60 and 65, and 1/30 for each year less than age 60.

Disability retirement is five years of credited service, totally and permanently disabled, and entitled to a Social Security disability award; monthly benefit unreduced normal retirement benefit, payable upon approval for Social Security disability. Pre-retirement death eligibility is five years of credited service; monthly benefit survivor pension assuming the participant retired the day before death with a 50% Joint and Survivor Benefit. If death occurs before age 55, payment is deferred until the participant would have reached age 55 and is reduced for early commencement. Survivors of married participants may elect to receive an annuity or a lump sum distribution. Survivors of unmarried participants will receive a lump sum distribution if death occurs while the participant is actively employed with RTD. The lump sum is the present value of the survivor's pension above but determined as if the participant was married and the spouse was the same age as the participant.

Termination eligibility is five years of credited service; monthly benefit if not eligible to retire normal retirement benefit, early retirement benefit, or if elected within six months, a lump sum equal to the present value of the age 65 accrued benefits, payable in lieu of all other benefits in the Plan. Employee monthly benefit if eligible to retire normal retirement benefit, early retirement benefit, or a lump sum equal to the present value of an immediate accrued benefit, payable in lieu of all other benefits in the Plan.

Forms of annuity payments for normal form are 50% Joint and Survivor Annuity if married, Single Life Annuity otherwise. Optional Forms are 25%, 50%, 66-2/3% or 100% Joint and Survivor Annuity with 5-year or 10-year Certain and Life Annuity (60 or 120 months guaranteed) Social Security Adjustment (Age 62 or Age 65) Lump Sum.

Credited service is one year for each calendar year of 1,000 hours of service (except years and completed months in the year of transfer). Credited service applies to vesting and service for retirement benefit eligibility. Average final compensation is average of participant's highest consecutive 36 months of compensation in the last 120 months of credited service immediately preceding the calendar month in which retirement occurs. Compensation excludes bonuses, severance pay, long-term disability pay and other extra compensation paid in the Fiscal Year. Compensation includes deferrals made to the RTD Deferred Compensation Plan and RTD Flexible Spending Account Plan, overtime, shift differentials, leave pay and salary reductions.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2018 (December 31, 2017 measurement date), pension plan membership consisted of the following¹:

Active Plan Members	291
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	264
Inactive Plan Members Entitled to But Not Yet Receiving Benefits ²	120
Total	<u>675</u>

¹Based on January 1, 2017 actuarial valuation demographic information

²Includes transfer outs

Net Pension Liability

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2018 as follows:

Total Pension Liability	\$ 171,550
Plan Fiduciary Net Position	<u>144,362</u>
Plan's Net Pension Liability	<u>\$ 27,188</u>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	84.15%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation with date of January 1, 2017, using the following actuarial assumptions applied to all periods included in the measurement with a liability roll forward to December 31, 2017 for disclosure purposes for the Fiscal Year Ending December 31, 2018:

Inflation	3.00%
Salary Increases	4.75% - 9.75%, based on age
Investment Rate of Return	7.50%, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage including expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the December 31, 2017 (for disclosure purposes for the Fiscal Year Ending December 31, 2018) are summarized in the following data and reflect assumed long-term expected real rate of return over a 30-year horizon upon which the disclosure is based:

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Asset Class	Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	7.9%	40%
International Equity	8.4%	25%
Fixed Income	4.4%	20%
Real Estate	7.5%	15%
Cash	N/A	N/A

Mortality Rates for Annuities (60% Election Assumption)

Healthy: RP-2014 Blue Collar Mortality Tables for healthy employees and annuitants. Disabled: RP-2014 Disabled Retiree Mortality Tables.

Mortality Rates for Lump Sums (40% Election Assumption)

RP-2014 Blue Collar Mortality Tables for healthy annuitants, blended 70% male / 30% female for participants and 30% male / 70% female for beneficiaries.

The actuarial assumptions used in the January 1, 2017 evaluation were based on the results of an actuarial experience study covering the period January 1, 2009 – December 31, 2013.

Single Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that RTD contributions would be equal to the actuarially determined contribution rate for the applicable fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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. The discount rate does not incorporate nor require a 20-year tax-exempt general obligation municipal bond rate (with an average rating of AA/As or higher).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following present the net pension liability of the Plan, calculated using the discount rate of 7.50%, as well as what the Plan'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 rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan's Net Pension Liability/Assets	\$ 41,591	\$ 27,188	\$ 14,668

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Changes in the Net Pension Liability

(in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/2017	\$ 166,153	\$ 130,956	\$ 35,197
Changes for the year:			
Service Cost	3,201	-	3,201
Interest	12,351	-	12,351
Differences between expected and actual experience	(816)	-	(816)
Assumption Changes	-	-	-
Contributions-employer	-	4,600	(4,600)
Net investment income	-	18,322	(18,322)
Benefit payments, including refunds of employee contributions	(9,339)	(9,339)	-
Administrative expense	-	(177)	177
Other changes	-	-	-
Net Changes	5,397	13,406	(8,009)
Balances at 12/31/2018	\$ 171,550	\$ 144,362	\$ 27,188

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended 2018 the employer recognized pension expense of \$11,575. The employer reported deferred outflows and inflows of resources related from pensions from the following resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 2,387	\$ 502
Differences in assumptions*	266	-
Excess(deficit) Investment Returns	4,074	8,297
Contributions Subsequent to Measurement Date	5,100	
Total	\$ 11,827	\$ 8,799

\$5,100 reported as deferred outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended,	
2019	\$ 2,205
2020	(352)
2021	(2,187)
2022	(1,737)
2023	-
Total	\$ (2,071)

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

RTD Plan – Defined Contribution

Plan Description

The RTD defined contribution plan represents full-time salaried employees hired after January 1, 2008. The RTD Board adopted amendment No. 8, effective January 1, 2008. RTD contributes 9% of the employee's qualifying wage. Contributions totaled \$4,818 and \$4,246 in 2019 and 2018, respectively. RTD employees cannot contribute to the Plan. Membership was 709 and 624 active employees in 2019 and 2018, respectively.

Amalgamated Transit Union Division 1001 Health and Welfare Trust

The Amalgamated Transit Union Division 1001 Health and Welfare Trust was formed pursuant to a Trust Agreement effective July 1, 1971, between Amalgamated Transit Union Division 1001 (ATU 1001) and an agent of a transit enterprise owned by the City and County of Denver, through July 3, 1974, and the Regional Transportation District (RTD) thereafter. In addition to the original Denver Metro Division, employees of other RTD divisions have been approved for participation in the Trust benefits. The Trust agreement shall continue in full force and effect in all its terms and provisions so long as there continues to be a collective bargaining agreement between the Union and RTD.

The Trust provides health benefits (hospital, medical, dental, vision, life and short-term disability) for represented employees of RTD and certain officers of ATU 1001 and health care benefits for retired employees actively working 600 hours or more per quarter. The Trust is funded through contribution by the employer and employee, the share of benefit plan contributions is set by the Collective Bargaining Agreement (CBA). RTD's contribution was \$20,890 and \$19,797 the years ended December 31, 2019 and 2018, respectively. The Trust also provides insurance coverage for felonious assault for each employee and funds the Amalgamated Transit Union Division 1001 Legal Services Trust. The Trust self-insures part of its health benefits, life insurance coverage and short-term disability. The plan issues audited financial statements, which include financial information for the plan. The financial statements may be obtained from the plan: RTD ATU 1001 Health and Welfare Trust, 2821 S. Parker Road, Suite 215 Aurora, Colorado 80014-2602.

Unearned Compensation Plan

RTD offers its employees an unearned compensation plan (the Plan), created in accordance with Internal Revenue Code Section 457, which is available to substantially all employees and permits them to defer a portion of their compensation to future years. Under the terms of the Plan, the unearned compensation is available to participants upon termination, retirement, death or in the event of an unforeseeable emergency or other financial hardship.

Compensated Absences

RTD considers all accrued compensated absences as due within one year. Employees accrue paid time off (PTO), vacation, and sick leave based on time in service; employees are not allowed to accumulate more than twice their annual PTO or vacation accrual and sick leave based on years of service. Employees are paid any outstanding compensated absence balances upon leaving RTD. RTD records these accrued compensated absences as current liabilities under the principle of conservatism by assuming these amounts are the most RTD would be obligated to pay in the near-term.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Compensated absences activity for the year ended December 31, 2019 was as follows:

	12/31/2018			12/31/2019
	Balance	Accruals	Payments	Balance
Represented employees	\$ 3,251	\$ 2,558	\$ 2,283	\$ 3,526
Salaried employees	\$ 10,248	\$ 6,888	\$ 6,385	\$ 10,751
Total compensated absences due	<u>\$ 13,499</u>	<u>\$ 9,446</u>	<u>\$ 8,668</u>	<u>\$ 14,277</u>

Compensated absences activity for the year ended December 31, 2018 was as follows:

	12/31/2017			12/31/2018
	Balance	Accruals	Payments	Balance
Represented employees	\$ 2,888	\$ 2,283	\$ 1,920	\$ 3,251
Salaried employees	\$ 10,667	\$ 6,385	\$ 6,804	\$ 10,248
Total compensated absences due	<u>\$ 13,555</u>	<u>\$ 8,668</u>	<u>\$ 8,724</u>	<u>\$ 13,499</u>

The accrued compensation liabilities of \$25,805 and \$23,868 as of December 31, 2019 and December 31, 2018 include \$11,529 and \$10,369 of accrued wages, salaries, and fringe benefits in addition to accrued compensated absences.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

NOTE G – OPERATING LEASES – LESSOR

Union Station Alliance (USA) Lease

In December 2012, RTD entered a contract with Union Station Alliance (USA) to renovate and lease RTD’s historic Denver Union Station Building. The renovation by USA included a hotel, Amtrak facilities, office space, retail and restaurant services as well as renovation of the Great Train Hall. The renovations were complete and open to the public in July 2014. The agreement includes a 60-year lease to USA to operate and maintain the facility in which RTD will participate in certain revenue collections.

