



RHODE ISLAND PUBLIC TRANSIT AUTHORITY

8x Jefferson Blvd	9x Pascoag
10x N Scituate	12x Arctic/117
59x N Smithfield	61x Tiverton
65x Wakefield	95x Westerly



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ending June 30, 2015

Prepared by: Department of Finance
Karen DiLauro, Executive Director of Finance & Budget

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

Table of Contents

Introductory Section

Transmittal Letter	1
Certificate of Achievement for Excellence in Financial Reporting	5
Organizational Chart.....	6
Principal Officials.....	7

Financial Section

Independent Auditor's Report	8
Management's Discussion and Analysis	11

Basic Financial Statements

Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position.....	19
Statement of Cash Flows	20
Notes to Financial Statements	22

Required Supplementary Information

Schedule of Funding Progress	48
Schedule of Changes in the Net Pension Liability and Related Ratios	49
Schedule of Authority Contributions.....	51
Notes to Required Supplementary Information.....	52

Supplementary Information

Attachment B – Schedule of Net Position	53
Attachment C – Schedule of Activities	54
Attachment E – Schedule of Changes in Long-Term Debt	55
Schedule of Tangible Property	56
Schedule of Operating Expenses	57
Combining Schedule of Revenues, Expenses and Changes in Net Position	61
Schedule of Travel and Entertainment	62

Statistical Section

Capital Assets	65
Condensed Summary of Net Position.....	66
Changes in Net Position.....	67
Expenses by Function	68
Revenues by Source.....	69
Demographic and Economic Information	70
Fare Structure.....	72
Operating Statistics	73

***RHODE ISLAND PUBLIC TRANSIT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)***

***Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015***

Table of Contents

Compliance Section

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	74
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INTRODUCTORY SECTION



omprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

October 7, 2015

To the Chairman and the Board Members of the
Rhode Island Public Transit Authority:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the RI Public Transit Authority (RIPTA) for the fiscal year ended June 30, 2015. The purpose of the report is to provide a broad financial picture of RIPTA to the Board Members, the general public, and other interested parties.

State law requires that every component unit of the State of Rhode Island publish a complete set of audited financial statements within three months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

The Comprehensive Annual Financial Report (CAFR) was prepared by RIPTA's Finance Department staff following guidelines set forth by the Governmental Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Our independent auditors Bacon & Company, LLC have issued an unmodified opinion and the Authority's financial statements for the fiscal year ended June 30, 2015, are presented in conformity with GAAP.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A which can be found immediately following the report of the independent auditors in the Financial Section of this Report.

Organization and Management

RIPTA is a non-profit public corporation created by the State of Rhode Island and Providence Plantations in 1966. RIPTA continued to expand the number of bus miles traveled in the early 1980's which truly made it a statewide system.

The Rhode Island Public Transit Authority is a component unit of the State of Rhode Island as an enterprise fund. Accordingly, the financial statements of RIPTA will be included in the State of Rhode Island's financial statements.

An eight member Board of Directors establishes RIPTA policy, providing strategic direction and exercising fiscal oversight. Seven members of the Board are appointed by the Governor of the State of Rhode Island with the Director of the RI Department of Transportation serving in an ex-officio role.

Economic Environment

The RI Department of Labor and Training is reporting that the state's unemployment rate has declined to 6.3 percent in March 2015. The March 2015 unemployment rate is ranked tenth highest in the United States. The average U.S rate is 5.5 percent.

Information from the May 2015 Rhode Island Revenue Estimating Conference, the Department of Labor and Training reports as of March the state has recouped 60.6 percent of the jobs lost during the recession. They also stated that although the U.S. has recouped 100 percent of all jobs lost during the recession, the recession was much steeper in Rhode Island than in other parts of the country and was felt more deeply than in any other New England state.

Long-Term Financial Planning

The RIPTA maintains and updates a long-term financial model in order to project current and future operating and capital requirements. The model is used to develop and support financing strategies.

Future Operating Budget

The Authority currently has a projected \$812,327 operating deficit based on the Board of Directors' approved budget for Fiscal Year 2016 and current management projections which excluded funding of Other Post-Employment Benefits beyond Pay-As-You-Go. The Authority is funded primarily by state gasoline tax revenue, passenger revenues, and to a lesser degree, certain federal funds. Total gasoline tax revenue, and the Authority's share is expected to increase from the previous fiscal year. Other Authority operating costs have increased, notably; utilities and employee wage and benefit costs. Management continues to review all estimated expenditure activity to determine only those expenditures that are of a critical nature as well as proposals to freeze other non-critical expenditure requests. In addition, management plans to propose and request continued debt service funding from

the State of Rhode Island which would require appropriation from the General Assembly. During the legislative session of 2014, a transportation infrastructure fund was established. Beginning in FY 2016, approximately \$2.7 million will be realized by RIPTA. In FY 2017, proceeds will approximate \$3.6 million and from FY 2018 forward, \$4.4 million will be received from the new revenue source.

Major Capital Initiatives

The RIPTA's fiscal year 2017-2021 Capital Improvement Program (CIP) identifies projects totaling \$59.7 million either in progress, to be initiated, or to be completed during those fiscal years in addition to \$28.4 million in expenditures for fiscal year 2016. Expenditures on these projects are necessary to maintain the integrity of the RIPTA's infrastructure, and take advantage of technological changes.

The largest project is the ongoing replacement of fixed route buses and paratransit vehicles that will be at the end of their useful life. During the fiscal year 2016 – 2021, RIPTA will replace 71 fixed route buses, 34 Flex vehicles, and 65 paratransit vehicles at an estimated cost of \$47 million. Additionally, as part of RIPTA's Strategic Plan, security and passenger facility upgrades and improvements at an estimated cost of \$9.3 million during fiscal year 2016-2021 will continue. Several major fleet vehicle projects, Automated Transit Management System and fleet cameras are all expected to be completed during fiscal year 2016. Components include CAD/AVL infrastructure, upgrades to RIPTA's public information systems that will allow the phone and web systems to accommodate real-time arrival information, integration with the Rhode Island Statewide Communication Network, allowing for emergency responders to communicate directly with the Authority during emergencies and natural disasters, and enhance the security and safety of transit customers, personnel, equipment and facilities.

Funding of the CIP

In the fiscal year 2016, RIPTA plans to fund the CIP with approximately \$28.6 million in Federal Transit Administration Funds, \$2 million in State Fleet Replacement matching funds, \$.5 million in RI Capital Asset Protection funds and \$3 million in RIPTA and local matching funds.

During the five year period of FY 2017 – 2021 CIP, the RIPTA plans on using \$48 million in Federal Transit Funds, \$2.5 million in State Fleet Replacement matching funds, \$4.6 million in RIPTA and local matching funds, \$5 million in RI Capital Asset Protection funds.

Awards

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for the Excellence in Financial Reporting to RIPTA for its 2014 annual report. This was the third consecutive year RIPTA has received this prestigious award. In order to be eligible for a Certificate of Achievement, RIPTA published an easily readable and efficiently organized comprehensive annual financial report. This

report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Programs requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the entire staff of the RIPTA's Finance Department. Credit must be given to the Chairman and the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the RIPTA's finances.

Respectfully Submitted,

Raymond Studley

Chief Executive Officer

Karen DiLauro

Executive Director Finance & Budget



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

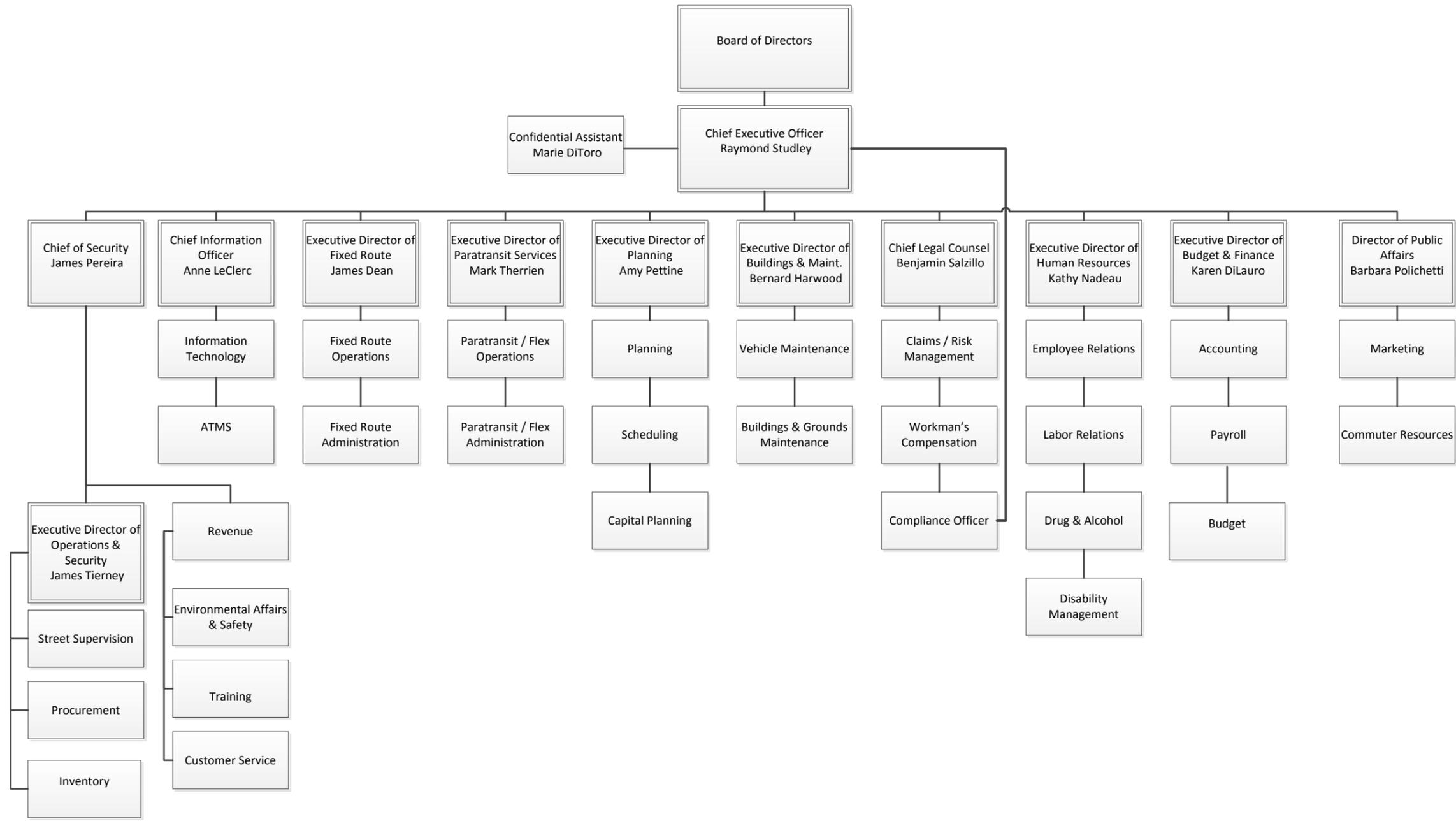
Rhode Island Public Transit Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

The Rhode Island Public Transit Authority
Organizational Chart as of April 2015



Total Budgeted Employees: 817
 Non-Represented: 37
 Local 808: 57
 Local 618A: 51
 618: 667
 Interns: 5

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

***Principal Officials
June 30, 2015***

Chief Executive Officer

Raymond Studley

Finance Department

Karen DiLauro, Executive Director of Finance & Budget

Board of Directors

Scott Avedisian – Chairperson

Peter Alviti

Princess Sirleaf Bomba

Stephen Durkee

Maureen Martin

Margaret Holland McDuff

Stephanie Ogidan Preston

Mark Susa

FINANCIAL SECTION



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Independent Auditor's Report

To the Board of Directors
Rhode Island Public Transit Authority
Providence, Rhode Island

We have audited the accompanying financial statements of the Rhode Island Public Transit Authority (the Authority), a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 the Authority as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Authority implemented GASB Statement No.68, “Financial Reporting for Pensions – An Amendment of GASB Statement No. 27”, and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”, during fiscal year 2015. Our opinion was 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 supplementary pension and OPEB information on pages 11 through 16 and pages 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority’s basic financial statements. The schedule of net position, the schedule of activities, the schedule of changes in long-term debt, the schedule of tangible property, the schedule of operating expenses, the combining schedule of revenues, expenses and changes in net position, and the schedule of travel and entertainment are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of net position, the schedule of activities, the schedule of changes in long-term debt, the schedule of tangible property, the schedule of operating expenses, the combining schedule of revenues, expenses and changes in net position, and the schedule of travel and entertainment are the responsibility of management and were derived from and relate 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 schedule of net position, the schedule of activities, the schedule of changes in long-term debt, the schedule of tangible property, the schedule of operating expenses, the combining schedule of revenues, expenses and changes in net position, and the schedule of travel and entertainment are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2015 on our consideration of the Authority'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 the Authority's internal control over financial reporting and compliance.

Bacon & Company, LLC

Warwick, Rhode Island
October 7, 2015

RHODE ISLAND PUBLIC TRANSIT AUTHORITY **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management of the Rhode Island Public Transit Authority (Authority) provides this *Management's Discussion and Analysis* of their financial performance for the readers of the Authority's financial statements. This narrative provides an overview of the Authority's financial activity for the fiscal year ended June 30, 2015. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the Authority's financial activities based on facts, decisions, and conditions currently facing management.

Understanding the Authority's Financial Statements

The Authority is a component unit of the State of Rhode Island and Providence Plantations (State), accounted for as an enterprise fund, which reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting much like a private business entity. In accordance with generally accepted accounting principles, this report consists of a series of financial statements, along with explanatory notes to the financial statements and supplementary schedules.

The financial statements include a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and notes to the financial statements.

The *Statement of Net Position* presents the financial position of the Authority on the accrual basis of accounting for the current year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

All revenue and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement reports the current years' operating revenues and expenses and non-operating revenue and expenses for the Authority.

The *Statement of Cash Flows* provides information about the changes in cash and cash equivalents, resulting from operational, financing and, investing activities for the current year. This statement presents cash receipts and cash disbursement information, without consideration of the earning event, when an obligation arises, or depreciation of assets.

The financial statements immediately follow this discussion and analysis by management and are designed to highlight the Authority's net position and changes to net position resulting from Authority's operations.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

- The Authority's operating, non-operating and State of RI gas tax revenues decreased by 5.5 % or \$5.4 million during FY 2015 compared to FY 2014.
- Operating and non-operating expenses decreased by 1.2% or \$1.4 million during FY 2015 as compared to FY 2014.
- Capital contributions decreased \$2.3 million or 40% from the previous year.
- Capital assets decreased by \$11.8 million or 7.4% from FY 2014.
- The Authority's total net position decreased by \$60.5 million or 60.8 % from FY 2014 (prior to the restatement for the implementation of GASB Statement Nos. 68 and 71).

Net Position

The following schedule presents the condensed Statement of Net Position for the fiscal years ended June 30, 2015 and 2014.

