

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Fiscal year ended December 31, 2016 and 2015*



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**Regional Transportation District**  
1600 Blake Street, Denver, Colorado  
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***REGIONAL TRANSPORTATION DISTRICT  
DENVER, COLORADO***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***Fiscal Year Ended December 31, 2016 and 2015***

**Prepared by  
Finance Division**

**Chief Financial Officer**

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**Regional Transportation District**

May 5, 2017

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, 2016, 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 me or Heather McKillop, Chief Financial Officer.

Respectfully submitted,  
Larry Hoy  
Chair, Executive Committee

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**Regional Transportation District**

May 5, 2017

Mr. Larry Hoy  
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, 2016.

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, 2016, 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, 2016, 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 2.92 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 180,000 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 2,813 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 1<sup>st</sup> 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 15<sup>th</sup>. 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 31<sup>st</sup>.

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 December 2016 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	2015 Actual	2016 Forecast	2017 Forecast
Job Growth	3.2%	2.1%	1.8%
Unemployment	3.8%	3.4%	3.4%
Personal Income	4.2%	3.8%	4.7%
Population	1.9%	1.7%	1.8%
Inflation	1.2%	2.9%	2.9%

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 constrained Strategic Budget Plan (SBP), which is the six-year operating and capital improvement plan of RTD excluding FasTracks. Historically, FasTracks has been excluded from the SBP because the program was primarily for capital expansion. In addition, the Board of Directors adopts a financially constrained Annual Program Evaluation (APE), (which is a six year operating and capital improvement plan that includes the FasTracks program). The APE is a component of the long-term transportation planning program for the Denver metropolitan area evaluated by the Denver Regional Council of Governments (DRCOG). As the FasTracks program continues to transition from capital expansion to operations, RTD will migrate the SBP and APE into a single short, medium and long-term Financial Plan which will include the entirety of RTD in a single report. This financial information forms the basis for the development of RTD's annual budget.

The 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, 2016 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 0.8%.

**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 \$350,000 per person and \$990,000 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 \$1,663,245,896 for buildings, their contents, and rolling stock (other than collision); a Commercial Crime Policy and Faithful Performance Bond; a \$3,500,000 Workers' Compensation Bond; Felonious Assault Policy; travel insurance for employees on RTD business; fidelity 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 the growth of Light Rail Transit (LRT) services, RTD has added Railroad Protective and Railroad Liability commercial insurance policies that provide coverage when required under operational needs.

The Risk Management Division coordinates these programs internally for RTD.

## 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 2016 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, 2015. This is the twenty-fourth consecutive year, after a two-year absence from the program, 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 February 2016:

### **District A**

Kate Williams  
Denver/Arapahoe Counties

### **District B**

Barbara Deadwyler, Second Vice Chair  
Denver/Adams Counties

### **District C**

Bonnie "Ernest" Archuleta  
Denver/Jefferson Counties

### **District D**

Jeff Walker, Secretary  
Denver/Jefferson/Arapahoe Counties

### **District E**

Claudia Folska  
Denver/Arapahoe Counties

### **District F**

Bob Broom  
Arapahoe County

### **District G**

Ken Mihalik  
Arapahoe/Douglas Counties

### **District H**

Doug Tisdale  
Arapahoe/Douglas Counties

### **District I**

Judy Lubow  
Boulder/Broomfield/Adams/Weld Counties

### **District J**

Larry Hoy, Chair  
Adams/Jefferson Counties

### **District K**

Paul Daniel Solano  
Adams/Weld Counties

### **District L**

Lorraine Anderson  
Jefferson/Adams Counties

### **District M**

Natalie Menten, Treasurer  
Jefferson County

### **District N**

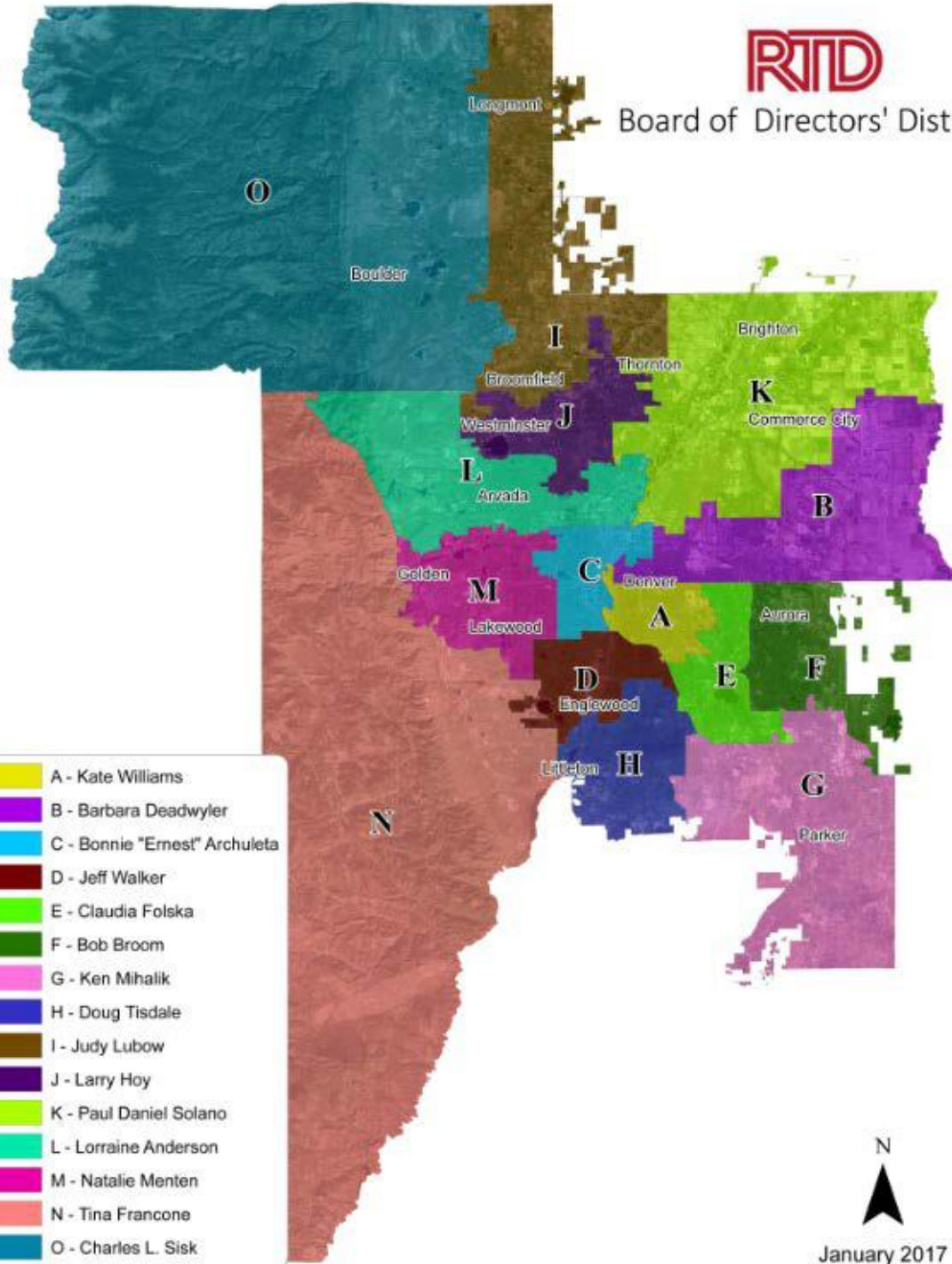
Tina Francone, First Vice Chair  
Jefferson County

### **District O**

Charles L. Sisk  
Boulder County

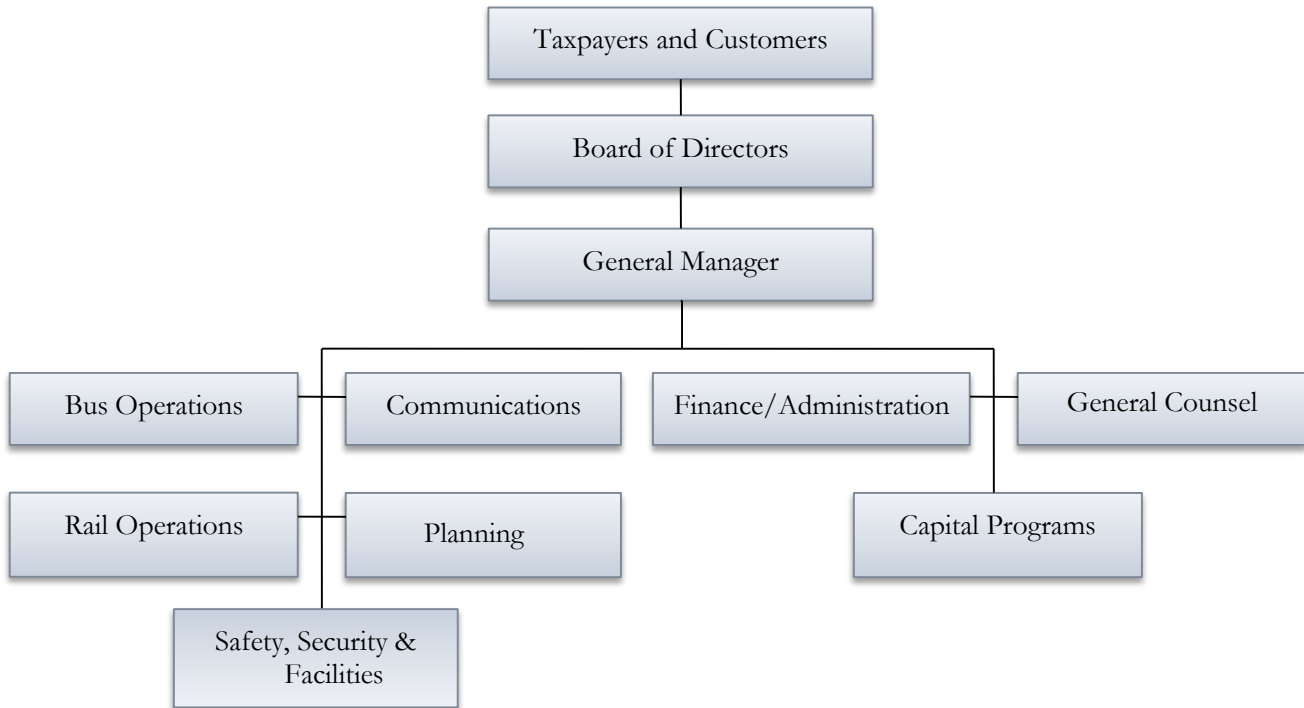


# Board of Directors' Districts



N  
January 2017

## Organization Chart



## Department Officials

**General Manager/Chief Executive Officer**  
Dave Genova

**AGM, Bus Operations**  
Bruce Abel

**Chief Financial Officer/Administration**  
Heather McKillop

**AGM, Rail Operations**  
Terry Emmons

**AGM, Safety, Security & Asset Management**  
Michael Meader

**AGM, Planning**  
William C. Van Meter

**AGM, Capital Programs & Facilities**  
Henry Stoplecamp

**General Counsel**  
Rolf Asphaug

**AGM, Communications**  
Scott Reed



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, 2015**

Executive Director/CEO

***FINANCIAL SECTION***

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## Independent Auditors' Report

RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

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Board of Directors  
Regional Transportation District  
Denver, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the Regional Transportation District (RTD) as of and for the years ended December 31, 2016 and 2015 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, 2016 and 2015, 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.

### ***Emphasis Of Matter***

As discussed in Note A.20, RTD adopted the provisions of the Governmental Accounting Standards Board (GASB) *Statement No. 72, Fair Value Measurement and Application*, effective June 15, 2015. Our opinions were not modified with respect to this matter.

### ***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 34 and 86 through 89, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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, summary schedules, 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 summary schedules, 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 May 5, 2017 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*

May 5, 2017

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**REGIONAL TRANSPORTATION DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016 and 2015 (Dollars in Thousands)**

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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, 2016 and 2015. 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 2015 RTD implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit and defined contribution pension plans.

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, 2016 and 2015, total assets and deferred outflows of resources of RTD exceeded total liabilities and deferred inflows of resources by \$3,322,352 and \$3,176,938, respectively. The amount of unrestricted net position as of December 31, 2016 was \$(214,479) compared to \$(199,265) in 2015. 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 \$145,414 during the current year compared to a decrease of \$4,136 in the previous year. The increase for 2016 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. The decrease in 2015 was the result of the GASB 68 new financial reporting requirement.

RTD's sales and use tax revenues are its largest single source of revenues. These tax revenues increased \$22,080 (4.1%) in 2016 and increased \$26,797 (5.2%) in the previous year. In 2016 and 2015, The District experienced growth in tax revenues due to increased consumer and business-spending activity as the District continues to experience population growth of 1.7% and 1.9%, low unemployment of 3.4% and 3.8% as well as growth in personal income of 3.8% and 4.2%, respectively.

For 2016, total operating expenses exceeded total revenues resulting in a loss before non-operating revenue and expenses of \$641,186 compared to a loss of \$535,478 for 2015. The increase in operating loss for 2016 was mostly due to the FasTracks launch of the University of Colorado A line and B line commuter rail, purchased transportation service. The increase in operating loss for 2015 was due to the increased cost of salaries and fringe benefits. 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 increased \$165,289 (4.8%) and increased \$230,096 (7.1%) in 2016 and 2015, respectively. Debt increased in 2016 due to issuance of the 2016A FasTracks Sales Tax Bonds for the purpose of funding additional FasTracks projects. Debt increased in 2015 due to issuance of certificates of participation for the purpose of funding scheduled acquisition of equipment, buses and light rail vehicles.

Capital grants and local contributions increased \$32,922 (19.4%) in 2016 and decreased \$37,118 (18.0%) in the previous year. The increase in 2016 occurred as a result of RTD securing a small starts grant for the Southeast Rail Extension, construction of the Civic Center Station

**REGIONAL TRANSPORTATION DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016 and 2015 (Dollars in Thousands)**

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and betterments for the I-225 corridor. The decrease in 2015 occurred as a result of several major construction project being completed, U.S. 36 Manages Lanes, Denver Union Station, and West Rail Line, reducing grant funding.

RTD's capital assets, excluding depreciation, increased \$634,633 in 2016 and increased \$798,324 in 2015. The increase in both 2016 and 2015 was primarily due to the build-out of the FasTracks project.

### **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, 2016 and 2015, total assets and deferred outflows of resources of RTD exceeded total liabilities and deferred inflows of resources by \$3,322,352 and \$3,176,938, respectively. The largest portion of this excess, in 2016

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and in 2015, 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, 2016 was \$(214,479) compared to \$(199,265) in 2015. 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 the budget process. The deficit balance in Unrestricted Net Position includes an allowance for a Net Pension Liability of \$312,980 in 2016 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.

<b>Condensed Summary Statements of Net Position</b>			
	2016	2015	2014
<b>Assets and Deferred Outflows of Resources:</b>			
Current assets	\$ 519,762	\$ 447,414	\$ 549,772
Current assets - restricted	424,793	414,548	582,236
Capital assets (net of accumulated depreciation)	6,602,020	6,131,608	5,413,455
Other noncurrent assets	223,397	357,908	301,173
Deferred outflows of resources	107,526	77,736	39,736
Total assets and deferred outflows of resources	7,877,498	7,429,214	6,886,372
<b>Liabilities and Deferred Inflows of Resources:</b>			
Current liabilities	238,297	290,568	313,687
Noncurrent liabilities	4,311,085	3,957,007	3,390,984
Deferred inflows of resources	5,764	4,701	627
Total liabilities and deferred inflows of resources	4,555,146	4,252,276	3,705,298
<b>Net position:</b>			
Net investment in capital assets	3,461,952	3,274,663	2,987,694
Restricted	74,879	101,540	174,538
Unrestricted	(214,479)	(199,265)	18,842
Total net position	\$ 3,322,352	\$ 3,176,938	\$ 3,181,074

In 2016, capital assets net of accumulated depreciation increased \$470,412 (7.7%) for acquisition of revenue equipment, buildings, land, and construction in progress for the projects in the FasTracks program.

Current liabilities decreased \$52,271 (18.0%) in 2016 primarily due to an accrued lower construction payment for the FasTracks Eagle P3 project to the project concessionaire due in early 2017.