NOTE H – COMMITMENTS AND CONTINGENCIES

Commitments

Operating Lease – Civic Center Transfer Facility

In 1976, RTD entered into an operating lease for a portion of the land on which the Civic Center transfer facility is located in downtown Denver. As collateral for the lease, RTD must maintain an account balance with a minimum fair value of \$1,500 in an escrow account, the interest on which accrues to RTD until the lease expires. This amount in escrow is included in restricted assets in the accompanying financial statements.

Fixed rental commitments under the lease in years subsequent to December 31, 2019, are as follows:

<u>Year ending December 31,</u>	
2020	\$ 270
2021	273
2022	275
2023	278
2024	281
2025-2029	1,448
2030-2034	1,521
2035-2039	1,599
2040-2044	1,680
2045-2049	1,766
2050-2054	1,856
2055-2059	1,951
2060-2064	2,050
2065-2069	2,155
2070-2074	2,265
2075	467
	<u>\$ 20,135</u>

Rental expense relating to this lease amounted to \$267 and \$265 for the years ended December 31, 2019 and 2018, respectively.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Operating Lease – Purchased Transportation

RTD has entered into a number of transactions in which certain of its light rail vehicles have been leased to and subleased back from certain U.S. and foreign companies and has entered into a transaction in which its maintenance facilities have been leased to and subleased back. As part of these transactions, RTD irrevocably set aside certain monies (which were received from each counter party as payment for its leasing of light rail vehicles and real property) with a third party trustee.

The monies held by such trustees will be utilized to make the lease payments owed by the RTD under the transactions and are therefore considered fully funded and economically defeased.

Capital Projects

As of December 31, 2019, RTD has contracts for the construction of various capital projects and the purchase of buses and light rail vehicles. The costs to complete these projects and the purchase of buses/light rail vehicles total \$115,716 and \$254,961 in 2019 and 2018, respectively.

Grant Match Requirements

Under the provisions of current grants, RTD is obligated to satisfy certain matching requirements of these grants. At December 31, 2019, RTD had a commitment to provide \$116,534 in matching funds in order to receive \$33,443 in future federal and state grant funds.

Privatization Contracts

In response to the privatization legislation (Note A), RTD has awarded contracts for specific groups of routes, not to exceed 58% as required by law for vehicular services. As of January 2019, 54.1% of RTD's non-rail transit services are delivered by private contractors operating under the auspices and direction of RTD.

ADA Paratransit Service

With the passage of the Americans with Disabilities Act of 1990 (ADA), RTD was mandated to provide paratransit service to the disabled individuals unable to use RTD's fixed route buses, operating the same days and hours of service as the fixed route service. This service, called Access-a-Ride, is a curb-to-curb (with door-to-door assistance upon special request) transportation system offered to disabled individuals who cannot functionally use RTD's regular fixed route system. Passengers eligible for Access-a-Ride service must originate their trip within 3/4 of a mile of an RTD non-commuter fixed route. Since September 1996, RTD has been in full compliance with the Americans with Disabilities Act of 1990 requirement to provide paratransit service to the disabled individuals unable to use fixed route buses.

Future Commitments under Construction Contracts

In 2010, RTD entered into a public-private partnership to design, build, finance and operate several of the transit improvements contemplated under the FasTracks program, including the Commuter Rail Maintenance Facility, the East Rail Corridor, the Gold Line Rail Corridor and the electrified segment of the Northwest Rail Corridor (together, the "Eagle P3 Project). The Eagle P3 Project is being delivered and operated under a concession agreement that RTD has entered with a concessionaire that was selected through a competitive proposal process. The selected concessionaire is known as Denver Transit Partners (DTP), a special purpose company owned by Fluor Enterprises, Uberior Investments and Laing Investments.

The Eagle P3 Project construction was completed in two phases with Phase I completed in 2016 and Phase II completed in 2019. Under the terms of the Eagle P3 Project agreement, RTD made scheduled construction payments to DTP from 2011 through 2017 for completed project elements. RTD began commuter rail services on the University of Colorado A Line and the B Line in 2016 and began services on the G Line in 2019. Under the terms of the concessionaire agreement, RTD will make scheduled secured principal and interest payments to DTP from 2017 through 2044 in addition to service payments for the

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

provision of operations and maintenance services by DTP. The principal and interest payments are fixed amounts for the term of the agreement while the service payments are indexed each year according to certain inflation measurements. In addition, the service payments may also be adjusted for schedule changes, special services and certain availability factors.

In 2013, RTD entered a contract with Regional Rail Partners to construct the North Metro Rail Line. The North Metro Rail Line is an 18.5-mile electric commuter rail line that will run from Denver Union Station through Commerce City, Thornton and Northglenn to Highway 7 at 162nd Avenue in North Adams County. The North Metro Rail Line is expected to open within the next few years.

In 2014, RTD entered a contract with Balfour Beatty Infrastructure, Inc. to design and construct the Southeast Rail Extension Project. The Southeast Rail Extension includes 2.3 miles extending of the existing Southeast Light rail Line from Lincoln Station through the City of Lone Tree to RidgeGate Parkway Station featuring a new Park-n-Ride with a structure of 1,300 parking spaces. The Southeast Rail Extension opened in 2019.

Future Commitments under Service Contracts

The fixed commitments under the Privatization contracts (bus) in the years subsequent to December 31, 2019 are as follows:

Year ending December 31,

2020	\$	153,288
2021	\$	142,019
2022	\$	127,262
2023	\$	68,202
2024	\$	55,569
Total	\$	<u>546,340</u>

Denver Transit Partner's concessionaire service payment commitments under the lease in years subsequent to December 31, 2019, are as follows:

<u>Year ending Decmeber 31,</u>	<u>TABOR Secured Payment</u>	<u>Service Availability Payment</u>	<u>Total</u>
2020	\$ 45,813	\$ 73,635	\$ 119,448
2021	46,264	56,934	103,198
2022	44,618	59,320	103,938
2023	45,790	63,055	108,845
2024	47,210	80,069	127,279
2025-2029	234,644	403,059	637,703
2030-2034	318,570	473,010	791,580
2035-2039	321,297	567,611	888,908
2040-2044	213,250	668,695	881,945
Total	\$ <u>1,317,456</u>	\$ <u>2,445,388</u>	\$ <u>3,762,844</u>

The projected amounts include an estimation for certain future inflation indexes as required by the concessionaire agreement. These inflation indexes will be adjusted annually as projects are revised.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Diesel Fuel Contract

RTD contracts with Mansfield Oil Co of Gainesville, Inc. for diesel fuel. The contract is structured as a single year contract. The estimated (no locked-in price) commitment under the Mansfield contract in 2020 is \$18,000. RTD estimates usage of 9.0 million gallons at unit cost of \$2.00 per gallon: 5.0 million gallons of RTD's usage and 4.0 million gallons of RTD private carrier's usage.

Contingencies

Federal Grants

RTD receives federal grants for capital projects and operating assistance, which are subject to audit by FTA. Although the outcome of any such audit cannot be predicted, it is management's opinion these audits will not result in liabilities to such an extent that they would materially affect RTD's financial position.

Self-Insurance

RTD is self-insured for general liability and Workers' Compensation claims. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In addition, RTD offers a self-insured health benefit option as part of its employee benefits program in which costs are recognized as they are incurred.

RTD does not carry excess liability insurance for personal injury and property damage. Under the provisions of the Colorado Government Immunity Act, the maximum liability, with certain exceptions as defined in the Act, to RTD for claims involving personal injury and property damage is \$387 per individual and \$1,093 per incident.

For Workers' Compensation, an excess coverage insurance policy covers individual claims in excess of \$2,000. The amount of settlements has not exceeded insurance coverage in any of the past three years.

RTD's liability for unpaid claims includes an amount for claims that have been incurred but not reported (IBNR). RTD's Risk Management determines incurred claims by investigating the accident and establishing a reserve. Reserves are established on the day of assignment, reviewed at 30 days and again at 90 days. Reserves are reviewed every 90 days thereafter and based on ultimate exposure. This amount is included in other accrued expenses in the statement of net assets. Changes in the balances of claims liabilities for both general liability and Worker's Compensation during the past year are as follows:

	Auto Liability	Workers' Compensation	Total
Unpaid claims, January 1, 2018	\$ 5,492	\$ 7,178	\$ 12,670
Incurred claims (including IBNR)	3,535	5,367	8,902
Claims payments	(3,044)	(4,970)	(8,014)
Unpaid claims, December 31, 2018	5,983	7,575	13,558
Incurred claims (including IBNR)	3,386	4,636	8,022
Claims payments	(3,490)	(4,340)	(7,830)
Unpaid claims, December 31, 2019*	<u>\$ 5,879</u>	<u>\$ 7,871</u>	<u>\$ 13,750</u>

*All claim liabilities are considered current liabilities payable within one year.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

Contract Disputes and Legal Proceedings

RTD is party to a number of pending or threatened tort lawsuits, workers' compensation claims, or labor/employment claims under which it may be required to pay certain amounts upon final disposition of these matters. RTD also has certain contract disputes being considered in contractual dispute resolution proceedings. RTD's legal counsel estimates that the ultimate outcome of these matters is sufficiently covered by RTD's general liability or workers' compensation reserves, project contingencies, or insurance, or would not otherwise materially affect the financial statements of RTD.