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Assets:		
Current assets	\$16,416,424	\$20,937,315
Capital assets (net)	146,663,431	158,459,945
Other non-current assets	2,159,447	934,451
TOTAL ASSETS	<u>165,239,302</u>	<u>180,331,711</u>
Deferred outflows of resources:		
Deferred pension amounts	14,904,214	7,328,560
	<u>14,904,214</u>	<u>7,328,560</u>
Liabilities:		
Current liabilities	13,391,812	12,715,423
Non-current liabilities	122,614,165	113,335,989
TOTAL LIABILITES	<u>136,005,977</u>	<u>126,051,412</u>
Deferred inflows of resources:		
Deferred pension amounts	5,096,214	-
	<u>5,096,214</u>	<u>-</u>
Net position		
Unrestricted net position (deficit)	(93,584,150)	(81,746,232)
Net Investment in capital assets	<u>132,625,475</u>	<u>143,355,091</u>
TOTAL NET POSITION	<u>\$39,041,325</u>	<u>\$61,608,859</u>

The majority of the Authority's assets (89%) reflect its investment in capital assets (land, building, revenue vehicles, and equipment). Other assets include cash (including amounts

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

invested in cash equivalent type instruments), accounts receivables from federal and state governments, inventories, prepaid expenses and other receivables. Current liabilities consist of vendor, government, employee, and benefit payments while non-current liabilities include accrued pension, self-insured claims, a liability of \$50.3 million associated with implementing GASB #45, Other Post-employment benefits effective FY 2008, a liability of \$48.8 million associated with implementing GASB #68 and a Due to Primary Government of \$13.0 million. This liability reflects the amounts owed for long-term debt to the State of Rhode Island for bonds issued in the State of Rhode Island's name on behalf of the Authority. The long-term debt is reflected as such on the State of Rhode Island's Financial Statements.

Authority Operations

The following schedule presents the condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2015 and 2014.

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Operating Revenue		
Ritecare program revenue	\$ 4,340,438	\$ 7,741,972
Passenger revenue	14,736,003	14,038,002
Rlde program revenue	2,282,146	8,292,568
Other operating revenues	3,229,621	2,958,092
Non-operating Revenue		
Grant revenue	20,410,146	19,823,747
State of RI - DEA gas tax	3,466,651	3,344,275
Other non-operating revenue	1,080,027	937,460
State of RI gas tax	42,960,321	40,772,363
Total Revenues	<u>92,505,353</u>	<u>97,908,479</u>
Operating Expenses		
Management and general	(22,073,698)	(24,724,923)
Operations and maintenance	(80,790,076)	(79,488,077)
Depreciation	(15,587,461)	(15,629,521)
Non-operating Expenses		
Debt service	0	0
Other non-operating expenses	(2,672)	(527)
Total Expenses	<u>(118,453,907)</u>	<u>(119,843,048)</u>
Net Income (Loss) before Capital Contributions	(25,948,554)	(21,934,569)
Capital Contributions	<u>3,381,020</u>	<u>5,670,718</u>
Change in Net Position	(22,567,534)	(16,263,851)
Total Net Position- Beginning	<u>61,608,859</u>	<u>77,872,710</u>
Total Net Position- Ending	<u><u>\$39,041,325</u></u>	<u><u>\$61,608,859</u></u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's operating revenue, non-operating revenue, State of RI gas tax and capital contributions total \$95,886,373. The revenue reported as operating revenue, non-operating revenue and State of RI gas tax decreased 5.5% or \$5,403,126 over the prior year. This decrease was the result of receiving less RIDE program revenue and less Rite Care revenue. The Authority's operating and non-operating expenses total \$118,453,907. This reflects a decrease of 1.2% or \$1,389,141 over the prior year. We had decreases in management and general expenses, depreciation and capital contributions. The FY 14 Net Position was restated (decreased) by \$37,952,282 for the implementation of GASB #68.

Capital Assets

The following schedule summarizes the Authority's capital assets and changes therein, for the years ended June 30, 2015 and 2014.

	2015	2014
Land, shops, garages and buildings	\$106,293,148	\$106,287,248
Revenue equipment	117,707,594	115,362,852
Service vehicles and garage equipment	5,118,029	4,686,746
Furniture and fixtures	7,434,626	6,204,003
Management information systems	7,645,051	10,390,159
Security Equipment	451,909	
Federal grant projects in process	14,236,340	13,954,222
	258,886,697	256,885,230
Less accumulated depreciation	(112,223,266)	(98,425,285)
Net capital assets	\$146,663,431	\$158,459,945

At the end of fiscal year 2015, the Authority had \$ 146,663,431 invested in capital assets. This amount represents a decrease of 7.4% or \$11.8 million from the prior year. A more detailed account of the capital asset activity for fiscal year 2015 can be found in Note 3, Property, Plant and Equipment.

Major capital asset events during the current fiscal year include the following:

- Completion of the Ride Software installation
- Completion of the Kennedy Plaza Amenity upgrades
- Completion of the Access Control Points project
- Continuation of the CAD/AVL installation project
- Continuation of fixed route and Paratransit fleet camera installation
- Continuation of financial and maintenance software upgrade

RHODE ISLAND PUBLIC TRANSIT AUTHORITY **MANAGEMENT'S DISCUSSION AND ANALYSIS**

During FY 2016, the Authority has committed to the continued upgrade to the financial and maintenance software. The Authority will also be continuing the installation of the CAD/AVL system as part of the multi-year ITS project as well as the fleet camera installations. The Authority also plans to purchase 25 Ride vehicles and 11 Flex vehicles as well as 18 Fixed route buses.

Economic Factors and Next Year's Budget

The Authority's mission is to provide safe, reliable and cost effective transit service with a skilled team of professionals responsive to our customers, the environment, and committed to transit excellence. To accomplish this, the Authority must continuously assess its operational functions, financial capacity and products and services provided.

The following factors were considered in setting the Authority's FY 2016 budget:

- ❑ Level of federal funds appropriated for operating and capital purposes. A new transportation funding act, MAP – 21 was signed into law July 6, 2012 and took effect on October 1, 2012. Funding under MAP – 21 has been extended through September 2015. The FY 2016 budget includes funding for mobility management reimbursement, ADA reimbursement, preventive maintenance, Jobs Access/Reverse Commute and rural operating assistance with small variations from FY 2015 federal revenues.
- ❑ State gasoline tax revenue available for operating purposes. For FY 2016, the yield determined by the State of RI Department of Revenue for the gasoline tax is expected to increase from the previous fiscal year. In total RIPTA receives 9.25 of the 32 cent gasoline tax and .5 of the 1 cent UST fee annually.
- ❑ During the 2014 legislative session additional state revenue became available to the Authority. The Rhode Island Highway Maintenance Account will allocate 5% of available proceeds in the account to RIPTA beginning in FY 2016. It is estimated that \$2.7 million will be allocated to the Authority in FY 2016, \$3.6 million allocated in FY 2017, and \$4.4 million allocated in FY 2018.
- ❑ Revenue from state agencies to subsidize policy driven transit travel programs. This program provides partial payment for free and reduced rides for senior citizens and the disabled population. Legislation passed in the 2015 Legislative Session allowed RIPTA to begin charging a reduced fare to this population in FY 2016. Additionally, the Authority provides the transportation benefit for the State's Rite Care program, a program which was reduced significantly during FY 2015.
- ❑ There have been no increases in the base fare since the last fare increase from \$1.75 to \$2.00 effective September 1, 2010. The annualized revenue from this fare increase was incorporated in FY 2015 and FY 16. A Fare Study is being concluded which is expected to result in enhanced revenues in FY 2016.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

- ❑ Since FY 2013, the State of Rhode Island has paid the debt service obligation of the Authority. The State has included payment the debt service from general revenues, approximately \$1.7 million, in FY 2016. This has reduced the deficit for the Authority.
- ❑ The FY 2016 budget is based on contractual agreements with the Amalgamated Transit Union regarding wage increases through 6/30/2016. The Authority completed negotiations with LIU 808 for a contract thru 6/30/18. Employee wages and associated fringe benefits (less employee contributions) make up approximately 70% of the Authority's annual budget.
- ❑ Costs associated with fuel prices. The Authority consumes approximately 2.3 million gallons of fuel annually. The budgeted fuel cost for FY 2016 is \$3.023 per gallon. The Authority has locked in a fixed rate expected to meet consumption through June 2016.
- ❑ Inclusion of expenses and offsetting reimbursement of the State of Rhode Island DOT vehicle maintenance and repair program contracted with the Authority.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's financial activity for all those interested in the Authority's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Rhode Island Public Transit Authority, 705 Elmwood Avenue, Providence, Rhode Island, 02907.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Statement of Net Position

June 30, 2015

Assets

Current assets

Cash and cash equivalents:	
Operating fund	\$ 1,728,439
Paratransit capital fund	858,985
Accident and casualty fund	1,160,671
Capital replacement fund	603,284
Total cash and cash equivalents	<u>4,351,379</u>
Investments	740,624
Receivables:	
Accounts	1,133,292
Grants	1,357,971
Total receivables	<u>2,491,263</u>
Due from primary government	6,757,928
Inventories, net allowance of \$2,385	1,737,612
Prepaid expenses	233,618
Other assets	104,000
Total current assets	<u>16,416,424</u>

Non-current assets

Investments	2,159,447
Capital assets, non-depreciable	16,382,264
Capital assets, depreciable - net of depreciation	130,281,167
Total non-current assets	<u>148,822,878</u>
Total assets	<u>165,239,302</u>

Deferred outflows of resources

Deferred pension amounts	14,904,214
Total deferred outflows of resources	<u>14,904,214</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Statement of Net Position (Continued)

June 30, 2015

Liabilities

Current liabilities

Accounts payable	5,508,788
Due to primary government	1,047,956
Accrued salaries, wages and benefits	5,247,460
Accrued self insured health claims	866,068
Accrued self insured claims	500,000
Unearned revenue	221,540
Total current liabilities	<u>13,391,812</u>

Non-current liabilities

Due to primary government	12,990,000
Accrued compensated absences	622,526
Accrued self insured claims	9,928,118
Net pension liability	48,782,731
Net OPEB obligation	50,290,790
Total non-current liabilities	<u>122,614,165</u>

Total liabilities

136,005,977

Deferred inflows of resources

Deferred pension amounts	5,096,214
Total deferred inflows of resources	<u>5,096,214</u>

Net position

Net investment in capital assets	132,625,475
Unrestricted (deficit)	(93,584,150)
Total net position	<u>\$ 39,041,325</u>

The notes to the financial statements are an integral part of this statement.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

<i>Operating revenues</i>	
Passenger	\$ 19,076,441
Paratransit	1,140,886
Rental	174,423
Advertising	676,607
RIDE	2,282,146
Other	1,237,705
<i>Total operating revenues</i>	<u>24,588,208</u>
<i>Operating expenses</i>	
Administration	1,209,899
Finance	4,755,930
Operations	68,978,501
Marketing	666,310
Human resources	566,928
Administrative services	1,311,504
Risk management	5,330,045
Planning and scheduling	1,706,164
Specialized transportation	1,333,228
Paratransit operations	8,966,234
Purchasing	1,567,070
Information technology	1,149,734
RIDE	2,476,886
Centralized maintenance	2,091,705
State of Rhode Island - DOT	753,636
Depreciation	15,587,461
<i>Total operating expenses</i>	<u>118,451,235</u>
<i>Operating loss</i>	<u>(93,863,027)</u>
<i>Nonoperating revenues (expenses)</i>	
State of RI gas tax	42,960,321
State of RI - DEA gas tax	3,466,651
Operating grants	20,410,146
Investment income	44,129
Debt forgiveness	1,035,898
Loss on disposal of capital assets	(2,672)
<i>Total nonoperating revenues (expenses)</i>	<u>67,914,473</u>
<i>Loss before capital contributions</i>	(25,948,554)
<i>Capital contributions</i>	<u>3,381,020</u>
<i>Change in net position</i>	(22,567,534)
<i>Total net position - beginning of year - restated</i>	<u>61,608,859</u>
<i>Total net position - end of year</i>	<u><u>\$ 39,041,325</u></u>

The notes to the financial statements are an integral part of this statement.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015*

<i>Cash flows from operating activities</i>	
Cash received from customers	\$ 25,659,309
Cash paid to suppliers for goods and services	(23,007,033)
Cash paid to employees for services	<u>(71,579,761)</u>
<i>Net cash used for operating activities</i>	<u>(68,927,485)</u>
<i>Cash flows from noncapital financing activities</i>	
State gas tax received	45,960,325
Operating grants received	<u>20,464,242</u>
<i>Net cash provided by noncapital financing activities</i>	<u>66,424,567</u>
<i>Cash flows from capital and related financing activities</i>	
Capital contributions received	3,912,283
Acquisition and construction of capital assets	<u>(3,793,619)</u>
<i>Net cash provided by capital and related financing activities</i>	<u>118,664</u>
<i>Cash flows from investing activities</i>	
Purchase of investments	(2,900,071)
Maturity of investments	2,503,537
Interest and dividends on investments	<u>44,129</u>
<i>Net cash used for investing activities</i>	<u>(352,405)</u>
<i>Net decrease in cash and cash equivalents</i>	(2,736,659)
<i>Cash and cash equivalents at beginning of year</i>	<u>7,088,038</u>
<i>Cash and cash equivalents at end of year</i>	<u>\$ 4,351,379</u>
<i>Noncash capital and related financing activities:</i>	
Decrease in due to primary government	\$ (1,035,898)

(Continued)

The notes to the financial statements are an integral part of this statement.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Statement of Cash Flows (Continued)
For the Fiscal Year Ended June 30, 2015*

***Reconciliation of operating loss to net cash
used for operating activities:***

<i>Operating loss</i>	<u>\$ (93,863,027)</u>
<i>Adjustments to reconcile operating loss to net cash used for operating activities</i>	
Depreciation and amortization	15,587,461
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	1,697,542
(Increase) decrease in due from primary government	(626,441)
(Increase) decrease in inventory	111,016
(Increase) decrease in prepaid expenses	(75,520)
(Increase) decrease in other assets	(104,000)
Increase (decrease) in accounts payable and accrued expenses	(21,208)
Increase (decrease) in accrued self insured claims	2,581,865
Increase (decrease) in accrued compensated absences	224,100
Increase (decrease) in net pension liability	9,120,492
Increase (decrease) in net OPEB obligation	6,248,235
(Increase) decrease in deferred outflows of resources	(14,904,214)
Increase (decrease) in deferred inflows of resources	<u>5,096,214</u>
<i>Total adjustments</i>	<u>24,935,542</u>
 <i>Net cash used for operating activities</i>	 <u><u>\$ (68,927,485)</u></u>

The notes to the financial statements are an integral part of this statement.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Rhode Island Public Transit Authority (the Authority) is a body corporate and politic of the State of Rhode Island and Providence Plantations created by Chapter 210, Public Laws of Rhode Island, 1964, as amended. Its purpose is to take over any mass motor bus transportation system if the system has previously filed a petition to discontinue its service with the State Public Utilities Administrator, and further, if the Authority determines it is in the public interest to continue such service. The Authority has no stockholders.

On July 1, 1966, the Authority, in accordance with its purpose as stated above, acquired the property and assets of the United Transit Company (owner and operator of the public transportation system in Providence-Pawtucket Metropolitan area of the State) through the issuance of \$3,200,000 of revenue bonds designated "Rhode Island Public Transit Authority Revenue Bonds, Series 1966".

The powers of the Authority permit it to pledge its assets to the Federal government or any of its agencies.

On July 18, 1972, the Authority acquired the operating rights over intricate routes in Woonsocket for \$3,500.

On May 2, 1974 the Authority acquired the operating assets of Transit Line, Inc., which serviced the Newport-Middletown urban area, for a total purchase price of \$76,931. Federal and State grants were received for this acquisition.

Legislation in 1977 provided that the Authority "shall be deemed an instrumentality and political subdivision of the State".

On March 9, 1979, the Authority entered into an agreement with ABC Bus Lines, Inc. and acquired certain of the company's operating assets and rights to intrastate routes. The total purchase price of \$185,000 was financed by Federal and State capital grants.

