

April 14, 2025

Kerri L. Hunter, CPA, CFE
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Dear Auditor Hunter:

In response to your request, the Regional Transportation District (RTD) has prepared the attached status report on the implementation status of audit recommendations contained in the 2024 Regional Transportation District Fiscal Governance performance audit. The report provides a brief explanation of the actions taken by RTD to implement each recommendation.

If you have any questions about this status report and RTD's efforts to implement the audit recommendations, please contact Brenden Morgan, Acting Chief Financial Officer (brenden.morgan@rtd-denver.com, 303.299.2313) and John McKay, Executive Business Partner, (john.mckay@rtd-denver.com, 303.299.2065).

Sincerely,



Debra A. Johnson
General Manager and CEO

cc: Julien Bouquet, Chair, RTD Board of Directors
Vince Buzek, Chair, RTD Audit Committee
Brenden Morgan, Acting Chief Financial Officer
John McKay, Executive Business Partner
Jack Kroll, Board Office Executive Manager

Audit Recommendation Status Report

Audit Name:	Fiscal Governance Performance Audit
Audit Number:	2351P
Agency:	Regional Transportation District
Date of Status Report:	May 21, 2025

Section I: Summary				
Rec. Number	Response from Audit Report	Original Implementation Date	Current Implementation Status	Current Implementation Date
1A	Agree	July 2024	Implemented	July 2024
1B	Agree	December 2024	Partially Implemented	July 2025
1C	Partially Agree	October 2024	Implemented	December 2024
2A	Agree	December 2025	Partially Implemented	December 2025
2B	Agree	December 2025	Partially Implemented	December 2025
2C	Partially Agree	December 2024	Implemented	October 2024
4A	Agree	December 2024	Implemented	October 2024
4B	Agree	December 2024	Implemented	October 2024
4C	Agree	December 2024	Implemented	December 2024
5A	Agree	January 2025	Implemented	December 2024
5B	Agree	January 2025	Implemented	December 2024
6A	Agree	June 2024	Implemented	March 2025
6B	Agree	December 2024	Implemented	December 2024
9	Agree	December 2025	Partially Implemented	March 2026
10A	Disagree			
10B	Disagree			

Section II: Narrative Detail

Recommendation 1A

The Regional Transportation District (RTD) management should ensure it adheres to cost efficiency reporting requirements by:

A. Developing and implementing a process to track and report measures of cost efficiency as required under Section 32-9-119.7(3), C.R.S.

Current Implementation Status	Implemented
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Current Implementation Date	July 2024
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Status Update Narrative	RTD began providing 10 years of historical cost efficiency ratios (operating costs/boardings) with the July 2024 issuance of the 2023 Annual Comprehensive Financial Report (ACFR). The monthly financial statements and the agency's Performance Dashboard, which is updated regularly, also reference these ratios. Data pertaining to additional financial metrics, including the State of Colorado's nine Fiscal Health Ratios, are also provided on the Performance Dashboard.
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Recommendation 1B

The Regional Transportation District (RTD) management should ensure it adheres to cost efficiency reporting requirements by:

B. Working with the RTD Board of Directors (Board) to develop and implement a process to compare meaningful measures of cost efficiency against RTD's past performance and against the performance of peer agencies. This should include developing and implementing a method to identify peer agencies, and specify how and when this information is reported to the Board and to the public.

Current Implementation Status	Partially Implemented
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Current Implementation Date	July 2025
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Status Update Narrative	A Discussion Item outlining public transit agencies with similar operating characteristics for purposes of cost efficiency comparison as well as comparative metrics was presented to the Board's Finance and Planning Committee in March 2025. Utilizing data compiled in the National Transit Database, staff identified six comparative transit agencies taking into account transit modes, population density, geographic coverage, schedules service frequency, and cost of living/inflation. Staff is exploring options for tracking and reporting cost efficiency measures on the agency's online Performance Dashboard. This is anticipated to include comparisons to public transit agencies with similar operating characteristics.
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Recommendation 1C

The Regional Transportation District (RTD) management should ensure it adheres to cost efficiency reporting requirements by:

C. Working with the RTD Board and the General Assembly to reconsider the definition of “operating costs” within Section 32-9-119.7(2), C.R.S., and the need to include specific reporting metrics in statute, and pursue any statutory changes deemed necessary.

Current Implementation Status	Implemented
Current Implementation Date	December 2024
Status Update Narrative	The Board of Directors approved the agency’s 2025 Legislative and Government Relations Program in December 2024. The program contained a provision supporting a change in legislation regarding the statutory definition of “operating costs.” Senate Bill 25-051, a Legislative Audit Committee-sponsored bill intended to effectuate the change, was signed by Governor Polis on Monday, April 7, 2025.

