

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended December 31, 2018 and 2017



Regional Transportation District
1660 Blake Street, Denver, Colorado
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RTD

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2018 and 2017

Prepared by

Finance Division

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Regional Transportation District

April 29, 2019

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, 2018, 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,
Doug Tisdale
Chair, Executive Committee

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Regional Transportation District

April 29, 2019

Mr. Doug Tisdale
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, 2018.

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, 2018, 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, 2018, 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 3.08 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 2,779 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 2019 report forecasts that the economy is expected to grow at a more moderate pace; demographic change, growing inflationary pressures and rising interest rates will slow consumer spending. Economists for CLC reported the following key economic indicators:

Key Economic Indicators	2017 Actual	2018 Forecast	2019 Forecast
Job Growth	6.2%	5.5%	6.0%
Unemployment	2.7%	3.3%	3.6%
Personal Income Growth	5.8%	5.4%	5.3%
Population Growth	1.4%	1.4%	1.4%
Inflation	3.4%	2.7%	2.3%

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, 2018 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 2018 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, 2017. This is the twenty-sixth 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, Second Vice Chair
Denver/Jefferson Counties

District D

Jeff Walker, Secretary
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, Chair
Arapahoe/Douglas Counties

District I

Judy Lubow
Boulder/Broomfield/Adams/Weld Counties

District J

Vince Buzek
Adams/Jefferson Counties

District K

Troy Whitmore
Adams/Weld Counties

District L

Shelley Cook, Treasurer
Jefferson/Adams Counties

District M

Natalie Menten
Jefferson County

District N

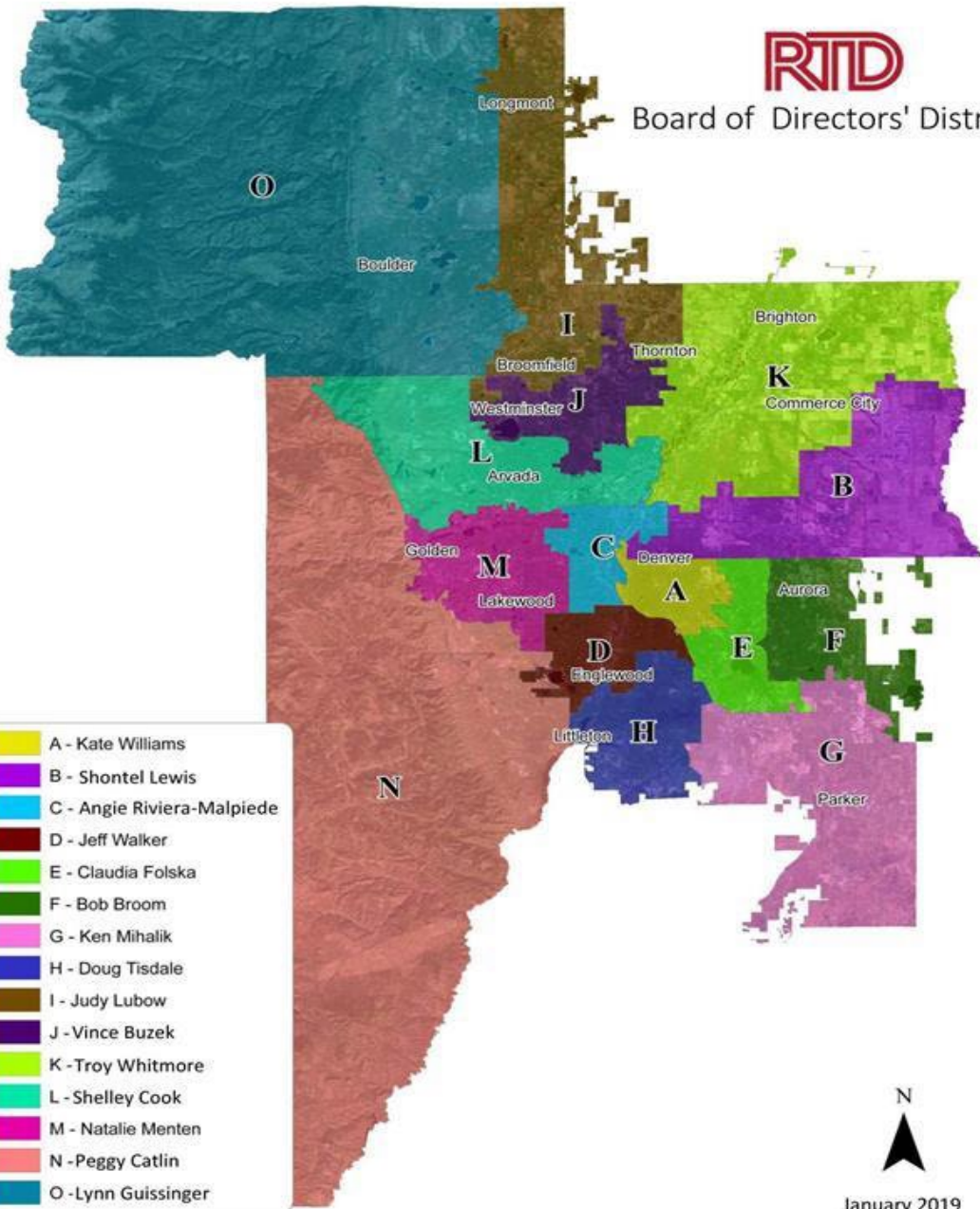
Peggy Catlin, First Vice Chair
Jefferson County

District O

Lynn Guissinger
Boulder County



Board of Directors' Districts



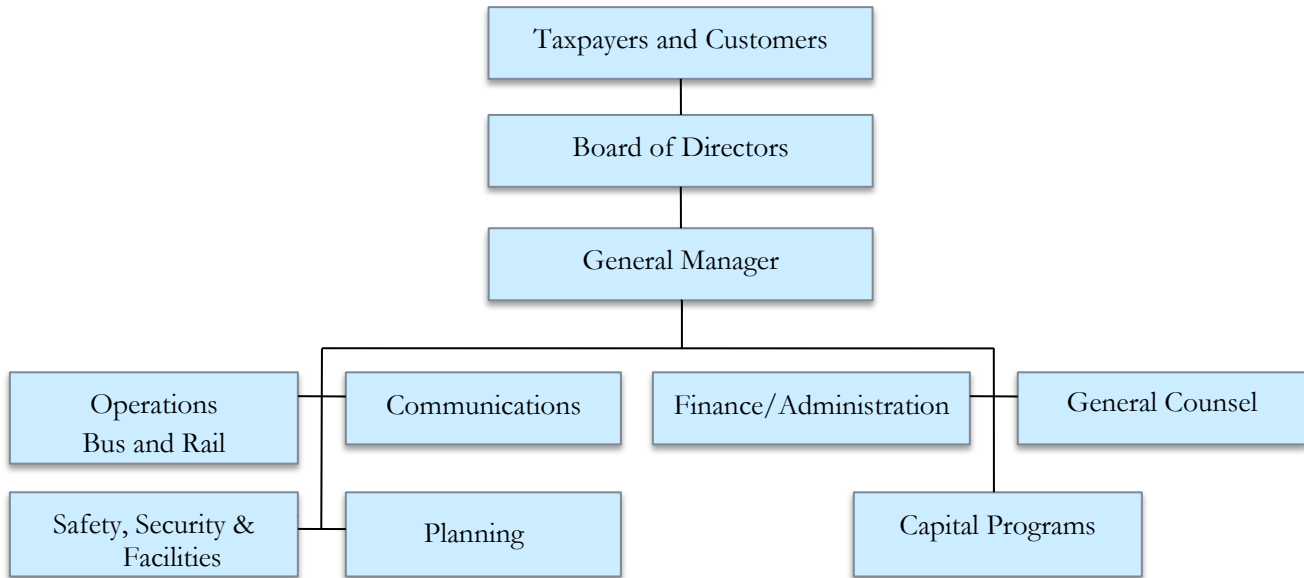
- A - Kate Williams
- B - Shontel Lewis
- C - Angie Riviera-Malpiede
- D - Jeff Walker
- E - Claudia Folska
- F - Bob Broom
- G - Ken Mihalik
- H - Doug Tisdale
- I - Judy Lubow
- J - Vince Buzek
- K - Troy Whitmore
- L - Shelley Cook
- M - Natalie Menten
- N - Peggy Catlin
- O - Lynn Guissinger

N
January 2019

RTD Director Districts



**Organization Chart
January 2019**



Department Officials

General Manager/Chief Executive Officer
Dave Genova

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
Rolf Asphaug



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, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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Independent Auditors' Report

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Regional Transportation District
Denver, Colorado

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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, 2018 and 2017 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, 2018 and 2017, 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 87 through 90, 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 April 29, 2019 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

April 29, 2019

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REGIONAL TRANSPORTATION DISTRICT
Management's Discussion and Analysis (Unaudited)
December 31, 2018 and 2017 (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, 2018 and 2017. 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, 2018 and 2017, total assets and deferred outflows of resources of RTD exceeded total liabilities and deferred inflows of resources by \$3,463,506 and \$3,413,509 respectively. The amount of unrestricted net position as of December 31, 2018 was \$(207,306) compared to \$(223,204) in 2017. 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 increased by \$49,997 during the current year compared to an increase of \$91,157 in the previous year. The increase for 2018 and 2017 was due to higher operating revenues, sales and use tax and grant revenues, net of increases in operating expenses and non-operating expenses which resulted from an improving economy combined with revenue enhancement and expense reduction initiatives undertaken by RTD.

RTD's sales and use tax revenues are its largest single source of revenues. These tax revenues increased \$36,005 (6.0%) in 2018 and increased \$34,589 (6.1%) in the previous year. In 2018 and 2017, 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 3.3% and 2.7% as well as growth in personal income of 5.4% and 5.8%, respectively.

For 2018, total operating expenses exceeded total revenues resulting in a loss before non-operating revenue and expenses of \$713,392 compared to a loss of \$683,158 for 2017. The increase in operating loss for 2018 and 2017 was mostly due to FasTracks launch of A and B line depreciating assets for a full year and betterments for the North Metro and Southeast Corridor Extension build-outs. 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 \$68,788 (2.0%) and decreased \$93,317 (2.6%) in 2018 and 2017, respectively. Debt decreased in 2018 due to payment of principal and 2017 due to the refunding and partial extinguishment of the DUSPA bonds.

Capital grants and local contributions decreased \$5,393 (6.2%) in 2018 and decreased 115,840 (57.3%) in the previous year. The decrease in 2018 was a result of South East Rail Extension being in final phase of completion. The decrease in 2017 occurred as a result of Eagle P3 project construction being in the final phase of completion.

RTD's capital assets, excluding depreciation, increased \$312,270 (3.6%) in 2018 and increased \$420,558 (5.2%) in 2017. The increase in both 2018 and 2017 was primarily due to the build-out of the FasTracks project.

REGIONAL TRANSPORTATION DISTRICT
Management's Discussion and Analysis (Unaudited)
December 31, 2018 and 2017 (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.

Statements of Net Position – As of December 31, 2018 and 2017, total assets and deferred outflows of resources of RTD exceeded total liabilities and deferred inflows of resources by \$3,463,506 and \$3,413,509, respectively. The largest portion of this excess, in 2018 and in 2017, 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, 2018 was \$(207,306) compared to \$(223,204) in 2017. 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 \$303,435 in 2018 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			
	2018	2017	2016
Assets and Deferred Outflows of Resources:			
Current assets	\$ 590,800	\$ 509,171	\$ 519,762
Current assets - restricted	231,752	270,180	508,998
Capital assets (net of accumulated depreciation)	6,851,205	6,804,036	6,602,020
Other noncurrent assets	146,383	263,293	139,192
Total assets	<u>7,820,140</u>	<u>7,846,680</u>	<u>7,769,972</u>
Deferred outflows of resources	80,739	95,038	107,526
Total assets and deferred outflows of resources	<u>7,900,879</u>	<u>7,941,718</u>	<u>7,877,498</u>
Liabilities and Deferred Inflows of Resources:			
Current liabilities	249,953	255,237	238,297
Noncurrent liabilities	4,083,427	4,253,670	4,311,085
Total liabilities	<u>4,333,380</u>	<u>4,508,907</u>	<u>4,549,382</u>
Deferred inflows of resources	103,993	19,302	5,764
Total liabilities and deferred inflows of resources	<u>4,437,373</u>	<u>4,528,209</u>	<u>4,555,146</u>
Net position:			
Net investment in capital assets	3,144,175	3,135,186	3,119,274
Restricted debt service	139,779	148,627	142,564
Restricted TABOR	24,079	25,735	21,609
Restricted Other	362,779	303,449	253,384
Unrestricted	(207,306)	(223,204)	(214,479)
Total net position	<u>\$ 3,463,506</u>	<u>\$ 3,389,793</u>	<u>\$ 3,322,352</u>

In 2018, capital assets net of accumulated depreciation increased \$47,169 (0.7%) for acquisition of revenue equipment, buildings, land, and construction in progress for the projects in the FasTracks program.