On September 7, 1979, the Authority entered into an agreement with Bonanza Bus Lines, Inc. and acquired certain of the company's operating assets and rights to intrastate routes. The total purchase price of \$175,000 was financed by Federal and State capital grants.

The Authority is a component unit of the State of Rhode Island for financial reporting purposes and as such, the financial statements of the Authority will be included in the State of Rhode Island's Annual Financial Report.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

Basis of Presentation and Accounting

The basic financial statements of the Authority are maintained in accordance with the principles of proprietary fund accounting utilizing the accrual basis. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Recently Issued Accounting Standards

The Authority has implemented the following new accounting pronouncements:

- GASB Statement No. 68 – Financial Reporting for Pensions - an amendment of GASB Statement No. 27, effective for the Authority's fiscal year ending June 30, 2015.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations, effective for the Authority's fiscal year ending June 30, 2015.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, effective for the Authority's fiscal year ending June 30, 2015.

The adoption of GASB Statement No. 69 did not have an impact on the Authority's financial position or results of operations. However, the adoption of GASB Statement Nos. 68 and 71 for the RIPTA Employees' Pension Plans resulted in a restatement of net position of (\$37,952,282) as discussed in Note 18.

The Authority will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 72 – Fair Value Measurement and Application, effective for the Authority's fiscal year ending June 30, 2016.
- GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective for the Authority's fiscal years ending June 30, 2016 and June 30, 2017.
- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the Authority's fiscal year ending June 30, 2017.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the Authority's fiscal year ending June 30, 2018.
- GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the Authority's fiscal year ending June 30, 2016.
- GASB Statement No. 77 – Tax Abatement Disclosures, effective for the Authority's fiscal year ending June 30, 2017.

The impact of these pronouncements on the Authority's financial statements has not been determined.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

Federal and State Grants

The Federal and State government have made various capital grants available to the Authority for the acquisition of public transit facilities, vehicles and equipment.

Prior to October 1, 2001, Federal operating assistance grants under the Urban Mass Transportation Act of 1974, as amended, were administered through the State of Rhode Island or one of its agencies and were included in operating transfers as the related expenses were incurred. Beginning October 1, 2001, the Authority became the designated grant recipient of all new Federal Transit funds, thereby receiving the Federal money directly.

Investments

Investments are valued at fair value.

Materials and Supplies of Inventory

Inventories consist of spare parts, supplies and fuel oil and are stated at the lower of cost (weighted average method) or market.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed on the straight-line basis using the half-year convention over the estimated useful lives of respective assets. Depreciation expense is not provided for assets under construction. Useful lives of assets are as follows:

Buildings and building improvements	15-30 years
Buses	10-12 years
Other equipment	4-20 years

Capital assets are defined by the Authority as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred outflows of resources and deferred inflows of resources relate to its pension plans and will be amortized as a component of pension expense in future years.

Operating Revenues and Expenses

The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation of the Authority. All other revenues and expenses are reported as non-operating revenues and expenses.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

Compensated Absences

Vacation benefits are accrued as a liability when earned by employees and reflect current rate of pay. Sick leave is accrued based on negotiated contracts with the individual unions. Sick leave benefits are accrued based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability reflects the current rate of pay.

Income Taxes

Rhode Island Public Transit Authority is exempt from Federal and State income taxes.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: Net investment in capital assets; restricted; and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted is the residual amount not included in the above categories.

The Authority considers restricted resources to have been spent when an expense is incurred for which both restricted and unrestricted net position are available.

Self-insurance

The Authority is self insured for workers' compensation claims and auto liability and property damage claims. Management believes that the accrual for self-insurance claims is adequate to cover the ultimate liability arising from such claims. However, the recorded liability is based upon estimates of final settlement amounts, which may be more or less than the amount ultimately paid. The Authority has established a reserve cash account for self-insurance as more fully described in Note 5.

Cash and Cash Equivalents

For purposes at the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

Advertising Costs

It is the Authority's policy to expense advertising costs as incurred. Advertising expense for fiscal year ended June 30, 2015 was \$317,323.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The carrying amount of the Authority's deposits, except for petty cash of \$1,100 at June 30, 2015, was \$2,864,956 and the bank balance was \$4,958,619. Of the bank balance, \$726,285 was insured by federal depository insurance, \$4,231,547 was collateralized with securities held by the pledging financial institution or its agent in the Authority's name and \$787 was uncollateralized.

In accordance with General Laws, Chapter 35-10.1, Rhode Island depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions, which do not meet minimum capital standards prescribed by federal regulators, shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2015, the Authority's uncollateralized deposits had maturities of less than sixty (60) days and were with an institution that met the minimum capital standards.

The carrying value of deposits for June 30, 2015 is \$2,864,956. Investments of \$1,485,323 and \$1,100 of petty cash, relate to the statement of net position totals for June 30, 2015 as follows:

Cash deposits	\$2,864,956
Add: Petty cash	1,100
Investments classified as cash equivalents for financial statement purposes	1,485,323
Cash and cash equivalents per statement of net position	<u>\$4,351,379</u>

Investments

At June 30, 2015, the Authority had the following investments classified as cash equivalents:

<u>Description</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
Government Money Market Fund	On Demand	AAAm	\$ 23,054
Fidelity Institutional Treasury Fund	On Demand	AAAm	858,985
US Government Institutional Fund	On Demand	AAAm	603,284
			<u>\$1,485,323</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

At June 30, 2015, the Authority had the following investments:

<u>Description</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
Federal Home Loan Bank	6/21/17	AAA	\$326,794
US Treasury Notes	10/31/16-9/30/17	AAA	1,832,653
US Treasury Bonds	5/15/16	AAA	694,840
Federal Home Loan Mortgage	11/17/15	AAA	45,784
			<u>\$2,900,071</u>

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit or investment policy for custodial credit risk.

Interest Rate Risk - It is the policy of the Authority to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing interest rates. The Authority does not have a formal policy relative to interest rate risk.

Credit Risk - As of June 30, 2015, the Authority's investments in Federal Home Loan Bank and Federal Home Loan Mortgage were rated AAA by Standard & Poor's and Moody's Investor Service. As of June 30, 2015, the Authority's investments in Government Money Market Fund, Fidelity Institutional Treasury Fund and US Government Institutional Fund were rated AAAM by Standard & Poor's. The Authority does not have a formal policy relative to credit risk.

Concentration of Credit Risk - The Authority does not have a formal policy that limits the amount that may be invested in any one issuer.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2015:

	<u>Balance July 1, 2014</u>	<u>Transfers & Additions</u>	<u>Transfers & Removals</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 2,145,924	\$ -	\$ -	\$ 2,145,924
Federal grant projects in process	13,954,222	3,263,427	2,981,309	14,236,340
Total capital assets, not being depreciated	<u>16,100,146</u>	<u>3,263,427</u>	<u>2,981,309</u>	<u>16,382,264</u>
Capital assets, being depreciated:				
Shop, garages and buildings	104,141,324	5,900	-	104,147,224
Revenue equipment	115,362,852	4,184,902	1,840,160	117,707,594
Service vehicles and garage equipment	4,686,746	431,283	-	5,118,029
Furniture and office and other equipment	6,204,003	1,689,093	6,561	7,886,535
Management information system	10,390,159	1,508,073	4,253,181	7,645,051
Total capital assets being depreciated	<u>240,785,084</u>	<u>7,819,251</u>	<u>6,099,902</u>	<u>242,504,433</u>
Total capital assets	<u>256,885,230</u>	<u>11,082,678</u>	<u>9,081,211</u>	<u>258,886,697</u>
Less accumulated depreciation for:				
Shop, garages and buildings	34,846,004	3,967,717	-	38,813,721
Revenue equipment	50,363,095	10,599,545	1,840,159	59,122,481
Service vehicles and garage equipment	4,151,445	413,603	-	4,565,048
Furniture and office and other equipment	3,381,407	603,454	6,488	3,978,373
Management information system	5,683,334	556,090	495,781	5,743,643
Total accumulated depreciation	<u>98,425,285</u>	<u>16,140,409</u>	<u>2,342,428</u>	<u>112,223,266</u>
Total capital assets being depreciated, net	<u>142,359,799</u>	<u>(8,321,158)</u>	<u>3,757,474</u>	<u>130,281,167</u>
Capital assets, net	<u>\$ 158,459,945</u>	<u>\$ (5,057,731)</u>	<u>\$ 6,738,783</u>	<u>\$ 146,663,431</u>

Depreciation expense for the fiscal year ended June 30, 2015 was \$15,587,461.

NOTE 4 - CAPITAL REPLACEMENT FUNDS

The Authority established a capital replacement account for the purpose of meeting capital match requirements of its capital program.

The activity in the capital replacement account for fiscal year ended June 30, 2015 was as follows:

Balance at beginning of year	\$3,165,309
Capital replacement deposits	521,160
Local match payments	(228,495)
Investment income	7,510
Balance at end of year	<u>\$3,465,484</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

Classified as cash and cash equivalents	\$603,284
Classified as investments	2,862,200
Total cash, cash equivalents and investments	\$3,465,484

NOTE 5 - SELF-INSURANCE

Automobile Liability and Workers' Compensation

The Authority established an accident and casualty account as of July 1, 1977 for the purpose of paying all insurance claims and related losses and expenses. This reserve account is augmented annually by depositing interest income earned on investments and insurance settlements into the accident and casualty account. Beginning in FY 2014, a transfer of funds from the operating account to the accident and casualty account will occur until the fund reaches \$5,000,000. The activity in the accident and casualty account for fiscal years ended June 30, 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	\$857,984	\$361,018
Insurance settlements	155,162	246,061
Transfer from operating	250,000	250,000
Disbursements	(104,000)	-
Interest earnings on investments	1,525	905
Balance at end of year	\$1,160,671	\$857,984

Assets reserved at June 30, 2015 and 2014 in the accident and casualty account amounted to \$1,160,671 and \$857,984, respectively. For fiscal years 2015 and 2014, \$1,160,671 and \$857,984, respectively, is classified as cash and cash equivalents.

It is the intention of the Authority to build the accident and casualty account to not less than \$5,000,000 in the event of a large claim or catastrophe. The Authority, with the concurrence of the Urban Mass Transportation Administration (UMTA) authorized at its meeting on August 25, 1980, the placement of \$250,000 of the accident and casualty account in a special reserve for Workers' Compensation claims exclusively, to satisfy a requirement of the Rhode Island Department of Labor for an appropriate "bond in kind" for self-insurance under the Workers' Compensation Act. During fiscal year 1990, the State increased the special reserve requirement to \$800,000. For fiscal year 1991, the State revoked the asset special reserve requirement. The Authority transferred \$400,000 from the Workers Compensation account to operating account during fiscal year 1991 as they were no longer required to maintain a reserve.

At June 30, 2015 and 2014, the Authority obtained an independent evaluation of its self-insurance reserve for losses. The reserve for losses reflects the actuarial determined amount at the 75% confidence level. The activity in the liability for self-insured claims for fiscal year ended June 30, 2015 and 2014 was as follows:

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

	<u>2015</u>	<u>2014</u>
Amount of claims liabilities, beginning of year	\$7,846,253	\$6,473,701
Incurred claims	4,927,101	2,672,739
Payments on claims	<u>(2,345,236)</u>	<u>(1,300,187)</u>
Amount of claims liabilities, end of year	<u>\$10,428,118</u>	<u>\$7,846,253</u>

Health Care

During fiscal year June 30, 2005, the Authority changed to a self-insured program administered by the State of Rhode Island. The unpaid claims liability at June 30, 2015 is recorded as accrued self insured health claims in the Statement of Net Position. The Authority's incurred but not reported claims as of June 30, 2015 and June 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of year	\$1,199,502	\$768,094
Incurred claims	13,338,235	14,257,113
Payments on claims	<u>(13,671,669)</u>	<u>(13,825,705)</u>
Unpaid claims, end of year	<u>\$866,068</u>	<u>\$1,199,502</u>

NOTE 6 - CHANGE IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term obligations during the fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Due to Primary Government	\$ 15,104,854	\$ -	\$ 1,066,898	\$ 14,037,956	\$ 1,047,956
Accrued compensated absences	398,426	224,100	-	622,526	-
Net pension liability	46,990,799	2,390,164	598,232	48,782,731	-
Net OPEB obligation	44,042,555	6,248,235	-	50,290,790	-
Accrued self-insurance claims	<u>7,846,253</u>	<u>4,927,101</u>	<u>2,345,236</u>	<u>10,428,118</u>	<u>500,000</u>
Total	<u>\$ 114,382,887</u>	<u>\$ 13,789,600</u>	<u>\$ 4,010,366</u>	<u>\$ 124,162,121</u>	<u>\$ 1,547,956</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Claims and Legal Actions

During the ordinary course of its operations, the Authority is a party to various claims, legal actions and complaints. RIPTA is self-insured as noted in Note 5 and reserves amounts for potential claims.

Contract Commitments

The Authority is committed under various contracts in the amount of \$3,032,674 at June 30, 2015.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

NOTE 8 - POST-RETIREMENT BENEFITS

Plan Description

The Authority's Post-Employment Medical Benefit Plan is a single-employer defined benefit post-retirement health and life insurance program that is administered through the State of Rhode Island's carrier. The Authority provides lifetime health care and life insurance benefits to substantially all retired employees and their spouses. Health care benefits were paid for 550 retirees and spouses during fiscal year ended June 30, 2015 and life insurance benefits were paid for 212 retirees during fiscal year ended June 30, 2015. These benefits are provided through a group insurance policy that covers both active and retired employees. Any changes to these provisions are subject to the Authority's approval. The plan does not issue a separate audit report.

Funding Policy

The Authority's funding policy provides for actuarially determined periodic contributions to the plans at rates that increase gradually over time so that sufficient assets will be available to pay benefits when due. Any changes to these provisions are subject to the Authority's approval. For employees retiring on or before July 1, 2006, the Authority contributes the full health care premium for the retired plan member and their spouse. For employees retiring after July 1, 2006 and prior to January 1, 2014, covered spouses contribute per month for coverage until age 65 and surviving spouses contribute 50% of the health care premium. Effective January 1, 2014 (July 1, 2014 for 808 Union), spouses of employees that retire must contribute 16% of the health care premium (17% for employees who retire in 2015 and 18% for employees who retire in 2016). Spouses of employees hired after October 21, 2013 (July 1, 2014 for 808 Union) must contribute 50% of the health care premium upon the employee's retirement. The Authority contributes the full premium for life insurance for the retired plan member. The annual OPEB cost was determined as part of the July 1, 2014 actuarial valuation using the individual entry age funding method. The actuarial assumptions included a 3.66% discount rate (prior valuation 4.32%) and the IRS 2014 P.V. Annuitant and Non-Annuitant Tables for males and females.

The schedule of funding progress presented as required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-Year Trend Information

<i>Fiscal Year Ending</i>	<i>Annual OPEB Cost</i>	<i>Percentage of Annual OPEB Cost Contributed</i>	<i>Net OPEB Obligation</i>
6/30/2015	\$8,226,269	24.0%	\$50,290,790
6/30/2014	\$8,458,571	21.4%	\$44,042,555
6/30/2013	\$8,830,842	15.8%	\$37,396,738

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

The Authority's annual OPEB cost and net OPEB obligation for the year ended June 30, 2015 was as follows:

Annual required contribution	\$ 9,057,208
Interest on net OPEB obligation	1,611,957
Adjustment to annual required contribution	<u>(2,442,896)</u>
Annual OPEB cost	8,226,269
Contributions made	<u>(1,978,034)</u>
Increase in net OPEB obligation	6,248,235
Net OPEB obligation, beginning of year	<u>44,042,555</u>
Net OPEB obligation, end of year	<u>\$50,290,790</u>

Schedule of Funding Progress

The unfunded actuarial accrued liability was determined using the level dollar thirty year open amortization basis.