Recommendation 2A

The Regional Transportation District (RTD) management should ensure that it adheres to projections for capital asset renewal and replacement outlined in the Transit Asset Management Plan by:

A. Developing a written policy for inventory management that specifies the requirement for systematic recording of asset information, including (i) who is responsible for inputting assets into the inventory system; (ii) what assets should be recorded in the inventory system, including the extent to which existing, older assets will be recorded; (iii) the information that is required to be recorded about each asset, including the date of when the asset was acquired and the nature and timing of maintenance performed on the asset; and (iv) expectations for the timeliness in entering information and keeping it up to date.

Current Implementation Status	Partially Implemented
Current Implementation Date	December 2025
Status Update Narrative	An internal transit asset management expansion and renewal policy was issued and disseminated to staff in February 2025. An asset information policy is currently undergoing internal review and is expected to be finalized in 2025. To advance asset information maturity, RTD is expanding staff training, improving documentation, and systematizing internal communication. Full implementation remains on track for December 2025, with policy and planning outputs incorporated into the FY26 financial cycle.

Recommendation 2B

The Regional Transportation District (RTD) management should ensure that it adheres to projections for capital asset renewal and replacement outlined in the Transit Asset Management Plan by:

B. Developing written guidance to assist staff responsible for managing assets on (i) how requests for capital asset renewal and replacements should be made and (ii) the information and level of detail needed to make the request.

Current Implementation Status	Partially Implemented
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Current Implementation Date	December 2025
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Status Update Narrative	Policy documents regarding asset expansion and renewal and transit asset management have been updated and approved by leadership. A policy document regarding asset information is currently undergoing internal review and is expected to be finalized in 2025. To advance asset information maturity, RTD is expanding staff training, improving documentation, and systematizing internal communication. Full implementation remains on track for December 2025, with policy and planning outputs incorporated into the FY26 financial cycle.
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Recommendation 2C

The Regional Transportation District (RTD) management should ensure that it adheres to projections for capital asset renewal and replacement outlined in the Transit Asset Management Plan by:

C. Working with the RTD Board of Directors to add more written specificity to its fiscal policies as part of Recommendation 3.

Current Implementation Status	Implemented
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Current Implementation Date	October 2024
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Status Update Narrative	The agency's Fiscal Policy, which was approved by the Board as amended in October 2024, includes additional specificity with respect to capital asset renewal and replacement.
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Recommendation 4A

The Regional Transportation District (RTD) management should ensure adequate Board oversight of budget content consistent with the budget content requirements set within the Local Government Budget Law of Colorado by:

A. Working with the RTD Board of Directors (Board) to identify written specifications for the budget materials RTD management will provide to the Board when seeking the Board's approval and adoption of the budget and associated appropriations. This should include providing to the Board budget schedules depicting the complete financial plan by fund and by spending agency within each fund for the budget year, the prior fiscal year's actual budget figures, and the estimated budget figures through the end of the current fiscal year, as well as the estimated starting and ending balances of RTD's funds.

Current Implementation Status	Implemented
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Current Implementation Date	October 2024
Status Update Narrative	The Fiscal Policy, which was approved by the Board in October 2024, was updated to reference minimum requirements aligned with this audit recommendation and to indicate the agency will follow the Government Finance Officers Association (GFOA) budgeting best practices, which provide a listing of minimum requirements.

Recommendation 4B

The Regional Transportation District (RTD) management should ensure adequate Board oversight of budget content consistent with the budget content requirements set within the Local Government Budget Law of Colorado by:

B. Working with the Board to consider the extent to which written specifications outlined in Part A should also include alignment of the budget to categories and reserve funds specified in the RTD's *Annual Comprehensive Financial Report*.

Current Implementation Status	Implemented
Current Implementation Date	October 2024
Status Update Narrative	This recommendation has been implemented with the Board's adoption of the 2025 Fiscal Policy on October 22, 2024. The Annual Comprehensive Financial Report fund categories are guided by Generally Accepted Accounting Principles (GAAP), whereas the annual Budget, Five-year Financial Forecast (FYFF), and monthly financial statement categories further break down fund balances according to the Board-approved Fiscal Policy. Within the monthly financials, staff performs a reconciliation between the two methodologies.