The Concessionaire for the Eagle Project, Denver Transit Partners, has brought a lawsuit against RTD in Denver District Court asserting claims based on an alleged change in law. DTP has alleged damages for those claims in excess of \$120M. RTD is vigorously defending that lawsuit and believes it is likely to prevail.

NOTE I – NET POSITION

	December 31,	
	2019	2018
Invested in capital assets, net of related debt	\$ 2,987,538	\$ 3,144,175
Restricted net position		
Restricted debt service	117,805	139,779
Restricted TABOR	25,940	24,079
Restricted Fastracks	369,502	361,275
Restricted Deposits	1,503	1,504
Total restricted net position	514,750	526,637
Unrestricted net position		
Unrestricted - represented net pension liability*	(265,841)	(303,435)
Unrestricted - salaried net pension liability	(32,241)	(24,160)
Unrestricted net position	132,672	120,289
Total unrestricted net position	(165,410)	(207,306)
Total net position	\$ 3,336,878	\$ 3,463,506

* Note: RTD has included the full amount of the actuarially determined net pension liability for the represented pension plan, in accordance with financial reporting requirements. RTD is current in making all required contributions under the collective bargaining agreement.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2019 and 2018 (Dollars in Thousands)

NOTE J – BUDGETARY DATA

RTD’s annual budget is prepared on the same basis as that used for accounting except that the budget also includes proceeds of long-term debt and capital grants as revenue and expenditures include capital outlays and bond principal payments, and excludes TABOR rebates under Amendment One, extraordinary loss and depreciation on, as well as gains and losses on disposition of, property and equipment. The budget sets forth all proposed outlays for operations, planning, administration, development, debt service, and capital outlays for the fiscal year. Prior to October 15, the General Manager submits to the Board of Directors a proposed operating and capital budget for the fiscal year commencing the following January 1, which is made available for public inspection and comment. On or before December 31, the budget is adopted in conjunction with an appropriation resolution by the Board of Directors, who must also approve subsequent amendments thereto. In the absence of such adoption, RTD has authority to begin making expenditures limited to 90% of the prior year’s approved appropriation. RTD’s policy on budget transfers authorizes the General Manager to approve certain transfers within the budget.

A reconciliation for the years ended December 31 of the annual budget, as amended, to actual revenue and expenses is as follows:

	2019	2018
Revenues and Proceeds		
Revenue, actual	\$ 950,875	\$ 897,388
Proceeds from debt/arbitrage relief	(96,071)	(5,805)
Federal capital grants and local contributions	124,497	81,002
Revenue, actual (budgetary basis)	\$ 979,301	\$ 972,585
Revenue, budget	\$ 952,171	\$ 1,208,273
Expenditures		
Expenses, actual	\$ 789,932	\$ 928,393
Capital outlays	350,221	335,080
Depreciation, amortization, other	(355,417)	(285,653)
Long-term debt principal payments	146,475	64,700
Expenditures, actual (budgetary basis)	\$ 931,211	\$ 1,042,520
Appropriations, budget	\$ 1,932,662	\$ 1,761,218
Unused appropriations	\$ 1,001,451	\$ 718,698

Unused appropriations lapse at year-end, except the Board of Directors has the authority, as stated in the adopted appropriation resolution, to carry over the unused portion of funds for capital projects not completed, for a period not to exceed three years. As of December 31, 2019, there was approximately \$1,001,451 of unused 2019 appropriations for capital outlays available for carryover to 2020.

NOTE K – TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters passed an amendment (Amendment 1) to the State Constitution (Article X, Section 20) that limits the revenue raising and spending abilities of state and local governments known as the Taxpayer’s Bill of Rights (TABOR). The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded to the taxpayers unless voters approve retention of these revenues. In addition, the amendment mandates that reserves equal 3% of fiscal spending be established for declared emergencies.

On November 7, 1995, the voters of the District exempted the Regional Transportation District from the revenue and spending limitations concerning the Amendment through December 31, 2005. On November 2, 1999, the voters of the District further exempted RTD from the revenue and spending limitations outlined in the Amendment for the purpose of paying any debt incurred to finance the Southeast Corridor light rail project or to operate such project for as long as any debt remains outstanding, but in no event beyond December 31, 2026.

On November 2, 2004, the voters of the District authorized an increase in RTD’s sales and use tax rate from 0.6% to 1.0%, effective January 1, 2005, to finance the FasTracks transit improvement program. This authorization also exempted RTD from any revenue and spending limitations on the additional tax and on any investment income generated by the increased tax revenue and allowed RTD to incur debt to finance the capital improvements included in the FasTracks program. At the time that all FasTracks debt is repaid, RTD’s sales and use tax rate will be reduced to a rate sufficient to operate the rapid transit system financed through FasTracks. RTD has \$3.477 billion in authorized debt, subject to the Amendments’ limitations. This debt was authorized by the voters of the District in 2004 to pay for the FasTracks rapid transit improvement program. Based on estimated fiscal year spending for 2019, \$25,940 of year-end net position has been reserved for emergencies. The Amendment is complex and subject to judicial interpretation. RTD believes it is in compliance with the requirements of the Amendment based on the interpretations of the Amendment’s language available at year-end.

NOTE L – SUBSEQUENT EVENTS

In December 2019, a novel strain of the coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. The virus subsequently spread globally resulting in a worldwide pandemic which is expected to cause significant disruptions to the economy. Several measures have been implemented by governments in the District including directives for social distancing and stay-at-home orders to mitigate the spread of COVID-19. These measures have severely curtailed activity within the District with RTD experiencing an approximate 70% reduction in ridership that began in mid-March 2020. In response, RTD undertook several initiatives including safety precautions for its employees and evaluating service levels, costs and impacts to revenue. On March 26, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES) was signed into law in which grant funding through the Federal Transit Administration (FTA) of \$232 million will be made available to RTD to fund operations during the pandemic. On April 5, 2020, RTD suspended the collection of fares in accordance with social distancing measures and on April 19, 2020 RTD reduced its transit services by approximately 40% to reduce costs and adjust services to the lower demand. The extent to which COVID-19 impacts RTD’s operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

**REGIONAL TRANSPORTATION DISTRICT
Pension Plans Summary
As of December 31,**

Schedule of Contributions Multiyear

Last 10 Fiscal Years *

(in thousands)

ATU 1001 Pension Plan

Period Ending December 31,	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 18,109	\$ 17,664	\$ 17,170	\$ 17,131	\$ 18,752
Actual Contribution	20,163	13,168	12,128	11,542	10,758
Contribution Deficiency (Excess)	(2,054)	4,496	5,042	5,589	7,994
Covered Payroll	103,646	103,729	94,802	82,994	84,774
Contribution as a Percentage of Covered Payroll	19.45%	12.69%	12.79%	13.91%	12.69%

* Fiscal year 2015 was the 1st year of implementation.

Actuarial Methods and Assumptions Used to Calculate Actuarially Determine Contribution Union:

Valuation Date:	January 1, 2019
Notes	Actuarially determined contribution rates are calculated as of December 31st each year for implementation the following fiscal year. Actual contributions are made pursuant to a collective bargaining agreement.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	7.00% During first 5 years of service, 3.00% after five years of service
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Healthy Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Disabled Mortality	RP-2014 Combines Mortality Table, generational projected with MP-2017.
Other Information:	
Notes	There were no benefit changes during the year.

See accompanying independent auditors' opinion.

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios Multiyear

Last 10 Fiscal Years*

(in thousands)

ATU 1001 Pension Plan

Period Ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 9,045	\$ 14,387	\$ 13,145	\$ 13,074	\$ 11,937
Interest	\$ 32,102	27,099	25,276	26,324	27,714
Changes to Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	\$ 1,596	4,855	(3,164)	(4,711)	(6,476)
Assumption Changes	-	(108,133)	(19,822)	28,095	28,879
Benefit Payments, Including Lump Sums	(28,417)	(27,233)	(26,133)	(25,439)	(24,312)
Net Change in Total Pension Liability	\$ 14,326	\$ (89,025)	\$ (10,698)	\$ 37,343	\$ 37,742
Total Pension Liability - Beginning	463,756	552,781	563,479	526,136	488,394
Total Pension Liability - Ending (a)	\$ 478,082	\$ 463,756	\$ 552,781	\$ 563,479	\$ 526,136
Plan Fiduciary Net Position					
Contributions - RTD	\$ 20,163	\$ 13,168	\$ 12,128	\$ 11,542	\$ 10,758
Contributions - Members	\$ 4,627	4,389	4,069	3,868	3,586
Net Investment Income	\$ (8,837)	28,983	11,855	(1,829)	11,779
Benefit Payments, Including Lump Sums	\$ (28,417)	(27,233)	(26,133)	(25,439)	(24,312)
Administrative Expenses	\$ (391)	(411)	(364)	(391)	(355)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ (12,855)	\$ 18,896	\$ 1,555	\$ (12,249)	\$ 1,456
Plan Fiduciary Net Position - Beginning	222,666	203,770	202,215	214,464	213,008
Plan Fiduciary Net Position - Ending (b)	\$ 209,811	\$ 222,666	\$ 203,770	\$ 202,215	\$ 214,464
Plan's Net Pension Liability - Beginning					
Plan's Net Pension Liability - Ending (a) - (b)	\$ 268,271	\$ 241,090	\$ 349,011	\$ 361,264	\$ 311,672
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a)	43.89%	48.01%	36.86%	35.89%	40.76%
Covered Payroll	103,646	103,729	94,802	82,994	84,774
Plan's Net Pension Liability as a Percentage of Covered Payroll	258.83%	232.42%	368.15%	435.29%	367.65%

Notes to Schedule:

Assumption changes for the Fiscal Year Ending December 31, 2016 (December 31, 2015 measurement date, January 1, 2015 actuarial valuation date): Assumption changes were a result of a change in the Single Discount Rate changing from 5.00 percent to 4.54 percent, measured at the end of the year.