Current liabilities decreased \$5,284 (2.1%) in 2018 primarily due to lower volume of Ecopass 2019 contracts processed and reduction of construction contract retention.

Noncurrent liabilities and deferred inflows decreased \$85,552 (2.0%) in 2018 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 increased by \$49,997 (1.5%) during the current year compared to an increase of \$91,157 (2.7%) in the previous year. The increase in 2018 and 2017 was due to higher operating revenues, sales and use tax collection 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 ended December 31, 2018 and 2017 with comparative information for 2016 are shown in the following table:

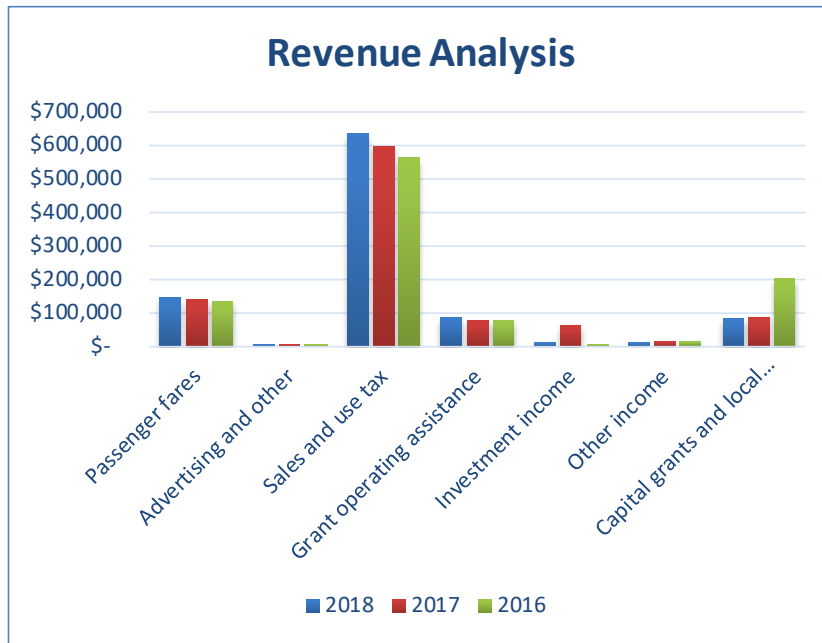
The information contained in the condensed information table is used as the basis for the revenue and expense discussion presented below, surrounding RTD's activities for the fiscal years ended December 31, 2018, 2017 and 2016.

Summary of Revenues, Expenses, and Changes in Net Position			
	2018	2017	2016
Operating revenue:			
Passenger fares	\$ 143,231	\$ 140,217	\$ 134,622
Advertising and other	7,535	7,159	5,803
Total operating revenue	<u>150,766</u>	<u>147,376</u>	<u>140,425</u>
Operating expenses:			
Salaries and wages	183,899	172,535	163,650
Fringe benefits	52,993	91,442	96,389
Materials and supplies	51,335	44,686	52,180
Services	81,189	77,323	58,560
Utilities	16,419	16,503	14,220
Insurance	9,941	13,319	10,382
Purchased transportation	176,416	159,051	156,605
Leases and rentals	1,996	2,829	3,288
Miscellaneous	4,317	4,213	4,183
Depreciation	285,653	248,633	222,154
Total operating expenses	<u>864,158</u>	<u>830,534</u>	<u>781,611</u>
Operating loss	<u>(713,392)</u>	<u>(683,158)</u>	<u>(641,186)</u>
Nonoperating revenues (expenses):			
Sales and use tax	634,192	598,187	563,598
Grant operating assistance	86,403	80,412	77,335
Investment income	13,409	63,030	6,371
Other income/Gain on Sale of Assets	12,618	14,618	15,591
Interest expense	(62,770)	(65,346)	(77,272)
Other expense/ Unrealized Loss on Assets	(1,465)	(2,981)	(1,258)
Net nonoperating revenue (expenses)	<u>682,387</u>	<u>687,920</u>	<u>584,365</u>
Income before capital contribution	(31,005)	4,762	(56,821)
Capital grants and local contributions	<u>81,002</u>	<u>86,395</u>	<u>202,235</u>
Increase in net position	49,997	91,157	145,414
NET POSITION, beginning of year	3,413,509	3,322,352	3,176,938
NET POSITION, end of year	<u>\$ 3,463,506</u>	<u>\$ 3,413,509</u>	<u>\$ 3,322,352</u>

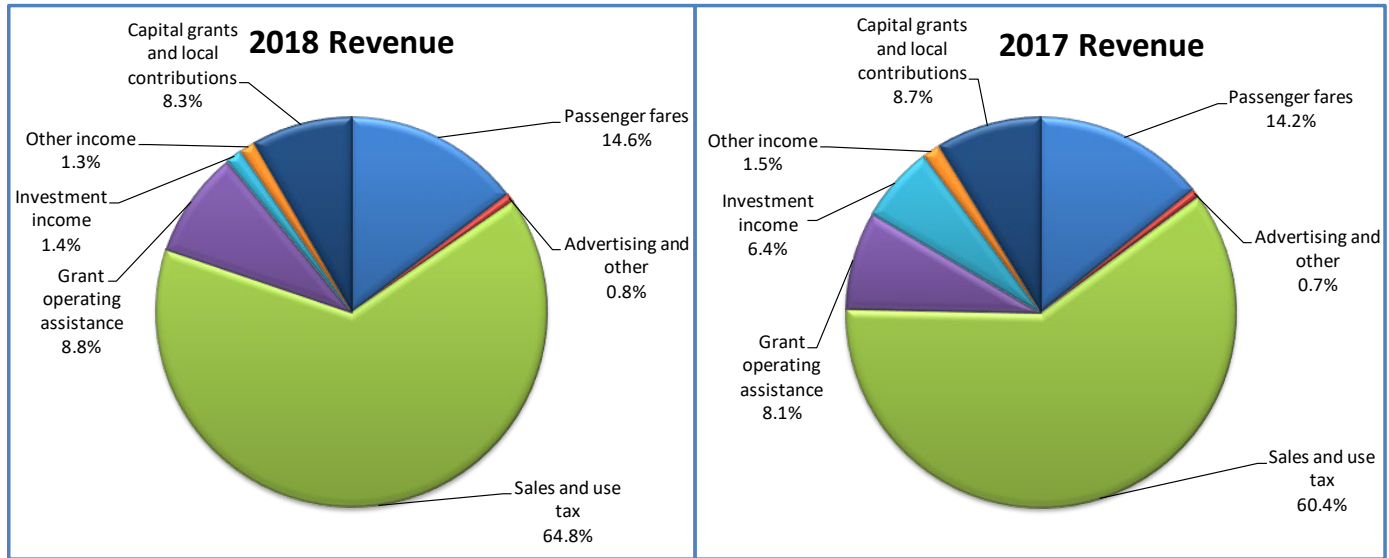
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Revenues - The following schedule and charts show the major sources of revenue for the years ended December 31, 2018, 2017 and 2016.

Revenue Analysis			
Revenues	2018	2017	2016
Passenger fares	\$ 143,231	\$ 140,217	\$ 134,622
Advertising and other	7,535	7,159	5,803
Sales and use tax	634,192	598,187	563,598
Grant operating assistance	86,403	80,412	77,335
Investment income	13,409	63,030	6,371
Other income	12,618	14,618	15,591
Capital grants and local contributions	81,002	86,395	202,235
Total Revenues	\$ 978,390	\$ 990,018	\$ 1,005,555



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Passenger fares – Passenger fares provided 14.6% and 14.2% of total revenues in 2018 and 2017, 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 \$3,014 (2.1%) in 2018 compared to an increase of \$5,595 (4.2%) in 2017. Passenger fares changes in 2018 and 2017 were minimal.

Advertising and other – Advertising and other revenue provided 0.8% and 0.7% of total revenues in 2018 and 2017; this includes revenues from advertisements primarily on RTD’s buses and external wraps on light rail vehicles. Advertising and other income increased \$376 (5.3%) in 2018 compared to an increase of \$1,356 (23.4%) in 2017. 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 64.8% and 60.4% of RTD’s total revenues in 2018 and 2017 respectively. Sales and use tax is a dedicated 1.0% tax imposed on certain sales within the service area. Sales and use tax increased \$36,005 (6.0%) in 2018 compared to an increase of \$34,589 (6.1%) in 2017. In 2018 and 2017, 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 3.3% and 2.7% as well as growth in personal income of 5.4% and 5.8%, respectively.

Grant operating assistance – Grant operating assistance provided 8.8% and 8.1% of total revenues in 2018 and 2017. Grant operating assistance increased \$5,991 (7.5%) in 2018 compared to an increase of \$3,077 (4.0%) in 2017. 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 increase in both 2018 and 2017 is the result of grant funding sources being available during the year.

Investment Income – Investment income provided 1.4% and 6.4% of total revenues in 2018 and 2017. Investment income decreased \$49,621 (78.7%) in 2018 compared to an increase of \$56,659 (889.3%) in 2017. The decrease in 2018 was due to the 2017 gain from extinguishment of debt. The increase in 2017 was due to the gain from extinguishment of DUSPA Bonds.

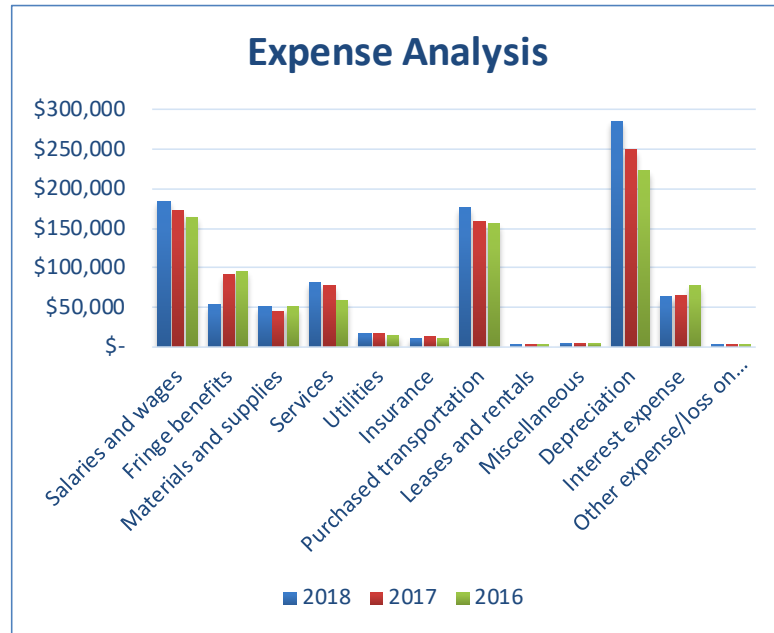
Other Income/Gain on sale of Assets – Other income provided 1.3% and 1.5% of total revenues in 2018 and 2017. Other income decreased \$2,000 (13.7%) in 2018 compared to a decrease of \$973 (6.2%) in 2017. Other income includes interest subsidy income, rental income from retail space, parking, and miscellaneous other items. The decrease in 2018 was due to a onetime gain on asset disposals in 2017. The decrease in 2017 was due to reduction of asset sales, which was primarily attributable to the sale of three Fort Lupton parcels sold in 2016.

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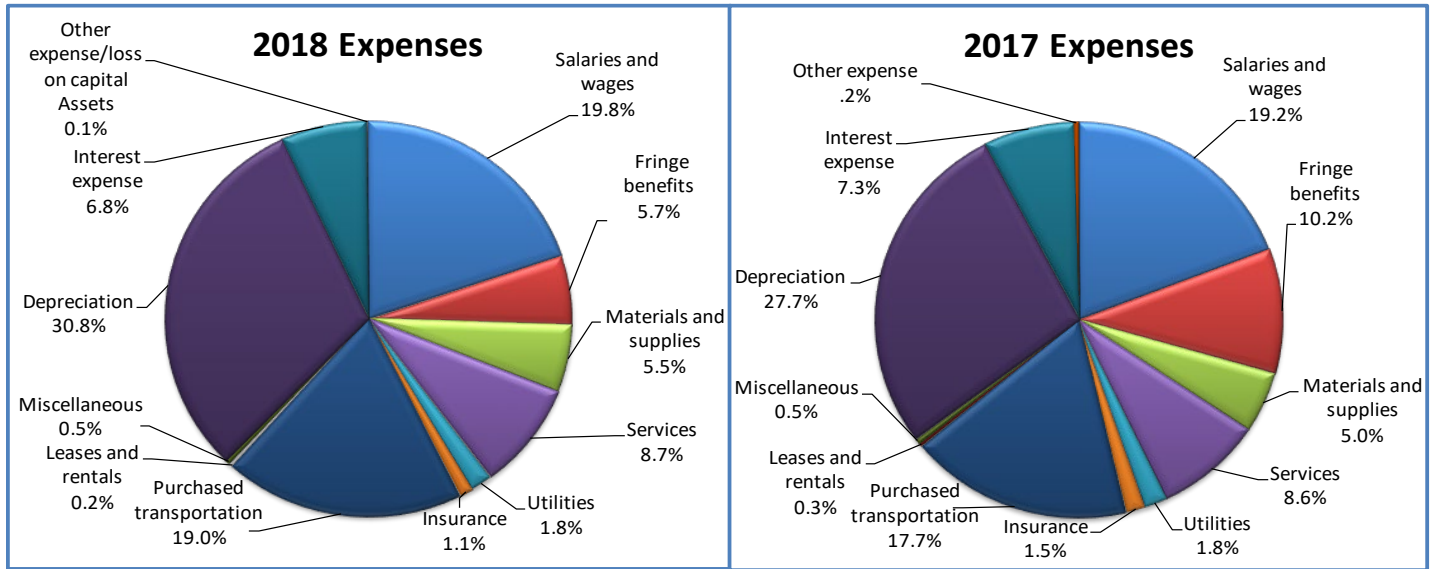
Capital grants and local contributions – Capital grants and local contributions provided 8.3% and 8.7% of total revenues in 2018 and 2017. Capital grants and local contributions decreased \$5,393 (6.2%) in 2018 and decreased \$115,840 (57.3%) in the previous year. The decrease in 2018 and 2017 was a 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, 2018, 2017 and 2016.

