



RHODE ISLAND PUBLIC TRANSIT AUTHORITY



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016

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

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

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

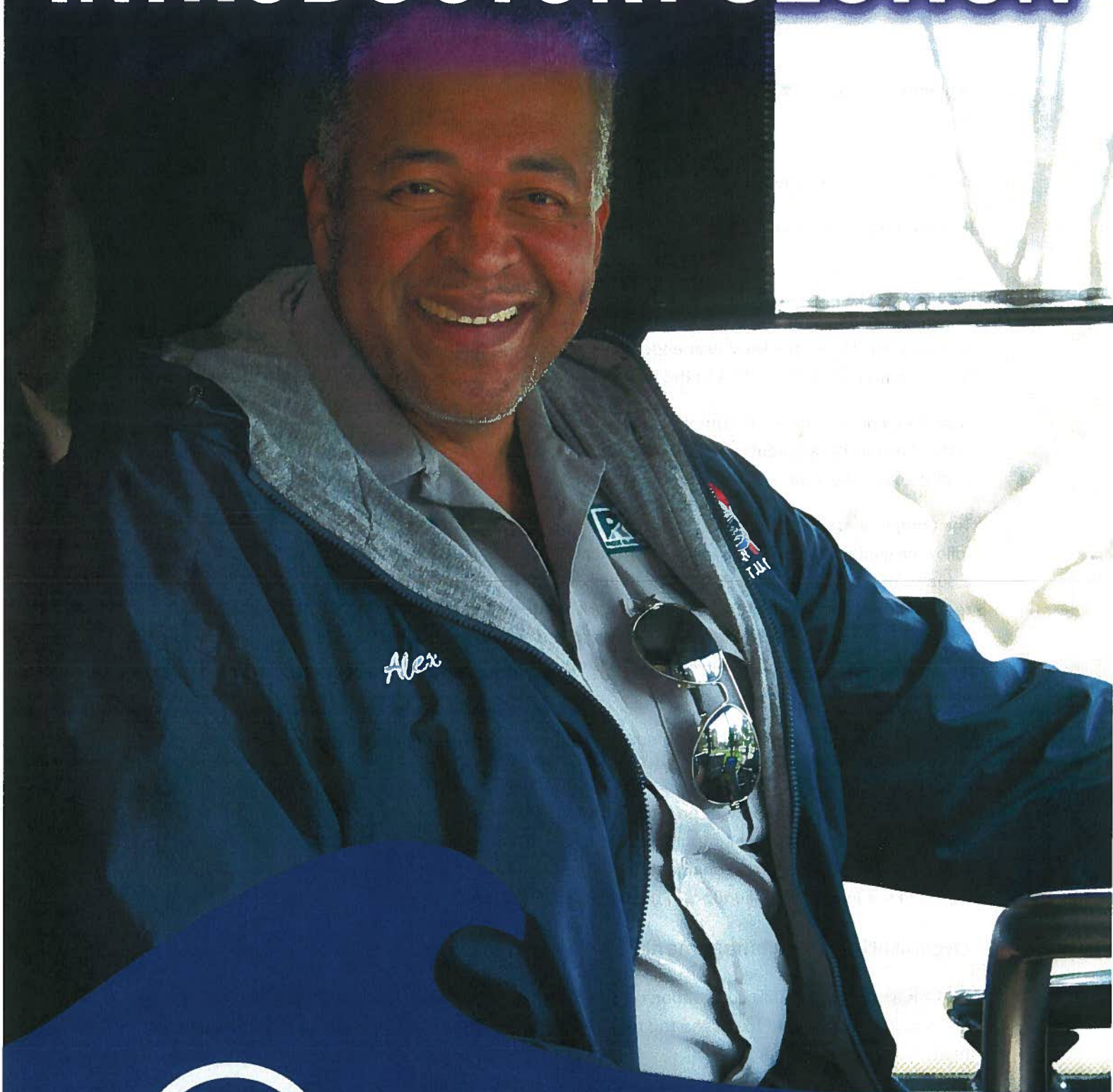
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For the Fiscal Year Ended June 30, 2016**

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INTRODUCTORY SECTION



omprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

September 23, 2016

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, 2016. 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, 2016.

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, 2016, are presented in conformity with GAAP.

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

Organization and Management

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

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

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

Economic Environment

The RI Department of Labor and Training is reporting that the state's unemployment rate has declined to 5.4 percent in March 2016. The March 2016 unemployment rate is less than 0.5 of a percentage point above that of the U.S.

Information from the May 2015 Rhode Island Revenue Estimating Conference, the Department of Labor and Training reports as of March 2016, there were 522,900 RI residents working, which represents a gain of 26,600 since the recession era low of 496,300 recorded in November of 2011.

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 \$191,665 operating surplus based on the revised budget for Fiscal Year 2017 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; utilities, contract services, and employee wage and benefit costs. Management continues to review all estimated expenditure activity to determine only those expenditures that are of a critical nature as well as proposals to freeze other non-critical expenditure requests. In addition, management plans to propose and request continued debt service funding from the State of Rhode Island which would require appropriation from the General Assembly. During the legislative session of 2014, a transportation infrastructure fund was established. In FY 2016, approximately \$2.7 million was realized by RIPTA. In FY 2017, proceeds will approximate \$4.4 million and from FY 2018 forward, \$4.2 million will be received from the new revenue source.

Major Capital Initiatives

The RIPTA's fiscal year 2018-2022 Capital Improvement Program (CIP) identifies projects totaling \$97.5 million either in progress, to be initiated, or to be completed during those fiscal years in addition to \$36 million in expenditures for fiscal year 2018. 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 2017 – 2022, RIPTA will replace 77 fixed route buses, 19 Flex vehicles, and 57 paratransit vehicles at an estimated cost of \$59 million. Additionally, as part of RIPTA's Strategic Plan, security and passenger facility upgrades and improvements at an estimated cost of \$35 million during fiscal year 2017-2022 will continue. Several major fleet vehicle projects, Automated Transit Management System and fleet cameras are all expected to be completed during fiscal year 2017. New projects include \$17 million for the Downtown Transit Connector, and \$5.5 million for the upgrade of fareboxes.

Funding of the CIP

In the fiscal year 2017, RIPTA plans to fund the CIP with approximately \$26 million in Federal Transit Administration Funds, \$2.3 million in State Fleet Replacement matching funds, \$.16 million in RI Capital Asset Protection funds and \$3.7 million in RIPTA and local matching funds.

During the five year period of FY 2018 – 2022 CIP, the RIPTA plans on using \$26 million in Federal Transit Funds, \$6 million in RIPTA and local matching funds, \$6.6 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 2015 annual report. This was the fourth 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 Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

Respectfully Submitted,

Raymond Studley

Chief Executive Officer

Karen DiLauro

Executive Director Finance & Budget



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

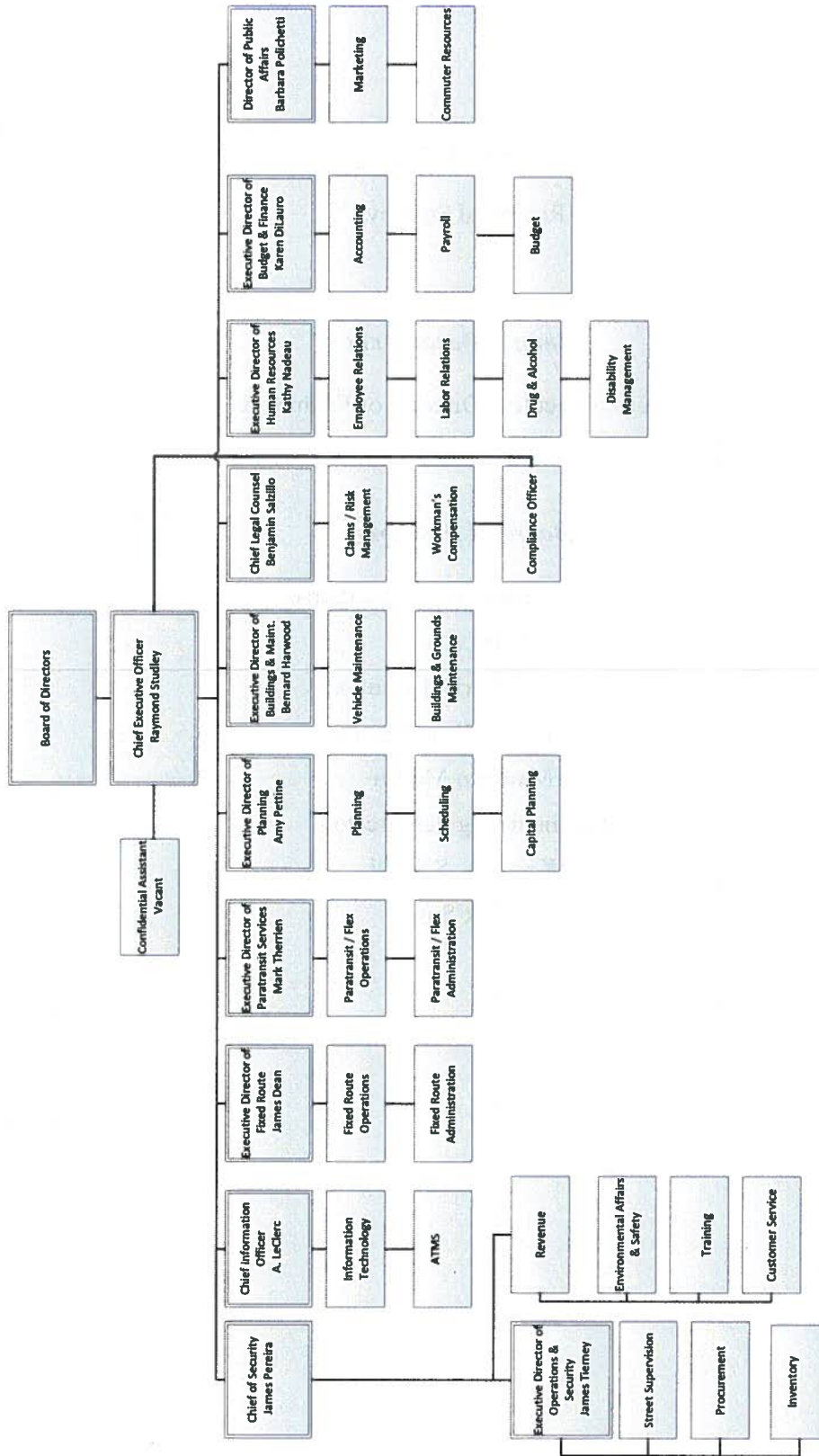
**Rhode Island
Public Transit Authority**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

The Rhode Island Public Transit Authority
Organizational Chart as of June 30, 2016



Total Budgeted Employees: 817
Non-Represented: 35
Local 808: 56
Local 618A: 53
618: 673

All Senior Staff listed above are non-represented employees. RIPTA does not use the classified/unclassified designation.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Principal Officials

June 30, 2016

Chief Executive Officer

Raymond Studley

Finance Department

Karen DiLauro, Executive Director of Finance & 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



omprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Bacon & Company^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Rhode Island Public Transit Authority (the Authority), a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2016, 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and supplementary pension and OPEB information on pages 11 through 16 and pages 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of net position, the schedule of activities, the schedule of changes in long-term debt, the schedule of tangible property, the schedule of operating expenses, the combining schedule of revenues, expenses and changes in net position, and the schedule of travel and entertainment are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of net position, the schedule of activities, the schedule of

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bacon & Company, LLC

Warwick, Rhode Island
September 23, 2016

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, 2016. 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 7.2 % or \$6.7 million during FY 2016 compared to FY 2015.
- Operating and non-operating expenses increased by 1.7% or \$2.0 million during FY 2016 as compared to FY 2015.
- Capital contributions increased \$9.8 million or 288% from the previous year.
- Capital assets decreased by \$2.3 million or 1.6% from FY 2015.
- The Authority's total net position decreased by \$8.2 million or 20.9 % from FY 2015.

Net Position

The following schedule presents the condensed Statement of Net Position for the fiscal years ended June 30, 2016 and 2015.

| | <u>June 30,</u> <u>2016</u> | <u>June 30,</u> <u>2015</u> |
|--|--------------------------------|--------------------------------|
| Assets: | | |
| Current assets | \$ 16,949,269 | \$ 16,416,424 |
| Capital assets (net) | 144,359,056 | 146,663,431 |
| Other non-current assets | 1,004,711 | 2,159,447 |
| TOTAL ASSETS | <u>162,313,036</u> | <u>165,239,302</u> |
| Deferred outflows of resources: | | |
| Deferred pension amounts | 16,445,594 | 14,904,214 |
| | <u>16,445,594</u> | <u>14,904,214</u> |
| Liabilities: | | |
| Current liabilities | 13,699,287 | 13,391,812 |
| Non-current liabilities | 132,376,378 | 122,614,165 |
| TOTAL LIABILITIES | <u>146,075,665</u> | <u>136,005,977</u> |
| Deferred inflows of resources: | | |
| Deferred pension amounts | 1,793,047 | 5,096,214 |
| | <u>1,793,047</u> | <u>5,096,214</u> |
| Net position | | |
| Unrestricted net position (deficit) | (99,822,138) | (93,584,150) |
| Net Investment in capital assets | 130,712,056 | 132,625,475 |
| TOTAL NET POSITION | <u>\$ 30,889,918</u> | <u>\$ 39,041,325</u> |

The majority of the Authority's assets (89%) reflect its investment in capital assets (land, building, revenue vehicles, and equipment). Other assets include cash (including amounts invested in cash equivalent type instruments), accounts receivables from federal and state

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$55.5 million associated with implementing GASB #45, Other Post-employment benefits effective FY 2008, a liability of \$52.2 million associated with implementing GASB #68 and a Due to Primary Government of \$13.6 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, 2016 and 2015.

| | <u>June 30,</u> <u>2016</u> | <u>June 30,</u> <u>2015</u> |
|---|--------------------------------|--------------------------------|
| Operating Revenue | | |
| Ritecare program revenue | \$2,289,810 | \$4,340,438 |
| Passenger revenue | 15,999,222 | 14,736,003 |
| RIde program revenue | 1,372,101 | 2,282,146 |
| Other operating revenues | 3,030,848 | 3,229,621 |
| Non-operating Revenue | | |
| Grant revenue | 28,493,367 | 20,410,146 |
| State of RI - DEA gas tax | 3,540,723 | 3,466,651 |
| Other non-operating revenue | 408,989 | 1,080,027 |
| State of RI gas tax | 44,068,106 | 42,960,321 |
| Total Revenues | <u>99,203,166</u> | <u>92,505,353</u> |
| Operating Expenses | | |
| Management and general | (21,991,572) | (22,073,698) |
| Operations and maintenance | (82,199,181) | (80,790,076) |
| Depreciation | (16,299,930) | (15,587,461) |
| Non-operating Expenses | | |
| Debt service | 0 | 0 |
| Other non-operating expenses | (238) | (2,672) |
| Total Expenses | <u>(120,490,921)</u> | <u>(118,453,907)</u> |
| Net Income (Loss) before Capital Contributions | (21,287,755) | (25,948,554) |
| Capital Contributions | <u>13,136,348</u> | <u>3,381,020</u> |
| Change in Net Position | (8,151,407) | (22,567,534) |
| Total Net Position- Beginning | 39,041,325 | 61,608,859 |
| Total Net Position- Ending | <u>\$30,889,918</u> | <u>\$39,041,325</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 \$112,339,514. The revenue reported as operating revenue, non-operating revenue and State of RI gas tax increased 7.2% or \$6,697,813 over the prior year. This increase was the result of receiving more Grant Revenue and an increase in Gas Tax. The Authority's operating and non-operating expenses total \$120,490,921. This reflects a increase of 1.7% or \$2,037,014 over the prior year. We had increases in operations and maintenance 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, 2016 and 2015.

| | 2016 | 2015 |
|---------------------------------------|---------------|---------------|
| Land, shops, garages and buildings | \$106,356,497 | \$106,293,148 |
| Revenue equipment | 129,020,312 | 117,707,594 |
| Service vehicles and garage equipment | 5,309,784 | 5,118,029 |
| Furniture and fixtures | 10,433,278 | 7,434,626 |
| Management information systems | 7,723,562 | 7,645,051 |
| Security Equipment | 2,549,672 | 451,909 |
| Federal grant projects in process | 10,445,775 | 14,236,340 |
| | 271,838,880 | 258,886,697 |
| Less accumulated depreciation | (127,479,824) | (112,223,266) |
| Net capital assets | \$144,359,056 | \$146,663,431 |

At the end of fiscal year 2016, the Authority had \$144,359,056 invested in capital assets. This amount represents a decrease of 1.6% or \$2,304,375 from the prior year. A more detailed account of the capital asset activity for fiscal year 2016 can be found in Note 3, Property, Plant and Equipment.

