



RHODE ISLAND PUBLIC TRANSIT AUTHORITY



omprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

A COMPONENT UNIT OF THE STATE OF RHODE ISLAND

**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, 2013

Prepared by: Department of Finance
Maureen Neira, Executive Director, Accounting



INTRODUCTORY SECTION

Comprehensive Annual Financial Report

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

Comprehensive Annual Financial Report
For the Year Ended June 30, 2013

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September 23, 2013

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, 2013. 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, 2013.

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 the 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, 2013, 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 9.1 percent, after peaking at 11.9 percent in early 2010. The March 2013 unemployment rate ranks sixth highest nationally and still higher than the national 7.6 percent rate.

Information from the May 2013 Rhode Island Revenue Estimating Conference, Economy.com noted "the State current economy though growing, is recovering unevenly at a moderate pace and lagging behind other New England states and the nation. Rhode Island is the only State in the nation where population has consistently declined since 2010".

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 \$104,459 operating surplus based on the Board of Directors' approved budget for Fiscal Year 2014 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; fuel 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 additional funding sources from the State of Rhode Island which would require appropriation from the General Assembly. No increase in potential revenue sources has been included in the approved budget.

Major Capital Initiatives

The RIPTA's fiscal year 2015-2019 Capital Improvement Program (CIP) identifies projects totaling \$66 million either in progress, to be initiated, or to be completed during those fiscal years in addition to

\$15.7 million in expenditures for fiscal year 2014. 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 2015 – 2019, RIPTA will replace 80 fixed route buses and 80 paratransit vehicles at an estimated cost of \$45 million. Additionally, as part of RIPTA's Strategic Plan, security and passenger facility upgrades and improvements at an estimated cost of \$5 million during fiscal year 2015-2019 will continue. Several major fleet vehicle projects, Automated Transit Management System, radio Interoperability and fleet cameras are all expected to be completed during fiscal year 2014. Components include CAD/AVL infrastructure, upgrades to RIPTA's public information systems that will allow the phone and web systems to accommodate real-time arrival information, integration with the Rhode Island Statewide Communication Network, allowing for emergency responders to communicate directly with the Authority during emergencies and natural disasters, and enhance the security and safety of transit customers, personnel, equipment and facilities. Additionally, the Solar Technologies project, the installation of solar photovoltaic on our largest facility will be fully operational during 2014.

Funding of the CIP

In the fiscal year 2014, RIPTA plans to fund the CIP with approximately \$11.2 million in Federal Transit Administration Funds, \$1 million in American Recovery and Reinvestment Act (ARRA) funds, \$.7 million in Federal Emergency Management Funds, \$.2 million in State Fleet Replacement matching funds, \$.2 million in RI Capital Asset Protection funds and \$2.4 million in RIPTA and local matching funds.

During the five year period of FY 2015 – 2019 CIP, the RIPTA plans on using \$40.3 million in Federal Transit Funds, \$4.0 million in State Fleet Replacement matching funds, \$1.8 million in RIPTA and local matching funds, \$.5 million in RI Capital Asset Protection funds and \$3.7 million in other State matching funds.

Awards

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for the Excellence in Financial Reporting to RIPTA for its 2012 annual report. This was the first year RIPTA has received this award. In order to be eligible for a Certificate of Achievement, RIPTA published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Programs requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