Expense Analysis			
Expenses	2018	2017	2016
Salaries and wages	\$ 183,899	\$ 172,535	\$ 163,650
Fringe benefits	52,993	91,442	96,389
Materials and supplies	51,335	44,686	52,180
Services	81,189	77,323	58,560
Utilities	16,419	16,503	14,220
Insurance	9,941	13,319	10,382
Purchased transportation	176,416	159,051	156,605
Leases and rentals	1,996	2,829	3,288
Miscellaneous	4,317	4,213	4,183
Depreciation	285,653	248,633	222,154
Interest expense	62,770	65,346	77,272
Other expense/loss on capital Assets	1,465	2,981	1,258
Total Expenses	\$ 928,393	\$ 898,861	\$ 860,141



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Salaries and wages—Salary and wage expense is the largest expense category accounting for 19.8% and 19.2% of the total RTD expenses in 2018 and 2017, respectively. Salary and wage expenses increased by \$11,364 (6.6%) in 2018 compared to an increase of \$8,885 (5.4%) in 2017. 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 5.7% and 10.2% of total expenses in 2018 and 2017. Fringe benefits decreased by \$38,449 (42.0%) in 2018 compared to a decrease of \$4,947 (5.1%) in 2017. The fluctuations for both 2018 and 2017 is primarily due to implementation GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities.

Materials and supplies – The materials and supplies expense category accounted for 5.5% and 5.0% of the total expenses in 2018 and 2017 respectively. Materials and supplies expenses increased \$6,649 (14.9%) in 2018 compared to a decrease of \$7,494 (14.4%) in 2017. The increase in 2018 is primarily due to higher diesel fuel and gas prices. The decrease in 2017 is primarily due to a decrease in diesel/gasoline fuel prices.

Services – Services expense accounted for 8.7% and 8.6% of total expenses in 2018 and 2017. 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 \$3,866 (5.0%) in 2018 compared to an increase of \$18,763 (32.0%) in 2017. The increase in 2018 contractual increases and additional security services. The increase in 2017 was primarily due to contract services for betterments for North Metro Rail and South East Extension projects.

Utilities – Utilities accounted for 1.8% of total expenses for both years 2018 and 2017. Utilities expense includes electric, telecommunications, water and sewer, and natural gas for facilities. Utilities expense decreased \$84 (0.5%) in 2018 compared to an increase of \$2,283 (16.1%) in 2017. The decrease in 2018 was negligible. The increase in 2017 occurred primarily due to traction power costs due to the opening of the University of Colorado A line and the B Line commuter rail.

Insurance – Insurance accounted for 1.1% and 1.5% of total expenses in 2018 and 2017. 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 decreased \$3,378 (25.4%) in 2018 compared to an increase of \$2,937 (28.3%). The variation in both years 2018 and 2017 was due fluctuating frequency and severity of claims.

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Purchased transportation – The purchased transportation expense category accounted for 19.0% and 17.7% of the total expenses in 2018 and 2017. Purchased transportation represents the costs of contracted transportation services for bus, commuter rail, access-a-Ride, and FlexRide services. Purchased transportation costs increased \$17,365 (10.9%) in 2018 compared to an increase of \$2,446 (1.6%) in 2017. The increase in 2018 was due to a higher scheduled payments to DTP included TABOR as well as contractual increases. The increase in 2017 was due to contractual increases.

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 decreased \$833 (29.4%) in 2018 compared to a decrease of \$459 (14.0%) in 2017. The decrease in 2018 and 2017 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 \$104 (2.5%) in 2018 compared to a decrease of \$30 (0.7%) in 2017. This category includes additional one-time project expenses creating fluctuations between years.

Depreciation – The depreciation expense category accounted for 30.8% and 27.7% of the total expenses in 2018 and 2017, 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 \$37,020 (14.9%) in 2018 compared to an increase of \$26,479 (11.9%) in 2017. The increase in both 2018 and 2017 occurred primarily due to the FasTracks assets that were placed in revenue service.

Interest expense – The interest expense category accounted for 6.8% and 7.3% of the total expenses in 2018 and 2017, respectively. Interest expense decreased \$2,576 (3.9%) in 2018 compared to a decrease of \$11,926 (15.4%) in 2017. The decrease in 2018 is due to reduced principal resulting in decrease in interest expense. The decrease in 2017 interest expense is due to partial refunding of Sale Tax Bonds, Certificates of Participation and partial extinguishment and refunding of DUSPA bonds.

Other expense – Other expense includes miscellaneous non-operating expenses not classified in other expense categories. Other expense decreased \$1,516 (50.9%) in 2018 compared to an increase of \$1,723 (137.0%) in 2017. The increase in 2017 was primarily due to issuance costs for 2017A/2017B Sales Tax FasTracks Revenue Bonds while there were no issuance costs in 2018.

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 2018 was \$6,851,205 compared to \$6,804,036 in 2017. The increase in capital assets in 2018 was \$47,169 (0.7%) compared to an increase of \$202,106 (3.1%) in 2017. 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 increases during 2018 and 2017 were 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, 2018 and 2017 with comparative information for 2016.

	Capital Assets (Net of Depreciation)		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land	\$741,541	\$742,384	\$584,328
Land improvements	4,181,583	3,979,316	3,404,522
Buildings	637,720	604,642	606,801
Revenue earning equipment	1,219,967	1,216,116	1,137,735
Shop, maintenance and other equipment	310,316	289,390	261,265
Construction in progress	1,802,235	1,749,244	2,165,883
Total	\$8,893,362	\$8,581,092	\$8,160,534
Less accumulated depreciation:			
Land improvements	1,133,755	966,442	825,669
Buildings	243,160	227,186	210,577
Revenue earning equipment	475,388	426,462	377,217
Shop, maintenance and other equipment	189,854	156,966	145,051
Total accumulated depreciation	2,042,157	1,777,056	1,558,514
Total capital assets being depreciated, net	<u>4,307,429</u>	<u>4,312,408</u>	<u>3,851,809</u>
Capital assets, net	<u>\$6,851,205</u>	<u>\$6,804,036</u>	<u>\$6,602,020</u>

Major capital asset events during the 2018 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. In 2018, expenditures related to the North Metro Corridor were approximately \$100,582.

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 is expected to be 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 is planned to be open 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 is expected to open 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, 2018 and 2017 with comparative information for 2016.

Outstanding Debt			
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Bonds and COPs payable:			
Sales Tax Revenue Bonds	\$ 2,072,489	\$ 2,088,744	\$ 2,190,533
Certificates of Participation	1,137,932	1,176,397	1,199,275
Total Principal	3,210,421	3,265,141	3,389,808
Issuance premiums and discounts	242,082	256,150	224,800
Debt net of issuance and refunding	\$ 3,452,503	\$ 3,521,291	\$ 3,614,608

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 2018 outstanding debt was \$3,452,503 compared to \$3,521,291 in 2017. Outstanding debt decreased by \$68,788 (2.0%) in 2018 and decreased by \$93,317 (2.6%) in 2017. The decrease in 2017 is primarily due to refunding and extinguishment of DUSPA Bonds. The decrease in 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 \$2,072,489 and \$2,088,744 as of December 31, 2018 and 2017, respectively. The sales tax revenue bonds decreased \$16,255 (0.8%) in 2018 compared to a decrease of \$101,789 (4.6%) in 2017. The decrease in 2018 was due to payment of principal on outstanding debt. The decrease in 2017 is primarily due to refunding of DUSPA bonds.

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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 \$1,137,932 and \$1,176,397 as of December 31, 2018 and 2017, respectively. The Certificates outstanding decreased \$38,465 (3.3%) in 2018 compared to a decrease of \$22,878 (1.9%) in 2017. The decrease in 2018 and 2017 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 2018 Budget

RTD is dependent on sales and use taxes, which are the largest single source of revenue for RTD, representing 64.9% and 60.4% of the total revenues in 2018 and 2017 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 14.7% and 14.2% of total revenues in 2018 and 2017, 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 17.1% and 16.8% of total revenues in 2018 and 2017, 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 June 2018, the Board of Directors approved the 2018 Amended Budget in which the primary changes driven by economic factors were an increase in fuel prices and wage and contracted services that were driven higher due to the tight labor market and the rising cost of living in the District.

REGIONAL TRANSPORTATION DISTRICT
Management's Discussion and Analysis (Unaudited)
December 31, 2018 and 2017 (Dollars in Thousands)

RTD is in various phases of construction and testing on the Southeast Rail Extension (SERE), the North Metro rail line and the Gold Line. Each of these FasTracks projects 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.

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

	<u>2018</u>	<u>2017</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	\$ 260,906	\$ 252,595
Marketable interest bearing investments (note B)	67,503	2,860
Receivables:		
Sales tax	113,329	106,224
Other, less allowance for doubtful accounts of \$384 and \$382 at December, 31 2018 and 2017, respectively	15,534	18,224
Grants	16,279	42,449
Inventories	31,103	33,193
Other current assets (note C)	86,146	53,626
Cash and cash equivalents - restricted	124,222	209,834
Marketable interest bearing investments - restricted (note B)	107,530	60,346
Total current assets	<u>822,552</u>	<u>779,351</u>
Noncurrent Assets:		
Capital assets (note D):		
Land	741,541	742,384
Land improvements	4,181,583	3,979,316
Buildings	637,720	604,642
Revenue earning equipment	1,219,967	1,216,116
Shop, maintenance and other equipment	310,316	289,390
Construction in progress	1,802,235	1,749,244
Total capital assets	<u>8,893,362</u>	<u>8,581,092</u>
Less accumulated depreciation	<u>(2,042,157)</u>	<u>(1,777,056)</u>
Net capital assets	<u>6,851,205</u>	<u>6,804,036</u>
Other Noncurrent Assets:		
Long-term marketable interest bearing investments - restricted (note B)	76,027	126,424
Long-term marketable interest bearing investments - unrestricted (note B)	70,356	136,869
Total other noncurrent assets	<u>146,383</u>	<u>263,293</u>
Total noncurrent assets	<u>6,997,588</u>	<u>7,067,329</u>
Total assets	<u>7,820,140</u>	<u>7,846,680</u>
Deferred Outflows of Resources:		
Debt related (note A)	36,547	40,721
Pension related (note A and F)	44,192	54,317
Total deferred outflows of resources	<u>80,739</u>	<u>95,038</u>

The accompanying notes are an integral part of these statements.

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

	<u>2018</u>	<u>2017</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts and contracts payable	\$ 104,357	\$ 108,584
Current portion of long-term debt payable from restricted assets (note E)	67,335	64,700
Accrued compensation (note F)	23,868	22,787
Accrued interest payable from restricted assets	18,689	18,957
Other accrued expenses	35,704	40,209
Total current liabilities	<u>249,953</u>	<u>255,237</u>
Noncurrent Liabilities:		
Long-term debt, net (note E)	3,385,168	3,456,591
Net Pension Liability (note F)	268,278	384,208
Other liabilities (note E)	429,981	412,871
Total noncurrent liabilities	<u>4,083,427</u>	<u>4,253,670</u>
Total liabilities	<u>4,333,380</u>	<u>4,508,907</u>
Deferred Inflows of Resources:		
Debt related (note A)	485	554
Pension related (note A and F)	103,508	18,748
Total deferred inflows of resources	<u>103,993</u>	<u>19,302</u>
NET POSITION		
Net investment in capital assets (note I)	3,144,175	3,135,186
Restricted debt service (note I)	139,779	148,627
Restricted TABOR (note I)	24,079	25,735
Restricted Fastracks (note I)	361,275	325,663
Restricted Deposits (note I)	1,504	1,502
Unrestricted net position (note I)	<u>(207,306)</u>	<u>(223,204)</u>
Total net position	<u>\$ 3,463,506</u>	<u>\$ 3,413,509</u>

The accompanying notes are an integral part of these statements.