Recommendation 4C

The Regional Transportation District (RTD) management should ensure adequate Board oversight of budget content consistent with the budget content requirements set within the Local Government Budget Law of Colorado by:

C. Working with the Board to consider the extent to which written specifications outlined in Part A should also state how assumptions made in the Mid-Term Financial Plan and other key financial documents should be incorporated into the budget and communicated in budget materials.

Current Implementation Status	Implemented
Current Implementation Date	December 2024
Status Update Narrative	This recommendation has been implemented with the Board's adoption of the Fiscal Policy on October 22, 2024, and the 2025 Budget on December 3, 2024.

Recommendation 5A

The Regional Transportation District (RTD) management should ensure that it adheres to the requirements of budget and budget amendment submission set within the Local Government Budget Law of Colorado by:

A. Developing written guidance for ensuring that the budget filed with the Department of Local Affairs' Division of Local Government pursuant to Section 29-1-113(1), C.R.S., aligns with the budget approved and adopted by the Board.

Current Implementation Status	Implemented
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Current Implementation Date	December 2024
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Status Update Narrative	This recommendation has been implemented with the Board's adoption of the 2025 Budget in December 2024.
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Recommendation 5B

The Regional Transportation District (RTD) management should ensure that it adheres to the requirements of budget and budget amendment submission set within the Local Government Budget Law of Colorado by:

B. Developing written guidance for ensuring that any budget amendments are filed with the Department of Local Affairs' Division of Local Government pursuant to Section 109(2)(c)(I), C.R.S.

Current Implementation Status	Implemented
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Current Implementation Date	December 2024
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Status Update Narrative	This recommendation has been implemented with the Board's adoption of the 2025 Budget in December 2024.
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Recommendation 6A

The Regional Transportation District (RTD) management should ensure that it provides sufficient information to the RTD Board of Directors (Board) so that the Board can monitor RTD's progress in meeting the strategic priorities and success outcome measures included in its strategic plan, and other Board-approved or -adopted long-range plans, by:

A. Developing and implementing a process, or updating existing processes, to consistently provide the Board quarterly performance scorecard updates, or any other Board-approved performance updates, related to the performance metrics established within RTD's Board-adopted strategic plan.

Current Implementation Status	Implemented
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Current Implementation Date	March 2025
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Status Update Narrative	The Board's Bylaws were amended to include the following statement regarding the Performance Committee: "The Committee is responsible for monitoring performance metrics related to, and progress toward, the agency's Strategic Plan. The Committee will collaborate with the GM/CEO to set the cadence, timing, and topics of performance updates relative to the Strategic Plan when developing and adopting its annual committee work plan."
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	The 2025 Performance Committee work plan outlines the process described in the recommendation.
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Recommendation 6B

The Regional Transportation District (RTD) management should ensure that it provides sufficient information to the RTD Board of Directors (Board) so that the Board can monitor RTD's progress in meeting the strategic priorities and success outcome measures included in its strategic plan, and other Board-approved or -adopted long-range plans, by:

B. Developing and implementing a process to effectuate the written policy, bylaw, or other form outlined by the RTD Board of Directors in Recommendation 7B.

Current Implementation Status	Implemented
Current Implementation Date	December 2024
Status Update Narrative	An amendment to the Board Bylaws adopted in December 2024 reflects that the Board, via the Performance Committee, receives regular updates regarding progress toward Success Outcomes related to the Strategic Priorities outlined in the 2021-2026 Strategic Plan. Additionally, the Performance Committee's 2025 work plan, approved by the committee in March 2025, includes regular quarterly staff engagements focused on agency performance with respect to Strategic Plan metrics.

Recommendation 9

The Regional Transportation District (RTD) management should complete its work to implement the RTD Accountability Committee's recommendations with which it agreed or partially agreed, and update the RTD Board of Directors (Board) on its progress. This should include identifying what work remains to be done on the RTD Accountability Committee's recommendations, who is responsible for completing the remaining action items for each recommendation, when each recommendation will be completed, and how and when to provide updates on recommendation implementation status to the Board.

Current Implementation Status	Partially Implemented
Current Implementation Date	March 2026
Status Update Narrative	On December 20, 2024, the Board was apprised of progress to date with respect to implementation of RTD Accountability Committee recommendations. The agency anticipates the eight outstanding recommendations will be implemented incrementally throughout 2025, with the final recommendations expected to be fully implemented in 2026 upon the conclusion of a systemwide bus stop infrastructure and amenities assessment currently underway. Staff anticipates periodically apprising the Board via written update as additional recommendations are implemented, at least once in 2025 and upon final implementation.

