



RHODE ISLAND PUBLIC TRANSIT AUTHORITY



# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**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, 2018**

Prepared by: Department of Finance  
Paul DiIorio, Director of Accounting  
Christopher Durand, Director of Finance and 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, 2018**

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

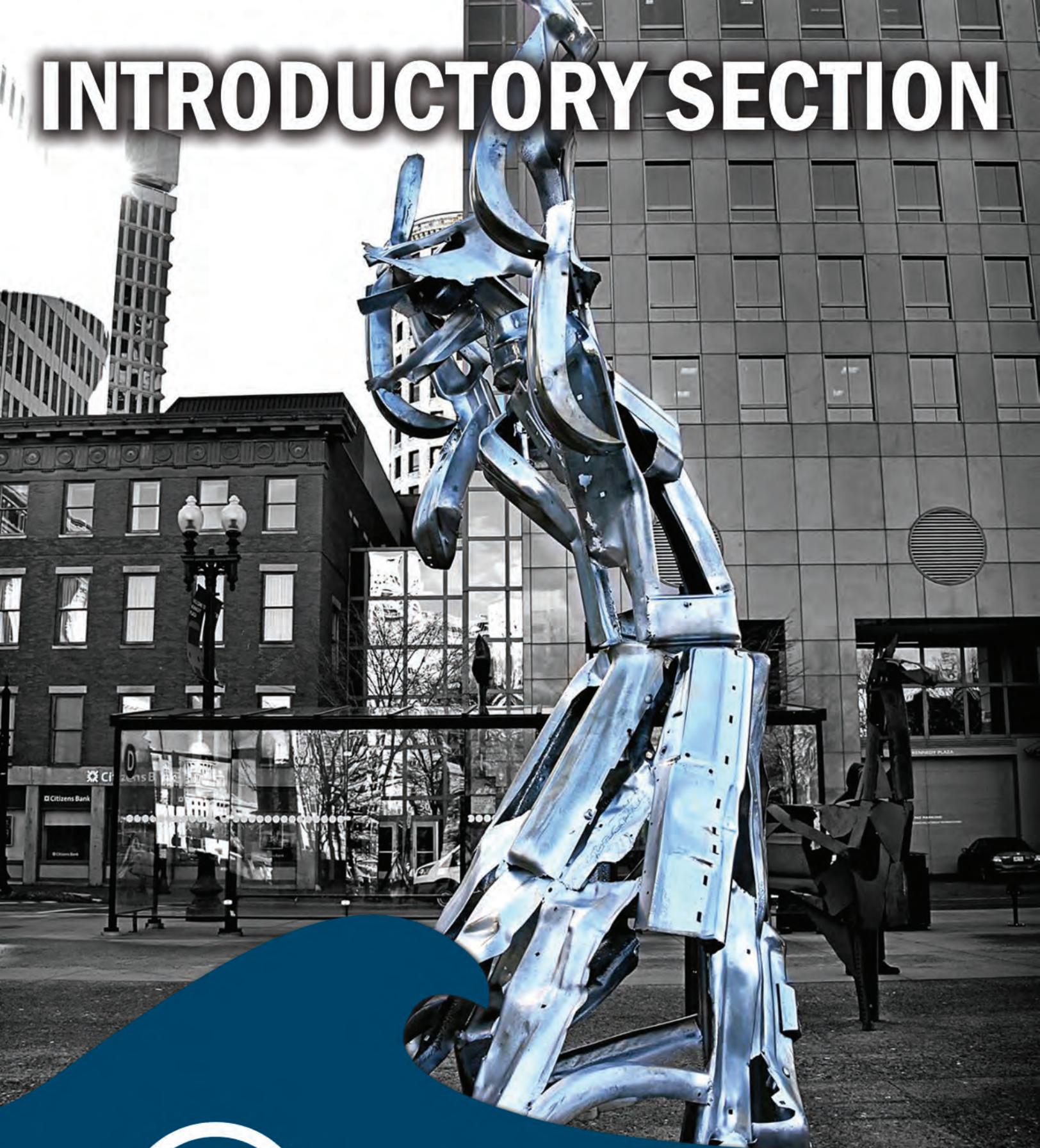
***Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018***

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# INTRODUCTORY SECTION



**omprehensive Annual Financial Report**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



October 2, 2018

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, 2018. 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, 2018.

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 RIPTA's financial statements for the fiscal year ended June 30, 2018, 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 is down one tenth of a percentage point from last June's figure of 4.4 percent to 4.3 percent. The national rate was 4.0 percent.

Information from the May 2018 Rhode Island Revenue Estimating Conference, the Department of Labor and Training reports as of March 2018, there were 558,000 RI residents working which is 16,700 less than the peak of 574,000 in December 2006.

## **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 \$404,418 operating surplus based on the revised budget for Fiscal Year 2019 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 decrease from the previous fiscal year. Other Authority operating costs have increased, notably; operating expenses, 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. During the legislative session of 2014, a transportation infrastructure fund was established. In FY 2019, proceeds will approximate \$4.9 million and FY 2020 \$5.0 million will be received from the new revenue source. In addition Highway State Maintenance Fund Revenues increased by \$5.0 million to replace Senior/Disabled fares and provide payment for the debt service in 2019.

## **Major Capital Initiatives**

The RIPTA's fiscal year 2020-2024 Capital Improvement Program (CIP) identifies projects totaling \$127.4 million either in progress, to be initiated, or to be completed during those fiscal years in addition to \$29.2 million in expenditures for fiscal year 2019. 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 2019 – 2024, RIPTA will replace 113 fixed route buses, 16 Flex vehicles, and 125 paratransit vehicles at an estimated cost of \$84.8 million. Additionally, as part of RIPTA's Strategic Plan, security and passenger facility upgrades and improvements at an estimated cost of \$34.9 million during fiscal year 2019-2024 will continue. These projects include \$6.9 million for the Pawtucket Transit Hub and \$9.3 million for the East Side Tunnel.

## **Funding of the CIP**

In the fiscal year 2019, RIPTA plans to fund the CIP with approximately \$23 million in Federal Transit Administration Funds, \$3.9 million in RI Capital Asset Protection funds and \$2.3 million in RIPTA and local matching funds.

During the five year period of FY 2020 – 2024 CIP, the RIPTA plans on using \$101.7 million in Federal Transit Funds, \$21.3 million in RIPTA and local matching funds, \$4.4 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 2017 annual report. This was the sixth 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,

Scott Avedisian

Chief Executive Officer

Paul Dilorio

Director of Accounting



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Rhode Island Public Transit Authority**

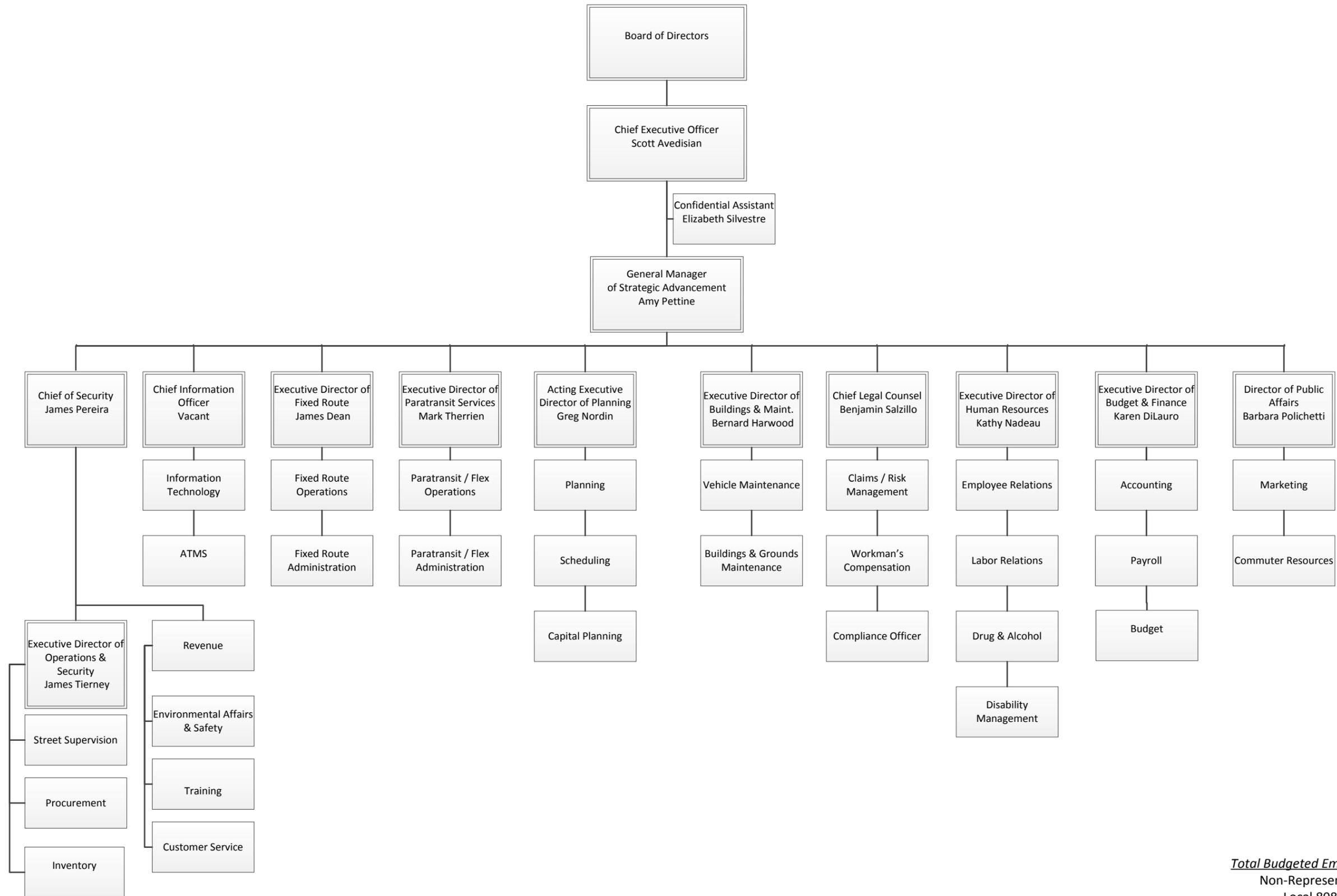
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

The Rhode Island Public Transit Authority  
Organizational Chart  
June 2018



***Total Budgeted Employees: 829***  
 Non-Represented: 41  
 Local 808: 56  
 Local 618A: 57  
 618: 675

***RHODE ISLAND PUBLIC TRANSIT AUTHORITY***

***Principal Officials  
June 30, 2018***

***Chief Executive Officer***

Scott Avedisian

***Finance Department***

Paul DiIorio, Director of Accounting  
Christopher Durand, Director of Finance and Budget

***Board of Directors***

Wayne M. Kezirian – Chairperson

Peter Alviti

Princess Sirleaf Bomba

Joshua H. Brumberger

Maureen Martin

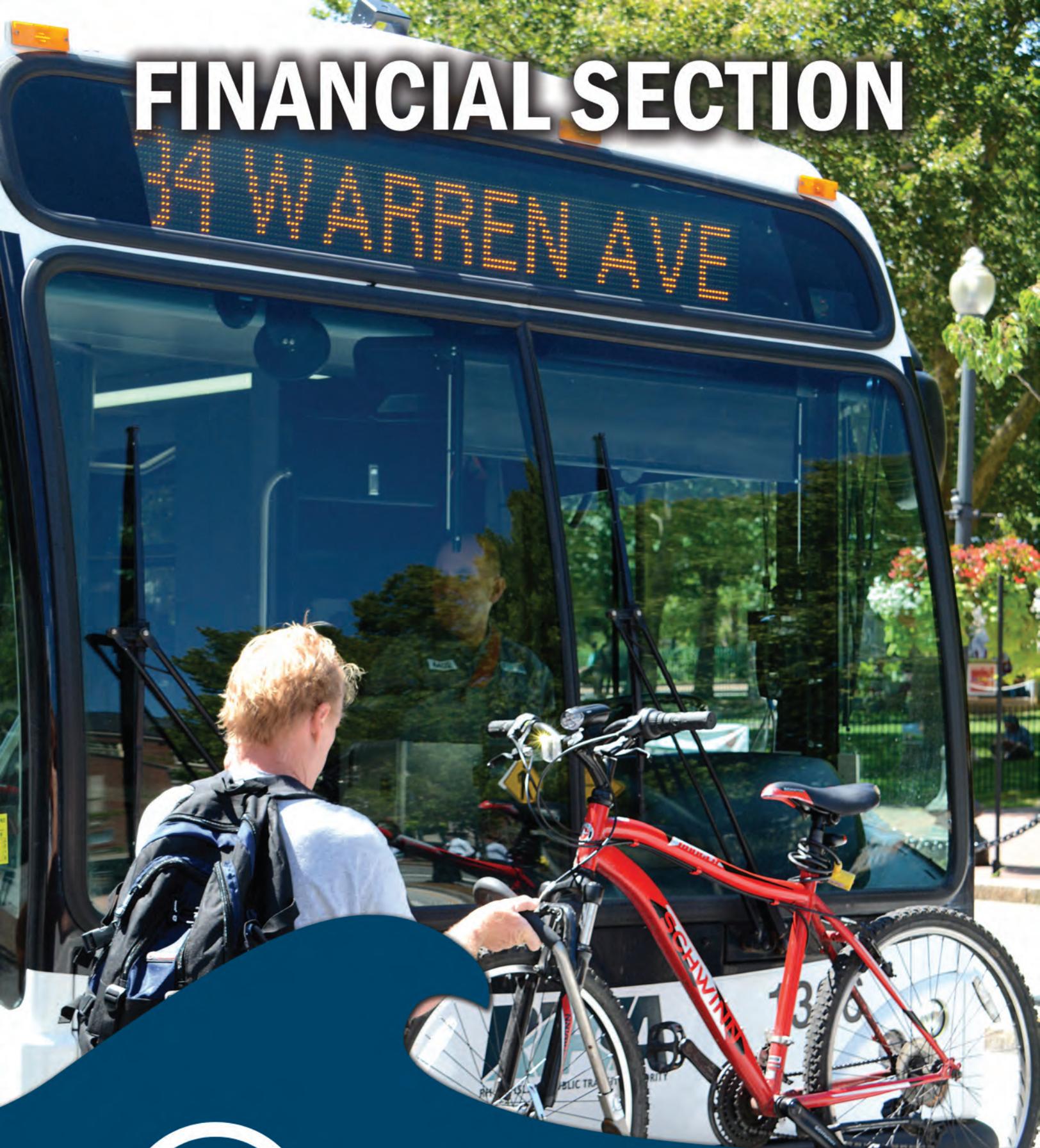
Stephanie Ogidan Preston

Karen A. Santilli

Mark Susa

# FINANCIAL SECTION

WARREN AVE



omprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

***Independent Auditor's Report***

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

**Report on the Financial Statements**

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, 2018, 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, 2018, 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 and Note 17 to the financial statements, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. 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 45 through 48 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 financial statements that collectively comprise the Authority's basic financial statements. The schedule of net position, the schedule of activities, the schedule of changes in long-term liabilities, the schedule of tangible property, the schedule of operating expenses, the combining schedule of revenues, expenses and changes in net position, the schedule of travel and entertainment, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 liabilities, 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, and the schedule of expenditures of federal awards 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 liabilities, the schedule of tangible property, the schedule of operating expenses, the combining schedule of revenues, expenses and changes in net position, the schedule of travel and entertainment, and the schedule of expenditures of federal awards 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 2, 2018 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 solely 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 the effectiveness of the Authority's 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 CPAs, LLC*

Warwick, Rhode Island  
October 2, 2018

## **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, 2018. 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 increased by 3.8 % or \$4.0 million during FY 2018 compared to FY 2017.
- Operating and non-operating expenses increased by 4.1% or \$5.3 million during FY 2018 as compared to FY 2017.
- Capital contributions decreased \$11.1 million or 76.3% from the previous year.
- Capital assets decreased by \$14.7 million or 10.5% from FY 2017.
- The Authority's total net position decreased by \$22.3 million or 186.0% from FY 2017.