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

	<u>2018</u>	<u>2017</u>
OPERATING REVENUE:		
Passenger fares	\$ 143,231	\$ 140,217
Advertising, rent, and other	7,535	7,159
	<u>150,766</u>	<u>147,376</u>
OPERATING EXPENSES:		
Salaries and wages	183,899	172,535
Fringe benefits	52,993	91,442
Materials and supplies	51,335	44,686
Services	81,189	77,323
Utilities	16,419	16,503
Insurance	9,941	13,319
Purchased transportation	176,416	159,051
Leases and rentals	1,996	2,829
Miscellaneous	4,317	4,213
Depreciation	285,653	248,633
	<u>864,158</u>	<u>830,534</u>
OPERATING LOSS	<u>(713,392)</u>	<u>(683,158)</u>
NONOPERATING REVENUE (EXPENSES):		
Sales and use tax	634,192	598,187
Grant operating assistance (note A)	86,403	80,412
Investment income	13,409	63,030
Other income	12,618	10,596
Gain(Loss) on capital assets	(1,449)	4,022
Interest expense (note A)	(62,770)	(65,346)
Other expense	(16)	(2,981)
	<u>682,387</u>	<u>687,920</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND LOCAL CONTRIBUTIONS	<u>(31,005)</u>	<u>4,762</u>
Capital grants and local contributions (note A)	<u>81,002</u>	<u>86,395</u>
INCREASE IN NET POSITION	<u>49,997</u>	<u>91,157</u>
NET POSITION, beginning of year	<u>3,413,509</u>	<u>3,322,352</u>
NET POSITION, end of year	<u>\$ 3,463,506</u>	<u>\$ 3,413,509</u>

The accompanying notes are an integral part of these statements.

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

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers	\$ 148,935	\$ 161,562
Payments to suppliers	(454,055)	(313,454)
Payments to employees	(161,961)	(228,785)
Net cash used in operating activities	<u>(467,081)</u>	<u>(380,677)</u>
Cash provided from noncapital financing activities:		
Grant operating assistance	86,403	80,412
Sales and use tax collections	627,087	593,941
Other revenue	12,618	10,596
Net cash provided by noncapital financing activities	<u>726,108</u>	<u>684,949</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(64,700)	(489,841)
Proceeds from issuance of debt	9,980	365,174
Issuance Premiums/Discounts	(14,068)	31,350
Capital grant funds and other contributions received	107,172	138,408
Proceeds from sale of assets	808	4,618
Acquisition and construction of capital assets	(267,869)	(384,965)
Cost of issuance	-	(2,979)
Interest paid on long-term debt	(126,143)	(142,867)
Net cash used in capital and related financing activities	<u>(354,820)</u>	<u>(481,102)</u>
Cash flows from investing activities:		
Purchases of investments	(58,123)	(132,279)
Proceeds from sales and maturities of investments	63,206	165,672
Interest and dividends on investments	13,409	63,030
Net cash provided by investing activities	<u>18,492</u>	<u>96,423</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(77,301)	(80,407)
Cash and cash equivalents - January 1	<u>462,429</u>	<u>542,836</u>
Cash and cash equivalents - December 31	<u>\$ 385,128</u>	<u>\$ 462,429</u>

The accompanying notes are an integral part of these statements.

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>2018</u>	<u>2017</u>
Operating loss	\$ (713,392)	\$ (683,158)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation expense	285,653	248,633
Bad debt expense	(16)	(3)
Changes in operating assets and liabilities:		
Decrease in other accounts receivable	2,690	2,906
Decrease in inventories	2,090	819
Increase in other current assets	(32,520)	(39,984)
Decrease in deferred outflow pension	10,125	20,283
Decrease/(increase) in accounts payable	(103,047)	43,635
Increase in accrued compensation and expenses	1,081	1,082
Decrease/(increase) in other accrued expenses	(4,505)	11,283
Increase in deferred inflow pension	84,760	13,827
Net cash used in operating activities	<u>\$ (467,081)</u>	<u>\$ (380,677)</u>

RECONCILIATION OF CASH and CASH EQUIVALENTS:

Cash and cash equivalents	\$ 260,906	\$ 252,595
Cash and cash equivalents - restricted	124,222	209,834
Total cash and cash equivalents	<u>\$ 385,128</u>	<u>\$ 462,429</u>

Noncash investing, capital and financing activities:

RTD had unrealized losses on investments of \$28 and \$46 for 2018 and 2017, respectively.

RTD received noncash local match contributions for federal grants of \$342 and \$371 for 2018 and 2017, respectively.

RTD recognized deferred inflow/outflow for debt of \$4 and (\$8) for 2018 and 2017, 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 Entity – 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, 2018 and 2017 (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, 2018 and 2017 (Dollars in Thousands)

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

	<u>2018</u>	<u>2017</u>
Interest expense	\$ 62,770	\$ 65,346
Capitalized interest	<u>67,211</u>	<u>66,279</u>
Total interest cost	<u>\$ 129,981</u>	<u>\$ 131,625</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 \$378,780 and \$350,394 at December 31, 2018 and 2017, 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. Sales of monthly passes are recorded initially as unearned revenue and recognized as income at the end of the month for which the pass is used. Sale of MyRide stored value, Mobile ticketing products, ten 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 2010A, Series 2010B, Series 2012A, Series 2013A, 2016A, 2017A and 2017 B bond resolutions, and TIFIA Sales Tax Loan and Series 2016A, 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 \$3,839,274 through 2050. Principal and interest paid for the current year and pledged revenues received were \$112,777.

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 \$52,229 and \$75,500 in 2018 and 2017, respectively. Operating assistance grant revenue was \$86,403 and \$80,412 in 2018 and 2017, respectively. Other contribution revenue was \$28,773 and \$10,895 in 2018 and 2017, 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

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (Dollars in Thousands)

to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by 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, 2018 and 2017 (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, 2018 and 2017, respectively, RTD had bank deposits of \$33,514 and \$5,191 collateralized with securities held by the pledging financial institutions’ trust department or agent but not in RTD’s name.

Investments

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

At December 31, 2017, 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	\$ 255,483	\$ 16,626	\$ 35,081	\$ 203,776
U.S. Agency Securities	43,332	170		43,162
Municipal Bonds	2,716	434	1,596	686
Corporate bonds	24,968	8,980	319	15,669
Total	\$ 326,499	\$ 26,210	\$ 36,996	\$ 263,293

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.
5. Commercial paper.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (Dollars in Thousands)

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, 2018 and 2017, 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, 2018, the Regional Transportation District's investment credit ratings consisted of the following:

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

At December 31, 2017, the Regional Transportation District's investment credit ratings consisted of the following:

Investment Ratings	Market Value
AAA (Standard & Poor's)	\$ 304,503
AA (Standard & Poor's)	21,422
A	574
Total:	<u>\$ 326,499</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, 2018, RTD was in compliance with these limits. As of December 31, 2017, RTD was in compliance with limitations set out in RTD's previous investment policy limitations.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (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 bonds	20%	3%	3 years	AA
Commercial Paper	40%	3%	270 days	A-1/P1/F1
Time Deposits/CD	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, 2018 and 2017, RTD had \$307,779 and \$396,604 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, 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

Valuation Inputs Summary for the fiscal period ended December 31, 2017:

Investment in Securities at Value	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ -	\$ 255,483	\$ -	\$ 255,483
U.S. Agency Securities	-	43,332	-	43,332
Municipal Bonds	-	2,716	-	2,716
Corporate bonds	-	24,968	-	24,968
Total	\$ -	\$ 326,499	\$ -	\$ 326,499

NOTE C - OTHER CURRENT ASSETS

Other Current Assets consist of:

	2018	2017
Prepaid expenses	\$ 6,500	\$ 5,494
Prepaid Secure Tabor Interest	72,521	40,954
Eagle P3 construction escrow	5,088	5,088
Park Creek Metro escrow	227	280
Other construction escrow	155	155
Assets held for sale	1,655	1,655
Total Other Current Assets	\$ 86,146	\$ 53,626

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NOTE D – CAPITAL ASSETS

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

Depreciation expense was \$285,653 and \$248,633 for years 2018 and 2017, respectively.

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Capital asset activity as of December 31, 2017 was as follows:
(In Thousands)

	Balances 12/31/2016	Additions	Deletions	Balances 12/31/2017
Capital assets not being depreciated:				
Land	\$ 584,328	\$ 158,361	\$ 305	\$ 742,384
Construction in progress	2,165,883	451,245	867,884	1,749,244
Total capital assets not being depreciated	2,750,211	609,606	868,189	2,491,628
Capital assets being depreciated:				
Land improvements	3,404,522	579,565	4,771	3,979,316
Buildings	606,801	(1,328) *	831	604,642
Revenue earning equipment	1,137,735	97,232	18,851	1,216,116
Shop, maintenance and other equipment	261,265	34,053	5,928	289,390
Total capital assets being depreciated	5,410,323	709,522	30,381	6,089,464
Less accumulated depreciation:				
Land improvements	825,669	145,544	4,771	966,442
Buildings	210,577	17,222	613	227,186
Revenue earning equipment	377,217	68,039	18,794	426,462
Shop, maintenance and other equipment	145,051	17,828	5,913	156,966
Total accumulated depreciation	1,558,514	248,633	30,091	1,777,056
Total capital assets being depreciated, net	3,851,809	460,889	290	4,312,408
Capital assets, net	\$ 6,602,020	\$ 1,070,495	\$ 868,479	\$ 6,804,036

*Building Additions (\$1,328) is a result of reclass to Shop, maintenance and other equipment.
Depreciation expense was \$248,633 and \$222,154 for years 2017 and 2016, respectively.

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NOTE E – LONG-TERM DEBT

Long-term debt is comprised of the following as of December 31:	2018	2017
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 (\$559) and (\$593) for 2018 and 2017, respectively. In 2014, The District did a partial Modification and Exchange on these Bonds, it resulted in a premium with an ending balance of \$13,888 and \$14,667 for 2018 and 2017, 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 \$16,958 and \$17,909 for 2018 and 2017, respectively.	\$ 250,767	\$ 252,463
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 \$3,260 and \$3,819 for 2018 and 2017, respectively.	61,695	73,644
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 \$1,771 and \$1.860 for 2018 and 2017, respectively.	80,911	81,000
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 \$53,625 and \$56,472 for 2018 and 2017, respectively.	528,560	531,407
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 \$206 and \$279 for 2018 and 2017, respectively.	14,206	27,149
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 \$34,824 and \$36,776 for 2018 and 2017, respectively	239,644	241,596
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.	325,328	315,349
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 \$32,639 and \$33,812 for 2018 and 2017, respectively.	227,604	228,777
Sales Tax FasTracks Revenue 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 \$ 10,611 and \$11,097 for 2018 and 2017, respectively.	91,531	93,992

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	<u>2018</u>	<u>2017</u>
Sales Tax FasTracks Revenue 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 \$20,134 and \$21,263 for 2018 and 2017, respectively.	\$ 139,599	\$ 140,728
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.	4,815	6,255
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 \$749 and \$863 for 2018 and 2017, respectively.	101,679	109,518
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 \$22,074 and \$24,698 for 2018 and 2017, respectively.	180,779	200,663
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 \$22,595 and \$22,444 for 2018 and 2017, respectively.	462,510	463,359
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 \$10,307 and \$10,782 for 2018 and 2017, respectively.	139,222	139,698
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%.	50,513	62,553
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>3,452,503</u>	<u>3,521,291</u>
Less current portion	<u>(67,335)</u>	<u>(64,700)</u>
Total Long-Term Debt	<u>\$ 3,385,168</u>	<u>\$ 3,456,591</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		Interest	Total
	Principal	Capitalized Interest		
2019	\$ 18,715	\$ -	\$ 85,662	\$ 104,377
2020	19,475	-	84,906	104,381
2021	14,795	-	94,835	109,630
2022	10,675	-	94,099	104,774
2023	30,975	-	93,545	124,520
2024-2028	299,593	3,824	438,896	742,313
2029-2033	458,469	9,562	346,883	814,914
2034-2038	463,153	5,737	240,260	709,150
2039-2043	322,456	-	143,205	465,661
2044-2048	322,731	-	94,689	417,420
2049-2050	130,575	-	11,558	142,133
	<u>\$ 2,091,612</u>	<u>\$ 19,123</u>	<u>\$ 1,728,538</u>	<u>\$ 3,839,273</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
2019	\$ 48,620	\$ 51,941	\$ 100,561
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
2024-2028	269,135	179,072	448,207
2029-2033	177,450	129,013	306,463
2034-2038	194,285	75,030	269,315
2039-2043	168,770	26,615	195,385
2044	31,755	760	32,515
	<u>\$ 1,137,932</u>	<u>\$ 648,522</u>	<u>\$ 1,786,454</u>

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Changes in Long-Term Liabilities

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, 2007 Sales Tax arbitrage call modification liability and the CCD Aviation Intergovernmental Agreement (IGA).