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (AVA) (1)</i>	<i>Actuarial Accrued Liability (AAL) (2)</i>	<i>Unfunded AAL (UAAL) (2)-(1) (3)</i>	<i>AVA as a Percent of AAL (1)/(2) (4)</i>	<i>Covered Payroll (5)</i>	<i>UAAL as a Percent of Covered Payroll (3)/(5) (6)</i>
07/01/2014	\$ -	\$90,314,341	\$90,314,341	0%	\$35,984,237	251.0%
07/01/2013	\$ -	\$87,230,304	\$87,230,304	0%	\$38,827,774	224.7%
07/01/2012	\$ -	\$89,111,690	\$89,111,690	0%	\$37,830,337	235.6%

Projection of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution (ARC) for fiscal year 2015 was determined based on the July 1, 2014 valuation. The annual required contribution was determined using the individual entry age funding method. The unfunded actuarial accrued liability (UAAL) is amortized using a level dollar thirty year open amortization basis. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date. The Authority makes contributions to the plan on a pay-as-you-go basis. The Board of Directors of the Authority has the authority to establish and/or amend the plan's provisions and the plan's contribution rates.

The individual entry age actuarial funding method is used to determine the annual required contribution amounts and the annual net OPEB obligation. Under this funding method, projected benefits are assumed to accrue on a level annual basis from date of hire to the expected retirement date. Normal cost for a participant is the present value of the projected benefit which accrues in the

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

current plan year. Normal cost for the plan is the sum of the normal costs for all participants. The actuarial assumptions include a 3.66% discount rate and an annual healthcare cost trend of 7.5% progressively declining to 4% after 7 years. Changes in assumptions between the 2013 and the 2014 valuations include changes in the discount rate and the health care cost trend rates. The assumption changes were made to better reflect current expectations of future experience.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

NOTE 9 – STATE OF RHODE ISLAND GAS TAX

State statute directs the Authority to generate sufficient revenues to pay all costs of operating and maintaining the transit system during each fiscal year. Beginning July 1, 1992, the Authority was not given a fixed appropriation from the State, but was allocated the revenue generated from a three-cent dedicated gas tax. Beginning fiscal year 2011, the Authority has been allocated nine and one quarter cents of dedicated gas tax and a half cent of gas tax from the Underground Storage Tank Fund. For fiscal year ending June 30, 2015, the Authority received \$42,960,321 from the dedicated gas tax as operating assistance in support of the transit system. The Authority anticipates receiving approximately \$43,177,660 in fiscal year ended June 30, 2016 from the State.

NOTE 10 – FEDERAL APPROPRIATIONS

On July 6, 2012, President Obama signed Moving Ahead for Progress in the 21st Century (Map-21) into law effective October 1, 2012, authorizing federal transportation programs through Federal fiscal year 2014. This act maintained the provision allowing for the use of capital funds for preventative maintenance activities and the use of capital funds to cover the costs of providing ADA service, up to a maximum of 10 percent of the annual Section 5307 apportionment.

For fiscal year 2015, the Authority used \$11,385,449 for preventative maintenance expenses.

NOTE 11 - ELDERLY BUS SERVICE

Beginning July 1, 1994, the Authority entered into an agreement with the Department of Elderly Affairs, Rhode Island Department of Transportation and the Governor's Commission on the Handicapped. The agreement provides for the Rhode Island Public Transit Authority to receive funds to cover the cost of the fixed route elderly bus service provided in accordance with Rhode Island General Law 39-18-4(7), and to fund paratransit services. The funding source for the above revenue is a portion of the one-cent gasoline tax dedicated to the Department of Human Services. For the fiscal year ended June 30, 2015, the Authority recorded \$3,466,651 of contract revenue from this agreement. For fiscal year 2016, RIPTA anticipates receiving \$3,498,498 under this agreement.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

NOTE 12 - DUE FROM/TO PRIMARY GOVERNMENT

At June 30, 2015, the Rhode Island Public Transit Authority is owed \$6,757,928 from the State of Rhode Island.

At June 30, 2015, the Rhode Island Public Transit Authority owes \$14,037,956 to the State of Rhode Island related to payments for debt service.

During fiscal year 2013, the Rhode Island General Assembly approved the State of Rhode Island to pay from general revenue resources the debt service payments owed in fiscal year 2013 and fiscal year 2014 by the Authority. Additionally, the Rhode Island General Assembly has approved the State of Rhode Island to pay the debt service payments owed for fiscal years 2015 and 2016 by the Authority.

The amount paid by the State for fiscal year 2015 was \$1,710,694 which included \$1,035,898 in principal and \$674,796 in interest. The Authority recognized as revenue debt forgiveness the principal amount of \$1,035,898 and the State paid the interest portion directly in the amount of \$674,796.

For fiscal year 2016, the anticipated amount to be paid by the State will be \$1,685,854, of which \$1,047,956 is principal and \$637,898 is interest.

There is no expectation or requirement that the Authority repay these funds in future periods.

NOTE 13 - NET POSITION

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position amount at June 30, 2015 was as follows:

<i>Net investment in capital assets</i>	\$132,625,475
<i>Unrestricted (deficit)</i>	(93,584,150)
<i>Total net position</i>	<u>\$39,041,325</u>

NOTE 14 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Authority implemented the Governmental Accounting Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

Plan. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result deferred compensation investments and the respective liability have been removed from the Authority's basic financial statements.

NOTE 15 - PENSION PLANS

A. RIPTA Employees' Pension Plan – Portion Covering 618 Employees

Plan Description

The Plan is a single-employer defined benefit pension plan established effective January 1, 1974. Effective January 1, 2002, the Authority consolidated its Bargaining Unit and Salaried Unit single-employer defined benefit pension plans into the Rhode Island Public Transit Authority Employees' Pension Plan. The Plan was most recently amended effective January 1, 2006. The portion of the Plan covering 618 employees includes union, hourly employees of the Authority who work more than 1,000 hours per year. Employees are eligible to participate in the Plan immediately upon employment. There are no age or minimum service requirements. Plan benefits and other provisions are established by State Statutes. Any changes to the Plan are subject to the collective bargaining process.

The Plan is administered by the Authority's Joint Pension Board (the "Board"). The Board consists of 6 regular members and 3 alternate members. The Authority appoints 3 regular members and 3 members are appointed by the Amalgamated Transit Union ("ATU"), Division 618, the ATU Division 618A and the Laborers' International Union, Local 808. The Board has overall responsibility for the operation and administration of the Plan. The Board is responsible for establishing benefits and contributions, and approving all Plan amendments. The Board also determines the appropriateness of the Plan's investment offerings and monitors investment performance.

The Plan issues a publicly available financial report that can be obtained from: RIPTA, Finance Department, 705 Elmwood Avenue, Providence, RI 02907.

Plan Membership

At January 1, 2014, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	372
Inactive plan members entitled to but not yet receiving benefits	53
Transferred plan members with vested benefits	7
Active plan members	700
	<u>1,132</u>

Contributions

The Authority's funding policy is to fund 100% of the actuarially determined contribution.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

The actuarially determined contribution is calculated as the normal cost plus an amortization of the unfunded actuarial accrued liability. Changes in plan provisions and actuarial assumptions give rise to changes in the unfunded liability.

Each participant must make mandatory contributions of 3% of compensation each year until the earlier of the participant's normal retirement date or termination of service.

Vesting

Plan participants are eligible for their Plan benefit after terminating employment with vested rights. Vesting in a participant's accrued benefits is based on years of service in accordance with the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 10 years	0%
10 years and thereafter	100%

Participants are vested immediately in their mandatory employee contributions. If a participant terminates employment for reasons other than retirement, death or disability prior to the completion of 10 years of service, the participant is entitled to a refund of the mandatory employee contributions without interest.

Benefits Provided

Distributions are subject to the applicable provisions of the Plan agreement.

Normal Retirement - Eligible employees, as defined in the Plan agreement, are entitled to monthly pension benefits beginning at normal retirement age (62, or if later, the participant's completion of 5 years of service) as follows: a monthly pension equal to 1.6% of average compensation for each year of service prior to January 1, 1987, plus 2% of average compensation for each year of service after December 31, 1986. Average compensation shall mean the compensation a participant averaged over the last 60 consecutive months worked prior to termination of service, retirement or termination of the Plan. A participant's right to his benefit is non-forfeitable upon reaching normal retirement age.

Late Retirement - Participants who remain employed after their normal retirement date are eligible for a late retirement benefit equal to the greater of (a) the benefit calculated under the Plan formula at the late retirement date, or (b) the benefit calculated at normal retirement date multiplied by the Plan's late retirement factor. Beginning April 1 of the calendar year following the year a participant attains age 70.5, an active participant's benefit will be increased actuarially each year, and the participant will earn benefit accruals under the plan formula.

Early Retirement - A participant who has attained age 55 with 10 years of service may receive an early retirement benefit which equals the accrued benefit reduced by 5/9% for each full

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

month by which the starting date of the benefits precedes the participant’s normal retirement date.

The Plan also provides disability and death benefits in accordance with the provisions of the Plan agreement.

The normal form of benefit payment is a life annuity payable monthly. Alternatively, a participant can choose the following options: ten year certain option, contingent annuitant option and post-retirement spouse benefit.

Net Pension Liability

The Authority’s net pension liability was measured as of June 30, 2014.

Actuarial Assumptions – The total pension liability was determined by actuarial valuations performed as of January 1, 2014 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method – actuarially determined contribution	Frozen Attained Age Normal Cost Method
Actuarial cost method - GASB 67 & 68	Entry Age Normal Cost Method
Investment return	7.50%, net of expenses, including inflation
Inflation	3.00%
Salary increases	3.00% per annum
Withdrawal rate	Sarason Table W-70
Disability rate	Two times Railroad Retirement Rates
Expenses	Prior year’s actual expenses, rounded to nearest \$100

Mortality rates were based on the IRS 2014 Annuitant and Nonannuitant Mortality Tables for Males or Females; no mortality improvement is assumed.

Active employees and participants who terminate after December 31, 2001 are assumed to retire the later of the normal retirement age under the Plan (62) or the completion of 10 years of service. Participants who terminated prior to January 1, 2002 are assumed to retire at age 60.

Changes in actuarial assumptions included the following:

- The mortality tables were changed from the RP-2000 Combined Healthy Male or Female tables to the IRS 2014 Annuitant and Nonannuitant Male or Female tables.

Changes in benefit terms included the following:

- Retirees received an additional \$15 a month benefit and surviving spouses \$7.50 on July 1, 2013.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

- All 618 employees that had part-time service in which they were not given pension credit for in the past are now eligible to receive pension credit back to their date of hire.

Additional increases in the monthly benefit of retirees and surviving spouses on July 1, 2014 and July 1, 2015 will affect the net pension liability on future measurement dates.

The long-term expected rate of return on 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 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	37.00%	8.50%
International equity	10.00%	8.00%
Fixed income	50.00%	4.50%
Real estate/other	3.00%	8.50%
Cash	0.00%	0.10%
Total	100.00%	

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 the Plan member contributions will be made at the current contribution rate and that the Authority contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance 7/1/2013	\$118,925,517	\$77,111,080	\$41,814,437
Changes for the year:			
Service cost	2,582,489		2,582,489
Interest on total pension liability	8,726,427		8,726,427
Differences between expected and actual experience	1,536,144		1,536,144
Changes of assumptions	6,642,978		6,642,978
Changes in benefit terms	1,139,692		1,139,692
Contributions – employer		6,450,787	(6,450,787)
Contributions – employee		955,583	(955,583)
Net investment income		10,874,380	(10,874,380)
Benefit payments	(5,153,034)	(5,153,034)	-
Administrative expense		(43,184)	43,184
Net changes	15,474,696	13,084,532	2,390,164
Balance 6/30/2014	\$134,400,213	\$90,195,612	\$44,204,601

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Authority, calculated using the discount rate of 7.50%, as well as what the Authority'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:

	<u>1% Decrease</u> <u>6.50%</u>	<u>Current Discount Rate</u> <u>7.50%</u>	<u>1% Increase</u> <u>8.50%</u>
Authority's Net Pension Liability	\$58,719,946	\$44,204,601	\$31,789,658

Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued financial statements.

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

For the year ended June 30, 2015, the Authority recognized pension expense of \$5,947,154. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$1,310,240	
Changes of assumptions	5,666,069	
Difference between projected and actual earnings on Plan investments		(4,082,512)
Total	\$6,976,309	\$(4,082,512)

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

Fiscal Year Ending June 30,

2016	\$182,185
2017	182,185
2018	182,185
2019	182,185
2020	1,202,813
Thereafter	962,244

The Authority's contributions made subsequent to the measurement date of the net pension liability, June 30, 2014, of \$6,346,787 are included in the accompanying financial statements as a deferred outflow of resources at June 30, 2015.

Payable to the Plan

At June 30, 2015, the Authority reported a payable of \$1,586,697 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2015.

B. RIPTA Employees' Pension Plan – Portion Covering Other Than 618 Employees

Plan Description

The Plan is a single-employer defined benefit pension plan established effective January 1, 1974. Effective January 1, 2002, the Authority consolidated its Bargaining Unit and Salaried Unit single-employer defined benefit pension plans into the Rhode Island Public Transit Authority Employees' Pension Plan. The Plan was most recently amended effective January 1, 2006. The portion of the Plan covering other than 618 employees includes union, salaried employees of the Authority who work more than 1,000 hours per year. Employees are eligible to participate in the Plan immediately upon employment. There are no age or minimum service requirements. Plan benefits and other provisions are established by State Statutes. Any changes to the Plan are subject to the collective bargaining process.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

The Plan is administered by the Authority’s Joint Pension Board (the “Board”). The Board consists of 6 regular members and 3 alternate members. The Authority appoints 3 regular members and 3 members are appointed by the Amalgamated Transit Union (“ATU”), Division 618, the ATU Division 618A and the Laborers’ International Union, Local 808. The Board has overall responsibility for the operation and administration of the Plan. The Board is responsible for establishing benefits and contributions, and approving all Plan amendments. The Board also determines the appropriateness of the Plan’s investment offerings and monitors investment performance.

The Plan issues a publicly available financial report that can be obtained from: RIPTA, Finance Department, 705 Elmwood Avenue, Providence, RI 02907.

Plan Membership

At January 1, 2014, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	79
Inactive plan members entitled to but not yet receiving benefits	7
Transferred plan members with vested benefits	2
Active plan members	81
	169

Contributions

The Authority’s funding policy is to fund 100% of the actuarially determined contribution. The actuarially determined contribution is calculated as the normal cost plus an amortization of the unfunded actuarial accrued liability. Changes in plan provisions and actuarial assumptions give rise to changes in the unfunded liability.

Each participant must make mandatory contributions of 3% of compensation each year until the earlier of the participant’s normal retirement date or termination of service.

Vesting

Plan participants are eligible for their Plan benefit after terminating employment with vested rights. Vesting in a participant’s accrued benefits is based on years of service in accordance with the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 10 years	0%
10 years and thereafter	100%

Participants are vested immediately in their mandatory employee contributions. If a participant terminates employment for reasons other than retirement, death or disability prior to the

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

completion of 10 years of service, the participant is entitled to a refund of the mandatory employee contributions without interest.

Benefits Provided

Distributions are subject to the applicable provisions of the Plan agreement.