**Net Position**

The following schedule presents the condensed Statement of Net Position for the fiscal years ended June 30, 2018 and 2017.

	<u>June 30,</u> 2018	<u>June 30,</u> 2017
Assets:		
Current assets	\$ 26,093,280	\$ 19,923,501
Capital assets (net)	125,765,473	140,481,681
Other non-current assets	1,331,025	1,063,834
TOTAL ASSETS	<u>153,189,778</u>	<u>161,469,016</u>
Deferred outflows of resources:		
Deferred pension amounts	20,473,796	27,033,223
Deferred other postemployment benefit amounts	806,647	
	<u>21,280,443</u>	<u>27,033,223</u>
Liabilities:		
Current liabilities	25,703,005	18,498,396
Non-current liabilities	157,071,303	157,517,582
TOTAL LIABILITES	<u>182,774,308</u>	<u>176,015,978</u>
Deferred inflows of resources:		
Deferred pension amounts	1,384,369	516,768
Deferred other postemployment benefit amounts	610,773	
	<u>1,995,142</u>	<u>516,768</u>
Net position		
Unrestricted net position (deficit)	(124,003,702)	(115,515,189)
Net Investment in capital assets	113,704,473	127,484,682
TOTAL NET POSITION	<u>\$ (10,299,229)</u>	<u>\$ 11,969,493</u>

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

The majority of the Authority's assets (82%) reflect its investment in capital assets (land, building, revenue vehicles, and equipment). Other assets include cash (including amounts 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 \$72.1 million associated with implementing GASB #75, Other Post-employment benefits, a liability of \$61.5 million associated with implementing GASB #68 and a Due to Primary Government of \$12.1 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, 2018 and 2017.

	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
Operating Revenue		
Ritecare program revenue	\$ 2,755,600	\$ 2,641,025
Passenger revenue	16,968,397	17,154,799
RIde program revenue	1,338,646	759,454
Other operating revenues	2,186,275	2,870,208
Non-operating Revenue		
Grant revenue	36,534,138	33,001,483
State of RI - DEA gas tax	3,548,198	3,497,504
Other non-operating revenue	12,997	647,432
State of RI gas tax	43,731,401	42,560,051
Total Revenues	<u>107,075,652</u>	<u>103,131,956</u>
Operating Expenses		
Management and general	(31,260,919)	(25,893,588)
Operations and maintenance	(82,500,038)	(82,785,388)
Depreciation	(18,489,888)	(18,041,344)
Non-operating Expenses		
Debt service	(546,725)	-
Other non-operating expenses	(138)	(823,819)
Total Expenses	<u>(132,797,708)</u>	<u>(127,544,139)</u>
Net Income ( Loss) before Capital Contributions	(25,722,056)	(24,412,183)
Capital Contributions	<u>3,453,334</u>	<u>14,595,207</u>
Change in Net Position	(22,268,722)	(9,816,976)
Total Net Position- Beginning	<u>11,969,493</u>	<u>21,786,469</u>
Total Net Position- Ending	<u>\$ (10,299,229)</u>	<u>\$11,969,493</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 \$110,528,986. The revenue reported as operating revenue, non-operating revenue and State of RI gas tax increased 3.8% or \$3,943,696 over the prior year. This increase was the result of receiving \$3.4 million in subsidy for the reduced fare program. The Authority's operating and non-operating expenses total \$132,797,708. This reflects a increase of 4.1% or \$5,253,569 over the prior year. We had increase in management and general expenses, depreciation and capital contributions.

**Capital Assets**

The following schedule summarizes the Authority's capital assets and changes therein, for the years ended June 30, 2018 and 2017.

	2018	2017
Land, shops, garages and buildings	\$ 106,658,384	\$ 106,475,145
Revenue equipment	131,100,862	133,178,629
Service vehicles and garage equipment	6,870,182	6,619,960
Furniture and fixtures	10,296,184	10,262,690
Management information systems	13,530,539	13,181,994
Security Equipment	2,667,109	2,667,109
Federal grant projects in process	4,442,471	1,572,686
	<u>275,565,731</u>	<u>273,958,213</u>
Less accumulated depreciation	<u>(149,800,258)</u>	<u>(133,476,532)</u>
Net capital assets	<u>\$125,765,473</u>	<u>\$140,481,681</u>

At the end of fiscal year 2018, the Authority had \$ 125,765,473 invested in capital assets. This amount represents a decrease of 10.5% or \$14,716,208 million from the prior year. A more detailed account of the capital asset activity for fiscal year 2018 can be found in Note 3, Property, Plant and Equipment.

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

- Replacement of Kennedy Plaza HVAC System
- Purchase of Five new Supervisor Vehicles
- Continuation of transportation software upgrade

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

During FY 2019, the Authority is committed to upgrading its Farebox collection system, which will allow RIPTA to streamline its fare structure and improve product availability for all users of our system. Work is also starting in FY 2019 on a new fuel management system that will provide RIPTA with more automated functionalities, and to more accurately manage fluid inventory levels.

### **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 2019 budget:

- ❑ Level of federal funds appropriated for operating and capital purposes. A new transportation-funding act, the FAST act, was signed into law December 4, 2015 and funds surface transportation for fiscal years 2016 through 2020. The FY 2019 budget includes funding for mobility management reimbursement, preventive maintenance, Jobs Access/Reverse Commute and rural operating assistance with small variations from FY 2017 federal revenues. The budget also includes funding for ADA reimbursement. The FAST act now allows the Authority to double its ADA reimbursement, providing significant flexibility in balancing the budget.
- ❑ State gasoline tax revenue available for operating purposes. For FY 2019, the yield determined by the State of RI Department of Revenue for the gasoline tax is \$4,474,455, slightly down from the previous fiscal year. In total RIPTA receives 9.25 of the 34 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 \$4.9 million will be allocated to the Authority in FY 2019, and \$5.0 million allocated in FY 2020. Through additional legislation, RIPTA will receive an additional \$5 million in Highway Maintenance Account funds, \$3.6 million to reinstate free trips for qualifying riders and \$1.4 million to cover RIPTA's debt service. This will bring RIPTA's Highway Maintenance Account proceeds to \$9.8 million in fiscal year 2019.
- ❑ 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. In addition to the reduced fare program, the Authority provides the transportation benefit for the state's Rite Care program, a program which was reduced significantly during FY 2015, but has seen modest increases since.

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

- ❑ Effective March 1, 2016 the Authority implemented a new fare structure, which included introducing new, more effective fare products, changing the price of several products, and the elimination of poor performing fare products. The base fare remains unchanged at \$2.00, but cash transfers have increased from \$0.50 to \$1.00. The price of a day pass remains unchanged, but the price of a 7-day pass has increased from \$23 to \$25. RIPTIKS and 15-ride passes have been eliminated, and a new 10-ride pass has been introduced at a price of \$20. Monthly passes have increased from \$62 to \$70. The cost of an ADA ride remains unchanged at \$4.
- ❑ Since FY 2013, the State of Rhode Island has paid the debt service obligation of the Authority. For FY 2018 and 2019, the State has provided Highway Maintenance Account funds to cover the debt service payment of approximately \$1.4 million. This assistance was formerly provided via General Revenues.
- ❑ The contract with the Amalgamated Transit Union has been renewed through 6/30/2019. The Authority also has renewed the contract with LIU 808 through 6/30/2022. Employee wages and associated fringe benefits (less employee contributions) make up approximately 64% 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 2019 is \$2.0583 per gallon, on average, for the fiscal year. The Authority is locked into a fixed rate through December 2018.
- ❑ Inclusion of expenses and offsetting reimbursement of the State of Rhode Island DOT and the Rhode Island Bridge and Turnpike Authority for 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, 2018*

**Assets**

***Current assets***

Cash and cash equivalents:	
Operating fund	\$ 3,611,769
Paratransit capital fund	2,881,092
Accident and casualty fund	764,194
Capital replacement fund	1,579,905
Total cash and cash equivalents	<u>8,836,960</u>
Investments	<u>207,679</u>
Receivables:	
Accounts	1,206,653
Grants	4,804,263
Total receivables	<u>6,010,916</u>
Due from primary government	9,225,197
Inventories, net allowance of \$2,697	1,627,950
Prepaid expenses	184,578
<b><i>Total current assets</i></b>	<u>26,093,280</u>

***Non-current assets***

Investments	1,331,025
Capital assets, non-depreciable	6,588,395
Capital assets, depreciable - net of depreciation	119,177,078
<b><i>Total non-current assets</i></b>	<u>127,096,498</u>
<b><i>Total assets</i></b>	<u>153,189,778</u>

***Deferred outflows of resources***

Deferred pension amounts	20,473,796
Deferred other postemployment benefit amounts	806,647
<b><i>Total deferred outflows of resources</i></b>	<u>21,280,443</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, 2018*

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**Liabilities**

**Current liabilities**

Accounts payable	15,169,157
Due to primary government	884,000
Accrued salaries, wages and benefits	5,664,168
Accrued compensated absences	192,214
Accrued self insured health claims	2,102,033
Accrued self insured claims	1,650,000
Unearned revenue	41,433
<b>Total current liabilities</b>	<u>25,703,005</u>

**Non-current liabilities**

Due to primary government	11,177,000
Accrued compensated absences	225,330
Accrued self insured claims	12,078,866
Net pension liability	61,471,353
Net other postemployment benefit liability	72,118,754
<b>Total non-current liabilities</b>	<u>157,071,303</u>

**Total liabilities**

182,774,308

**Deferred inflows of resources**

Deferred pension amounts	1,384,369
Deferred other postemployment benefit amounts	610,773
<b>Total deferred inflows of resources</b>	<u>1,995,142</u>

**Net position**

Net investment in capital assets	113,704,473
Unrestricted (deficit)	(124,003,702)
<b>Total net position (deficit)</b>	<u>\$ (10,299,229)</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, 2018

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<b>Operating revenues</b>	
Passenger	\$ 19,723,997
Paratransit	404,749
Rental	124,166
Advertising	555,301
RIDE	1,338,646
Other	1,102,059
<b>Total operating revenues</b>	<u>23,248,918</u>
<b>Operating expenses</b>	
Administration	2,264,339
Finance	9,427,830
Operations	71,688,314
Marketing	723,379
Human resources	1,197,464
Administrative services	2,154,885
Risk management	5,416,527
Planning and scheduling	2,899,135
Specialized transportation	1,760,656
Paratransit operations	8,589,823
Purchasing	1,816,357
Information technology	2,221,627
RIDE	1,378,720
Centralized maintenance	1,752,245
State of Rhode Island - DOT & RITBA	469,656
Depreciation	18,489,888
<b>Total operating expenses</b>	<u>132,250,845</u>
<b>Operating loss</b>	<u>(109,001,927)</u>
<b>Nonoperating revenues (expenses)</b>	
State of RI gas tax	43,731,401
State of RI - DEA gas tax	3,548,198
Operating grants	36,534,138
Investment income	12,997
Interest expense	(546,725)
Loss on disposal of capital assets	(138)
<b>Total nonoperating revenues (expenses)</b>	<u>83,279,871</u>
<b>Loss before capital contributions</b>	(25,722,056)
<b>Capital contributions</b>	<u>3,453,334</u>
<b>Change in net position</b>	(22,268,722)
<b>Total net position - beginning of year, restated</b>	<u>11,969,493</u>
<b>Total net position - end of year (deficit)</b>	<u><u>\$ (10,299,229)</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, 2018*

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<b><i>Cash flows from operating activities</i></b>	
Cash received from customers	\$ 22,984,255
Cash paid to suppliers for goods and services	(20,987,859)
Cash paid to employees for services	<u>(78,586,591)</u>
<b><i>Net cash used for operating activities</i></b>	<u>(76,590,195)</u>
<b><i>Cash flows from noncapital financing activities</i></b>	
State gas tax received	43,694,015
Operating grants received	<u>36,103,243</u>
<b><i>Net cash provided by noncapital financing activities</i></b>	<u>79,797,258</u>
<b><i>Cash flows from capital and related financing activities</i></b>	
Capital contributions received	2,049,244
Principal paid to primary government	(936,000)
Interest paid to primary government	(546,725)
Acquisition and construction of capital assets	<u>(2,725,510)</u>
<b><i>Net cash used for capital and related financing activities</i></b>	<u>(2,158,991)</u>
<b><i>Cash flows from investing activities</i></b>	
Purchase of investments	(1,538,704)
Maturity of investments	1,063,834
Interest and dividends on investments	<u>12,997</u>
<b><i>Net cash used for investing activities</i></b>	<u>(461,873)</u>
<b><i>Net increase in cash and cash equivalents</i></b>	586,199
<b><i>Cash and cash equivalents at beginning of year</i></b>	<u>8,250,761</u>
<b><i>Cash and cash equivalents at end of year</i></b>	<u>\$ 8,836,960</u>

*(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, 2018*

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

<b><i>Operating loss</i></b>	<b><u>\$ (109,001,927)</u></b>
<b><i>Adjustments to reconcile operating loss to net cash used for operating activities</i></b>	
Depreciation and amortization	18,489,888
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(332,930)
(Increase) decrease in due from primary government	68,267
(Increase) decrease in inventory	(141,275)
(Increase) decrease in prepaid expenses	(5,534)
Increase (decrease) in accounts payable and accrued expenses	4,816,714
Increase (decrease) in accrued self insured claims	2,798,411
Increase (decrease) in accrued compensated absences	(133,439)
Increase (decrease) in net pension liability	(4,341,598)
Increase (decrease) in net other postemployment benefit liability	3,962,074
(Increase) decrease in deferred outflows of resources	5,752,780
Increase (decrease) in deferred inflows of resources	1,478,374
<b><i>Total adjustments</i></b>	<b><u>32,411,732</u></b>
 <b><i>Net cash used for operating activities</i></b>	 <b><u><u>\$ (76,590,195)</u></u></b>

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

***RHODE ISLAND PUBLIC TRANSIT AUTHORITY***  
***Notes to Financial Statements***  
***June 30, 2018***

**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, 2018**

***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 of accounting. 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. 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. 81 – *Irrevocable Split-Interest Agreements*, effective for the Authority’s fiscal year ending June 30, 2018.
- GASB Statement No. 85 – *Omnibus 2017*, effective for the Authority’s fiscal year ending June 30, 2018.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*, effective for the Authority’s fiscal year ending June 30, 2018.