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

- Purchase of 18 Fixed Route Buses
- Purchase of 11 Flex Buses
- Purchase of 25 Paratransit Buses
- Completion of fixed route and Paratransit fleet camera installation
- Continuation of financial and maintenance software upgrade
- Continuation of CAD/AVL installation project

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

During FY 2017, the Authority has committed to the continued upgrade to the financial and maintenance software. The Authority will also be continuing the installation of the CAD/AVL system as part of the multi-year ITS project. The Authority also plans to purchase 24 fixed route buses.

Economic Factors and Next Year's Budget

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

The following factors were considered in setting the Authority's FY 2017 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 2017 budget includes funding for mobility management reimbursement, preventive maintenance, Jobs Access/Reverse Commute and rural operating assistance with small variations from FY 2016 federal revenues. The budget also includes funding for ADA reimbursement. The FAST act now allows the Authority to double its ADA reimbursement, providing significant assistance in balancing the budget.
- State gasoline tax revenue available for operating purposes. For FY 2017, the yield determined by the State of RI Department of Revenue for the gasoline tax is \$4,458,825, relatively stable 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 \$4.4 million will be allocated to the Authority in FY 2017, and \$4.2 million allocated in FY 2018. The amount decreases in FY 2018 due to a change in the revenue collected from truck registrations.
- Revenue from state agencies to subsidize policy driven transit travel programs. This program provides partial payment for free and reduced rides for senior citizens and the disabled population. Legislation passed in the 2015 Legislative Session allowed RIPTA to begin charging a reduced fare to this population. Implementation of a fare has been delayed until January of 2017 with State General Revenues being provided to offset the delay. Additionally, 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 during FY 2016.

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 2017, the State has included payment of the debt service from general revenues of approximately \$1.1 million.
- The current contract with the Amalgamated Transit Union expired on 6/30/2016. Due to ongoing contract negotiations wages have not been increased in the FY 2017 budget for ATU employees. The Authority completed negotiations with LIU 808 for a contract through 6/30/18. Employee wages and associated fringe benefits (less employee contributions) make up approximately 70% of the Authority's annual budget.
- Costs associated with fuel prices. The Authority consumes approximately 2.3 million gallons of fuel annually. The budgeted fuel cost for FY 2017 is \$1.50 per gallon for the first three months, and a fixed price per gallon of \$1.84 for the remainder of the fiscal year. The Authority is monitoring market conditions before deciding a lock/hedge strategy. If the Authority locks into a fixed rate, it will be able to do so through June 2017.
- Inclusion of expenses and offsetting reimbursement of the State of Rhode Island DOT vehicle maintenance and repair program contracted with the Authority.

Contacting the Authority's Financial Management

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Statement of Net Position

June 30, 2016

Assets

Current assets

Cash and cash equivalents:

| | |
|---------------------------------|------------------|
| Operating fund | \$ 1,730,222 |
| Paratransit capital fund | 712,655 |
| Accident and casualty fund | 511,310 |
| Capital replacement fund | 1,101,188 |
| Total cash and cash equivalents | <u>4,055,375</u> |

| | |
|-------------|---------|
| Investments | 214,536 |
|-------------|---------|

Receivables:

| | |
|-------------------|------------------|
| Accounts | 1,167,499 |
| Grants | 2,728,217 |
| Total receivables | <u>3,895,716</u> |

| | |
|-----------------------------|-----------|
| Due from primary government | 6,745,173 |
|-----------------------------|-----------|

| | |
|---------------------------------------|-----------|
| Inventories, net allowance of \$3,788 | 1,577,766 |
|---------------------------------------|-----------|

| | |
|------------------|---------|
| Prepaid expenses | 306,703 |
|------------------|---------|

| | |
|--------------|---------|
| Other assets | 154,000 |
|--------------|---------|

| | |
|-----------------------------|-------------------|
| Total current assets | <u>16,949,269</u> |
|-----------------------------|-------------------|

Non-current assets

| | |
|-------------|-----------|
| Investments | 1,004,711 |
|-------------|-----------|

| | |
|---------------------------------|------------|
| Capital assets, non-depreciable | 12,591,699 |
|---------------------------------|------------|

| | |
|---|-------------|
| Capital assets, depreciable - net of depreciation | 131,767,357 |
|---|-------------|

| | |
|---------------------------------|--------------------|
| Total non-current assets | <u>145,363,767</u> |
|---------------------------------|--------------------|

| | |
|---------------------|--------------------|
| Total assets | <u>162,313,036</u> |
|---------------------|--------------------|

Deferred outflows of resources

| | |
|--------------------------|------------|
| Deferred pension amounts | 16,445,594 |
|--------------------------|------------|

| | |
|---|-------------------|
| Total deferred outflows of resources | <u>16,445,594</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, 2016

Liabilities

Current liabilities

| | |
|--------------------------------------|-------------------|
| Accounts payable | 6,322,427 |
| Due to primary government | 539,000 |
| Accrued salaries, wages and benefits | 4,824,922 |
| Accrued compensated absences | 254,631 |
| Accrued self insured health claims | 1,079,061 |
| Accrued self insured claims | 500,000 |
| Unearned revenue | 179,246 |
| Total current liabilities | 13,699,287 |

Non-current liabilities

| | |
|--------------------------------------|--------------------|
| Due to primary government | 13,108,000 |
| Accrued compensated absences | 365,050 |
| Accrued self insured claims | 11,168,834 |
| Net pension liability | 52,200,464 |
| Net OPEB obligation | 55,534,030 |
| Total non-current liabilities | 132,376,378 |

Total liabilities

146,075,665

Deferred inflows of resources

| | |
|--|------------------|
| Deferred pension amounts | 1,793,047 |
| Total deferred inflows of resources | 1,793,047 |

Net position

| | |
|----------------------------------|----------------------|
| Net investment in capital assets | 130,712,056 |
| Unrestricted (deficit) | (99,822,138) |
| Total net position | \$ 30,889,918 |

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, 2016

| | |
|---|----------------------|
| Operating revenues | |
| Passenger | \$ 18,289,032 |
| Paratransit | 1,082,260 |
| Rental | 165,879 |
| Advertising | 517,792 |
| RIDE | 1,372,101 |
| Other | 1,264,917 |
| Total operating revenues | <u>22,691,981</u> |
| Operating expenses | |
| Administration | 1,149,167 |
| Finance | 5,568,007 |
| Operations | 71,289,003 |
| Marketing | 799,351 |
| Human resources | 658,430 |
| Administrative services | 1,527,983 |
| Risk management | 4,259,693 |
| Planning and scheduling | 1,995,991 |
| Specialized transportation | 1,092,621 |
| Paratransit operations | 8,303,185 |
| Purchasing | 1,642,969 |
| Information technology | 1,282,531 |
| RIDE | 2,014,829 |
| Centralized maintenance | 1,918,155 |
| State of Rhode Island - DOT | 688,838 |
| Depreciation | 16,299,930 |
| Total operating expenses | <u>120,490,683</u> |
| Operating loss | <u>(97,798,702)</u> |
| Nonoperating revenues (expenses) | |
| State of RI gas tax | 44,068,106 |
| State of RI - DEA gas tax | 3,540,723 |
| Operating grants | 28,493,367 |
| Investment income | 18,033 |
| Debt forgiveness | 37,000 |
| Other nonoperating revenue | 353,956 |
| Loss on disposal of capital assets | (238) |
| Total nonoperating revenues (expenses) | <u>76,510,947</u> |
| Loss before capital contributions | (21,287,755) |
| Capital contributions | <u>13,136,348</u> |
| Change in net position | (8,151,407) |
| Total net position - beginning of year | <u>39,041,325</u> |
| Total net position - end of year | <u>\$ 30,889,918</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, 2016*

| | |
|--|----------------------------|
| <i>Cash flows from operating activities</i> | |
| Cash received from customers | \$ 23,123,816 |
| Cash paid to suppliers for goods and services | (23,405,454) |
| Cash paid to employees for services | <u>(75,090,147)</u> |
| <i>Net cash used for operating activities</i> | <u>(75,371,785)</u> |
| <i>Cash flows from noncapital financing activities</i> | |
| State gas tax received | 46,977,030 |
| Operating grants received | <u>28,456,356</u> |
| <i>Net cash provided by noncapital financing activities</i> | <u>75,433,386</u> |
| <i>Cash flows from capital and related financing activities</i> | |
| Capital contributions received | 11,723,808 |
| Debt proceeds received | 215,523 |
| Acquisition and construction of capital assets | <u>(13,995,793)</u> |
| <i>Net cash used for capital and related financing activities</i> | <u>(2,056,462)</u> |
| <i>Cash flows from investing activities</i> | |
| Purchase of investments | (1,219,247) |
| Maturity of investments | 2,900,071 |
| Interest and dividends on investments | <u>18,033</u> |
| <i>Net cash provided by investing activities</i> | <u>1,698,857</u> |
| <i>Net decrease in cash and cash equivalents</i> | (296,004) |
| <i>Cash and cash equivalents at beginning of year</i> | <u>4,351,379</u> |
| <i>Cash and cash equivalents at end of year</i> | <u>\$ 4,055,375</u> |
| <i>Noncash capital and related financing activities:</i> | |
| Decrease in due to primary government | \$ 390,956 |

(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, 2016*

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

| | |
|--|------------------------|
| Operating loss | \$ (97,798,702) |
| Adjustments to reconcile operating loss to net cash used for operating activities | |
| Depreciation and amortization | 16,299,930 |
| Changes in assets and liabilities: | |
| (Increase) decrease in accounts receivable | (34,207) |
| (Increase) decrease in due from primary government | 466,042 |
| (Increase) decrease in inventory | 159,846 |
| (Increase) decrease in prepaid expenses | (73,085) |
| (Increase) decrease in other assets | (50,000) |
| Increase (decrease) in accounts payable and accrued expenses | 391,101 |
| Increase (decrease) in accrued self insured claims | 1,453,709 |
| Increase (decrease) in accrued compensated absences | (2,845) |
| Increase (decrease) in net pension liability | 3,417,733 |
| Increase (decrease) in net OPEB obligation | 5,243,240 |
| (Increase) decrease in deferred outflows of resources | (1,541,380) |
| Increase (decrease) in deferred inflows of resources | (3,303,167) |
| Total adjustments | 22,426,917 |
| Net cash used for operating activities | \$ (75,371,785) |

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

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.

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.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

Recently Issued Accounting Standards

The Authority has implemented the following new accounting pronouncements:

- GASB Statement No. 72 – Fair Value Measurement and Application, effective for the Authority's fiscal year ending June 30, 2016.
- GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective for the Authority's fiscal years ending June 30, 2016.
- GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the Authority's fiscal year ending June 30, 2016.
- GASB Statement No. 78 – Pensions Provided Through Certain Multiple – Employer Defined Benefit Pension Plans, effective for the Authority's fiscal year ending June 30, 2017. Early application of this Statement is encouraged and the Authority elected to implement this Statement for the fiscal year ended June 30, 2016.

The adoption of GASB Statements Nos. 72, 73, 76 and 78 did not have an impact on the Authority's financial position or results of operations.

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

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the Authority's fiscal year ending June 30, 2017.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the Authority's fiscal year ending June 30, 2018.
- GASB Statement No. 77 – Tax Abatement Disclosures, effective for the Authority's fiscal year ending June 30, 2017.
- GASB Statement No. 79 – Certain External Investment Pools and Pool Participants, effective for the Authority's fiscal year ending June 30, 2017.
- GASB Statement No. 80 – Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, effective for the Authority's fiscal year ending June 30, 2017.
- GASB Statement No. 81 – Irrevocable Split-Interest Agreements, effective for the Authority's fiscal year ending June 30, 2018.
- GASB Statement No. 82 – Pension Issues - an amendment of GASB Statements No. 67, No. 68 and No. 73, effective for the Authority's fiscal year ending June 30, 2017.

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

Federal and State Grants

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

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

Investments

Investments are valued at fair value, except for money market funds which are reported at amortized cost.

Materials and Supplies of Inventory

Inventories consist of spare parts, supplies and fuel oil 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 plans and will be amortized as a component of pension expense in future years.

Operating Revenues and Expenses

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

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.