Assumption changes for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date, January 1, 2016 actuarial valuation date): The mortality assumptions were updated to RP-2014 blue-collar tables published by the Society of Actuaries with project scale MP-2017. This change increased the liabilities by 2.113 million.

* Fiscal year 2015 was the 1st year of implementation.

See accompanying independent auditors' opinion.

**Schedule of Contributions Multiyear
Last 10 Fiscal Years***

(in thousands)

RTD Salaried Pension Plan

Period Ending December 31,	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 7,954	\$ 7,296	\$ 7,632	\$ 6,768	\$ 5,682
Actual Contribution	5,100	4,600	4,100	3,100	3,100
Contribution Deficiency (Excess)	2,854	2,696	3,532	3,668	2,582
Covered Payroll	26,460	27,619	30,378	31,257	30,880
Contribution as a Percentage of Covered Payroll	19.27%	16.66%	13.50%	9.92%	10.04%

* Fiscal year 2015 was the 1st year of implementation.

Actuarial Methods and Assumptions Used to Calculate Actuarially Determine Contribution Union:

Valuation Date:	January 1, 2019	
Notes	Actuarially determined contribution rates are calculated as of January 1, twelve months prior to end of the fiscal year in which contributions are reported.	
Actuarial Cost Method	Entry Age	
Amortization Method	Level dollar, fixed and declining 20 years.	
Remaining Amortization Period	12 years	
Asset Valuation Method	Smoothed over 5 years, based on Actuarial Value of Assets expected return.	
Inflation	2.75%	
Salary Increases	3.70%-6.45%, based on age	
Investment Rate of Return	7.00%, net of investment expenses	
Retirement Age	Age	Rate
	55	5.0%
	55-61	10.00%
	62	25.00%
	63-64	15.00%
	65-69	40.00%
	70 or older	100.00%
	Vested inactive participants are assumed to retire at age 64.	
Mortality (Annuities)	RP-2014 Mortality Tables for healthy employees and annuitants (adjusted to 2006), and projected to 2022 using the MP-2017 mortality improvement scale. Disabled Participants: RP-2014 Disabled Retiree Tables.	
Mortality (Lump Sums)	RP-2014 Mortality Tables for healthy employees and annuitants (adjusted to 2006), and projected to 2022 using the MP-2017 mortality improvement scale, blended 70% male / 30% female for participants and 30% male / 70% female for beneficiaries.	
Other Information:	401(a) 17 compensation and 415 limits are assumed to increase with inflation. Turnover: 0.00% - 9.93%, based on age Disablement: 0.03% - .81%, based on age Expenses: \$140 per year payable monthly	

See accompanying independent auditors' opinion.

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios Multiyear

Last 10 Fiscal Years*

(in thousands)

RTD Salaried Pension Plan

Period Ending December 31,

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 3,000	\$ 3,201	\$ 3,587	\$ 3,342	2,673
Interest	\$ 12,624	12,351	11,371	10,388	9,366
Changes to Benefit Terms		-	-	-	-
Differences Between Expected and Actual Experience	\$ (1,981)	(816)	6,716	3,869	2,228
Assumption Changes	\$ 7,844	-	-	3,601	6,997
Benefit Payments, Including Lump Sums	(12,465)	(9,339)	(7,092)	(9,582)	(7,034)
Net Change in Total Pension Liability	\$ 9,022	\$ 5,397	\$ 14,582	\$ 11,618	\$ 14,230
Total Pension Liability - Beginning	171,550	166,153	151,571	139,953	125,723
Total Pension Liability - Ending (a)	\$ 180,572	\$ 171,550	\$ 166,153	\$ 151,571	\$ 139,953

Plan Fiduciary Net Position

Contributions - RTD	\$ 5,100	\$ 4,600	\$ 4,100	\$ 3,100	\$ 3,100
Contributions - Members					
Net Investment Income	\$ (7,143)	18,322	11,337	(610)	9,078
Benefit Payments, Including Lump Sums	\$ (12,465)	(9,339)	(7,092)	(9,582)	(7,034)
Administrative Expenses	\$ (188)	(177)	(166)	(141)	(127)
Other					
Net Change in Plan Fiduciary Net Position	\$ (14,696)	\$ 13,406	\$ 8,179	\$ (7,233)	\$ 5,017
Plan Fiduciary Net Position - Beginning	144,362	130,956	122,777	130,010	124,993
Plan Fiduciary Net Position - Ending (b)	\$ 129,666	\$ 144,362	\$ 130,956	\$ 122,777	\$ 130,010
Plan's Net Pension Liability - Beginning	28,794	28,794	28,794	9,943	730
Plan's Net Pension Liability - Ending (a) - (b)	\$ 50,906	\$ 27,188	\$ 35,197	\$ 28,794	\$ 9,943

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a)

	71.81%	84.15%	78.82%	81.00%	92.90%
--	--------	--------	--------	--------	--------

Covered Payroll 26,460 27,619 30,378 31,257 30,880

Plan's Net Pension Liability as a Percentage of Covered Payroll

	192.39%	98.44%	115.86%	92.12%	32.20%
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Notes to Schedule:

Assumption changes for the Fiscal Year Ending December 31, 2018: Effective with the January 1, 2018 valuation, the following actuarial assumptions were updated: investment rate of return, interest discount rate, operating expenses, salary scale, mortality tables for annuity and lump sum elections, lump sum election rates, active retirement rates, vested inactive retirement age, termination rates, disability rates, and marriage assumption.

Assumption changes for the Fiscal Year Ending December 31, 2019: Effective with the January 1, 2019 valuation, the operating expense assumption was increased from \$135,000 per year, payable monthly, to \$140,000 per year, payable monthly, with a 2% annual increase thereafter (described in the Notes to Schedule).

Changes to Benefit Terms for the Fiscal Year Ending December 31, 2018: Effective January 1, 2019, the interest rate and mortality table for lump sum payments and optional payment form conversions were updated to be consistent with the changes reflected in the January 1, 2018 actuarial valuation

Changes to Benefit Terms for the Fiscal Year Ending December 31, 2019: None.

* Fiscal year 2015 was the 1st year of implementation.

See accompanying independent auditors' opinion.

SUPPLEMENTAL INFORMATION

**REGIONAL TRANSPORTATION DISTRICT
SCHEDULE OF EXPENSE AND REVENUE
BUDGET AND ACTUAL - BUDGETARY BASIS
Year Ended December 31, 2019
(In Thousands)**

	Adopted Budget	Final Budget	Actual	Variance - positive (negative)
Operating revenue				
Passenger fares	\$ 163,600	\$ 163,600	\$ 154,390	\$ (9,210)
Other	5,616	5,616	6,553	937
Total operating revenue	<u>169,216</u>	<u>169,216</u>	<u>160,943</u>	<u>(8,273)</u>
Operating expenses				
Salaries and wages	206,691	204,485	196,505	7,980
Fringe benefits	75,586	74,519	54,569	19,950
Materials and supplies	68,932	63,563	54,983	8,580
Services	145,914	139,262	96,085	43,177
Utilities	20,492	19,926	17,823	2,103
Insurance	14,190	14,151	10,833	3,318
Purchased transportation	210,275	211,016	203,559	7,457
Leases and rentals	2,470	3,090	3,204	(114)
Miscellaneous	10,862	7,204	5,053	2,151
Total operating expenses	<u>755,412</u>	<u>737,216</u>	<u>642,614</u>	<u>94,602</u>
Operating loss	<u>(586,196)</u>	<u>(568,000)</u>	<u>(481,671)</u>	<u>86,329</u>
Nonoperating revenue (expenses)				
Sales and use tax	668,330	662,376	659,418	(2,958)
Grant operating assistance	95,293	92,013	86,263	(5,750)
Investment income	15,695	15,695	17,669	1,974
Other income	12,679	12,871	26,582	13,711
Gain/loss on capital assets	-	-	(2,452)	(2,452)
Interest expense	(152,155)	(152,155)	(200,845)	(48,690)
Other expense/unrealized loss capital assets	-	-	(672)	(672)
Total nonoperating revenue (expenses)	<u>639,842</u>	<u>630,800</u>	<u>585,963</u>	<u>(44,837)</u>
Proceeds from debt	-	-	(96,071)	(96,071)
Capital outlay				
Capital expenses	830,745	693,520	350,221	(343,299)
Less capital grants	(275,592)	(266,591)	(124,497)	142,094
	<u>555,153</u>	<u>426,929</u>	<u>225,724</u>	<u>(201,205)</u>
Long-term debt principal payment	<u>(76,771)</u>	<u>(76,771)</u>	<u>(146,475)</u>	<u>(69,704)</u>
Excess (deficiency) of revenue and nonoperating income over (under) expenses, capital outlays and debt principal payments	<u>\$ (578,278)</u>	<u>\$ (440,900)</u>	<u>(363,978)</u>	<u>\$ 76,922</u>
Increases (decreases) to reconcile budget basis to GAAP basis				
Capital expenses			350,221	
Proceeds from debt			96,071	
Long-term debt principal payment			146,475	
Depreciation			(355,417)	
INCREASE IN NET POSITION			<u>\$ (126,628)</u>	

See accompanying independent auditors' opinion

STATISTICAL SECTION

This part of the Regional Transportation District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the government’s overall financial health.