The adoption of GASB Statements Nos. 81, 85 and 86 did not have an impact on the Authority’s financial position or results of operations. The adoption of GASB Statement No. 75 resulted in a restatement of net position of \$(9,103,449) as discussed in Note 17.

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

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for the Authority’s fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Authority’s fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*, effective for the Authority’s fiscal year ending June 30, 2021.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the Authority’s fiscal year ending June 30, 2019.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the Authority’s fiscal year ending June 30, 2021.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the Authority’s fiscal year ending June 30, 2020.

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, 2018**

***Federal and State Grants***

The Federal and State governments have made various capital grants available to the Authority for the acquisition of public transit facilities, vehicles and equipment. These capital grants are reported as capital contributions in the Statement of Revenues, Expenses and Changes in Net Position.

Federal operating assistance grants received under Federal transportation programs are reported as operating grants in the Statement of Revenues, Expenses and Changes in Net Position.

***Investments***

Investments are valued at fair value, except for money market funds which are reported at net asset value per share, (which approximates fair value).

***Materials and Supplies of Inventory***

Inventories consist of spare parts, supplies and fuel and are stated at cost (weighted average method).

***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 plan and other post employment benefit plan and will be amortized as a component of pension and other post employment benefit expense in future years.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

***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.

***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 contributed 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.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

***Cash and Cash Equivalents***

For purposes of 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.

***Advertising Costs***

It is the Authority's policy to expense advertising costs as incurred. Advertising expense for fiscal year ended June 30, 2018 was \$256,785.

**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, 2018, was \$4,351,414 and the bank balance was \$5,250,280. Of the bank balance, \$478,563 was insured by federal depository insurance, \$4,509,976 was collateralized with securities held by the pledging financial institution or its agent in the Authority's name, and \$261,741 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, 2018, 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, 2018 is \$4,351,414. Investments of \$4,484,446 and \$1,100 of petty cash, relate to the statement of net position totals for June 30, 2018 as follows:

Cash deposits	\$4,351,414
Add: Petty cash	1,100
Investments classified as cash equivalents for financial statement purposes	4,484,446
Cash and cash equivalents per statement of net position	<u>\$8,836,960</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

***Investments***

At June 30, 2018, the Authority had the following money market investments classified as cash equivalents:

<u><i>Investments</i></u>	<u><i>Average Maturity in Days</i></u>	<u><i>Standards &amp; Poor's Rating</i></u>	<u><i>Fair Value</i></u>
Federated Government Obligations Fund	23	AAAm	\$23,449
Fidelity Institutional Money Market Treasury Portfolio- Class III	29	AAAm	2,881,092
TDAM US Government Fund Institutional Service Class	38	AAAm	1,579,905
			<u>\$4,484,446</u>

All the money market investments have a maturity of less than one year. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlying investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant withdrawal limitations.

At June 30, 2018, the Authority had the following investments:

<u><i>Investments</i></u>	<u><i>Maturity</i></u>	<u><i>Standard &amp; Poor's Rating</i></u>	<u><i>Fair Value</i></u>
Federal National Mortgage Association	2/28/20	AA+	\$93,410
US Treasury Notes	4/15/19-4/15/21	Not applicable	1,391,437
Federal Home Loan Mortgage Corporation	4/20/20	AA+	53,857
			<u>\$1,538,704</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, 2018, the Authority's investments in Federal National Mortgage Association and Federal Home Loan Mortgage Corporation were rated AA+ by Standard & Poor's. As of June 30, 2018, the Authority's investments in Federated Government Obligations Fund, Fidelity Institutional Money Market Treasury Portfolio – Class III and TDAM US Government Fund Institutional Service Class were rated AAAm by Standard & Poor's. The Authority does not have a formal policy relative to credit risk.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**Fair Value Measurements** - The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2018:

- U.S. Treasury notes and Agency bonds (GSE) of \$1,391,437 and \$147,267, respectively, are valued using a market approach that considers benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications (Level 2 inputs).

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following at June 30, 2018:

	<i>Balance June 30, 2017</i>	<i>Additions &amp; Transfers</i>	<i>Removals &amp; Transfers</i>	<i>Balance June 30, 2018</i>
<i>Capital assets, not being depreciated:</i>				
Land and land rights	\$ 2,145,924	\$ -	\$ -	\$ 2,145,924
Federal grant projects in process	1,572,686	3,059,686	189,901	4,442,471
Total capital assets, not being depreciated	<u>3,718,610</u>	<u>3,059,686</u>	<u>189,901</u>	<u>6,588,395</u>
<i>Capital assets, being depreciated:</i>				
Shop, garages and buildings	104,329,221	183,239	-	104,512,460
Revenue equipment	133,178,629	41,750	2,119,517	131,100,862
Service vehicles and garage equipment	6,619,960	250,789	567	6,870,182
Furniture and office and other equipment	12,929,799	55,395	21,901	12,963,293
Management information system	13,181,994	372,860	24,315	13,530,539
Total capital assets being depreciated	<u>270,239,603</u>	<u>904,033</u>	<u>2,166,300</u>	<u>268,977,336</u>
<i>Total capital assets</i>	<u>273,958,213</u>	<u>3,963,719</u>	<u>2,356,201</u>	<u>275,565,731</u>
<i>Less accumulated depreciation for:</i>				
Shop, garages and buildings	46,701,169	3,864,896	-	50,566,065
Revenue equipment	71,781,813	10,502,572	2,119,517	80,164,868
Service vehicles and garage equipment	4,910,957	394,051	567	5,304,441
Furniture and office and other equipment	6,263,845	1,399,557	21,901	7,641,501
Management information system	3,818,748	2,328,812	24,177	6,123,383
<i>Total accumulated depreciation</i>	<u>133,476,532</u>	<u>18,489,888</u>	<u>2,166,162</u>	<u>149,800,258</u>
<i>Total capital assets being depreciated, net</i>	<u>136,763,071</u>	<u>(17,585,855)</u>	<u>138</u>	<u>119,177,078</u>
<i>Capital assets, net</i>	<u>\$ 140,481,681</u>	<u>\$ (14,526,169)</u>	<u>\$ 190,039</u>	<u>\$ 125,765,473</u>

Depreciation expense for the fiscal year ended June 30, 2018 was \$18,489,888.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

**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, 2018 was as follows:

<b><i>Balance at beginning of year</i></b>	\$2,660,496
Capital replacement deposits	478,360
Local match payments	(57,112)
Investment income	(1,237)
<b><i>Balance at end of year</i></b>	<u><u>\$3,080,507</u></u>
Classified as cash and cash equivalents	\$1,579,905
Classified as investments	1,500,602
<b><i>Total cash, cash equivalents and investments</i></b>	<u><u>\$3,080,507</u></u>

**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, 2018 and 2017 was as follows:

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b><i>Balance at beginning of year</i></b>	\$512,011	\$511,310
Insurance settlements	-	-
Transfer from operating	250,000	250,000
Disbursements	-	(250,000)
Interest earnings on investments	2,183	701
<b><i>Balance at end of year</i></b>	<u><u>\$764,194</u></u>	<u><u>\$512,011</u></u>

Assets at June 30, 2018 and 2017 in the accident and casualty account amounted to \$764,194 and \$512,011, respectively. For fiscal years 2018 and 2017, \$764,194 and \$512,011, respectively, are classified as cash and cash equivalents.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

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 the operating account during fiscal year 1991 as they were no longer required to maintain a reserve.

At June 30, 2018 and 2017, 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, 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Amount of claims liabilities, beginning of year	\$12,073,740	\$11,668,834
Incurred claims	5,078,355	4,117,893
Payments on claims	<u>(3,423,229)</u>	<u>(3,712,987)</u>
<b>Amount of claims liabilities, end of year</b>	<u>\$13,728,866</u>	<u>\$12,073,740</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, 2018 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, 2018 and June 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of year	\$958,748	\$1,079,061
Incurred claims	16,884,529	15,626,561
Payments on claims	<u>(15,741,244)</u>	<u>(15,746,874)</u>
<b>Unpaid claims, end of year</b>	<u>\$2,102,033</u>	<u>\$958,748</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 6 - CHANGE IN LONG-TERM LIABILITIES**

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

	<i><b>Beginning Balance</b></i>	<i><b>Additions</b></i>	<i><b>Reductions</b></i>	<i><b>Ending Balance</b></i>	<i><b>Amounts Due Within One Year</b></i>
Due to primary government	\$ 13,151,122	\$ -	\$ 1,090,122	\$ 12,061,000	\$ 884,000
Accrued compensated absences	550,983	-	133,439	417,544	192,214
Net pension liability	65,812,951	-	4,341,598	61,471,353	-
Net other post employment benefit liability	68,156,680	3,962,074	-	72,118,754	-
Accrued self-insurance claims	12,073,740	1,655,126	-	13,728,866	1,650,000
<b>Total</b>	<u>\$ 159,745,476</u>	<u>\$ 5,617,200</u>	<u>\$ 5,565,159</u>	<u>\$ 159,797,517</u>	<u>\$ 2,726,214</u>

B. The debt service requirements at June 30, 2018 for the above due to primary government were as follows:

<i><b>Fiscal Year Ended June 30,</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>
2019	\$ 884,000	\$ 537,500
2020	1,082,000	491,775
2021	1,083,000	441,755
2022	968,000	394,275
2023	869,000	351,040
2024-2028	4,051,000	1,197,375
2029-2033	3,111,000	318,257
2034	13,000	284
	<u>\$ 12,061,000</u>	<u>\$ 3,732,261</u>

The due to primary government relates to general obligation debt issued by the State of Rhode Island a portion of which was used to fund Authority capital projects. The Authority is required to repay the State the applicable debt service on the debt.

**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. The Authority is self-insured as discussed in Note 5 and reserves amounts for potential claims.

***Contract Commitments***

The Authority is committed under various contracts in the amount of \$7,737,817 at June 30, 2018.

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In fiscal year 2019, all three bargaining units will receive a 3% increase with a projected cost of \$1.32 million to the Authority.

**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

***General Information about the OPEB Plan***

**Plan Description** - The Authority's Post-Employment Benefit Plan is a single-employer defined benefit post-retirement health and life insurance program that is administered through the Authority's insurance carrier and healthcare reimbursement account administrator. The Authority provides lifetime health care benefits to substantially all retired employees and their spouses. The Authority also provides life insurance benefits to retired employees who purchase life insurance for at least one year prior to retirement. Health care benefits were paid for 564 retirees and spouses during fiscal year ended June 30, 2018 and life insurance benefits were paid for 342 retirees during fiscal year ended June 30, 2018. Benefits are provided through a group insurance policy that covers both active and Pre-65 retired employees. Post-65 retired employee healthcare coverage benefits are provided through contributions to healthcare reimbursement accounts. Benefit terms, changes in benefit terms, and financing requirements are established by the Authority and are subject to the collective bargaining process. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate audit report.

**Benefits Provided** - For employees retiring on or before January 1, 2009, the Authority contributes the full health care premium for the retired plan member and their spouse. For employees retiring after January 1, 2009 and prior to January 1, 2014, covered spouses pay a spousal healthcare contribution 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 or later). Spouses of employees hired after December 30, 2013 (January 1, 2014 for 618A Union and July 1, 2014 for 808 Union) must contribute 50% of the health care premium upon the employee's retirement. Effective January 1, 2016, post-65 healthcare coverage for retirees and covered spouses is provided through monthly contributions to healthcare reimbursement accounts (\$225 per month for retirees, spouses receive a reduced percentage based on year of retirement, and surviving spouses receive 50% of the retiree contribution amount). The Authority contributes the full premium for life insurance for the retired plan member.

**Employees Covered by Benefit Terms** - As of July 1, 2017 the plan membership data is as follows:

Inactive employees or beneficiaries	
currently receiving benefit payments	564
Active employees	779
	1,343

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**Total OPEB Liability**

The Authority's total OPEB liability of \$72,118,754 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017 roll forward to June 30, 2018.

**Actuarial Assumptions** – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Salary Increases	3%
Inflation	3%
Discount Rate	2.98% as of 6/30/18; 3.13% as of 6/30/17
Healthcare Cost Trend Rates	6% in 2017 graded down by the Getzen model to an ultimate rate of 3.84% in 2075
Mortality – Healthy	RP-2014 Employee and Healthy Annuitant with Scale MP-2017 generational improvements from 2006 (Male/Female)
Mortality - Disabled	RP-2014 Disabled Annuitant with Scale MP-2017 generational improvements from 2006 (Male/Female)

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index.