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, 2016 was \$372,623.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

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, 2016, was \$2,217,353 and the bank balance was \$4,949,223. Of the bank balance, \$726,852 was insured by federal depository insurance, \$4,213,505 was collateralized with securities held by the pledging financial institution or its agent in the Authority's name and \$8,866 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, 2016, 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, 2016 is \$2,217,353. Investments of \$1,836,922 and \$1,100 of petty cash, relate to the statement of net position totals for June 30, 2016 as follows:

| | |
|---|--------------------|
| Cash deposits | \$2,217,353 |
| Add: Petty cash | 1,100 |
| Investments classified as cash equivalents for financial statement purposes | 1,836,922 |
| Cash and cash equivalents per statement of net position | <u>\$4,055,375</u> |

Investments

At June 30, 2016, the Authority had the following investments classified as cash equivalents:

| <u>Description</u> | <u>Maturity</u> | <u>Rating</u> | <u>Amortized Cost</u> |
|--------------------------------------|-----------------|---------------|-----------------------|
| Government Money Market Fund | On Demand | AAAm | \$ 23,079 |
| Fidelity Institutional Treasury Fund | On Demand | AAAm | 712,655 |
| US Government Institutional Fund | On Demand | AAAm | 1,101,188 |
| | | | <u>\$1,836,922</u> |

At June 30, 2016, the Authority had the following investments:

| <u>Description</u> | <u>Maturity</u> | <u>Rating</u> | <u>Fair Value</u> |
|---------------------------------------|-----------------|---------------|--------------------|
| Federal National Mortgage Association | 9/18/18 | Aaa | \$148,754 |
| US Treasury Notes | 4/30/17-4/15/19 | Aaa | 949,473 |
| Federal Home Loan Mortgage | 4/15/19 | Aaa | 121,020 |
| | | | <u>\$1,219,247</u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

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, 2016, the Authority's investments in US Treasury Notes, Federal National Mortgage Association and Federal Home Loan Mortgage were rated Aaa by Moody's Investor Service. As of June 30, 2016, the Authority's investments in Government Money Market Fund, Fidelity Institutional Treasury Fund and US Government Institutional Fund were rated AAAm by Standard & Poor's. The Authority does not have a formal policy relative to credit risk.

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

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, 2016:

- U.S. Treasury notes and Agency bonds (GSE) of \$949,473 and \$269,774, 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, 2016

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2016:

| | <u>Balance July 1, 2015</u> | <u>Additions</u> | <u>Removals</u> | <u>Balance June 30, 2016</u> |
|--|---------------------------------|---------------------|---------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land and land rights | \$ 2,145,924 | \$ - | \$ - | \$ 2,145,924 |
| Federal grant projects in process | 14,236,340 | 1,251,148 | 5,041,713 | 10,445,775 |
| Total capital assets, not being depreciated | <u>16,382,264</u> | <u>1,251,148</u> | <u>5,041,713</u> | <u>12,591,699</u> |
| Capital assets, being depreciated: | | | | |
| Shop, garages and buildings | 104,147,224 | 63,349 | - | 104,210,573 |
| Revenue equipment | 117,707,594 | 12,292,142 | 979,424 | 129,020,312 |
| Service vehicles and garage equipment | 5,118,029 | 191,915 | 160 | 5,309,784 |
| Furniture and office and other equipment | 7,886,535 | 5,125,993 | 29,578 | 12,982,950 |
| Management information system | 7,645,051 | 112,959 | 34,448 | 7,723,562 |
| Total capital assets being depreciated | <u>242,504,433</u> | <u>17,786,358</u> | <u>1,043,610</u> | <u>259,247,181</u> |
| Total capital assets | <u>258,886,697</u> | <u>19,037,506</u> | <u>6,085,323</u> | <u>271,838,880</u> |
| Less accumulated depreciation for: | | | | |
| Shop, garages and buildings | 38,813,721 | 3,964,636 | - | 42,778,357 |
| Revenue equipment | 59,122,481 | 10,466,062 | 979,424 | 68,609,119 |
| Service vehicles and garage equipment | 4,565,048 | 215,722 | 160 | 4,780,610 |
| Furniture and office and other equipment | 3,978,373 | 1,080,959 | 29,578 | 5,029,754 |
| Management information system | 5,743,643 | 572,551 | 34,210 | 6,281,984 |
| Total accumulated depreciation | <u>112,223,266</u> | <u>16,299,930</u> | <u>1,043,372</u> | <u>127,479,824</u> |
| Total capital assets being depreciated, net | <u>130,281,167</u> | <u>1,486,428</u> | <u>238</u> | <u>131,767,357</u> |
| Capital assets, net | <u>\$ 146,663,431</u> | <u>\$ 2,737,576</u> | <u>\$ 5,041,951</u> | <u>\$ 144,359,056</u> |

Depreciation expense for the fiscal year ended June 30, 2016 was \$16,299,930.

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, 2016 was as follows:

| | |
|-------------------------------------|-------------|
| Balance at beginning of year | \$3,465,484 |
| Capital replacement deposits | 489,892 |
| Local match payments | (90,137) |
| Investment income | 17,006 |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

| | |
|---|--------------------|
| Loans to operating | (1,600,000) |
| Balance at end of year | <u>\$2,282,245</u> |
| Classified as cash and cash equivalents | \$1,101,188 |
| Classified as investments | 1,181,057 |
| Total cash, cash equivalents and investments | <u>\$2,282,245</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, 2016 and 2015 was as follows:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------------|------------------|--------------------|
| Balance at beginning of year | \$1,160,671 | \$857,984 |
| Insurance settlements | - | 155,162 |
| Transfer from operating | 250,000 | 250,000 |
| Disbursements | (900,000) | (104,000) |
| Interest earnings on investments | 639 | 1,525 |
| Balance at end of year | <u>\$511,310</u> | <u>\$1,160,671</u> |

Assets reserved at June 30, 2016 and 2015 in the accident and casualty account amounted to \$511,310 and \$1,160,671, respectively. For fiscal years 2016 and 2015, \$511,310 and \$1,160,671, respectively, are classified as cash and cash equivalents.

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

At June 30, 2016 and 2015, 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, 2016 and 2015 was as follows:

| | <u>2016</u> | <u>2015</u> |
|--|----------------------------|----------------------------|
| Amount of claims liabilities, beginning of year | \$10,428,118 | \$7,846,253 |
| Incurred claims | 3,946,688 | 4,927,101 |
| Payments on claims | <u>(2,705,972)</u> | <u>(2,345,236)</u> |
| Amount of claims liabilities, end of year | <u>\$11,668,834</u> | <u>\$10,428,118</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, 2016 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, 2016 and June 2015 were as follows:

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|---------------------------|-------------------------|
| Unpaid claims, beginning of year | \$866,068 | \$1,199,502 |
| Incurred claims | 14,532,300 | 13,338,235 |
| Payments on claims | <u>(14,319,307)</u> | <u>(13,671,669)</u> |
| Unpaid claims, end of year | <u>\$1,079,061</u> | <u>\$866,068</u> |

NOTE 6 - CHANGE IN LONG-TERM LIABILITIES

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|-------------------------------|------------------------------|-----------------------------|----------------------------|------------------------------|--|
| Due to Primary Government | \$ 14,037,956 | \$ - | \$ 390,956 | \$ 13,647,000 | \$ 539,000 |
| Accrued compensated absences | 622,526 | 102,995 | 105,840 | 619,681 | 254,631 |
| Net pension liability | 48,782,731 | 3,417,733 | - | 52,200,464 | - |
| Net OPEB obligation | 50,290,790 | 5,243,240 | - | 55,534,030 | - |
| Accrued self-insurance claims | 10,428,118 | 3,946,688 | 2,705,972 | 11,668,834 | 500,000 |
| Total | <u>\$ 124,162,121</u> | <u>\$ 12,710,656</u> | <u>\$ 3,202,768</u> | <u>\$ 133,670,009</u> | <u>\$ 1,293,631</u> |

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Claims and Legal Actions

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
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Contract Commitments

The Authority is committed under various contracts in the amount of \$15,509,260 at June 30, 2016.

NOTE 8 - POST-RETIREMENT BENEFITS

Plan Description

The Authority's Post-Employment Medical Benefit Plan is a single-employer defined benefit post-retirement health and life insurance program that is administered through the State of Rhode Island's insurance carrier and healthcare reimbursement account administrator. The Authority provides lifetime health care and life insurance benefits to substantially all retired employees and their spouses. Health care benefits were paid for 571 retirees and spouses during fiscal year ended June 30, 2016 and life insurance benefits were paid for 339 retirees during fiscal year ended June 30, 2016. These benefits are provided through a group insurance policy that covers both active and retired employees through January 1, 2016. Effective January 1, 2016, post-65 healthcare coverage is provided through contributions to healthcare reimbursement accounts. Any changes to these provisions are subject to the Authority's approval. The plan does not issue a separate audit report.

Funding Policy

Any changes to these provisions are subject to the Authority's approval. For employees retiring on or before July 1, 2006, the Authority contributes the full health care premium for the retired plan member and their spouse. For employees retiring after July 1, 2006 and prior to January 1, 2014, covered spouses contribute per month for coverage until age 65 and surviving spouses contribute 50% of the health care premium. Effective January 1, 2014 (July 1, 2014 for 808 Union), spouses of employees that retire must contribute 16% of the health care premium (17% for employees who retire in 2015 and 18% for employees who retire in 2016). Spouses of employees hired after October 21, 2013 (July 1, 2014 for 808 Union) must contribute 50% of the health care premium upon the employee's retirement. 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. For the year ended June 30, 2016, the Plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to Plan members.

The annual OPEB cost was determined as part of the July 1, 2015 actuarial valuation using the individual entry age funding method. The actuarial assumptions included a 3.73% discount rate (prior valuation 3.66%) and the RP-2014 Employee and Healthy Annuitant Tables with Scale MP-2015 generational improvements from 2006 (prior valuation IRS 2014 P.V. Annuitant and Non-Annuitant Tables for males and females).

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
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Three-Year Trend Information

| <u>Fiscal</u> <u>Year</u> <u>Ending</u> | <u>Annual</u> <u>OPEB</u> <u>Cost</u> | <u>Percentage of</u> <u>Annual OPEB</u> <u>Cost</u> <u>Contributed</u> | <u>Net</u> <u>OPEB</u> <u>Obligation</u> |
|--|--|---|---|
| 6/30/2016 | \$7,228,499 | 27.5% | \$55,534,030 |
| 6/30/2015 | \$8,226,269 | 24.0% | \$50,290,790 |
| 6/30/2014 | \$8,458,571 | 21.4% | \$44,042,555 |

The Authority's annual OPEB cost and net OPEB obligation for the year ended June 30, 2016 was as follows:

| | |
|--|---------------------|
| Annual required contribution | \$ 8,166,391 |
| Interest on net OPEB obligation | 1,875,845 |
| Adjustment to annual required contribution | <u>(2,813,737)</u> |
| Annual OPEB cost | 7,228,499 |
| Contributions made | <u>(1,985,259)</u> |
| Increase in net OPEB obligation | 5,243,240 |
| Net OPEB obligation, beginning of year | <u>50,290,790</u> |
| Net OPEB obligation, end of year | <u>\$55,534,030</u> |

Schedule of Funding Progress

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

| Actuarial Valuation Date | Actuarial Value of Assets (AVA) (1) | Actuarial Accrued Liability (AAL) (2) | Unfunded AAL (UAAL) (2)-(1) (3) | AVA as a Percent of AAL (1)/(2) (4) | Covered Payroll (5) | UAAL as a Percent of Covered Payroll (3)/(5) (6) |
|---|--|--|--|--|------------------------------------|---|
| 07/01/2015 | \$ - | \$62,114,650 | \$62,114,650 | 0% | \$37,543,728 | 165.4% |
| 07/01/2014 | \$ - | \$90,314,341 | \$90,314,341 | 0% | \$35,984,237 | 251.0% |
| 07/01/2013 | \$ - | \$87,230,304 | \$87,230,304 | 0% | \$38,827,774 | 224.7% |

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

The annual required contribution (ARC) for fiscal year 2016 was determined based on the July 1, 2015 valuation. The annual required contribution was determined using the individual entry age funding method. The unfunded actuarial accrued liability (UAAL) is amortized using a level dollar thirty year open amortization basis. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date. The Authority makes contributions to the

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
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plan on a pay-as-you-go basis. The Board of Directors of the Authority has the authority to establish and/or amend the plan's provisions and the plan's contribution rates.

The individual entry age actuarial funding method is used to determine the annual required contribution amounts and the annual net OPEB obligation. Under this funding method, projected benefits are assumed to accrue on a level annual basis from date of hire to the expected retirement date. Normal cost for a participant is the present value of the projected benefit which accrues in the current plan year. Normal cost for the plan is the sum of the normal costs for all participants. The actuarial assumptions include a 3.73% discount rate and an annual healthcare cost trend of 7% in 2015 graded down by the Getzen Model to an ultimate rate of 3.84% in 2075 (prior valuation 7.5% progressively declining to 4% after 7 years). Changes in assumptions between the 2014 and the 2015 valuations include changes in the discount rate, mortality, and the health care cost trend rates. The assumption changes were made to better reflect current expectations of future experience.

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

NOTE 9 – STATE OF RHODE ISLAND GAS TAX

State statute directs the Authority to generate sufficient revenues to pay all costs of operating and maintaining the transit system during each fiscal year. Beginning July 1, 1992, the Authority was not given a fixed appropriation from the State, but was allocated the revenue generated from a three-cent dedicated gas tax. Beginning fiscal year 2011, the Authority has been allocated nine and one quarter cents of dedicated gas tax and a half cent of gas tax from the Underground Storage Tank Fund. For fiscal year ending June 30, 2016, the Authority received \$44,068,106 from the dedicated gas tax as operating assistance in support of the transit system. The Authority anticipates receiving approximately \$43,046,922 in fiscal year ended June 30, 2017 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 2016, the Authority used \$11,995,812 for preventative maintenance expenses.

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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, 2016, the Authority recorded \$3,540,723 of contract revenue from this agreement. For fiscal year 2017, RIPTA anticipates receiving \$3,487,904 under this agreement.

NOTE 12 - DUE FROM/TO PRIMARY GOVERNMENT

At June 30, 2016, the Rhode Island Public Transit Authority is owed \$6,745,173 from the State of Rhode Island.

At June 30, 2016, the Rhode Island Public Transit Authority owes \$13,647,000 to the State of Rhode Island related to payments for debt service.

During fiscal year 2013, the Rhode Island General Assembly approved the State of Rhode Island to pay from general revenue resources the debt service payments owed in fiscal year 2013 and fiscal year 2014 by the Authority. Additionally, the Rhode Island General Assembly has approved the State of Rhode Island to pay the debt service payments owed for fiscal years 2015, 2016 and 2017 by the Authority.

The amount paid by the State for fiscal year 2016 was \$587,643 which included \$37,000 in principal and \$550,643 in interest. The Authority recognized as revenue debt forgiveness the principal amount of \$37,000 and the State paid the interest portion directly in the amount of \$550,643.

For fiscal year 2017, the anticipated amount to be paid by the State will be \$1,150,621, of which \$539,000 is principal and \$611,621 is interest.

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

NOTE 13 - NET POSITION

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position amount at June 30, 2016 was as follows:

| | |
|---|---------------|
| <i>Net investment in capital assets</i> | \$130,712,056 |
| <i>Unrestricted (deficit)</i> | (99,822,138) |
| <i>Total net position</i> | \$30,889,918 |

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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 – Portion Covering 618 Employees

Plan Description

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

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

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
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Plan Membership

At January 1, 2015, Plan membership consisted of the following:

| | |
|---|--------------|
| Inactive plan members or beneficiaries currently receiving benefits | 389 |
| Inactive plan members entitled to but not yet receiving benefits | 57 |
| Transferred plan members with vested benefits | 6 |
| Active plan members | <u>705</u> |
| | <u>1,157</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.