Respectfully Submitted,



Raymond Studley

Chief Executive Officer



Maureen Neira, CPA

Executive Director, Accounting



Government Finance Officers Association

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

Presented to

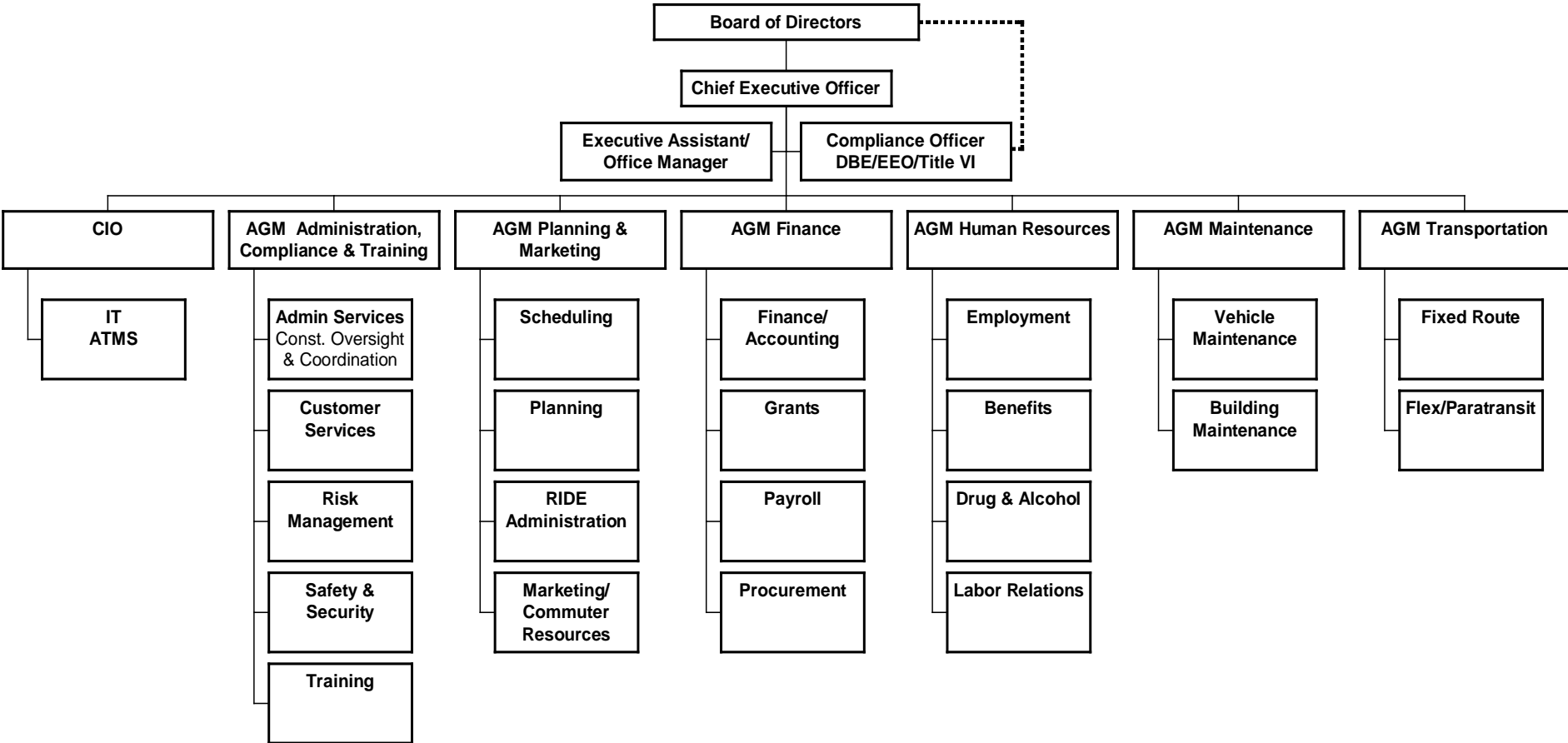
**Rhode Island
Public Transit Authority**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Rhode Island Public Transit Authority Organizational Chart



Total Budgeted Employees - 825
 Non-represented – 27
 Local 808 – 61
 Local 618A – 43
 Local 618 - 694

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

***Principal Officials
June 30, 2013***

Chief Executive Officer

Raymond Studley

Finance Department

Maureen Neira, Executive Director, Accounting

Board of Directors

Scott Avedisian – Chairperson

Jerome Williams – Vice Chairperson

Stephen Durkee

Michael Lewis

Margaret Holland McDuff

Anna Petra Liebenow

Maureen Martin



FINANCIAL SECTION

Comprehensive Annual Financial Report



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

Report on the Financial Statements

We have audited the accompanying financial statements of the Rhode Island Public Transit Authority (RIPTA), a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise RIPTA'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RIPTA, as of June 30, 2013 and the changes in 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 page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise RIPTA'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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the 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, 2013 on our consideration of RIPTA'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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RIPTA's internal control over financial reporting and compliance.

Bacon & Company, LLC

Warwick, Rhode Island
September 23, 2013

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, 2013. 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 and liabilities 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 Fund 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 years. 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 1 % or \$.9 million during FY 2013 compared to FY 2012.
- Operating and non-operating expenses increased by .5% or \$.6 million during FY 2013 as compared to FY 2012.
- Capital contributions increased \$24 million or 489% from the previous year.
- Capital assets increased by \$19.8 million or 13.5% from FY 2012.
- The Authority's total net position increased by \$8.1 million or 7.6 % from FY 2012.

Assets and Liabilities

The following schedule presents the condensed Statement of Net Position for the fiscal years ended June 30, 2013 and 2012.

| | <u>June 30,</u> <u>2013</u> | <u>June 30,</u> <u>2012</u> |
|-------------------------------------|--------------------------------|--------------------------------|
| Assets: | | |
| Current assets | \$21,501,995 | \$19,733,335 |
| Capital assets (net) | 167,530,084 | 147,665,685 |
| Other Long-term assets | 1,621,670 | 2,926,386 |
| TOTAL ASSETS | <u>190,653,749</u> | <u>170,325,406</u> |
| Liabilities: | | |
| Current liabilities | 14,614,553 | 13,551,379 |
| Long-term liabilities | 60,574,636 | 49,437,768 |
| TOTAL LIABILITES | <u>75,189,189</u> | <u>62,989,147</u> |
| Net position | | |
| Unrestricted net position (deficit) | (36,157,900) | (27,956,831) |
| Net investment in capital assets | 151,622,460 | 135,293,090 |
| TOTAL NET POSITION | <u>\$115,464,560</u> | <u>\$107,336,259</u> |

The majority of the Authority's assets (88%) reflect its investment in capital assets (land, building, revenue vehicles, and equipment). Other assets include cash (including amounts invested in cash equivalent type instruments), accounts receivables from federal and state governments, inventories, prepaid expenses and other receivables. Current liabilities consist of vendor, government, employee, and benefit payments while long-term liabilities include accrued pension, self-insured claims, and a liability of \$37.4 million associated with implementing GASB #45, Other Post-employment benefits effective FY 2008.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Authority Operations

The following schedule presents the condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2013 and 2012.