**Changes in Total OPEB Liability**

	Total OPEB Liability
Balance as of June 30, 2017	<u>\$68,156,680</u>
Changes for the year:	
Service cost	3,942,229
Interest on the total OPEB liability	2,082,514
Changes in benefit terms	-
Differences between expected and actual experience	(723,233)
Changes in assumptions	955,174
Benefit payments	(2,294,610)
Other changes	-
Net changes	<u>3,962,074</u>
<b>Balance as of June 30, 2018</b>	<u><u>\$72,118,754</u></u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
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**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98%) and 1-percentage-point higher (3.98%) than the current discount rate:

	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Total OPEB Liability	\$79,225,541	\$72,118,754	\$65,997,656

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5% per year graded down by the Getzen model to an ultimate rate of 2.84%) and 1-percentage-point higher (7% per year graded down by the Getzen model to an ultimate rate of 4.84%) than the current healthcare cost trend rates:

	1% Decrease (5% decreasing to 2.84%)	Current Healthcare Cost Trend Rates (6% decreasing to 3.84%)	1% Increase (7% decreasing to 4.84%)
Total OPEB Liability	\$64,073,901	\$72,118,754	\$81,801,197

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the Authority recognized OPEB expense of \$6,060,810. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$610,773
Changes in assumptions	806,647	
Total	<u>\$806,647</u>	<u>\$610,773</u>

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

**Year ended June 30:**

2019	\$36,067
2020	36,067
2021	36,067
2022	36,067
2023	36,067
Thereafter	15,539

***RHODE ISLAND PUBLIC TRANSIT AUTHORITY***  
***Notes to Financial Statements***  
***June 30, 2018***

**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, 2018, the Authority received \$43,731,401 from the dedicated gas tax as operating assistance in support of the transit system. The Authority anticipates receiving approximately \$42,937,089 in fiscal year ended June 30, 2019 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. Funding under MAP-21 was extended through September 2015. 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. A new transportation funding act, the FAST act, was signed into law on December 4, 2015, and funds surface transportation for Federal fiscal years 2016 through 2020. The act continues allowing the use of capital funds for preventative maintenance activities and increases the amount that can be used for ADA services.

For fiscal year 2018, the Authority used \$15,046,820 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, 2018, the Authority recorded \$3,548,198 of contract revenue from this agreement. For fiscal year 2019, the Authority anticipates receiving \$3,479,005 under this agreement.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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**NOTE 12 - DUE FROM/TO PRIMARY GOVERNMENT**

At June 30, 2018, the Rhode Island Public Transit Authority is owed \$9,225,197 from the State of Rhode Island.

At June 30, 2018, the Rhode Island Public Transit Authority owes \$12,061,000 to the State of Rhode Island related to payments for debt service.

**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, 2018 was as follows:

<i>Net investment in capital assets</i>	\$113,704,473
<i>Unrestricted (deficit)</i>	<u>(124,003,702)</u>
<i>Total net position (deficit)</i>	<u><u>\$(10,299,229)</u></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 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**

**Plan Description**

The Plan is a single-employer defined benefit pension plan. The Bargaining Unit plan was established effective January 1, 1974 and the Salaried Unit Plan was established effective July 1, 1946. 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"). The Plan was most recently amended effective January 1, 2017. Employees of the Authority who work more than 1,000 hours per year are

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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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 July 1, 2017, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	537
Inactive plan members entitled to but not yet receiving benefits	74
Active plan members	790
	<u>1401</u>

**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. Effective July 1, 2017, 618 participants must contribute 4% of compensation to the Plan.

**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%

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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. Effective with the collective bargaining agreements dated July 1, 2017, 618 participants receive 1.8% of average compensation for service prior to January 1, 1987 plus 2.05% of average compensation for service after December 31, 1986 retroactive to retirements as of July 1, 2016. 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* - 618 participants who have 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 month by which the starting date of the benefits precedes the participant's normal retirement date. Other than 618 participants who have 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 age.

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 may choose from the following options: ten year certain option, contingent annuitant option and post-retirement spouse benefit, and social security option (for other than 618 participants only).

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

**Net Pension Liability**

The Authority's net pension liability was measured as of June 30, 2017.

*Actuarial Assumptions* – The total pension liability was determined by an actuarial valuation performed as of June 30, 2017, 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	7.00%, net of expenses, including inflation
Inflation	3.00%
Salary increases	3.00% per annum
Withdrawal rate	618 participants - Sarason Table W-70; other than 618 participants – Sarason Table T-1
Disability rate	618 participants - two times Railroad Retirement Rates; other than 618 participants – Railroad Retirement Rates
Assumed retirement age	Later of age 62 or the completion of 10 years of service
Expenses	Prior year's actual expenses, rounded to nearest \$100

Mortality rates were based on the RP-2014 Blue Collar Tables with Scale MP-2017 generational improvements from 2006 (Male/Female).

Changes in actuarial assumptions included the following:

- The mortality tables were changed from the RP-2014 Blue Collar with MP-2016 generational improvements from 2006 to the RP-2014 Blue Collar with MP-2017 generational improvements from 2006.

Changes in benefit terms included the following:

- 618 retirees received an additional \$15 a month benefit and 618 surviving spouses \$7.50 on July 1, 2016.

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

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
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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, 2017 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	40.00%	8.23%
International equity	15.00%	8.05%
Fixed income	40.00%	4.59%
Real estate/other	5.00%	8.25%
Cash	0.00%	2.75%
Total	100.00%	

*Discount Rate* - The discount rate used to measure the total pension liability was 7%. 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.

*Changes in the Net Pension Liability:*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balance 7/1/2016</b>	\$181,984,466	\$116,171,515	\$65,812,951
<b>Changes for the year:</b>			
Service cost	3,492,118	-	3,492,118
Interest on total pension liability	12,556,376	-	12,556,376
Differences between expected and actual experience	1,592,692	-	1,592,692
Changes of assumptions	(1,198,799)	-	(1,198,799)
Changes in benefit terms	577,583	-	577,583
Contributions – employer	-	8,648,057	(8,648,057)
Contributions – employee	-	1,196,070	(1,196,070)
Net investment income	-	11,578,566	(11,578,566)
Benefit payments	(8,707,446)	(8,707,446)	-
Administrative expense	-	(61,125)	61,125
<b>Net changes</b>	8,312,524	12,654,122	(4,341,598)
<b>Balance 6/30/2017</b>	\$190,296,990	\$128,825,637	\$61,471,353

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2018**

*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%, 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%) or 1- percentage-point higher (8%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6%</u>	<u>7%</u>	<u>8%</u>
Authority's Net Pension Liability	\$81,772,472	\$61,471,353	\$44,185,391

*Plan Fiduciary Net Position* – Detailed information about the Plan's fiduciary net position is available in the separately issued financial statements. For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the Plan's fiduciary net position has been determined on the same basis as that used by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

For the year ended June 30, 2018, the Authority recognized pension expense of \$10,601,303. At June 30, 2018, 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	\$4,176,488	\$399,107
Changes of assumptions	6,690,904	985,262
Difference between projected and actual earnings on Plan investments	2,091,626	-
Total	\$12,959,018	\$1,384,369

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

<u>Fiscal Year Ending June 30,</u>	
2019	\$3,281,962
2020	4,492,598
2021	3,592,443
2022	164,568
2023	43,078
Thereafter	-

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
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The Authority's contributions made subsequent to the measurement date of the net pension liability, June 30, 2017, of \$7,514,778 are included in the accompanying financial statements as a deferred outflow of resources at June 30, 2018.

**Payable to the Plan**

At June 30, 2018, the Authority reported a payable of \$7,514,778 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2018.

***B. 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 multiple-employer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan is not a state or local government pension plan, provides defined benefit pensions to employees of state or local governmental employers and employees of employers that are not state or local governments and has no predominant state or local government employer. As a result, the Plan is accounted for and reported in accordance with GASB Statement No. 78, Pensions Provided through Certain Multiple – Employer Defined Benefit Pension Plans. 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.

All employees who are members of the Local 808 union are eligible to participate in the Plan (57 employees as of June 30, 2018). 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.com](http://www.lnipf.com).

**Funding Policy** – The contribution requirements of the Authority and employees are established by contract and may be amended by union negotiation. The current union contract expires on June 30, 2022. Employees are required to contribute \$1.32 per hour up to a maximum of 40 hours per week to the Plan for calendar year 2018 (\$1.20 for calendar year 2017). The Authority is not required to contribute to the Plan.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
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The Multiemployer Pension Plan Amendments Act of 1980 impose certain liabilities upon employers 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.

**NOTE 16 - 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. Settlement of claims related to property damage and general liability claims have not exceeded the insurance coverage in any of the past three fiscal years. A detailed description of the self-insured risks is described in Notes 1 and 5.

**NOTE 17 – RESTATEMENTS**

The net position has been restated to reflect the adjustment related to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018.

Net position, June 30, 2017, as previously reported	\$21,072,942
Adoption of GASB Statement No. 75:	
Remove net OPEB obligation as of June 30, 2017	59,053,231
Record net OPEB liability as of June 30, 2017	<u>(68,156,680)</u>
Net position, June 30, 2017, as restated	<u>\$11,969,493</u>

**NOTE 18 – CONCENTRATION RISK**

The State of RI gas tax revenue of \$43,731,401 and Federal operating grants revenue of \$27,515,141 represented 41% and 26%, respectively, of total revenues for the year ended June 30, 2018.

***REQUIRED SUPPLEMENTARY INFORMATION***

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Required Supplementary Information**  
**Other Post Employment Benefit (OPEB) Plan**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios (1)**  
**"Unaudited"**

<i>Fiscal Year</i>	<u>2018</u>
<b>Total OPEB liability:</b>	
Service cost	\$ 3,942,229
Interest	2,082,514
Changes of benefit terms	-
Differences between expected and actual experience	(723,233)
Changes of assumptions or other inputs	955,174
Benefits payments	<u>(2,294,610)</u>
<b>Net change in total OPEB liability</b>	<u>3,962,074</u>
<b>Total OPEB liability - beginning</b>	<u>68,156,680</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 72,118,754</u></u>
<b>Covered employee payroll</b>	\$ 42,062,418
<b>Total OPEB liability as a percentage of covered employee payroll</b>	171.46%

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay for OPEB.

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

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Required Supplementary Information**  
**RIPTA Employees' Pension Plan**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (1)(2)**  
**"Unaudited"**

<i>Fiscal Year</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability:</b>				
Service cost	\$ 3,492,118	\$ 2,990,663	\$ 3,020,828	\$ 2,985,852
Interest	12,556,376	12,297,798	11,495,887	10,237,348
Changes of benefit terms	577,583	933,025	500,075	1,139,692
Differences between expected and actual experience	1,592,692	2,977,141	139,770	1,236,853
Changes of assumptions	(1,198,799)	4,215,850	1,675,802	7,557,472
Benefits payments, including refunds of member contributions	(8,707,446)	(7,810,634)	(6,909,349)	(6,338,274)
<b>Net change in total pension liability</b>	<u>8,312,524</u>	<u>15,603,843</u>	<u>9,923,013</u>	<u>16,818,943</u>
<b>Total pension liability - beginning</b>	<u>181,984,466</u>	<u>166,380,623</u>	<u>156,457,610</u>	<u>139,638,667</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 190,296,990</u>	<u>\$ 181,984,466</u>	<u>\$ 166,380,623</u>	<u>\$ 156,457,610</u>
<b>Plan fiduciary net position:</b>				
Contributions - employer	\$ 8,648,057	\$ 8,125,339	\$ 7,379,362	\$ 7,328,560
Contributions - employee	1,196,070	1,213,686	1,160,646	1,118,215
Net investment income	11,578,566	635,766	4,952,537	12,971,007
Benefits payments, including refunds of member contributions	(8,707,446)	(7,810,634)	(6,909,349)	(6,338,274)
Administrative expense	(61,125)	(172,801)	(77,916)	(52,497)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>12,654,122</u>	<u>1,991,356</u>	<u>6,505,280</u>	<u>15,027,011</u>
<b>Plan fiduciary net position - beginning</b>	<u>116,171,515</u>	<u>114,180,159</u>	<u>107,674,879</u>	<u>92,647,868</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 128,825,637</u>	<u>\$ 116,171,515</u>	<u>\$ 114,180,159</u>	<u>\$ 107,674,879</u>
<b>Authority's net pension liability - ending (a) - (b)</b>	<u>\$ 61,471,353</u>	<u>\$ 65,812,951</u>	<u>\$ 52,200,464</u>	<u>\$ 48,782,731</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	67.70%	63.84%	68.63%	68.82%
<b>Covered employee payroll</b>	\$ 39,869,000	\$ 40,456,200	\$ 38,688,200	\$ 37,273,833
<b>Net pension liability as a percentage of covered employee payroll</b>	154.18%	162.68%	134.93%	130.88%

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

(2) Prior to 2016, separate investment accounts were held for the portion of the plan covering 618 employees and other than 618 employees. As such, separate financial statements and required supplementary information were prepared. The Plan assets were combined in 2016 and the required supplementary information has been restated to report the combined total for the Plan for 2016 and 2015.

*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 (1) (2)**  
**Last Ten Fiscal Years**  
**"Unaudited"**

<i>Fiscal Year</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 7,514,778	\$ 8,644,772	\$ 8,125,339	\$ 7,379,362	\$ 7,328,560	\$ 7,787,480	\$ 7,670,118	\$ 7,296,451	\$ 7,743,892	\$ 7,238,060
Contributions in relation to the actuarially determined contribution	7,514,778	8,648,057	8,125,339	7,379,362	7,328,560	7,787,480	7,670,118	7,339,827	7,743,892	7,238,060
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ (3,285)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,376)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 42,062,418	\$ 39,869,000	\$ 40,456,200	\$ 38,688,200	\$ 37,273,833	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	17.87%	21.69%	20.08%	19.07%	19.66%	N/A	N/A	N/A	N/A	N/A

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

(2) Prior to 2016, separate investment accounts were held for the portion of the plan covering 618 employees and other than 618 employees. As such, separate financial statements and required supplementary information were prepared. The Plan assets were combined in 2016 and the required supplementary information has been restated to report the combined total for the Plan.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

**Note 1 – RIPTA Employees’ Pension Plan**

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

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

The net pension liability amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

**Changes of Assumptions Used to Calculate the Total Pension Liability:**

- The mortality tables were changed from the RP-2014 Blue Collar (Male/Female) tables with MP-2016 generational improvements from 2006 to the RP-2014 Blue Collar (Male/Female) tables with MP-2017 generational improvements from 2006.

**Changes of Benefit Terms:**

In 2017, benefit terms were modified to increase monthly benefits for 618 retirees. As of July 1, 2016, all 618 pensioners received an additional \$15 a month benefit, surviving spouses \$7.50.