Vesting

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

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

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

Benefits Provided

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

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

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

Early Retirement - A participant who has attained age 55 with 10 years of service may receive an early retirement benefit which equals the accrued benefit reduced by 5/9% for each full month by which the starting date of the benefits precedes the participant's normal retirement date.

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

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

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2015.

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation performed as of January 1, 2015 and rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

| | |
|---|--|
| Actuarial cost method – actuarially determined contribution | Frozen Attained Age Normal Cost Method |
| Actuarial cost method - GASB 67 & 68 | Entry Age Normal Cost Method |
| Investment return | 7.50%, net of expenses, including inflation |
| Inflation | 3.00% |
| Salary increases | 3.00% per annum |
| Withdrawal rate | Sarason Table W-70 |
| Disability rate | Two times Railroad Retirement Rates |
| 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 MP-2014 Generational Projection (Male/Female).

Changes in actuarial assumptions included the following:

- The mortality tables were changed from the IRS 2014 Annuitant and Nonannuitant Male or Female tables to the RP-2014 Blue Collar with MP-2014 Generational Projection.

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Changes in benefit terms included the following:

- Retirees received an additional \$15 a month benefit and surviving spouses \$7.50 on July 1, 2014.

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the Plan member contributions will be made at the current contribution rate and that the Authority contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

Changes in the Net Pension Liability:

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
| Balance 7/1/2014 | \$134,400,213 | \$90,195,612 | \$44,204,601 |
| Changes for the year: | | | |
| Service cost | 2,597,971 | | 2,597,971 |
| Interest on total pension liability | 9,879,633 | | 9,879,633 |
| Differences between expected and actual experience | 638,193 | | 638,193 |
| Changes of assumptions | 1,085,214 | | 1,085,214 |
| Changes in benefit terms | 500,075 | | 500,075 |
| Contributions – employer | | 6,543,707 | (6,543,707) |
| Contributions – employee | | 987,336 | (987,336) |
| Net investment income | | 4,057,221 | (4,057,221) |
| Benefit payments | (5,702,440) | (5,702,440) | - |
| Administrative expense | | (59,162) | 59,162 |
| Net changes | 8,998,646 | 5,826,662 | 3,171,984 |
| Balance 6/30/2015 | \$143,398,859 | \$96,022,274 | \$47,376,585 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Authority, calculated using the discount rate of 7.50%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1- percentage-point higher (8.50%) than the current rate:

| | <u>1% Decrease</u> 6.50% | <u>Current Discount Rate</u> 7.50% | <u>1% Increase</u> 8.50% |
|-----------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Authority's Net Pension Liability | \$63,131,990 | \$47,376,585 | \$33,996,963 |

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.

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

For the year ended June 30, 2016, the Authority recognized pension expense of \$6,281,000. At June 30, 2016, 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 | \$1,626,183 | - |
| Changes of assumptions | 5,610,543 | - |
| Difference between projected and actual earnings on Plan investments | - | (908,238) |
| Total | \$7,236,726 | \$(908,238) |

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

Fiscal Year Ending June 30,

| | |
|------------|-----------|
| 2017 | \$980,774 |
| 2018 | 980,774 |
| 2019 | 980,774 |
| 2020 | 2,001,400 |
| 2021 | 1,222,421 |
| Thereafter | 162,345 |

The Authority's contributions made subsequent to the measurement date of the net pension liability, June 30, 2015, of \$7,089,814 are included in the accompanying financial statements as a deferred outflow of resources at June 30, 2016.

Payable to the Plan

At June 30, 2016, the Authority reported a payable of \$2,034,343 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2016.

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

Plan Description

The Plan is a single-employer defined benefit pension plan established effective 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 was most recently amended effective January 1, 2006. The portion of the Plan covering other than 618 employees includes union, salaried employees of the Authority who work more than 1,000 hours per year. Employees are eligible to participate in the Plan immediately upon employment. There are no age or minimum service requirements. Plan benefits and other provisions are established by State

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Statutes. Any changes to the Plan are subject to the collective bargaining process.

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

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

Plan Membership

At January 1, 2015, Plan membership consisted of the following:

| | |
|---|-----|
| Inactive plan members or beneficiaries currently receiving benefits | 79 |
| Inactive plan members entitled to but not yet receiving benefits | 8 |
| Transferred plan members with vested benefits | 2 |
| Active plan members | 84 |
| | 173 |

Contributions

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

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

Vesting

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

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

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

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Benefits Provided

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

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

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

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

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

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

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2015.

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed as of January 1, 2015 and rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

| | |
|---|---|
| Actuarial cost method - actuarially determined contribution | Frozen Attained Age Normal Cost Method |
| Actuarial cost method - GASB 67 & 68 | Entry Age Normal Cost Method |
| Investment return | 7.50%, net of expenses, including inflation |
| Inflation | 3.00% |
| Salary increases | 3.00% per annum |

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Notes to Financial Statements
June 30, 2016

| | |
|------------------------|--|
| Withdrawal rate | Crocker-Sarason Straight Table T-1 |
| Disability rate | 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 MP-2014 Generational Projection (Male/Female).

Changes in actuarial assumptions included the following:

- The mortality tables were changed from the IRS 2014 Annuitant and Nonannuitant Male or Female tables to the RP-2014 Blue Collar with MP-2014 Generational Projection.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the Plan member contributions will be made at the current contribution rate and that the Authority contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the Net Pension Liability:

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) – (b) |
| Balance 7/1/2014 | \$22,057,397 | \$17,479,267 | \$4,578,130 |
| Changes for the year: | | | |
| Service cost | 422,857 | | 422,857 |
| Interest on total pension liability | 1,616,254 | | 1,616,254 |
| Differences between expected and actual experience | (498,423) | | (498,423) |
| Changes of assumptions | 590,588 | | 590,588 |
| Changes in benefit terms | | | - |
| Contributions – employer | | 835,655 | (835,655) |
| Contributions – employee | | 173,310 | (173,310) |
| Net investment income | | 895,316 | (895,316) |
| Benefit payments | (1,206,909) | (1,206,909) | - |
| Administrative expense | | (18,754) | 18,754 |
| Net changes | 924,367 | 678,618 | 245,749 |
| Balance 6/30/2015 | \$22,981,764 | \$18,157,885 | \$4,823,879 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Authority, calculated using the discount rate of 7.50%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1- percentage-point higher (8.50%) than the current rate:

| | <u>1% Decrease</u> 6.50% | <u>Current Discount Rate</u> 7.50% | <u>1% Increase</u> 8.50% |
|-----------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Authority's Net Pension Liability | \$7,363,438 | \$4,823,879 | \$2,678,072 |

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.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

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

For the year ended June 30, 2016, the Authority recognized pension expense of \$586,685. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual experience | - | \$(634,429) |
| Changes of assumptions | \$1,140,915 | - |
| Difference between projected and actual earnings on Plan investments | - | (250,380) |
| Total | <u>\$1,140,915</u> | <u>\$(884,809)</u> |

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

Fiscal Year Ending June 30,

| | |
|------------|-----------|
| 2017 | \$(2,997) |
| 2018 | (2,997) |
| 2019 | (2,996) |
| 2020 | 187,014 |
| 2021 | 65,837 |
| Thereafter | 12,245 |

The Authority's contributions made subsequent to the measurement date of the net pension liability, June 30, 2015, of \$978,139 are included in the accompanying financial statements as a deferred outflow of resources at June 30, 2016.

Payable to the Plan

At June 30, 2016, the Authority reported a payable of \$329,180 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2016.

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

Plan Description

All employees who are members of the Local 808 union participate in the Laborers' International Union of North America National Pension Fund, a cost sharing 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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

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 (56 employees as of June 30, 2016). An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit and have earned at least one of the years of pension credit during the period that his or her employer is contributing to the Plan. The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The regular monthly benefit is payable for each year of pension credit at each contribution rate accepted by the plan up to \$2.50 per hour. The Plan also provides death and disability benefits. Information regarding the Plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers' International Union of North America National (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765 or on the internet at www.lnipf.org.

Funding Policy – The contribution requirements of the Authority and employees are established by contract and may be amended by union negotiation. The current union contract expires on June 30, 2018. Employees are required to contribute \$1.09 per hour up to a maximum of 40 hours per week to the Plan for calendar year 2016 (99 cents for calendar year 2015). The Authority is not required to contribute to the Plan.

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2016

D. Aggregate Pension Amounts Reported in the Financial Statements

| | <u>RIPTA Employees' Pension Plan</u> | | <u>Total</u> |
|---|--------------------------------------|---------------------------------|---------------------|
| | <u>618 Employees</u> | <u>Other Than 618 Employees</u> | |
| Deferred Outflows of Resources – Pension Actuarial | \$7,236,726 | \$1,140,915 | \$8,377,641 |
| Deferred Outflows of Resources – Pension Contributions after Measurement Date | 7,089,814 | 978,139 | 8,067,953 |
| Total Deferred Outflows of Resources | <u>\$14,326,540</u> | <u>\$2,119,054</u> | <u>\$16,445,594</u> |
| Deferred Inflows of Resources – Pension Actuarial | <u>\$908,238</u> | <u>\$884,809</u> | <u>\$1,793,047</u> |
| Net Pension Liability | <u>\$47,376,585</u> | <u>\$4,823,879</u> | <u>\$52,200,464</u> |
| Pension Expense | <u>\$6,281,000</u> | <u>\$586,685</u> | <u>\$6,867,685</u> |

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. A detailed description of the self-insured risks is described in Notes 1 and 5.

2. *Supplemental Information* (to be provided to the project engineer)

| Type of Information | | Date of Information | | Location of Information | |
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 1. <i>Supplemental Information</i> | 2. <i>Supplemental Information</i> | 3. <i>Supplemental Information</i> | 4. <i>Supplemental Information</i> | 5. <i>Supplemental Information</i> | 6. <i>Supplemental Information</i> |
| 7. <i>Supplemental Information</i> | 8. <i>Supplemental Information</i> | 9. <i>Supplemental Information</i> | 10. <i>Supplemental Information</i> | 11. <i>Supplemental Information</i> | 12. <i>Supplemental Information</i> |
| 13. <i>Supplemental Information</i> | 14. <i>Supplemental Information</i> | 15. <i>Supplemental Information</i> | 16. <i>Supplemental Information</i> | 17. <i>Supplemental Information</i> | 18. <i>Supplemental Information</i> |
| 19. <i>Supplemental Information</i> | 20. <i>Supplemental Information</i> | 21. <i>Supplemental Information</i> | 22. <i>Supplemental Information</i> | 23. <i>Supplemental Information</i> | 24. <i>Supplemental Information</i> |
| 25. <i>Supplemental Information</i> | 26. <i>Supplemental Information</i> | 27. <i>Supplemental Information</i> | 28. <i>Supplemental Information</i> | 29. <i>Supplemental Information</i> | 30. <i>Supplemental Information</i> |

REQUIRED SUPPLEMENTARY INFORMATION

The contractor is required to provide the following information to the project engineer in order to complete the project. This information should be provided in a separate report and should be submitted to the project engineer at least 30 days before the start of the project. The information should be provided in a separate report and should be submitted to the project engineer at least 30 days before the start of the project.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Required Supplementary Information

Schedule of Funding Progress (1)

"Unaudited"

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (AVA)</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded Actuarial Accrued Liability (UAAL) (AAL - AVA)</u> | <u>Funded Ratio (AVA/AAL)</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|--|--|--|--|---------------------------------------|----------------------------|--|
| Postemployment Medical Benefit Plan (2) | | | | | | |
| 7/1/2015 | \$ - | \$ 62,114,650 | \$ 62,114,650 | 0.00% | \$37,543,728 | 165.4% |
| 7/1/2014 | - | 90,314,341 | 90,314,341 | 0.00% | 35,984,237 | 251.0% |
| 7/1/2013 | - | 87,230,304 | 87,230,304 | 0.00% | 38,827,774 | 224.7% |
| 7/1/2012 | - | 89,111,690 | 89,111,690 | 0.00% | 37,830,337 | 235.6% |
| 7/1/2011 | - | 78,362,433 | 78,362,433 | 0.00% | 38,801,901 | 202.0% |
| 7/1/2010 | - | 69,647,632 | 69,647,632 | 0.00% | 36,647,743 | 190.0% |

- (1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.
- (2) Individual Entry Age Actuarial Funding Method
- (3) Effective January 1, 2016, post-65 healthcare coverage is provided through contributions to healthcare reimbursement accounts.