Noncurrent liabilities and deferred inflows increased \$355,141 (9.0%) primarily due to issuance of 2016A FasTrack Sales Tax Revenue Bond and FasTracks Eagle Capital Lease, in addition to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The net position of RTD decreased by \$145,414 during the current year compared to a decrease of \$4,136 in the previous year. The decrease in 2016 and 2015 was due to higher operating revenues, grant revenue income and sales and use tax collection increases, 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, 2016 and 2015 with comparative information for 2014 are shown in the following table:

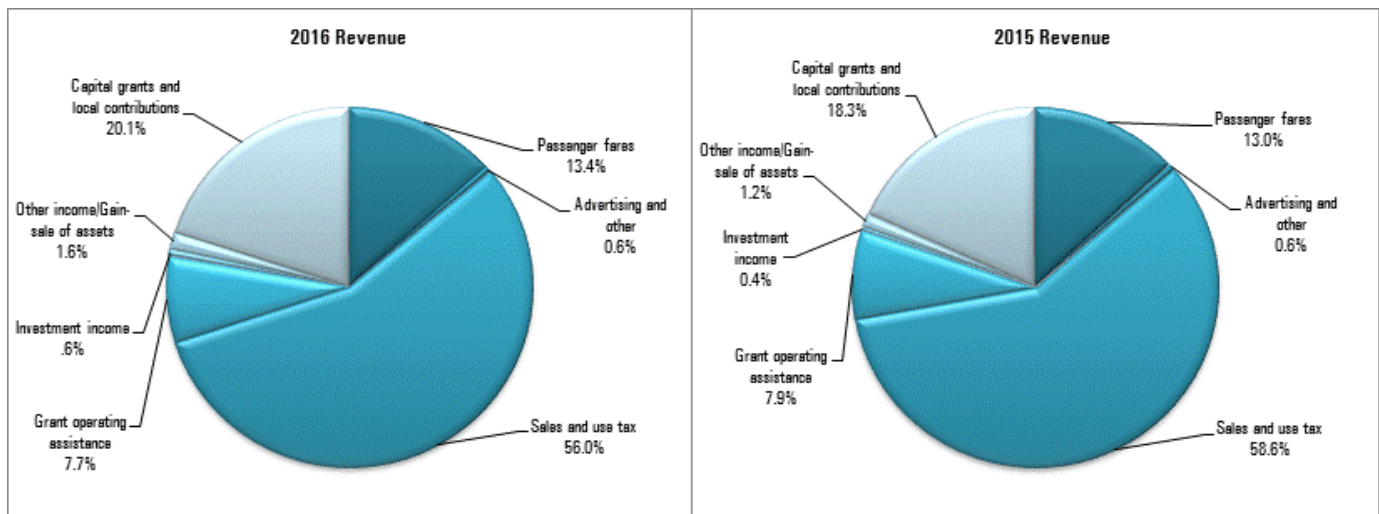
<b>Summary of Revenues, Expenses, and Changes in Net Position</b>			
	2016	2015	2014
Operating revenue:			
Passenger fares	\$ 134,622	\$ 120,530	\$ 120,497
Advertising and other	5,803	5,347	4,406
Total operating revenue	<u>140,425</u>	<u>125,877</u>	<u>124,903</u>
Operating expenses:			
Salaries and wages	163,650	150,808	143,113
Fringe benefits	96,389	76,399	61,677
Materials and supplies	52,180	58,884	62,156
Services	58,560	79,749	108,920
Utilities	14,220	13,673	14,151
Insurance	10,382	8,102	5,273
Purchased transportation	156,605	113,216	114,942
Leases and rentals	3,288	3,462	3,264
Miscellaneous	4,183	4,531	6,561
Depreciation	222,154	152,531	139,045
Total operating expenses	<u>781,611</u>	<u>661,355</u>	<u>659,102</u>
Operating loss	<u>(641,186)</u>	<u>(535,478)</u>	<u>(534,199)</u>
Nonoperating revenues (expenses):			
Sales and use tax	563,598	541,518	514,721
Grant operating assistance	77,335	73,383	75,544
Investment income	6,371	3,164	165
Other income/Gain on Sale of Assets	15,591	11,407	16,861
Interest expense	(77,272)	(79,686)	(72,293)
Other expense/ Unrealized Loss on Assets	(1,258)	(1,422)	(3,605)
Net nonoperating revenue (expenses)	<u>584,365</u>	<u>548,364</u>	<u>531,393</u>
Income before capital contribution	(56,821)	12,886	(2,806)
Capital grants and local contributions	<u>202,235</u>	<u>169,313</u>	<u>206,431</u>
Increase in net position	145,414	182,199	203,625
NET POSITION, beginning of year (as previously reported)	3,176,938	3,181,074	2,977,449
NET POSITION, beginning of year (as restated)	-	2,994,739	-
NET POSITION, end of year (as restated)	<u>\$ 3,322,352</u>	<u>\$ 3,176,938</u>	<u>\$ 3,181,074</u>

The information contained in the condensed information table is used as the basis for the revenue and expense discussion presented below, surrounding RTD's activities for the fiscal years ended December 31, 2016, 2015 and 2014.

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**Revenues** - The following schedule and charts show the major sources of revenue for the years ended December 31, 2016, 2015 and 2014.

<b>Revenue Analysis</b>			
<b>Revenues</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Passenger fares	\$ 134,622	\$ 120,530	\$ 120,497
Advertising and other	5,803	5,347	4,406
Sales and use tax	563,598	541,518	514,721
Grant operating assistance	77,335	73,383	75,544
Investment income	6,371	3,164	165
Other income/Gain-sale of assets	15,591	11,407	16,861
Capital grants and local contributions	202,235	169,313	206,431
<b>Total Revenues</b>	<b>\$ 1,005,555</b>	<b>\$ 924,662</b>	<b>\$ 938,625</b>



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**Passenger fares** – Passenger fares provided 13.4% and 13.0% of total revenues in 2016 and 2015, 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 \$14,092 (11.7%) in 2016 compared to an increase of \$33 (0.0%) in 2015. The increase in 2016 was due to new fare boundaries and pricing, in addition to the launch of the University of Colorado A line commuter rail services. Passenger fares changes in 2015 were minimal.

**Advertising and other** – Advertising and other revenue provided 0.6% of total revenues in both 2016 and 2015; this includes revenues from advertisements primarily on RTD's buses and external wraps on light rail vehicles. Advertising and other income increased \$456 (8.5%) in 2016 compared to an increase of \$941 (21.4%) in 2015. The increase in 2016 and prior year was due 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 56.0% and 58.6% of RTD's total revenues in 2016 and 2015 respectively. Sales and use tax is a dedicated 1.0% tax imposed on certain sales within the service area. Sales and use tax increased \$22,080 (4.1%) in 2016 compared to an increase of \$26,797 (5.2%) in 2015. In 2016 and 2015, the District experienced growth in tax revenues due to increased consumer and business-spending activity as the District continues to experience population growth of 1.7% and 1.9%, low unemployment of 3.4% and 3.8% as well as growth in personal income of 3.8% and 4.2%, respectively.

**Grant operating assistance** – Grant operating assistance provided 7.7% and 7.9% of total revenues in 2016 and 2015. Grant operating assistance increased \$3,952 (5.4%) in 2016 compared to a decrease of \$2,161 (2.9%) in 2015. 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 2016 and decrease in 2015 is the result of grant funding sources being available during the year.

**Investment Income** – Investment income provided 0.6% and 0.3% of total revenues in 2016 and 2015. Investment income increased \$3,207 (101.4%) in 2016 compared to an increase of \$2,999 (1817.6%) in 2015. The increase in 2016 was due to fixed securities getting better yields. The increase in 2015 was due to fixed securities getting better yields in 2015 and progressively higher investment balances.

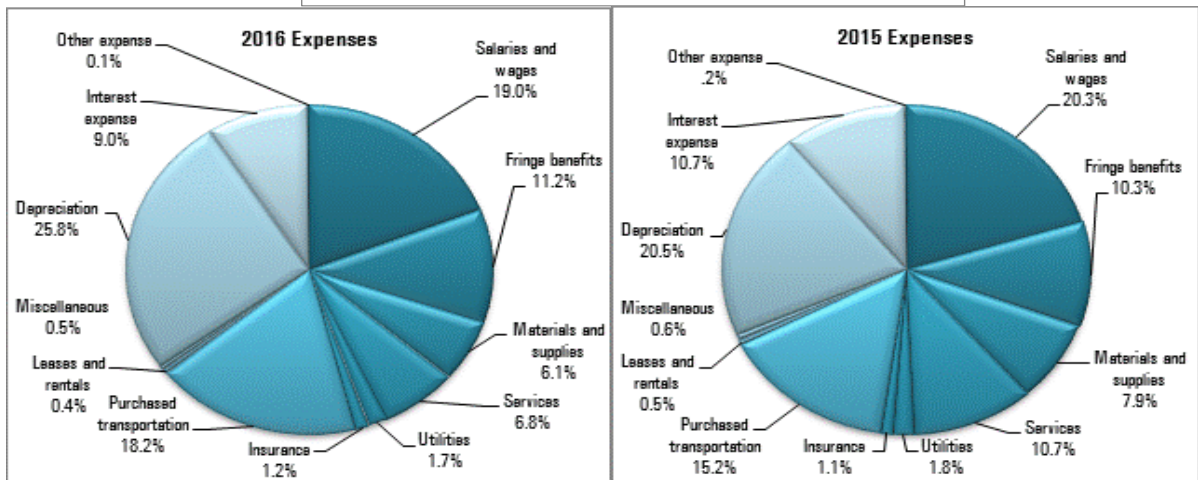
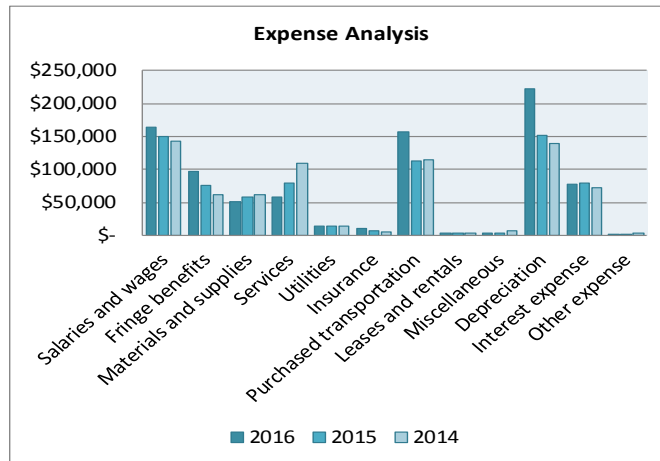
**Other Income/Gain on sale of Assets** – Other income provided 1.6% and 1.2% of total revenues in 2016 and 2015. Other income increased \$4,184 (36.7%) in 2016 compared to a decrease of \$5,454 (32.3%) in 2015. Other income includes interest subsidy income, rental income from retail space, parking, and miscellaneous other items. The increase in 2016 is attributable to the sale of three Fort Lupton parcels. The decrease in 2015 was due to reduction of asset sales, which was primarily attributable to the Denver Union Station land parcels sold 2014.

**Capital grants and local contributions** – Capital grants and local contributions provided 20.1% and 18.3% of total revenues in 2016 and 2015. Capital grants and local contributions increased \$32,922 (19.4%) in 2016 and decreased \$37,118 (18.0%) in the previous year. The increase in 2016 was a result of RTD securing a small starts grant for the Southeast Rail Extension, construction of the Civic Center Station and betterments for the I-225 corridor. The decrease in 2015 was a result of lower capital contributions related to completion of major construction projects: West Rail line, U.S. 36 Manages Lanes and Denver Union Station multi-modal hub.

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**Expenses** - The following schedule and charts shows the major sources of expenses for the years ended December 31, 2016, 2015 and 2014.

<b>Expense Analysis</b>			
<b>Expenses</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Salaries and wages	\$ 163,650	\$ 150,808	\$ 143,113
Fringe benefits	96,389	76,399	61,677
Materials and supplies	52,180	58,884	62,156
Services	58,560	79,749	108,920
Utilities	14,220	13,673	14,151
Insurance	10,382	8,102	5,273
Purchased transportation	156,605	113,216	114,942
Leases and rentals	3,288	3,462	3,264
Miscellaneous	4,183	4,531	6,561
Depreciation	222,154	152,531	139,045
Interest expense	77,272	79,686	72,293
Other expense	1,258	1,422	3,605
<b>Total Expenses</b>	<b>\$ 860,141</b>	<b>\$ 742,463</b>	<b>\$ 735,000</b>



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**Salaries and wages**—Salary and wage expense is the largest expense category accounting for 19.0% and 20.3% of the total RTD expenses in 2016 and 2015, respectively. Salary and wage expenses increased by \$12,842 (8.5%) in 2016 compared to an increase of \$7,695 (5.4%) in 2015. Increases in both years occurred from salary and wage performance (result based) and progression increases.

**Benefits** – Fringe benefits accounted for 11.2% and 10.3% of total expenses in 2016 and 2015. Fringe benefits increased by \$19,990 (26.2%) compared to an increase of \$14,722 (23.9%) in 2015. The increase in 2016 and 2015 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 6.1% and 7.9% of the total RTD expenses in 2016 and 2015 respectively. Materials and supplies expenses decreased \$6,704 (11.4%) in 2016 compared to a decrease of \$3,272 (5.3%) in 2015. The decrease in both years is primarily due to a decrease in diesel/gasoline fuel prices.

**Services** – Services expense accounted for 6.8% and 10.7% of total expenses in 2016 and 2015. 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 decreased \$21,189 (26.6%) in 2016 compared to a decrease of \$29,171 (26.8%) in 2015. The decrease in 2016 was primarily due to the contract service deduction for Westminster Station IGA and U.S. 36 managed lane project (Phase I). The decrease in 2015 was primarily due to the contract service reduction for U.S. 36 managed lane project (Phase I).

**Utilities** – Utilities accounted for 1.7% and 1.8% of total expenses in 2016 and 2015. Utilities expense includes electric, telecommunications, water and sewer, and natural gas for facilities. Utilities expense increased \$547 (4.0%) in 2016 compared to a decrease of \$478 (3.4%) in 2015. The increase in 2016 occurred primarily due to traction power costs due to the opening of the University of Colorado A line and the B Line commuter rail. The decrease in 2015 occurred due to reduction of traction power costs as a result of West Rail Line reduced rail passenger car capacity.

**Insurance** – Insurance accounted for 1.2% and 1.1% of total expenses in 2016 and 2015. Insurance expense includes RTD's self-insured cost for general liability and worker's compensation claims. In addition, RTD purchased insurance in its efforts to protect assets. Insurance expense increased \$2,280 (28.1%) in 2016 compared to an increase of \$2,829 (53.7%) in 2015. The increase in both years 2016 and 2015 was due increased frequency and severity of claims.

**Purchased transportation** – The purchased transportation expense category accounted for 18.2% and 15.2% of the total expenses in 2016 and 2015. Purchased transportation represents the costs of contracted transportation services for bus, commuter rail, access-a-Ride, and call-n-Ride services. Purchased transportation costs increased \$43,389 (38.3%) in 2016 compared to a decrease of \$1,726 (1.5%) in 2015. The increase was due to the opening of the University of Colorado A Line and B Line commuter rail purchased transportation service in April 2016 and July 2016, respectively. The decrease in 2015 was primarily due to reduction in service.

**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 \$174 (5.0%) in 2016 compared to an increase of \$198 (6.1%) in 2015. The decrease for 2016 was primarily due to reduction in stadium management lease costs. The increase for 2015 years is primarily due to RTD's need for additional office space.

**Miscellaneous** – Miscellaneous expense includes other incidental operating expenses not included in other defined categories. Miscellaneous expenses decreased \$348 (7.7%) in 2016 compared to a decrease of \$2,030 (30.9%) in 2015. This category includes additional one-time project expenses creating fluctuations between years.

**Depreciation** – The depreciation expense category accounted for 25.8% and 20.5% of the total RTD expenses in 2016 and 2015, respectively. Depreciation expense is a non-cash systematic allocation of the cost of capital assets over the estimated useful life of the assets. Depreciation expense increased \$69,623 (45.6%) in 2016 compared to an increase of \$13,486 (9.7%) in 2015. The increase in

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2016 occurred primarily due to the FasTracks assets that were placed in revenue service for U.S. 36, University of Colorado A line and B line. The increase in 2015 occurred primarily due the acquisition of new fleet and CAD/AVL.

**Interest expense** – The interest expense category accounted for 9.0% and 10.7% of the total RTD expenses in 2016 and 2015, respectively. Interest expense decreased \$2,414 (3.0%) in 2016 compared to an increase of \$7,393 (10.2%) in 2015. The decrease in 2016 is due to reduced principal resulting in decrease in interest expense. The increase in 2015 interest expense is due to the additional borrowings surrounding the FasTracks build-out and scheduled fleet replacements.