Contents	Page
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Financial Trends	93-95
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These tables contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Revenue Capacity	96
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These tables contain information to help the reader assess the government’s most significant revenue source.

Debt Capacity	97-98
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These tables contain information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Operating Information	99
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These tables contain service and infrastructure data to help the reader understand how the information in the financial report relates to service the government provides and the activities it performs. The demographic and economic indicators help the reader understand the environment within which the government’s financial activities take place.

REGIONAL TRANSPORTATION DISTRICT
NET POSITION BY COMPONENT¹ (In Thousands)

Table 1

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Invested in capital assets, net of related debt (Note I)	\$ 2,987,538	\$ 3,144,175	\$ 3,135,186	\$ 3,135,186	\$ 2,936,397	\$ 2,987,697	\$ 2,788,100	\$ 2,348,966	\$ 1,872,790	\$ 1,597,631
Restricted (Note I)										
Emergencies	25,940	24,079	25,735	21,609	20,284	19,193	18,304	17,451	16,392	15,486
Debt and other	488,810	502,558	475,792	395,948	304,667	155,345	117,827	316,711	491,313	424,348
Total restricted net position²	514,750	526,637	501,527	417,557	324,951	174,538	136,131	334,162	507,705	439,834
Unrestricted net position (note H)	(165,410)	(207,306)	(223,204)	(214,479)	(84,409)	18,842	53,218	45,782	46,199	166,299
Total net position	\$ 3,336,878	\$ 3,463,506	\$ 3,413,509	\$ 3,338,264	\$ 3,176,939	\$ 3,181,077	\$ 2,977,449	\$ 2,728,910	\$ 2,426,694	\$ 2,203,764

¹ Data is taken from the financial records of RTD and is presented on the accrual basis.

² Retriected net position for 2016 and 2015 has been restated by category.

REGIONAL TRANSPORTATION DISTRICT
SUMMARY OF STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
(In Thousands)

Table 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues:										
Passenger Fares	\$ 154,390	\$ 143,231	\$ 140,217	\$ 134,622	\$ 120,497	\$ 120,497	\$ 117,841	\$ 112,929	\$ 108,497	\$ 97,942
Other	6,553	7,535	7,159	5,803	5,347	4,406	5,199	5,333	4,882	4,414
Total Operating Revenues	160,943	150,766	147,376	140,425	125,844	124,903	123,040	118,262	113,379	102,356
Operating Expenses:										
Salaries, wages, fringe benefits	251,074	236,892	263,977	260,039	227,207	204,790	192,405	178,974	166,332	160,498
Materials and supplies	54,983	51,335	44,686	52,180	58,884	62,156	64,798	58,300	52,015	48,310
Services	96,085	81,189	77,323	58,560	79,749	108,920	112,479	109,853	48,357	60,553
Utilities	17,823	16,419	16,503	14,220	13,673	14,151	13,567	11,833	11,627	10,977
Insurance	10,833	9,941	13,319	10,382	8,102	5,273	5,568	3,776	6,089	5,429
Purchased transportation	203,559	176,416	159,051	156,605	113,216	114,942	113,006	111,130	108,865	104,514
Leases and rentals	3,204	1,996	2,829	3,288	3,462	3,264	3,210	2,401	1,964	2,515
Miscellaneous	5,053	4,317	4,213	4,183	4,531	6,561	6,448	15,741	2,082	3,315
Total Operating Expenses	642,614	578,505	581,901	559,457	508,824	520,057	511,481	492,008	397,331	396,111
Operating loss before depreciation	(481,671)	(427,739)	(434,525)	(419,032)	(382,947)	(395,154)	(388,441)	(373,746)	(283,952)	(293,755)
Depreciation	355,417	285,653	248,633	222,154	152,531	139,045	127,256	115,269	104,280	104,176
Operating Loss	(837,088)	(713,392)	(683,158)	(641,186)	(535,478)	(534,199)	(515,697)	(489,015)	(388,232)	(397,931)
Nonoperating income (expense):										
Sales and use tax revenues	659,418	634,192	598,187	563,598	541,518	514,721	468,586	449,787	415,180	397,549
Grant operating assistance	86,263	86,403	80,412	77,335	73,383	75,544	88,243	68,927	89,592	92,655
Interest income	17,669	13,409	63,030	6,371	3,164	165	2,040	2,613	6,484	8,065
Other income	26,582	12,618	10,596	9,927	10,322	10,248	28,170	11,035	11,356	3,653
Gain/Loss on Capital Assets	(2,452)	(1,449)	4,022	5,664	1,085	6,613	(82)	3,459	(6,101)	(3,474)
Interest expense	(200,845)	(62,770)	(65,346)	(77,272)	(79,686)	(72,293)	(61,223)	(51,371)	(51,274)	(48,735)
Other expense/Unrealized Loss Assets	(672)	(16)	(2,981)	(1,258)	(1,422)	(3,605)	(4,064)	(4,895)	(150)	(1,671)
Total Nonoperating Income	585,963	682,387	687,920	584,365	548,364	531,393	521,670	479,555	465,087	448,042
Net income before capital grants and local contributions	(251,125)	(31,005)	4,762	(56,821)	12,886	(2,806)	5,973	(9,460)	76,855	50,111
Capital grants and local contributions	124,497	81,002	86,395	202,235	169,313	206,431	242,566	311,676	238,292	107,478
Increase in Net Position	(126,628)	49,997	91,157	145,414	182,199	203,625	248,539	302,216	315,147	157,589
Net Position, Beginning of Year, (as previously reported)	3,463,506	3,413,509	3,322,352	3,176,938	3,181,074	2,977,449	2,728,910	2,426,694	2,203,764	2,046,175
Change in accounting principle, (note A)					(186,335)					
Net Position, Beginning of Year, (as restated)					2,994,739					
Prior Period Adjustment									(92,217)	
Net Position at End of Year	\$ 3,336,878	\$ 3,463,506	\$ 3,413,509	\$ 3,322,352	\$ 3,176,938	\$ 3,181,074	\$ 2,977,449	\$ 2,728,910	\$ 2,426,694	\$ 2,203,764

**REGIONAL TRANSPORTATION DISTRICT
OPERATING AND OTHER EXPENSES AND CAPITAL OUTLAYS¹**

Table 3

Last Ten Years (Unaudited)

(In Thousands)

Year	Transit Operating Expenses ²	Planning, Administrative and Development	Depreciation	Interest Expense ²	Other Nonoperating Expenses	Capital Outlays ²	Total
2010	\$ 318,751	\$ 77,360	\$ 104,176	\$ 48,735	\$ 5,145	\$ 712,552	1,266,719
2011	333,301	64,030	104,280	51,274	6,251	616,953	1,176,089
2012	414,893	77,115	115,269	51,371	4,895	702,119	1,365,662
2013	429,700	81,781	127,256	61,223	4,146	769,359	1,473,465
2014	436,905	83,152	139,045	72,293	3,605	862,701	1,597,701
2015	427,468	81,356	152,531	79,686	1,422	870,055	1,612,518
2016	470,005	89,452	222,154	77,272	1,258	693,159	1,553,300
2017	491,673	90,228	248,633	65,346	2,981	451,245	1,350,106
2018	488,277	90,228	285,653	62,770	1,465	335,080	1,263,473
2019	536,119	106,495	355,417	200,845	3,124	350,221	1,552,221

¹ Data is taken from the financial records of RTD and is presented on the accrual basis.

² RTD capitalizes certain interest costs, which are included in capital outlays.

REGIONAL TRANSPORTATION DISTRICT

REVENUE BY SOURCE¹

Last Ten Years (Unaudited)

(In Thousands)

Table 4

Year	Operating Revenues	Sales/Use Tax	Grant Operating Assistance	Interest Income	Other	Total Revenue	Capital Grants	Local Contributions	Total Revenue and Capital Grant & Contributions
2010	\$ 102,356	\$ 397,549	\$ 92,655	\$ 8,065	\$ 3,653	\$ 604,278	\$ 102,213	\$ 5,265	\$ 711,756
2011	113,379	415,180	89,592	6,484	11,356	635,991	186,073	52,219	874,283
2012	118,262	449,787	68,927	2,613	14,494	654,083	193,991	117,685	965,759
2013	123,040	468,586	88,243	2,040	28,170	710,079	159,783	82,783	952,645
2014	124,903	514,721	75,544	165	16,861	732,194	171,549	34,882	938,625
2015	125,877	541,518	73,383	3,164	11,407	755,349	157,616	11,697	924,662
2016	140,525	563,598	77,335	6,371	15,591	803,420	185,324	16,911	1,005,655
2017	147,376	598,187	80,412	63,030	14,618	903,623	75,500	10,895	990,018
2018	150,766	634,192	86,403	13,409	12,618	897,388	52,229	28,773	978,390
2019	160,943	659,418	86,263	17,669	24,130	948,423	116,303	8,194	1,072,920

¹ Data is taken from the financial records of RTD and is presented on the accrual basis.

