

# 2026 FISCAL POLICY

## EFFECTIVE JANUARY 1, 2026

### REVENUE POLICIES

1. The Board of Directors may consider potential fare adjustments. Fare adjustments must:
  - a. Be understandable
  - b. Be implementable
  - c. Meet Title VI of the 1964 Civil Rights Act requirements
2. Fare policies will take into account the special needs of all transit customers.
3. Fare policies will be empathetic to customers' fare cost pain points.
4. RTD will avoid dependence on one-time or finite revenue sources to fund ongoing services. One-time revenues will be used for one-time expenditures.
5. RTD will continuously explore additional sources of revenue.
6. When appropriate, RTD will actively pursue legislation and grant opportunities to enhance revenue. The Board will actively oppose legislation that would limit or diminish revenue.
7. Unutilized property and equipment will be monetized to enhance cash flow.
8. RTD will contract with a qualified, independent third party to provide sales and use tax forecasts.
9. RTD will pursue revenue diversification opportunities that are material and provide a reasonable return on investment that results in financial risk mitigation.



## INVESTMENT POLICIES

1. RTD financial assets are managed in accordance with the RTD Investment Policy, which is reviewed and approved by the RTD Board on an annual basis.

## EXPENDITURE POLICIES

1. RTD will align expenditures with the Strategic Plan Priorities.
2. RTD will continue to implement the most cost-effective and reliable methods of delivering public transit services.
3. RTD will maintain its assets at a level that protects capital investment and minimizes future maintenance and replacement costs according to the Asset Management Policy.
4. RTD will maintain a risk management program, which will provide protection against loss and mitigate exposure to liability.
5. A safety management system (SMS) will be maintained to minimize exposure to liability claims.
6. RTD will provide transit services in accordance with Title VI of the 1964 Civil Rights Act requirements.
7. RTD will limit capital expenditure and expense fiscal year carryforwards to the lesser of the life of the project or three years.

## CAPITAL IMPROVEMENT POLICIES

1. RTD will maintain its assets in a state of good repair.
2. Capital investments will align with the RTD Strategic Plan.
3. Capital asset investment decisions will be prioritized in accordance with the Transit Asset Management (TAM) Plan. The TAM Plan and items reconciling to the budget appropriation request will be included in budget documents and also be presented on the RTD website. TAM Plan information will include, but not be limited to, asset

descriptors, useful life benchmarks, unique identifiers, and estimated replacement cost as well as information regarding the number and total dollar amount of TAM Plan bypass requests.

4. Priority will be given to replacement of existing, backlog, and deferred assets before consideration of new asset expenditures.
5. RTD shall allow for multiyear capital project funding to be carried forward in accordance with Board policy.

### FUND BALANCE POLICIES

1. Operating Reserve Fund: RTD will maintain a fund balance equivalent to three months of operating expenses, excluding depreciation, to mitigate impacts from economic volatility to ensure advancement of the Strategic Priorities of Community Value and Financial Success.
2. Capital Replacement Fund: RTD will maintain a Capital Replacement Fund that provides the annual funding for the TAM Plan. RTD will avoid the assumption of additional debt to fund the TAM Plan unless financially advantageous.
3. TABOR Emergency Fund: RTD will maintain an emergency (TABOR) reserve equal to 3% of non-Federal TABOR applicable revenues, as specified by Article X, Section 20 of the Colorado Constitution. A portion of this fund may be collateralized with real property in order to maximize non-TABOR working capital.
4. FasTracks Internal Savings Account (FISA) Fund: The FISA will be used to provide funding to complete and operate additional FasTracks projects. Expenditures from the FISA will be subject to Board approval. Funding of the FISA will be approved by the Board with FISA funding sources including the following:
  - a. Limitation of annual growth in FasTracks funding for Base System bus feeder service and Paratransit service to the Consumer Price Index (CPI) for Denver-Aurora-Lakewood
  - b. Sale and lease opportunities for all RTD properties
  - c. Request local financial participation in projects above the current 2.5%
  - d. Excess FasTracks sales and use tax contributions as determined by the Board
5. FasTracks funds will not be used to fund Base System expenditures.