**Other expense** – Other expense includes miscellaneous non-operating expenses not classified in other expense categories. Other expense decreased \$164 (11.5%) in 2016 compared to a decrease of \$2,183 (60.6%) in 2015. The decrease in 2016 was a result of reduced financial issuance costs. The decrease in 2015 was the result on reduced loss of sales of assets compared to prior year.

**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 2016 was \$6,602,020 compared to \$6,131,608 in 2015. The increase in capital assets in 2016 was \$470,412 (7.7%) compared to an increase of \$718,153 (13.3%) in 2015. 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 2016 and 2015 were primarily due to the cost of planning, design and construction of FasTracks projects and fleet acquisition.

The following table summarizes capital assets, net of accumulated depreciation, as of December 31, 2016 and 2015 with comparative information for 2014.

<b>Capital Assets (Net of Depreciation)</b>			
	2016	2015	2014
Land	\$ 584,328	\$ 390,250	\$ 303,432
Land improvements	2,578,853	1,490,304	1,561,311
Buildings	396,224	295,359	297,212
Revenue earning equipment	760,518	550,425	458,579
Shops, maintenance and other equipment	116,214	79,988	38,859
Construction in progress	2,165,883	3,325,282	2,754,062
<b>Total</b>	<b>\$ 6,602,020</b>	<b>\$ 6,131,608</b>	<b>\$ 5,413,455</b>

Major capital asset events during the 2016 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 162<sup>nd</sup> 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 124<sup>th</sup> Avenue by 2018 with an option to extend construction to 162<sup>nd</sup> Avenue if additional funding is identified. In 2016, expenditures related to the North Metro Corridor were approximately \$138,756.

**FasTracks Northwest Corridor** - The Northwest Corridor is a 41 mile transit corridor between Denver Union Station and Longmont, passing through Denver, Westminster, Broomfield, Louisville, Boulder, Longmont, unincorporated Adams County, and unincorporated Boulder County and was constituted as a project separate from the ongoing work in the US 36 Bus Rapid Transit (BRT) corridor. In 2016, expenditures related to the Northwest Corridor were \$38,541.

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**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 begin revenue service in 2016.

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. In 2016, construction expenditures related to the Eagle P3 project were \$213,479. 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.

**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 2017.

**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. In 2016, expenditures related to the I-225 Rail Line were \$154,338.

**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 2016, expenditures related to the Southeast Rail Extension were \$47,780. The project is expected to open for revenue service in 2019.

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

**Debt Administration**

**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 2016 outstanding debt was \$3,614,608 compared to \$3,449,319 in 2015. Outstanding debt increased by \$165,289 (4.8%) in 2016 and increased by \$230,096 (7.1%) in 2015. The increase in 2016 was due to issuance of a 2016A FasTracks Sales Tax Revenue Bond. The 2015 increase is due to new COPs issued for acquisition of equipment, buses and light rail vehicles.

**Sales tax revenue bonds** – RTD issues sales tax revenue bonds to fund the acquisition and construction of assets. The sales tax revenue bonds were \$2,190,533 and \$2,013,220 as of December 31, 2016 and 2015, respectively. The sales tax revenue bonds

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increased \$177,313 (8.8%) in 2016 compared to an increase of \$24,263 (2.9%) in 2015. The increase in 2016 is primarily due to issuance of the 2016A FasTracks Sales Tax Revenue Bond. The increase in 2015 is due to the receipt of TIFIA loan borrowings. The sales tax revenue bonds are payable from RTD’s sales and use tax revenue. RTD is required to maintain certain minimum deposits, as defined in bond resolutions, to meet debt service requirements. The bonds may be redeemed prior to maturity, at a price equal to the principal amount plus accrued interest thereon and a premium to the date of redemption.

**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 \$1,199,245 and \$1,230,860 as of December 31, 2016 and 2015, respectively. The Certificates outstanding decreased \$31,585 (2.6%) in 2016 compared to an increase of \$166,005 (15.6%) in 2015. The decrease in 2016 is due to principal payment reducing debt. The increase in 2015 was due to the issuance of Certificates for the acquisition of equipment, buses and light rail vehicles.

The following table summarizes outstanding debt obligations as of December 31, 2016 and 2015 with comparative information for 2014.

<b>Outstanding Debt</b>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bonds and COPs payable:			
Sales Tax Revenue Bonds	\$ 2,190,533	\$ 2,013,220	\$ 1,955,657
Certificates of Participation	<u>1,199,275</u>	<u>1,230,860</u>	<u>1,064,855</u>
Total Principal	3,389,808	3,244,080	3,020,512
Issuance premiums and discounts	224,800	205,239	198,711
<b>Debt net of issuance and refunding</b>	<b><u>\$ 3,614,608</u></b>	<b><u>\$ 3,449,319</u></b>	<b><u>\$ 3,219,223</u></b>

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:

<b>Rating Agency</b>	<b>Base System Bonds 0.6% Sales &amp; Use Tax</b>	<b>FasTracks Bonds 0.4% Sales &amp; Use Tax</b>	<b>Certificates of Participation</b>
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 2016 Budget**

**REGIONAL TRANSPORTATION DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2016 and 2015 (Dollars in Thousands)**

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RTD is dependent on sales and use taxes, which are the largest single source of revenue for RTD, representing 56.0% and 58.6% of the total revenues in 2016 and 2015 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 13.4% and 13.0% of total revenues in 2016 and 2015, respectively. Passenger fare collections may be affected by fare levels charged by RTD. In January 2016, RTD implemented a fare increase and modification to fare products offered to customers.

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 27.8% and 26.2% of total revenues in 2016 and 2015, 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 fiscal 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 2016, the Board of Directors approved the 2016 Amended Budget in which revenue was adjusted downward to reflect economic conditions and results and certain adjustments to appropriated expenditures were made to accommodate the expected lower funding availability. In August 2016, the Board of Directors approved a second amendment to the 2016 Budget in which a planned debt offering for fleet purchases was canceled and replaced with working capital appropriations.

Increases in operating expenditures are expected in 2017 due to the opening of new rail lines as well as a full year of operations of services that opened during 2016 under the FasTracks program. The FasTracks program is a plan to build a comprehensive, integrated region-wide transit network that will provide a reliable and safe system, enhance mobility and respond to the growing transportation needs within the eight-county Regional Transportation District. Additional FasTracks expansion projects are in various stages of completion with openings planned in future years.

**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 Chief Financial Officer.

***BASIC FINANCIAL STATEMENTS***

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

	<u>2016</u>	<u>2015</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 216,713	\$ 155,485
Marketable interest bearing investments (note B)	37,825	104,757
Receivables:		
Sales tax	101,978	96,460
Other, less allowance for doubtful accounts of \$224 and \$270 at December, 31 2016 and 2015, respectively	21,130	18,453
Grants	94,462	1,780
Inventories	34,012	35,921
Other current assets (note C)	13,642	34,558
Cash and cash equivalents - restricted	326,123	163,744
Marketable interest bearing investments - restricted (note B)	98,670	250,804
Total current assets	<u>944,555</u>	<u>861,962</u>
<b>Noncurrent Assets:</b>		
Capital assets (note D):		
Land	584,328	390,250
Land improvements	3,404,522	2,195,281
Buildings	606,801	491,458
Revenue earning equipment	1,137,735	921,680
Shop, maintenance and other equipment	261,265	201,950
Construction in progress	2,165,883	3,325,282
Total capital assets	<u>8,160,534</u>	<u>7,525,901</u>
Less accumulated depreciation	(1,558,514)	(1,394,293)
Net capital assets	<u>6,602,020</u>	<u>6,131,608</u>
<b>Other Noncurrent Assets:</b>		
Long-term marketable interest bearing investments - restricted (note B)	182,875	277,999
Long-term marketable interest bearing investments - unrestricted (note B)	40,522	79,909
Total other noncurrent assets	<u>223,397</u>	<u>357,908</u>
Total noncurrent assets	<u>6,825,417</u>	<u>6,489,516</u>
Total assets	<u>7,769,972</u>	<u>7,351,478</u>
<b>Deferred Outflows of Resources:</b>		
Debt related (note A)	32,926	36,331
Pension related (note A)	74,600	41,405
Total deferred outflows of resources	<u>107,526</u>	<u>77,736</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>2016</u>	<u>2015</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities:</b>		
Accounts and contracts payable	\$ 105,276	\$ 163,301
Current portion of long-term debt payable from restricted assets (note E)	60,275	61,698
Accrued compensation (note F)	21,705	19,953
Accrued interest payable from restricted assets	22,115	21,451
Other accrued expenses	28,926	24,165
Total current liabilities	<u>238,297</u>	<u>290,568</u>
<b>Noncurrent Liabilities:</b>		
Long-term debt, net (note E)	3,554,333	3,387,621
Net Pension Liability (note F)	390,058	321,615
Other liabilities (note E)	366,694	247,771
Total noncurrent liabilities	<u>4,311,085</u>	<u>3,957,007</u>
Total liabilities	<u>4,549,382</u>	<u>4,247,575</u>
<b>Deferred Inflows of Resources:</b>		
Debt related (note A)	843	599
Pension related (note A)	4,921	4,102
Total deferred inflows of resources	<u>5,764</u>	<u>4,701</u>
<b>NET POSITION</b>		
Net investment in capital assets (note I)	3,461,952	3,274,663
Restricted net position (note I)	74,879	101,540
Unrestricted net position (note I)	<u>(214,479)</u>	<u>(199,265)</u>
Total net position, as restated	<u>\$ 3,322,352</u>	<u>\$ 3,176,938</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>2016</u>	<u>2015</u>
<b>OPERATING REVENUE:</b>		
Passenger fares	\$ 134,622	\$ 120,530
Advertising, rent, and other	5,803	5,347
	<u>140,425</u>	<u>125,877</u>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	163,650	150,808
Fringe benefits	96,389	76,399
Materials and supplies	52,180	58,884
Services	58,560	79,749
Utilities	14,220	13,673
Insurance	10,382	8,102
Purchased transportation	156,605	113,216
Leases and rentals	3,288	3,462
Miscellaneous	4,183	4,531
Depreciation	222,154	152,531
	<u>781,611</u>	<u>661,355</u>
Total operating expenses	781,611	661,355
OPERATING LOSS	<u>(641,186)</u>	<u>(535,478)</u>
<b>NONOPERATING REVENUE (EXPENSES):</b>		
Sales and use tax	563,598	541,518
Grant operating assistance (note A)	77,335	73,383
Investment income	6,371	3,164
Other income	9,927	10,322
Gain(Loss) on capital assets	5,664	1,085
Interest expense (note A)	(77,272)	(79,686)
Other expense	(1,258)	(1,422)
	<u>584,365</u>	<u>548,364</u>
Net nonoperating revenue (expenses)	584,365	548,364
INCOME (LOSS) BEFORE CAPITAL GRANTS AND LOCAL CONTRIBUTIONS	(56,821)	12,886
Capital grants and local contributions (note A)	<u>202,235</u>	<u>169,313</u>
INCREASE IN NET POSITION	145,414	182,199
NET POSITION, beginning of year (as previously reported)	3,176,938	3,181,074
Change in accounting principle (note A)		(186,335)
NET POSITION, beginning of year (as restated)		<u>2,994,739</u>
NET POSITION, end of year (as restated)	<u>\$ 3,322,352</u>	<u>\$ 3,176,938</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>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 142,496	\$ 130,385
Payments to suppliers	(147,251)	(149,332)
Payments to employees	(290,663)	(265,366)
Net cash used in operating activities	<u>(295,418)</u>	<u>(284,313)</u>
<b>Cash provided from noncapital financing activities:</b>		
Grant operating assistance	77,335	73,383
Sales and use tax collections	558,080	538,443
Other revenue	9,927	10,322
Net cash provided by noncapital financing activities	<u>645,342</u>	<u>622,148</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal paid on long-term debt	(133,098)	(54,348)
Proceeds from issuance of debt	278,826	277,915
Issuance Premiums/Discounts	23,210	9,906
Capital grant funds and other contributions received	109,553	181,428
Proceeds from sale of assets	6,257	457
Acquisition and construction of capital assets	(632,911)	(816,359)
Cost of issuance	(1,246)	(1,444)
Interest paid on long-term debt	(136,856)	(132,865)
Net cash used in capital and related financing activities	<u>(486,265)</u>	<u>(535,310)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(157,517)	(455,295)
Proceeds from sales and maturities of investments	511,094	416,375
Interest and dividends on investments	6,371	3,164
Net cash provided/(used) by investing activities	<u>359,948</u>	<u>(35,756)</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>223,607</b>	<b>(233,231)</b>
Cash and cash equivalents - January 1	<u>319,229</u>	<u>552,460</u>
Cash and cash equivalents - December 31	<u>\$ 542,836</u>	<u>\$ 319,229</u>

**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>2016</u>	<u>2015</u>
Operating loss	\$ (641,186)	\$ (535,478)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation expense	222,154	152,531
Bad debt expense	(12)	21
Changes in operating assets and liabilities:		
Decrease/(increase) in other accounts receivable	(2,677)	6,536
Decrease/(increase) in inventories	1,909	(2,798)
Decrease in other current assets	20,916	6,222
Increase in deferred outflow	(33,195)	(41,405)
Increase in accounts payable	129,341	128,862
Increase/(decrease) in accrued compensation and expenses	1,752	(856)
Increase/(decrease) in other accrued expenses	4,761	(2,050)
Increase in deferred inflow	819	4,102
Net cash used in operating activities	<u>\$ (295,418)</u>	<u>\$ (284,313)</u>

**RECONCILIATION OF CASH and CASH EQUIVALENTS:**

Cash and cash equivalents	\$ 216,713	\$ 155,485
Cash and cash equivalents - restricted	326,123	163,744
Total cash and cash equivalents	<u>\$ 542,836</u>	<u>\$ 319,229</u>

Noncash investing, capital and financing activities:

RTD had unrealized losses on investments of \$100 and \$34 for 2016 and 2015, respectively.

RTD issued a DUSPA bond to fund the construction of capital assets in 2010 for \$167,954. Assets contributed were \$0 and (\$486) for 2016 and 2015, respectively.

RTD received noncash local match contributions for federal grants of \$3,019 and \$642 for 2016 and 2015, 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, 2016 and 2015. 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, 2016 and 2015 (Dollars in Thousands)**

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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 \$5,000 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, 2016 and 2015 (Dollars in Thousands)**

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

	2016	2015
Interest expense	\$ 77,272	\$ 79,686
Capitalized interest	60,248	53,696
Total interest cost	<u>\$ 137,520</u>	<u>\$ 133,382</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 \$336,323 and \$370,683 at December 31, 2016 and 2015, 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. RTD's deferred outflows were \$107,526 and \$77,736 as of December 31, 2016 and 2015, respectively.

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. RTD's deferred inflows were \$5,764 and \$4,701 as of December 31, 2016 and 2015, respectively.

**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, 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 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 and commercial paper 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 \$3,167,423 through 2050. Principal and interest paid for the current year and pledged revenues received were \$107,701.

**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 grants was \$185,324 and \$157,616 in 2016 and 2015, respectively. Operating assistance grant revenue was \$77,335 and \$73,383 in 2016 and 2015, respectively. Other contribution revenue was \$16,911 and \$11,697 in 2016 and 2015, 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.

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015 (Dollars in Thousands)**

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17. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by 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. *GASB 68 – Classification*

During the year ended December 31, 2015, RTD implemented the provisions of GASB Statement No.68 (GASB 68), *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB 68 requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

19. *Reinstatement of Prior Year Net Position*

Net Position has been restated as required by implementation of GASB 68 as discussed in note 18 above.

Beginning net position as previously reported December 31, 2014	\$3,181,074
Prior period adjustment – Implementation of GASB 68 Net pension liability (measurement date)	(186,335)
Net Position as restated, December 31, 2014	\$2,994,739

20. *GASB 72 – Classification*

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.

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015 (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, 2016 and 2015, respectively, RTD had bank deposits of \$46,919 and \$44,367 collateralized with securities held by the pledging financial institutions' trust department or agent but not in RTD's name.