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Balance			Balance		Due Within
	12/31/2016	Additions	Reductions	12/31/2017		One Year
Sales Tax Revenue Bonds	\$ 2,190,533	\$ 212,034	\$ 313,823	\$ 2,088,744	\$ 26,235	
Certificates of Participation	1,199,275	153,140	176,018	1,176,397	38,465	
Issuance premiums and discounts	224,800	45,056	13,706	256,150	-	
Total Bonds-COPs Payable	3,614,608	410,230	503,547	3,521,291	64,700	
Net Pension Liability	390,058	6,403	12,253	384,208	-	
Other liabilities*	366,694	46,177	-	412,871	-	
Total long-term liabilities**	\$ 4,371,360	\$ 462,810	\$ 491,294	\$ 4,318,370	\$ 64,700	

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

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, 2018 are the following amounts, which are considered defeased:

2010A COP's and 2015A COP's Escrow – Light Rail Vehicles and Maintenance Facility \$148,778

In January 2017, RTD issued its Sales Tax Revenue Bonds (FasTracks Project), Series 2017A in the par amount of \$82,895 for the purpose of restructuring its previously outstanding Subordinate Sales Tax FasTracks Revenue Bonds, Series 2010 and paying related costs of issuance. The transaction achieved a 55.1% net present value savings and \$134,116 of gross cash flow savings between 2017 and 2040 while retaining the same final maturity of 2040.

In May 2017, RTD entered a Modification and Exchange agreement with Citibank N.A. who owned certain of the RTD Sales Tax Revenue Refunding bonds (FasTracks Project), Series 2007A. The agreement modified the call dates on the affected bonds from November 12, 2024 and made the bonds non-callable. The affected bonds, which were all owned by Citibank N.A., were as follows:

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Series	Maturity Date (November 1)	Par Amount	Par Amount	Coupon	CUSIP	CUSIP	Original Call Date	Modified Date
		Prior to 2017 Modification	After 2017 Modification		Prior to 2017 Modificaiton	After 2017 Modificaiton		
2007A	2030	\$ 56,375	\$ 56,265	4.5%	759136SQ8	759136UG7	11/1/2024	Non-Call
2007A	2031	33,915	33,800	4.5%	759136UH5	759136UH5	11/1/2024	Non-Call
2007A	2032	36,535	36,451	4.5%	759136UJ1	759136UJ1	11/1/2024	Non-Call
2007A	2033	34,000	34,000	4.5%	759136ST2	759136UK8	11/1/2024	Non-Call
2007A	2035	60,000	60,000	4.5%	759136SV7	759136UM4	11/1/2024	Non-Call

The 2007A bonds that are not owned by Citibank N.A. were not affected by these Modification and Exchange agreement. Net proceeds of the agreement are \$17,135. RTD did not accrue any arbitrage liability from this transaction.

In June 2017, RTD issued its Sales Tax Revenue Bonds (FasTracks Project) Series 2017B in the par amount of \$119,465 for partially refunding its previously outstanding Series 2007A bonds for interest expense savings. The transaction achieved a 12.6% net present value savings and \$24,504 of gross cash flow savings between 2017 and 2036 while retaining the same final maturity of 2036.

In July 2017, RTD entered a capital lease agreement with JP Morgan Chase Bank N.A. to refund portions of its previously outstanding Series 2010A and Series 2015 Certificates of Participation. Proceeds in the amount of \$153,140 were placed in escrow with UMB Bank and are being used for the purpose of advance refunding portions of the District's Series 2010A and 2015A Certificates of Participation and paying related costs of issuance. The Series 2010A portion of this transaction achieved a net present value savings of 4.4% and \$7,339 in cash flow savings between 2017 and 2025. The Series 2015A portion of this transaction achieved a Net present value savings of 4.2% and a cash flow savings of \$5,238 between 2017 and 2025.

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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, 2018, is presented below:

Plan	Net Pension Liability	Deferred Outflow of Resources*	Deferred Inflows of Resources	Pension Expense
ATU 1001 Pension Plan - DB	\$ 241,090	\$ 12,611	\$ 94,709	\$ (7,068)
Salaried Pension Plan - DB	27,188	6,727	8,799	11,575
Salaried Pension Plan - DC	-	-	-	4,246
Total	\$ 268,278	\$ 19,338	\$ 103,508	\$ 8,753

*ATU 1001 Pension plan deferred outflow related to contributions subsequent to measurement date was \$19,754.
 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, 2017, is presented below:

Plan	Net Pension Liability	Deferred Outflow of Resources*	Deferred Inflows of Resources	Pension Expense
ATU 1001 Pension Plan - DB	\$ 349,011	\$ 22,536	\$ 16,949	\$ 30,445
Salaried Pension Plan - DB	35,197	14,711	1,799	14,885
Salaried Pension Plan - DC	-	-	-	3,981
Total	\$ 384,208	\$ 37,247	\$ 18,748	\$ 49,311

*ATU 1001 Pension plan deferred outflow related to contributions subsequent to measurement date was \$12,470.
 Salaried Pension Plan deferred outflow related to contributions subsequent to measurement date was \$4,600.

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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%.

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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	4,876
	<hr/>

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	\$ 241,090
	<hr/>
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).

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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

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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	\$ 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	
	\$ 32,365	\$ 94,709

\$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 a follows:

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

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ATU 1001 Pension Plan – Defined Benefit (2017)

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%.

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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, 2017 (December 31, 2016 measurement date), pension plan membership consisted of the following¹:

Active Plan Members	1,849
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,531
Inactive employee entitled to but not yet receiving benefits	1,328
	<hr/>
Total	4,708
	<hr/>

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, 2017 as follows:

Total Pension Liability	\$ 552,781
Plan Fiduciary Net Position	203,770
	<hr/>
Plan's Net Pension Liability	\$ 349,011
	<hr/>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	36.86%

Actuarial Methods and Assumptions Used to Calculate Net Pension Liability:

Valuation Date:	January 1, 2017
Notes	Actuarially determined contribution rates are calculated as of July 1 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, closed
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

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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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.78% (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 4.96%.

Development of the Single Discount Rate

Single Discount Rate 4.96 %

Long-Term Expected Rate of Investment Return 7.00 %

Long-Term Municipal Bond Rate 3.78 %

Asset Class	30 Year Long-Term Expected Real	
	Rate of Return	Target Asset Allocation
Domestic Equity	4%	35%
International Equity	10%	20%
Real Estate	3%	5%
Domestic Fixed Income	1%	15%
International Fixed Income	1%	10%
Commodities	4%	5%
Private Equity	8%	10%
	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 12/31/2016	\$ 563,479	\$ 202,215	\$ 361,264
Changes for the year:			
Service Cost	13,145	-	13,145
Interest	25,276	-	25,276
Differences between expected and actual experience	(3,164)	-	(3,164)
Assumption Changes	(19,822)	-	(19,822)
Contributions-employer	-	12,128	(12,128)
Contributions-employee	-	4,069	(4,069)
Net investment income	-	11,855	(11,855)
Benefit payments, including refunds of employee contributions	(26,133)	(26,133)	-
Administrative expense	-	(364)	364
Other changes	-	-	-
Net Changes	(10,698)	1,555	(12,253)
Balances at 12/31/2017	\$ 552,781	\$ 203,770	\$ 349,011

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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 4.96%, 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 (3.96%)	Current Discount Rate (4.96%)	1% Increase (5.96%)
Plan's Net Pension Liability	\$ 415,884	\$ 349,011	\$ 293,038

Contribution

Contributions to the Union Plan are made in accordance with the collective bargaining agreement. This agreement requires RTD to contribute 13% 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 2017 the employer recognized pension expense of \$30,445. 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	\$ -	\$ 3,777
Differences in assumptions*	9,990	13,172
Excess(deficit) Investment Returns	12,546	-
Contributions Subsequent to Measurement Date	12,470	
	\$ 35,006	\$ 16,949

*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 3.113 million.

\$12,470 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, 2018. 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,	
2018	\$ 4,059
2019	(2,544)
2020	3,683
2021	389
2022	-
Total	\$ 5,587

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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.

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Notes to Financial Statements
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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	675

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	144,362
Plan's Net Pension Liability	\$ 27,188
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:

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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

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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)

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Salaried Pension Plan - Defined Benefit (2017)

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.

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Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date), pension plan membership consisted of the following¹:

Active Plan Members	327
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	242
Inactive Plan Members Entitled to But Not Yet Receiving Benefits ²	118
Total	687

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, 2017 as follows:

Total Pension Liability	\$ 166,153
Plan Fiduciary Net Position	130,956
Plan's Net Pension Liability	\$ 35,197
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	78.82%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation with date of January 1, 2016, using the following actuarial assumptions applied to all periods included in the measurement with a liability roll forward to December 31, 2016 for disclosure purposes for the Fiscal Year Ending December 31, 2017:

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, 2016 (for disclosure purposes for the Fiscal Year Ending December 31, 2017) 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:

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Asset Class	Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	7.4%	40%
International Equity	7.4%	25%
Fixed Income	2.7%	20%
Real Estate	8.5%	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, 2016 valuation 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	\$ 49,264	\$ 35,197	\$ 22,981

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (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 12/31/2016	\$ 151,571	\$ 122,777	\$ 28,794
Changes for the year:			
Service Cost	3,587	-	3,587
Interest	11,371	-	11,371
Differences between expected and actual experience	6,716	-	6,716
Assumption Changes	-	-	-
Contributions-employer	-	4,100	(4,100)
Net investment income	-	11,337	(11,337)
Benefit payments, including refunds of employee contributions	(7,092)	(7,092)	-
Administrative expense	-	(166)	166
Other changes	-	-	-
Net Changes	14,582	8,179	6,403
Balances at 12/31/2017	\$ 166,153	\$ 130,956	\$ 35,197

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

For the year ended 2017 the employer recognized pension expense of \$14,885. 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	\$ 6,208	\$ -
Differences in assumptions*	2,378	-
Excess(deficit) Investment Returns	6,125	1,799
Contributions Subsequent to Measurement Date	4,600	
Total	\$ 19,311	\$ 1,799

* Assumption changes for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date, January 1, 2016 actuarial valuation date): the administrative expense assumption was updated from \$165 per year, payable monthly, to \$150 per year, payable monthly. The updated administrative expense assumption is expected to be more reflective of future administrative expenses for the Plan. The administrative expense assumption is used for determining the actuarially determined contribution and does not impact Total Pension Liability.

\$4,600 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, 2018. 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,	
2018	\$ 7,533
2019	4,256
2020	1,573
2021	(450)
2022	-
Total	\$ 12,912

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (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 \$4,246 and \$3,981 in 2018 and 2017, respectively. RTD employees cannot contribute to the Plan. Membership was 624 and 596 active employees in 2018 and 2017, 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 \$19,797 and \$19,065 the years ended December 31, 2018 and 2017, 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, 2018 and 2017 (Dollars in Thousands)

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

	12/31/2017			12/31/2018
	<u>Balance</u>	<u>Accruals</u>	<u>Payments</u>	<u>Balance</u>
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>

Compensated absences activity for the year ended December 31, 2017 was as follows:

	12/31/2016			12/31/2017
	<u>Balance</u>	<u>Accruals</u>	<u>Payments</u>	<u>Balance</u>
Represented employees	\$ 2,653	\$ 1,920	\$ 1,685	\$ 2,888
Salaried employees	\$ 10,533	\$ 6,804	\$ 6,670	\$ 10,667
Total compensated absences due	<u>\$ 13,186</u>	<u>\$ 8,724</u>	<u>\$ 8,355</u>	<u>\$ 13,555</u>

The accrued compensation liabilities of \$23,868 and \$22,787 as of December 31, 2018 and December 31, 2017 include \$10,369 and \$9,232 of accrued wages, salaries, and fringe benefits in addition to accrued compensated absences.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (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 market 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, 2018, are as follows:

<u>Year ending December 31,</u>	
2019	\$ 267
2020	270
2021	273
2022	275
2023	278
2024-2028	1,433
2029-2033	1,506
2034-2038	1,583
2039-2043	1,664
2044-2048	1,749
2049-2053	1,838
2054-2058	1,932
2059-2063	2,030
2064-2068	2,134
2069-2073	2,242
2074-2075	929
	<u>\$ 20,403</u>

Rental expense relating to this lease amounted to \$265 and \$262 for the years ended December 31, 2018 and 2017, respectively.

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (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, 2018, 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 \$254,961 and \$291,877 in 2018 and 2017, respectively.

Grant Match Requirements

Under the provisions of current grants, RTD is obligated to satisfy certain matching requirements of these grants. At December 31, 2018, RTD had a commitment to provide \$33,443 in matching funds in order to receive \$84,802 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 2018, 54.83% 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 has been 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 with testing and revenue service of the final corridor, the G Line, expected to occur in 2019. RTD will assume ownership of the entire project once certain contractual criteria and final completion occurs. Under the terms of the

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (Dollars in Thousands)

concessionaire agreement, RTD will make scheduled secured principal and interest payments to DTP from 2017 through 2044 in addition to service payments for the 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 is scheduled to open in 2019.