**Actuarially Determined Contributions:**

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 at fair value; plus due and accrued contributions
- Inflation - 2.50%
- Investment return - 7.00%, net of expenses, including inflation (previously 7.50%)
- Salary increases - 3.00% per annum
- Retirement age - Later of age 62 or the completion of 10 years of service
- Morality – RP-2014 Blue Collar tables with MP-2017 generational improvements from 2006 (Male/Female) (previously RP-2014 Blue Collar with MP-2015 generational projection)(Male/Female)

***SUPPLEMENTARY INFORMATION***

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Schedule of Net Position*  
June 30, 2018

**Attachment B**

**Assets**

Current Assets:

Cash and cash equivalents	\$	8,836,960
Investments		207,679
Receivables (net)		6,010,916
Due from primary government		9,225,197
Due from other governments		-
Inventories		1,627,950
Other assets		184,578
Total current assets		26,093,280

Noncurrent Assets:

Investments		1,331,025
Capital assets - nondepreciable		6,588,395
Capital assets - depreciable (net)		119,177,078
Total noncurrent assets		127,096,498
Total assets		153,189,778

**Deferred outflows of resources**

Deferred pension amounts		20,473,796
Deferred other post employment benefit amounts		806,647
Total deferred outflows of resources		21,280,443

**Liabilities**

Current liabilities:

Accounts payable		15,169,157
Due to primary government		884,000
Unearned revenue		41,433
Other current liabilities		9,608,415
Total current liabilities		25,703,005

Noncurrent liabilities:

Due to primary government		11,177,000
Net pension liability		61,471,353
Net other post employment benefit liability		72,118,754
Compensated absences		225,330
Accrued self insured claims		12,078,866
Total noncurrent liabilities		157,071,303
Total liabilities		182,774,308

**Deferred inflows of resources**

Deferred pension amounts		1,384,369
Deferred other post employment benefit amounts		610,773
Total deferred inflows of resources		1,995,142

**Net position**

Net investment in capital assets		113,704,473
Unrestricted (deficit)		(124,003,702)
Total net position		\$ (10,299,229)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Schedule of Activities*  
*For the Fiscal Year Ended June 30, 2018*

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**Attachment C**

<b>Expenses</b>	<u>\$ 132,797,708</u>
<b>Program revenues:</b>	
Charges for services	23,248,918
Operating grants and contributions	83,813,737
Capital grants and contributions	3,453,334
<b>Total program revenues</b>	<u>110,515,989</u>
<b>Net (Expenses) Revenues</b>	<u>(22,281,719)</u>
<b>General revenues:</b>	
Interest and investment earnings	12,997
Miscellaneous revenue	-
<b>Total general revenues</b>	<u>12,997</u>
<b>Change in net position</b>	(22,268,722)
<b>Total net position - beginning, restated</b>	11,969,493
<b>Total net position - ending</b>	<u><u>\$ (10,299,229)</u></u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Schedule of Changes in Long Term Liabilities*  
*For the Fiscal Year Ended June 30, 2018*

Attachment E

	<u>Beginning Balance</u>	<u>(1) Restatement</u>	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due Thereafter</u>
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net unamortized premium/discount	-	-	-	-	-	-	-	-
Bonds payable	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-	-	-
Obligations under capital leases	-	-	-	-	-	-	-	-
Net pension liability	65,812,951	-	65,812,951	-	4,341,598	61,471,353	-	61,471,353
Net other post employment benefit liability	59,053,231	9,103,449	68,156,680	3,962,074	-	72,118,754	-	72,118,754
Due to primary government	13,151,122	-	13,151,122	-	1,090,122	12,061,000	884,000	11,177,000
Due to component units	-	-	-	-	-	-	-	-
Due to other governments and agencies	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Compensated absences	550,983	-	550,983	-	133,439	417,544	192,214	225,330
Accrued self insured claims	12,073,740	-	12,073,740	1,655,126	-	13,728,866	1,650,000	12,078,866
Reported as other liabilities:								
Arbitrage rebate	-	-	-	-	-	-	-	-
Pollution remediation	-	-	-	-	-	-	-	-
Total other liabilities	<u>150,642,027</u>	<u>9,103,449</u>	<u>159,745,476</u>	<u>5,617,200</u>	<u>5,565,159</u>	<u>159,797,517</u>	<u>2,726,214</u>	<u>157,071,303</u>
	<u>\$ 150,642,027</u>	<u>\$ 9,103,449</u>	<u>\$ 159,745,476</u>	<u>\$ 5,617,200</u>	<u>\$ 5,565,159</u>	<u>\$ 159,797,517</u>	<u>\$ 2,726,214</u>	<u>\$ 157,071,303</u>

*(1) - Implementation of GASB Statement No. 75*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Schedule of Changes of Tangible Property*  
For the Fiscal Year Ended June 30, 2018

	<i>Tangible Property</i>			<i>Accumulated Depreciation</i>				<i>Net Book Value</i>	
	<i>Balance</i> <i>6/30/2017</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance</i> <i>6/30/2018</i>	<i>Balance</i> <i>6/30/2017</i>	<i>Additions</i>	<i>Reductions</i>		<i>Balance</i> <i>6/30/2018</i>
Land and land rights	\$ 2,145,924	\$ -	\$ -	\$ 2,145,924	\$ -	\$ -	\$ -	\$ -	\$ 2,145,924
Shops, garages and office buildings	102,736,447	183,239	-	102,919,686	45,674,827	3,842,662	-	49,517,489	53,402,197
Tunnels	1,592,774	-	-	1,592,774	1,026,342	22,234	-	1,048,576	544,198
Communication system	10,102,806	41,750	-	10,144,556	8,584,013	874,576	-	9,458,589	685,967
Revenue equipment - buses	102,842,291	-	1,368,547	101,473,744	48,839,057	8,019,561	1,368,547	55,490,071	45,983,673
Trolleys	6,931,795	-	-	6,931,795	3,754,721	577,649	-	4,332,370	2,599,425
Fare boxes	4,006,215	-	-	4,006,215	3,198,447	323,107	-	3,521,554	484,661
Service cars and equipment	2,914,020	205,049	-	3,119,069	2,624,976	129,061	-	2,754,037	365,032
Shops and garage equipment	3,705,940	45,740	567	3,751,113	2,285,981	264,990	567	2,550,404	1,200,709
Furniture and office equipment	1,505,376	8,795	21,901	1,492,270	1,298,952	118,892	21,901	1,395,943	96,327
Miscellaneous equipment	8,757,314	46,600	-	8,803,914	4,099,950	751,412	-	4,851,362	3,952,552
Management information system	13,181,994	372,860	24,315	13,530,539	3,818,748	2,328,812	24,177	6,123,383	7,407,156
Security equipment	2,667,109	-	-	2,667,109	864,943	529,253	-	1,394,196	1,272,913
Paratransit vans	9,295,522	-	750,970	8,544,552	7,405,575	707,679	750,970	7,362,284	1,182,268
<b>Total capital assets</b>	<b>272,385,527</b>	<b>904,033</b>	<b>2,166,300</b>	<b>271,123,260</b>	<b>133,476,532</b>	<b>18,489,888</b>	<b>2,166,162</b>	<b>149,800,258</b>	<b>121,323,002</b>
Federal grant projects in process	1,572,686	3,059,686	189,901	4,442,471	-	-	-	-	4,442,471
<b>Total tangible property</b>	<b>\$ 273,958,213</b>	<b>\$ 3,963,719</b>	<b>\$ 2,356,201</b>	<b>\$ 275,565,731</b>	<b>\$ 133,476,532</b>	<b>\$ 18,489,888</b>	<b>\$ 2,166,162</b>	<b>\$ 149,800,258</b>	<b>\$ 125,765,473</b>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Operating Expenses  
For the Fiscal Year Ended June 30, 2018*

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***Administration***

Salaries	\$ 854,036
Fringe benefits	905,984
Legal	64,787
Supplies	8,599
Other services	421,248
Travel and training	9,685
<b><i>Total administration</i></b>	<b><u>2,264,339</u></b>

***Finance***

Salaries	616,632
Fringe benefits	1,805,208
Fringe benefits - retiree health	2,294,610
Office expense/supplies	111,259
Utilities	1,711,126
Other services	134,806
Travel and training	14,268
Other taxes	8,122
Special projects	2,731,799
<b><i>Total finance</i></b>	<b><u>9,427,830</u></b>

***Operations***

Wages - drivers	28,516,215
Wages - other	11,746,840
Fringe benefits	20,400,082
Other services	141,131
Maintenance/service agreements	92,444
Supplies	523,231
Travel and training	12,595
Uniforms	222,696
Hazardous waste disposal	134,713
Fuel	3,560,848
Antifreeze and lubricants	304,022
Vehicle and other parts	5,312,783
Tires and tubes	669,723
Tickets and passes	50,991
<b><i>Total operations</i></b>	<b><u>71,688,314</u></b>

***Marketing***

Salaries	132,819
Fringe benefits	123,389
Advertising	204,595
Services	8,694
Supplies	165,249
Printing	88,610
Travel and training	23
<b><i>Total marketing</i></b>	<b><u>723,379</u></b>

*(Continued)*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Operating Expenses (Continued)*

*For the Fiscal Year Ended June 30, 2018*

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<b><i>Human resources</i></b>	
Salaries	477,220
Fringe benefits	590,128
Supplies	3,153
Other services	110,694
Travel and training	16,269
<b><i>Total human resources</i></b>	<b><u>1,197,464</u></b>
<b><i>Administrative services</i></b>	
Salaries	949,185
Fringe benefits	1,094,062
Supplies	15,147
Other services	93,574
Travel and training	2,208
Uniforms	709
<b><i>Total administrative services</i></b>	<b><u>2,154,885</u></b>
<b><i>Risk management</i></b>	
Salaries	134,619
Fringe benefits	167,097
Office expense/supplies	3,301
Other services	49,042
Insurance	715,325
Settlements	3,098,543
Workers' compensation medical	132,170
Workers' compensation - other	681,180
Legal	435,250
<b><i>Total risk management</i></b>	<b><u>5,416,527</u></b>
<b><i>Planning and scheduling</i></b>	
Salaries	1,085,695
Fringe benefits	1,130,885
Advertising	49,773
Other services	599,529
Travel and training	28,514
Office expense/supplies	4,739
<b><i>Total planning and scheduling</i></b>	<b><u>2,899,135</u></b>
<b><i>Specialized transportation</i></b>	
Salaries	730,592
Fringe benefits	968,558
Services	125
Travel and training	311
Supplies	258
Utilities	60,812
<b><i>Total specialized transportation</i></b>	<b><u>1,760,656</u></b>

*(Continued)*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Operating Expenses (Continued)*

*For the Fiscal Year Ended June 30, 2018*

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<b><i>Paratransit operations</i></b>	
Salaries	4,455,248
Fringe benefits	2,923,813
Fuel	467,947
Self insurance	667,318
Supplies	11,043
Uniforms	17,163
Travel and training	23,073
Other services	24,218
<b><i>Total paratransit operations</i></b>	<b><u>8,589,823</u></b>
<b><i>Purchasing</i></b>	
Salaries	1,016,798
Fringe benefits	766,680
Supplies	8,166
Travel and training	1,685
Uniforms	1,358
Other services	21,670
<b><i>Total purchasing</i></b>	<b><u>1,816,357</u></b>
<b><i>Information technology</i></b>	
Salaries	413,402
Fringe benefits	535,191
Travel and training	2,408
Services	19,837
Supplies	7,821
Maintenance agreements	1,242,968
<b><i>Total information technology</i></b>	<b><u>2,221,627</u></b>
<b><i>RIDE</i></b>	
Taxi RIDE providers	1,378,720
<b><i>Total RIDE</i></b>	<b><u>1,378,720</u></b>
<b><i>Centralized maintenance</i></b>	
Salaries	789,142
Fringe benefits	398,384
Services	20,520
Lubricants	31,892
Tires and tubes	20,483
Supplies	3,922
Repair parts	487,902
<b><i>Total centralized maintenance</i></b>	<b><u>1,752,245</u></b>

*(Continued)*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Operating Expenses (Continued)*

*For the Fiscal Year Ended June 30, 2018*

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***State of Rhode Island - DOT & RITBA***

Salaries	218,787
Fringe benefits	113,486
Repair parts	91,690
Insurance	45,693
<b><i>Total State of Rhode Island - DOT &amp; RITBA</i></b>	<u>469,656</u>