**Investments**

At December 31, 2016, 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	\$ 232,108	\$ 62,892	\$ 58,493	\$ 110,723
U.S. Agency Securities	64,948	51,699	5,142	8,107
Municipal Bonds	2,765	-	-	2,765
Commercial paper	-	-	-	-
Corporate bonds	60,071	27,309	15,164	17,598
Bankers' Acceptance Notes	-	-	-	-
<b>Total</b>	<b>\$ 359,892</b>	<b>\$ 141,900</b>	<b>\$ 78,799</b>	<b>\$ 139,193</b>

At December 31, 2015, 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	\$ 286,411	\$ 47,137	\$ 32,726	\$ 206,548
U.S. Agency Securities	104,662	20,492	38,508	45,662
Municipal Bonds	2,802	-	-	2,802
Commercial Paper	213,026	203,086	9,940	-
Corporate bonds	82,732	-	7,031	75,701
Bankers' Acceptance Notes	23,836	23,836	-	-
<b>Total</b>	<b>\$ 713,469</b>	<b>\$ 294,551</b>	<b>\$ 88,205</b>	<b>\$ 330,713</b>

**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:

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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.
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, 2016 and 2015, 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, 2016, the Regional Transportation District's investment credit ratings consisted of the following

Investment Ratings	Market Value
AAA (Standard & Poor's)	\$ 300,077
AA (Standard & Poor's)	59,815
A	-
A-1 + /P-1	-
Total:	<u>\$ 359,892</u>

At December 31, 2015, the Regional Transportation District's investment credit ratings consisted of the following

Investment Ratings	Market Value
AAA (Standard & Poor's)	\$ 414,481
AA (Standard & Poor's)	85,962
A	-
A-1 + /P-1	213,026
Total:	<u>\$ 713,469</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, 2016, RTD was in compliance with these limits. As of December 31, 2015, RTD was in compliance with limitations set out in RTD's previous investment policy limitations.

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Investment Type	Maximum Portfolio %	Maximum Issue %	Maturity Restrictions	Rating Restrictions
U.S. Treasury Securities	100%	100%	5 years	N/A
U.S Agencies <sup>1</sup>	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
Money market funds	100%	50%	N/A	AAAm

<sup>1</sup> 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, 2016 and 2015, RTD had \$607,668 and \$692,547 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, 2016:

Investment in Securities at Value	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ 232,108	\$ -	\$ -	\$ 232,108
U.S. Agency Securities	-	64,948	-	64,948
Municipal Bonds	-	2,765	-	2,765
Commercial paper	-	-	-	-
Corporate bonds	-	60,071	-	60,071
Bankers' Acceptance Notes	-	-	-	-
<b>Total</b>	<b>\$ 232,108</b>	<b>\$ 127,784</b>	<b>\$ -</b>	<b>\$ 359,892</b>

Valuation Inputs Summary for the fiscal period ended December 31, 2015:

Investment in Securities at Value	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ 286,411	\$ -	\$ -	\$ 286,411
U.S. Agency Securities	-	104,662	-	104,662
Municipal Bonds	-	2,802	-	2,802
Commercial paper	-	213,026	-	213,026
Corporate bonds	-	82,732	-	82,732
Bankers' Acceptance Notes	-	23,836	-	23,836
<b>Total</b>	<b>\$ 286,411</b>	<b>\$ 427,058</b>	<b>\$ -</b>	<b>\$ 713,469</b>

**NOTE C - OTHER CURRENT ASSETS**

Other Current Assets consist of:

	2016	2015
Prepaid expenses	\$ 3,706	\$ 4,914
Eagle P3 construction escrow	5,120	23,861
City of Arvada escrow	2,606	2,606
Park Creek Metro escrow	282	486
Other construction escrow	273	273
Assets held for sale	1,655	2,418
<b>Total Other Current Assets</b>	<b>\$ 13,642</b>	<b>\$ 34,558</b>

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**NOTE D – CAPITAL ASSETS**

Capital asset activity as of December 31, 2016 was as follows:  
(In Thousands)

	Balances 12/31/2015	2016 Additions	2016 Deletions	Balances 12/31/2016
Capital assets not being depreciated:				
Land	\$ 390,250	\$ 194,078	\$ -	\$ 584,328
Construction in progress	3,325,282	693,159	1,852,558	2,165,883
Total capital assets not being depreciated	<u>3,715,532</u>	<u>887,237</u>	<u>1,852,558</u>	<u>2,750,211</u>
Capital assets being depreciated:				
Land improvements	2,195,281	1,211,939	2,698	3,404,522
Buildings	491,458	115,658	315	606,801
Revenue earning equipment	921,680	267,434	51,379	1,137,735
Shop, maintenance and other equipment	201,950	63,449	4,134	261,265
Total capital assets being depreciated	<u>3,810,369</u>	<u>1,658,480</u>	<u>58,526</u>	<u>5,410,323</u>
Less accumulated depreciation:				
Land improvements	704,977	123,389	2,697	825,669
Buildings	196,099	14,685	207	210,577
Revenue earning equipment	371,255	57,198	51,236	377,217
Shop, maintenance and other equipment	121,962	26,882	3,793	145,051
Total accumulated depreciation	<u>1,394,293</u>	<u>222,154</u>	<u>57,933</u>	<u>1,558,514</u>
Total capital assets being depreciated, net	<u>2,416,076</u>	<u>1,436,326</u>	<u>593</u>	<u>3,851,809</u>
Capital assets, net	<u>\$ 6,131,608</u>	<u>\$ 2,323,563</u>	<u>\$ 1,853,151</u>	<u>\$ 6,602,020</u>

Depreciation expense was \$222,154 and \$152,531 for years 2016 and 2015, respectively.

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015 (Dollars in Thousands)**

Capital asset activity as of December 31, 2015 was as follows:

(In Thousands)

	Balances 12/31/2014	2015 Additions	2015 Deletions	Balances 12/31/2015
Capital assets not being depreciated:				
Land	\$ 303,432	\$ 86,831	\$ 13	\$ 390,250
Construction in progress	2,754,062	870,055	298,835	3,325,282
Total capital assets not being depreciated	<u>3,057,494</u>	<u>956,886</u>	<u>298,848</u>	<u>3,715,532</u>
Capital assets being depreciated:				
Land improvements	2,183,870	11,411	-	2,195,281
Buildings	480,330	11,128	-	491,458
Revenue earning equipment	857,745	134,253	70,318	921,680
Shop, maintenance and other equipment	148,138	55,944	2,132	201,950
Total capital assets being depreciated	<u>3,670,083</u>	<u>212,736</u>	<u>72,450</u>	<u>3,810,369</u>
Less accumulated depreciation:				
Land improvements	622,559	82,606	188	704,977
Buildings	183,118	12,981	-	196,099
Revenue earning equipment	399,166	42,147	70,058	371,255
Shop, maintenance and other equipment	109,279	14,797	2,114	121,962
Total accumulated depreciation	<u>1,314,122</u>	<u>152,531</u>	<u>72,360</u>	<u>1,394,293</u>
Total capital assets being depreciated, net	<u>2,355,961</u>	<u>60,205</u>	<u>90</u>	<u>2,416,076</u>
Capital assets, net	<u>\$ 5,413,455</u>	<u>\$ 1,017,091</u>	<u>\$ 298,938</u>	<u>\$ 6,131,608</u>

Depreciation expense was \$152,531 and \$139,045 for years 2015 and 2014, respectively.

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
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**NOTE E – LONG-TERM DEBT**

<b>Long-term debt is comprised of the following as of December 31:</b>	<b>2016</b>	<b>2015</b>
<b>Sales Tax FasTracks Revenue Refunding Bonds, Series 2007A</b> , due serially on November 1 of each year through 2036, issued with coupons between from 4.00% to 4.50% payable semiannually on May 1 and November 1 of each year; including discount of (\$1,017) and (\$1,069) for 2016 and 2015, respectively. In 2014, The District did a Modification and Exchange on these Bonds, it resulted in a premium with an ending balance of \$15,446 and \$16,224 for 2016 and 2015, respectively.	\$ 373,639	\$ 374,925
<b>Sales Tax Revenue Refunding Bonds, Series 2007A</b> , 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 \$4,378 and \$4,937 for 2016 and 2015, respectively.	74,203	74,762
<b>Sales Tax Revenue Refunding Bonds, Series 2010A</b> , due serially on November 1 of each year through 2017, issued with coupons between 3.00% and 5.00%, payable semiannually on May 1 and November 1 of each year, including premium of \$692 and \$1,523 for 2016 and 2015, respectively.	7,414	14,728
<b>Subordinate Sales Tax FasTracks Revenue Bonds, Series 2010</b> , Denver Union Station Project Authority (DUSPA) with principal and interest due on February 1 and August 1 of every year through February 2040, with a coupon of 5.85%.	151,263	154,246
<b>Sales Tax FasTracks Revenue Bonds, Series 2010A</b> , 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 \$1,950 and \$2,039 for 2016 and 2015, respectively.	81,090	81,179
<b>Sales Tax FasTracks Revenue Bonds Taxable (Direct Pay Build America Bonds), Series 2010B</b> , 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
<b>Sales Tax FasTracks Revenue Bonds, Series 2012A</b> , 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 \$59,320 and \$62,167 for 2016 and 2015, respectively.	534,255	537,102
<b>Sales Tax Revenue Refunding Bonds, Series 2013A</b> , 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 \$352 and \$425 for 2016 and 2015, respectively.	44,327	61,420
<b>Sales Tax FasTracks Revenue Refunding Bonds, Series 2013A</b> , 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 \$38,729 and \$40,682 for 2016 and 2015, respectively	243,549	245,502
<b>TIFIA Sales Tax FasTracks Loan</b> , 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.	305,675	296,284
<b>Sales Tax FasTracks Revenue Bonds, Series 2016A</b> , 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 34,985 for 2016.	229,950	-
<b>Certificates of Participation Taxable Refunding Obligations, Series 2007A</b> , 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.	7,620	8,910

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	<u>2016</u>	<u>2015</u>
<b>Certificates of Participation Obligations, Amended and Restated Series 2002A</b> , under a lease agreement for acquisition of transit vehicles and facilities, payments are due semiannually on June 1 and December 1 to 2022, issued with coupons between 4.00% and 5.00%, including premium of \$0 and \$3.675 for 2016 and 2015, respectively.	\$ -	\$ 85,115
<b>Certificates of Participation Obligations, Series 2010A</b> , 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 3.00% and 5.50%, including premium of \$2,299 and \$2,570 for 2016 and 2015, respectively.	189,269	194,315
<b>Certificates of Participation Taxable (Direct Pay Build America Bonds), Obligations, Series 2010B</b> , 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
<b>Certificates of Participation Obligations, Series 2013A</b> , 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 \$27,321 and \$29,942 for 2016 and 2015, respectively.	222,706	243,877
<b>Certificates of Participation Obligations, Series 2014A</b> , 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 \$23,294 and \$24,144 for 2016 and 2015, respectively.	464,209	465,059
<b>Certificates of Participation Obligations, Series 2015A</b> , 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 \$17,054 and \$17,980 for 2016 and 2015, respectively.	210,969	211,895
<b>JPMorgan Chase Bank, N.A., Purchase and Assignment Agreement</b> , 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%.	74,470	-
Total	<u>3,614,608</u>	<u>3,449,319</u>
Less current portion	<u>(60,275)</u>	<u>(61,698)</u>
<b>Total Long-Term Debt</b>	<u>\$ 3,554,333</u>	<u>\$ 3,387,621</u>

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The Sales Tax Revenue Bonds 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		
2017	\$ 27,573	\$ -	\$ 92,135	\$ 119,708
2018	28,212	-	91,681	119,893
2019	20,818	-	90,678	111,496
2020	21,705	-	89,792	111,497
2021	17,164	-	99,665	116,829
2022-2026	175,214	1,976	480,440	657,630
2027-2031	436,764	11,119	406,218	854,101
2032-2036	499,983	16,062	294,857	810,902
2037-2041	382,708	9,620	185,715	578,043
2042-2046	333,612	-	132,102	465,714
2047-2050	246,780	-	37,104	283,884
	<u>\$ 2,190,533</u>	<u>\$ 38,777</u>	<u>\$ 2,000,387</u>	<u>\$ 4,229,697</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. For financial reporting purposes, RTD accounts for the Certificates as its own obligations.

Annual repayment requirements on the Certificates to maturity are as follows:

Year ending December 31,	Principal	Interest	Total
2017	\$ 32,702	\$ 58,484	\$ 91,186
2018	38,465	57,253	95,718
2019	48,620	55,524	104,144
2020	58,038	53,301	111,339
2021	60,507	50,741	111,248
2022-2026	308,773	209,897	518,670
2027-2031	180,645	147,228	327,873
2032-2036	197,055	96,986	294,041
2037-2041	183,595	44,584	228,179
2042-2044	90,875	6,666	97,541
	<u>\$ 1,199,275</u>	<u>\$ 780,664</u>	<u>\$ 1,979,939</u>

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**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/2015	2016 Additions	2016 Reductions	Balance 12/31/2016	Due Within One Year
Sales Tax Revenue Bonds	\$ 2,013,220	\$ 204,356	\$ 27,043	\$ 2,190,533	\$ 27,573
Certificates of Participation	1,230,860	74,470	106,055	1,199,275	32,702
Issuance premiums and discounts	205,239	31,943	12,382	224,800	-
Total Bonds-COPs Payable	3,449,319	310,769	145,480	3,614,608	60,275
Net Pension Liability	321,615	68,443	-	390,058	-
Other liabilities*	247,771	119,267	344	366,694	-
Total long-term liabilities	\$ 4,018,705	\$ 498,479	\$ 145,824	\$ 4,371,360	\$ 60,275

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

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Balance 12/31/2014	2015 Additions	2015 Reductions	Balance 12/31/2015	Due Within One Year
Sales Tax Revenue Bonds	\$ 1,955,657	\$ 84,001	\$ 26,438	\$ 2,013,220	\$ 27,043
Certificates of Participation	1,064,855	193,915	27,910	1,230,860	34,655
Issuance premiums and discounts	198,711	18,366	11,838	205,239	-
Total Bonds-COPs Payable	3,219,223	296,282	66,186	3,449,319	61,698
Net Pension Liability	276,116	36,499	-	321,615	-
Other liabilities*	150,186	109,205	2,620	247,771	-
Total long-term liabilities**	\$ 3,645,525	\$ 441,986	\$ 68,806	\$ 4,018,705	\$ 61,698

\*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, 2016 are the following amounts which are considered defeased:

2002A Certificates of Participation – Light Rail Vehicles and Maintenance Facility \$74,287

In December 2016, RTD entered a Capital Lease Agreement with JPMorgan Chase Bank N.A. to refund it's \$74,470 previously outstanding Series 2002A Certificates of Participation. The Proceeds of the 2016 Obligation will be placed in escrow with US Bank and are being used for the purpose of advance refunding the District's Adjustable Rate Certificates of Participation (2002A Transit Vehicles Project), Series 2002A, as reissued on June 1, 2007 (the "Reissued 2002A Obligation") and paying the costs of issuing the 2016 Obligation. The transaction achieved a 6.5% NPV savings and \$5,653 million of cash flow savings between 2017 and 2022 and retained the same final maturity of 2022.

In November 2016, RTD issued its Tax Exempt Sales Tax Revenue Bonds (FasTracks Project) Series 2016A in the par amount of \$194,965 for the purpose of (a) financing additional costs of improvements, facilities and equipment for the transit

**REGIONAL TRANSPORTATION DISTRICT**  
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expansion plan know as FasTracks (b) funding capitalized interest, and (c) funding costs of issuance of the Bonds. The Bonds were issued without a debt service reserve fund. The final maturity on the Bonds is November 1, 2046.

In August 2015, RTD issued its Certificates of Participation, Series 2015A in the par amount of \$193,915 with an average interest rate of 4.60% to be used to finance the acquisition of equipment, vans, buses and light rail vehicles. Certain proceeds were also used to fund a debt service reserve fund for the certificates and pay for related costs of issuance. The final maturity of the certificates is in 2040.

In January 2015, RTD drew the final \$75,000 and recognized \$9,001 of capitalized interest from the Transportation Infrastructure and Innovation Act (TIFIA) loan. Under the TIFIA loan authorization, RTD drew a total of \$280,000 in 2013 thru 2015 and recognized \$16,284 of capitalized interest. The draws from the TIFIA loan were used to pay for "Eligible Project Costs" on RTD's Eagle Project. The interest rate on the TIFIA loan is 3.14% with interest payments anticipated to begin in 2021 and final maturity expected in 2045. The TIFIA loan will be used to complement the other sources of debt, resulting in a lower cost of funding than would have otherwise been available in the capital markets. The first TIFIA draw of \$125,000 was made in 2013. The TIFIA loan is secured by a pledge of RTD's 0.4% FasTracks sales and use tax.

**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, 2016, is presented below:

Plan	Net Pension Liability	Deferred Outflow of Resources*	Deferred Inflows of Resources	Pension Expense
ATU 1001 Pension Plan - DB	\$ 361,264	\$ 41,590	\$ 4,921	\$ 28,805
Salaried Pension Plan - DB	28,794	17,295	-	7,261
Salaried Pension Plan - DC	-	-	-	3,476
<b>Total</b>	<b>\$ 390,058</b>	<b>\$ 58,885</b>	<b>\$ 4,921</b>	<b>\$ 39,542</b>

\*ATU 1001 Pension plan deferred outflow related to contributions subsequent to measurement date was \$11,615.  
 Salaried Pension Plan deferred outflow related to contributions subsequent to measurement date was \$4,100.