Normal Retirement - Eligible employees, as defined in the Plan agreement, are entitled to monthly pension benefits beginning at normal retirement age (62, or if later, the participant's completion of 5 years of service) as follows: a monthly pension equal to 1.6% of average compensation for each year of service prior to January 1, 1987, plus 2% of average compensation for each year of service after December 31, 1986. Average compensation shall mean the compensation a participant averaged over the last 60 consecutive months worked prior to termination of service, retirement or termination of the Plan. A participant's right to his benefit is non-forfeitable upon reaching normal retirement age.

Late Retirement - Participants who remain employed after their normal retirement date are eligible for a late retirement benefit equal to the greater of (a) the benefit calculated under the Plan formula at the late retirement date, or (b) the benefit calculated at normal retirement date multiplied by the Plan's late retirement factor. Beginning April 1 of the calendar year following the year a participant attains age 70.5, an active participant's benefit will be increased actuarially each year, and the participant will earn benefit accruals under the plan formula.

Early Retirement - A participant who has attained age 52 with 10 years of service may receive an early retirement benefit which equals the accrued benefit reduced by .50% for each of the first 60 months and by .25% for each of the next 60 months by which the starting date of the benefits precedes the participant's normal retirement date.

The Plan also provides disability and death benefits in accordance with the provisions of the Plan agreement.

The normal form of benefit payment is a life annuity payable monthly. Alternatively, a participant can choose the following options: ten year certain option, contingent annuitant option and post-retirement spouse benefit.

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2014.

Actuarial Assumptions – The total pension liability was determined by actuarial valuations performed as of January 1, 2014 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method – actuarially determined contribution Frozen Attained Age Normal Cost Method

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

Actuarial cost method - GASB 67 & 68	Entry Age Normal Cost Method
Investment return	7.50%, net of expenses, including inflation
Inflation	3.00%
Salary increases	3.00% per annum
Withdrawal rate	Crocker-Sarason Straight Table T-1
Disability rate	Railroad Retirement Rates
Expenses	Prior year's actual expenses, rounded to nearest \$100

Mortality rates were based on the IRS 2014 Annuitant and Nonannuitant Mortality Tables for Males or Females; no mortality improvement is assumed.

Active employees and participants are assumed to retire the later of the normal retirement age under the Plan (62) or the completion of 10 years of service.

Changes in actuarial assumptions included the following:

- The mortality tables were changed from the RP-2000 Combined Healthy Male or Female tables to the IRS 2014 Annuitant and Nonannuitant Male or Female tables.

The long-term expected rate of return on 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 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	37.00%	8.50%
International equity	10.00%	8.00%
Fixed income	50.00%	4.50%
Real estate/other	3.00%	8.50%
Cash	0.00%	0.10%
Total	100.00%	

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 the Plan member contributions will be made at the current contribution rate and that the Authority contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the Plan's fiduciary net

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance 7/1/2013	\$20,713,150	\$15,536,788	\$5,176,362
Changes for the year:			
Service cost	403,363		403,363
Interest on total pension liability	1,510,921		1,510,921
Differences between expected and actual experience	(299,291)		(299,291)
Changes of assumptions	914,494		914,494
Changes in benefit terms	-		-
Contributions – employer		877,773	(877,773)
Contributions – employee		162,632	(162,632)
Net investment income		2,096,627	(2,096,627)
Benefit payments	(1,185,240)	(1,185,240)	-
Administrative expense		(9,313)	9,313
Net changes	<u>1,344,247</u>	<u>1,942,479</u>	<u>(598,232)</u>
Balance 6/30/2014	<u>\$22,057,397</u>	<u>\$17,479,267</u>	<u>\$4,578,130</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Authority, calculated using the discount rate of 7.50%, as well as what the Authority'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:

	<u>1% Decrease</u> <u>6.50%</u>	<u>Current Discount Rate</u> <u>7.50%</u>	<u>1% Increase</u> <u>8.50%</u>
Authority's Net Pension Liability	\$6,897,110	\$4,578,130	\$2,600,647

Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued financial statements.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

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

For the year ended June 30, 2015, the Authority recognized pension expense of \$518,154. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$(253,667)
Changes of assumptions	\$775,089	
Difference between projected and actual earnings on Plan investments		(760,035)
Total	<u>\$775,089</u>	<u>\$(1,013,702)</u>

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

Fiscal Year Ending June 30,

2016	\$(96,228)
2017	(96,228)
2018	(96,228)
2019	(96,227)
2020	93,781
Thereafter	52,517

The Authority's contributions made subsequent to the measurement date of the net pension liability, June 30, 2014, of \$806,029 are included in the accompanying financial statements as a deferred outflow of resources at June 30, 2015.

Payable to the Plan

At June 30, 2015, the Authority reported a payable of \$201,507 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2015.

C. Laborers' International Union of North America National Pension Fund

Plan Description

All employees who are members of the Local 808 union participate in the Laborers' International Union of North America National Pension Fund, a cost sharing multi-employer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan is administered by the Fund's Board of Trustees. Eligibility and benefit provisions are defined in Plan document adopted by the Board of Trustees.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

All employees who are members of the Local 808 union are eligible to participate in the Plan. An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit and have earned at least one of the years of pension credit during the period that his or her employer is contributing to the Plan. The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The regular monthly benefit is payable for each year of pension credit at each contribution rate accepted by the plan up to \$2.50 per hour. The Plan also provides death and disability benefits. Information regarding the Plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers' International Union of North America National (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765 or on the internet at www.lnipf.org.

Funding Policy – The contribution requirements of the Authority and employees are established by contract and may be amended by union negotiation. Employees are required to contribute 99 cents per hour up to a maximum of 40 hours per week to the Plan for calendar year 2015. The Authority is not required to contribute to the Plan.

The Multiemployer Pension Plan Amendments Act of 1980 impose certain liabilities upon employees associated with multiemployer pension plans who withdraw from such a plan or upon termination of said plan. The Authority has no plans to withdraw or partially withdraw from the plan.

D. Aggregate Pension Amounts Reported in the Financial Statements

	<u>RIPTA Employees' Pension Plan</u>		<u>Total</u>
	<u>618 Employees</u>	<u>Other Than 618 Employees</u>	
Deferred Outflows of Resources – Pension Actuarial	\$6,976,309	\$775,089	\$7,751,398
Deferred Outflows of Resources – Pension Contributions after Measurement Date	6,346,787	806,029	7,152,816
Total Deferred Outflows of Resources	<u>\$13,323,096</u>	<u>\$1,581,118</u>	<u>\$14,904,214</u>
Deferred Inflows of Resources – Pension Actuarial	<u>\$4,082,512</u>	<u>\$1,013,702</u>	<u>\$5,096,214</u>
Net Pension Liability	<u>\$44,204,601</u>	<u>\$4,578,130</u>	<u>\$48,782,731</u>
Pension Expense	<u>\$5,947,154</u>	<u>\$518,154</u>	<u>\$6,465,308</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2015

NOTE 16 - PARA TRANSIT OPERATIONS

Beginning June 1, 2009, the Authority was awarded a two-year contract with three one-year renewal options to provide paratransit service in the Providence, Central, Northeast and South County areas. Along with two other carriers, the Authority supplies service as a coordinated paratransit system in the State. RIPTA operates 87 of the 104 runs under the RIDE Program. The transportation needs include trips to meal sites, workshops, adult daycare and medical visits.

NOTE 17 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance for property damage and general liability and is self-insured for automobile liability and workers' compensation claims. A detail description of the self-insured risks is described in Notes 1 and 5.

NOTE 18 - RESTATEMENTS

The following restatement was recorded to beginning net position:

Net position – June 30, 2014, as previously reported	\$99,561,141
Implementation of GASB Statement Nos. 68 and 71	<u>(37,952,282)</u>
Net position – June 30, 2014, as restated	<u>\$61,608,859</u>

REQUIRED SUPPLEMENTARY INFORMATION

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Required Supplementary Information
Schedule of Funding Progress (1)
"Unaudited"

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (AVA)</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Actuarial Accrued Liability (UAAL) (AAL - AVA)</i>	<i>Funded Ratio (AVA/AAL)</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
Postemployment Medical Benefit Plan (2)						
7/1/2014	\$ -	\$ 90,314,341	\$ 90,314,341	0.00%	\$35,984,237	251.0%
7/1/2013	-	87,230,304	87,230,304	0.00%	38,827,774	224.7%
7/1/2012	-	89,111,690	89,111,690	0.00%	37,830,337	235.6%
7/1/2011	-	78,362,433	78,362,433	0.00%	38,801,901	202.0%
7/1/2010	-	69,647,632	69,647,632	0.00%	36,647,743	190.0%
7/1/2009	-	62,392,160	62,392,160	0.00%	36,209,202	172.3%

(1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.

(2) Individual Entry Age Actuarial Funding Method

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Required Supplementary Information
RIPTA Employees' Pension Plan - Portion Covering 618 Employees
Schedule of Changes in the Net Pension Liability and Related Ratios (1)
"Unaudited"

	2015
Total pension liability:	
Service cost	\$ 2,582,489
Interest	8,726,427
Changes of benefit terms	1,139,692
Differences between expected and actual experience	1,536,144
Changes of assumptions	6,642,978
Benefits payments, including refunds of member contributions	(5,153,034)
Net change in total pension liability	15,474,696
Total pension liability - beginning	118,925,517
Total pension liability - ending (a)	\$134,400,213
Plan fiduciary net position:	
Contributions - employer	\$ 6,450,787
Contributions - employee	955,583
Net investment income	10,874,380
Benefits payments, including refunds of member contributions	(5,153,034)
Administrative expense	(43,184)
Other	-
Net change in plan fiduciary net position	13,084,532
Plan fiduciary net position - beginning	77,111,080
Plan fiduciary net position - ending (b)	\$ 90,195,612
Town's net pension liability - ending (a) - (b)	\$ 44,204,601
Plan fiduciary net position as a percentage of the total pension liability	67.11%
Covered employee payroll	\$ 30,378,508
Net pension liability as a percentage of covered employee payroll	145.51%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Required Supplementary Information
RIPTA Employees' Pension Plan - Portion Covering Other Than 618 Employees
Schedule of Changes in the Net Pension Liability and Related Ratios (1)
"Unaudited"

	2015
Total pension liability:	
Service cost	\$ 403,363
Interest	1,510,921
Changes of benefit terms	-
Differences between expected and actual experience	(299,291)
Changes of assumptions	914,494
Benefits payments, including refunds of member contributions	(1,185,240)
Net change in total pension liability	1,344,247
Total pension liability - beginning	20,713,150
Total pension liability - ending (a)	\$ 22,057,397
Plan fiduciary net position:	
Contributions - employer	\$ 877,773
Contributions - employee	162,632
Net investment income	2,096,627
Benefits payments, including refunds of member contributions	(1,185,240)
Administrative expense	(9,313)
Other	-
Net change in plan fiduciary net position	1,942,479
Plan fiduciary net position - beginning	15,536,788
Plan fiduciary net position - ending (b)	\$ 17,479,267
Town's net pension liability - ending (a) - (b)	\$ 4,578,130
Plan fiduciary net position as a percentage of the total pension liability	79.24%
Covered employee payroll	\$ 4,257,513
Net pension liability as a percentage of covered employee payroll	107.53%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Required Supplementary Information - RIPTA Employees' Pension Plan
Schedule of Authority Contributions
Last Ten Fiscal Years
"Unaudited"

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Portion Covering 618 Employees										
Actuarially determined contribution	\$ 6,450,787	\$ 6,812,113	\$ 6,733,018	\$ 6,405,583	\$ 6,768,493	\$ 6,177,156	\$ 4,738,675	\$ 4,093,670	\$ 3,822,702	\$ 3,691,901
Contributions in relation to the actuarially determined contribution	6,450,787	6,812,113	6,733,018	6,448,959	6,768,493	6,177,156	4,738,675	4,093,670	3,822,702	3,691,900
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,376)</u>	<u>\$ -</u>	<u>\$ 1</u>				
Covered employee payroll	\$ 30,378,508	\$ 30,729,721	\$ 30,653,198	\$ 30,242,652	\$ 30,270,456	\$ 30,223,316	\$ 30,204,278	\$ 29,210,919	\$ 24,091,280	\$ 23,706,541
Contributions as a percentage of covered employee payroll	21.23%	22.17%	21.97%	21.32%	22.36%	20.44%	15.69%	14.01%	15.87%	15.57%
Portion Covering Other Than 618 Employees										
Actuarially determined contribution	\$ 877,773	\$ 975,367	\$ 937,100	\$ 890,868	\$ 975,399	\$ 1,060,904	\$ 960,656	\$ 948,792	\$ 1,045,661	\$ 975,583
Contributions in relation to the actuarially determined contribution	877,773	975,367	937,100	890,868	975,399	1,060,904	960,656	948,792	1,045,661	975,583
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,257,513	\$ 4,828,950	\$ 4,853,103	\$ 5,088,131	\$ 5,068,303	\$ 5,260,992	\$ 5,507,617	\$ 4,914,984	\$ 7,068,218	\$ 6,897,584
Contributions as a percentage of covered employee payroll	20.62%	20.20%	19.31%	17.51%	19.25%	20.17%	17.44%	19.30%	14.79%	14.14%

The notes to the required supplementary information are an integral part of this schedule.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Required Supplementary Information
June 30, 2015

Note 1 – RIPTA Employees’ Pension Plan

The actuarial methods and assumptions used to calculate the total pension liability are described in Note 15 A and B to the financial statements.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

Changes of Assumptions:

Portion Covering 618 Employees and Portion Covering Other Than 618 Employees - In 2014, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the IRS 2014 Annuitant and Nonannuitant Male or Female Mortality table for the purposes of developing mortality rates.

Changes of Benefit Terms:

Portion Covering 618 Employees - In 2014, benefit terms were modified to increase monthly benefits. As of July 1, 2013, all pensioners received an additional \$15 a month benefit, surviving spouses \$7.50. As of July 1, 2014, all pensioners will receive an additional \$15 a month benefit, surviving spouses \$7.50. As of July 1, 2015, all pensioners will receive an additional \$15 a month benefit, surviving spouses \$7.50. In addition, all 618 employees that had part time service in which they were not given pension credit for in the past are now eligible to receive pension credit back to their individual date of hire.