REGIONAL TRANSPORTATION DISTRICT
DEBT COVERAGE RATIOS¹
(In Thousands)

Table 5

LAST TEN YEARS (UNAUDITED)

	Sales Tax Bond Debt Service Requirements			Sales Tax	Coverage
	Interest	Principal	Total	Collections	Ratio
2010	\$ 46,324	\$ 44,511	\$ 90,835	\$ 397,549	4.38
2011	70,646	25,010	95,656	415,180	4.34
2012	70,752	26,211	96,963	449,787	4.64
2013	76,786	20,725	97,511	541,518	5.55
2014	84,821	25,712	110,533	514,721	4.66
2015	84,101	26,438	110,539	541,518	4.90
2016	83,490	27,043	110,533	563,598	5.10
2017	89,033	25,364	114,397	598,187	5.23
2018	86,542	26,235	112,777	634,192	5.62
2019	85,662	18,715	104,377	659,418	6.32

Certificate of Participation Debt Service Requirements

	Interest	Principal	Total
2010	\$ 13,711	\$ 26,725	\$ 40,436
2011	28,973	25,955	54,928
2012	28,451	28,575	57,026
2013	31,285	25,735	57,020
2014	43,502	31,290	74,792
2015	57,226	27,910	85,136
2016	62,373	34,655	97,028
2017	56,071	32,702	88,773
2018	53,669	38,465	92,134
2019	51,941	48,620	100,561

REGIONAL TRANSPORTATION DISTRICT

Table 5

DEBT COVERAGE RATIOS (Continued)

(In Thousands)

	Total Debt Service Requirements			Total Revenue	Coverage Ratio
	Interest	Principal	Total		
2010	\$ 60,035	\$ 71,236	\$ 131,271	\$ 573,460	4.37
2011	99,619	50,965	150,584	654,083	4.34
2012	99,203	54,786	153,989	874,283	5.68
2013	108,071	46,460	154,531	965,494	6.25
2014	128,323	57,002	185,325	952,645	5.14
2015	141,327	54,348	195,675	938,645	4.80
2016	145,863	61,698	207,561	924,662	4.45
2017	145,104	58,066	203,170	990,018	4.87
2018	140,211	64,700	204,911	978,390	4.77
2019	137,603	67,335	204,938	1,072,920	5.24

¹ Source: The financial records of RTD and the Official Statements of the respective debt issues.

**REGIONAL TRANSPORTATION DISTRICT
DEMOGRAPHIC AND OPERATING DATA**

Table 6

Last Ten Years (Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
January 1 population within RTD service area ¹	3,090,000	3,080,000	2,920,000	2,920,000	2,870,000	2,870,000	2,800,000	2,800,000	2,800,000	2,800,000
Cities and towns served	40	40	40	40	40	40	40	40	40	40
Square miles in service area	2,342	2,342	2,342	2,342	2,340	2,340	2,340	2,340	2,348	2,348
Total miles	64,369,963	59,239,576	49,348,647	44,368,116	47,575,444	45,746,927	45,246,715	38,824,067	42,996,614	41,449,988
Passenger stops	9,800	9,800	9,077	9,077	9,566	9,751	9,509	9,841	9,698	10,140
Number of fixed routes	169	169	172	172	137	138	136	145	138	148
Local	107	107	115	115	69	65	65	71	64	66
Express	-	-	-	-	15	14	14	17	16	20
Regional	23	23	16	16	20	17	17	17	17	16
Skyride	3	3	3	3	5	5	5	5	5	5
Boulder City	13	13	13	13	13	13	13	13	12	14
Longmont City	4	4	4	4	4	4	4	4	4	7
Limited	14	14	16	16	18	11	11	10	11	11
Miscellaneous	5	5	5	5	8	9	7	7	9	9
Ridership average weekday, without Mall Shuttle and Light Rail	183,293	183,293	193,391	197,637	208,086	211,702	208,387	210,811	205,504	209,172
Ridership average weekday, including Mall Shuttle	221,938	221,938	229,966	236,573	252,034	255,696	254,071	255,501	254,197	255,068
Ridership average weekday, including Mall Shuttle, Light Rail, ADA, and Van Pool	321,891	321,891	326,413	331,580	338,363	344,348	335,391	326,747	325,900	323,311
Total annual boardings without Mall Shuttle, Light Rail and ADA	61,091,654	61,091,654	64,457,209	59,005,677	62,833,246	63,935,032	63,010,579	63,640,443	61,634,723	62,902,963
Total annual boardings, including Mall Shuttle	71,366,204	71,366,204	73,947,723	71,345,729	76,257,759	77,464,530	77,079,604	77,320,228	76,577,627	76,825,609
Total annual boardings, including Mall Shuttle, Light Rail and CRT	104,307,853	104,307,853	105,773,275	100,248,216	101,776,337	103,851,061	100,844,239	97,959,296	97,272,342	96,657,335
Total annual boardings, including Mall Shuttle, Light Rail, ADA service, and Van Pool	105,388,415	105,388,415	106,849,922	101,322,384	102,991,663	104,987,248	101,966,009	99,122,065	98,384,882	97,724,928
Daily miles operated (average weekday), including Mall Shuttle	176,356	124,202	124,688	120,613	119,076	107,635	106,709	129,517	117,261	124,248
Daily miles operated (average weekday), including Mall Shuttle and Light Rail	141,621	141,621	142,489	136,677	131,221	119,706	118,385	139,083	126,849	134,294
Diesel fuel consumption, gallons ²	5,178,712	5,238,000	5,550,000	5,550,000	5,550,000	5,550,000	5,600,000	5,400,000	5,400,000	5,200,000
Total active buses	1,030	1,026	1,023	1,023	1,021	1,011	992	998	969	1,025
Wheelchair lift equipped buses	1,030	1,026	1,023	1,023	1,021	1,011	992	998	969	1,025
Number of employees ²										
Salaried	870	870	817	779	779	735	752	700	697	696
Represented (includes part-time)	2,018	2,018	1,962	2,034	1,955	1,929	1,901	1,715	1,785	1,744
Fleet requirements (peak hours)	841	841	834	834	834	821	785	779	797	806
Operating facilities ²	7	7	7	7	7	7	6	6	6	6

¹ Source: Population is based on estimates provided by the Denver Regional Council of Governments. All other data comes from the financial records of RTD.

² Excludes purchased transportation services.

Debt Disclosure Tables for 2018 CAFR

CAFR Table	Table Title
7	SBP Operations Program
8	SBP Capital Program
9	RTD Statement of Debt
10	RTD Annual Ridership and Fare Revenue
11	RTD Advertising and Ancillary Revenues
12	RTD Federal Grant Receipts
13	Five-Year Summary of Revenue/Expense Statements
14	Five-Year Summary of Budget/Actuals
15	RTD 2018 and 2019 Budget
16	Trip Fares
17	RTD Net Retail Sales

Debt Disclosure Tables Updated in Body of 2018 CAFR

Table Title	Location in CAFR
RTD Revenues by Source	Statistical Section – Table 4
Summary Balance Sheet	Statements of Net Position – pg. 38-39

REGIONAL TRANSPORTATION DISTRICT
2020-2025 MID-TERM FINANCIAL PLAN - OPERATING PROGRAM (In Thousands)

Table 7

Program	2020	2021	2022	2023	2024	2025	Total Cost
Interest Payments ^{1,2}	\$ 16,834	\$ 14,353	\$ 13,023	\$ 11,072	\$ 9,168	\$ 7,173	\$ 71,623
Bus Operations – Current RTD	143,549	146,955	150,776	154,624	158,600	162,604	917,108
Bus Operations – Private Carrier after Contract	112,955	117,308	121,362	124,645	130,709	134,823	741,802
Bus Operations - call-n-Ride	8,468	8,685	8,911	9,138	9,374	9,611	54,187
Private Contract Administration Costs	425	436	447	459	470	482	2,719
Service Increases – RTD-Operated	401	401	401	-	-	-	1,203
Service Increases – Private Contractor	303	302	302	-	-	-	907
FasTracks Service Allocation - Bus ¹	(17,214)	(17,660)	(18,125)	(18,593)	(19,077)	(19,565)	(110,234)
Cost Sharing Agreements - Bus Service	4,318	4,429	4,546	4,663	4,785	4,907	27,648
Rail Operations	65,381	67,074	68,840	70,619	72,456	74,308	418,678
ADA Operating Costs	53,760	56,604	59,710	63,046	66,695	70,621	370,436
FasTracks Service Allocation - ADA ¹	(2,128)	(2,183)	(2,240)	(2,298)	(2,358)	(2,418)	(13,625)
Safety & Security - Base	25,999	26,672	27,374	28,082	28,812	29,549	166,488
Safety & Security - Additional Costs	637	758	1,626	1,668	1,712	1,895	8,296
Capital Programs & Facilities - Base	41,074	42,358	43,473	44,596	45,757	46,926	264,184
Capital Programs & Facilities- Additional Costs	128	2,020	3,535	2,292	432	443	8,850
Direct Costs - Other Departments	20,173	20,694	21,237	21,783	22,348	22,918	129,153
Indirect Costs - Other Departments	112,031	113,217	117,205	119,781	121,530	144,807	728,571
FasTracks - Cost Allocation	(41,479)	(42,553)	(43,673)	(44,802)	(45,967)	(47,142)	(265,616)
Grand Total	\$ 545,615	\$ 559,870	\$ 578,730	\$ 590,775	\$ 605,446	\$ 641,942	\$ 3,522,378

¹ Interest payments are not presented in year of expenditure dollars. All other operating expenses are presented in year of expenditure dollars.

² Interest payments on bonds and certificates of participation (COPS) issued for purposes other than FasTracks.

