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### **State Audit Finds RTD Needs to Improve its Fiscal Governance**

DENVER—The Office of the State Auditor (OSA) issued its performance audit of the Regional Transportation District (RTD) and its fiscal governance. Overall, auditors concluded that RTD was in good financial standing as of Calendar Year 2022—the most recent year that data were available—but that RTD could do more to improve its fiscal governance.

RTD operates a mass transportation system of primarily buses and rail lines, serving more than 3 million people in the Denver metro area, with an annual budget of about \$1 billion. In 2023, RTD had about 65 million annual passenger boardings across all of its services. RTD is governed by a Board of Directors, and day-to-day operations are overseen by RTD’s General Manager and Chief Executive Officer.

The audit noted that RTD has experienced significant declines in ridership and fare revenue since the COVID-19 pandemic, and that RTD planned to dip into its reserves to cover expenses in 2024. Auditors reported that RTD may experience future fiscal challenges because it recently reduced fares, no longer receives millions in federal pandemic funding, and must spend roughly \$450 million on improvements in the next 5 years, including \$150 million to replace rail lines in downtown Denver.

Auditors found that RTD’s 2024 financial projections for the cost of needed improvements did not accurately plan for \$153 million in projects that the Board approved for 2024. Auditors also found that RTD management did not provide the Board with complete budget information or adhere to

budget filing requirements, both of which are required by statute. In addition, RTD was not tracking and reporting its complete financial performance and cost metrics.

The audit also found that some newer Board members did not receive timely onboarding training after being elected, and tenured Board members have not consistently received ongoing training, both of which would help them fulfill their oversight responsibilities.

Lastly, auditors found that RTD had not yet fully implemented about half of the 43 recommendations made by the RTD Accountability Committee back in 2021. That Committee was developed by the Governor and General Assembly to independently analyze RTD's operations. Recommendations that have not yet been implemented were intended to improve RTD's financial stability, resource management, and financial reporting transparency, among other areas of operations.

The State Auditor's report made a total of 24 recommendations to RTD's management and Board to strengthen fiscal governance. "The problems we found and recommendations we make in this audit, provide RTD a roadmap for improving its fiscal management and oversight, which are key to its future success," said Stefanie Winzeler, Legislative Audit Supervisor.

The full report is available @ [www.colorado.gov/auditor](http://www.colorado.gov/auditor).

### **About the Office of the State Auditor**

Under the direction of State Auditor Kerri L. Hunter, the OSA's nonpartisan, professional staff promote government accountability by conducting independent performance, financial, and IT audits and evaluations of State departments, agencies, institutions of higher education, special purpose authorities, and tax expenditures (e.g., credits, exemptions, deductions). The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law, and operates a statewide fraud reporting hotline.

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