| | <u>June 30,</u> <u>2013</u> | <u>June 30,</u> <u>2012</u> |
|---|--------------------------------|--------------------------------|
| Operating Revenue | | |
| Ritecare program revenue | 7,793,570 | 7,354,238 |
| Passenger revenue | 13,754,283 | 13,793,499 |
| RIde program revenue | 8,642,680 | 7,884,343 |
| Other operating revenues | 3,048,842 | 4,306,118 |
| Non-operating Revenue | | |
| Grant revenue | 21,059,367 | 20,694,389 |
| State of RI - DEA gas tax | 3,232,381 | 3,317,009 |
| Other non-operating revenue | 964,971 | 33,001 |
| State of RI gas tax | 40,780,987 | 40,945,215 |
| Total Revenues | <u>99,277,081</u> | <u>98,327,812</u> |
| Operating Expenses | | |
| Management and general | (24,008,110) | (23,407,700) |
| Operations and maintenance | (80,838,044) | (80,539,802) |
| Depreciation | (15,169,685) | (14,943,582) |
| Non-operating Expenses | | |
| Debt service | 0 | (410,079) |
| Other non-operating expenses | (28,894) | (111,049) |
| Total Expenses | <u>(120,044,733)</u> | <u>(119,412,212)</u> |
| Net Income (Loss) before Capital Contributions | (20,767,652) | (21,084,400) |
| Capital Contributions | <u>28,895,953</u> | <u>4,904,388</u> |
| Change in Net Position | 8,128,301 | (16,180,012) |
| Total Net Position- Beginning | <u>107,336,259</u> | <u>123,516,271</u> |
| Total Net Position- Ending | <u>\$115,464,560</u> | <u>\$107,336,259</u> |

The Authority's operating revenue, non-operating revenue, State of RI gas tax and capital contributions total \$128,173,034. The revenue reported as operating revenue, non-operating revenue and State of RI gas tax increased 1% or \$949,269 over the prior year. This increase was the result of receiving more RIdc program revenue and more federal funds. The

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Authority's operating and non-operating expenses total \$120,044,733. This reflects an increase of .5% or \$632,521 over the prior year.

Capital Assets

The following schedule summarizes the Authority's capital assets and changes therein, for the years ended June 30, 2013 and 2012.

| | 2013 | 2012 |
|---------------------------------------|---------------|---------------|
| Land, shops, garages and buildings | \$103,838,998 | \$103,014,866 |
| Revenue equipment | 124,151,393 | 109,788,630 |
| Service vehicles and garage equipment | 4,768,858 | 4,844,116 |
| Furniture and fixtures | 5,811,811 | 5,575,530 |
| Management information systems | 6,072,100 | 5,298,461 |
| Federal grant projects in process | 14,906,535 | 6,275,959 |
| | 259,549,695 | 234,797,562 |
| Less accumulated depreciation | (92,019,611) | (87,131,877) |
| Net capital assets | \$167,530,084 | \$147,665,685 |

At the end of fiscal year 2013, the Authority had \$ 167,530,084 invested in capital assets. This amount represents an increase of 13.5% or \$19.8 million from the prior year. A more detailed account of the capital asset activity for fiscal year 2013 can be found in Note 3, Property, Plant and Equipment.

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

- Substantial completion of the Elmwood transportation facility roof and solar panel installation
- Substantial completion of the Newport facility roof
- Purchase of fifty (50) 40' clean diesel fixed route vehicles
- Continuation of the statewide radio project
- Continuation of the CAD/AVL installation project
- Continuation of fixed route and Paratransit fleet camera installation

During FY 2014, the Authority has committed to the upgrade to the financial and maintenance software. The Authority will also be continuing the installation of the CAD/AVL system as part of the multi-year ITS project as well as the statewide radio project and fleet camera installations.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2014 budget:

- Level of federal funds appropriated for operating and capital purposes. A new transportation funding act, MAP – 21 was signed into law July 6, 2012 and took effect on October 1, 2012. The FY 2014 budget includes funding for mobility management reimbursement, ADA reimbursement, preventive maintenance, Jobs Access/Reverse Commute and rural operating assistance.
- State gasoline tax revenue available for operating purposes. For FY 2014, the yield determined by the State of RI Department of Revenue for the gasoline tax is expected to decrease from the previous fiscal year. In total RIPTA receives 9.25 of the 32 cent gasoline tax and .5 of the 1 cent UST fee annually.
- Revenue from state agencies to subsidize policy driven transit travel programs. This program provides payment for free and reduced rides for senior citizens and the disabled population. Additionally, the Authority provides the transportation benefit for the state's RItE Care program, a program which was reduced significantly during FY 2010.
- There have been no increases in the base fare since the last fare increase from \$1.75 to \$2.00 effective September 1, 2010. The annualized revenue from this fare increase was incorporated in FY 2013 and FY 14. The Authority has also introduced a new fare product, ECO Pass, geared towards businesses who contribute towards their employee's transportation.
- The FY 2014 budget is based on ongoing negotiations with the Amalgamated Transit Union regarding wage increases. The Authority completed negotiations with LIU 808 for a contract thru 6/30/14. Employee wages and associated fringe benefits (less employee contributions) make up approximately 69% of the Authority's annual budget.
- Costs associated with fuel prices. The Authority consumes 2.5 million gallons of fuel annually. The budgeted fuel cost for FY 2014 is \$3.20 per gallon. The Authority has not locked in a fixed rate due to current market condition, and the price is being monitored daily.
- Inclusion of expenses and offsetting reimbursement of the State of Rhode Island DOT vehicle maintenance and repair program contracted with the Authority.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013