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

| | 2016 | 2015 |
|---|-----------------------|----------------------|
| Total pension liability: | | |
| Service cost | \$ 2,597,971 | \$ 2,582,489 |
| Interest | 9,879,633 | 8,726,427 |
| Changes of benefit terms | 500,075 | 1,139,692 |
| Differences between expected and actual experience | 638,193 | 1,536,144 |
| Changes of assumptions | 1,085,214 | 6,642,978 |
| Benefits payments, including refunds of member contributions | (5,702,440) | (5,153,034) |
| Net change in total pension liability | 8,998,646 | 15,474,696 |
| Total pension liability - beginning | 134,400,213 | 118,925,517 |
| Total pension liability - ending (a) | \$ 143,398,859 | \$134,400,213 |
| | | |
| Plan fiduciary net position: | | |
| Contributions - employer | \$ 6,543,707 | \$ 6,450,787 |
| Contributions - employee | 987,336 | 955,583 |
| Net investment income | 4,057,221 | 10,874,380 |
| Benefits payments, including refunds of member contributions | (5,702,440) | (5,153,034) |
| Administrative expense | (59,162) | (43,184) |
| Other | - | - |
| Net change in plan fiduciary net position | 5,826,662 | 13,084,532 |
| Plan fiduciary net position - beginning | 90,195,612 | 77,111,080 |
| Plan fiduciary net position - ending (b) | \$ 96,022,274 | \$ 90,195,612 |
| | | |
| Authority's net pension liability - ending (a) - (b) | \$ 47,376,585 | \$ 44,204,601 |
| | | |
| Plan fiduciary net position as a percentage of the total pension liability | 66.96% | 67.11% |
| | | |
| Covered employee payroll | \$ 30,624,071 | \$ 30,378,508 |
| | | |
| Net pension liability as a percentage of covered employee payroll | 154.70% | 145.51% |

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

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

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

| | <u>2016</u> | <u>2015</u> |
|---|-----------------------------|-----------------------------|
| Total pension liability: | | |
| Service cost | \$ 422,857 | \$ 403,363 |
| Interest | 1,616,254 | 1,510,921 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | (498,423) | (299,291) |
| Changes of assumptions | 590,588 | 914,494 |
| Benefits payments, including refunds of member contributions | (1,206,909) | (1,185,240) |
| Net change in total pension liability | <u>924,367</u> | <u>1,344,247</u> |
| Total pension liability - beginning | <u>22,057,397</u> | <u>20,713,150</u> |
| Total pension liability - ending (a) | <u><u>\$ 22,981,764</u></u> | <u><u>\$ 22,057,397</u></u> |
| | | |
| Plan fiduciary net position: | | |
| Contributions - employer | \$ 835,655 | \$ 877,773 |
| Contributions - employee | 173,310 | 162,632 |
| Net investment income | 895,316 | 2,096,627 |
| Benefits payments, including refunds of member contributions | (1,206,909) | (1,185,240) |
| Administrative expense | (18,754) | (9,313) |
| Other | - | - |
| Net change in plan fiduciary net position | <u>678,618</u> | <u>1,942,479</u> |
| | | |
| Plan fiduciary net position - beginning | <u>17,479,267</u> | <u>15,536,788</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ 18,157,885</u></u> | <u><u>\$ 17,479,267</u></u> |
| | | |
| Authority's net pension liability - ending (a) - (b) | <u><u>\$ 4,823,879</u></u> | <u><u>\$ 4,578,130</u></u> |
| | | |
| Plan fiduciary net position as a percentage of the total pension liability | 79.01% | 79.24% |
| | | |
| Covered employee payroll | \$ 4,394,354 | \$ 4,257,513 |
| | | |
| Net pension liability as a percentage of covered employee payroll | 109.77% | 107.53% |

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

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

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|---------------|---------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|---------------|
| Portion Covering 618 Employees | | | | | | | | | | |
| Actuarially determined contribution | \$ 7,089,814 | \$ 6,543,707 | \$ 6,450,787 | \$ 6,812,113 | \$ 6,733,018 | \$ 6,405,583 | \$ 6,768,493 | \$ 6,177,156 | \$ 4,738,675 | \$ 4,093,670 |
| Contributions in relation to the actuarially determined contribution | 7,089,814 | 6,543,707 | 6,450,787 | 6,812,113 | 6,733,018 | 6,448,959 | 6,768,493 | 6,177,156 | 4,738,675 | 4,093,670 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (43,376) | \$ - | \$ - | \$ - | \$ - |
| Covered employee payroll | \$ 30,841,000 | \$ 30,624,071 | \$ 30,378,508 | \$ 30,729,721 | \$ 30,653,198 | \$ 30,242,652 | \$ 30,270,456 | \$ 30,223,316 | \$ 30,204,278 | \$ 29,210,919 |
| Contributions as a percentage of covered employee payroll | 22.99% | 21.37% | 21.23% | 22.17% | 21.97% | 21.32% | 22.36% | 20.44% | 15.69% | 14.01% |
| Portion Covering Other Than 618 Employees | | | | | | | | | | |
| Actuarially determined contribution | \$ 978,139 | \$ 835,655 | \$ 877,773 | \$ 975,367 | \$ 937,100 | \$ 890,868 | \$ 975,399 | \$ 1,060,904 | \$ 960,656 | \$ 948,792 |
| Contributions in relation to the actuarially determined contribution | 978,139 | 835,655 | 877,773 | 975,367 | 937,100 | 890,868 | 975,399 | 1,060,904 | 960,656 | 948,792 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered employee payroll | \$ 4,785,000 | \$ 4,394,354 | \$ 4,257,513 | \$ 4,828,950 | \$ 4,853,103 | \$ 5,088,131 | \$ 5,068,303 | \$ 5,260,992 | \$ 5,507,617 | \$ 4,914,984 |
| Contributions as a percentage of covered employee payroll | 20.44% | 19.02% | 20.62% | 20.20% | 19.31% | 17.51% | 19.25% | 20.17% | 17.44% | 19.30% |

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Required Supplementary Information
June 30, 2016

Note 1 – RIPTA Employees’ Pension Plan

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

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

Changes of Assumptions:

Portion Covering 618 Employees and Portion Covering Other Than 618 Employees - In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2014 Blue Collar (Male/Female) tables with MP-2014 Generational Projection for the purposes of developing mortality rates.

Changes of Benefit Terms:

Portion Covering 618 Employees - In 2015, benefit terms were modified to increase monthly benefits. As of July 1, 2014, all pensioners will receive an additional \$15 a month benefit, surviving spouses \$7.50. As of July 1, 2015, all pensioners will receive an additional \$15 a month benefit, surviving spouses \$7.50.

Portion Covering Other Than 618 Employees - None

Actuarially Determined Contributions:

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

- Actuarial cost method - Frozen Attained Age Normal Actuarial Cost Method
- Amortization method - Level dollar, closed
- Remaining amortization period - 30 years
- Asset valuation method - Assets are equal to the value reported by insurance companies; guaranteed deposit accounts are valued at contract value; separate accounts are valued at fair value; plus due and accrued contributions
- Inflation - 3.00%
- Investment return - 7.50%, net of expenses, including inflation
- Salary increases - 3.00% per annum
- Retirement age - Later of age 62 or the completion of 10 years of service
- Morality – RP-2014 Blue Collar (Male/Female) tables with MP-2014 Generational Projection

CLINICAL RESEARCH DESIGN
CONCEPTS AND APPLICATIONS
D. L. B. 1998

Table 1 – Clinical Research Design

The following table lists the different research designs used to evaluate the clinical effectiveness of drugs and other interventions. It is a simplified version of the one used in the book.

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The following table lists the different research designs used to evaluate the clinical effectiveness of drugs and other interventions. It is a simplified version of the one used in the book.

SUPPLEMENTARY INFORMATION

Additional information can be found in the following sections.

The following table lists the different research designs used to evaluate the clinical effectiveness of drugs and other interventions. It is a simplified version of the one used in the book.

- Randomized controlled trial
- Cohort study
- Case-control study
- Cross-sectional study
- Case report
- Case series
- Systematic review
- Meta-analysis
- Evidence-based medicine

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Net Position

June 30, 2016

Attachment B

Assets

Current Assets:

| | |
|-----------------------------|-------------------|
| Cash and cash equivalents | \$ 4,055,375 |
| Investments | 214,536 |
| Receivables (net) | 1,167,499 |
| Due from primary government | 6,745,173 |
| Due from other governments | 2,728,217 |
| Inventories | 1,577,766 |
| Other assets | 460,703 |
| Total current assets | <u>16,949,269</u> |

Noncurrent Assets:

| | |
|------------------------------------|--------------------|
| Investments | 1,004,711 |
| Capital assets - nondepreciable | 12,591,699 |
| Capital assets - depreciable (net) | 131,767,357 |
| Total noncurrent assets | <u>145,363,767</u> |

Total assets 162,313,036

Deferred outflows of resources

| | |
|--------------------------------------|-------------------|
| Deferred pension amounts | <u>16,445,594</u> |
| Total deferred outflows of resources | <u>16,445,594</u> |

Liabilities

Current liabilities:

| | |
|---------------------------|-------------------|
| Accounts payable | 6,322,427 |
| Due to primary government | 539,000 |
| Unearned revenue | 179,246 |
| Other current liabilities | 6,658,614 |
| Total current liabilities | <u>13,699,287</u> |

Noncurrent liabilities:

| | |
|------------------------------|--------------------|
| Due to primary government | 13,108,000 |
| Net pension liability | 52,200,464 |
| Net OPEB obligation | 55,534,030 |
| Compensated absences | 365,050 |
| Accrued self insured claims | 11,168,834 |
| Total noncurrent liabilities | <u>132,376,378</u> |

Total liabilities 146,075,665

Deferred inflows of resources

| | |
|-------------------------------------|------------------|
| Deferred pension amounts | <u>1,793,047</u> |
| Total deferred inflows of resources | <u>1,793,047</u> |

Net position

| | |
|----------------------------------|----------------------|
| Net investment in capital assets | 130,712,056 |
| Unrestricted (deficit) | (99,822,138) |
| Total net position | <u>\$ 30,889,918</u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Activities
For the Fiscal Year Ended June 30, 2016

Attachment C

| | |
|---------------------------------------|-----------------------------|
| Expenses | <u>\$ 120,490,921</u> |
| | |
| Program revenues: | |
| Charges for services | 22,691,981 |
| Operating grants and contributions | 76,102,196 |
| Capital grants and contributions | 13,136,348 |
| Total program revenues | <u>111,930,525</u> |
| | |
| Net (Expenses) Revenues | <u>(8,560,396)</u> |
| | |
| General revenues: | |
| Interest and investment earnings | 18,033 |
| Miscellaneous revenue | 390,956 |
| Total general revenues | <u>408,989</u> |
| | |
| Change in net position | <u>(8,151,407)</u> |
| | |
| Total net position - beginning | <u>39,041,325</u> |
| Total net position - ending | <u><u>\$ 30,889,918</u></u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Changes in Long Term Debt
For the Fiscal Year Ended June 30, 2016

Attachment E

| | <u>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 OPEB obligation | 50,290,790 | 5,243,240 | - | 55,534,030 | - | 55,534,030 |
| Net pension liability | 48,782,731 | 3,417,733 | - | 52,200,464 | - | 52,200,464 |
| Due to primary government | 14,037,956 | - | 390,956 | 13,647,000 | 539,000 | 13,108,000 |
| Due to component units | - | - | - | - | - | - |
| Due to other governments and agencies | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - |
| Compensated absences | 622,526 | 102,995 | 105,840 | 619,681 | 254,631 | 365,050 |
| Accrued self insured claims | 10,428,118 | 3,946,688 | 2,705,972 | 11,668,834 | 500,000 | 11,168,834 |
| Reported as other liabilities: | | | | | | |
| Arbitrage rebate | - | - | - | - | - | - |
| Pollution remediation | - | - | - | - | - | - |
| Other liabilities | <u>124,162,121</u> | <u>12,710,656</u> | <u>3,202,768</u> | <u>133,670,009</u> | <u>1,293,631</u> | <u>132,376,378</u> |
| | <u>\$ 124,162,121</u> | <u>\$ 12,710,656</u> | <u>\$ 3,202,768</u> | <u>\$ 133,670,009</u> | <u>\$ 1,293,631</u> | <u>\$ 132,376,378</u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Changes of Tangible Property
For the Fiscal Year Ended June 30, 2016

| | Tangible Property | | | Accumulated Depreciation | | | Net Book Value 6/30/2016 | |
|-------------------------------------|---------------------|---------------|--------------|--------------------------|----------------|---------------|-----------------------------|----------------|
| | Balance 7/1/2015 | Additions | Reductions | Balance 6/30/2016 | 7/1/2015 | Additions | | Reductions |
| Land and land rights | \$ 2,145,924 | \$ - | \$ - | \$ 2,145,924 | \$ - | \$ - | \$ - | \$ 2,145,924 |
| Shops, garages and office buildings | 102,574,379 | 43,420 | - | 102,617,799 | 37,872,992 | 3,922,161 | - | 60,822,646 |
| Tunnels | 1,572,845 | 19,929 | - | 1,592,774 | 940,729 | 42,475 | - | 609,570 |
| Communication system | 9,833,939 | 45,104 | - | 9,879,043 | 6,901,927 | 840,202 | - | 2,136,914 |
| Revenue equipment - busses | 87,310,100 | 9,882,504 | 166,382 | 97,026,222 | 38,992,921 | 7,643,540 | 166,382 | 50,556,143 |
| Trolleys | 6,931,795 | - | - | 6,931,795 | 2,599,422 | 577,649 | - | 3,754,724 |
| Fare boxes | 4,008,100 | - | - | 4,008,100 | 2,554,117 | 323,107 | - | 1,130,876 |
| Service cars and equipment | 2,670,965 | 135,793 | - | 2,806,758 | 2,553,181 | 87,947 | - | 165,630 |
| Shops and garage equipment | 2,447,064 | 56,122 | 160 | 2,503,026 | 2,011,867 | 127,775 | 160 | 363,544 |
| Furniture and office equipment | 1,541,323 | 35,648 | 29,578 | 1,547,393 | 1,143,593 | 124,981 | 29,578 | 308,397 |
| Miscellaneous equipment | 5,893,303 | 2,992,582 | - | 8,885,885 | 2,789,589 | 655,820 | - | 3,445,409 |
| Management information system | 7,645,051 | 112,959 | 34,448 | 7,723,562 | 5,743,643 | 572,551 | 34,210 | 5,440,476 |
| Security equipment | 451,909 | 2,097,763 | - | 2,549,672 | 45,191 | 300,158 | - | 1,441,578 |
| Paratransit vans | 9,623,660 | 2,364,534 | 813,042 | 11,175,152 | 8,074,094 | 1,081,564 | 813,042 | 2,204,323 |
| Total capital assets | 244,650,357 | 17,786,358 | 1,043,610 | 261,393,105 | 112,223,266 | 16,299,930 | 1,043,372 | 133,913,281 |
| Federal grant projects in process | 14,236,340 | 1,251,148 | 5,041,713 | 10,445,775 | - | - | - | 10,445,775 |
| Total tangible property | \$ 258,886,697 | \$ 19,037,506 | \$ 6,085,323 | \$ 271,838,880 | \$ 112,223,266 | \$ 16,299,930 | \$ 1,043,372 | \$ 144,359,056 |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Schedule of Operating Expenses
For the Fiscal Year Ended June 30, 2016*

| | |
|----------------------------------|-------------------|
| Administration | |
| Salaries | \$ 753,751 |
| Fringe benefits | 254,951 |
| Legal | 48,158 |
| Supplies | 8,679 |
| Other services | 79,064 |
| Travel and training | 4,564 |
| Total administration | <u>1,149,167</u> |
| Finance | |
| Salaries | 530,975 |
| Fringe benefits | 539,440 |
| Fringe benefits - retiree health | 1,985,490 |
| Office expense/supplies | 682,829 |
| Utilities | 1,676,087 |
| Other services | 87,421 |
| Travel and training | 15,506 |
| Other taxes | 50,259 |
| Total finance | <u>5,568,007</u> |
| Operations | |
| Wages - drivers | 27,350,014 |
| Wages - other | 10,605,022 |
| Fringe benefits | 20,680,625 |
| Other services | 122,797 |
| Maintenance/service agreements | 75,592 |
| Supplies | 640,776 |
| Travel and training | 10,446 |
| Uniforms | 203,973 |
| Hazardous waste disposal | 88,984 |
| Fuel | 6,192,854 |
| Antifreeze and lubricants | 276,619 |
| Vehicle and other parts | 4,330,220 |
| Tires and tubes | 611,757 |
| Tickets and passes | 99,324 |
| Total operations | <u>71,289,003</u> |
| Marketing | |
| Salaries | 126,563 |
| Fringe benefits | 31,560 |
| Advertising | 168,170 |
| Services | 22,201 |
| Supplies | 200,504 |
| Printing | 199,830 |
| Maintenance agreements | 50,500 |
| Travel and training | 23 |
| Total marketing | <u>799,351</u> |