**REGIONAL TRANSPORTATION DISTRICT**  
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A summary of pension related items as of December 31, 2015, is presented below:

Plan	Net Pension Liability	Deferred Outflow of Resources*	Deferred Inflows of Resources	Pension Expense
ATU 1001 Pension Plan - DB	\$ 311,672	\$ 20,508	\$ 4,102	\$ 19,547
Salaried Pension Plan - DB	9,943	6,705	-	2,508
Salaried Pension Plan - DC	-	-	-	2,870
<b>Total</b>	<b>\$ 321,615</b>	<b>\$ 27,213</b>	<b>\$ 4,102</b>	<b>\$ 24,925</b>

\*ATU 1001 Pension plan deferred outflow related to contributions subsequent to measurement date was \$11,092.  
Salaried Pension Plan deferred outflow related to contributions subsequent to measurement date was \$3,100.

**ATU 1001 Pension Plan – Defined Benefit (2016)**

*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

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

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

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

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, 2016 (December 31, 2015 measurement date), pension plan membership consisted of the following<sup>1</sup>:

Active Plan Members	1,623
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,498
Inactive employee entitled to but not yet receiving benefits	1,418
Total	4,539

<sup>1</sup>Based 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, 2016 as follows:

Total Pension Liability	\$ 563,479
Plan Fiduciary Net Position	202,215
Plan's Net Pension Liability	\$ 361,264
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	35.89%

*Actuarial Methods and Assumptions Used to Calculate Net Pension Liability:*

Valuation Date:	January 1, 2016
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, Open

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Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market, 0% corridor
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-2000 Combined Mortality Table, generational projected with Scale AA.
Disabled Mortality	RP-2000 Disabled Mortality Table, generational projected with Scale AA.
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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release(H.15)); and the resulting Single Discount Rate is 4.54%.

**Development of the Single Discount Rate**

Single Discount Rate 4.54 %

Long-Term Expected Rate of Investment Return 7.00 %

Long-Term Municipal Bond Rate 3.57 %

Last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded 2031

Asset Class	30 Year Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	6%	40%
International Equity	9%	15%
Real Estate	3%	5%
Domestic Fixed Income	1%	15%
International Fixed Income	1%	10%
Commodities	6%	5%
Private Equity	10%	10%
	Inflation Assumption	2%
	Actuarial Return Assumption	7%

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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)
<b>Balances at 12/31/2015</b>	\$ 526,136	\$ 214,464	\$ 311,672
<b>Changes for the year:</b>			
Service Cost	13,074	-	13,074
Interest	26,324	-	26,324
Differences between expected and actual experience	(4,711)	-	(4,711)
Assumption Changes	28,095	-	28,095
Contributions-employer	-	11,542	(11,542)
Contributions-employee	-	3,869	(3,869)
Net investment income	-	(1,829)	1,829
Benefit payments, including refunds of employee contributions	(25,439)	(25,439)	-
Administrative expense	-	(391)	391
Other changes	-	(1)	1
<b>Net Changes</b>	<b>37,343</b>	<b>(12,249)</b>	<b>49,592</b>
<b>Balances at 12/31/2016</b>	<b>\$ 563,479</b>	<b>\$ 202,215</b>	<b>\$ 361,264</b>

*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 4.54%, 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 (3.54%)	Current Discount Rate (4.54%)	1% Increase (5.54%)
Plan's Net Pension Liability	\$ 430,651	\$ 361,264	\$ 303,168

*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*

RTD reported \$11,615 as deferred outflows resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

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For the year ended 2016 the employer recognized pension expense of \$28,805. The employer reported deferred outflows and inflows of \$36,669 of resources related from pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 4,921
Differences in assumptions*	26,746	-
Excess(deficit) Investment Returns	14,844	-
<b>Total</b>	<b>\$ 41,590</b>	<b>\$ 4,921</b>

\*The increase in the Total Pensions Liability due to assumption changes includes the impact of the change in the Single Discount Rate from 5.00 percent to 4.54 percent. This change in assumptions was measured at the end of the year.

Amounts reported as deferred outflow and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	
2017	\$ 17,360
2018	11,384
2019	4,630
2020	3,295
2021	-
<b>Total</b>	<b>\$ 36,669</b>

**ATU 1001 Pension Plan – Defined Benefit (2015)**

*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.

**REGIONAL TRANSPORTATION DISTRICT**  
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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 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 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 has worked for at least 20 years in covered employment and terminates active employment on or after attaining age 50. If an individual with 20 or more years of service terminated employment prior to age 50, benefits will be payable at any time after age 50. Effective January 1, 2011 the years of credited service needed to qualify for a deferred vested retirement disability benefit was increased from five to ten years and the benefit multiplier was revised.

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

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

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 FYE December 31, 2015 (December 31, 2014 measurement date), pension plan membership consisted of the following<sup>1</sup>:

Active Plan Members	1,687
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,410
Inactive employee entitled to but not yet receiving benefits	1,228
	<hr/>
Total	<u>4,325</u>

<sup>1</sup>Based on December 31, 2014 actuarial valuation demographic information

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
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*Net Pension Liability*

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2015 as follows:

Total Pension Liability	\$ 526,135
Plan Fiduciary Net Position	214,463
Plan's Net Pension Liability	<u>\$ 311,672</u>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	40.76%

*Actuarial Methods and Assumptions Used to Calculate Net Pension Liability:*

Valuation Date:	December 31, 2014
Notes	Actuarially determined contribution rates are calculated as of July 1 each year for implementation the following year.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market, 0% corridor
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-2000 Combined Mortality Table, generational projected with Scale AA.
Disabled Mortality	RP-2000 Disabled Mortality Table, generational projected with Scale AA.
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). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release(H.15)); and the resulting Single Discount Rate is 5.00%.

**Development of the Single Discount Rate**

Single Discount Rate 5.00 %

Long-Term Expected Rate of Investment Return 7.00 %

Long-Term Municipal Bond Rate\* 3.65 %

Last year ending December 31 in the 2015 to 2114 projection period for which projected benefit payments are fully funded 2034

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Asset Class	30 Year Long-Term Expected	
	Real Rate of Return	Target Asset Allocation
Domestic Equity	5%	40%
International Equity	8%	15%
Real Estate	3%	5%
Domestic Fixed Income	1%	15%
International Fixed Income	1%	10%
Commodities	5%	5%
Private Equity	10%	10%
	30 Year Inflation Assumption	2%
	Actuarial Return Assumption	7%

**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 12/31/2014</b>	\$ 488,394	\$ 213,008	\$ 275,386
<b>Changes for the year:</b>			
Service Cost	11,937	-	11,937
Interest	27,714	-	27,714
Differences between expected and actual experience	(6,476)	-	(6,476)
Assumption Changes	28,879	-	28,879
Contributions-employer	-	10,758	(10,758)
Contributions-employee	-	3,586	(3,586)
Net investment income	-	11,779	(11,779)
Benefit payments, including refunds of employee contributions	(24,312)	(24,312)	-
Administrative expense	-	(355)	355
Other changes	-	-	-
<b>Net Changes</b>	<b>37,742</b>	<b>1,456</b>	<b>36,286</b>
<b>Balances at 12/31/2015</b>	<b>\$ 526,136</b>	<b>\$ 214,464</b>	<b>\$ 311,672</b>

*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 5.00%, as well as what the Plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Plan's Net Pension Liability	\$ 375,343	\$ 311,672	\$ 258,200

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
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*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 2015 the employer recognized pension expense of \$19,547. The employer reported deferred outflows and inflows of \$27,498 of resources related from pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 4,102
Differences in assumptions	18,291	-
Excess(deficit) Investment Returns	2,217	-
Contributions subsequent to the measurement date*	11,092	-
<b>Total</b>	<b>\$ 31,600</b>	<b>\$ 4,102</b>

\*The amount reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction in the Pension Expense for the year ending 2016.

Amounts reported as deferred outflow and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	
2016	\$ 19,860
2017	6,530
2018	554
2019	554
2020	-
<b>Total</b>	<b>\$ 27,498</b>

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015 (Dollars in Thousands)**

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**Salaried Pension Plan - Defined Benefit (2016)**

*Plan Description*

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

*Benefits Provided*

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

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

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

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

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

**REGIONAL TRANSPORTATION DISTRICT**  
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Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2016 (December 31, 2015 measurement date), pension plan membership consisted of the following<sup>1</sup>:

Active Plan Members	361
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	232
Inactive Plan Members Entitled to But Not Yet Receiving Benefits <sup>2</sup>	108
<b>Total</b>	<b>701</b>

<sup>1</sup>Based on January 1, 2015 actuarial valuation demographic information

<sup>2</sup>Includes transfer outs

*Net Pension Liability*

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2016 as follows:

Total Pension Liability	\$ 151,571
Plan Fiduciary Net Position	122,777
<b>Plan's Net Pension Liability</b>	<b>\$ 28,794</b>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	81.00%

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation with date of January 1, 2015, using the following actuarial assumptions applied to all periods included in the measurement with a liability roll forward to December 31, 2015 for disclosure purposes for the Fiscal Year Ending December 31, 2016:

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, 2015 (for disclosure purposes for the Fiscal Year Ending December 31, 2016) are summarized in the following data and reflect assumed long-term expected real rate of return over a 30-year horizon upon which the disclosure is based:

**REGIONAL TRANSPORTATION DISTRICT**  
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Asset Class	Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	8.7%	50%
International Equity	9.7%	10%
Fixed Income	1.5%	30%
Real Estate	10.1%	10%
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, 2015 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	\$ 42,136	\$ 28,794	\$ 17,207

**REGIONAL TRANSPORTATION DISTRICT**  
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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)
<b>Balances at 12/31/2015</b>	\$ 139,953	\$ 130,010	\$ 9,943
<b>Changes for the year:</b>			
Service Cost	3,342	-	3,342
Interest	10,388	-	10,388
Differences between expected and actual experience	3,869	-	3,869
Assumption Changes	3,601	-	3,601
Contributions-employer	-	3,100	(3,100)
Net investment income	-	(610)	610
Benefit payments, including refunds of employee contributions	(9,582)	(9,582)	-
Administrative expense	-	(141)	141
Other changes	-	-	-
<b>Net Changes</b>	<b>11,618</b>	<b>(7,233)</b>	<b>18,851</b>
<b>Balances at 12/31/2016</b>	<b>\$ 151,571</b>	<b>\$ 122,777</b>	<b>\$ 28,794</b>

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

RTD reported \$4,100 as deferred outflows resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

For the year ended 2016 the employer recognized pension expense of \$7,261. The employer reported deferred outflows and inflows of \$17,295 of resources related from pensions from the following resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 3,631	\$ -
Differences in assumptions*	5,488	-
Excess(deficit) Investment Returns	8,176	-
<b>Total</b>	<b>\$ 17,295</b>	<b>\$ -</b>

\*Assumption changes for the Fiscal Year Ending December 31, 2015 (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.

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Amounts reported as deferred outflow and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended,	
2017	\$ 6,993
2018	5,675
2019	2,605
2020	2,022
2021	-
Total	<u>\$ 17,295</u>

**Salaried Pension Plan - Defined Benefit (2015)**

*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 terminate 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

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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.

Employee covered by the benefit terms for the FYE December 31, 2015 (December 31, 2014 measurement date), pension plan membership consisted of the following<sup>1</sup>:

Active Plan Members	382
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	220
Inactive Plan Members Entitled to But Not Yet Receiving Benefits <sup>2</sup>	114
<b>Total</b>	<b>716</b>

<sup>1</sup>Based on January 1, 2015 actuarial valuation demographic information

<sup>2</sup>Includes transfer outs

*Net Pension Liability*

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2015 as follows:

Total Pension Liability	\$ 139,953
Plan Fiduciary Net Position	130,010
<b>Plan's Net Pension Liability</b>	<b>\$ 9,943</b>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	92.90%

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation with date of January 1, 2014, using the following actuarial assumptions applied to all periods included in the measurement with a liability roll forward to December 31, 2014 for disclosure purposes for the Fiscal Year Ending December 31, 2015:

Inflation	3.00%
Salary Increases	3.75% - 8.75%
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, 2014 measurement date.

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*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, 2014 valuation were based on the results of an actuarial experience study covering the period January 1, 2009 - December 31, 2013.

*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 will 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 below table reflects assumed long-term expected real rates of return over a 30-year horizon upon which the disclosure is based:

Asset Class	Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	8.7%	50%
International Equity	9.7%	10%
Fixed Income	1.5%	30%
Real Estate	10.1%	10%
Cash	N/A	N/A

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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)
<b>Balances at 12/31/2014</b>	\$ 125,723	\$ 124,993	\$ 730
<b>Changes for the year:</b>			
Service Cost	2,673	-	2,673
Interest	9,366	-	9,366
Differences between expected and actual experience	2,228	-	2,228
Assumption Changes	6,997	-	6,997
Contributions-employer	-	3,100	(3,100)
Net investment income	-	9,078	(9,078)
Benefit payments, including refunds of employee contributions	(7,034)	(7,034)	-
Administrative expense	-	(127)	127
Other changes	-	-	-
<b>Net Changes</b>	<b>14,230</b>	<b>5,017</b>	<b>9,213</b>
<b>Balances at 12/31/2015</b>	<b>\$ 139,953</b>	<b>\$ 130,010</b>	<b>\$ 9,943</b>

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

The following presents 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	\$ 22,167	\$ 9,943	\$ (638)

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

For the year ended 2015 the employer recognized pension expense of \$2,508. The employer reported deferred outflows and inflows of \$9,805 of resources related from pensions from the following resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 1,592	\$ -
Differences in assumptions	4,998	-
Excess(deficit) Investment Returns	115	-
Contributions subsequent to the measurement date*	3,100	-
<b>Total</b>	<b>\$ 9,805</b>	<b>\$ -</b>

\*The amount reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction in the Pension Expense for the year ending 2016.

Amounts reported as deferred outflow and inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ended	
2016	\$ 5,765
2017	2,665
2018	1,347
2019	28
2020	-
Total	<u>\$ 9,805</u>

**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 \$3,476 and \$2,870 in 2016 and 2015, respectively. RTD employees cannot contribute to the Plan. Membership was 520 and 474 active employees in 2016 and 2015, 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 \$19,025 and \$16,848 for the years ended December 31, 2016 and 2015, 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.

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**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.

Compensated absences activity for the year ended December 31, 2016, was as follows:

	12/31/2015 Balance	2016 Accruals	2016 Payments	12/31/2016 Balance
Represented employees	\$ 2,560	\$ 1,685	\$ 1,592	\$ 2,653
Salaried employees	10,171	6,670	6,308	10,533
Total compensated absences due	<u>\$12,731</u>	<u>\$ 8,355</u>	<u>\$ 7,900</u>	<u>\$13,186</u>

Compensated absences activity for the year ended December 31, 2015, was as follows:

	12/31/2014 Balance	2015 Accruals	2015 Payments	12/31/2015 Balance
Represented employees	\$ 2,459	\$ 1,592	\$ 1,491	\$ 2,560
Salaried employees	9,745	6,308	5,882	10,171
Total compensated absences due	<u>\$12,204</u>	<u>\$ 7,900</u>	<u>\$ 7,373</u>	<u>\$12,731</u>

The accrued compensation liabilities of \$21,705 and \$19,953 as of December 31, 2016 and December 31, 2015, include \$8,519 and \$7,222 of accrued wages, salaries, and fringe benefits in addition to accrued compensated absences.

**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.

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Fixed rental commitments under the lease in years subsequent to December 31, 2016, are as follows:

<u>Year ending December 31,</u>	
2017	\$ 262
2018	265
2019	267
2020	270
2021	273
2022-2026	1,405
2027-2031	1,477
2032-2036	1,552
2037-2041	1,631
2042-2046	1,714
2047-2051	1,802
2052-2056	1,893
2057-2061	1,990
2062-2066	2,091
2067-2071	2,198
2072-2075	1,839
	<u>\$ 20,929</u>

Rental expense relating to this lease amounted to \$259 and \$257 for the years ended December 31, 2016 and 2015, respectively.

*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, 2016, 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 \$560,716 and \$461,864 in 2016 and 2015, respectively.

*Grant Match Requirements*

Under the provisions of current grants, RTD is obligated to satisfy certain matching requirements of these grants. At December 31, 2016, RTD had a commitment to provide \$253,704 in matching funds in order to receive \$298,811 in future federal and state grant funds.