Future Commitments under Service Contracts

The fixed commitments under the Privatization contracts (bus) in the years subsequent to December 31, 2018 are as follows:

Year ending December 31,

2019	\$	149,375
2020		124,208
2021		112,065
2022		96,410
2023		36,424
Total	\$	<u>518,482</u>

Denver Transit Partner's concessionaire service payment commitments under the lease in years subsequent to December 31, 2018, are as follows:

<u>Year ending Decemeber 31,</u>	<u>TABOR Secured Payment</u>	<u>Service Availability Payment</u>	<u>Total</u>
2019	\$ 45,388	\$ 65,923	\$ 111,311
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
2024-2028	233,700	397,364	631,064
2029-2033	282,260	454,741	737,001
2034-2038	332,157	545,934	878,091
2039-2043	261,720	644,248	905,968
2044	25,134	150,139	175,273
Total	<u>\$ 1,362,844</u>	<u>\$ 2,511,293</u>	<u>\$ 3,874,137</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, 2018 and 2017 (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 2019 is \$20,700. RTD estimates usage of 9.0 million gallons at unit cost of \$2.30 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, 2017	\$ 4,210	\$ 4,671	\$ 8,881
Incurred claims (including IBNR)	4,443	7,843	12,286
Claims payments	(3,161)	(5,336)	(8,497)
Unpaid claims, December 31, 2017	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*	<u>\$ 5,983</u>	<u>\$ 7,575</u>	<u>\$ 13,558</u>

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

REGIONAL TRANSPORTATION DISTRICT
Notes to Financial Statements
December 31, 2018 and 2017 (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.

RTD's prime contractor for the North Metro Line has asserted claims primarily seeking compensation for delays on the project. These claims are scheduled for arbitration in late 2018. RTD is contesting these claims and believes it is likely to prevail.

RTD's concessionaire has asserted a series of change in law and force majeure claims which, if successful, could entitle the Concessionaire to monetary relief. RTD is contesting these claims and believes it is likely to prevail.

NOTE I – NET POSITION

	December 31,	
	2018	2017
Invested in capital assets, net of related debt	\$ 3,144,175	\$ 3,135,186
Restricted net position		
Restricted debt service	139,779	148,627
Restricted TABOR	24,079	25,735
Restricted Fastracks	361,275	325,663
Restricted Deposits	1,504	1,502
Total restricted net position	526,637	501,527
Unrestricted net position		
Unrestricted - represented net pension liability*	(303,435)	(330,955)
Unrestricted - salaried net pension liability	(24,160)	(17,685)
Unrestricted net position	120,289	125,436
Total unrestricted net position	(207,306)	(223,204)
Total net position	\$ 3,463,506	\$ 3,413,509

* 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, 2018 and 2017 (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:

	2018	2017
Revenues and Proceeds		
Revenue, actual	\$ 897,388	\$ 903,623
Proceeds from debt/arbitrage relief	(5,805)	402,435
Federal capital grants and local contributions	81,002	86,395
Revenue, actual (budgetary basis)	\$ 972,585	\$ 1,392,453
Revenue, budget	\$ 1,208,273	\$ 1,729,791
Expenditures		
Expenses, actual	\$ 928,393	\$ 898,861
Capital outlays	335,080	451,245
Depreciation, amortization, other	(285,653)	(248,633)
Long-term debt principal payments	64,700	489,841
Expenditures, actual (budgetary basis)	\$ 1,042,520	\$ 1,591,314
Appropriations, budget	\$ 1,761,218	\$ 1,915,320
Unused appropriations	\$ 718,698	\$ 324,006

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, 2018, there was approximately \$718,698 of unused 2018 appropriations for capital outlays available for carryover to 2019.

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 2018, \$24,079 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

On April 26, 2019, the FastTracks Gold Line opened for revenue service. Opening this 11.2 mile commuter rail line marks the final major milestone of the Eagle P3 project resulting in the design and build portion of this public private partnership being considered substantially complete.

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)

<i>ATU 1001 Pension Plan</i> Period Ending December 31,	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 22,404	\$ 17,170	\$ 17,131	\$ 18,752
Actual Contribution	13,168	12,128	11,542	10,758
Contribution Deficiency (Excess)	9,236	5,042	5,589	7,994
Covered Payroll	103,729	94,802	82,994	84,774
Contribution as a Percentage of Covered Payroll	12.69%	12.79%	13.91%	12.69%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

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

Valuation Date:	January 1, 2018
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:	There were no benefit changes during the year.
Notes	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

	2018	2017	2016	2015
Period Ending December 31,				
Total Pension Liability	\$ 14,387	\$ 13,145	\$ 13,074	\$ 11,937
Service Cost	27,099	25,276	26,324	27,714
Interest	-	-	-	-
Changes to Benefit Terms	4,855	(3,164)	(4,711)	(6,476)
Differences Between Expected and Actual Experience	(108,133)	(19,822)	28,095	28,879
Asumption Changes	(27,233)	(26,133)	(25,439)	(24,312)
Benefit Payments, Including Lump Sums	(89,025)	(10,898)	37,343	37,742
Net Change in Total Pension Liability	\$ 552,781	\$ 563,479	\$ 526,136	\$ 488,394
Total Pension Liability - Beginning	\$ 463,756	\$ 552,781	\$ 563,479	\$ 526,136
Total Pension Liability - Ending (a)				

Plan Fiduciary Net Position

Contributions - RTD	\$ 13,168	\$ 12,128	\$ 11,542	\$ 10,758
Contributions - Members	4,389	4,069	3,868	3,586
Net Investment Income	28,983	11,855	(1,829)	11,779
Benefit Payments, Including Lump Sums	(27,233)	(26,133)	(25,439)	(24,312)
Administrative Expenses	(411)	(364)	(391)	(355)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 18,896	\$ 1,555	\$ (12,249)	\$ 1,456
Plan Fiduciary Net Position - Beginning	203,770	202,215	214,464	213,008
Plan Fiduciary Net Position - Ending (b)	\$ 222,666	\$ 203,770	\$ 202,215	\$ 214,464

Plan's Net Pension Liability - Beginning

Plan's Net Pension Liability - Ending (a) - (b)	\$ 241,090	\$ 349,011	\$ 361,264	\$ 311,672
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Plan Fiduciary Net Position as a Percentage of the Total

Pension Liability (b) / (a)	48.01%	36.86%	35.89%	40.76%
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Covered Payroll

	103,729	94,802	82,994	84,774
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Plan's Net Pension Liability as a Percentage of

Covered Payroll	232.42%	368.15%	435.29%	367.65%
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Notes to Schedule:

Asumption 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.

Asumption 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, therefore only three years are shown.

See accompanying independent auditors' opinion.

**Schedule of Contributions Multiyear
Last 10 Fiscal Years**
(in thousands)

RTD Salaried Pension Plan

Period Ending December 31,	2018 ¹	2017	2016	2015
Actuarially Determined Contribution	\$ 7,296	\$ 7,632	\$ 6,768	\$ 5,682
Actual Contribution	4,600	4,100	3,100	3,100
Contribution Deficiency (Excess)	2,696	3,532	3,668	2,582
Covered Payroll	27,619	30,378	31,257	30,880
Contribution as a Percentage of Covered Payroll	16.66%	13.50%	9.92%	10.04%

¹ This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

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

Valuation Date:	January 1, 2017
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	14years
Asset Valuation Method	Smoothed over 5 years, based on Actuarial Value of Assets expected return.
Inflation	3.00%
Salary Increases	4.75%-9.75%, based on age
Investment Rate of Return	7.50%, net of investment expenses
Retirement Age	Age
	Rate
	55 15.00%
	55-61 10.00%
	62 25.00%
	63-64 15.00%
	65-66 40.00%
	67 or older 100.00%
Mortality (Annuities)	Vested inactive participants are assumed to retire at age 62.
Mortality (Lump Sums)	Healthy Participants: RP-2014 Blue Collar Mortality Tables for healthy employees and annuitants Disabled Participants: RP-2014 Disabled Retiree Tables RP-2014 Blue Collar Mortality Tables for healthy annuitants, 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% - 10.43%, based on age Disablement: 0.06% - 1.63%, based on age Expenses: \$150 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)

<i>RTD Salaried Pension Plan</i>	2018	2017	2016	2015
Period Ending December 31,				
Total Pension Liability	\$ 3,201	\$ 3,587	\$ 3,342	\$ 2,673
Service Cost	12,351	11,371	10,388	9,366
Interest	-	-	-	-
Changes to Benefit Terms	(816)	6,716	3,869	2,228
Differences Between Expected and Actual Experience	-	-	3,601	6,997
Assumption Changes	(9,339)	(7,092)	(9,582)	(7,034)
Benefit Payments, Including Lump Sums	5,397	14,582	11,618	14,230
Net Change in Total Pension Liability	166,153	151,571	139,953	125,723
Total Pension Liability - Beginning	\$ 171,550	\$ 166,153	\$ 151,571	\$ 139,953
Total Pension Liability - Ending (a)	\$ 4,600	\$ 4,100	\$ 3,100	\$ 3,100
Plan Fiduciary Net Position				
Contributions - RTD	18,322	11,337	(610)	9,078
Contributions - Members	(9,339)	(7,092)	(9,582)	(7,034)
Net Investment Income	(177)	(166)	(141)	(127)
Benefit Payments, Including Lump Sums	-	-	-	-
Administrative Expenses	13,406	8,179	(7,233)	5,017
Other	130,956	122,777	130,010	124,993
Net Change in Plan Fiduciary Net Position	144,362	130,956	122,777	130,010
Plan Fiduciary Net Position - Beginning	28,794	28,794	9,943	730
Plan Fiduciary Net Position - Ending (b)	\$ 27,188	\$ 35,197	\$ 28,794	\$ 9,943
Plan's Net Pension Liability - Ending (a) - (b)	84.15%	78.82%	81.00%	92.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a)	27,619	30,378	31,257	30,880
Covered Payroll	98.44%	115.86%	92.12%	32.20%
Plan's Net Pension Liability as a Percentage of Covered Payroll				

Notes to Schedule:

Assumption changes for the Fiscal Year Ending December 31, 2016 (December 31, 2015 measurement date, January 1, 2015 actuarial valuation date); the amount reported as Assumption Changes resulted from a change in the salary increase assumption (average weighted salary increase changed from 4.00% to 5.00%). This change is expected to be more reflective of future plan experience.

Assumption changes for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date, January 1, 2016 actuarial valuation date); the administrative expense assumption was updated from \$165,000 per year, payable monthly, to \$150,000 per year, payable monthly. The updated administrative expense assumption is expected to be more reflective of future administrative expenses for the Plan. The administrative expense assumption is used for determining the actuarially determined contribution and does not impact Total Pension Liability.

Assumption changes for the Fiscal Year Ending December 31, 2018 (December 31, 2017 measurement date, January 1, 2017 actuarial valuation date); No changes in actuarial assumptions were made since the prior valuation.

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

See accompanying independent auditors' opinion.

SUPPLEMENTAL INFORMATION

**REGIONAL TRANSPORTATION DISTRICT
SCHEDULE OF EXPENSE AND REVENUE
BUDGET AND ACTUAL - BUDGETARY BASIS**

Year Ended December 31, 2018

(In Thousands)

	Adopted Budget	Final Budget	Actual	Variance - positive (negative)
Operating revenue				
Passenger fares	\$ 146,785	\$ 146,785	\$ 143,231	\$ (3,554)
Other	5,666	5,666	7,535	1,869
Total operating revenue	<u>152,451</u>	<u>152,451</u>	<u>150,766</u>	<u>(1,685)</u>
Operating expenses				
Salaries and wages	184,736	186,522	183,899	2,623
Fringe benefits	71,165	71,930	52,993	18,937
Materials and supplies	58,928	60,853	51,335	9,518
Services	145,060	148,405	81,189	67,216
Utilities	18,149	18,149	16,419	1,730
Insurance	10,985	11,485	9,941	1,544
Purchased transportation	179,180	187,209	176,416	10,793
Leases and rentals	3,712	3,712	1,996	1,716
Miscellaneous	3,652	12,102	4,317	7,785
Total operating expenses	<u>675,567</u>	<u>700,367</u>	<u>578,505</u>	<u>121,862</u>
Operating loss	<u>(523,116)</u>	<u>(547,916)</u>	<u>(427,739)</u>	<u>120,177</u>
Nonoperating revenue (expenses)				
Sales and use tax	626,175	622,834	634,192	11,358
Grant operating assistance	97,023	102,681	86,403	(16,278)
Investment income	7,278	11,732	13,409	1,677
Other income	13,077	13,246	12,618	(628)
Gain/loss on capital assets	-	-	(1,449)	(1,449)
Interest expense	(153,248)	(153,248)	(62,770)	90,478
Other expense/unrealized loss capital assets	-	-	(16)	(16)
Total nonoperating revenue (expenses)	<u>590,305</u>	<u>597,245</u>	<u>682,387</u>	<u>85,142</u>
Proceeds from debt	-	-	(5,805)	(5,805)
Capital outlay				
Capital expenses	952,745	849,538	335,080	(514,458)
Less capital grants	(317,425)	(311,134)	(81,002)	230,132
	<u>635,320</u>	<u>538,404</u>	<u>254,078</u>	<u>(284,326)</u>
Long-term debt principal payment	<u>(64,700)</u>	<u>(58,065)</u>	<u>(64,700)</u>	<u>(6,635)</u>
Excess (deficiency) of revenue and nonoperating income over (under) expenses, capital outlays and debt principal payments	<u>\$ (632,831)</u>	<u>\$ (547,140)</u>	<u>(69,935)</u>	<u>\$ 477,205</u>
Increases (decreases) to reconcile budget basis to GAAP basis				
Capital expenses			335,080	
Proceeds from debt			5,805	
Long-term debt principal payment			64,700	
Depreciation			(285,653)	
INCREASE IN NET POSITION			<u>\$ 49,997</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	94-96
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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	97
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These tables contain information to help the reader assess the government’s most significant revenue source.

