

Report Highlights



Fiscal Governance

Regional Transportation District

Performance Audit • July 2024 • 2351P

OFFICE OF THE STATE AUDITOR

C O L O R A D O

Key Concern

The Regional Transportation District (RTD) can improve its fiscal governance by ensuring it reports required cost efficiency metrics; coordinates its budget with asset renewal and replacement plans and requirements of the Local Government Budget Law; tracks and reports quarterly performance on strategic financial benchmarks; implements the remaining RTD Accountability Committee recommendations; and adheres to Board of Directors' (Board) appropriations and State grant requirements for free transit programs.

Key Findings

- As of Calendar Year 2022, RTD was in overall good financial standing based on nine indicators of fiscal health, and was operating more cost effectively than many of its peers when looking at a simple cost efficiency measure showing cost per rider.
- From 2021 into 2024, RTD did not report all statutorily required cost efficiency information.
- RTD's 2024 projections for capital asset renewal and replacement costs did not accurately plan for \$153.2 million in projects that the RTD Board approved to be funded in the 2024 budget.
- RTD's budgets for 2022 through 2024 did not provide adequate, accurate information to the Board, as required by statute, and from 2021 through 2023, RTD did not fully adhere to statutory budget filing requirements.
- From 2022 into 2024, RTD management did not provide consistent, quarterly strategic plan updates to the Board as expected and changed financial success metrics without Board approval.
- In 2023, the RTD Board lacked policies and processes to ensure timely onboarding training for new Board members and ongoing training for tenured members.
- As of March 2024, RTD had not fully implemented 22 of the 43 recommendations made in 2021 by the RTD Accountability Committee.
- In 2022 and 2023, RTD overspent Board appropriations to implement the Ozone Season Transit Grant Program and did not adhere to all State grant reporting requirements.

Background

- RTD was created in 1969 by the General Assembly to develop, maintain, and operate a mass transportation system in the Denver metropolitan area that includes bus and rail service, and special transportation, such as for seniors and people with disabilities.
- A 15-member, elected Board of Directors governs RTD and appoints the General Manager who oversees the day-to-day operations.
- RTD's annual budget is about \$1 billion. Its largest revenue source is a 1 percent sales and use tax on purchases within its boundaries. Since 2020, RTD received about \$790 million in federal pandemic relief grants, which were fully drawn down as of May 2023.
- In Calendar Year 2023, RTD had about 65 million annual passenger boardings across all of its services, generating about \$65 million in fare revenue, representing one-third of 2019 pre-pandemic passenger fare revenue, when adjusted for inflation.

Recommendations Made

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Responses

Agree: **17**

Partially Agree: **4**

Disagree: **3**