***Depreciation***

18,489,888

***Total operating expenses***

\$ 132,250,845

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Fund 01</u>	<u>Fund 02</u>	<u>Fund 04</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total</u>
<b>Operating revenues</b>						
Passenger	\$ 19,723,997	\$ -	\$ -	\$ 19,723,997	\$ -	\$ 19,723,997
Paratransit	1,545,005	6,327,614	-	7,872,619	(7,467,870)	404,749
Rental	124,166	-	-	124,166	-	124,166
Advertising	555,301	-	-	555,301	-	555,301
RIDE	-	1,338,646	3,975,522	5,314,168	(3,975,522)	1,338,646
Other	1,102,059	-	-	1,102,059	-	1,102,059
<b>Total operating revenues</b>	<u>23,050,528</u>	<u>7,666,260</u>	<u>3,975,522</u>	<u>34,692,310</u>	<u>(11,443,392)</u>	<u>23,248,918</u>
<b>Operating expenses</b>						
Administration	2,264,339	-	-	2,264,339	-	2,264,339
Finance	9,427,830	-	-	9,427,830	-	9,427,830
Operations	71,688,314	-	-	71,688,314	-	71,688,314
Marketing	723,379	-	-	723,379	-	723,379
Human resources	1,197,464	-	-	1,197,464	-	1,197,464
Administrative services	2,154,885	-	-	2,154,885	-	2,154,885
Risk management	5,416,527	-	-	5,416,527	-	5,416,527
Planning and scheduling	2,899,135	-	-	2,899,135	-	2,899,135
Specialized transportation	7,281,182	-	-	7,281,182	(5,520,526)	1,760,656
Paratransit operations	-	8,589,823	-	8,589,823	-	8,589,823
Purchasing	1,816,357	-	-	1,816,357	-	1,816,357
Informational technology	2,221,627	-	-	2,221,627	-	2,221,627
RIDE	-	-	7,301,586	7,301,586	(5,922,866)	1,378,720
Centralized maintenance	1,752,245	-	-	1,752,245	-	1,752,245
State of Rhode Island - DOT & RITBA	469,656	-	-	469,656	-	469,656
Depreciation	18,489,888	-	-	18,489,888	-	18,489,888
<b>Total operating expenses</b>	<u>127,802,828</u>	<u>8,589,823</u>	<u>7,301,586</u>	<u>143,694,237</u>	<u>(11,443,392)</u>	<u>132,250,845</u>
<b>Operating loss</b>	<u>(104,752,300)</u>	<u>(923,563)</u>	<u>(3,326,064)</u>	<u>(109,001,927)</u>	<u>-</u>	<u>(109,001,927)</u>
<b>Nonoperating revenues (expenses)</b>						
State of RI gas tax	43,731,401	-	-	43,731,401	-	43,731,401
State of RI - DEA gas tax	3,548,198	-	-	3,548,198	-	3,548,198
Operating grants	36,534,138	-	-	36,534,138	-	36,534,138
Investment income	12,997	-	-	12,997	-	12,997
Interest expense	(546,725)	-	-	(546,725)	-	(546,725)
Loss on disposal of capital assets	(138)	-	-	(138)	-	(138)
<b>Total nonoperating revenues (expenses)</b>	<u>83,279,871</u>	<u>-</u>	<u>-</u>	<u>83,279,871</u>	<u>-</u>	<u>83,279,871</u>
<b>Loss before capital contributions</b>	<u>(21,472,429)</u>	<u>(923,563)</u>	<u>(3,326,064)</u>	<u>(25,722,056)</u>	<u>-</u>	<u>(25,722,056)</u>
<b>Capital contributions</b>	<u>3,453,334</u>	<u>-</u>	<u>-</u>	<u>3,453,334</u>	<u>-</u>	<u>3,453,334</u>
<b>Change in net position</b>	<u>\$ (18,019,095)</u>	<u>\$ (923,563)</u>	<u>\$ (3,326,064)</u>	<u>\$ (22,268,722)</u>	<u>\$ -</u>	<u>\$ (22,268,722)</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Travel and Entertainment  
For the Fiscal Year Ended June 30, 2018*

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<u>Travelers Name</u>	<u>Destination</u>	<u>Purpose</u>	<u>Amount</u>
Sarah Ingle	Milwaukee	APTA Sustainability & MultiModal Wrkshp	\$ 90.00
Jason Carotenuti	Portland, OR	Site visit INIT fare collection system	90.00
Matt Salisbury	Portland, OR	Site visit INIT fare collection system	90.00
Paul DiIorio	Portland, OR	Site visit INIT fare collection system	90.00
Greg Nordin	Portland, OR	Site visit INIT fare collection system	609.23
Greg Nordin	Portland, OR	Site visit INIT fare collection system	90.00
Kevin Perry	Portland, OR	Site visit INIT fare collection system	90.00
Chris McKenna	Rochester NY	Rochester Transit Authority-Best Practices Trip	90.00
Evan Broccoli	Rochester NY	Rochester Transit Authority-Best Practices Trip	90.00
Greg Nordin	Portland, OR	Site visit INIT fare collection system	389.80
Matt Salisbury	Portland, OR	Site visit INIT fare collection system	293.53
Matt Salisbury	Portland, OR	Site visit INIT fare collection system	835.78
Paul DiIorio	Portland, OR	Site visit INIT fare collection system	293.53
Paul DiIorio	Portland, OR	Site visit INIT fare collection system	835.78
Jason Carotenuti	Portland, OR	Site visit INIT fare collection system	835.78
Kevin Perry	Portland, OR	Site visit INIT fare collection system	576.96
Kevin Perry	Portland, OR	Site visit INIT fare collection system	293.53
Greg Nordin	Portland, OR	Site visit INIT fare collection system	293.53
Jason Carotenuti	Portland, OR	Site visit INIT fare collection system	587.06
Sarah Ingle	Milwaukee	APTA Sustainability & Multimodal Wrkshp	1,100.00
Sarah Ingle	Milwaukee	APTA Sustainability & Multimodal Wrkshp	697.41
Amy Pettine	Dayton, OH	ABBG Annual Mtg	120.00
Greg Nordin	Dayton, OH	ABBG Annual Mtg	120.00
Chris McKenna	Rochester NY	Rochester Transit Authority-Best Practices Trip	333.14
Evan Broccoli	Rochester NY	Rochester Transit Authority-Best Practices Trip	333.14
John Chadwick	Atlanta, GA	APTA Conf & Expo	90.00
John Chadwick	Atlanta, GA	APTA Conf & Expo	291.97
John Chadwick	Atlanta, GA	APTA Conf & Expo	272.70
James Pereira	Atlanta, GA	APTA Conf & Expo	120.00
James Pereira	Atlanta, GA	APTA Conf & Expo	416.40
Amy Pettine	Dayton, OH	ABBG Annual Mtg	514.60
Amy Pettine	Dayton, OH	Ticket 12148684129	179.01
APTA Conf & Expo	Atlanta, GA	Apta Ref REE5183FA	261.01
APTA Conf & Expo	Atlanta, GA	Apta Ref UFF20A8DE	11.69
Greg Nordin	Dayton, OH	ABBG Annual Mtg	514.60
Joe Monti	Atlanta, GA	APTA Conf & Expo	333.96
Joe Monti	Atlanta, GA	APTA Conf & Expo	261.01
Tom Cabral	Atlanta, GA	APTA Conf & Expo	333.96
Tom Cabral	Atlanta, GA	APTA Conf & Expo	261.01
Tom Cabral	Atlanta, GA	APTA Conf & Expo	120.00
Joe Monti	Atlanta, GA	APTA Conf & Expo	120.00
John Chadwick	Atlanta, GA	APTA Conf & Expo	545.40
James Pereira	Atlanta, GA	APTA Conf & Expo	810.79
James Pereira	Atlanta, GA	APTA Conf & Expo	272.70
Seth Morgan	Washington, DC	Trans Research Board Annual Meeting	744.35
Amy Pettine	Dayton, OH	ABBG Annual Mtg	233.52

*(Continued)*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Travel and Entertainment (Continued)*

*For the Fiscal Year Ended June 30, 2018*

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<u>Travelers Name</u>	<u>Destination</u>	<u>Purpose</u>	<u>Amount</u>
Greg Nordine	Dayton, OH	ABBG Annual Mtg	507.22
Greg Harris	Washington, DC	Trans Research Board Annual Meeting	980.40
Lily Picchione	Washington, DC	Trans Research Board Annual Meeting	805.00
Seth Morgan	Washington, DC	Trans Research Board Annual Meeting	486.96
Joe Monti	Atlanta, GA	APTA Conf & Expo	522.02
Tom Cabral	Atlanta, GA	APTA Conf & Expo	522.02
Greg Harris	Washington DC	Trans Research Board Annual Meeting	120.00
Seth Morgan	Washington DC	Trans Research Board Annual Meeting	150.00
Seth Morgan	Washington DC	Trans Research Board Annual Meeting	228.45
Sarah Ingle	Chicago	Natl Shared Mobility Summit	316.59
Greg Nordin	Chicago	Natl Shared Mobility Summit	316.59
<b>Ed Brown</b>	NY	NYC MTA visit/electric bus	30.00
Sarah Ingle	Chicago, IL	Natl Shared Mobility Summit	150.00
Greg Nordin	Chicago, IL	Natl Shared Mobility Summit	150.00
Greg Nordin	Chicago, IL	Natl Shared Mobility Summit	425.00
Sarah Ingle	Chicago, IL	Natl Shared Mobility Summit	425.00
Lillian Picchione	NY	NYC MTA visit/electric bus	30.00
Amy Pettine	NY	NYC MTA visit/Electric bus	30.00
Joe Monti	NY	NYC MTA visit/electric bus	30.00
Brooks Almonte	Des Moines, IA	ABBG Paratransit Workshop	90.00
Mark Therrien	Des Moines, IA	ABBG Paratransit Workshop	90.00
Chris McKenna	Des Moines, IA	ABBG Paratransit Workshop	90.00
Chris McKenna	Des Moines, IA	ABBG Paratransit Workshop	590.50
Mark Therrien	Des Moines, IA	ABBG Paratransit Workshop	590.50
Brooks Almonte	Des Moines, IA	ABBG Paratransit Workshop	590.50
Lilly Picchione	Des Moines, IA	APTA Legislative	376.71
Mark Therrien	Des Moines, IA	ABBG Paratransit Workshop	15.00
Various	NY	NYC MTA visit/electric bus	2,834.00
Matt Salisbury	Jacksonville, FL	APTA IT Conference	120.00
Matt Salisbury	Jacksonville, FL	APTA IT Conference	487.00
Matt Salisbury	Jacksonville, FL	APTA IT Conference	1,100.00
Kevin Perry	Jacksonville, FL	APTA IT Conference	109.89
Kevin Perry	Jacksonville, FL	APTA IT Conference	120.00
Lillian Picchione	Wash DC	APTA Legislative Conf	120.00
Greg Nordin	Chicago, IL	Natl Shared Mobility Summit	769.11
Greg Nordin	Chicago, IL	Natl Shared Mobility Summit	254.01
Kevin Perry	Jacksonville, FL	APTA IT Conference	487.00
Kevin Perry	Jacksonville, FL	APTA IT Conference	1,100.00
Lillian Picchione	Wash DC	APTA Legislative Conf	1,889.59
Lillian Picchione	Worcester MA	MA DOT Innovation & Mobility Exchange	75.00
Sarah Ingle	Worcester MA	MA DOT Innovation & Mobility Exchange	75.00
Seth Morgan	Worcester MA	MA DOT Innovation & Mobility Exchange	75.00
Amy Pettine	Wash DC	APTA Legislative Conf	191.98
Amy Pettine	Wash DC	APTA Legislative Conf	126.98
Amy Pettine	Wash DC	APTA Legislative Conf	126.30
Amy Pettine	Wash DC	APTA Legislative Conf	60.00

*(Continued)*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

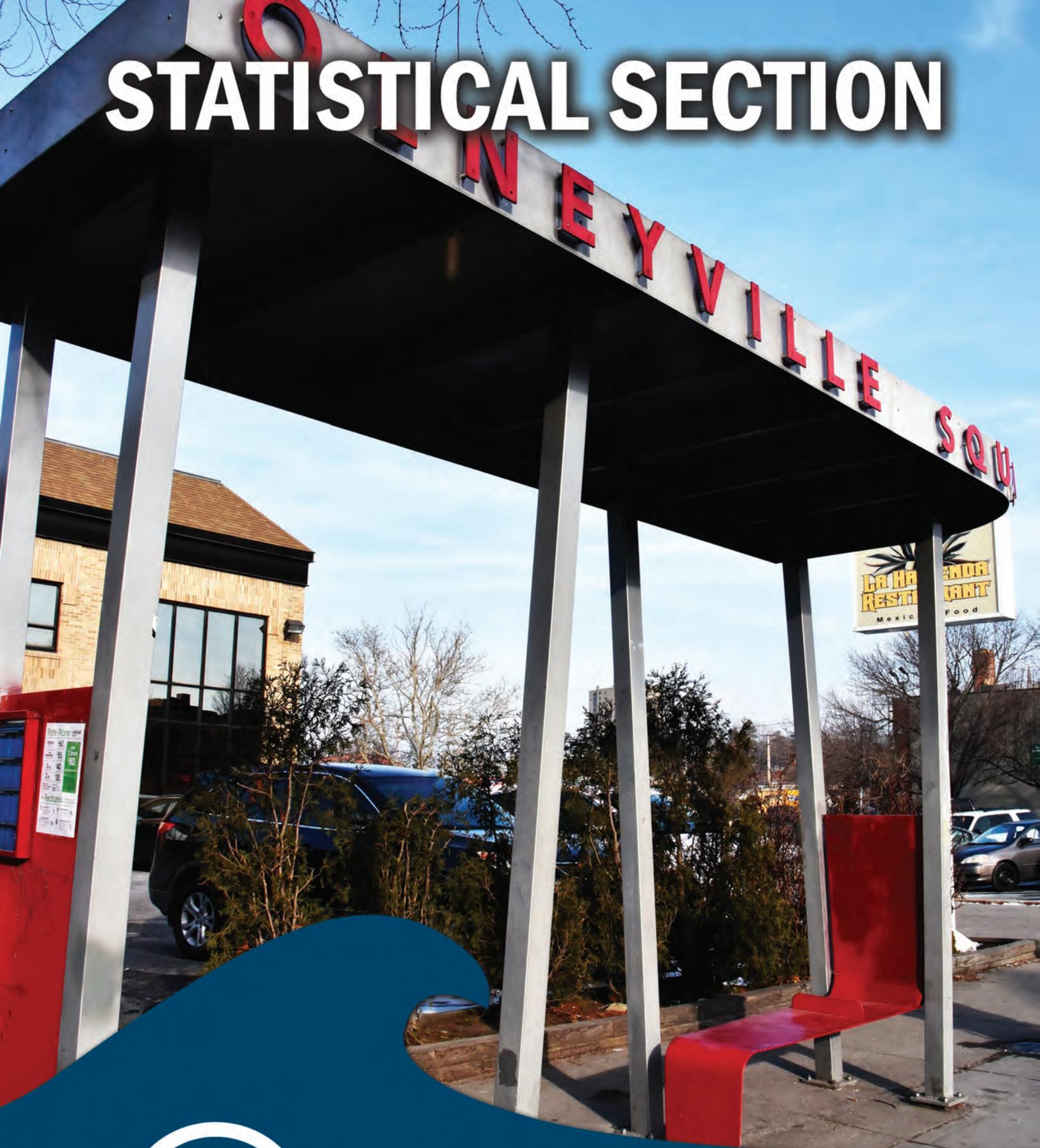
*Schedule of Travel and Entertainment (Continued)*