Debt Capacity	98-99
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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	100
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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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Invested in capital assets, net of related debt (Note I)	\$ 3,144,175	\$ 3,135,186	\$ 3,119,274	\$ 2,936,397	\$ 2,987,697	\$ 2,788,100	\$ 2,348,966	\$ 1,872,790	\$ 1,597,631	\$ 1,456,493
Restricted (Note I)										
Emergencies	24,079	25,735	21,609	20,284	19,193	18,304	17,451	16,392	15,486	15,158
Debt and other	502,558	475,792	395,948	304,667	155,345	117,827	316,711	491,313	424,348	442,489
Total restricted net position²	526,637	501,527	417,557	324,951	174,538	136,131	334,162	507,705	439,834	457,647
Unrestricted net position (note H)	(207,306)	(223,204)	(214,479)	(84,409)	18,842	53,218	45,782	46,199	166,299	132,035
Total net position	\$ 3,463,506	\$ 3,413,509	\$ 3,322,352	\$ 3,176,939	\$ 3,181,077	\$ 2,977,449	\$ 2,728,910	\$ 2,426,594	\$ 2,203,764	\$ 2,046,175

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues:										
Passenger Fares	\$ 143,231	\$ 140,217	\$ 134,622	\$ 120,497	\$ 120,497	\$ 117,841	\$ 112,929	\$ 108,497	\$ 97,942	\$ 96,890
Other	7,535	7,159	5,803	5,347	4,406	5,199	5,333	4,882	4,414	4,357
Total Operating Revenues	150,766	147,376	140,425	125,844	124,903	123,040	118,262	113,379	102,356	101,247
Operating Expenses:										
Salaries, wages, fringe benefits	236,892	263,977	260,039	227,207	204,790	192,405	178,974	166,332	160,498	161,747
Materials and supplies	51,335	44,686	52,180	58,884	62,156	64,798	58,300	52,015	48,310	56,835
Services	81,189	77,323	58,560	79,749	108,920	112,479	109,853	48,357	60,553	42,783
Utilities	16,419	16,503	14,220	13,673	14,151	13,567	11,833	11,627	10,977	9,512
Insurance	9,941	13,319	10,382	8,102	5,273	5,568	3,776	6,089	5,429	3,767
Purchased transportation	176,416	159,051	156,605	113,216	114,942	113,006	111,130	108,865	104,514	103,975
Leases and rentals	1,996	2,829	3,288	3,462	3,264	3,210	2,401	1,964	2,515	2,680
Miscellaneous	4,317	4,213	4,183	4,531	6,561	6,448	15,741	2,082	3,315	6,866
Total Operating Expenses	578,505	581,901	559,457	508,824	520,057	511,481	492,008	397,331	396,111	388,165
Operating loss before depreciation	(427,739)	(434,525)	(419,032)	(382,947)	(395,154)	(388,441)	(373,746)	(283,952)	(293,755)	(286,918)
Depreciation	285,653	248,633	222,154	152,531	139,045	127,256	115,269	104,280	104,176	106,025
Operating Loss	(713,392)	(683,158)	(641,186)	(535,478)	(534,199)	(515,697)	(489,015)	(388,232)	(397,931)	(392,943)
Nonoperating income (expense):										
Sales and use tax revenues	634,192	598,187	563,598	541,518	514,721	468,586	449,787	415,180	397,549	371,405
Grant operating assistance	86,403	80,412	77,335	73,383	75,544	88,243	68,927	89,592	92,655	68,146
Interest income	13,409	63,030	6,371	3,164	165	2,040	2,613	6,484	8,065	29,379
Other income	12,618	10,596	9,927	10,322	10,248	28,170	11,035	11,356	3,653	3,243
Gain/Loss on Capital Assets	(1,449)	4,022	5,664	1,085	6,613	(82)	3,459	(6,101)	(3,474)	40
Interest expense	(62,770)	(65,346)	(77,272)	(79,686)	(72,293)	(61,223)	(51,371)	(51,274)	(48,735)	(34,179)
Other expense/Unrealized Loss A	(16)	(2,981)	(1,258)	(1,422)	(3,605)	(4,064)	(4,895)	(150)	(1,671)	(23,037)
Total Nonoperating Income	682,387	687,920	584,365	548,364	531,393	521,670	479,555	465,087	448,042	414,997
Net income before capital grants and local contributi	(31,005)	4,762	(56,821)	12,886	(2,806)	5,973	(9,460)	76,855	50,111	22,054
Capital grants and local contribution	81,002	86,395	202,235	169,313	206,431	242,566	311,676	238,292	107,478	131,711
Increase in Net Position	49,997	91,157	145,414	182,199	203,625	248,539	302,216	315,147	157,589	153,765
Net Position, Beginning of Year, (as previously reported)	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	1,892,410
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	\$3,463,506	\$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

**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
2009	\$ 326,324	\$ 61,841	\$ 106,025	\$ 34,179	\$ 23,037	\$ 410,354	961,760
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

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			Interest Income	Other	Total Revenue	Capital Grants	Local Contributions	Total Revenue and Capital Grant & Contributions
			Operating Assistance	Operating Assistance	Other						
2009	\$ 101,247	\$ 371,405	\$ 68,146	\$ 29,379	\$ 3,283	\$ 573,460	\$ 129,211	\$ 2,500	\$ 705,171		
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		

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 Collections	Coverage Ratio
	Interest	Principal	Total	Total		
2009	\$ 43,210	\$ 44,430	\$ 87,640	\$ 371,405	4.24	
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	

Certificate of Participation Debt Service Requirements

	Certificate of Participation Debt Service Requirements		
	Interest	Principal	Total
2009	\$ 13,714	\$ 18,340	\$ 32,054
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

Table 5

REGIONAL TRANSPORTATION DISTRICT

DEBT COVERAGE RATIOS (Continued)

(In Thousands)

	Total Debt Service Requirements		Total	Total Revenue	Coverage Ratio
	Interest	Principal			
2009	\$ 56,924	\$ 62,770	\$ 119,694	573,460	4.79
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

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

**REGIONAL TRANSPORTATION DISTRICT
DEMOGRAPHIC AND OPERATING DATA**

Last Ten Years (Unaudited)

Table 6

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
January 1 population within RTD service area ¹	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	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	2,340	2,340	2,340	2,340	2,348	2,348	2,348
Total miles	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	48,862,622
Passenger stops	9,800	9,077	9,077	9,566	9,751	9,509	9,841	9,698	10,140	10,199
Number of fixed routes	169	172	172	137	138	136	145	138	148	150
Local	107	115	115	69	65	65	71	64	66	67
Express	-	-	-	15	14	14	17	16	20	20
Regional	23	16	16	20	17	17	17	17	16	16
Skyride	3	3	3	5	5	5	5	5	5	5
Boulder City	13	13	13	13	13	13	13	12	14	15
Longmont City	4	4	4	4	4	4	4	4	7	7
Limited	14	16	16	18	11	11	10	11	11	11
Miscellaneous	5	5	5	8	9	7	7	9	9	9
Ridership average weekday, without Mail Shuttle and Light Rail	183,293	193,391	197,637	208,086	211,702	208,387	210,811	205,504	209,172	212,758
Ridership average weekday, including Mail Shuttle	221,938	229,966	236,573	252,034	255,696	254,071	255,501	254,197	255,068	259,873
Ridership average weekday, including Mail Shuttle, Light Rail, ADA, and Van Pool	321,891	326,413	331,580	338,363	344,348	335,391	326,747	325,900	323,311	328,291
Total annual boardings without Mail Shuttle, Light Rail and ADA	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	63,578,004
Total annual boardings, including Mail Shuttle	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	77,928,088
Total annual boardings, including ADA service, and Van Pool	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	97,687,476
Total annual boardings, including Mail Shuttle, Light Rail,	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	98,746,429
ADA service, and Van Pool	124,202	124,688	120,613	119,076	107,635	106,709	129,517	117,261	124,248	149,750
Daily miles operated (average weekday), including Mail Shuttle	141,621	142,489	136,677	131,221	119,706	118,385	139,083	126,849	134,294	159,824
Daily miles operated (average weekday), including Mail Shuttle and Light Rail	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	5,400,000
Diesel fuel consumption, gallons ²	1,026	1,023	1,023	1,021	1,011	992	998	989	1,025	1,050
Total active buses	1,026	1,023	1,023	1,021	1,011	992	998	989	1,025	1,050
Wheelchair lift equipped buses	870	817	779	779	735	752	700	697	696	664
Number of employees ²	2,018	1,962	2,034	1,955	1,929	1,901	1,715	1,785	1,744	1,802
Salaries	841	834	834	834	821	785	779	797	806	830
Represented (includes part-time)	7	7	7	7	7	6	6	6	6	6
Fleet requirements (peak hours)										
Operating facilities ²										

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 Summary Balance Sheet	Statistical Section – Table 4 Statements of Net Position – pg. 38-39

**REGIONAL TRANSPORTATION DISTRICT
2019-2024 STRATEGIC BUDGET PLAN - OPERATING PROGRAM (In Thousands)**

Table 7

Program	2019	2020	2021	2022	2023	2024	Total Cost
Interest Payments ^{1,2}	\$ 19,400	\$ 16,834	\$ 14,353	\$ 12,140	\$ 10,253	\$ 8,414	\$ 81,394
Bus Operations – Current RTD	158,963	166,267	170,669	175,104	179,658	184,344	1,035,005
Bus Operations – Private Carrier after Contract	111,666	112,949	115,912	118,897	120,963	125,118	705,505
Bus Operations - call-n-Ride	8,078	8,298	8,519	8,741	8,969	9,204	51,809
Private Contract Administration Costs	420	432	443	455	467	479	2,696
Service Increases – RTD-Operated	1,400	-	-	-	-	-	1,400
Service Increases – Private Contractor	1,057	-	-	-	-	-	1,057
FasTracks Service Allocation - Bus ¹	(16,736)	(17,193)	(17,650)	(18,109)	(18,583)	(19,069)	(107,340)
Cost Sharing Agreements - Bus Service	2,276	2,338	2,401	2,463	2,527	2,594	14,599
Van Pool Program	1,088	1,118	1,148	1,178	1,208	1,240	6,980
Section 5011 Local Match	893	917	942	966	992	1,018	5,728
Rail Operations	72,775	76,326	78,346	80,382	82,473	84,623	474,925
ADA Operating Costs	48,031	48,606	49,895	51,194	52,525	53,895	304,146
FasTracks Service Allocation - ADA ¹	(2,124)	(2,182)	(2,240)	(2,298)	(2,358)	(2,420)	(13,622)
Safety & Security - Base	26,156	26,859	27,569	28,286	29,021	29,778	167,669
Safety & Security - Additional Costs	515	529	543	1,430	1,604	1,646	6,267
Capital Programs & Facilities - Base	47,311	48,081	49,351	50,634	51,949	53,302	300,628
Capital Programs & Facilities- Additional Costs	1,619	116	1,208	3,534	2,087	281	8,845
Direct Costs - Other Departments	1,069	1,099	1,128	1,157	1,188	1,218	6,859
Indirect Costs - Other Departments	108,839	115,900	116,739	121,390	123,690	141,756	728,314
FasTracks - Cost Allocation	(44,395)	(46,645)	(47,885)	(49,131)	(50,416)	(51,735)	(290,207)
Grand Total	\$ 548,301	\$560,649	\$571,391	\$588,413	\$598,217	\$625,686	\$ 3,492,657

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
2019-2024 STRATEGIC BUDGET PLAN - CAPITAL PROGRAM (In Thousands)**

Table 8

Program	2019	2020	2021	2022	2023	2024	Total Cost
Long Term Debt Service ^{1,2}	\$ 62,610	\$ 65,793	\$ 64,711	\$ 58,218	\$ 46,995	\$ 48,825	\$ 347,152
Fleet Modernization and Expansion ³							
Buses and ADA Vehicles	32,612	25,771	31,949	31,345	23,829	24,266	169,772
Other	-	-	-	445	228	234	907
Light Rail Vehicles	-	-	-	-	-	-	-
Transfer Stations ³	1,233	1,425	-	-	-	-	2,658
Rail Construction ³	4,239	4,381	4,498	5,949	6,104	4,274	29,445
Rail Transit ³	1,541	264	271	6,583	3,903	2,249	14,811
park-n-Rides ³	499	-	-	-	-	-	499
Capital Support Equipment ³							
Vehicles and Bus Maintenance Equipment	750	303	308	4,769	4,132	3,262	13,524
Information Systems, Computer Equip. for Ops.	3,468	3,431	1,084	889	627	293	9,792
Capital Support Projects ³	2,569	-	-	-	-	-	2,569
Facilities Construction and Maintenance ³	3,307	4,172	7,017	11,132	6,359	1,932	33,919
Planning ³	-	-	-	-	68,461	-	68,461
Treasury ³	-	-	-	-	2,355	-	2,355
Unallocated Capital ³	103	53	54	111	114	117	552
Grand Total	\$ 112,931	\$ 105,593	\$ 109,892	\$ 119,441	\$ 163,107	\$ 85,452	\$ 696,416