Assets

Current assets

Cash and cash equivalents:

| | |
|--|-------------------------|
| Operating fund | \$ 2,038,204 |
| Paratransit capital fund | 344,920 |
| Accident and casualty fund | 361,018 |
| Capital replacement fund | 560,216 |
| Total cash and cash equivalents | <u>3,304,358</u> |

Investments 2,788,952

Receivables:

| | |
|--------------------------|-------------------------|
| Accounts | 906,910 |
| Grants | 3,388,539 |
| Total receivables | <u>4,295,449</u> |

Due from primary government 8,629,915

Inventories, net allowance of \$17,045 2,341,577

Prepaid expenses 141,744

Total current assets **21,501,995**

Non-current assets

Investments 1,621,670

Capital assets, non-depreciable 17,052,459

Capital assets, depreciable - net of depreciation 150,477,625

Total non-current assets **169,151,754**

Total assets **190,653,749**

Liabilities

Current liabilities

Accounts payable 7,793,656

Due to primary government 929,770

Accrued salaries, wages and benefits 5,091,223

Accrued self insured health claims 768,094

Unearned revenue 31,810

Total current liabilities **14,614,553**

Non-current liabilities

Due to primary government 14,977,854

Accrued self insured claims 6,473,701

Net pension obligation 1,726,343

Net OPEB obligation 37,396,738

Total non-current liabilities **60,574,636**

Total liabilities **75,189,189**

Net position

Net investment in capital assets 151,622,460

Unrestricted (deficit) (36,157,900)

Total net position **\$ 115,464,560**

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 Year Ended June 30, 2013

| | |
|--|------------------------------|
| <i>Operating revenues</i> | |
| Passenger | \$ 21,547,853 |
| Paratransit | 1,052,140 |
| Rental | 193,285 |
| Advertising | 583,272 |
| RIDE | 8,642,680 |
| Other | 1,220,145 |
| <i>Total operating revenues</i> | <u>33,239,375</u> |
| <i>Operating expenses</i> | |
| Administration | 912,428 |
| Finance | 4,212,579 |
| Operations | 67,910,415 |
| Marketing | 684,955 |
| Human resources | 505,275 |
| Administrative services | 2,014,397 |
| Risk management | 2,749,234 |
| Planning and scheduling | 2,531,837 |
| Specialized transportation | 1,772,410 |
| Paratransit operations | 9,681,158 |
| Purchasing | 1,785,890 |
| Information technology | 1,050,019 |
| RIDE | 5,789,086 |
| Centralized maintenance | 2,520,425 |
| State of Rhode Island - DOT | 726,046 |
| Depreciation | 15,169,685 |
| <i>Total operating expenses</i> | <u>120,015,839</u> |
| <i>Operating loss</i> | <u>(86,776,464)</u> |
| <i>Nonoperating revenues (expenses)</i> | |
| State of RI gas tax | 40,780,987 |
| State of RI - DEA gas tax | 3,232,381 |
| Operating grants | 21,059,367 |
| Investment income | (4,527) |
| Debt forgiveness | 964,971 |
| Loss on disposal of capital assets | (24,367) |
| <i>Total nonoperating revenues (expenses)</i> | <u>66,008,812</u> |
| <i>Loss before capital contributions</i> | (20,767,652) |
| <i>Capital contributions</i> | <u>28,895,953</u> |
| <i>Change in net position</i> | 8,128,301 |
| <i>Total net position - beginning of year</i> | <u>107,336,259</u> |
| <i>Total net position - end of year</i> | <u>\$ 115,464,560</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 Year Ended June 30, 2013*

| | |
|--|---------------------|
| <i>Cash flows from operating activities</i> | |
| Cash received from customers | \$ 32,215,789 |
| Cash paid to suppliers for goods and services | (25,079,486) |
| Cash paid to employees for services | (70,174,247) |
| | <u>(63,037,944)</u> |
| <i>Cash flows from noncapital financing activities</i> | |
| State gas tax received | 43,552,805 |
| Operating grants received | 21,052,753 |
| | <u>64,605,558</u> |
| <i>Cash flows from capital and related financing activities</i> | |
| Capital contributions received | 27,145,721 |
| Proceeds of long-term debt | 4,408,979 |
| Acquisition and construction of capital assets | (35,058,451) |
| | <u>(3,503,751)</u> |
| <i>Cash flows from investing activities</i> | |
| Purchase of investments | (4,410,622) |
| Maturity of investments | 4,911,207 |
| Interest and dividends on investments | (4,527) |
| | <u>496,058</u> |
| <i>Net cash provided by investing activities</i> | <u>496,058</u> |
| <i>Net decrease in cash and cash equivalents</i> | (1,440,079) |
| <i>Cash and cash equivalents at beginning of year</i> | <u>4,744,437</u> |
| <i>Cash and cash equivalents at end of year</i> | <u>\$ 3,304,358</u> |
| <i>Noncash capital and related financing activities:</i> | |
| Decrease in due to primary government | \$ (964,971) |