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2016

| | |
|--|------------------|
| <i>Human resources</i> | |
| Salaries | 377,534 |
| Fringe benefits | 159,235 |
| Supplies | 2,885 |
| Other services | 98,460 |
| Travel and training | 20,316 |
| <i>Total human resources</i> | <u>658,430</u> |
| <i>Administrative services</i> | |
| Salaries | 920,686 |
| Fringe benefits | 527,437 |
| Supplies | 15,027 |
| Other services | 52,990 |
| Travel and training | 10,923 |
| Uniforms | 920 |
| <i>Total administrative services</i> | <u>1,527,983</u> |
| <i>Risk management</i> | |
| Salaries | 132,258 |
| Fringe benefits | 64,459 |
| Office expense/supplies | 2,610 |
| Other services | 107,552 |
| Insurance | 340,720 |
| Settlements | 1,743,911 |
| Workers' compensation medical | 84,502 |
| Workers' compensation - other | 1,471,842 |
| Legal | 311,514 |
| Travel and training | 325 |
| <i>Total risk management</i> | <u>4,259,693</u> |
| <i>Planning and scheduling</i> | |
| Salaries | 1,114,890 |
| Fringe benefits | 422,201 |
| Advertising | 204,453 |
| Other services | 208,303 |
| Travel and training | 21,686 |
| Office expense/supplies | 24,458 |
| <i>Total planning and scheduling</i> | <u>1,995,991</u> |
| <i>Specialized transportation</i> | |
| Salaries | 644,768 |
| Fringe benefits | 376,673 |
| Services | 33,742 |
| Supplies | 858 |
| Utilities | 36,580 |
| <i>Total specialized transportation</i> | <u>1,092,621</u> |

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2016

| | |
|---|-------------------------|
| <i>Paratransit operations</i> | |
| Salaries | 4,631,298 |
| Fringe benefits | 2,347,915 |
| Fuel | 872,606 |
| Insurance | 314,941 |
| Supplies | 14,067 |
| Uniforms | 40,629 |
| Travel and training | 22,340 |
| Other services | 21,083 |
| Utilities | 38,306 |
| <i>Total paratransit operations</i> | <u>8,303,185</u> |
| <i>Purchasing</i> | |
| Salaries | 1,096,747 |
| Fringe benefits | 507,967 |
| Supplies | 10,727 |
| Travel and training | 755 |
| Uniforms | 1,705 |
| Other services | 25,068 |
| <i>Total purchasing</i> | <u>1,642,969</u> |
| <i>Information technology</i> | |
| Salaries | 453,969 |
| Fringe benefits | 197,935 |
| Travel and training | 4,212 |
| Services | 36,137 |
| Supplies | 93,501 |
| Maintenance agreements | 496,777 |
| <i>Total information technology</i> | <u>1,282,531</u> |
| <i>RIDE</i> | |
| RIDE carriers | 315,395 |
| Taxi RIDE providers | 1,699,434 |
| <i>Total RIDE</i> | <u>2,014,829</u> |
| <i>Centralized maintenance</i> | |
| Salaries | 847,742 |
| Fringe benefits | 528,310 |
| Services | 35,324 |
| Lubricants | 33,738 |
| Tires and tubes | 15,430 |
| Supplies | 6,835 |
| Repair parts | 450,776 |
| <i>Total centralized maintenance</i> | <u>1,918,155</u> |

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2016

State of Rhode Island - DOT

| | |
|---|-----------------------|
| Salaries | 314,211 |
| Fringe benefits | 169,557 |
| Repair parts | 171,291 |
| Insurance | 33,779 |
| <i>Total State of Rhode Island - DOT</i> | <u>688,838</u> |

| | |
|----------------------------|--------------------------|
| <i>Depreciation</i> | <u>16,299,930</u> |
|----------------------------|--------------------------|

| | |
|--|------------------------------|
| <i>Total operating expenses</i> | <u>\$ 120,490,683</u> |
|--|------------------------------|

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
 Combining Schedule of Revenues, Expenses and Changes in Net Position
 For the Fiscal Year Ended June 30, 2016

| | Fund 01 | Fund 02 | Fund 04 | Total | Interfund Eliminations | Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| Operating revenues | | | | | | |
| Passenger | \$ 18,289,032 | \$ - | \$ - | \$ 18,289,032 | \$ - | \$ 18,289,032 |
| Paratransit | 282,826 | 7,034,285 | - | 7,317,111 | (6,234,851) | 1,082,260 |
| Rental | 165,879 | - | - | 165,879 | - | 165,879 |
| Advertising | 517,792 | - | - | 517,792 | - | 517,792 |
| RIDE | 1,414,132 | - | 6,858,212 | 8,272,344 | (6,900,243) | 1,372,101 |
| Other | 1,264,917 | - | - | 1,264,917 | - | 1,264,917 |
| Total operating revenues | 21,934,578 | 7,034,285 | 6,858,212 | 35,827,075 | (13,135,094) | 22,691,981 |
| Operating expenses | | | | | | |
| Administration | 1,149,167 | - | - | 1,149,167 | - | 1,149,167 |
| Finance | 5,568,007 | - | - | 5,568,007 | - | 5,568,007 |
| Operations | 71,289,003 | - | - | 71,289,003 | - | 71,289,003 |
| Marketing | 799,351 | - | - | 799,351 | - | 799,351 |
| Human resources | 658,430 | - | - | 658,430 | - | 658,430 |
| Administrative services | 1,527,983 | - | - | 1,527,983 | - | 1,527,983 |
| Risk management | 4,259,693 | - | - | 4,259,693 | - | 4,259,693 |
| Planning and scheduling | 1,995,991 | - | - | 1,995,991 | - | 1,995,991 |
| Specialized transportation | 7,992,864 | - | - | 7,992,864 | (6,900,243) | 1,092,621 |
| Paratransit operations | - | 8,303,185 | - | 8,303,185 | - | 8,303,185 |
| Purchasing | 1,642,969 | - | - | 1,642,969 | - | 1,642,969 |
| Informational technology | 1,282,531 | - | - | 1,282,531 | - | 1,282,531 |
| RIDE | - | - | 8,249,680 | 8,249,680 | (6,234,851) | 2,014,829 |
| Centralized maintenance | 1,918,155 | - | - | 1,918,155 | - | 1,918,155 |
| State of Rhode Island - DOT | 688,838 | - | - | 688,838 | - | 688,838 |
| Depreciation | 16,299,930 | - | - | 16,299,930 | - | 16,299,930 |
| Total operating expenses | 117,072,912 | 8,303,185 | 8,249,680 | 133,625,777 | (13,135,094) | 120,490,683 |
| Operating loss | (95,138,334) | (1,268,900) | (1,391,468) | (97,798,702) | - | (97,798,702) |
| Nonoperating revenues (expenses) | | | | | | |
| State of RI gas tax | 44,068,106 | - | - | 44,068,106 | - | 44,068,106 |
| State of RI - DEA gas tax | 3,540,723 | - | - | 3,540,723 | - | 3,540,723 |
| Operating grants | 28,493,367 | - | - | 28,493,367 | - | 28,493,367 |
| Investment income | 18,033 | - | - | 18,033 | - | 18,033 |
| Debt forgiveness | 37,000 | - | - | 37,000 | - | 37,000 |
| Other nonoperating revenue | 353,956 | - | - | 353,956 | - | 353,956 |
| Loss on disposal of capital assets | (238) | - | - | (238) | - | (238) |
| Total nonoperating revenues (expenses) | 76,510,947 | - | - | 76,510,947 | - | 76,510,947 |
| Loss before capital contributions | (18,627,387) | (1,268,900) | (1,391,468) | (21,287,755) | - | (21,287,755) |
| Capital contributions | 13,136,348 | - | - | 13,136,348 | - | 13,136,348 |
| Change in net position | \$ (5,491,039) | \$ (1,268,900) | \$ (1,391,468) | \$ (8,151,407) | \$ - | \$ (8,151,407) |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Schedule of Travel and Entertainment
For the Fiscal Year Ended June 30, 2016*

| <i><u>Travelers</u></i> | | | |
|-------------------------|---------------------------|-----------------------|----------------------|
| <i><u>Name</u></i> | <i><u>Destination</u></i> | <i><u>Purpose</u></i> | <i><u>Amount</u></i> |
| Joel Darelius | Elk Grove, IL | Genfare Training | \$ 543.58 |
| Jason Carotenuti | Elk Grove, IL | Genfare Training | 50.00 |
| Thomas Cabral | Kansas | Preorder bus inspect | 360.00 |
| Francis Rose | Kansas | Preorder bus inspect | 360.00 |
| Francis Rose | Kansas | Preorder bus inspect | 1,301.54 |
| Francis Rose | Kansas | Preorder bus inspect | 331.48 |
| Francis Rose | Kansas | Preorder bus inspect | 117.96 |
| Francis Rose | Kansas | Preorder bus inspect | 499.72 |
| Francis Rose | Kansas | Preorder bus inspect | 127.26 |
| Thomas Cabral | Kansas | Preorder bus inspect | 71.36 |
| Thomas Cabral | Kansas | Preorder bus inspect | 1,087.08 |
| Chris McKenna | Kansas City | business development | 73.00 |
| Thomas Cabral | Indiana | Preorder bus inspect | 642.24 |
| Thomas Cabral | Kansas, MO | Preorder bus inspect | 360.00 |
| Francis Rose | Kansas, MO | Preorder bus inspect | 360.00 |
| Amy Pettine | San Fran | ABBG annual Conf | 404.20 |
| Amy Pettine | San Fran | ABBG annual Conf | 150.00 |
| Ray Studley | San Fran | ABBG annual Conf | 150.00 |
| Ray Studley | San Fran | ABBG annual Conf | 404.20 |
| Ray Studley | San Fran | ABBG annual conf | 774.15 |
| Ray Studley | San Fran | ABBG annual conf | 489.72 |
| Seth Morgan | Hartford, CT | SNEAPA Conf | 209.00 |
| Sarah Ingle | Hartford, CT | SNEAPA Conf | 209.00 |
| Thomas Cabral | Kansas, MO | Preorder bus inspect | 1,261.53 |
| Francis Rose | Kansas, MO | Preorder bus inspect | 1,267.60 |
| Thomas Cabral | Kansas, MO | Preorder bus inspect | 709.20 |
| Francis Rose | Kansas, MO | Preorder bus inspect | 544.20 |
| Francis Rose | San Fran | Preorder bus inspect | 702.19 |
| Francis Rose | San Fran | Preorder bus inspect | 2,995.95 |
| Thomas Cabral | Kansas, MO | Preorder bus inspect | 368.12 |
| Thomas Cabral | Kansas, MO | Preorder bus inspect | 552.18 |
| Thomas Cabral | Kansas, MO | Preorder bus inspect | 106.32 |
| Thomas Cabral | San Fran | Preorder bus inspect | 390.60 |
| Thomas Cabral | San Fran | Preorder bus inspect | 172.60 |
| Thomas Cabral | San Fran | Preorder bus inspect | 3,420.08 |
| Francis Rose | Kansas, MO | Preorder bus inspect | 964.61 |

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Travel and Entertainment (Continued)

For the Fiscal Year Ended June 30, 2016

| Travelers | | | |
|-------------------|--------------------|---|---------------|
| <u>Name</u> | <u>Destination</u> | <u>Purpose</u> | <u>Amount</u> |
| Amy Pettine | San Fran | ABBG annual conf | 489.72 |
| Joseph Monti | TX | Transit Leadership | 180.00 |
| Joseph Monti | TX | Transit Leadership | 2,095.00 |
| Joe Monti | TX | Transit Leadership | 1,285.70 |
| Sarah Ingle | Wash DC | FTA/APTA Roundtable | 302.20 |
| Thomas Cabral | San Fran | Preorder bus inspect | 570.00 |
| Francis Rose | San Fran | Preorder bus inspect | 540.00 |
| Francis Rose | CA | Preorder bus inspect | 1,070.27 |
| Kevin Perry | San Diego | APTA Fare coll & rev summit | 169.67 |
| Kevin Perry | San Diego | APTA Fare coll & rev summit | 1,693.02 |
| Greg Nordin | San Diego | APTA Fare coll & rev summit | 649.95 |
| Elaine Roffo | Las Vegas | Sunguard User Group | 460.00 |
| Elaine Roffo | Las Vegas | Sunguard User Group | 1,299.60 |
| Ray Studley | Washington DC | APTA Legislative Conf | 381.29 |
| Amy Pettine | Washington DC | APTA Legislative Conf | 381.29 |
| Thomas Cabral | California | Bus inspection | 1,442.58 |
| Sarah Ingle | Wash DC | FTA/APTA Roundtable | 353.81 |
| Kevin Perry | San Diego, CA | APTA fare coll & rev summit | 120.00 |
| Paul DiIorio | Las Vegas | Sunguard User Group | 180.00 |
| Paul DiIorio | Las Vegas | Sunguard User Group | 410.00 |
| Paul DiIorio | Las Vegas | Sunguard User Group | 1,268.60 |
| Steve Medeiros | Elk Grove, IL | Genfare TVM training | 120.00 |
| Jason Carotenuti | Elk Grove, IL | Genfare TVM training | 120.00 |
| Jason Carotenuti | Elk Grove, IL | Genfare TVM training | 347.61 |
| Steve Medeiros | Elk Grove, IL | Genfare TVM training | 780.29 |
| Jason Carotenuti | Elk Grove, IL | Genfare TVM training | 780.29 |
| Amy Pettine | Wash DC | APTA Legislative Conf | 90.00 |
| Lillian Picchione | Wash DC | APTA Legislative Conf | 120.00 |
| Lillian Picchione | Wash DC | APTA Legislative Conf | 1,252.20 |
| Amy Pettine | Wash DC | APTA Legislative Conf | 520.20 |
| Kevin Perry | Wash DC | APTA Legislative Conf | 120.00 |
| Ray Studley | Wash DC | APTA Leg Conf | 90.00 |
| Ray Studley | Wash DC | APTA Leg Conf | 295.20 |
| Kleamovich/Lemay | Prov, RI | Fred Pryor Training | 598.00 |
| Mike Vendetti | Denver, CO | NTI Training-Intro to Transit Procurement | 744.07 |
| Michael Vendetti | Colorado | NTI Training-Intro to Transit Procurement | 180.00 |
| Michael Vendetti | Colorado | NTI Training-Intro to Transit Procurement | 25.00 |

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Travel and Entertainment (Continued)