REGIONAL TRANSPORTATION DISTRICT
2020-2025 STRATEGIC BUDGET PLAN - CAPITAL PROGRAM (In Thousands)

Table 8

Program	2020	2021	2022	2023	2024	2025	Total Cost
Lono Term Debt Service ^{1,2}	\$ 65,793	\$ 64,711	\$ 60,676	\$ 49,516	\$ 51,412	\$ 43,819	\$ 335,927
Fleet Modernization and Expansion ³							
Buses and ADA Vehicles	20,504	33,862	59,765	18,441	31,757	8,842	173,171
Other	-	-	432	222	227	-	881
Light Rail Vehicles	-	-	-	-	-	-	-
Transfer Stations ³	2,051	-	-	-	-	-	2,051
Rail Construction ³	4,974	3,840	4,697	3,434	2,728	1,748	21,421
Rail Transit ³	2,307	1,315	4,643	3,102	2,614	-	13,981
Capital Support Equipment ³							-
Vehicles and Bus Maintenance Equipment	600	299	4,631	4,012	3,166	4,089	16,797
Information Systems, Computer Equip. for Ops.	3,528	789	594	332	-	-	5,243
Capital Support Projects ³	256	263	270	277	284	10,004	11,354
Facilities Construction and Maintenance ³	6,070	334	4,107	6,209	13,792	60,196	90,708
Planning ³	-	-	-	33,231	-	-	33,231
Treasury ³	5,155	-	1,512	-	-	-	6,667
Unallocated Capital ³	-	-	-	-	-	-	-
Grand Total	\$ 111,238	\$ 105,413	\$ 141,327	\$ 118,776	\$ 105,980	\$ 128,698	\$ 711,432

¹ Principal payments are set at the time the bonds are issued and do not change with inflation.

² Long-term debt service costs include principal payments on bonds and COPs and are not presented in year of expenditure dollars.

³ Capital expenditures and discretionary capital amounts are presented in year of expenditure dollars.

REGIONAL TRANSPORTATION DISTRICT
STATEMENT OF DEBT
as of December 31, 2019

Table 9

Sales Tax Bonds	Outstanding²
RTD Sales Tax Revenue Refunding Bonds, Series 2007 ¹ - FasTracks	\$ 249,070
RTD Sales Tax Revenue Refunding Bonds, Series 2007 ¹	50,806
RTD Sales FasTracks Tax Revenue Bonds, Series 2010AB ¹	300,000
RTD Sales FasTracks Tax Revenue Bonds, Series 2012A ¹	525,713
RTD Sales Tax Revenue Bonds, Series 2013A ¹	7,819
RTD Sales FasTracks Tax Revenue Bonds, Series 2013AB ¹	237,691
RTD Sales Tax TIFIA Loan ⁴	335,619
RTD Sales FasTracks Tax Revenue Bonds, Series 2016A ¹	226,431
RTD Sales FasTracks Tax Revenue Bonds, Series 2017A ¹	88,975
RTD Sales FasTracks Tax Revenue Bonds, Series 2017B ¹	138,470
RTD Sales FasTracks Tax Revenue Bonds, Series 2019A ¹	82,740
Total Sales Tax Revenue Debt	\$ 2,243,334

Lease Purchase Agreements	Outstanding²
Master Lease Purchase Agreement II Fixed Rate Taxable Certificates of Participation, Series 2007A	3,295
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, FasTracks Series 2010AB	193,444
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2013A	162,157
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2014A	461,660
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2015A	128,037
2016A JPM Lease Purchase Agreement Refunding	38,242
2017A JPM Lease Purchase Agreement Refunding	153,140
Total Certificates of Participation Debt	\$ 1,139,975
Total Debt	\$ 3,383,309

RTD Distirct Populaiton ³	3,200,000
Per Capita Debt Requirement	\$ 1,057

¹ The Bond Resolution pursuant to which the RTD Sales Tax Revenue Bonds are issued provides that pledged for the payment of such Bonds are the Sales Tax Revenues and "any additional revenues legally available to RTD which the Board in its discretion may hereafter by Supplemental Resolution pledge to the payment of the Bonds".

² RTD is current on its obligations under all such debt.

³ Population is based on estimates provided by the Denver Regional Council of Governments.

⁴ Capitalized interest thru 2020

ANNUAL RIDERSHIP AND FARE REVENUE - 2010-2019

(In Thousands)

Table 10

Year	Revenue Boardings¹	Fare Revenue	Percent Change in Fare Revenue
2010	83,732	\$ 97,942	1.1%
2011	83,428	108,497	10.8%
2012	85,442	112,929	4.1%
2013	87,820	117,841	4.3%
2014	91,049	120,497	2.3%
2015	88,927	120,530	0.0%
2016	88,982	134,622	11.7%
2017	87,823	140,217	4.2%
2018	95,114	143,231	2.1%
2019	95,041	154,390	7.8%

¹ Totals for 2010-2019 include both access-a-Ride boardings and vanpool boardings.

ADVERTISING AND ANCILLARY REVENUES - 2010-2019

(In Thousands)

Table 11

Year	Advertising Revenue	Ancillary Revenues
2010	\$ 3,301	\$ 2,892
2011	3,992	2,528
2012	3,524	2,214
2013	2,924	20,123
2014	4,324	2,085
2015	4,160	1,186
2016	3,722	2,081
2017	4,280	2,879
2018	4,433	3,102
2019	4,482	2,071

GRANT RECEIPTS AND LOCAL CONTRIBUTIONS - 2010-2019

(In Thousands)

Table 12

Year	Grant Capital	Local Contributions	Grant Operating Assistance
2010	\$ 102,213	\$ 5,285	\$ 92,655
2011	186,073	52,219	89,592
2012	193,991	117,685	68,927
2013	159,783	82,783	88,243
2014	171,549	34,882	75,544
2015	157,616	11,697	73,383
2016	185,324	16,911	77,335
2017	75,500	10,895	80,412
2018	52,229	28,773	86,403
2019	116,303	8,194	86,263

REGIONAL TRANSPORTATION DISTRICT
FIVE-YEAR SUMMARY OF STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
(In Thousands)

Table 13

	Years ended December 31				
	2019	2018	2017	2016	2015
Operating Revenues:					
Passenger Fares	\$ 154,390	\$ 143,231	\$ 140,217	\$ 134,622	\$ 120,530
Other	6,553	7,535	7,159	5,803	5,347
Total Operating Revenues	160,943	150,766	147,376	140,425	125,877
Operating Expenses:					
Salaries, wages, fringe benefits	251,074	236,892	263,977	260,039	227,207
Materials and supplies	54,983	51,335	44,686	52,180	58,884
Services	96,085	81,189	77,323	58,560	79,749
Utilities	17,823	16,419	16,503	14,220	13,673
Insurance	10,833	9,941	13,319	10,382	8,102
Purchased transportation	203,559	176,416	159,051	156,605	113,217
Leases and rentals	3,204	1,996	2,829	3,288	3,462
Miscellaneous	5,053	4,317	4,213	4,183	4,531
Total Operating Expenses	642,614	578,505	581,901	559,457	508,825
Operating loss before depreciation	(481,671)	(427,739)	(434,525)	(419,032)	(382,947)
Depreciation	355,417	285,653	248,633	222,154	152,531
Operating Loss	(837,088)	(713,392)	(683,158)	(641,186)	(535,478)
Nonoperating income (expense):					
Sales and use tax revenues	659,418	634,192	598,187	563,598	541,518
Grant operating assistance	86,263	86,403	80,412	77,335	73,383
Interest income	17,669	13,409	63,030	6,371	3,164
Other income	26,582	12,618	10,596	9,927	10,322
Gain/Loss on Capital Assets	(2,452)	(1,449)	4,022	5,664	1,085
Interest expense	(200,845)	(62,770)	(65,346)	(77,272)	(79,686)
Other expense/Unrealized Loss	(672)	(16)	(2,981)	(1,258)	(1,422)
Total Nonoperating Income	585,963	682,387	687,920	584,365	548,364
Net income before capital grants and local contributions	(251,125)	(31,005)	4,762	(56,821)	12,886
Federal capital grants and local contributions	124,497	81,002	86,395	202,235	169,313
Increase in Net Position	(126,628)	49,997	91,157	145,414	182,199
Net Position, Beginning of Year (as previously reported)	3,463,506	3,413,509	3,322,352	3,176,938	3,181,074
Net Position, Beginning of Year (as restated)					2,994,739
Net Position at End of Year	\$ 3,336,878	\$ 3,463,506	\$ 3,413,509	\$ 3,322,352	\$ 3,176,938

REGIONAL TRANSPORTATION DISTRICT

Table 14

FIVE-YEAR SCHEDULE OF EXPENSES AND REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS (In Thousands)*