(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 Year Ended June 30, 2013

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

| | |
|---|--|
| <i>Operating loss</i> | <u>\$ (86,776,464)</u> |
| <i>Adjustments to reconcile operating loss to net cash used for operating activities</i> | |
| Depreciation and amortization | 15,169,685 |
| Changes in assets and liabilities: | |
| (Increase) decrease in accounts receivable | 362,646 |
| (Increase) decrease in due from primary government | (1,386,232) |
| (Increase) decrease in inventory | 642,881 |
| (Increase) decrease in prepaid expenses | 48,566 |
| Increase (decrease) in accounts payable and accrued expenses | 1,519,585 |
| Increase (decrease) in accrued self insured claims | (42,588) |
| Increase (decrease) in net pension obligation | (15,223) |
| Increase (decrease) in net OPEB obligation | <u>7,439,200</u> |
| <i>Total adjustments</i> | <u>23,738,520</u> |
| <i>Net cash used for operating activities</i> | <u><u>\$ (63,037,944)</u></u> |

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

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

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

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

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

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

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

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

Basis of Presentation and Accounting

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

Recently Issued Accounting Standards

The Authority has implemented the following new accounting pronouncements:

- GASB Statement No. 60 - Accounting and Financial Reporting for Service Concession Arrangements, effective for the Authority's fiscal year ending June 30, 2013.
- GASB Statement No. 61 - The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34, effective for the Authority's fiscal year ending June 30, 2013.
- GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, effective for the Authority's fiscal year ending June 30, 2013.
- GASB Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, effective for the Authority's fiscal year ending June 30, 2013.

The adoption of these Statements 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. 65 - Items Previously Reported as Assets and Liabilities, effective for the Authority's fiscal year ending June 30, 2014.
- GASB Statement No. 66 - Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62, effective for the Authority's fiscal year ending June 30, 2014.
- GASB Statement No. 67 - Financial Reporting for Pensions Plans - an amendment of GASB Statement No. 25, effective for the Authority's fiscal year ending June 30, 2014.
- GASB Statement No. 68 - Financial Reporting for Pensions - an amendment of GASB Statement No. 27, effective for the Authority's fiscal year ending June 30, 2015.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations, effective for the Authority’s fiscal year ending June 30, 2015.
- GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the Authority’s fiscal year ending June 30, 2014.

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

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 market value.

Materials and Supplies of Inventory

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

Property, Plant and Equipment

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

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

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

Operating Revenues and Expenses

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

Compensated Absences

Vacation expense is accrued when earned by employees and reflects current rate of pay. Sick leave expense is recorded primarily when taken by employees.

Income Taxes

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

Net Position

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

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

Self Insurance

The Authority is self insured for workers' compensation claims, 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 fund for self insurance as more fully described in Note 5.

Cash and Cash Equivalents

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

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, 2013 was \$335,921.

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, 2013, was \$2,375,075 and the bank balance was \$6,250,229. Of the bank balance, \$587,971 was insured by federal depository insurance, \$4,943,832 was collateralized with securities held by the pledging financial institution or its agent in the Authority's name and \$718,426 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, 2013, 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, 2013 is \$2,375,075. Investments of \$928,183 and \$1,100 of petty cash, relate to the statement of net position totals for June 30, 2013 as follows:

| | |
|---|--------------------|
| Cash deposits | \$2,375,075 |
| Add: Petty cash | 1,100 |
| Investments classified as cash equivalents for financial statement purposes | 928,183 |
| Cash and cash equivalents per statement of net position | <u>\$3,304,358</u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

Investments

At June 30, 2013, the Authority had the following investments classified as cash equivalents:

| <u>Description</u> | <u>Maturity</u> | <u>Rating</u> | <u>Fair Value</u> |
|--------------------------------------|-----------------|---------------|-------------------|
| Government Money Market Fund | On Demand | AAAm | \$ 23,047 |
| Fidelity Institutional Treasury Fund | On Demand | Not Rated | 344,920 |
| US Government Institutional Fund | On Demand | AAAm | 560,216 |
| | | | \$928,183 |

At June 30, 2013, the Authority had the following investments:

| <u>Description</u> | <u>Maturity</u> | <u>Rating</u> | <u>Fair Value</u> |
|---------------------------------------|------------------|---------------|-------------------|
| Federal National Mortgage Association | 8/9/13-6/27/14 | AAA | \$1,053,710 |
| Federal Home Loan Bank | 8/28/13-5/28/14 | AAA | 829,142 |
| US Treasury Notes | 7/15/13-10/15/15 | AAA | 1,844,635 |
| US Treasury Bonds | 2/15/14 | AAA | 204,812 |
| Federal Home Loan Mortgage | 10/28/13 | AAA | 150,359 |
| Freddie Mac | 8/27/14 | AAA | 327,964 |
| | | | \$4,410,622 |

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.

Credit Risk - As of June 30, 2013, the Authority's investments in Federal Home Loan Mortgage and Freddie Mac were rated AAA by Standard & Poor's and Moody's Investor Service. Fidelity Institutional Treasury Fund is not a rated security, as the fund invests in short-term obligations issued by the U.S. Treasury and other instruments collateralized or secured by U.S. Treasury obligations. The U.S. Treasury does not directly or indirectly insure or guarantee the performance of the fund. Treasury obligations have historically involved minimal risk of loss if held to maturity. However, fluctuations in market interest rates may cause the value of Treasury obligations in the Fund's portfolio to fluctuate. The Authority does not have a formal policy relative to credit risk.