Portion Covering Other Than 618 Employees - None

Actuarially Determined Contributions:

Portion Covering 618 Employees and Portion Covering Other Than 618 Employees - The following actuarial methods and assumptions were used to determine contribution amounts reported in that schedule:

- Actuarial cost method - Frozen Attained Age Normal Actuarial Cost Method
- Amortization method - Level dollar, closed
- Remaining amortization period - 30 years
- Asset valuation method - Assets are equal to the value reported by insurance companies; guaranteed deposit accounts are valued at contract value; separate accounts are valued a market value; plus due and accrued contributions
- Inflation - 3.00%
- Investment return - 7.50%, net of expenses, including inflation
- Salary increases - 3.00% per annum
- Retirement age - Later of age 62 or the completion of 10 years of service
- Morality - IRS 2014 Annuitant and Nonannuitant Male or Female Mortality Table

SUPPLEMENTARY INFORMATION

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Net Position
June 30, 2015

Attachment B

Assets

Current Assets:	
Cash and cash equivalents	\$ 4,351,379
Investments	740,624
Receivables (net)	2,491,263
Due from primary government	6,757,928
Inventories	1,737,612
Other assets	337,618
Total current assets	16,416,424
Noncurrent Assets:	
Investments	2,159,447
Capital assets - nondepreciable	16,382,264
Capital assets - depreciable (net)	130,281,167
Total noncurrent assets	148,822,878
Total assets	165,239,302

Deferred outflows of resources

Other deferred outflows of resources	14,904,214
Total deferred outflows of resources	14,904,214

Liabilities

Current liabilities:	
Accounts payable	5,508,788
Due to primary government	1,047,956
Unearned revenue	221,540
Other current liabilities	6,613,528
Total current liabilities	13,391,812
Noncurrent liabilities:	
Due to primary government	12,990,000
Net pension liability	48,782,731
Net OPEB obligation	50,290,790
Compensated absences	622,526
Accrued self insured claims	9,928,118
Total noncurrent liabilities	122,614,165
Total liabilities	136,005,977

Deferred inflows of resources

Other deferred inflows of resources	5,096,214
Total deferred inflows of resources	5,096,214

Net position

Net investment in capital assets	132,625,475
Unrestricted (deficit)	(93,584,150)
Total net position	\$ 39,041,325

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Activities
For the Fiscal Year Ended June 30, 2015

Attachment C

Expenses	\$ 118,453,907
Program revenues:	
Charges for services	24,588,208
Operating grants and contributions	66,837,118
Capital grants and contributions	3,381,020
Total program revenues	<u>94,806,346</u>
Net (Expenses) Revenues	<u>(23,647,561)</u>
General revenues:	
Interest and investment earnings	44,129
Miscellaneous revenue - debt forgiveness	1,035,898
Total general revenues	<u>1,080,027</u>
Change in net position	(22,567,534)
Total net position - beginning as restated	61,608,859
Total net position - ending	<u>\$ 39,041,325</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Changes in Long Term Debt
For the Fiscal Year Ended June 30, 2015

Attachment E

	<u><i>Beginning Balance</i></u>	<u><i>Additions</i></u>	<u><i>Reductions</i></u>	<u><i>Ending Balance</i></u>	<u><i>Amounts Due Within One Year</i></u>	<u><i>Amounts Due Thereafter</i></u>
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net unamortized premium/discount	-	-	-	-	-	-
Bonds payable:	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Obligations under capital leases	-	-	-	-	-	-
Net OPEB obligation	44,042,555	6,248,235	-	50,290,790	-	50,290,790
Compensated absences	398,426	224,100	-	622,526	-	622,526
Due to primary government	15,104,854	-	1,066,898	14,037,956	1,047,956	12,990,000
Due to other governments and agencies	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-
Net pension liability	46,990,799	2,390,164	598,232	48,782,731	-	48,782,731
Accrued self insured claims	7,846,253	4,927,101	2,345,236	10,428,118	500,000	9,928,118
Included in other liabilities:						
Arbitrage rebate	-	-	-	-	-	-
Pollution remediation	-	-	-	-	-	-
Other liabilities	<u>114,382,887</u>	<u>13,789,600</u>	<u>4,010,366</u>	<u>124,162,121</u>	<u>1,547,956</u>	<u>122,614,165</u>
	<u>\$ 114,382,887</u>	<u>\$ 13,789,600</u>	<u>\$ 4,010,366</u>	<u>\$ 124,162,121</u>	<u>\$ 1,547,956</u>	<u>\$ 122,614,165</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Changes of Tangible Property
For the Fiscal Year Ended June 30, 2015

	<i>Tangible Property</i>				<i>Accumulated Depreciation</i>					<i>Net Book Value</i> <i>6/30/2015</i>	
	<i>Balance</i> <i>7/1/2014</i>	<i>Additions</i>	<i>Reductions</i>	<i>Reclassifications</i> <i>& Transfers</i>	<i>Balance</i> <i>6/30/2015</i>	<i>Balance</i> <i>7/1/2014</i>	<i>Additions</i>	<i>Reductions</i>	<i>Reclassifications</i> <i>& Transfers</i>		<i>Balance</i> <i>6/30/2015</i>
Land and land rights	\$ 2,145,924	\$ -	\$ -	\$ -	\$ 2,145,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,145,924
Shops, garages and office buildings	102,568,479	5,900	-	-	102,574,379	33,947,085	3,925,907	-	-	37,872,992	64,701,387
Tunnels	1,572,845	-	-	-	1,572,845	898,919	41,810	-	-	940,729	632,116
Communication system	5,649,037	12,900	-	4,172,002	9,833,939	5,647,162	837,565	-	417,200	6,901,927	2,932,012
Revenue equipment - busses	87,865,704	-	555,604	-	87,310,100	32,325,451	7,223,073	555,603	-	38,992,921	48,317,179
Trolleys	6,931,795	-	-	-	6,931,795	2,021,773	577,649	-	-	2,599,422	4,332,373
Fare boxes	4,008,100	-	-	-	4,008,100	2,231,010	323,107	-	-	2,554,117	1,453,983
Service cars and equipment	2,535,217	-	-	135,748	2,670,965	2,238,193	179,240	-	135,748	2,553,181	117,784
Shops and garage equipment	2,151,529	295,535	-	-	2,447,064	1,913,252	98,615	-	-	2,011,867	435,197
Furniture and office equipment	1,533,978	13,906	6,561	-	1,541,323	1,017,915	132,166	6,488	-	1,143,593	397,730
Miscellaneous equipment	4,670,025	1,223,278	-	-	5,893,303	2,363,492	426,097	-	-	2,789,589	3,103,714
Management information system	10,390,159	1,508,073	81,179	(4,172,002)	7,645,051	5,683,334	556,090	78,581	(417,200)	5,743,643	1,901,408
Security equipment	-	451,909	-	-	451,909	-	45,191	-	-	45,191	406,718
Paratransit vans	10,908,216	-	1,148,808	(135,748)	9,623,660	8,137,699	1,220,951	1,148,808	(135,748)	8,074,094	1,549,566
Total capital assets	242,931,008	3,511,501	1,792,152	-	244,650,357	98,425,285	15,587,461	1,789,480	-	112,223,266	132,427,091
Federal grant projects in process	13,954,222	3,263,427	2,981,309	-	14,236,340	-	-	-	-	-	14,236,340
Total tangible property	\$ 256,885,230	\$ 6,774,928	\$ 4,773,461	\$ -	\$ 258,886,697	\$ 98,425,285	\$ 15,587,461	\$ 1,789,480	\$ -	\$ 112,223,266	\$ 146,663,431

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Schedule of Operating Expenses
For the Fiscal Year Ended June 30, 2015*

Administration	
Salaries	\$ 767,093
Fringe benefits	243,410
Legal	75,209
Supplies	8,876
Other services	94,184
Travel and training	21,127
Total administration	<u>1,209,899</u>
Finance	
Salaries	560,754
Fringe benefits	162,311
Fringe benefits - retiree health	1,978,907
Office expense/supplies	29,039
Utilities	1,916,660
Other services	91,656
Travel and training	16,603
Total finance	<u>4,755,930</u>
Operations	
Wages - drivers	26,370,743
Wages - other	10,195,273
Fringe benefits	20,654,759
Other services	89,146
Maintenance/service agreements	23,498
Supplies	617,907
Travel and training	10,440
Uniforms	122,075
Hazardous waste disposal	32,624
Fuel	6,755,236
Antifreeze and lubricants	218,912
Vehicle and other parts	3,214,005
Tires and tubes	611,449
Tickets and passes	62,434
Total operations	<u>68,978,501</u>
Marketing	
Salaries	125,728
Fringe benefits	41,563
Advertising	136,754
Services	3,213
Supplies	106,260
Printing	247,511
Maintenance agreements	350
Travel and training	4,931
Total marketing	<u>666,310</u>

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2015

Human resources

Salaries	333,194
Fringe benefits	147,410
Supplies	3,139
Other services	64,061
Travel and training	19,124
<i>Total human resources</i>	<u>566,928</u>

Administrative services

Salaries	804,508
Fringe benefits	446,842
Supplies	6,050
Other services	48,882
Travel and training	4,569
Uniforms	653
<i>Total administrative services</i>	<u>1,311,504</u>

Risk management

Salaries	122,187
Fringe benefits	62,279
Office expense/supplies	2,811
Other services	151,796
Insurance	306,647
Settlements	3,464,707
Workers' compensation medical	109,340
Workers' compensation - other	714,197
Legal	395,403
Travel and training	678
<i>Total risk management</i>	<u>5,330,045</u>

Planning and scheduling

Salaries	964,879
Fringe benefits	420,397
Advertising	180,569
Other services	116,918
Travel and training	20,052
Office expense/supplies	3,349
<i>Total planning and scheduling</i>	<u>1,706,164</u>

Specialized transportation

Salaries	834,560
Fringe benefits	444,583
Travel and training	3,708
Services	5,785
Supplies	11,348
Vehicle and other parts	420
Utilities	32,824
<i>Total specialized transportation</i>	<u>1,333,228</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2015

<i>Paratransit operations</i>	
Salaries	4,956,725
Fringe benefits	2,694,098
Fuel	934,805
Insurance	245,477
Supplies	16,327
Uniforms	26,677
Travel and training	23,615
Other services	21,641
Utilities	46,869
<i>Total paratransit operations</i>	<u>8,966,234</u>
<i>Purchasing</i>	
Salaries	1,032,074
Fringe benefits	489,654
Supplies	16,124
Travel and training	5,180
Uniforms	1,315
Other services	22,723
<i>Total purchasing</i>	<u>1,567,070</u>
<i>Information technology</i>	
Salaries	384,797
Fringe benefits	168,725
Travel and training	8,743
Services	75,989
Supplies	10,297
Maintenance agreements	501,183
<i>Total information technology</i>	<u>1,149,734</u>
<i>RIDE</i>	
RIDE carriers	1,053,985
Taxi RIDE providers	1,422,901
<i>Total RIDE</i>	<u>2,476,886</u>
<i>Centralized maintenance</i>	
Salaries	951,687
Fringe benefits	576,135
Services	50,356
Lubricants	33,622
Tires and tubes	17,305
Supplies	4,060
Repair parts	458,540
<i>Total centralized maintenance</i>	<u>2,091,705</u>

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2015

State of Rhode Island - DOT

Salaries	317,379
Fringe benefits	188,536
Repair parts	230,421
Insurance	17,300
<i>Total State of Rhode Island - DOT</i>	<u>753,636</u>

Depreciation

15,587,461

Total operating expenses

\$ 118,451,235

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

	<u>Fund 01</u>	<u>Fund 02</u>	<u>Fund 04</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Operating revenues						
Passenger	\$ 19,076,441	\$ -	\$ -	\$ 19,076,441	\$ -	\$ 19,076,441
Paratransit	339,708	7,731,241	-	8,070,949	(6,930,063)	1,140,886
Rental	174,423	-	-	174,423	-	174,423
Advertising	676,607	-	-	676,607	-	676,607
RIDE	1,698,538	-	7,773,069	9,471,607	(7,189,461)	2,282,146
Other	1,183,208	54,497	-	1,237,705	-	1,237,705
Total operating revenues	<u>23,148,925</u>	<u>7,785,738</u>	<u>7,773,069</u>	<u>38,707,732</u>	<u>(14,119,524)</u>	<u>24,588,208</u>
Operating expenses						
Administration	1,209,899	-	-	1,209,899	-	1,209,899
Finance	4,755,930	-	-	4,755,930	-	4,755,930
Operations	68,978,501	-	-	68,978,501	-	68,978,501
Marketing	666,310	-	-	666,310	-	666,310
Human resources	566,928	-	-	566,928	-	566,928
Administrative services	1,311,504	-	-	1,311,504	-	1,311,504
Risk management	5,330,045	-	-	5,330,045	-	5,330,045
Planning and scheduling	1,706,164	-	-	1,706,164	-	1,706,164
Specialized transportation	8,522,689	-	-	8,522,689	(7,189,461)	1,333,228
Paratransit operations	-	8,966,234	-	8,966,234	-	8,966,234
Purchasing	1,567,070	-	-	1,567,070	-	1,567,070
Informational technology	1,149,734	-	-	1,149,734	-	1,149,734
RIDE	-	-	9,406,949	9,406,949	(6,930,063)	2,476,886
Centralized maintenance	2,091,705	-	-	2,091,705	-	2,091,705
State of Rhode Island - DOT	753,636	-	-	753,636	-	753,636
Depreciation	15,587,461	-	-	15,587,461	-	15,587,461
Total operating expenses	<u>114,197,576</u>	<u>8,966,234</u>	<u>9,406,949</u>	<u>132,570,759</u>	<u>(14,119,524)</u>	<u>118,451,235</u>
Operating loss	<u>(91,048,651)</u>	<u>(1,180,496)</u>	<u>(1,633,880)</u>	<u>(93,863,027)</u>	<u>-</u>	<u>(93,863,027)</u>
Nonoperating revenues (expenses)						
State of RI gas tax	42,960,321	-	-	42,960,321	-	42,960,321
State of RI - DEA gas tax	3,466,651	-	-	3,466,651	-	3,466,651
Operating grants	20,409,210	936	-	20,410,146	-	20,410,146
Investment income	44,129	-	-	44,129	-	44,129
Debt forgiveness	1,035,898	-	-	1,035,898	-	1,035,898
Loss on disposal of capital assets	(2,672)	-	-	(2,672)	-	(2,672)
Total nonoperating revenues (expenses)	<u>67,913,537</u>	<u>936</u>	<u>-</u>	<u>67,914,473</u>	<u>-</u>	<u>67,914,473</u>
Loss before capital contributions	<u>(23,135,114)</u>	<u>(1,179,560)</u>	<u>(1,633,880)</u>	<u>(25,948,554)</u>	<u>-</u>	<u>(25,948,554)</u>
Capital contributions	<u>3,381,020</u>	<u>-</u>	<u>-</u>	<u>3,381,020</u>	<u>-</u>	<u>3,381,020</u>
Change in net position	<u>\$ (19,754,094)</u>	<u>\$ (1,179,560)</u>	<u>\$ (1,633,880)</u>	<u>\$ (22,567,534)</u>	<u>\$ -</u>	<u>\$ (22,567,534)</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Schedule of Travel and Entertainment
For the Fiscal Year Ended June 30, 2015*

<u>Traveler's Name</u>	<u>Purpose</u>	<u>Amount</u>
Valerie Bacon	HASTUS Int'l User Group Mtg	\$ 602.55
Brian Marquis	GIRO	602.55
Kevin Perry	Natl Trans Inst Conf	0.01
Edward Brown	APTA Multimodal Oper	268.50
Greg Harris	APTA Multimodal Oper	268.50
E Brown & G Harris	APTA Multimodal Oper	1,050.00
E Brown & G Harris	APTA Multimodal Oper	810.14
Ray Studley	APTA Annual Mtg	689.83
Lily Picchione	APTA Annual Mtg	1,259.27
Amy Pettine	APTA Annual Mtg	1,294.26
John Chadwick	APTA Annual Mtg	721.83
Joe Monti	APTA Annual Mtg	721.83
E Brown & G Harris	APTA Multimodal Oper	(810.14)
M McGrane	NTI Project Mgmt Class	94.96
J Vincent	NTI DBE Classes	802.11
John Chadwick	APTA Annual Mtg	248.50
Joe Monti	APTA Annual Mtg	248.50
Joe Monti	Preproduction mtg vans	115.00
Mike McGrane	NTI Project Mgmt Class	91.50
Mike McGrane	Preproduction mtg vans	115.00
Amy Pettine	APTA Annual Mtg & Expo	603.50
Lily Picchione	APTA Annual Mtg	319.50
Frank Rose	Preproduction mtg vans	115.00
Raymond Studley	APTA Annual Mtg & Expo	461.50
Jim Vincent	NTI DBE Classes	231.00
Greg Nordin	Rail-Volution Conference	319.50
William Smith	Smith System Training	84.00
Thomas LaPlante	Smith System Training	84.00
Thomas Denny	Smith System Training	84.00
Roger Mencarini	NEPTA Tri State Conference	872.04
James Vincent	NTI DBE Classes	48.00
Ray Studley	APTA Annual Mtg & Expo	1,080.92
Greg Nordin	Rail-Volution Conference	634.95
Joseph Monti	APTA Annual Mtg & Expo	442.26
Francisco Moniz	GFI Farebox Training	319.50
Alexander Yancy	GFI Farebox Training	319.50
Brian Marquis	HASTUS Int'l User Group Mtg	521.10
Francis Rose	Preproduction mtg vans	414.20
Joseph Monti	Preproduction mtg vans	414.20
Michael McGrane	Preproduction mtg vans	414.20
McGrane/Rose/Monti	Preproduction mtg vans	218.10
Ray Studley	APTA Annual Mtg & Expo	652.05
Ray Studley	APTA Annual Mtg & Expo	92.40
James Vincent	NTI DBE Classes	45.10