Recommendation 10A

The Regional Transportation District (RTD) management should improve its use of state-appropriated and Board-appropriated funds for free-fare programs and administration of such programs by:

A. Developing and implementing a process to track program expenses against Board-appropriated funds.

RTD management disagreed with this audit recommendation.

Recommendation 10B

The Regional Transportation District (RTD) management should improve its use of state-appropriated and Board-appropriated funds for free-fare programs and administration of such programs by:

B. Ensuring that it can fulfill all grant requirements prior to accepting grant awards, clarifying grant requirements as needed, and developing processes needed to fulfill all grant requirements.

RTD management disagreed with this audit recommendation.

May 22, 2025

Kerri L. Hunter, CPA, CFE
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Dear Auditor Hunter:

In response to your request, the Board Office of the Regional Transportation District (RTD) has prepared the attached status reports on the implementation status of audit recommendations for the Board of Directors contained in the 2024 Regional Transportation District Fiscal Governance performance audit. The reports provide a brief explanation of the actions taken by management and the Board to implement each recommendation.

If you have any questions about this status report and RTD's or the Board's efforts to implement the audit recommendations, please contact Kelly Mackey, Chief Financial Officer (kelly.mackey@rtd-denver.com, 303.299.3036) and Jack Kroll, Board Office Executive Manager, (jack.kroll@rtd-denver.com, 303.299.2307).

Sincerely,



Julien Bouquet
Board Chair

cc: Debra Johnson, General Manager and CEO
Vince Buzek, Chair, RTD Audit Committee
Kelly Mackey, Chief Financial Officer
John McKay, Executive Business Partner
Jack Kroll, Board Office Executive Manager

Audit Recommendation Status Report

Audit Name:	Fiscal Governance Performance Audit
Audit Number:	2351P
Agency:	RTD Board of Directors
Date of Status Report:	May 22, 2025

Section I: Summary				
Rec. Number	Response from Audit Report	Original Implementation Date	Current Implementation Status	Current Implementation Date
3A	Partially Agree	December 2024	Partially Implemented	10/28/2025
3B	Agree	December 2024	Partially Implemented	10/28/2025
3C	Agree	December 2024	Implemented	12/03/2024
3D	Agree	December 2024	Partially Implemented	12/02/2025
7A	Partially Agree	December 2024	Implemented	12/03/2024
7B	Agree	March 2025	Implemented	04/29/2025
7C	Disagree	N/A		
8	Agree	December 2024	Implemented	10/22/24

Section II: Narrative Detail

Recommendation 3A

The Regional Transportation District (RTD) Board of Directors (Board) should work with RTD management to add more written specificity to its fiscal policies requiring capital asset renewal and replacement projects be prioritized according to the Transit Asset Management Plan by:

A. Determining the extent to which the Board should have a process to approve the Transit Asset Management Plan, receive updates on the plan, and determine if and when Transit Asset Management Plan amendments are necessary, and then, as appropriate, implementing a policy to define and effectuate that process.

Current Implementation Status	Partially Implemented
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Current Implementation Date	10/28/2025
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Status Update Narrative	Line-item and overview information from the Transit Asset Management Plan (TAM Plan) was included in the Financial Discussion and Analysis section of the 2025 Budget, and the Budget also contains a line-item list of TAM Plan projects in the Appendix. While line-item information was included in the 2025 Budget, the fiscal policy will be updated in 2025 to reflect the inclusion of line-item overview information in the Budget moving forward.
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Recommendation 3B

The Regional Transportation District (RTD) Board of Directors (Board) should work with RTD management to add more written specificity to its fiscal policies requiring capital asset renewal and replacement projects be prioritized according to the Transit Asset Management Plan by:

B. Determining whether the Board's policies should address the extent to which the Board-approved Mid-Term Financial Plan must interact with or is informed by the Transit Asset Management Plan and then, as appropriate, implementing a policy or policy revision to define and effectuate alignment of the Mid-Term Financial Plan and the Transit Asset Management Plan.

Current Implementation Status	Partially Implemented
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Current Implementation Date	10/28/2025
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Status Update Narrative	The Board approved revisions to agency's Fiscal Policy, establishing a requirement for staff to present information regarding the Transit Asset Management Plan (TAM Plan) in the annual budget and forecasting process. The Board will discuss with management during its regular review of the Fiscal Policy the extent to which the Fiscal Policy should reflect the ongoing practice of having the staff-developed TAM Plan inform the Five Year Financial Forecast, formerly known as the Mid-Term Financial Plan.
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Recommendation 3C

The Regional Transportation District (RTD) Board of Directors (Board) should work with RTD management to add more written specificity to its fiscal policies requiring capital asset renewal and replacement projects be prioritized according to the Transit Asset Management Plan by:

C. Determining a process on how RTD management should present the Transit Asset Management Plan, or relevant key takeaways from the plan, to the Board when asking for their approval of the budget and then, as appropriate, implementing a policy to define and effectuate that process.