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2013:

| | <u>Balance July 1, 2012</u> | <u>Additions</u> | <u>Transfers & Removals</u> | <u>Balance June 30, 2013</u> |
|--|---------------------------------|----------------------|-------------------------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land and land rights | \$ 2,145,924 | \$ - | \$ - | \$ 2,145,924 |
| Federal grant projects in process | 6,275,959 | 9,952,296 | 1,321,720 | 14,906,535 |
| Total capital assets, not being depreciated | <u>8,421,883</u> | <u>9,952,296</u> | <u>1,321,720</u> | <u>17,052,459</u> |
| Capital assets, being depreciated: | | | | |
| Shop, garages and buildings | 100,868,942 | 824,132 | - | 101,693,074 |
| Revenue equipment | 109,788,630 | 24,499,388 | 10,136,625 | 124,151,393 |
| Service vehicles and garage equipment | 4,844,116 | 85,382 | 160,640 | 4,768,858 |
| Furniture and office equipment | 5,575,530 | 236,718 | 437 | 5,811,811 |
| Management information system | 5,298,461 | 782,255 | 8,616 | 6,072,100 |
| Total capital assets being depreciated | <u>226,375,679</u> | <u>26,427,875</u> | <u>10,306,318</u> | <u>242,497,236</u> |
| Total capital assets | <u>234,797,562</u> | <u>36,380,171</u> | <u>11,628,038</u> | <u>259,549,695</u> |
| Less accumulated depreciation for: | | | | |
| Shop, garages and buildings | 27,559,565 | 3,504,479 | - | 31,064,044 |
| Revenue equipment | 48,885,021 | 10,200,316 | 10,113,312 | 48,972,025 |
| Service vehicles and garage equipment | 3,746,123 | 405,003 | 160,639 | 3,990,487 |
| Furniture and office equipment | 2,605,760 | 410,756 | 403 | 3,016,113 |
| Management information system | 4,335,408 | 649,131 | 7,597 | 4,976,942 |
| Total accumulated depreciation | <u>87,131,877</u> | <u>15,169,685</u> | <u>10,281,951</u> | <u>92,019,611</u> |
| Total capital assets being depreciated, net | <u>139,243,802</u> | <u>11,258,190</u> | <u>24,367</u> | <u>150,477,625</u> |
| Capital assets, net | <u>\$ 147,665,685</u> | <u>\$ 21,210,486</u> | <u>\$ 1,346,087</u> | <u>\$ 167,530,084</u> |

Depreciation expense for the fiscal year ended June 30, 2013 was \$15,169,685.

NOTE 4 - CAPITAL REPLACEMENT FUNDS

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

The activity in the capital replacement fund for fiscal year ended June 30, 2013 was as follows:

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

| | |
|---|--------------------|
| Balance at beginning of year | \$4,003,672 |
| Capital replacement deposits | 278,710 |
| Local match payments | (843,147) |
| Investment income | (3,895) |
| Balance at end of year | <u>\$3,435,340</u> |
| | |
| Classified as cash and cash equivalents | \$ 560,216 |
| Classified as investments | 2,875,124 |
| Total cash, cash equivalents and investments | <u>\$3,435,340</u> |

NOTE 5 - SELF INSURANCE

The Authority established an accident and casualty fund as of July 1, 1977 for the purpose of paying all insurance claims and related losses and expenses. This reserve fund is augmented annually by depositing interest income earned on all investments and insurance settlements into the Accident and Casualty fund. The activity in the accident and casualty fund for fiscal years ended June 30, 2013 and 2012 was as follows:

| | <u>2013</u> | <u>2012</u> |
|-------------------------------------|------------------|------------------|
| Balance at beginning of year | \$360,282 | \$359,549 |
| Interest earnings on investments | 736 | 733 |
| Balance at end of year | <u>\$361,018</u> | <u>\$360,282</u> |

Assets restricted at June 30, 2013 and 2012 in the accident and casualty fund amounted to \$361,018 and \$360,282, respectively. For fiscal years 2013 and 2012, \$361,018 and \$135,687, respectively, is classified as cash and cash equivalents and \$0 and \$224,595, respectively, is classified as investments.

It is the intention of the Authority to build this self-insurance fund 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 fund 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 Fund to operating fund 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, 2013