For the Fiscal Year Ended June 30, 2016

| <i>Travelers</i> | | | |
|-------------------------|---------------------------|---------------------------|---------------------------------|
| <u>Name</u> | <u>Destination</u> | <u>Purpose</u> | <u>Amount</u> |
| Cristy Raposo | San Diego | Soc Media Mktg World Conf | 90.00 |
| Cristy Raposo | San Diego | Soc Media Mktg World Conf | 1,545.20 |
| Cristy Raposo | San Diego | Soc Media Mktg World Conf | 755.26 |
| Amy/Lily | Washi= DC | APTA | 1,019.58 |
| Lily Picchione | NY | TERM Lite | 277.00 |
| Lily Picchione | NY | TERM Lite | 60.00 |
| Elaine Roffo | Las Vegas | Sunguard User Group | 180.00 |
| Elaine Roffo | Las Vegas | Sunguard User Group | 140.00 |
| Ray Studley | Washi= DC | APTA | 863.29 |
| Michael Vendetti | Denver, CO | NTI Training | 260.99 |
| Elaine Roffo | Las Vegas, NV | Sunguard User Group | 67.50 |
| Michael Vendetti | Denver, CO | NTI Training | 645.55 |
| Lemay/Kleamovich | Kansas City, KS | Paratransit Training | 2,438.74 |
| Tina Lemay | Kansas City, KS | Paratransit Training | 120.00 |
| Krissy Kleamovich | Kansas City, KS | Paratransit Training | 120.00 |
| K Kleamovich/T Lema | Kansas City, KS | Paratransit Training | 224.28 |
| Mace/Rose/Cabral | San Francisco CA | Bus Inspection | 1,711.60 |
| | | | <hr/> <hr/> \$ 54,575.22 |

STATISTICAL SECTION

DO NOT
BUSES ONLY
ENTER



omprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

- Revenues by Source

Economic and Demographic Information

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

- Demographic & Economic Statistics
- Principal Employers

Operating Information

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

- Fare Structure
- Operating Indicators

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

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Shops, garages, and office buildings | \$ 56,548,466 | \$ 56,548,466 | \$ 56,548,468 | \$ 56,577,568 | \$ 98,304,879 | \$ 99,296,097 | \$ 100,120,229 | \$ 102,568,479 | \$ 102,574,379 | \$ 102,617,799 |
| Tunnels | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,592,774 |
| Communication system | 5,631,926 | 5,649,037 | 5,649,037 | 5,649,037 | 5,649,037 | 5,649,037 | 5,649,037 | 5,649,037 | 9,833,939 | 9,879,043 |
| Revenue equipment-buses | 65,916,312 | 65,346,226 | 63,435,848 | 62,673,957 | 86,968,271 | 81,699,264 | 94,534,204 | 87,865,704 | 87,310,100 | 97,026,222 |
| Trolleys | 6,729,015 | 6,729,015 | 6,729,015 | 4,701,613 | 10,636,348 | 8,592,306 | 8,592,306 | 6,931,795 | 6,931,795 | 6,931,795 |
| Fare boxes | 1,099,868 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 |
| Service cars and equipment | 1,699,005 | 1,941,605 | 1,941,604 | 2,647,599 | 2,982,293 | 2,745,627 | 2,594,887 | 2,535,217 | 2,670,965 | 2,806,758 |
| Shops and garage equipment | 1,758,263 | 1,758,263 | 1,754,413 | 1,996,084 | 2,100,040 | 2,097,922 | 2,173,971 | 2,151,529 | 2,447,064 | 2,503,026 |
| Furniture and office equipment | 922,587 | 919,968 | 925,085 | 935,123 | 995,525 | 1,605,420 | 1,600,263 | 1,533,978 | 1,541,323 | 1,547,393 |
| Miscellaneous equipment | 1,928,259 | 2,362,701 | 2,835,859 | 2,989,156 | 3,189,642 | 3,975,423 | 4,211,548 | 4,670,025 | 5,893,303 | 8,885,885 |
| Management information systems | 2,524,174 | 2,631,387 | 2,647,684 | 4,675,672 | 5,118,557 | 5,293,715 | 6,072,100 | 10,390,159 | 7,645,051 | 7,723,562 |
| Security Equipment | - | - | - | - | - | - | - | - | 451,909 | 2,549,672 |
| Leased Paratransit vans | 11,348,857 | 9,303,134 | 11,325,351 | 9,276,837 | 11,534,086 | 9,840,923 | 11,367,746 | 10,908,216 | 9,623,660 | 11,175,152 |
| Total capital assets being depreciated | <u>157,679,577</u> | <u>158,770,747</u> | <u>159,373,309</u> | <u>157,705,591</u> | <u>233,059,623</u> | <u>226,375,679</u> | <u>242,497,236</u> | <u>240,785,084</u> | <u>242,504,433</u> | <u>259,247,181</u> |
| Accumulated depreciation | (74,731,714) | (81,692,465) | (88,498,631) | (84,705,892) | (81,471,768) | (87,131,877) | (92,019,611) | (98,425,285) | (112,223,266) | (127,479,824) |
| Total capital assets being depreciated, net | <u>82,947,863</u> | <u>77,078,282</u> | <u>70,874,678</u> | <u>72,999,699</u> | <u>151,587,855</u> | <u>139,243,802</u> | <u>150,477,625</u> | <u>142,359,799</u> | <u>130,281,167</u> | <u>131,767,357</u> |
| Land | 2,036,797 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 |
| Federal grant projects in process | 4,499,187 | 4,411,466 | 21,901,664 | 38,665,311 | 3,893,927 | 6,275,959 | 14,906,535 | 13,954,222 | 14,236,340 | 10,445,775 |
| Total Invested in Capital Assets | \$ 89,483,847 | \$ 83,635,672 | \$ 94,922,266 | \$ 113,810,934 | \$ 157,627,706 | \$ 147,665,685 | \$ 167,530,084 | \$ 158,459,945 | \$ 146,663,431 | \$ 144,359,056 |

Source: RIPTA Annual Audited Financial Statements

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | (1) 2015 | 2016 |
|--------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| ASSETS: | | | | | | | | | | |
| Capital Assets | \$89,483,847 | \$83,635,672 | \$94,922,766 | \$113,810,934 | \$157,627,706 | \$147,665,685 | \$167,530,084 | \$158,459,945 | \$146,663,431 | \$144,359,056 |
| Other Assets | 20,214,544 | 18,169,413 | 20,573,089 | 20,809,447 | 22,315,056 | 22,659,721 | 23,123,665 | 21,871,766 | 18,575,871 | 17,953,980 |
| Total Assets | 109,698,391 | 101,805,085 | 115,495,855 | 134,620,381 | 179,942,762 | 170,325,406 | 190,653,749 | 180,331,711 | 165,239,302 | 162,313,036 |
| Deferred outflow of resources | | | | | | | | | | |
| Deferred pension amounts | - | - | - | - | - | - | - | - | 14,504,214 | 16,445,594 |
| LIABILITIES: | | | | | | | | | | |
| Current Liabilities | 12,294,049 | 12,241,844 | 14,161,257 | 13,549,821 | 12,473,314 | 13,551,379 | 14,254,121 | 12,715,423 | 13,391,812 | 13,699,287 |
| Long-term Liabilities | 9,625,518 | 16,433,615 | 26,793,735 | 32,927,227 | 43,953,177 | 49,437,768 | 60,574,636 | 68,055,147 | 122,614,165 | 132,376,378 |
| Total Liabilities | 21,919,567 | 28,675,459 | 40,954,992 | 46,477,048 | 56,426,491 | 62,989,147 | 74,828,757 | 80,770,570 | 136,005,977 | 146,075,665 |
| Deferred inflows of resources | | | | | | | | | | |
| Deferred pension amounts | - | - | - | - | - | - | - | - | 5,096,214 | 1,793,047 |
| NET POSITION: | | | | | | | | | | |
| Unrestricted Net Position (Deficit) | (1,705,023) | (10,506,046) | (12,442,776) | (16,512,606) | (21,226,895) | (27,956,831) | (35,797,468) | (43,793,950) | (93,584,150) | (99,822,138) |
| Investment in Capital Assets | 89,483,847 | 83,635,672 | 86,983,139 | 104,649,939 | 144,743,166 | 135,293,090 | 151,622,460 | 143,355,091 | 132,625,475 | 130,712,056 |
| Total Net Position | \$87,778,824 | \$73,129,626 | \$74,540,363 | \$88,137,333 | \$123,516,271 | \$107,336,259 | \$115,824,992 | \$99,561,141 | \$39,041,325 | \$30,889,918 |

Source: RIPTA Annual Audited Financial Statements

Note:

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

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|----------------|--------------|--------------|--------------|----------------|--------------|----------------|-----------------|----------------|
| Operating Revenues: | | | | | | | | | | |
| Passenger Revenue | \$23,107,059 | \$24,210,993 | \$24,853,200 | \$19,778,436 | \$21,564,851 | \$21,147,737 | \$21,547,853 | \$21,779,974 | \$19,076,441 | \$18,289,032 |
| Other Revenues | 8,538,764 | 8,432,169 | 9,156,452 | 7,918,563 | 9,524,953 | 12,190,461 | 11,691,522 | 11,250,660 | 5,511,767 | 4,402,949 |
| Total Operating Revenue | 31,645,823 | 32,643,162 | 34,009,652 | 27,696,999 | 31,089,804 | 33,338,198 | 33,239,375 | 33,030,634 | 24,588,208 | 22,691,981 |
| Operating Expenses | 83,673,159 | 97,310,816 | 95,271,016 | 96,263,187 | 102,154,502 | 103,947,502 | 104,846,154 | 104,213,000 | 102,863,774 | 104,190,753 |
| Depreciation Expense | 10,536,632 | 10,632,983 | 9,814,455 | 9,484,280 | 12,673,713 | 14,943,582 | 15,169,685 | 15,629,521 | 15,587,461 | 16,299,930 |
| Operating Loss | (62,563,968) | (75,300,637) | (71,075,819) | (78,050,468) | (83,738,411) | (85,552,886) | (86,776,464) | (86,811,887) | (93,863,027) | (97,798,702) |
| Non-operating Revenues(Expenses): | | | | | | | | | | |
| Transfer from State | 34,108,373 | 32,724,644 | 33,613,398 | 41,788,014 | 41,025,227 | 40,945,215 | 40,780,987 | 40,772,363 | 42,960,321 | 44,068,106 |
| Grants | 16,068,970 | 20,601,873 | 21,181,376 | 21,853,994 | 24,372,884 | 20,694,389 | 21,059,367 | 19,823,747 | 20,410,146 | 28,493,367 |
| Investment Income | 423,140 | 382,190 | 104,475 | 41,817 | 54,766 | 33,001 | (4,527) | 7,690 | 44,129 | 18,033 |
| Contract Revenue | 3,701,150 | 3,582,650 | 3,476,000 | 3,382,654 | 3,341,398 | 3,317,009 | 3,232,381 | 3,344,275 | 3,466,651 | 3,540,723 |
| Other Non-operating Revenue | - | - | - | - | - | - | - | - | - | 353,956 |
| Loss on disposal of assets | 8,476 | (68,763) | (397,678) | (197,970) | (5,455) | (111,049) | (24,367) | (527) | (2,672) | (238) |
| Forgiveness of Debt | - | - | - | - | - | - | 964,971 | 929,770 | 1,035,898 | 37,000 |
| Debt Service | (684,153) | (675,239) | (693,341) | (386,869) | (483,462) | (410,079) | - | - | - | - |
| Total Non-operating Revenues(Expenses) | 53,625,956 | 56,547,355 | 57,284,230 | 66,481,640 | 68,305,358 | 64,468,486 | 66,008,812 | 64,877,318 | 67,914,473 | 76,510,947 |
| Net Loss | (8,938,012) | (18,753,282) | (13,791,589) | (11,568,828) | (15,433,053) | (21,084,400) | (20,767,652) | (21,934,569) | (25,948,554) | (21,287,755) |
| Capital Contribution | 5,782,561 | 4,104,084 | 20,657,398 | 25,165,798 | 50,811,991 | 4,904,388 | 28,895,953 | 5,670,718 | 3,381,020 | 13,136,348 |
| Change in Net Position | (\$3,155,451) | (\$14,649,198) | \$6,865,809 | \$13,596,970 | \$35,378,938 | (\$16,180,012) | \$8,128,301 | (\$16,263,851) | \$ (22,567,534) | \$ (8,151,407) |

Source: RIPTA Annual Audited Financial Statements

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Expenses | | | | | | | | | | |
| Administration | \$ 555,537 | \$ 719,851 | \$ 612,889 | \$ 745,630 | \$ 1,051,673 | \$ 831,055 | \$ 912,428 | \$ 1,148,809 | \$ 1,209,899 | \$ 1,149,167 |
| Finance | 2,743,533 | 2,856,185 | 3,546,753 | 2,542,358 | 2,914,240 | 3,360,279 | 4,212,579 | 5,202,466 | 4,755,930 | 5,568,007 |
| Operations | 54,212,301 | 64,820,427 | 62,621,671 | 62,886,241 | 64,852,587 | 66,301,762 | 67,910,415 | 66,494,651 | 68,978,501 | 71,289,003 |
| Marketing | 1,880,410 | 2,159,260 | 1,992,280 | 2,053,260 | 2,261,023 | 2,399,414 | 684,955 | 712,898 | 666,310 | 799,351 |
| Human Resources | 770,135 | 911,810 | 775,889 | 820,430 | 1,083,730 | 1,236,857 | 505,275 | 562,255 | 566,928 | 658,430 |
| Administrative Services | - | - | - | - | - | - | 2,014,397 | 1,467,858 | 1,311,504 | 1,527,833 |
| Risk Management | 2,140,186 | 2,384,043 | 2,811,779 | 2,959,890 | 3,960,334 | 3,124,406 | 2,749,234 | 3,480,825 | 5,330,045 | 4,259,693 |
| Planning & Scheduling | 1,076,458 | 1,522,115 | 1,795,816 | 1,731,730 | 2,031,745 | 2,749,057 | 2,531,837 | 1,998,577 | 1,706,164 | 1,995,991 |
| Specialized Transportation | 1,866,492 | 2,127,343 | 2,194,668 | 2,209,427 | 2,252,563 | 1,702,980 | 1,772,410 | 1,573,368 | 1,333,228 | 1,092,621 |
| Paratransit Operations | 7,663,243 | 8,574,177 | 8,315,993 | 8,820,120 | 9,143,192 | 9,528,144 | 9,681,158 | 9,958,956 | 8,966,234 | 8,303,185 |
| Purchasing | 1,243,539 | 1,308,288 | 1,354,314 | 1,458,570 | 1,471,253 | 1,628,566 | 1,785,890 | 1,626,790 | 1,567,070 | 1,642,969 |
| Flex | 1,180,456 | 1,456,972 | 1,549,183 | 1,661,692 | 1,850,649 | 1,658,143 | - | - | - | - |
| MIS | 735,032 | 733,097 | 861,059 | 785,047 | 908,176 | 717,103 | 1,050,019 | 866,437 | 1,149,734 | 1,282,531 |
| Ferry | 620,831 | 637,978 | 386,042 | 50,251 | - | - | - | - | - | - |
| RIDE | 4,327,987 | 4,277,150 | 3,662,446 | 4,328,300 | 5,150,770 | 5,557,983 | 5,789,086 | 6,084,640 | 2,476,886 | 2,014,829 |
| Centralized Transportation | 1,579,203 | 1,757,504 | 1,738,311 | 2,178,137 | 2,247,392 | 2,385,326 | 2,520,425 | 2,277,039 | 2,091,705 | 1,918,155 |
| Facilities Engineering | 431,828 | 481,480 | 452,696 | 419,723 | 362,581 | - | - | - | - | - |
| State of RI-DOT | 645,988 | 583,136 | 599,227 | 612,281 | 612,594 | 666,427 | 726,046 | 757,431 | 753,636 | 688,838 |
| Depreciation | 10,536,632 | 10,632,983 | 9,814,455 | 9,484,280 | 12,673,713 | 14,943,582 | 15,169,685 | 15,629,521 | 15,587,461 | 16,299,930 |
| Operating Expenses | 94,209,791 | 107,943,799 | 105,085,471 | 105,747,467 | 114,828,215 | 118,791,084 | 120,015,839 | 119,842,521 | 118,451,235 | 120,490,683 |
| Non-operating Expenses | | | | | | | | | | |
| Interest Expense | - | - | - | - | - | - | - | - | - | - |
| Debt Service | 684,153 | 675,239 | 693,341 | 386,869 | 483,462 | 410,079 | - | - | - | - |
| | 684,153 | 675,239 | 693,341 | 386,869 | 483,462 | 410,079 | - | - | - | - |
| Total Expenses | \$ 94,893,944 | \$ 108,619,038 | \$ 105,778,812 | \$ 106,134,336 | \$ 115,311,677 | \$ 119,201,163 | \$ 120,015,839 | \$ 119,842,521 | \$ 118,451,235 | \$ 120,490,683 |