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*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 2017, slightly over 54.33% 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 will be completed in two phases with Phase I completed in 2016 and Phase II completed in 2017. Under the terms of the Eagle P3 Project agreement, RTD will make scheduled construction payments to DTP each year from 2011 through 2017 for completed project elements. RTD will assume ownership of the Eagle P3 Project elements as they are constructed. In addition, RTD will make scheduled secured principal and interest payments to DTP from 2017 through 2044 for the remaining Eagle P3 Project obligation. The Eagle P3 Project agreement also includes a provision whereby, upon project completion and placement in service, DTP will operate and maintain the Eagle P3 Project during the period 2016 through 2044 for which RTD will make service payments.

In 2012, RTD entered a contract with Kiewit Infrastructure Company to complete the 10.5-mile I-225 light rail line, extending from the currently existing Nine Mile station to connect the Southeast Line to the East Line. The I-225 Line is being completed in coordination with the Colorado Department of Transportation's I-225 highway project and opened in February 2017 to provide connectivity to major activity centers like the Aurora City Center, Anschutz/Fitzsimons Medical Center and Denver International Airport through a transfer at Peoria to the East Rail Line.

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 162<sup>nd</sup> Avenue in North Adams County. The North Metro Rail Line is scheduled to open in 2018.

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.

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**Future Commitments under Service Contracts**

The fixed commitments under the Privatization contracts (bus) in the years subsequent to December 31, 2016 are as follows:

<u>Year ending December 31,</u>	
2017	\$ 91,212
2018	93,313
2019	84,072
2020	43,400
2021	28,883
Total	<u>\$ 340,880</u>

Denver Transit Partner's concessionaire service payment commitments under the lease in years subsequent to December 31, 2016, are as follows:

<u>Year ending December 31,</u>	
2017	\$ 82,168
2018	84,989
2019	111,726
2020	122,077
2021	105,193
2022-2026	621,636
2027-2031	707,673
2032-2036	864,355
2037-2041	941,373
2042-2044	470,519
	<u>\$ 4,111,709</u>

*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 fixed commitment under the Mansfield contract in 2017 is \$16,225. RTD estimates usage of 9.6 million gallons at unit cost of \$1.6902 per gallon: 5.76 million gallons of RTD's usage and 3.84 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.

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*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 \$350 per individual and \$990 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, 2015	\$ 2,691	\$ 2,845	\$ 5,536
Incurred claims (including IBNR)	3,052	4,264	7,316
Claims payments	(2,162)	(3,177)	(5,339)
Unpaid claims, December 31, 2015	3,581	3,932	7,513
Incurred claims (including IBNR)	3,966	5,278	9,244
Claims payments	(3,337)	(4,539)	(7,876)
Unpaid claims, December 31, 2016*	<u>\$ 4,210</u>	<u>\$ 4,671</u>	<u>\$ 8,881</u>

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

*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 is party to a lawsuit in which the plaintiffs/appellants seek to hold unconstitutional a 2013 state statute that made several adjustments to the items upon which RTD and the Scientific and Cultural Facilities District could and could not collect sales tax. The plaintiffs maintained that voter approval was required. The state District Court granted summary judgment in favor of RTD and the other defendants (SCFD and the Colorado Department of Revenue). The plaintiffs appealed to the state Court of Appeals, which affirmed the District Court's ruling. The appellants have now sought discretionary Colorado Supreme Court review, and the Supreme Court has decided to hear the appeal. If the District Court's decision is reversed and the statute

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is ruled unconstitutional, RTD may no longer be authorized to collect certain taxes and may possibly have to refund some taxes previously collected together with interest, costs, and attorneys' fees.

RTD is party to a lawsuit alleging that RTD has violated the Americans with Disabilities Act and Section 504 of the Rehabilitation Act by purchasing and operating light rail vehicles that do not meet the USDOT design specifications and that do not allow sufficient room for wheelchairs to board and maneuver. The complaint also alleges a pattern and practice of discrimination in RTD's operation of its light rail service by not ensuring sufficient room for passengers in wheelchairs to board. Plaintiffs are seeking an injunction that potentially could require RTD to retrofit its fleet of light rail vehicles to remove seating and expand the area for wheelchairs. In addition, Plaintiffs are seeking attorneys' fees and costs. The parties have executed a class settlement agreement and have submitted the matter to the court for preliminary approval; thereafter, the parties will petition the court for final judgment of the class settlement. RTD's costs for the settlement will be handled within RTD's budget.

**NOTE I – NET POSITION**

	December 31,	
	2016	2015
Invested in capital assets, net of related debt	\$ 3,461,952	\$ 3,274,663
Restricted net position		
Restricted debt service	142,564	114,395
Restricted TABOR	21,609	20,284
Restricted FasTracks	(90,794)	(34,639)
Restricted Other	1,500	1,500
Total restricted net position	74,879	101,540
Unrestricted net position		
Unrestricted - represented net pension liability*	(312,980)	(284,175)
Unrestricted - salaried net pension liability	(7,399)	(138)
Unrestricted net position	105,900	85,048
Total unrestricted net position	(214,479)	(199,265)
Total net position	\$ 3,322,352	\$ 3,176,938

\* 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.

**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

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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:

	2016	2015
<b>Revenues and Proceeds</b>		
Revenue, actual	\$ 803,320	\$ 755,349
Proceeds from debt/arbitrage relief	314,174	299,688
Federal capital grants and local contributions	202,235	169,313
Revenue, actual (budgetary basis)	\$ 1,319,729	\$ 1,224,350
Revenue, budget	\$ 1,509,420	\$ 1,431,648
<b>Expenditures</b>		
Expenses, actual	\$ 860,140	\$ 742,463
Capital outlays	693,159	870,055
Depreciation, amortization, other	(222,154)	(152,531)
Long-term debt principal payments	133,098	54,348
Expenditures, actual (budgetary basis)	\$ 1,464,243	\$ 1,514,335
Appropriations, budget	\$ 2,213,487	\$ 2,507,386
<b>Unused appropriations</b>	<b>\$ 749,244</b>	<b>\$ 993,051</b>

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, 2016, there was approximately \$749,244 of unused 2016 appropriations for capital outlays available for carryover to 2017.

**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

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015 (Dollars in Thousands)**

---

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 2016, \$21,609 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 February 3, 2017, RTD refunded the Series 2010 FasTracks Sales Tax Revenue Bonds used for the Denver Union Station Project Authority project. The refunding was completed for both principle and interest savings.

On February 24, 2017, RTD began light rail service with the 10.5 mile R Line connecting the existing track at Nine Mile Station to the Peoria Station as part of the FasTracks Project.

RTD's commuter rail service is operating under a waiver from the Federal Railroad Administration (FRA) which allows RTD's commuter rail service to continue operations while certain modifications to grade-level crossing gates are completed. The waiver is subject to expiration, modification or renewal at the discretion of the FRA and may impact the services provided by RTD.

*REQUIRED SUPPLEMENTARY INFORMATION*

**Required Supplementary Information**

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

**Schedule of Contributions Multiyear**

Last 10 Fiscal Years  
(in thousands)

**ATU 1001 Pension Plan**

Period Ending December 31,	2015	2016 <sup>1</sup>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Actuarially Determined Contribution	\$ 18,752	\$ 17,131											
Actual Contribution	10,758	11,542											
Contribution Deficiency (Excess)	7,994	5,589											
Covered-Employee Payroll	84,774	82,994											
Contribution as a Percentage of Covered-Employee Payroll	12.69%	13.91%											

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

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

Valuation Date:	January 1, 2016
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, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market, 0% corridor
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-2000 Combined Mortality Table, generational projected with Scale AA.
Disabled Mortality	RP-2000 Disabled Mortality Table, generational projected with Scale AA.
Other Information:	
Notes	There were no benefit changes during the year.

See accompanying independent auditors' opinion.

**Schedule of Changes in the Plan's Net Pension Liability and Related Ratios Multiyear  
Last 10 Fiscal Years**  
(in thousands)

**ATU 1001 Pension Plan**

Period Ending December 31, Total Pension Liability	2016 <sup>1</sup>	2015	2014	2013	2012	2011	2010	2009	2008	2007
Service Cost	\$ 13,074	\$ 11,937								
Interest	26,324	27,714								
Changes to Benefit Terms										
Differences Between Expected and Actual Experience	(4,711)	(6,476)								
Assumption Changes	28,095	28,879								
Benefit Payments, Including Lump Sums	(25,439)	(24,312)								
<b>Net Change in Total Pension Liability</b>	<b>\$ 37,343</b>	<b>\$ 37,742</b>								
<b>Total Pension Liability - Beginning</b>	<b>526,136</b>	<b>488,394</b>								
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 563,479</b>	<b>\$ 526,136</b>								
<b>Plan Fiduciary Net Position</b>										
Contributions - RTD	\$ 11,542	\$ 10,758								
Contributions - Members	3,868	3,586								
Net Investment Income	(1,829)	11,779								
Benefit Payments, Including Lump Sums	(25,439)	(24,312)								
Administrative Expenses	(391)	(355)								
Other										
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ (12,249)</b>	<b>\$ 1,456</b>								
<b>Plan Fiduciary Net Position - Beginning</b>	<b>214,464</b>	<b>213,008</b>								
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 202,215</b>	<b>\$ 214,464</b>								
<b>Plan's Net Pension Liability - Beginning</b>										
<b>Plan's Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 361,264</b>	<b>\$ 311,672</b>								
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a)</b>	<b>35.89%</b>	<b>40.76%</b>								
<b>Covered-Employee Payroll</b>	<b>82,894</b>	<b>84,774</b>								
<b>Plan's Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<b>435.29%</b>	<b>367.65%</b>								

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

See accompanying independent auditors' opinion.

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

**RTD Salaried Pension Plan**

Period Ending December 31,	2016 <sup>1</sup>	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	\$ 6,788	\$ 5,682								
Actual Contribution	3,100	3,100								
Contribution Deficiency (Excess)	3,668	2,582								
Covered-Employee Payroll	31,257	30,880								
Contribution as a Percentage of Covered-Employee Payroll	9.92%	10.04%								

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

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

Valuation Date:	January 1, 2015
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	16 years
Asset Valuation Method	Smoothed over 5 years, based on Actuarial Value of Assets expected return.
Inflation	3.00%
Salary Increases	4.75%-9.75%
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%
	Vested inactive participants are assumed to retire at age 62.
Mortality (Annuities)	Healthy Participants: RP-2014 Blue Collar Mortality Tables for healthy employees and annuitants
	Disabled Participants: RP-2014 Disabled Retiree Tables
Mortality (Lump Sums)	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: \$165 per year payable monthly

See accompanying independent auditors' opinion.

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

**Last 10 Fiscal Years**

(in thousands)

**RTD Salaried Pension Plan**

Period Ending December 31,	2016 <sup>1</sup>	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Total Pension Liability</b>										
Service Cost	\$ 3,342	\$ 2,673								
Interest	10,388	9,366								
Changes to Benefit Terms	-	-								
Differences Between Expected and Actual Experience	3,869	2,228								
Assumption Changes	3,601	6,997								
Benefit Payments, Including Lump Sums	(9,582)	(7,034)								
<b>Net Change in Total Pension Liability</b>	\$ 11,618	\$ 14,230								
<b>Total Pension Liability - Beginning</b>	139,953	125,723								
<b>Total Pension Liability - Ending (a)</b>	\$ 151,571	\$ 139,953								
<b>Plan Fiduciary Net Position</b>										
Contributions - RTD	\$ 3,100	\$ 3,100								
Contributions - Members	-	-								
Net Investment Income	(610)	9,078								
Benefit Payments, Including Lump Sums	(9,582)	(7,034)								
Administrative Expenses	(141)	(127)								
Other	-	-								
<b>Net Change in Plan Fiduciary Net Position</b>	\$ (7,233)	\$ 5,017								
<b>Plan Fiduciary Net Position - Beginning</b>	130,010	124,993								
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 122,777	\$ 130,010								
Plan's Net Pension Liability - Beginning	730	730								
<b>Plan's Net Pension Liability - Ending (a) - (b)</b>	\$ 28,794	\$ 9,943								
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)</b>	81.00%	92.90%								
<b>Covered-Employee Payroll</b>	31,257	30,880								
<b>Plan's Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	92.12%	32.20%								

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

*SUPPLEMENTAL INFORMATION*

**REGIONAL TRANSPORTATION DISTRICT**  
**SCHEDULE OF EXPENSE AND REVENUE**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**Year Ended December 31, 2016**  
**(In Thousands)**

	Adopted Budget	Final Budget	Actual	Variance - positive (negative)
Operating revenue				
Passenger fares	\$ 158,073	\$ 130,173	\$ 134,622	\$ 4,449
Other	5,384	4,797	5,803	1,006
Total operating revenue	<u>163,457</u>	<u>134,970</u>	<u>140,425</u>	<u>5,455</u>
Operating expenses				
Salaries and wages	162,560	163,836	163,650	186
Fringe benefits	58,779	59,130	96,389	(37,259)
Materials and supplies	58,556	60,001	52,180	7,821
Services	141,244	139,385	58,560	80,825
Utilities	21,487	19,382	14,220	5,162
Insurance	7,740	7,665	10,382	(2,717)
Purchased transportation	176,361	175,696	156,605	19,091
Leases and rentals	3,732	3,557	3,288	269
Miscellaneous	4,969	9,601	4,183	5,418
Total operating expenses	<u>635,428</u>	<u>638,253</u>	<u>559,457</u>	<u>78,796</u>
Operating loss	<u>(471,971)</u>	<u>(503,283)</u>	<u>(419,032)</u>	<u>84,251</u>
Nonoperating revenue (expenses)				
Sales and use tax	590,487	569,763	563,598	(6,165)
Grant operating assistance	83,763	96,767	77,335	(19,432)
Investment income	1,240	3,840	6,371	2,531
Other income	11,029	20,200	9,927	(10,273)
Gain/loss on capital assets	-	-	5,664	5,664
Interest expense	(117,313)	(117,313)	(77,272)	40,041
Other expense/unrealized loss capital assets	-	-	(1,258)	(1,258)
Total nonoperating revenue (expenses)	<u>569,206</u>	<u>573,257</u>	<u>584,365</u>	<u>11,108</u>
Proceeds from debt	<u>413,025</u>	<u>457,091</u>	<u>314,174</u>	<u>(142,917)</u>
Capital outlay				
Capital expenses	1,605,069	1,396,223	693,159	(703,064)
Less capital grants	(271,159)	(258,089)	(202,235)	55,854
	<u>1,333,910</u>	<u>1,138,134</u>	<u>490,924</u>	<u>(647,210)</u>
Long-term debt principal payment	<u>(61,698)</u>	<u>(61,698)</u>	<u>(133,098)</u>	<u>(71,400)</u>
Excess (deficiency) of revenue and nonoperating income over (under) expenses, capital outlays and debt principal payments	<u>\$ (885,348)</u>	<u>\$ (672,767)</u>	<u>(144,515)</u>	<u>\$ 528,252</u>
Increases (decreases) to reconcile budget basis to GAAP basis				
Capital expenses			693,159	
Proceeds from debt			(314,174)	
Long-term debt principal payment			133,098	
Depreciation			(222,154)	
<b>INCREASE IN NET POSITION</b>			<u>\$ 145,414</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.