At June 30, 2013 and 2012, 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, 2013 and 2012 was as follows:

| | <u>2013</u> | <u>2012</u> |
|--|---------------------------|---------------------------|
| Amount of claims liabilities, beginning of year | \$6,331,040 | \$6,272,085 |
| Incurred claims | 2,152,642 | 2,431,815 |
| Payments on claims | <u>(2,009,981)</u> | <u>(2,372,860)</u> |
| Amount of claims liabilities, end of year | <u><u>\$6,473,701</u></u> | <u><u>\$6,331,040</u></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, 2013 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, 2013 and June 2012 were as follows:

| | <u>2013</u> | <u>2012</u> |
|-----------------------------------|-------------------------|-------------------------|
| Unpaid claims, beginning of year | \$814,721 | \$774,301 |
| Incurred claims | 14,671,219 | 12,336,801 |
| Payments on claims | <u>(14,717,846)</u> | <u>(12,296,381)</u> |
| Unpaid claims, end of year | <u><u>\$768,094</u></u> | <u><u>\$814,721</u></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 | \$ 12,372,595 | \$ 4,500,000 | \$ 964,971 | \$ 15,907,624 | \$ 929,770 |
| Net pension obligation | 1,741,566 | - | 15,223 | 1,726,343 | - |
| Net OPEB obligation | 29,957,538 | 7,439,200 | - | 37,396,738 | - |
| Accrued self-insurance claims | 6,331,040 | 2,152,642 | 2,009,981 | 6,473,701 | - |
| Total | <u><u>\$ 50,402,739</u></u> | <u><u>\$ 14,091,842</u></u> | <u><u>\$ 2,990,175</u></u> | <u><u>\$ 61,504,406</u></u> | <u><u>\$ 929,770</u></u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

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. In the opinion of the Authority's management and legal counsel, these matters are not anticipated to have a material financial impact on the Authority.

Contract Commitments

The Authority is committed under various contracts in the amount of \$7,220,480 at June 30, 2013.

NOTE 8 - POST-RETIREMENT BENEFITS

Plan Description

The Authority's Post-Employment Medical Benefit Plan is a single-employer defined benefit post-retirement health and life insurance program that is administered through the State of Rhode Island's carrier. The Authority provides lifetime health care and life insurance benefits to substantially all retired employees and their spouses. Health care benefits were paid to 517 retirees during fiscal year ended June 30, 2013 and life insurance benefits were paid to 168 retirees during fiscal year ended June 30, 2013. These benefits are provided through a group insurance policy that covers both active and retired employees. Any changes to these provisions are subject to the Authority's approval. The plan does not issue a separate audit report.

Funding Policy

The Authority's funding policy provides for actuarially determined periodic contributions to the plans at rates that increase gradually over time so that sufficient assets will be available to pay benefits when due. Any changes to these provisions are subject to the Authority's approval. For employees retiring on or before January 1, 2009, the Authority contributes the full health care premium for the retired plan member and their spouse. For employees retiring after January 1, 2009, covered spouses contribute per month for coverage until age 65 and surviving spouses contribute 50% of the health care premium. The Authority contributes the full premium for life insurance for the retired plan member. The annual OPEB cost was determined as part of the July 1, 2012 actuarial valuation using the individual entry age funding method. The actuarial assumptions included a 3.566% discount rate and the RP-2000 Male/Female Combined Healthy Table.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

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

Three-Year Trend Information

| <u>Fiscal</u> <u>Year</u> <u>Ending</u> | <u>Annual</u> <u>OPEB</u> <u>Cost</u> | <u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u> | <u>Net</u> <u>OPEB</u> <u>Obligation</u> |
|--|--|---|---|
| 6/30/2013 | \$8,830,842 | 15.8% | \$37,396,738 |
| 6/30/2012 | \$7,987,503 | 21.1% | \$29,957,538 |
| 6/30/2011 | \$7,561,348 | 16.5% | \$23,659,108 |

The Authority's annual OPEB cost and net OPEB obligation for the year ended June 30, 2013 was as follows:

| | |
|--|----------------------------|
| Annual required contribution | \$ 9,404,885 |
| Interest on net OPEB obligation | 1,068,286 |
| Adjustment to annual required contribution | <u>(1,642,329)</u> |
| Annual OPEB cost | 8,830,842 |
| Contributions made | <u>(1,391,642)</u> |
| Increase in net OPEB obligation | 7,439,200 |
| Net OPEB obligation, beginning of year | <u>29,957,538</u> |
| Net OPEB obligation, end of year | <u><u>\$37,396,738</u></u> |

Schedule of Funding Progress

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

| <u>Actuarial</u> <u>Valuation</u> <u>Date</u> | <u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(AVA)</u> <u>(1)</u> | <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(2)</u> | <u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(2)-(1)</u> <u>(3)</u> | <u>AVA as a</u> <u>Percent</u> <u>of AAL</u> <u>(1)/(2)</u> <u>(4)</u> | <u>Covered</u> <u>Payroll</u> <u>(5)</u> | <u>UAAL as a</u> <u>Percent of</u> <u>Covered</u> <u>Payroll</u> <u>(3)/(5)</u> <u>(6)</u> |
|--|---|---|---|---|---|---|
| 07/01/2012 | \$ - | \$89,111,690 | \$89,111,690 | 0% | \$37,830,337 | 235.6% |
| 07/01/2011 | - | 78,362,433 | 78,362,433 | 0% | 38,801,901 | 202.0% |
| 07/01/2010 | - | 69,647,632 | 69,647,632 | 0% | 36,647,743 | 190.0% |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

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 2013 was determined based on the July 1, 2012 valuation. The annual required contribution was determined using the individual entry age funding method. The unfunded actuarial accrued liability (UAAL) is amortized over a period of 30 years using the 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 UAAL is being amortized over the remainder of an open 30-year period. The Authority makes contributions to the plan on a pay-as-you-go basis. The Board of Directors of the Authority has the authority to establish and/or amend the plan's provisions and the plan's contribution rates.