Source: RIPTA Annual Audited Financial Statements

Rhode Island Public Transit Authority
Revenues by Source

Last Ten Years
(Unaudited)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Revenues | | | | | | | | | | |
| Passenger Fares | \$22,451,422 | \$23,480,485 | \$24,044,176 | \$18,048,941 | \$19,778,407 | \$21,147,737 | \$21,547,853 | \$21,779,974 | \$19,076,441 | \$18,289,032 |
| Paratransit | 655,637 | 730,508 | 809,024 | 1,729,495 | 1,786,444 | 1,911,627 | 1,052,140 | 1,003,013 | 1,140,886 | 1,082,260 |
| Rental | 124,690 | 138,512 | 127,418 | 151,171 | 192,096 | 195,707 | 193,285 | 186,128 | 174,423 | 165,879 |
| Advertising | 416,580 | 415,875 | 497,887 | 554,516 | 579,260 | 546,020 | 583,272 | 530,023 | 676,607 | 517,792 |
| RIDE | 6,959,762 | 6,878,903 | 6,563,964 | 6,157,915 | 7,163,120 | 7,884,343 | 8,642,680 | 8,292,568 | 2,282,146 | 1,372,101 |
| Other | 1,037,732 | 998,879 | 1,967,283 | 1,054,961 | 1,590,477 | 1,652,764 | 1,220,145 | 1,238,928 | 1,237,705 | 1,264,917 |
| Total operating revenues | 31,645,823 | 32,643,162 | 34,009,752 | 27,696,999 | 31,089,804 | 33,338,198 | 33,239,375 | 33,030,634 | 24,588,208 | 22,691,981 |
| Non-operating Revenues | | | | | | | | | | |
| Transfers From State | 34,108,373 | 32,724,644 | 33,613,398 | 41,788,014 | 41,025,227 | 40,945,215 | 40,780,987 | 40,772,363 | 42,960,321 | 44,068,106 |
| Federal and State Grants | 16,068,970 | 20,601,876 | 21,181,376 | 21,853,994 | 27,372,884 | 20,694,389 | 21,059,367 | 19,823,747 | 20,410,146 | 28,493,367 |
| Investment Income | 423,140 | 382,190 | 104,475 | 41,817 | 54,766 | 33,001 | (4,527) | 7,690 | 44,129 | 18,033 |
| Contract Revenue | 3,701,150 | 3,582,650 | 3,476,000 | 3,382,654 | 3,341,398 | 3,317,009 | 3,232,381 | 3,344,275 | 3,466,651 | 3,540,723 |
| Debt Forgiveness | - | - | - | - | - | - | 964,971 | 929,770 | 1,035,898 | 37,000 |
| Other non-operating revenue | - | - | - | - | - | - | - | - | - | 353,956 |
| Gain(Loss) on disposal of Assets | 8,476 | (68,763) | (397,678) | (197,970) | (5,455) | (111,049) | (24,367) | (527) | (2,672) | (238) |
| Total non-operating revenues | 54,310,109 | 57,222,597 | 57,977,571 | 66,868,509 | 71,788,820 | 64,878,565 | 66,008,812 | 64,877,318 | 67,914,473 | 76,510,947 |
| Total Revenues | \$85,955,932 | \$89,865,759 | \$91,987,323 | \$94,565,508 | \$102,878,624 | \$98,216,763 | \$99,248,187 | \$97,907,952 | \$92,502,681 | \$99,202,928 |

Source: RIPTA Annual Audited Financial Statements

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

| Fiscal Year | Population(1) | Personal Income(4) | Per Capita Income(4) | Labor Force(2) | School Enrollment(3) | Unemployment Rate(2) |
|-------------|---------------|--------------------|----------------------|----------------|----------------------|----------------------|
| 2007 | 1,053,136 | 41,745 | 39,463 | 576,987 | 153,417 | 5.00% |
| 2008 | 1,050,788 | 43,091 | 41,008 | 567,597 | 151,619 | 7.80% |
| 2009 | 1,053,209 | 43,185 | 41,003 | 567,093 | 145,342 | 11.20% |
| 2010 | 1,052,567 | 44,801 | 42,579 | 566,166 | 145,231 | 10.30% |
| 2011 | 1,051,302 | 46,294 | 43,992 | 563,506 | 142,854 | 11.27% |
| 2012 | 1,050,292 | 47,253 | 44,990 | 560,428 | 142,481 | 10.42% |
| 2013 | 1,051,511 | 49,434 | 47,012 | 560,428 | 142,008 | 9.49% |
| 2014 | 1,055,173 | 51,532 | 48,838 | 553,347 | 141,959 | 7.65% |
| 2015 | 1,056,420 | 52,905 | 50,080 | 554,699 | 142,014 | 5.95% |
| 2016 | 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 2015
(Unaudited)

| 2015 | | 2007 | | | | | |
|------|--------------------------|-----------|-----------------------|------|---------------------------------------|-----------|-----------------------|
| Rank | Name of Company | Employees | % of Total Employment | Rank | Name of Company | Employees | % of Total Employment |
| 1 | Rhode Island | 13,791 | 20.19% | 1 | Lifespan | 11,694 | 16.63% |
| 2 | Lifespan | 11,964 | 17.51% | 2 | Rhode Island | 11,372 | 16.18% |
| 3 | Care New England | 8,661 | 12.68% | 3 | US Government(excluding military) | 9,846 | 14.01% |
| 4 | CVS Caremark, Corp | 7,000 | 10.25% | 4 | Care New England | 6,561 | 9.34% |
| 5 | Providence | 5,800 | 8.50% | 5 | Roman Catholic Church | 6,200 | 8.82% |
| 6 | Citizens Bank | 5,324 | 7.79% | 6 | CVS Corp | 5,780 | 8.22% |
| 7 | Brown University | 4,191 | 6.13% | 7 | Royal Bank of Scotland(Citizens Bank) | 5,500 | 7.83% |
| 8 | Stop & Shop Supermarkets | 4,142 | 6.06% | 8 | Bank of America | 4,500 | 6.40% |
| 9 | Fidelity Investments | 3,880 | 5.68% | 9 | Brown University | 4,443 | 6.32% |
| 10 | Electric Boat | 3,563 | 5.21% | 10 | Stop & Shop | 4,385 | 6.25% |

Source: 2007 Rhode Island Economic Development Corporation
Source: 2015 Providence Business News

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

| Fare Products | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | *2016 |
|-------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Cash | | | | | | | | | | |
| Cash-Full Fare | \$ 1.50 | \$ 1.50 | \$ 1.75 | \$ 1.75 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 |
| Cash-Half Fare | \$ 0.75 | \$ 0.75 | \$ 0.85 | \$ 0.85 | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 |
| Passes | | | | | | | | | | |
| Monthly Passes | \$ 55.00 | \$ 55.00 | \$ 55.00 | \$ 55.00 | \$ 62.00 | \$ 62.00 | \$ 62.00 | \$ 62.00 | \$ 62.00 | \$ 70.00 |
| 1 Day Pass | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 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 |
| 10 Ride Pass | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 20.00 |
| 15 Ride Pass | \$ - | \$ 20.00 | \$ 23.00 | \$ 23.00 | \$ 26.00 | \$ 26.00 | \$ 26.00 | \$ 26.00 | \$ 26.00 | N/A |
| RIPTIKS | | | | | | | | | | |
| RIPTIKS(Book of 10) | \$ 15.00 | \$ 15.00 | \$ 17.50 | \$ 17.50 | \$ 20.00 | \$ 20.00 | \$ 20.00 | \$ 20.00 | \$ 20.00 | N/A |
| Transfers | | | | | | | | | | |
| Cash-Transfer | \$ 0.10 | \$ 0.10 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 1.00 |
| Cash Half Fare Transfer | \$ - | \$ 0.05 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 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)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| PASSENGERS(RIDERSHIP) | | | | | | | | | | |
| BUS | 20,621,005 | 21,061,741 | 19,819,547 | 19,543,988 | 19,463,820 | 19,762,912 | 19,785,010 | 19,780,040 | 18,074,137 | 17,813,105 |
| DEMAND RESPONSE | 690,432 | 670,363 | 590,863 | 616,875 | 641,534 | 706,315 | 698,290 | 668,452 | 402,751 | 373,629 |
| | <u>21,311,437</u> | <u>21,732,104</u> | <u>20,410,410</u> | <u>20,160,863</u> | <u>20,105,354</u> | <u>20,469,227</u> | <u>20,483,300</u> | <u>20,448,492</u> | <u>18,476,888</u> | <u>18,186,734</u> |
| REVENUE MILES | | | | | | | | | | |
| BUS | 7,742,833 | 8,041,642 | 8,210,973 | 8,352,120 | 8,417,792 | 8,387,715 | 8,077,334 | 8,264,927 | 8,483,016 | 8,546,906 |
| DEMAND RESPONSE | 4,142,554 | 4,164,026 | 4,131,543 | 4,259,705 | 4,438,006 | 4,891,615 | 4,981,925 | 4,766,876 | 3,164,569 | 2,975,367 |
| | <u>11,885,387</u> | <u>12,205,668</u> | <u>12,342,516</u> | <u>12,611,825</u> | <u>12,855,798</u> | <u>13,279,330</u> | <u>13,059,259</u> | <u>13,031,803</u> | <u>11,647,585</u> | <u>11,522,273</u> |
| REVENUE HOURS | | | | | | | | | | |
| BUS | 611,869 | 636,111 | 633,381 | 628,890 | 628,557 | 632,734 | 603,704 | 633,454 | 658,848 | 673,409 |
| DEMAND RESPONSE | 319,118 | 319,832 | 307,124 | 318,884 | 332,573 | 319,086 | 309,214 | 296,754 | 220,473 | 179,245 |
| | <u>930,987</u> | <u>955,943</u> | <u>940,505</u> | <u>947,774</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> |
| PASSENGER PER REVENUE MILE | | | | | | | | | | |
| BUS | 2.66 | 2.62 | 2.41 | 2.34 | 2.31 | 2.36 | 2.45 | 2.39 | 2.13 | 2.08 |
| DEMAND RESPONSE | 0.17 | 0.16 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.13 | 0.13 |
| | <u>1.79</u> | <u>1.78</u> | <u>1.65</u> | <u>1.60</u> | <u>1.56</u> | <u>1.54</u> | <u>1.57</u> | <u>1.57</u> | <u>1.59</u> | <u>1.58</u> |
| PASSENGER PER REVENUE HOUR | | | | | | | | | | |
| BUS | 33.70 | 33.11 | 31.29 | 31.08 | 30.97 | 31.23 | 32.77 | 31.23 | 27.43 | 26.45 |
| DEMAND RESPONSE | 2.16 | 2.10 | 1.92 | 1.93 | 1.93 | 2.21 | 2.26 | 2.25 | 1.83 | 2.08 |
| | <u>22.89</u> | <u>22.73</u> | <u>21.70</u> | <u>21.27</u> | <u>20.92</u> | <u>21.51</u> | <u>22.44</u> | <u>21.98</u> | <u>21.01</u> | <u>21.33</u> |
| Operating Expenses** | \$ 83,673,159 | \$ 97,310,816 | \$ 95,271,016 | \$ 96,263,187 | \$ 102,154,502 | \$ 103,847,502 | \$ 104,846,154 | \$ 104,213,000 | \$ 102,863,774 | \$ 104,190,753 |
| Operating expenses per mile | \$ 7.04 | \$ 7.97 | \$ 7.72 | \$ 7.63 | \$ 7.95 | \$ 7.82 | \$ 8.03 | \$ 8.00 | \$ 8.83 | \$ 9.04 |
| Operating expenses per hour | \$ 89.88 | \$ 101.80 | \$ 101.30 | \$ 101.57 | \$ 106.29 | \$ 109.10 | \$ 114.85 | \$ 112.03 | \$ 116.98 | \$ 122.20 |
| Operating expenses per passenger | \$ 3.93 | \$ 4.48 | \$ 4.67 | \$ 4.77 | \$ 5.08 | \$ 5.07 | \$ 5.12 | \$ 5.10 | \$ 5.57 | \$ 5.73 |
| Peak Fleet Request | | | | | | | | | | |
| BUS | 208 | 207 | 199 | 196 | 215 | 188 | 192 | 191 | 196 | 195 |
| DEMAND RESPONSE | 120 | 123 | 123 | 124 | 118 | 118 | 118 | 115 | 101 | 104 |
| Total Active Fleet | | | | | | | | | | |
| BUS | 256 | 240 | 249 | 239 | 255 | 237 | 246 | 229 | 230 | 249 |
| DEMAND RESPONSE | 150 | 149 | 147 | 136 | 147 | 147 | 147 | 144 | 122 | 126 |
| Number of Employees | | | | | | | | | | |
| BUS | 652 | 667 | 655 | 677 | 642 | 619 | 599 | 611 | 641 | 638 |
| DEMAND RESPONSE | 188 | 177 | 175 | 169 | 173 | 175 | 167 | 152 | 153 | 138 |

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

Source: National Transit Database



CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 23, 2016.

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.

Baer & Company, LLC

Warwick, Rhode Island
September 23, 2016