	2019		2018		2017		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Operating revenues:										
Passenger fares	\$ 163,600	\$ 154,390	\$ 146,785	\$ 143,231	\$ 142,500	\$ 140,217	\$ 130,173	\$ 134,622	\$ 123,373	\$ 120,530
Other	5,616	6,553	5,666	7,535	6,023	7,159	4,797	5,803	5,245	5,347
Total operating revenues	<u>169,216</u>	<u>160,943</u>	<u>152,451</u>	<u>150,766</u>	<u>148,523</u>	<u>147,376</u>	<u>134,970</u>	<u>140,425</u>	<u>128,618</u>	<u>125,877</u>
Operating expenses:										
Salaries, wages, fringe benefits	279,004	251,074	258,452	236,892	238,452	263,977	222,966	260,039	202,135	227,207
Materials and supplies	63,563	54,983	60,853	51,335	55,853	44,686	60,001	52,180	67,741	58,884
Services	139,262	96,085	148,405	81,189	154,405	77,323	139,385	58,560	139,607	79,749
Utilities	19,926	17,823	18,149	16,419	22,149	16,503	19,382	14,220	15,015	13,673
Insurance	14,151	10,833	11,485	9,941	8,485	13,319	7,665	10,382	7,595	8,102
Purchased transportation	211,016	203,559	187,209	176,416	174,209	159,051	175,696	156,605	114,214	113,216
Leases and rentals	3,090	3,204	3,712	1,996	3,712	2,829	3,557	3,288	3,415	3,462
Miscellaneous	7,204	5,053	12,102	4,317	14,432	4,213	9,601	4,183	5,824	4,531
Total Operating Expenses	<u>737,216</u>	<u>642,614</u>	<u>700,367</u>	<u>578,505</u>	<u>671,697</u>	<u>581,901</u>	<u>638,253</u>	<u>559,457</u>	<u>555,546</u>	<u>508,824</u>
Operating loss	(568,000)	(481,671)	(547,916)	(427,739)	(523,174)	(434,525)	(503,283)	(419,032)	(426,928)	(382,947)
Nonoperating revenue (expense):										
Sales and use tax	662,376	659,418	622,834	634,192	586,053	598,187	569,763	563,598	551,368	541,518
Grant operating assistance	92,013	86,263	102,681	86,403	103,785	80,412	96,767	77,335	78,832	73,383
Interest income	15,695	17,669	11,732	13,409	4,197	63,030	3,840	6,371	4,310	3,164
Other income	12,871	26,582	13,246	12,618	11,244	10,596	20,200	9,927	11,020	10,322
Gain/Loss on capital assets	-	(2,452)	-	(1,449)	-	4,022	-	5,664	-	1,085
Interest expense	(152,155)	(200,845)	(153,248)	(62,770)	(129,719)	(65,346)	(117,313)	(77,272)	(95,365)	(79,686)
Other expense/Unrealized loss	-	(672)	-	(16)	-	(2,981)	-	(1,258)	-	(1,422)
Total nonoperating revenue	<u>630,800</u>	<u>585,963</u>	<u>597,245</u>	<u>682,387</u>	<u>575,560</u>	<u>687,920</u>	<u>573,257</u>	<u>584,365</u>	<u>550,165</u>	<u>548,364</u>
Proceeds from issuance of long-term debt	-	(96,071)	-	(5,805)	457,091	402,435	457,091	314,174	457,091	299,688
Capital outlay										
Capital expenses	693,520	350,221	849,538	335,080	1,055,839	451,245	1,396,223	693,159	1,687,076	870,055
Less capital grants	(266,591)	(124,497)	(311,134)	(81,002)	(418,898)	(86,395)	(258,089)	(202,235)	(206,451)	(169,313)
	<u>426,929</u>	<u>225,724</u>	<u>538,404</u>	<u>254,078</u>	<u>636,941</u>	<u>364,850</u>	<u>1,138,134</u>	<u>490,924</u>	<u>1,480,625</u>	<u>700,742</u>
Long-term debt principal payment	<u>76,771</u>	<u>146,475</u>	<u>58,065</u>	<u>64,700</u>	<u>58,065</u>	<u>489,841</u>	<u>61,698</u>	<u>133,098</u>	<u>58,942</u>	<u>54,348</u>
Excess (deficit) of revenue and nonoperating income over (under) expenses, capital outlay and debt principal payments	<u>\$ (440,900)</u>	<u>(363,978)</u>	<u>\$ (547,140)</u>	<u>(69,935)</u>	<u>\$ (185,529)</u>	<u>(198,861)</u>	<u>\$ (672,767)</u>	<u>(144,515)</u>	<u>\$ (959,239)</u>	<u>(289,985)</u>
Increases (decreases) to reconcile budget basis to GAAP basis										
Capital expenditures		350,221		335,080		451,245		693,159		870,055
Long-term debt proceeds		96,071		5,805		(402,435)		(314,174)		(299,688)
Long-term debt principal		146,475		64,700		489,841		133,098		54,348
Depreciation		(355,417)		(285,653)		(248,633)		(222,154)		(152,531)
Net Income	<u>\$ (126,628)</u>		<u>\$ 49,997</u>		<u>\$ 91,157</u>		<u>\$ 145,414</u>		<u>\$ 182,199</u>	

* RTD's annual budget is prepared on the same basis as that used for accounting except that the budget also includes proceeds of long-term debt and capital grants as revenues, and expenditures include capital outlays and bond principal

REGIONAL TRANSPORTATION DISTRICT

FISCAL YEAR 2019 AND 2020 BUDGET SUMMARY (in thousands)

Table 15

	2019 <u>Adopted Budget</u>	2019 <u>Amended Budget</u>	2020 <u>Adopted Budget</u>
Beginning net position	\$ 3,721,818	\$ 3,401,478	\$ 3,900,904
Revenues:			
Operating	169,216	169,216	163,629
Sales & use taxes	668,330	662,376	664,743
Federal and local grants	370,885	358,604	310,340
Interest and other income	28,374	28,566	20,465
FasTracks - change in debt service reserve	(2,003)	(2,003)	-
FasTracks - change in FISA	(9,361)	(9,361)	(18,648)
Change in capital acquisition reserve	-	-	
Financing proceeds	-	-	
Contributed capital	<u>159,067</u>	<u>130,228</u>	<u>116,790</u>
Total Revenues	<u>1,384,508</u>	<u>1,337,626</u>	<u>1,257,319</u>
Expenditures:			
Operating	755,412	743,310	739,744
Interest expense	152,155	152,155	170,384
Debt payments	76,771	76,771	88,174
Current capital	111,373	92,624	39,680
Capital carryforward	<u>719,372</u>	<u>579,496</u>	<u>573,644</u>
Total expenditures	<u>1,815,083</u>	<u>1,644,356</u>	<u>1,611,626</u>
Adjustments ¹	<u>1,049,776</u>	<u>1,201,314</u>	<u>612,315</u>
Ending net position	<u>\$ 4,341,019</u>	<u>\$ 4,296,062</u>	<u>\$ 4,158,912</u>
Net position summary:			
Net investment in capital assets	\$ 3,979,655	\$ 3,979,532	\$ 3,823,912
Restricted debt service, project related and other ²	119,701	114,701	114,932
Restricted TABOR fund	25,977	25,805	25,465
Restricted FasTracks ³	85,787	85,787	104,435
Restricted Board appropriated and capital replacement fund ⁴	56,310	55,558	57,312
Unrestricted fund	<u>73,589</u>	<u>34,679</u>	<u>32,856</u>
Ending net position	<u>\$ 4,341,019</u>	<u>\$ 4,296,062</u>	<u>\$ 4,158,912</u>

¹ Adjustments reflect cash activity from the Statement of Net Position.

² Funds restricted by bond covenants, other contracts and policy guidelines.

³ Appropriated funds which are available to fund future year expenditures for the FasTracks program.

⁴ Board appropriated funds per policy guidelines and funds designated for capital replacement.

**REGIONAL TRANSPORTATION DISTRICT
TRIP FARES**

Table 16

Trip Fares	Full Fare	Discount Fare¹	Youth Discount Fare²
Single Trip Fares			
Mall Shuttle and Free Mall Ride	Free	Free	Free
Local - Denver, Boulder, Longmont and light rail	\$ 3.00	\$ 1.50	\$ 0.90
Rail and bus regional	5.25	2.60	1.60
Airport	10.50	5.25	3.20
Multiple Trip Fares (10 Ride Ticket Book)			
Local - Denver, Boulder and Longmont and light rail	\$ 28.00	\$ 14.00	\$ 9.00
Rail and bus regional	40.50	25.25	16.00
Multiple Trip Fares (Day Pass)			
Local - Denver, Boulder and Longmont and light rail	\$ 6.00	\$ 3.00	\$ 1.80
Rail and bus regional	10.50	5.25	3.20
Airport	10.50	5.25	3.20
Multiple Trip Fares (Monthly Pass)			
Local - Denver, Boulder and Longmont and light rail	\$ 114.00	\$ 57.00	\$ 34.20
Rail and bus regional, Airport	200.00	99.00	60.00
Rail and bus regional, Airport			

¹ Discount fares apply to seniors 65+, individuals with disabilities, and Medicare recipients

² Youth discount fares apply to youth ages 6-19 (up to three children ages 5 and younger ride free with a fare-paying adult)

REGIONAL TRANSPORTATION DISTRICT
RTD NET TAXABLE RETAIL SALES (In Millions)

Table 17

Year	Denver County	Boulder County	Jefferson County	Adams County¹	Arapahoe County¹	Douglas County¹	Broomfield County¹	Other	Total Taxable Transactions	Percent Annual Increase or Decrease
2010	\$ 9,766	\$ 3,391	\$ 5,656	\$ 4,433	\$ 6,817	\$ 2,390	\$ 935	\$ 718	\$ 34,106	5.6%
2011	11,239	3,721	6,001	4,749	7,486	2,778	944	1,041	37,959	11.3%
2012	12,415	3,851	6,202	5,323	8,109	2,912	991	1,036	40,839	7.6%
2013	12,861	4,033	6,538	5,731	8,456	3,108	1,004	-	41,731	2.2%
2014	14,254	4,359	7,013	6,436	9,211	3,318	1,045	-	45,636	9.4%
2015	14,629	4,547	7,505	6,932	9,887	3,575	1,077	1,399	49,551	8.6%
2016	15,251	4,798	7,718	7,301	10,144	3,786	1,055	1,359	51,412	3.8%
2017	16,125	4,924	7,986	8,117	10,481	4,036	1,144	1,886	54,699	6.4%
2018	16,777	5,148	8,585	9,031	10,840	4,191	1,225	1,181	56,978	4.2%
2019	17,901	5,821	9,222	9,542	11,809	4,572	1,409	203	60,479	6.1%

¹ Only a portion of each of these counties lies within the District