*For the Fiscal Year Ended June 30, 2018*

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<u>Travelers Name</u>	<u>Destination</u>	<u>Purpose</u>	<u>Amount</u>
William Rainville	Seattle, WA	NTI Transit Maintenance Leadership Conf	180.00
William Rainville	Seattle, WA	NTI Transit Maintenance Leadership Conf	2,095.00
William Rainville	Seattle, WA	NTI Transit Maintenance Leadership Conf	818.51
James Tierney	Ft Lauderdale, FL	FTA Drug & Alcohol Natl Conference	1,198.93
James Tierney	Ft Lauderdale, FL	FTA Drug & Alcohol Natl Conference	120.00
Greg Harris	Los Angeles, CA	Tran Res Brd Rapid Bus Transit Conf-6/18	957.09
Mark Therrien	Des Moines, IA	ABBG Paratransit Workshop	308.68
Brooks Almonte	Des Moines, IA	ABBG Paratransit Workshop	308.68
Chris McKenna	Des Moines, IA	ABBG Paratransit Workshop	154.34
Kevin Perry	Jacksonville, FL	APTA IT Conference	60.00
Kevin Perry	Jacksonville, FL	APTA IT Conference	385.20
Matt Salisbury	Jacksonville, FL	APTA IT Conference	385.20
Greg Harris	Los Angeles, CA	Tran Res Brd Rapid Bus Transit Conf-6/18	634.60
Greg Harris	Los Angeles, CA	Tran Res Brd Rapid Bus Transit Conf-6/18	550.00
Lillian Picchione	Wash DC	APTA Legislative Conf	1,510.76
James Tierney	Ft Lauderdale, FL	FTA Drug & Alcohol Natl Conference	148.40
James Tierney	Ft Lauderdale, FL	FTA Drug & Alcohol Natl Conference	50.18
James Tierney	Ft Lauderdale, FL	FTA Drug & Alcohol Natl Conference	50.00
William Rainville	Seattle, WA	NTI Transit Maintenance Leadership Conf	1,347.82
Joe Monti	Los Angeles	Proterra Mfg - Pre Production bus inspection	90.00
Tom Cabral	Los Angeles	Proterra Mfg - Pre Production bus inspection	90.00
Ariel Mercedes	Los Angeles	Proterra Mfg - Pre Production bus inspection	90.00
Lillian Picchione	Los Angeles	Proterra Mfg - Pre Production bus inspection	90.00
Ariel Mercedes	Los Angeles	Proterra Mfg - Pre Production bus inspection	317.36
Ariel Mercedes	Los Angeles	Proterra Mfg - Pre Production bus inspection	95.00
Joe Monti	Los Angeles	Proterra Mfg - Pre Production bus inspection	1,074.81
Tom Cabral	Los Angeles	Proterra Mfg - Pre Production bus inspection	1,074.81
Lillian Picchione	Los Angeles	Proterra Mfg - Pre Production bus inspection	778.91
Ariel Mercedes	Los Angeles	Proterra Mfg - Pre Production bus inspection	697.60
Sarah Ingle	Chicago	Natl Shared Mobility Summit	1,003.56
Greg Harris	Los Angeles, CA	Tran Res Brd Rapid Bus Transit Conf-6/18	150.00
			<hr/> <hr/>
			\$ 51,571.64

# STATISTICAL SECTION



**omprehensive Annual Financial Report**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

# 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

## Debt Capacity

This schedule contains information to help the reader assess the affordability of the Authority's current levels of debt outstanding.

- Ratios of Outstanding Debt by Type

## 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shops, garages, and office buildings	\$ 56,548,468	\$ 56,577,568	\$ 98,304,879	\$ 99,296,097	\$ 100,120,229	\$ 102,568,479	\$ 102,574,379	\$ 102,617,799	\$ 102,736,447	\$ 102,919,686
Tunnels	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845	1,572,845	1,592,774	1,592,774	1,592,774
Communication system	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	9,833,939	9,879,043	10,102,806	10,144,556
Revenue equipment-buses	63,435,848	62,673,957	86,968,271	81,698,264	94,534,204	87,865,704	87,310,100	97,026,222	102,842,291	101,473,744
Trolleys	6,729,015	4,701,613	10,636,348	8,592,306	8,592,306	6,931,795	6,931,795	6,931,795	6,931,795	6,931,795
Fare boxes	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,006,215	4,006,215
Service cars and equipment	1,941,604	2,647,599	2,982,293	2,745,627	2,594,887	2,535,217	2,670,965	2,806,758	2,914,020	3,119,069
Shops and garage equipment	1,754,413	1,996,084	2,100,040	2,097,922	2,173,971	2,151,529	2,447,064	2,503,026	3,705,940	3,751,113
Furniture and office equipment	925,085	935,123	995,525	1,605,420	1,600,263	1,533,978	1,541,323	1,547,393	1,505,375	1,492,270
Miscellaneous equipment	2,835,859	2,989,156	3,189,642	3,975,423	4,211,548	4,670,025	5,893,303	8,885,885	8,757,315	8,803,914
Management information systems	2,647,684	4,675,672	5,118,557	5,293,715	6,072,100	10,390,159	7,645,051	7,723,562	13,181,994	13,530,539
Security Equipment	-	-	-	-	-	-	451,909	2,549,672	2,667,109	2,667,109
Leased Paratransit vans	11,325,351	9,278,837	11,534,086	9,840,923	11,367,746	10,908,216	9,623,660	11,175,152	9,295,522	8,544,552
Total capital assets being depreciated	<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>	<u>259,247,181</u>	<u>270,239,603</u>	<u>268,977,336</u>
Accumulated depreciation	(88,498,631)	(84,705,892)	(81,471,768)	(87,131,877)	(92,019,611)	(98,425,285)	(112,223,266)	(127,479,824)	(133,476,532)	(149,800,258)
Total capital assets being depreciated, net	<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>	<u>131,767,357</u>	<u>136,763,071</u>	<u>119,177,078</u>
Land	2,145,924	2,145,924	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	21,901,664	38,665,311	3,893,927	6,275,959	14,906,535	13,954,222	14,236,340	10,445,775	1,572,686	4,442,471
<b>Total Invested in Capital Assets</b>	<b><u>\$ 94,922,266</u></b>	<b><u>\$ 113,810,934</u></b>	<b><u>\$ 157,627,706</u></b>	<b><u>\$ 147,665,685</u></b>	<b><u>\$ 167,530,084</u></b>	<b><u>\$ 158,459,945</u></b>	<b><u>\$ 146,663,431</u></b>	<b><u>\$ 144,359,056</u></b>	<b><u>\$ 140,481,681</u></b>	<b><u>\$ 125,765,473</u></b>

Source: RIPTA Annual Audited Financial Statements

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

	2009	2010	2011	2012	2013	2014	(1) 2015	2016	2017	(2) 2018
<b>ASSETS:</b>										
Capital Assets	\$94,922,266	\$113,810,934	\$157,627,706	\$147,665,685	\$ 167,530,084	\$ 158,459,945	\$ 146,663,431	\$ 144,359,056	\$ 140,481,681	\$ 125,765,473
Other Assets	20,573,089	20,803,447	22,315,056	22,659,721	23,123,665	21,871,766	18,575,871	17,953,980	20,987,335	27,424,305
Total Assets	<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>	<u>162,313,036</u>	<u>161,469,016</u>	<u>153,189,778</u>
<b>Deferred outflow of resources</b>										
Deferred pension amounts	-	-	-	-	-	-	14,904,214	16,445,594	27,033,223	20,473,796
Deferred other post employment benefits amount	-	-	-	-	-	-	-	-	-	806,647
Total deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,904,214</u>	<u>16,445,594</u>	<u>27,033,223</u>	<u>21,280,443</u>
<b>LIABILITIES:</b>										
Current Liabilities	14,161,257	13,549,821	12,473,314	13,551,379	14,254,121	12,715,423	13,391,812	13,699,287	18,498,396	25,703,005
Long-term Liabilities	26,793,735	32,927,227	43,953,177	49,437,768	60,574,636	68,055,147	122,614,165	132,376,378	148,414,133	157,071,303
Total Liabilities	<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>	<u>146,075,665</u>	<u>166,912,529</u>	<u>182,774,308</u>
<b>Deferred inflows of resources</b>										
Deferred pension amounts	-	-	-	-	-	-	5,096,214	1,793,047	516,768	1,384,369
Deferred other post employment benefits amount	-	-	-	-	-	-	-	-	-	610,773
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,096,214</u>	<u>1,793,047</u>	<u>516,768</u>	<u>1,995,142</u>
<b>NET POSITION:</b>										
Unrestricted Net Position (Deficit)	(12,442,776)	(16,512,606)	(21,226,895)	(27,956,831)	(35,797,468)	(43,793,950)	(93,584,150)	(99,822,138)	(106,411,740)	(124,003,702)
Investment In Capital Assets	86,983,139	104,649,939	144,743,166	135,293,090	151,622,460	143,355,091	132,625,475	130,712,056	127,484,682	113,704,473
Total Net Position	<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>	<u>\$ 30,889,918</u>	<u>\$ 21,072,942</u>	<u>\$ (10,299,229)</u>

Source: RIPTA Annual Audited Financial Statements

**Note:**

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

(2) - RIPTA implemented GASB 75 in fiscal year 2018.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Revenues:										
Passenger Revenue	\$24,853,200	\$19,778,436	\$21,564,851	\$ 21,147,737	\$ 21,547,853	\$ 21,779,974	\$ 19,076,441	\$ 18,289,032	\$ 19,795,824	\$ 19,723,997
Other Revenues	9,156,452	7,918,563	9,524,953	12,190,461	11,691,522	11,250,660	5,511,767	4,402,949	3,629,662	3,524,921
Total Operating Revenue	<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>	<u>22,691,981</u>	<u>23,425,486</u>	<u>23,248,918</u>
Operating Expenses	95,271,016	96,263,187	102,154,502	103,947,502	104,846,154	104,213,000	102,863,774	104,190,753	108,678,976	113,760,957
Depreciation Expense	<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>	<u>16,299,930</u>	<u>18,041,344</u>	<u>18,489,888</u>
Operating Loss	(71,075,819)	(78,050,468)	(83,738,411)	(85,552,886)	(86,776,464)	(86,811,887)	(93,863,027)	(97,798,702)	(103,294,834)	(109,001,927)
Non-operating Revenues(Expenses):										
Transfer from State	33,613,398	41,788,014	41,025,227	40,945,215	40,780,987	40,772,363	42,960,321	44,068,106	42,560,051	43,731,401
Grants	21,181,376	21,853,994	24,372,884	20,694,389	21,059,367	19,823,747	20,410,146	28,493,367	33,001,483	36,534,138
Investment Income	104,475	41,817	54,766	33,001	(4,527)	7,690	44,129	18,033	(2,568)	12,997
Contract Revenue	3,476,000	3,382,654	3,341,398	3,317,009	3,232,381	3,344,275	3,466,651	3,540,723	3,497,504	3,548,198
Other Non-operating Revenue								353,956	111,000	-
Loss on disposal of assets	(397,678)	(197,970)	(5,455)	(111,049)	(24,367)	(527)	(2,672)	(238)	(823,819)	(138)
Forgiveness of Debt	-	-	-	-	964,971	929,770	1,035,898	37,000	539,000	-
Interest Expense	(693,341)	(386,869)	(483,462)	(410,079)	-	-	-	-	-	(546,725)
Total Non-operating Revenues(Expenses)	<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>	<u>76,510,947</u>	<u>78,882,651</u>	<u>83,279,871</u>
Net Loss	(13,791,589)	(11,568,828)	(15,433,053)	(21,084,400)	(20,767,652)	(21,934,569)	(25,948,554)	(21,287,755)	(24,412,183)	(25,722,056)
Capital Contribution	<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>	<u>13,136,348</u>	<u>14,595,207</u>	<u>3,453,334</u>
Change in Net Position	<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>	<u>\$ (8,151,407)</u>	<u>\$ (9,816,976)</u>	<u>\$ (22,268,722)</u>

Source: RIPTA Annual Audited Financial Statements

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

Operating Expenses	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	\$ 612,889	\$ 745,630	\$ 1,051,673	\$ 831,055	\$ 912,428	\$ 1,148,809	\$ 1,209,899	\$ 1,149,167	\$ 1,558,473	\$ 2,264,339
Finance	3,546,753	2,542,358	2,914,240	3,360,279	4,212,579	5,202,466	4,755,930	5,568,007	8,339,077	9,427,830
Operations	62,621,671	62,886,241	64,852,587	66,301,762	67,910,415	66,494,651	68,978,501	71,289,003	71,737,547	71,688,314
Marketing	1,992,280	2,053,360	2,261,023	2,399,414	684,955	712,898	666,310	799,351	634,211	723,379
Human Resources	775,889	820,430	1,083,730	1,236,857	505,275	562,255	566,928	658,430	771,079	1,197,464
Administrative Services	-	-	-	-	2,014,397	1,467,858	1,311,504	1,527,983	1,819,654	2,154,885
Risk Management	2,811,779	2,959,890	3,960,334	3,124,406	2,749,234	3,480,825	5,330,045	4,259,693	4,104,665	5,416,527
Planning & Scheduling	1,795,816	1,731,730	2,031,745	2,749,057	2,531,837	1,998,577	1,706,164	1,995,991	2,502,750	2,899,135
Specialized Transportation	2,194,668	2,209,427	2,252,563	1,702,980	1,772,410	1,573,368	1,333,228	1,092,621	1,372,162	1,760,656
Paratransit Operations	8,315,993	8,820,120	9,143,192	9,528,144	9,681,158	9,958,956	8,966,234	8,303,185	8,770,659	8,589,823
Purchasing	1,354,314	1,458,570	1,471,253	1,628,566	1,785,890	1,626,790	1,567,070	1,642,969	1,719,532	1,816,357
Flex	1,549,183	1,661,692	1,850,649	1,658,143	-	-	-	-	-	-
MIS	861,059	785,047	908,176	717,103	1,050,019	866,437	1,149,734	1,282,531	1,780,480	2,221,627
Ferry	386,042	50,251	-	-	-	-	-	-	-	-
RIDE	3,662,446	4,328,300	5,150,770	5,557,983	5,789,086	6,084,640	2,476,886	2,014,829	1,291,505	1,378,720
Centralized Transportation	1,738,311	2,178,137	2,247,392	2,385,326	2,520,425	2,277,039	2,091,705	1,918,155	1,814,095	1,752,245
Facilities Engineering	452,696	419,723	362,581	-	-	-	-	-	-	-
**State of RI-DOT & RIBTA	599,227	612,281	612,594	666,427	726,046	757,431	753,636	688,838	463,087	469,656
Depreciation	9,814,455	9,484,280	12,673,713	14,943,582	15,169,685	15,629,521	15,587,461	16,299,930	18,041,344	18,489,888
<b>Operating Expenses</b>	<b>105,085,471</b>	<b>105,747,467</b>	<b>114,828,215</b>	<b>118,791,084</b>	<b>120,015,839</b>	<b>119,842,521</b>	<b>118,451,235</b>	<b>120,490,683</b>	<b>126,720,320</b>	<b>132,250,845</b>
<b>Non-operating Expenses</b>										
Debt Service	693,341	386,869	483,462	410,079	-	-	-	-	-	546,725
	693,341	386,869	483,462	410,079	-	-	-	-	-	546,725
<b>Total Expenses</b>	<b>\$ 105,778,812</b>	<b>\$ 106,134,336</b>	<b>\$ 115,311,677</b>	<b>\$ 119,201,163</b>	<b>\$ 120,015,839</b>	<b>\$ 119,842,521</b>	<b>\$ 118,451,235</b>	<b>\$ 120,490,683</b>	<b>\$ 126,720,320</b>	<b>\$ 132,797,570</b>