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, 2018

Table 9

Sales Tax Bonds	Outstanding²
RTD Sales Tax Revenue Refunding Bonds, Series 2007 ¹ - FasTracks	\$ 250,767
RTD Sales Tax Revenue Refunding Bonds, Series 2007 ¹	61,695
RTD Sales FasTracks Tax Revenue Bonds, Series 2010AB ¹	380,911
RTD Sales FasTracks Tax Revenue Bonds, Series 2012A ¹	528,560
RTD Sales Tax Revenue Bonds, Series 2013A ¹	14,206
RTD Sales FasTracks Tax Revenue Bonds, Series 2013AB ¹	239,644
RTD Sales Tax TIFIA Loan ⁴	325,328
RTD Sales FasTracks Tax Revenue Bonds, Series 2016A ¹	227,604
RTD Sales FasTracks Tax Revenue Bonds, Series 2017A ¹	91,531
RTD Sales FasTracks Tax Revenue Bonds, Series 2017B ¹	139,599
Total Sales Tax Revenue Debt	\$ 2,259,845

Lease Purchase Agreements	Outstanding²
Master Lease Purchase Agreement II Fixed Rate Taxable Certificates of Participation, Series 2007A	4,815
2010AB	201,679
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2013A	180,780
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2014A	462,510
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2015A	139,222
2016A JPM Lease Purchase Agreement Refunding	50,512
2017A JPM Lease Purchase Agreement Refunding	153,140
Total Certificates of Participation Debt	\$ 1,192,658
Total Debt	\$ 3,452,503

RTD Distirct Populaiton ³	3,080,000
Per Capita Debt Requirement	\$ 1,121

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 - 2009-2018**Table 10**

(In Thousands)

Year	Revenue Boardings¹	Fare Revenue	Percent Change in Fare Revenue
2009	83,337	\$ 96,890	9.8%
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%

¹ Totals for 2009-2018 include both access-a-Ride boardings and vanpool boardings.

ADVERTISING AND ANCILLARY REVENUES - 2009-2018**Table 11**

(In Thousands)

Year	Advertising Revenue	Ancillary Revenues
2009	\$ 2,866	\$ 3,243
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

GRANT RECEIPTS AND LOCAL CONTRIBUTIONS - 2009-2018**Table 12**

(In Thousands)

Year	Grant Capital	Local Contributions	Grant Operating Assistance
2009	\$ 129,211	\$ 2,500	\$ 68,146
2010	102,213	5,265	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

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

Table 13

(In Thousands)

	Years ended December 31				
	2018	2017	2016	2015	2014
Operating Revenues:					
Passenger Fares	\$ 143,231	\$ 140,217	\$ 134,622	\$ 120,530	\$ 120,497
Other	7,535	7,159	5,803	5,347	4,406
Total Operating Revenues	150,766	147,376	140,425	125,877	124,903
Operating Expenses:					
Salaries, wages, fringe benefits	236,892	263,977	260,039	227,207	204,790
Materials and supplies	51,335	44,686	52,180	58,884	62,156
Services	81,189	77,323	58,560	79,749	108,920
Utilities	16,419	16,503	14,220	13,673	14,151
Insurance	9,941	13,319	10,382	8,102	5,273
Purchased transportation	176,416	159,051	156,605	113,217	114,942
Leases and rentals	1,996	2,829	3,288	3,462	3,264
Miscellaneous	4,317	4,213	4,183	4,531	6,561
Total Operating Expenses	578,505	581,901	559,457	508,825	520,057
Operating loss before depreciation	(427,739)	(434,525)	(419,032)	(382,947)	(395,154)
Depreciation	285,653	248,633	222,154	152,531	139,045
Operating Loss	(713,392)	(683,158)	(641,186)	(535,478)	(534,199)
Nonoperating income (expense):					
Sales and use tax revenues	634,192	598,187	563,598	541,518	514,721
Grant operating assistance	86,403	80,412	77,335	73,383	75,544
Interest income	13,409	63,030	6,371	3,164	165
Other income	12,618	10,596	9,927	10,322	10,248
Gain/Loss on Capital Assets	(1,449)	4,022	5,664	1,085	6,613
Interest expense	(62,770)	(65,346)	(77,272)	(79,686)	(72,293)
Other expense/Unrealized Loss	(16)	(2,981)	(1,258)	(1,422)	(3,605)
Total Nonoperating Income	682,387	687,920	584,365	548,364	531,393
Net income before capital grants and local contributions	(31,005)	4,762	(56,821)	12,886	(2,806)
Federal capital grants and local contributions	81,002	86,395	202,235	169,313	206,431
Increase in Net Position	49,997	91,157	145,414	182,199	203,625
Net Position, Beginning of Year (as previously reported)	3,413,509	3,322,352	3,176,938	3,181,074	2,977,449
Net Position, Beginning of Year (as restated)				2,994,739	
Net Position at End of Year	\$ 3,463,506	\$ 3,413,509	\$ 3,322,352	\$ 3,176,938	\$ 3,181,074

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

Table 14

	2018		2017		2016		2015		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Operating revenues:										
Passenger fares	\$ 146,785	\$ 143,231	\$ 142,500	\$ 140,217	\$ 130,173	\$ 134,622	\$ 123,373	\$ 120,530	\$ 124,985	\$ 120,497
Other	5,666	7,535	6,023	7,159	4,797	5,803	5,245	5,347	5,423	4,406
Total operating revenues	152,451	150,766	148,523	147,376	134,970	140,425	128,618	125,877	130,408	124,903
Operating expenses:										
Salaries, wages, fringe benefits	258,452	236,892	238,452	263,977	222,966	260,039	202,135	227,207	184,597	204,790
Materials and supplies	60,863	51,335	55,853	44,686	60,001	52,180	67,741	58,884	67,259	62,156
Services	148,405	81,189	154,405	77,323	139,385	58,560	139,607	79,749	143,911	108,920
Utilities	18,149	16,419	22,149	16,503	19,382	14,220	15,015	13,673	15,334	14,151
Insurance	11,485	9,941	8,485	13,319	7,665	10,382	7,595	8,102	7,470	5,273
Purchased transportation	187,209	176,416	174,209	159,051	175,696	156,605	114,214	113,216	118,189	114,942
Leases and rentals	3,712	1,996	3,712	2,829	3,557	3,288	3,415	3,462	3,289	3,264
Miscellaneous	12,102	4,317	14,432	4,213	9,601	4,183	5,824	4,531	6,931	6,561
Total Operating Expenses	700,367	578,505	671,697	581,901	638,253	559,457	555,546	508,824	546,980	520,057
Operating loss	(547,916)	(427,739)	(523,174)	(434,525)	(503,283)	(419,032)	(426,928)	(382,947)	(416,572)	(395,154)
Nonoperating revenue (expense):										
Sales and use tax	622,834	634,192	586,053	598,187	569,763	563,598	551,368	541,518	503,448	514,721
Grant operating assistance	102,681	86,403	103,785	80,412	96,767	77,335	78,832	73,383	92,866	75,544
Interest income	11,732	13,409	4,197	63,030	3,840	6,371	4,310	3,164	2,372	165
Other income	13,246	12,618	11,244	10,596	20,200	9,927	11,020	10,322	20,721	10,248
Gain/Loss on capital assets	-	(1,449)	-	4,022	-	5,664	-	1,085	-	6,613
Interest expense	(153,248)	(62,770)	(129,719)	(65,346)	(117,313)	(77,272)	(95,365)	(79,686)	(89,405)	(72,293)
Other expense/Unrealized loss	-	(16)	-	(2,981)	-	(1,258)	-	(1,422)	-	(3,605)
Total nonoperating revenue	597,245	682,387	575,560	687,920	573,257	594,365	550,165	548,364	520,002	531,393
Proceeds from issuance of long-term debt	-	(5,805)	457,091	402,435	457,091	314,174	457,091	299,688	795,604	573,324
Capital outlay										
Capital expenses	849,538	335,080	1,055,839	451,245	1,396,223	693,159	1,687,076	870,055	1,811,720	862,701
Less capital grants	(311,134)	(81,002)	(418,898)	(86,395)	(258,089)	(202,235)	(206,451)	(169,313)	(276,073)	(206,431)
Long-term debt principal payment	538,404	254,078	636,941	364,850	1,138,134	490,924	1,480,625	700,742	1,535,647	656,270
	58,065	64,700	58,065	489,841	61,698	133,098	58,942	54,348	62,187	57,002
Excess (deficit) of revenue and nonoperating income over (under) expenses, capital outlay and debt principal payments	\$ (547,140)	(69,935)	(185,529)	(198,861)	(672,767)	(144,515)	(959,239)	(289,985)	(698,800)	(3,709)
Increases (decreases) to reconcile budget basis to GAAP basis										
Capital expenditures		335,080		451,245		693,159		870,055		862,701
Long-term debt proceeds		5,805		(402,435)		(314,174)		(289,688)		(573,324)
Long-term debt principal		64,700		489,841		133,098		54,348		57,002
Depreciation		(285,653)		(248,633)		(222,154)		(152,531)		(139,045)
Net income	\$	49,997	\$	91,157	\$	145,414	\$	182,199	\$	203,625

* 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 2018 AND 2019 BUDGET SUMMARY (in thousands)**

Table 15

	2018		2019	
	Adopted Budget	Amended Budget	Adopted Budget	Adopted Budget
	\$	\$	\$	\$
Beginning net position				
Revenues:				
Operating	152,451	152,451	169,216	169,216
Sales & use taxes	626,175	622,834	668,330	668,330
Federal and local grants	414,448	413,815	370,885	370,885
Interest and other income	20,355	24,978	28,374	28,374
FasTracks - change in debt service reserve	-	-	(2,003)	(2,003)
FasTracks - change in FISA	(22,092)	(22,092)	(9,361)	(9,361)
Change in capital acquisition reserve	-	2,700		
Financing proceeds	-	-		
Contributed capital	111,035	155,445	159,067	159,067
Total Revenues	1,302,372	1,350,131	1,384,508	1,384,508
Expenditures:				
Operating	675,567	700,367	755,412	755,412
Interest expense	153,248	153,248	152,155	152,155
Debt payments	64,700	64,700	76,771	76,771
Current capital	209,197	231,525	111,373	111,373
Capital carryforward	743,548	639,745	719,372	719,372
Total expenditures	1,846,260	1,789,585	1,815,083	1,815,083
Adjustments ¹	1,225,334	1,483,257	1,049,776	1,049,776
Ending net position	4,630,947	4,457,313	4,341,019	4,341,019
Net position summary:				
Net investment in capital assets	4,293,155	4,138,016	3,979,655	3,979,655
Restricted debt service, project related and other ²	121,147	99,413	119,701	119,701
Restricted TABOR fund	23,969	24,008	25,977	25,977
Restricted FasTracks ³	87,410	87,410	85,787	85,787
Restricted Board appropriated and capital replacement fund ⁴	46,256	46,300	56,310	56,310
Unrestricted fund	59,010	62,166	73,589	73,589
Ending net position	4,630,947	4,457,313	4,341,019	4,341,019

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

	Fare	Senior/ Disabled/ Student Fare¹							
Single Trip Fares									
Mall Shuttle and Free Mall Ride	Free	Free							
Local - Denver, Boulder, Longmont and light rail	\$ 2.60	\$ 1.30							
Rail and bus regional	4.50	2.25							
Airport	9.00	4.50							
Multiple Trip Fares									
Local - Denver, Boulder and Longmont and light rail	Regular 10-Ride \$ 23.50	Other 10-Ride¹ \$ 11.75	Regular Day Pass Book \$ 26.00	Other Day Pass Book¹ \$ 13.00	Regular Monthly \$ 99.00	Other Monthly¹ \$ 49.00			
Rail and bus regional	40.50	20.25	45.00	22.50	171.00	85.00			

¹ Includes monthly fares for youth, student, disabled and senior patrons. Youth patrons include children ages 6-19. Student includes any student with a school identification card. Seniors include age 65 and older.

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

Table 17

Year	Denver County		Boulder County		Jefferson County		Adams County ¹		Arapahoe County ¹		Douglas County ¹		Broomfield County ¹		Other		Total Taxable Transactions		Percent Annual Increase or Decrease
	\$		\$		\$		\$		\$		\$		\$		\$		\$		
2009	9,269		3,216		5,536		4,240		6,459		2,319		790		474		32,303		-11.7%
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%

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