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Travel and Entertainment (Continued)

For the Fiscal Year Ended June 30, 2015

<u>Traveler's Name</u>	<u>Purpose</u>	<u>Amount</u>
Amy Pettine	APTA Annual Mtg & Expo	28.60
Michael McGrane	Preproduction mtg vans	67.70
Joseph Monti	Preproduction mtg vans	67.70
Greg Nordin	Rail-Volution Conference	386.20
Greg Nordin	Rail-Volution Conference	1,004.95
Brian Marquis	HASTUS Int'l User Group Mtg	592.54
Amy Pettine	APTA Annual Mtg & Expo	652.05
Alex Yancy	GFI Farebox Training	374.70
Francisco Moniz	GFI Farebox Training	374.70
John Chadwick	APTA Expo	442.26
William Smith	Smith System Training	171.35
Thomas Denny	Smith System Training	171.35
L Picchione/A Pettine	APTA Annual Mtg & Expo	884.52
R Studley	APTA Annual Mtg & Expo	442.26
Thomas Laplante	Smith System Training	171.35
Joseph Monti	Preproduction mtg vans	6.00
Alex Yancy	GFI Farebox Training	330.46
Alex Yancy	GFI Farebox Training	342.00
Francisco Moniz	GFI Farebox Training	342.00
Francis Rose	Preproduction mtg vans	67.70
Francis Rose	Preproduction mtg vans	11.47
Brian Marquis	Hastus Intl Users Group	374.50
Ray Studley	TRB Conference	166.20
Francis Rose	Preproduction mtg vans	(13.16)
Polichetti/Bannister	APTA Mktg Conf	1,150.00
Polichetti/Bannister	APTA Mktg Conf	452.40
Ray Studley	TRB Conference	204.96
Polichetti/Bannister	APTA Mktg Conf	2,009.28
Lily Picchione	Legislative conf	243.20
Ray Studley	Legislative conf	305.20
Amy Pettine	Legislative conf	305.20
Barbara Polichetti	APTA Mktg Conf	278.88
Daniel Bannister	APTA Mktg Conf	278.88
Lily Picchione	Legislative conf	850.00
Lily/Amy	Legislative conf	370.98
Ray Studley	Legislative conf	370.98
Barbara Polichetti	APTA Mktg Conf	25.00
Barbara Polichetti	APTA Mktg Conf	50.00
Daniel Bannister	APTA Mktg Conf	150.00
Daniel Bannister	APTA Mktg Conf	150.00
Matthew Salisbury	APTA	120.00
Kevin Perry	APTA	120.00
Amy Pettine	Legislative Conf	90.00
Ray Studley	Legislative Conf	90.00

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Travel and Entertainment (Continued)

For the Fiscal Year Ended June 30, 2015

<u>Traveler's Name</u>	<u>Purpose</u>	<u>Amount</u>
Lillian Picchione	Legislative Conf	150.00
Matthew Salisbury	APTA TransitTech	910.24
Kevin Perry	APTA Rev Mgmt & Collection	875.23
Ray Studley	Legislative Conf	370.98
Amy Pettine	Legislative Conf	1,112.94
Raymond Studley	Legislative Conf	610.31
Mark Therrien	ABBG Conf	90.00
Brooks Almonte	ABBG Conf	90.00
Chris Durand	SUNGARD User Conf	150.00
Elaine Roffo	SUNGARD User Conf	150.00
Chris Durand	SUNGARD User Conf	410.00
Elaine Roffo	SUNGARD User Conf	410.00
Matt Salisbury	APTA TransitTech	418.50
Kevin Perry	APTA TransitTech	447.27
Chris Durand	SUNGARD User Conf	365.00
Chris Durand	SUNGARD User Conf	34.80
Chris Durand	SUNGARD User Conf	672.80
Brooks Almonte	ABBG Conf	315.70
Mark Therrien	ABBG Conf	315.70
Elaine Roffo	SUNGARD User Conf	34.80
Elaine Roffo	SUNGARD User Conf	385.01
Elaine Roffo	SUNGARD User Conf	672.80
Francis Rose	Preorder bus inspect	600.00
Thomas Cabral	Preorder bus inspect	600.00
Mark Therrien	ABBG Conf	330.51
Francis Rose	Preorder bus inspect	788.70
Thomas Cabral	Preorder bus inspect	788.70
Francis Rose	Preorder bus inspect	2,631.43
Francis Rose	Preorder bus inspect	2,302.80
Thomas Cabral	Preorder bus inspect	2,221.27
Mark Therrien	ABBG Conf	411.70
Brooks Therrien	ABBG Conf	411.70
Krissy Kleamovich	Business Development	743.20
Chris McKenna	Business Development	743.20
Kleamovich/McKenna	Business Development	59.34
Krissy Kleamovich	Business Development	489.99
Chris McKenna	Business Development	489.99
Krissy Kleamovich	Business Development	476.53
Chris McKenna	Business Development	120.00
Jason Carotenuti	Genfare Training	1,154.88
Joel Darelus	Genfare Training	1,154.88
Jason Carotenuti	Genfare training	150.00
Joel Darelus	Genfare training	150.00
James Vincent	Title VI & public trans conf	820.81
James Vincent	Title VI & pub trans conf	90.00
		<u>\$ 59,781.29</u>

STATISTICAL SECTION



omprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Statistical Section

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

- Capital Assets by Group
- Condensed Summary of Net Position
- Change in Net Position
- Expenses by Function

Revenue Capacity

This schedule contains information to help the reader assess the Authority's most significant revenue sources.

- Revenues by Source

Economic and Demographic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the Authority's financial activity take place.

- Demographic & Economic Statistics
- Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the service the Authority provides and the activity it performs.

- Fare Structure
- Operating Indicators

Sources: Unless otherwise noted, the information in these schedules was derived from the comprehensive annual financial report for the relevant year.

Rhode Island Public Transit Authority
Capital Assets
Last Ten Years
(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Shops, garages, and office buildings	\$ 56,526,762	\$ 56,548,466	\$ 56,548,466	\$ 56,548,468	\$ 56,577,568	\$ 98,304,879	\$ 99,296,097	\$ 100,120,229	\$ 102,568,479	\$ 102,574,379
Tunnels	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845
Communication system	5,631,926	5,631,926	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	9,833,939
Revenue equipment-buses	65,583,547	65,916,312	65,346,226	63,435,848	62,673,957	86,968,271	81,698,264	94,534,204	87,865,704	87,310,100
Trolleys	6,729,015	6,729,015	6,729,015	6,729,015	4,701,613	10,636,348	8,592,306	8,592,306	6,931,795	6,931,795
Fare boxes	1,099,868	1,099,868	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100
Service cars and equipment	1,699,005	1,699,005	1,941,605	1,941,604	2,647,599	2,982,293	2,745,627	2,594,887	2,535,217	2,670,965
Shops and garage equipment	1,754,020	1,758,263	1,758,263	1,754,413	1,996,084	2,100,040	2,097,922	2,173,971	2,151,529	2,447,064
Furniture and office equipment	882,084	922,587	919,968	925,085	935,123	995,525	1,605,420	1,600,263	1,533,978	1,541,323
Miscellaneous equipment	1,646,880	1,928,259	2,362,701	2,835,859	2,989,156	3,189,642	3,975,423	4,211,548	4,670,025	5,893,303
Management information systems	2,517,970	2,524,174	2,631,387	2,647,684	4,675,672	5,118,557	5,293,715	6,072,100	10,390,159	7,645,051
Security Equipment	-	-	-	-	-	-	-	-	-	451,909
Leased Paratransit vans	8,789,991	11,348,857	9,303,134	11,325,351	9,278,837	11,534,086	9,840,923	11,367,746	10,908,216	9,623,660
Total capital assets being depreciated	<u>154,433,913</u>	<u>157,679,577</u>	<u>158,770,747</u>	<u>159,373,309</u>	<u>157,705,591</u>	<u>233,059,623</u>	<u>226,375,679</u>	<u>242,497,236</u>	<u>240,785,084</u>	<u>242,504,433</u>
Accumulated depreciation	(64,284,775)	(74,731,714)	(81,692,465)	(88,498,631)	(84,705,892)	(81,471,768)	(87,131,877)	(92,019,611)	(98,425,285)	(112,223,266)
Total capital assets being depreciated, net	<u>90,149,138</u>	<u>82,947,863</u>	<u>77,078,282</u>	<u>70,874,678</u>	<u>72,999,699</u>	<u>151,587,855</u>	<u>139,243,802</u>	<u>150,477,625</u>	<u>142,359,799</u>	<u>130,281,167</u>
Land	2,036,797	2,036,797	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924
Federal grant projects in process	797,404	4,499,187	4,411,466	21,901,664	38,665,311	3,893,927	6,275,959	14,906,535	13,954,222	14,236,340
Total Invested in Capital Assets	<u>\$ 92,983,339</u>	<u>\$ 89,483,847</u>	<u>\$ 83,635,672</u>	<u>\$ 94,922,266</u>	<u>\$ 113,810,934</u>	<u>\$ 157,627,706</u>	<u>\$ 147,665,685</u>	<u>\$ 167,530,084</u>	<u>\$ 158,459,945</u>	<u>\$ 146,663,431</u>

Source: RIPTA Annual Audited Financial Statements

Rhode Island Public Transit Authority
Condensed Summary of Net Position
Last Ten Years
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	(1) 2015
ASSETS:										
Capital Assets	\$92,983,339	\$89,483,847	\$83,635,672	\$94,922,266	\$113,810,934	\$157,627,706	\$147,665,685	\$ 167,530,084	\$ 158,459,945	\$ 146,663,431
Other Assets	17,698,338	20,214,544	18,169,413	20,573,089	20,803,447	22,315,056	22,659,721	\$ 23,123,665	\$ 21,871,766	\$ 18,575,871
Total Assets	<u>110,681,677</u>	<u>109,698,391</u>	<u>101,805,085</u>	<u>115,495,355</u>	<u>134,614,381</u>	<u>179,942,762</u>	<u>170,325,406</u>	<u>\$ 190,653,749</u>	<u>\$ 180,331,711</u>	<u>\$ 165,239,302</u>
Deferred outflow of resources										
Deferred pension amounts	-	-	-	-	-	-	-	-	-	<u>14,904,214</u>
LIABILITIES:										
Current Liabilities	9,977,948	12,294,049	12,241,844	14,161,257	13,549,821	12,473,314	13,551,379	14,254,121	12,715,423	13,391,812
Long-term Liabilities	9,769,454	9,625,518	16,433,615	26,793,735	32,927,227	43,953,177	49,437,768	60,574,636	68,055,147	122,614,165
Total Liabilities	<u>19,747,402</u>	<u>21,919,567</u>	<u>28,675,459</u>	<u>40,954,992</u>	<u>46,477,048</u>	<u>56,426,491</u>	<u>62,989,147</u>	<u>74,828,757</u>	<u>80,770,570</u>	<u>136,005,977</u>
Deferred inflows of resources										
Deferred pension amounts	-	-	-	-	-	-	-	-	-	<u>5,096,214</u>
NET POSITION:										
Unrestricted Net Assets(Deficit)	(2,049,064)	(1,705,023)	(10,506,046)	(12,442,776)	(16,512,606)	(21,226,895)	(27,956,831)	(35,797,468)	(43,793,950)	(93,584,150)
Investment In Capital Assets	92,983,339	89,483,847	83,635,672	86,983,139	104,649,939	144,743,166	135,293,090	151,622,460	143,355,091	132,625,475
Total Net Position	<u>\$90,934,275</u>	<u>\$87,778,824</u>	<u>\$73,129,626</u>	<u>\$74,540,363</u>	<u>\$88,137,333</u>	<u>\$123,516,271</u>	<u>\$107,336,259</u>	<u>\$ 115,824,992</u>	<u>\$ 99,561,141</u>	<u>\$ 39,041,325</u>

Source: RIPTA Annual Audited Financial Statements

Note:

(1) - RIPTA implemented GASB Statements Nos. 68 and 71 in fiscal year 2015.

Rhode Island Public Transit Authority
CHANGES IN NET POSITION
LAST TEN YEARS
(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Revenues:										
Passenger Revenue	\$21,969,622	\$23,107,059	\$24,210,993	\$24,853,200	\$19,778,436	\$21,564,851	\$ 21,147,737	\$ 21,547,853	\$ 21,779,974	\$ 19,076,441
Other Revenues	8,147,372	8,538,764	8,432,169	9,156,452	7,918,563	9,524,953	12,190,461	11,691,522	11,250,660	5,511,767
Total Operating Revenue	<u>30,116,994</u>	<u>31,645,823</u>	<u>32,643,162</u>	<u>34,009,652</u>	<u>27,696,999</u>	<u>31,089,804</u>	<u>33,338,198</u>	<u>33,239,375</u>	<u>33,030,634</u>	<u>24,588,208</u>
Operating Expenses	79,643,481	83,673,159	97,310,816	95,271,016	96,263,187	102,154,502	103,947,502	104,846,154	104,213,000	102,863,774
Depreciation Expense	<u>10,066,326</u>	<u>10,536,632</u>	<u>10,632,983</u>	<u>9,814,455</u>	<u>9,484,280</u>	<u>12,673,713</u>	<u>14,943,582</u>	<u>15,169,685</u>	<u>15,629,521</u>	<u>15,587,461</u>
Operating Loss	(59,592,813)	(62,563,968)	(75,300,637)	(71,075,819)	(78,050,468)	(83,738,411)	(85,552,886)	(86,776,464)	(86,811,887)	(93,863,027)
Non-operating Revenues(Expenses):										
Transfer from State	34,840,726	34,108,373	32,724,644	33,613,398	41,788,014	41,025,227	40,945,215	40,780,987	40,772,363	42,960,321
Grants	13,793,116	16,068,970	20,601,873	21,181,376	21,853,994	24,372,884	20,694,389	21,059,367	19,823,747	20,410,146
Investment Income	275,011	423,140	382,190	104,475	41,817	54,766	33,001	(4,527)	7,690	44,129
Contract Revenue	3,757,550	3,701,150	3,582,650	3,476,000	3,382,654	3,341,398	3,317,009	3,232,381	3,344,275	3,466,651
Other Non-operating Revenue										
Loss on disposal of assets	(7,622)	8,476	(68,763)	(397,678)	(197,970)	(5,455)	(111,049)	(24,367)	(527)	(2,672)
Forgiveness of Debt	-	-	-	-	-	-	-	964,971	929,770	1,035,898
Debt Service	(649,753)	(684,153)	(675,239)	(693,341)	(386,869)	(483,462)	(410,079)	-	-	-
Total Non-operating Revenues(Expenses)	<u>52,009,028</u>	<u>53,625,956</u>	<u>56,547,355</u>	<u>57,284,230</u>	<u>66,481,640</u>	<u>68,305,358</u>	<u>64,468,486</u>	<u>66,008,812</u>	<u>64,877,318</u>	<u>67,914,473</u>
Net Loss	(7,583,785)	(8,938,012)	(18,753,282)	(13,791,589)	(11,568,828)	(15,433,053)	(21,084,400)	(20,767,652)	(21,934,569)	(25,948,554)
Capital Contribution	<u>13,173,531</u>	<u>5,782,561</u>	<u>4,104,084</u>	<u>20,657,398</u>	<u>25,165,798</u>	<u>50,811,991</u>	<u>4,904,388</u>	<u>28,895,953</u>	<u>5,670,718</u>	<u>3,381,020</u>
Change in Net Position	<u>\$5,589,746</u>	<u>(\$3,155,451)</u>	<u>(\$14,649,198)</u>	<u>\$6,865,809</u>	<u>\$13,596,970</u>	<u>\$35,378,938</u>	<u>(\$16,180,012)</u>	<u>\$8,128,301</u>	<u>(\$16,263,851)</u>	<u>\$ (22,567,534)</u>