Current Implementation Status	Implemented
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Current Implementation Date	12/03/2024
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Status Update Narrative	The Fiscal Policy was updated in October of 2024 to require staff to present information to the Board regarding the Transit Asset Management Plan (TAM) during the budget and forecasting process. The 2025 Budget includes line item and overview information on the TAM.
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Recommendation 3D

The Regional Transportation District (RTD) Board of Directors (Board) should work with RTD management to add more written specificity to its fiscal policies requiring capital asset renewal and replacement projects be prioritized according to the Transit Asset Management Plan by:

D. Determining what amount of information the Board wants to receive regarding RTD management's use of an asset management bypass processes to approve capital asset renewal and replacement projects that were not approved as part of the RTD budget approval process and then, as appropriate, implementing a policy to define and effectuate a process for receiving that information.

Current Implementation Status	Partially Implemented
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Current Implementation Date	12/02/2025
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Status Update Narrative	In October 2024, the Board approved revisions to RTD's Fiscal Policy indicating that the budget documents should include summary information on the Transit Asset Management (TAM) Plan, including the number and total dollar amount of TAM Plan bypass requests. While the 2025 Budget did not include this information and no formal process has yet been established to define the level or format of reporting to the Board, RTD staff anticipate developing this process and incorporating bypass reporting into the 2026 budget cycle.
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Recommendation 7A

The Regional Transportation District (RTD) Board of Directors (Board) should ensure that it receives sufficient information from RTD management so that it can monitor RTD's progress in meeting its strategic priorities by:

A. Developing and implementing a written policy, bylaw, or requirement for RTD management to consistently provide to the Board performance scorecard updates, or any other Board-approved

performance updates, related to the performance metrics established within RTD’s Board-adopted strategic plan and any other Board-approved or -adopted long-range plans.	
Current Implementation Status	Implemented
Current Implementation Date	12/03/2024
Status Update Narrative	The Board revised its Bylaws to further define the role of the Performance Committee in developing and monitoring long-term strategic plans for the agency. Further the Board’s Performance Committee has scheduled four data deep-dives to review agency performance with respect to scorecard metrics this year.

Recommendation 7B

The Regional Transportation District (RTD) Board of Directors (Board) should ensure that it receives sufficient information from RTD management so that it can monitor RTD’s progress in meeting its strategic priorities by:

B. Developing and implementing a written policy, bylaw, or other form outlining what changes RTD management can make to RTD's strategic plan, or other Board-approved or -adopted long-range plans, without Board consultation and approval, and to what extent management must provide updates to the Board on any changes made to these plans.

Current Implementation Status	Implemented
Current Implementation Date	04/29/2025
Status Update Narrative	The Board adopted new financial metrics for the agency’s scorecard in October of 2024. In April 2025, the Board approved a re-print of the agency Strategic Plan detailing what elements are in the Board’s purview as well as those elements over which staff has auspices.

Recommendation 7C

The Regional Transportation District (RTD) Board of Directors (Board) should ensure that it receives sufficient information from RTD management so that it can monitor RTD’s progress in meeting its strategic priorities by:

C. Defining in writing a clear role of its Board Office to help implement the Board’s processes, including tracking the Board’s requests for updates and helping to ensure that RTD management provides the Board with regular, timely updates on RTD's progress toward achieving strategic priorities, such as those contained in RTD's strategic plan or other Board-approved or -adopted long-range plans.

RTD Board disagreed with this audit recommendation.

Recommendation 8

The Regional Transportation District (RTD) Board of Directors (Board) should ensure that Board members can effectively fulfill their oversight duties by developing and implementing a policy on

providing timely onboarding training for newly-elected or appointed Board members and ongoing training for all Board members, which should include guidance on who is responsible for identifying training topics and organizing, scheduling, and providing the trainings; and who is responsible in the event of staff vacancies.

Current Implementation Status	Implemented
Current Implementation Date	10/22/2024
Status Update Narrative	The Board of Directors adopted its Orientation, Onboarding, and Continuing Education Policy which outlines timely training for incoming directors on over a dozen topics. Further, the Policy creates redundancies in the management of training and sets forth a process for the Board to identify areas of continuing education and execute trainings in those areas.