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

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

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

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

REGIONAL TRANSPORTATION DISTRICT  
NET POSITION BY COMPONENT<sup>1</sup> (In Thousands)

Table 1

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Invested in capital assets, net of related debt (Note I)	\$ 3,461,952	\$ 3,274,663	\$ 2,987,694	\$ 2,788,100	\$ 2,348,966	\$ 1,872,790	\$ 1,597,631	\$ 1,456,493	\$ 1,338,453	\$ 1,162,486
Restricted (Note I)										
Emergencies	21,609	20,284	19,193	18,304	17,451	16,392	15,486	15,158	16,821	16,829
Debt and other	53,270	81,256	155,345	117,827	316,711	491,313	424,348	442,489	393,223	412,822
<b>Total restricted net position</b>	<b>74,879</b>	<b>101,540</b>	<b>174,538</b>	<b>136,131</b>	<b>334,162</b>	<b>507,705</b>	<b>439,834</b>	<b>457,647</b>	<b>410,044</b>	<b>429,651</b>
<b>Unrestricted net position (note I)</b>	<b>(214,479)</b>	<b>(199,265)</b>	<b>18,842</b>	<b>53,218</b>	<b>45,782</b>	<b>46,199</b>	<b>166,299</b>	<b>132,035</b>	<b>143,913</b>	<b>186,280</b>
<b>Total net position</b>	<b>\$ 3,322,352</b>	<b>\$ 3,176,938</b>	<b>\$ 3,181,074</b>	<b>\$ 2,977,449</b>	<b>\$ 2,728,910</b>	<b>\$ 2,426,694</b>	<b>\$ 2,203,764</b>	<b>\$ 2,046,175</b>	<b>\$ 1,892,410</b>	<b>\$ 1,778,417</b>

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

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

**Table 2**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Operating Revenues:</b>										
Passenger Fares	\$ 134,622	\$ 120,530	\$ 120,497	\$ 117,841	\$ 112,929	\$ 108,497	\$ 97,942	\$ 96,890	\$ 88,205	\$ 77,128
Other	5,803	5,347	4,406	5,199	5,333	4,882	4,414	4,357	4,124	4,382
<b>Total Operating Revenues</b>	<b>140,425</b>	<b>125,877</b>	<b>124,903</b>	<b>123,040</b>	<b>118,262</b>	<b>113,379</b>	<b>102,356</b>	<b>101,247</b>	<b>92,329</b>	<b>81,510</b>
<b>Operating Expenses:</b>										
Salaries, wages, fringe benefits	260,039	227,207	204,790	192,405	178,974	166,332	160,498	161,747	155,799	150,560
Materials and supplies	52,180	58,884	62,156	64,798	58,300	52,015	48,310	56,835	61,056	49,157
Services	58,560	79,749	108,920	112,479	109,853	48,357	60,553	42,783	36,835	30,654
Utilities	14,220	13,673	14,151	13,567	11,833	11,627	10,977	9,512	10,575	8,678
Insurance	10,382	8,102	5,273	5,568	3,776	6,089	5,429	3,767	5,333	5,090
Purchased transportation	156,605	113,216	114,942	113,006	111,130	108,865	104,514	103,975	102,743	97,819
Leases and rentals	3,288	3,462	3,264	3,210	2,401	1,964	2,515	2,680	2,464	2,195
Miscellaneous	4,183	4,531	6,561	6,448	15,741	2,082	3,315	6,866	2,619	2,390
<b>Total Operating Expenses</b>	<b>559,457</b>	<b>508,824</b>	<b>520,057</b>	<b>511,481</b>	<b>492,008</b>	<b>397,331</b>	<b>396,111</b>	<b>388,165</b>	<b>377,424</b>	<b>346,543</b>
<b>Operating loss before depreciation</b>	<b>(419,032)</b>	<b>(382,947)</b>	<b>(395,154)</b>	<b>(388,441)</b>	<b>(373,746)</b>	<b>(283,952)</b>	<b>(293,755)</b>	<b>(286,918)</b>	<b>(285,095)</b>	<b>(265,033)</b>
Depreciation	222,154	152,531	139,045	127,256	115,269	104,280	104,176	106,025	102,252	103,302
<b>Operating Loss</b>	<b>(641,186)</b>	<b>(535,478)</b>	<b>(534,199)</b>	<b>(515,697)</b>	<b>(489,015)</b>	<b>(388,232)</b>	<b>(397,931)</b>	<b>(392,943)</b>	<b>(387,347)</b>	<b>(368,335)</b>
<b>Nonoperating income (expense):</b>										
Sales and use tax revenues	563,598	541,518	514,721	468,586	449,787	415,180	397,549	371,405	412,824	418,407
Grant operating assistance	77,335	73,383	75,544	88,243	68,927	89,592	92,655	68,146	50,814	47,040
Interest income	6,371	3,164	165	2,040	2,613	6,484	8,065	29,379	52,456	57,471
Other income	9,927	10,322	10,248	28,170	11,035	11,356	3,653	3,243	3,106	4,706
Gain/Loss on Capital Assets	5,664	1,085	6,613	(82)	3,459	(6,101)	(3,474)	40	1	1,055
Interest expense	(77,272)	(79,686)	(72,293)	(61,223)	(51,371)	(51,274)	(48,735)	(34,179)	(56,273)	(52,272)
Other expense/Unrealized Loss A	(1,258)	(1,422)	(3,605)	(4,064)	(4,895)	(150)	(1,671)	(23,037)	(977)	(861)
<b>Total Nonoperating Income</b>	<b>584,365</b>	<b>548,364</b>	<b>531,393</b>	<b>521,670</b>	<b>479,555</b>	<b>465,087</b>	<b>448,042</b>	<b>414,997</b>	<b>461,951</b>	<b>475,546</b>
<b>Net income before capital grants and local contribution</b>	<b>(56,821)</b>	<b>12,886</b>	<b>(2,806)</b>	<b>5,973</b>	<b>(9,460)</b>	<b>76,855</b>	<b>50,111</b>	<b>22,054</b>	<b>74,604</b>	<b>107,211</b>
<b>Capital grants and local contribution</b>	<b>202,235</b>	<b>169,313</b>	<b>206,431</b>	<b>242,566</b>	<b>311,676</b>	<b>238,292</b>	<b>107,478</b>	<b>131,711</b>	<b>39,389</b>	<b>115,133</b>
<b>Increase in Net Position</b>	<b>145,414</b>	<b>182,199</b>	<b>203,625</b>	<b>248,539</b>	<b>302,216</b>	<b>315,147</b>	<b>157,589</b>	<b>153,765</b>	<b>113,993</b>	<b>222,344</b>
<b>Net Position, Beginning of Year, (as previously reported)</b>	<b>3,176,938</b>	<b>3,181,074</b>	<b>2,977,449</b>	<b>2,728,910</b>	<b>2,426,694</b>	<b>2,203,764</b>	<b>2,046,175</b>	<b>1,892,410</b>	<b>1,778,417</b>	<b>1,556,073</b>
<b>Change in accounting principle, (note A)</b>		<b>(186,335)</b>								
<b>Net Position, Beginning of Year, (as restated)</b>		<b>2,994,739</b>								
<b>Prior Period Adjustment</b>						<b>(92,217)</b>				
<b>Net Position at End of Year</b>	<b>\$3,322,352</b>	<b>\$3,176,938</b>	<b>\$3,181,074</b>	<b>\$2,977,449</b>	<b>\$2,728,910</b>	<b>\$2,426,694</b>	<b>\$2,203,764</b>	<b>\$2,046,175</b>	<b>\$1,892,410</b>	<b>\$1,778,417</b>

**REGIONAL TRANSPORTATION DISTRICT  
OPERATING AND OTHER EXPENSES AND CAPITAL OUTLAYS<sup>1</sup>**

**Table 3**

Last Ten Years (Unaudited)

(In Thousands)

Year	Transit Operating Expenses <sup>2</sup>	Planning, Administrative and Development	Depreciation	Interest Expense <sup>2</sup>	Other Nonoperating Expenses	Capital Outlays <sup>2</sup>	Total
2007	\$ 302,626	\$ 43,916	\$ 103,302	\$ 52,272	\$ 861	\$ 156,785	\$ 659,762
2008	324,931	52,492	102,252	56,273	977	282,758	819,683
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

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

<sup>2</sup> RTD capitalizes certain interest costs, which are included in capital outlays.

**REGIONAL TRANSPORTATION DISTRICT**

**REVENUE BY SOURCE<sup>1</sup>**

Last Ten Years (Unaudited)

(In Thousands)

**Table 4**

Year	Operating Revenues		Sales/Use Tax		Grant Operating Assistance		Interest Income		Other		Total Revenue		Capital Grants		Local Contributions		Total Revenue and Capital Grant & Contributions	
	\$		\$		\$		\$		\$		\$		\$		\$		\$	
2007	81,510		418,407		47,041		57,471		4,706		609,135		107,577		7,558		724,270	
2008	92,329		412,824		50,814		52,456		3,106		611,529		39,220		169		650,918	
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	140,425		563,598		77,335		6,371		15,591		803,320		185,324		16,911		1,005,555	

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

**REGIONAL TRANSPORTATION DISTRICT**  
**DEBT COVERAGE RATIOS<sup>1</sup>**  
(In Thousands)

**Table 5**

**LAST TEN YEARS (UNAUDITED)**

	Sales Tax Bond Debt Service Requirements <sup>2</sup>			Total	Sales Tax Collections		Coverage Ratio
	Interest	Principal	Total		Collections	Ratio	
2007	\$ 48,445	\$ 38,590	\$ 87,035	\$ 418,407	4.81		
2008	44,944	45,505	90,449	412,824	4.56		
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	514,721	5.28		
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		

**Certificate of Participation Debt Service Requirements**

	Interest	Principal	Total
2007	\$ 14,428	\$ 17,105	\$ 31,533
2008	14,502	17,515	32,017
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

**DEBT COVERAGE RATIOS (Continued)**

(In Thousands)

	Total Debt Service Requirements			Total	Total Revenue	Coverage Ratio
	Interest	Principal	Total			
2007	\$ 62,873	\$ 55,695	\$ 118,568	\$ 609,135	5.14	
2008	59,446	63,020	122,466	611,528	4.99	
2009	56,924	62,770	119,694	573,460	4.79	
2010	60,035	71,236	131,271	654,083	4.98	
2011	99,619	50,965	150,584	874,283	5.81	
2012	99,203	54,786	153,989	965,494	6.27	
2013	108,071	46,460	154,531	952,645	6.16	
2014	128,323	57,002	185,325	938,645	5.08	
2015	141,327	54,338	195,665	924,662	4.73	
2016	145,863	61,698	207,561	1,005,555	4.84	

<sup>1</sup> 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**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
January 1 population within RTD service area <sup>1</sup>	2,920,000	2,870,000	2,870,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,760,000	2,700,000
Cities and towns served	40	40	40	40	40	40	40	40	40	40
Square miles in service area	2,342	2,340	2,340	2,340	2,340	2,348	2,348	2,348	2,337	2,331
Total miles <sup>2</sup>	44,368,116	47,575,444	45,746,927	45,246,715	38,824,067	42,996,614	41,449,988	48,862,622	49,947,763	50,706,993
Passenger stops	9,077	9,566	9,751	9,509	9,841	9,698	10,140	10,199	10,199	10,329
Number of fixed routes	172	137	138	136	145	138	148	150	165	170
Local	124	65	65	66	71	64	66	67	72	73
Limited	16	18	11	11	11	11	11	11	13	15
Express	-	15	14	14	17	16	20	20	24	25
Regional	16	20	17	17	17	17	16	16	18	18
Skyside	3	5	5	5	5	5	5	5	5	5
Boulder City	13	13	13	13	13	12	14	15	15	15
Longmont City	4	4	4	4	4	4	4	7	7	8
Miscellaneous	5	8	9	7	7	9	9	9	11	11
Ridership average weekday, including Mail Shuttle and Light Rail	187,637	208,086	211,702	208,387	210,811	205,504	209,172	212,758	224,918	207,734
Ridership average weekday, including Mail Shuttle	236,573	252,034	255,696	254,071	255,501	254,197	255,068	259,873	273,737	255,987
Ridership average weekday, including Mail Shuttle, Light Rail, ADA, and Van Pool	331,580	338,363	344,348	335,391	326,747	325,900	323,311	328,291	344,954	320,311
Total annual boardings without Mail Shuttle, Light Rail and ADA	59,005,677	62,833,246	63,935,032	63,010,579	63,640,443	61,634,723	62,902,963	63,578,004	67,910,015	62,007,583
Total annual boardings, including Mail Shuttle	71,345,729	76,257,759	77,464,530	77,079,604	77,320,228	76,577,627	76,825,609	77,928,088	82,727,534	76,620,488
Total annual boardings, including Mail Shuttle and Light Rail	100,248,216	101,776,337	103,851,061	100,844,239	97,959,296	97,272,342	96,657,335	97,687,476	103,362,667	95,275,984
Total annual boardings, including Mail Shuttle, Light Rail, ADA service, and Van Pool	101,322,384	102,991,663	104,987,248	101,966,009	99,122,065	98,384,862	97,724,328	98,746,429	104,071,339	96,326,580
Daily miles operated (average weekday), including Mail Shuttle	120,613	119,076	107,635	106,709	129,517	117,261	124,248	149,750	152,848	155,153
Daily miles operated (average weekday), including Mail Shuttle and Light Rail	136,677	131,221	119,706	118,385	139,083	126,849	134,294	159,824	163,987	166,571
Diesel fuel consumption, gallons <sup>3</sup>	5,550,000	5,550,000	5,550,000	5,600,000	5,400,000	5,400,000	5,200,000	5,400,000	6,000,000	6,000,000
Total active buses	1,023	1,021	1,011	992	998	969	1,025	1,050	1,039	1,071
Wheelchair lift equipped buses	1,023	1,021	1,011	992	998	969	1,025	1,050	1,039	1,071
Number of employees <sup>3</sup>										
Salaried	779	779	735	752	700	697	696	664	623	611
Represented (includes part-time)	2,034	1,955	1,929	1,901	1,715	1,785	1,744	1,802	1,903	1,923
Fleet requirements (peak hours)	834	834	821	785	779	797	806	830	862	862
Operating facilities <sup>3</sup>	7	7	7	6	6	6	6	6	6	6

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

<sup>2</sup> Reflects total Miles, including Light Rail.

<sup>3</sup> Excludes purchased transportation services.

**Debt Disclosure Tables for 2016 CAFR**

<b>CAFR Table</b>	<b>Table Title</b>
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 2014 and 2015 Budget
16	Trip Fares
17	RTD Net Retail Sales

**Debt Disclosure Tables Updated in Body of 2016 CAFR**

<b>Table Title</b>	<b>Location in CAFR</b>
RTD Revenues by Source Summary Balance Sheet	Statistical Section – Table 4 Statements of Net Position – pg. 37-38

**REGIONAL TRANSPORTATION DISTRICT  
2017-2022 STRATEGIC BUDGET PLAN - OPERATING PROGRAM (In Thousands)**

**Table 7**

Program	2017	2018	2019	2020	2021	2022	Total Cost
Interest Payments <sup>1,2</sup>	\$ 28,276	\$ 26,238	\$ 23,538	\$ 20,640	\$ 17,558	\$ 14,471	\$ 130,721
Bus Operations – Current RTD	136,109	140,251	143,644	147,498	151,376	155,339	874,217
Bus Operations – Private Carrier after Contract	97,276	100,222	102,559	105,304	108,065	110,883	624,309
Bus Operations - call-n-Ride	7,374	7,603	7,827	8,036	8,247	8,463	47,550
Private Contract Administration Costs	372	383	395	405	416	427	2,398
Service Increases – RTD-Operated	1,362	1,366	1,400	-	-	-	4,128
Service Increases – Private Contractor	1,027	1,030	1,057	-	-	-	3,114
FasTracks Service Allocation - Bus <sup>1</sup>	(15,843)	(16,338)	(16,820)	(17,275)	(17,734)	(18,204)	(102,214)
Cost Sharing Agreements - Bus Service	3,024	3,118	3,211	3,297	3,385	3,475	19,510
Van Pool Program	976	1,007	1,036	1,064	1,093	1,121	6,297
Section 5011 Local Match	860	887	913	937	962	988	5,547
LRT Operations	66,975	69,388	73,502	75,433	77,440	79,492	442,230
ADA Operating Costs	44,360	45,709	46,810	48,065	49,328	50,617	284,889
FasTracks Service Allocation - ADA <sup>1</sup>	(2,010)	(2,073)	(2,135)	(2,193)	(2,251)	(2,310)	(12,972)
Facilities Maintenance - Base	20,600	21,228	21,733	22,321	22,915	23,522	132,319
Facilities Maintenance - Additional Costs	197	218	224	230	236	243	1,348
Capital Programs - Base	42,815	44,120	45,172	46,393	47,627	48,890	275,017
Capital Programs - Additional Costs	3,831	334	344	355	363	136	5,363
Direct Costs - Other Departments	623	642	661	680	697	715	4,018
Indirect Costs - Other Departments	89,115	93,001	93,895	95,055	95,766	120,770	587,602
FasTracks - Cost Allocation	(36,850)	(38,003)	(42,710)	(43,863)	(45,029)	(46,223)	(252,678)
<b>Grand Total</b>	<b>\$ 490,469</b>	<b>\$500,331</b>	<b>\$506,256</b>	<b>\$512,382</b>	<b>\$520,460</b>	<b>\$552,815</b>	<b>\$ 3,082,713</b>

<sup>1</sup> Interest payments are not presented in year of expenditure dollars.