## DEBT POLICIES

1. Debt financing will not be issued to support operating expenditures.
2. Capital projects funded through the issuance of bonds, Certificates of Participation (COPs), or other financial obligations shall be financed for a period not to exceed the lesser of the expected useful life of the asset or a maximum of 40 years.
3. Communication with credit rating agencies and continuing disclosure requirements will be maintained.
4. RTD will maintain a high-quality investment-grade credit rating.
5. RTD will maintain a minimum gross sales tax revenue bond coverage ratio for the Base System (annual non-FasTracks sales and use tax revenue to annual sales and use tax debt service for senior non-FasTracks debt) of 4.0 times for debt backed by the 0.6% sales and use tax. RTD will maintain a minimum gross sales tax revenue bond coverage ratio for FasTracks (annual FasTracks sales and use tax revenue to annual FasTracks sales and use tax debt service) of 2.0 times for debt backed by the 0.4% FasTracks sales and use tax.

## BUDGET AND FINANCIAL FORECAST POLICIES

1. RTD shall comply with all requirements of the Colorado Local Government Budget Law.
2. RTD will align the annual budget with the Strategic Plan Priorities.
3. The Board will review and approve the RTD Fiscal Policy annually or on an as-needed basis to consider any changes that may be necessary.
4. There shall be a budgetary monitoring system that charges expenditures against approved budget appropriations.
5. The budget shall be summarized for adoption purposes. The actual level of detail required for adoption shall be determined by the Board with a minimum requirement to provide comparative cash by fund, prior year actual figures, and estimated figures

through the end of the current fiscal year as well as beginning and ending fund balances.

6. The budget shall be prepared using Generally Accepted Accounting Principles.
7. A balanced budget in which beginning reserves plus total anticipated revenues is greater than or equal to expenditures will be prepared.
8. Budgetary procedures that postpone the funding of necessary expenditures, such as preventive maintenance or replacement of equipment, will be avoided.
9. RTD will provide conservative revenue estimates that take into consideration recent experience and reflect reasonable future growth.
10. RTD will monitor funding sources and expenditures and amend the budget, if necessary.
11. RTD will maintain a minimum net revenue coverage ratio (all annual revenues remaining after operating and maintenance expenses to annual debt service requirements net of excess appropriations required for variable rate debt) of 1.2 times annual debt service.
12. RTD will update financial forecasts annually as part of the Five-Year Financial Forecast.
13. Budgets and forecasts will be prepared that contain essential programs and projects needed to support the Strategic Plan Priorities.
14. RTD will incorporate Government Finance Officers Association (GFOA) budgeting best practices, as appropriate.

## ACCOUNTING AND FINANCIAL REPORTING POLICIES

1. The accounting system will maintain records on a basis consistent with Generally Accepted Accounting Principles for enterprise funds.
2. The accounts of RTD will be reported using the accrual basis of accounting. Revenues will be recognized when earned and expenses will be recognized when incurred.

3. RTD will establish and maintain a high standard of accounting practices to conform with uniform financial reporting in Colorado.
4. An independent firm of certified public accountants will perform an annual financial and grant compliance audit and will issue an opinion that will be incorporated into the Annual Comprehensive Financial Report.
5. RTD will submit the Annual Comprehensive Financial Report to the Government Finance Officers Association for peer review within the Certificate of Excellence in Financial Reporting program.
6. The accounting system will record all financial activity including investment activity.
7. Internal control policies will be maintained to include procedures that separate control of assets from accounting for those assets.
8. RTD will identify and account for all revenues, expenditures, assets, and liabilities separately for FasTracks and the Base System.
9. A monthly financial status report shall be submitted to the Board.

### GRANT POLICIES

1. All potential grants shall be carefully examined for matching requirements (both dollar and level-of-effort matches).
2. Intergovernmental assistance shall be used to finance only those capital improvements that are consistent with the Strategic Plan and for which operating and maintenance costs have been included in operating budgets and forecasts.
3. RTD will draw apportioned grant funds as quickly as possible for efficient working capital management.