Source: RIPTA Annual Audited Financial Statements

Rhode Island Public Transit Authority
Expenses by Function
Last Ten Years
(Unaudited)

Operating Expenses	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	\$ 720,405	\$ 555,537	\$ 719,851	\$ 612,889	\$ 745,630	\$ 1,051,673	\$ 831,055	\$ 912,428	\$ 1,148,809	\$ 1,209,899
Finance	3,404,523	2,743,533	2,856,185	3,546,753	2,542,358	2,914,240	3,360,279	4,212,579	5,202,466	4,755,930
Operations	51,307,167	54,212,301	64,820,427	62,621,671	62,886,241	64,852,587	66,301,762	67,910,415	66,494,651	68,978,501
Marketing	1,670,142	1,880,410	2,159,260	1,992,280	2,053,360	2,261,023	2,399,414	684,955	712,898	666,310
Human Resources	711,954	770,135	911,810	775,889	820,430	1,083,730	1,236,857	505,275	562,255	566,928
Administrative Services	-	-	-	-	-	-	-	2,014,397	1,467,858	1,311,504
Risk Management	2,401,902	2,140,186	2,384,043	2,811,779	2,959,890	3,960,334	3,124,406	2,749,234	3,480,825	5,330,045
Planning & Scheduling	978,135	1,076,458	1,522,115	1,795,816	1,731,730	2,031,745	2,749,057	2,531,837	1,998,577	1,706,164
Specialized Transportation	1,845,550	1,866,492	2,127,343	2,194,668	2,209,427	2,252,563	1,702,980	1,772,410	1,573,368	1,333,228
Paratransit Operations	6,710,057	7,663,243	8,574,177	8,315,993	8,820,120	9,143,192	9,528,144	9,681,158	9,958,956	8,966,234
Purchasing	970,931	1,243,539	1,308,288	1,354,314	1,458,570	1,471,253	1,628,566	1,785,890	1,626,790	1,567,070
Flex	1,029,084	1,180,456	1,456,972	1,549,183	1,661,692	1,850,649	1,658,143	-	-	-
MIS	855,711	735,032	733,097	861,059	785,047	908,176	717,103	1,050,019	866,437	1,149,734
Ferry	601,101	620,831	637,978	386,042	50,251	-	-	-	-	-
RIDE	3,788,469	4,327,987	4,277,150	3,662,446	4,328,300	5,150,770	5,557,983	5,789,086	6,084,640	2,476,886
Centralized Transportation	1,692,114	1,579,203	1,757,504	1,738,311	2,178,137	2,247,392	2,385,326	2,520,425	2,277,039	2,091,705
Facilities Engineering	400,714	431,828	481,480	452,696	419,723	362,581	-	-	-	-
State of RI-DOT	555,522	645,988	583,136	599,227	612,281	612,594	666,427	726,046	757,431	753,636
Depreciation	10,066,326	10,536,632	10,632,983	9,814,455	9,484,280	12,673,713	14,943,582	15,169,685	15,629,521	15,587,461
Operating Expenses	89,709,807	94,209,791	107,943,799	105,085,471	105,747,467	114,828,215	118,791,084	120,015,839	119,842,521	118,451,235
Non-operating Expenses										
Interest Expense	2,972	-	-	-	-	-	-	-	-	-
Debt Service	649,753	684,153	675,239	693,341	386,869	483,462	410,079	-	-	-
	652,725	684,153	675,239	693,341	386,869	483,462	410,079	-	-	-
Total Expenses	\$ 90,362,532	\$ 94,893,944	\$ 108,619,038	\$ 105,778,812	\$ 106,134,336	\$ 115,311,677	\$ 119,201,163	\$ 120,015,839	\$ 119,842,521	\$ 118,451,235

Source: RIPTA Annual Audited Financial Statements

Rhode Island Public Transit Authority
Revenues by Source

Last Ten Years
(Unaudited)

Operating Revenues	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Passenger Fares	\$21,374,315	\$22,451,422	\$23,480,485	\$24,044,176	\$18,048,941	\$19,778,407	\$ 21,147,737	\$ 21,547,853	\$ 21,779,974	\$ 19,076,441
Paratransit	595,307	655,637	730,508	809,024	1,729,495	1,786,444	1,911,627	1,052,140	1,003,013	1,140,886
Rental	121,973	124,690	138,512	127,418	151,171	192,096	195,707	193,285	186,128	174,423
Advertising	270,417	416,580	415,875	497,887	554,516	579,260	546,020	583,272	530,023	676,607
RIDE	6,857,791	6,959,762	6,878,903	6,563,964	6,157,915	7,163,120	7,884,343	8,642,680	8,292,568	2,282,146
Other	897,191	1,037,732	998,879	1,967,283	1,054,961	1,590,477	1,652,764	1,220,145	1,238,928	1,237,705
Total operating revenues	30,116,994	31,645,823	32,643,162	34,009,752	27,696,999	31,089,804	33,338,198	33,239,375	33,030,634	24,588,208
Non-operating Revenues										
Transfers From State	34,840,726	34,108,373	32,724,644	33,613,398	41,788,014	41,025,227	40,945,215	40,780,987	40,772,363	42,960,321
Federal and State Grants	13,793,116	16,068,970	20,601,876	21,181,376	21,853,994	27,372,884	20,694,389	21,059,367	19,823,747	20,410,146
Investment Income	277,983	423,140	382,190	104,475	41,817	54,766	33,001	(4,527)	7,690	44,129
Contract Revenue	3,757,550	3,701,150	3,582,650	3,476,000	3,382,654	3,341,398	3,317,009	3,232,381	3,344,275	3,466,651
Debt Forgiveness	-	-	-	-	-	-	-	964,971	929,770	1,035,898
Other non-operating revenue	-	-	-	-	-	-	-	-	-	-
Gain(Loss) on disposal of Assets	(7,622)	8,476	(68,763)	(397,678)	(197,970)	(5,455)	(111,049)	(24,367)	(527)	(2,672)
Total non-operating revenues	52,661,753	54,310,109	57,222,597	57,977,571	66,868,509	71,788,820	64,878,565	66,008,812	64,877,318	67,914,473
Total Revenues	\$82,778,747	\$85,955,932	\$89,865,759	\$91,987,323	\$94,565,508	\$102,878,624	\$98,216,763	\$ 99,248,187	\$ 97,907,952	\$ 92,502,681

Source: RIPTA Annual Audited Financial Statements

Rhode Island Public Transit Authority
Demographic and Economic Information
State of Rhode Island
Last Ten Years
(Unaudited)

Fiscal Year	<u>Population(1)</u>	<u>Personal Income(4)</u>	<u>Per Capita Income(4)</u>	<u>Labor Force(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(2)</u>
2006	1,058,991	39,054	36,289	578,243	153,560	5.10%
2007	1,053,136	41,745	39,463	576,987	153,417	5.00%
2008	1,050,788	43,091	41,008	567,597	151,619	7.80%
2009	1,053,209	43,185	41,003	567,093	145,342	11.20%
2010	1,052,567	44,801	42,579	566,166	145,231	10.30%
2011	1,051,302	46,294	43,992	563,506	142,854	11.27%
2012	1,050,292	47,253	44,990	560,428	142,481	10.42%
2013	1,051,511	49,434	47,012	560,428	142,008	9.49%
2014	1,055,173	51,532	48,838	553,347	141,959	7.65%
2015	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Source United States Census Bureau
- (2) Source Rhode Island Department of Labor
- (3) Source Rhode Island Department of Education
- (4) Source Rhode Island Department of Commerce

Rhode Island Public Transit Authority
Demographic and Economic Information(continued)
Top Ten Rhode Island Employers 2014
(Unaudited)

2014				2006			
Rank	Name of Company	Employees	% of Total Employment	Rank	Name of Company	Employees	% of Total Employment
1	Rhode Island	13,889	20.74%	1	Rhode Island	11,907	17.46%
2	Lifespan	11,582	17.30%	2	Lifespan	10,935	16.03%
3	Care New England	8,063	12.04%	3	US Government(excluding military)	9,982	14.64%
4	CVS Caremark, Corp	7,000	10.45%	4	Care New England	6,611	9.69%
5	Providence	5,815	8.69%	5	Roman Catholic Church	6,200	9.09%
6	Royal Bank of Scotland(Citizens Bank)	5,250	7.84%	6	CVS Corp	5,683	8.33%
7	Brown University	4,326	6.46%	7	Royal Bank of Scotland(Citizens Bank)	5,500	8.07%
8	Stop & Shop Supermarkets	3,880	5.80%	8	Stop & Shop Supermarket	4,435	6.50%
9	Fidelity Investments	3,750	5.60%	9	Brown University	3,943	5.78%
10	Electric Boat	3,400	5.08%	10	Bank of America	3,000	4.41%

Source: 2006 Rhode Island Economic Development Corporation

Source: 2014 Providence Business News

Rhode Island Public Transit Authority
Fare Structure
Last Ten Years
(Unaudited)

Fare Products

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash										
Cash-Full Fare	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.75	\$ 1.75	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Cash-Half Fare	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.85	\$ 0.85	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Cash-Short Zone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Passes										
Monthly Passes	\$ 45.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00
1 Day Pass	\$ -	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
7 Day Pass	\$ -	\$ -	\$ -	\$ 20.00	\$ 20.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00
15 Ride Pass	\$ -	\$ -	\$ 20.00	\$ 23.00	\$ 23.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00
RIPTIKS										
RIPTIKS(Book of 10)	\$ 13.50	\$ 15.00	\$ 15.00	\$ 17.50	\$ 17.50	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Transfers										
Cash-Transfer	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Cash Half Fare Transfer	\$ -	\$ -	\$ 0.05	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25

Rhode Island Public Transit Authority
Transit Service and Operational Statistics
Last Ten Years
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PASSENGERS(RIDERSHIP)										
BUS	19,382,981	20,621,005	21,061,741	19,819,547	19,543,988	19,463,820	19,762,912	19,785,010	19,780,040	18,074,137
DEMAND RESPONSE	681,593	690,432	670,363	590,863	616,875	641,534	706,315	698,290	668,452	402,751
	<u>20,064,574</u>	<u>21,311,437</u>	<u>21,732,104</u>	<u>20,410,410</u>	<u>20,160,863</u>	<u>20,105,354</u>	<u>20,469,227</u>	<u>20,483,300</u>	<u>20,448,492</u>	<u>18,476,888</u>
REVENUE MILES										
BUS	7,651,142	7,742,833	8,041,642	8,210,973	8,352,120	8,417,792	8,387,715	8,077,334	8,264,927	8,483,016
DEMAND RESPONSE	4,128,213	4,142,554	4,164,026	4,131,543	4,259,705	4,438,006	4,891,615	4,981,925	4,766,876	3,164,569
	<u>11,779,355</u>	<u>11,885,387</u>	<u>12,205,668</u>	<u>12,342,516</u>	<u>12,611,825</u>	<u>12,855,798</u>	<u>13,279,330</u>	<u>13,059,259</u>	<u>13,031,803</u>	<u>11,647,585</u>
REVENUE HOURS										
BUS	618,936	611,869	636,111	633,381	628,890	628,557	632,734	603,704	633,454	658,848
DEMAND RESPONSE	312,367	319,118	319,832	307,124	318,834	332,573	319,086	309,214	296,754	220,473
	<u>931,303</u>	<u>930,987</u>	<u>955,943</u>	<u>940,505</u>	<u>947,724</u>	<u>961,130</u>	<u>951,820</u>	<u>912,918</u>	<u>930,208</u>	<u>879,321</u>
PASSENGER PER REVENUE MILE										
BUS	2.53	2.66	2.62	2.41	2.34	2.31	2.36	2.45	2.39	2.13
DEMAND RESPONSE	0.17	0.17	0.16	0.14	0.14	0.14	0.14	0.14	0.14	0.13
	<u>1.70</u>	<u>1.79</u>	<u>1.78</u>	<u>1.65</u>	<u>1.60</u>	<u>1.56</u>	<u>1.54</u>	<u>1.57</u>	<u>1.57</u>	<u>1.59</u>
PASSENGER PER REVENUE HOUR										
BUS	31.32	33.70	33.11	31.29	31.08	30.97	31.23	32.77	31.23	27.43
DEMAND RESPONSE	2.18	2.16	2.10	1.92	1.93	1.93	2.21	2.26	2.25	1.83
	<u>21.54</u>	<u>22.89</u>	<u>22.73</u>	<u>21.70</u>	<u>21.27</u>	<u>20.92</u>	<u>21.51</u>	<u>22.44</u>	<u>21.98</u>	<u>21.01</u>
Operating Expenses**	<u>\$ 79,643,481</u>	<u>\$ 83,673,159</u>	<u>\$ 97,310,816</u>	<u>\$ 95,271,016</u>	<u>\$ 96,263,187</u>	<u>\$ 102,154,502</u>	<u>\$ 103,847,502</u>	<u>\$ 104,846,154</u>	<u>\$ 104,213,000</u>	<u>\$ 102,863,774</u>
Operating expenses per mile	\$ 6.76	\$ 7.04	\$ 7.97	\$ 7.72	\$ 7.63	\$ 7.95	\$ 7.82	\$ 8.03	\$ 8.00	\$ 8.83
Operating expenses per hour	\$ 85.52	\$ 89.88	\$ 101.80	\$ 101.30	\$ 101.57	\$ 106.29	\$ 109.10	\$ 114.85	\$ 112.03	\$ 116.98
Operating expenses per passenger	\$ 3.97	\$ 3.93	\$ 4.48	\$ 4.67	\$ 4.77	\$ 5.08	\$ 5.07	\$ 5.12	\$ 5.10	\$ 5.57
Peak Fleet Request										
BUS	203	208	207	199	196	215	188	192	191	196
DEMAND RESPONSE	119	120	123	123	124	118	118	118	115	101
Total Active Fleet										
BUS	256	256	240	249	239	255	237	246	229	230
DEMAND RESPONSE	150	150	149	147	136	147	147	147	144	122
Number of Employees										
BUS	647	652	667	655	677	642	619	599	611	641
DEMAND RESPONSE	182	188	177	175	169	173	175	167	152	153

** Operating expenses does not include depreciation, interest expense and non operating expenses.

Source: National Transit Database

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors
Rhode Island Public Transit Authority
Providence, Rhode Island

We have audited, in accordance with the 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, the financial statements of the Rhode Island Public Transit Authority (the Authority), a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 7, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Warwick, Rhode Island
October 7, 2015