Source: RIPTA Annual Audited Financial Statements  
RI Bridge and Turnpike Authority added FY 2017

Rhode Island Public Transit Authority  
Revenues by Source  
Last Ten Years  
(Unaudited)

<b>Operating Revenues</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Passenger Fares	\$24,044,176	\$18,048,941	\$19,778,407	\$ 21,147,737	\$ 21,547,853	\$ 21,779,974	\$ 19,076,441	\$ 18,289,032	\$ 19,795,824	\$ 19,723,997
Paratransit	809,024	1,729,495	1,786,444	1,911,627	1,052,140	1,003,013	1,140,886	1,082,260	1,130,267	404,749
Rental	127,418	151,171	192,096	195,707	193,285	186,128	174,423	165,879	150,691	124,166
Advertising	497,887	554,516	579,260	546,020	583,272	530,023	676,607	517,792	521,717	555,301
RIDE	6,563,964	6,157,915	7,163,120	7,884,343	8,642,680	8,292,568	2,282,146	1,372,101	759,454	1,338,646
Other	1,967,283	1,054,961	1,590,477	1,652,764	1,220,145	1,238,928	1,237,705	1,264,917	1,067,533	1,102,059
<b>Total operating revenues</b>	<b>34,009,752</b>	<b>27,696,999</b>	<b>31,089,804</b>	<b>33,338,198</b>	<b>33,239,375</b>	<b>33,030,634</b>	<b>24,588,208</b>	<b>22,691,981</b>	<b>23,425,486</b>	<b>23,248,918</b>
<b>Non-operating Revenues</b>										
Transfers From State	33,613,398	41,788,014	41,025,227	40,945,215	40,780,987	40,772,363	42,960,321	44,068,106	42,560,051	43,731,401
Federal and State Grants	21,181,376	21,853,994	27,372,884	20,694,389	21,059,367	19,823,747	20,410,146	28,493,367	33,001,483	36,534,138
Investment Income	104,475	41,817	54,766	33,001	(4,527)	7,690	44,129	18,033	(2,568)	12,997
Contract Revenue	3,476,000	3,382,654	3,341,398	3,317,009	3,232,381	3,344,275	3,466,651	3,540,723	3,497,504	3,548,198
Debt Forgiveness	-	-	-	-	964,971	929,770	1,035,898	37,000	539,000	-
Other non-operating revenue	-	-	-	-	-	-	-	353,956	111,000	-
Gain(Loss) on disposal of Assets	(397,678)	(197,970)	(5,455)	(111,049)	(24,367)	(527)	(2,672)	(238)	(823,819)	(138)
<b>Total non-operating revenues</b>	<b>57,977,571</b>	<b>66,868,509</b>	<b>71,788,820</b>	<b>64,878,565</b>	<b>66,008,812</b>	<b>64,877,318</b>	<b>67,914,473</b>	<b>76,510,947</b>	<b>78,882,651</b>	<b>83,826,596</b>
<b>Total Revenues</b>	<b>\$91,987,323</b>	<b>\$94,565,508</b>	<b>\$102,878,624</b>	<b>\$98,216,763</b>	<b>\$ 99,248,187</b>	<b>\$ 97,907,952</b>	<b>\$ 92,502,681</b>	<b>\$ 99,202,928</b>	<b>\$ 102,308,137</b>	<b>\$ 107,075,514</b>

Source: RIPTA Annual Audited Financial Statements

Rhode Island Public Transit Authority  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 (Unaudited)

Year	Due To Primary Govt	Population(1)	Personal Income(2)	Percentage of Personal Income	Debt per Capita
2009	\$ 7,939,127	1,053,209	\$ 43,185	0.0175%	7.54
2010	9,061,199	1,052,567	44,801	0.0192%	8.61
2011	8,482,859	1,051,302	46,294	0.0174%	8.07
2012	12,372,595	1,050,292	47,253	0.0249%	11.78
2013	15,907,624	1,051,511	49,434	0.0306%	15.13
2014	14,057,956	1,055,173	51,532	0.0259%	13.32
2015	12,990,000	1,056,420	52,905	0.0232%	12.30
2016	13,647,000	1,056,426	54,486	0.0237%	12.92
2017	12,997,000	1,059,639	54,575	0.0225%	12.27
2018	12,061,000	N/A	N/A	N/A	N/A

(1) Source United States Census Bureau

(2) Source Rhode Island Department of Commerce

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>
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	1,056,420	52,905	50,080	554,699	142,014	5.95%
2016	1,056,426	54,486	51,576	523,100	142,142	5.50%
2017	1,059,639	54,575	51,503	533,300	142,949	4.20%
2018	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 2018  
 (Unaudited)

2017				2009			
Rank	Name of Company	Employees	% of Total Employment	Rank	Name of Company	Employees	% of Total Employment
1	Rhode Island	14,782	22.01%	1	Rhode Island	13,012	20.22%
2	Lifespan	12,377	18.43%	2	Lifespan	11,866	18.44%
3	CVS Health Corp	7,600	11.32%	3	Care New England	6,792	10.56%
4	Care New England	6,580	9.80%	4	Roman Catholic Diocese of Providence	6,200	9.64%
5	City of Providence	5,800	8.64%	5	CVS Caremark Corp	5,800	9.01%
6	Citizens Bank	5,123	7.63%	6	City of Providence	5,411	8.41%
7	Fidelity Investments	4,029	6.00%	7	Citizens Financial Group	5,375	8.35%
8	Brown University	4,000	5.96%	8	Brown University	3,787	5.89%
9	General Dynamics Electric Boat	3,723	5.54%	9	Warwick, City of	3,100	4.82%
10	Naval Undesea Warfare Center	3,135	4.67%	10	Bank of America	3,000	4.66%

Source: 2010 Providence Business News

Source: 2018 Providence Business News

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

Fare Products	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>*2016</u>	<u>2017</u>	<u>2018</u>
<b>Cash</b>										
Cash-Full Fare	\$ 1.75	\$ 1.75	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Cash-Half Fare	\$ 0.85	\$ 0.85	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Passes</b>										
Monthly Passes	\$ 55.00	\$ 55.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 70.00	\$ 70.00	\$ 70.00
1 Day Pass	\$ 5.00	\$ 5.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 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	\$ 25.00	\$ 25.00	\$ 25.00
10 Ride Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.00	\$ 20.00	\$ 20.00
15 Ride Pass	\$ 23.00	\$ 23.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	N/A	N/A	N/A
<b>RIPTIKS</b>										
RIPTIKS(Book of 10)	\$ 17.50	\$ 17.50	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	N/A	N/A	N/A
<b>Transfers</b>										
Cash-Transfer	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 1.00	\$ 1.00	\$ 1.00
Cash Half Fare Transfer	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50	\$ 0.50

\* All Price Increases went into affect as of March 1, 2016

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PASSENGERS(RIDERSHIP)										
BUS	19,819,547	19,543,988	19,463,820	19,762,912	19,785,010	19,780,040	18,074,137	17,813,105	16,239,062	16,339,054
DEMAND RESPONSE	590,863	616,875	641,534	706,315	698,290	668,452	402,751	373,629	332,759	360,436
	<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>	<u>18,186,734</u>	<u>16,571,821</u>	<u>16,699,490</u>
REVENUE MILES										
BUS	8,210,973	8,352,120	8,417,792	8,387,715	8,077,334	8,264,927	8,483,016	8,546,906	8,555,359	8,872,782
DEMAND RESPONSE	4,131,543	4,259,705	4,438,006	4,891,615	4,981,925	4,766,876	3,164,569	2,975,367	2,772,570	2,768,659
	<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>	<u>11,522,273</u>	<u>11,327,929</u>	<u>11,641,441</u>
REVENUE HOURS										
BUS	633,381	628,890	628,557	632,734	603,704	633,454	658,848	673,409	672,788	678,861
DEMAND RESPONSE	307,124	318,834	332,573	319,086	309,214	296,754	220,473	179,245	167,075	162,988
	<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>	<u>852,654</u>	<u>839,863</u>	<u>841,849</u>
PASSENGER PER REVENUE MILE										
BUS	2.41	2.34	2.31	2.36	2.45	2.39	2.13	2.08	1.90	1.84
DEMAND RESPONSE	0.14	0.14	0.14	0.14	0.14	0.14	0.13	0.13	0.12	0.13
	<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>	<u>1.58</u>	<u>1.46</u>	<u>1.43</u>
PASSENGER PER REVENUE HOUR										
BUS	31.29	31.08	30.97	31.23	32.77	31.23	27.43	26.45	24.14	24.07
DEMAND RESPONSE	1.92	1.93	1.93	2.21	2.26	2.25	1.83	2.08	1.99	2.21
	<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>	<u>21.33</u>	<u>19.73</u>	<u>19.84</u>
Operating Expenses**	\$ 95,271,016	\$ 96,263,187	\$ 102,154,502	\$ 103,847,502	\$ 104,846,154	\$ 104,213,000	\$ 102,863,774	\$ 104,190,753	\$ 108,678,976	\$ 113,760,957
Operating expenses per mile	\$ 7.72	\$ 7.63	\$ 7.95	\$ 7.82	\$ 8.03	\$ 8.00	\$ 8.83	\$ 9.04	\$ 9.59	\$ 9.77
Operating expenses per hour	\$ 101.30	\$ 101.57	\$ 106.29	\$ 109.10	\$ 114.85	\$ 112.03	\$ 116.98	\$ 122.20	\$ 129.40	\$ 135.13
Operating expenses per passenger	\$ 4.67	\$ 4.77	\$ 5.08	\$ 5.07	\$ 5.12	\$ 5.10	\$ 5.57	\$ 5.73	\$ 6.56	\$ 6.81
Peak Fleet Request										
BUS	199	196	215	188	192	191	196	195	194	201
DEMAND RESPONSE	123	124	118	118	118	115	101	104	91	90
Total Active Fleet										
BUS	249	239	255	237	246	229	230	249	243	237
DEMAND RESPONSE	147	136	147	147	147	144	122	126	96	94
Number of Employees										
BUS	655	677	642	619	599	611	641	638	655	665
DEMAND RESPONSE	175	169	173	175	167	152	153	138	132	137

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

Source: National Transit Database



CERTIFIED PUBLIC ACCOUNTANTS

875 Centerville Road, Building 3, Unit 10 • Warwick, RI 02886  
(401) 586-6565 • Fax (401) 826-1710

***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, 2018, 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 2, 2018.

***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.

*Bacon & Company CPAs, LLC*

Warwick, Rhode Island  
October 2, 2018

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Expenditures of Federal Awards*

*For the Fiscal Year Ended June 30, 2018*

<i>Federal Grantor/ Pass-Through Grantor <u>Program or Cluster Title</u></i>	<i>Federal CFDA <u>Number</u></i>	<i>Entity Identifying <u>Number</u></i>	<i>Total Federal <u>Expenditures</u></i>
<b>U.S. Department of Transportation</b>			
<b>Direct Programs:</b>			
<i>Federal Transit Cluster:</i>			
Capital Investment Grants	20.500	RI 03-0045	\$ 17,617
Capital Investment Grants	20.500	RI 04-0006	43
Capital Investment Grants	20.500	RI 04-0008	948
Capital Investment Grants	20.500	RI 04-0010	13,753
Formula Grants	20.507	RI 90-X057	277,039
Formula Grants	20.507	RI 90-X058	204,360
Formula Grants	20.507	RI 90-X060	83,388
Formula Grants	20.507	RI 90-X061	38,261
Formula Grants	20.507	RI 90-X062	192,039
Formula Grants	20.507	RI 90-X063	1,256,656
Formula Grants	20.507	RI 90-X064	561,739
Formula Grants	20.507	RI 90-X065	151,940
Formula Grants	20.507	RI 95-X005	114,030
Formula Grants	20.507	RI 95-X006	10,464
Formula Grants	20.507	RI 95-X007	58,728
Formula Grants	20.507	RI 95-X009	224,117
Formula Grants	20.507	RI 2016-007-00	312
Formula Grants	20.507	RI 2017-001-00	740,021
Formula Grants	20.507	RI 2017-003-00	13,960,045
Formula Grants	20.507	RI 2017-004-00	2,061,127
Formula Grants	20.507	RI 2017-007-00	121,365
Formula Grants	20.507	RI 2018-002-00	5,848,750
Bus and Bus Facilities Formula Program	20.526	RI 2017-009-00	85,512
<i>Total Federal Transit Cluster</i>			<u>26,022,254</u>
Formula Grants for Rural Areas	20.509	RI 18-X032	37,211
Formula Grants for Rural Areas	20.509	RI 2017-005-00	371,632
			<u>408,843</u>
New Freedom Program	20.521	RI-57-X003	78,475
Public Transportation Emergency Relief Program	20.527	RI 44-X002	2,433,342
National Infrastructure Investments	20.933	RI 2016-006-00	1,330,215
<b>Total U.S. Department of Transportation</b>			<u>30,273,129</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 30,273,129</u>

## ***RHODE ISLAND PUBLIC TRANSIT AUTHORITY***

*Notes to Schedule of Expenditures of Federal Awards*

*For the Fiscal Year Ended June 30, 2018*

### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Rhode Island Public Transit Authority under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Rhode Island Public Transit Authority, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Rhode Island Public Transit Authority.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### **NOTE 3 – INDIRECT COST RATE**

The Rhode Island Public Transit Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **NOTE 4 – DETERMINATION OF MAJOR PROGRAMS**

The determination of major Federal financial assistance programs was based on the overall level of expenditures for all Federal programs for the State of Rhode Island, of which the Rhode Island Public Transit Authority is a component unit. As such, the determination of major programs is made at the State level, where it was determined that the Federal Transit Cluster was a major program during the State fiscal year ended June 30, 2018.