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

REGIONAL TRANSPORTATION DISTRICT  
2017-2022 STRATEGIC BUDGET PLAN - CAPITAL PROGRAM (In Thousands)

Table 8

Program	2017	2018	2019	2020	2021	2022	Total Cost
Long Term Debt Service <sup>1,2</sup>	\$ 48,605	\$ 57,925	\$ 61,825	\$ 64,740	\$ 62,255	\$ 56,705	\$ 352,055
Fleet Modernization and Expansion <sup>3</sup>							
Buses and ADA Vehicles	6,930	25,586	30,276	31,724	24,797	48,326	167,639
Other	206	212	219	225	230	237	1,329
Light Rail Vehicles	35,575	27,795	-	-	-	-	63,370
Passenger Infrastructure <sup>3</sup>							
Bus Infrastructure	6,434	478	492	-	518	-	7,922
Rail Infrastructure	2,059	2,230	2,296	2,245	2,305	2,366	13,501
Park-n-Rides <sup>3</sup>	1,544	-	-	-	-	-	1,544
Capital Support Equipment <sup>3</sup>							
Vehicles and Bus Maintenance Equipment	93	96	98	101	104	106	598
Information Systems, Computer Equip. for Ops.	3,274	1,189	1,531	1,707	-	391	8,092
Security Equipment	232	557	574	589	605	592	3,149
Bus Maintenance Facilities <sup>3</sup>							
District Shops	82	-	-	-	-	-	82
Facilities Construction and Maintenance <sup>3</sup>	5,915	1,062	-	-	-	-	6,977
Systems Planning <sup>3</sup>	4,127	5,456	1,776	-	-	70,984	82,343
Discretionary Capital <sup>3</sup>	154	160	164	168	173	177	996
<b>Grand Total</b>	<b>\$ 115,230</b>	<b>\$ 122,746</b>	<b>\$ 99,251</b>	<b>\$ 101,499</b>	<b>\$ 90,987</b>	<b>\$ 179,884</b>	<b>\$ 709,597</b>

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

<sup>2</sup> Long-term debt service costs include principal payments on bonds and CDPs and are not presented in year of expenditure dollars.

<sup>3</sup> Capital expenditures and discretionary capital amounts are presented in year of expenditure dollars.

**REGIONAL TRANSPORTATION DISTRICT  
STATEMENT OF DEBT  
as of December 31, 2016**

**Table 9**

<b>Sales Tax Bonds</b>	<b>Outstanding<sup>2</sup></b>
RTD Sales Tax Revenue Refunding Bonds, Series 2007 <sup>1</sup> - FasTracks	\$ 373,638
RTD Sales Tax Revenue Refunding Bonds, Series 2007 <sup>1</sup>	74,203
RTD Sales Tax Revenue Refunding Bonds, Series 2010 <sup>1</sup>	7,417
RTD Subordinate Sales Tax Revenue (DUSPA) Fastracks, Series 2010	151,263
RTD Sales FasTracks Tax Revenue Bonds, Series 2010AB <sup>1</sup>	381,089
RTD Sales FasTracks Tax Revenue Bonds, Series 2012A <sup>1</sup>	534,255
RTD Sales Tax Revenue Bonds, Series 2013A <sup>1</sup>	44,327
RTD Sales FasTracks Tax Revenue Bonds, Series 2013AB <sup>1</sup>	243,549
RTD Sales Tax TIFIA Loan <sup>4</sup>	305,675
RTD Sales FasTracks Tax Revenue Bonds, Series 2016A <sup>1</sup>	229,949
<b>Total Sales Tax Revenue Debt</b>	<b>\$ 2,345,365</b>

<b>Lease Purchase Agreements</b>	<b>Outstanding<sup>2</sup></b>
Master Lease Purchase Agreement II Fixed Rate Taxable Certificates of Participation, Series 2007A	7,620
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, FasTracks Series 2010AB	289,270
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2013A	222,705
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2014A	464,209
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2015A	210,969
2016A JPM Lease Purchase Agreement Refunding	74,470
<b>Total Certificates of Participation Debt</b>	<b>\$ 1,269,243</b>
<b>Total Debt</b>	<b>\$ 3,614,608</b>

RTD Distirct Populaiton <sup>3</sup>	2,920,000
Per Capita Debt Requirement	\$ 1,238

<sup>1</sup> 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".

<sup>2</sup> RTD is current on its obligations under all such debt.

<sup>3</sup> Population is based on estimates provided by the Denver Regional Council of Governments.

<sup>4</sup> Capitalized interest thru 2020

**ANNUAL RIDERSHIP AND FARE REVENUE - 2007-2016**

(In Thousands)

**Table 10**

<b>Year</b>	<b>Revenue Boardings<sup>1</sup></b>	<b>Fare Revenue</b>	<b>Percent Change in Fare Revenue</b>
2007	81,714	\$ 77,128	14.9%
2008	89,254	88,205	14.4%
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%

<sup>1</sup> Totals for 2007-2016 include both access-a-Ride boardings and vanpool boardings.

**ADVERTISING AND ANCILLARY REVENUES - 2007-2016**

(In Thousands)

**Table 11**

<b>Year</b>	<b>Advertising Revenue</b>	<b>Ancillary Revenues</b>
2007	\$ 3,194	\$ 4,706
2008	2,854	3,106
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

**GRANT RECEIPTS AND LOCAL CONTRIBUTIONS - 2007-2016**

(In Thousands)

**Table 12**

<b>Year</b>	<b>Grant Capital</b>	<b>Local Contributions</b>	<b>Grant Operating Assistance</b>
2007	\$ 107,577	\$ 7,556	\$ 47,041
2008	39,220	169	50,814
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

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

**Table 13**

(In Thousands)

	Years ended December 31				
	2016	2015	2014	2013	2012
<b>Operating Revenues:</b>					
Passenger Fares	\$ 134,622	\$ 120,530	\$ 120,497	\$ 117,841	\$ 112,929
Other	5,803	5,347	4,406	5,199	5,333
<b>Total Operating Revenues</b>	<b>140,425</b>	<b>125,877</b>	<b>124,903</b>	<b>123,040</b>	<b>118,262</b>
<b>Operating Expenses:</b>					
Salaries, wages, fringe benefits	260,039	227,207	204,790	192,405	178,974
Materials and supplies	52,180	58,884	62,156	64,798	58,300
Services	58,560	79,749	108,920	112,479	109,853
Utilities	14,220	13,673	14,151	13,567	11,833
Insurance	10,382	8,102	5,273	5,568	3,776
Purchased transportation	156,605	113,216	114,942	113,006	111,130
Leases and rentals	3,288	3,462	3,264	3,210	2,401
Miscellaneous	4,183	4,531	6,561	6,448	15,741
<b>Total Operating Expenses</b>	<b>559,457</b>	<b>508,824</b>	<b>520,057</b>	<b>511,481</b>	<b>492,008</b>
Operating loss before depreciation	(419,032)	(382,947)	(395,154)	(388,441)	(373,746)
Depreciation	222,154	152,531	139,045	127,256	115,269
<b>Operating Loss</b>	<b>(641,186)</b>	<b>(535,478)</b>	<b>(534,199)</b>	<b>(515,697)</b>	<b>(489,015)</b>
<b>Nonoperating income (expense):</b>					
Sales and use tax revenues	563,598	541,518	514,721	468,586	449,787
Grant operating assistance	77,335	73,383	75,544	88,243	68,927
Interest income	6,371	3,164	165	2,040	2,613
Other income	9,927	10,322	10,248	28,170	11,035
Gain/Loss on Capital Assets	5,664	1,085	6,613	(82)	3,459
Interest expense	(77,272)	(79,686)	(72,293)	(61,223)	(51,371)
Other expense/Unrealized Loss	(1,258)	(1,422)	(3,605)	(4,064)	(4,895)
<b>Total Nonoperating Income</b>	<b>584,365</b>	<b>548,364</b>	<b>531,393</b>	<b>521,670</b>	<b>479,555</b>
Net income before capital grants and local contributions	(56,821)	12,886	(2,806)	5,973	(9,460)
Federal capital grants and local contributions	202,235	169,313	206,431	242,566	311,676
<b>Increase in Net Position</b>	<b>145,414</b>	<b>182,199</b>	<b>203,625</b>	<b>248,539</b>	<b>302,216</b>
Net Position, Beginning of Year (as previously reported)	3,176,938	3,181,074	2,977,449	2,728,910	2,426,694
Net Position, Beginning of Year (as restated)		2,994,739			
<b>Net Position at End of Year</b>	<b>\$ 3,322,352</b>	<b>\$ 3,176,938</b>	<b>\$ 3,181,074</b>	<b>\$ 2,977,449</b>	<b>\$ 2,728,910</b>

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

Table 14

	2016		2015		2014		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Operating revenues:										
Passenger fares	\$ 130,173	\$ 134,622	\$ 123,373	\$ 120,530	\$ 124,885	\$ 120,497	\$ 119,346	\$ 117,841	\$ 116,092	\$ 112,929
Other	4,797	5,803	5,245	5,347	5,423	4,406	5,423	5,199	5,425	5,333
Total operating revenues	<u>134,970</u>	<u>140,425</u>	<u>128,618</u>	<u>125,877</u>	<u>130,408</u>	<u>124,903</u>	<u>124,769</u>	<u>123,040</u>	<u>121,517</u>	<u>118,262</u>
Operating expenses:										
Salaries, wages, fringe benefits	222,966	260,039	202,135	227,207	184,597	204,790	131,347	192,405	159,460	178,974
Materials and supplies	60,001	52,180	67,741	58,884	67,259	62,156	69,469	64,798	59,714	58,300
Services	139,385	58,560	139,607	79,749	143,911	108,920	149,007	112,479	189,519	109,853
Utilities	19,382	14,220	15,015	13,673	15,334	14,151	14,846	13,567	11,705	11,833
Insurance	7,665	10,382	7,595	8,102	7,470	5,273	6,270	5,568	6,299	3,776
Purchase transportation	175,696	156,605	114,214	113,216	118,189	114,942	116,675	113,006	113,346	111,130
Leases and rentals	3,557	3,288	3,415	3,462	3,289	3,264	3,263	3,210	2,464	2,401
Miscellaneous	9,601	4,183	5,824	4,531	6,931	6,561	17,916	6,448	16,983	15,741
Total Operating Expenses	<u>638,253</u>	<u>559,457</u>	<u>555,546</u>	<u>508,824</u>	<u>546,980</u>	<u>520,057</u>	<u>508,793</u>	<u>511,481</u>	<u>559,490</u>	<u>492,008</u>
Operating loss	(503,283)	(419,032)	(426,928)	(382,947)	(416,572)	(395,154)	(384,024)	(388,441)	(437,973)	(373,746)
Nonoperating revenue (expense):										
Sales and use tax	569,763	563,598	551,368	541,518	503,448	514,721	466,429	468,586	436,521	449,787
Grant operating assistance	96,767	77,335	78,832	73,383	92,866	75,544	82,385	88,243	79,760	68,927
Interest income	3,840	6,371	4,310	3,164	2,372	165	3,165	2,040	3,338	2,613
Other income	20,200	9,927	11,020	10,322	20,721	10,248	15,246	28,170	21,186	11,035
Gain/Loss on capital assets	-	5,664	-	1,085	-	6,613	-	(82)	-	3,459
Interest expense	(117,313)	(77,272)	(95,365)	(79,686)	(99,405)	(72,293)	(79,473)	(61,223)	(50,079)	(51,371)
Other expense/Unrealized loss	-	(1,258)	-	(1,422)	-	(3,605)	-	(4,064)	-	(4,895)
Total nonoperating revenue	<u>573,257</u>	<u>584,365</u>	<u>550,165</u>	<u>548,364</u>	<u>520,002</u>	<u>531,393</u>	<u>487,752</u>	<u>521,670</u>	<u>490,726</u>	<u>479,555</u>
Proceeds from issuance of long-term debt	457,091	314,174	457,091	299,688	795,604	573,324	261,376	693,841	583,788	545,763
Capital outlay										
Capital expenses	1,396,223	693,159	1,687,076	870,055	1,811,720	862,701	1,811,720	769,359	1,709,182	702,119
Less capital grants	(258,089)	(202,235)	(206,451)	(169,313)	(276,073)	(206,431)	(261,264)	(242,566)	(260,907)	(311,676)
Long-term debt principal payment	61,698	133,098	58,942	54,348	62,187	57,002	46,460	442,598	56,563	57,827
Excess (deficit) of revenue and nonoperating income over (under) expenses, capital outlay and debt principal payments	<u>\$ (672,767)</u>	<u>(144,515)</u>	<u>(959,239)</u>	<u>(289,985)</u>	<u>(698,800)</u>	<u>(3,709)</u>	<u>(1,231,812)</u>	<u>(142,321)</u>	<u>(868,297)</u>	<u>203,302</u>
Increases (decreases) to reconcile budget basis to GAAP basis										
Capital expenditures		693,159		870,055		862,701		769,359		702,119
Long-term debt proceeds		(314,174)		(299,688)		(573,324)		(693,841)		(545,763)
Long-term debt principal		133,098		54,348		57,002		442,598		57,827
Depreciation		(222,154)		(152,531)		(139,045)		(127,256)		(115,369)
Net income		<u>\$ 145,414</u>		<u>\$ 182,199</u>		<u>\$ 203,625</u>		<u>\$ 248,539</u>		<u>\$ 302,116</u>

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

REGIONAL TRANSPORTATION DISTRICT  
FISCAL YEAR 2016 AND 2017 BUDGET SUMMARY (in thousands)

Table 15

	2016	August 2016	2017
	Adopted Budget	Amended Budget	Adopted Budget
<b>Beginning net position</b>	\$ 3,767,719	\$ 3,447,506	\$ 3,830,395
Revenues:			
Operating	163,457	134,970	156,434
Sales & use taxes	590,488	569,763	608,274
Federal and local grants	354,922	354,856	477,004
Interest and other income	12,269	24,040	16,525
FasTracks - change in construction reserve	27,229	7,466	(22,438)
Financing proceeds	150,000	228,375	-
Contributed capital	71,300	197,416	95,361
<b>Total Revenues</b>	<u>1,369,665</u>	<u>1,516,886</u>	<u>1,331,160</u>
Expenditures:			
Operating	635,428	638,253	626,076
Interest expense	117,313	117,313	160,912
Debt payments	61,698	61,698	58,898
Current capital	517,887	553,002	334,001
Capital carryforward	1,087,182	843,221	864,089
<b>Total expenditures</b>	<u>2,419,508</u>	<u>2,213,487</u>	<u>2,043,976</u>
Adjustments <sup>1</sup>	2,449,046	1,236,415	1,655,049
<b>Ending net position</b>	<u>\$ 5,166,922</u>	<u>\$ 3,987,320</u>	<u>\$ 4,772,628</u>
<b>Net position summary:</b>			
Net investment in capital assets	\$ 4,836,121	\$ 3,683,525	\$ 4,429,744
Restricted debt service, project related and other <sup>2</sup>	112,218	118,398	137,894
Restricted TABOR fund	19,784	18,678	23,438
Restricted FasTracks <sup>3</sup>	120,658	126,117	112,804
Restricted Board appropriated and capital replacement fund <sup>4</sup>	62,328	29,160	44,732
Unrestricted fund	15,813	11,442	24,016
<b>Ending net position</b>	<u>\$ 5,166,922</u>	<u>\$ 3,987,320</u>	<u>\$ 4,772,628</u>

<sup>1</sup> Adjustments reflect cash activity from the Statement of Net Position.

<sup>2</sup> Funds restricted by bond covenants, other contracts and policy guidelines.

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

<sup>4</sup> Board appropriated funds per policy guidelines and funds designated for capital replacement.

	Senior/ Disabled/ Student Fare <sup>1</sup>	
	Fare	Free
<b>Single Trip Fares</b>		
Mall Shuttle and Free Mall Ride		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
<b>Multiple Trip Fares</b>		
Local - Denver, Boulder and Longmont and light rail	Regular 10-Ride \$ 23.50	Other 10-Ride <sup>1</sup> \$ 11.75
Rail and bus regional	40.50	20.25
	Regular Day Pass Book \$ 26.00	Regular Monthly \$ 99.00
	45.00	171.00
	Other Day Pass Book <sup>1</sup> \$ 22.50	Other Monthly <sup>1</sup> \$ 49.00
	20.25	85.00

<sup>1</sup> 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 <sup>1</sup>	Arapahoe County <sup>1</sup>	Douglas County <sup>1</sup>	Broomfield County <sup>1</sup>	Other	Total Taxable Transactions	Percent Annual Increase or Decrease
2007	\$ 10,751	\$ 3,538	\$ 6,185	\$ 4,804	\$ 7,294	\$ 2,616	\$ 934	\$ 592	\$ 36,714	2.4%
2008	11,057	3,491	6,043	4,785	7,098	2,524	901	666	36,565	-0.4%
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%

<sup>1</sup> Only a portion of each of these counties lies within the District