The individual entry age actuarial funding method is used to determine the annual required contribution amounts and the annual net OPEB obligation. Under this funding method, projected benefits are assumed to accrue on a level annual basis from date of hire to the expected retirement date. Normal cost for a participant is the present value of the projected benefit which accrues in the current plan year. Normal cost for the plan is the sum of the normal costs for all participants. The actuarial assumptions include a 3.566% discount rate and an annual healthcare cost trend of 9% progressively declining to 4% after 9 years. Changes in assumptions between the 2011 and the 2012 valuations include a change in health care cost trend rates. This assumption change was 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, 2013, the Authority received \$40,780,987 from the dedicated gas tax as operating assistance in support of the transit system. The Authority anticipates receiving approximately \$40,662,444 in fiscal year ended June 30, 2014 from the State.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

NOTE 10 – FEDERAL APPROPRIATIONS

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

For fiscal year 2013, RIPTA used \$10,855,217 for preventative maintenance expenses.

NOTE 11 - ELDERLY BUS SERVICE

Beginning July 1, 1994, the Authority entered into an agreement with the Department of Elderly Affairs, Rhode Island Department of Transportation and the Governor's Commission on the Handicapped. The agreement provides for the Rhode Island Public Transit Authority to receive funds to cover the cost of the fixed route elderly bus service provided in accordance with Rhode Island General Law 39-18-4(7), and to fund paratransit services. The funding source for the above revenue is a portion of the one-cent gasoline tax dedicated to the Department of Human Services. For the fiscal year ended June 30, 2013, the Authority recorded \$3,232,381 of contract revenue from this agreement. For fiscal year 2014, RIPTA anticipates receiving \$3,294,701 under this agreement.

NOTE 12 - DUE FROM/TO PRIMARY GOVERNMENT

At June 30, 2013, the Rhode Island Public Transit Authority is owed \$8,629,915 from the State of Rhode Island.

At June 30, 2013, the Rhode Island Public Transit Authority owes \$15,907,624 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.

The amount paid by the State for fiscal year 2013 was \$1,620,472 which included \$964,971 in principal and \$655,501 in interest. The Authority recognized as revenue debt forgiveness the principal amount of \$964,971 and the State paid the interest portion directly in the amount of \$655,501.

For fiscal year 2014, the anticipated amount to be paid by the State will be \$1,659,334, of which \$929,770 is principal and \$729,564 is interest.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

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 liabilities. The net position amount at June 30, 2013 was as follows:

| | |
|---|-----------------------------|
| <i>Net investment in capital assets</i> | \$151,622,460 |
| <i>Unrestricted (deficit)</i> | <u>(36,157,900)</u> |
| <i>Total net position</i> | <u><u>\$115,464,560</u></u> |

NOTE 14 - DEFERRED COMPENSATION PLAN

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

The Authority implemented the Governmental Accounting Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result deferred compensation investments and the respective liability have been removed from the Authority's basic financial statements.

NOTE 15 - PENSION PLANS

A. RIPTA Employees' Pension Plan

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 is administered by the Joint Pension Board. The pension plan eligibility, contributions and benefit provisions are defined in the Rhode Island Public Transit Authority Employee's Pension Plan document. Any changes to these provisions are subject to the collective bargaining process. The plan does not issue a separate audit report.

Plan Description

The Authority has a funded pension plan for all employees (the Rhode Island Public Transit Authority Employees' Pension Plan), for which eligibility to participate begins immediately upon employment. Benefits vest upon completion of ten years of service. Authority employees are eligible to retire upon attainment of age 62 and completion of 5 years of service. Retired employees are entitled to a monthly

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

retirement benefit for life as stipulated in the plan provisions. The plan also provides death and disability benefits. Employees are required to contribute 3% of their base salary to the plan. The remaining contributions to the plan are made by the Authority.

Funding Policy

The Authority's funding policy provides for actuarially determined periodic contributions to the plans at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

Annual Pension Cost and Net Pension Obligation

The Authority's annual pension cost and net pension obligation for the year ended June 30, 2013 was as follows:

| | <i>Bargaining Unit</i> | <i>Salaried Unit</i> |
|--|-----------------------------------|---------------------------------|
| Annual required contribution | \$6,812,113 | \$975,367 |
| Interest on net pension obligation | 143,771 | - |
| Adjustment to annual required contribution | (158,994) | - |
| Annual pension cost | <u>6,796,890</u> | <u>975,367</u> |
| Contributions made | (6,812,113) | (975,367) |
| Decrease in net pension obligation | (15,223) | - |
| Net pension obligation, beginning of year | 1,741,566 | - |
| Net pension obligation, end of year | <u>\$1,726,343</u> | <u>\$ -</u> |

Bargaining Unit

The annual required contribution for the current year was determined as part of the January 1, 2013 and January 1, 2012 actuarial valuations using the frozen attained age actuarial cost method. The actuarial assumptions included a 7.5% investment rate of return and projected salary increases of 3% per year. The actuarial value of assets was determined using values reported by the insurance companies plus due and accrued contributions. The unfunded actuarial accrued liability is being amortized over a closed 30 year period on a level dollar basis.

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
Notes to Financial Statements
June 30, 2013

Three-Year Trend Information

| <i>Fiscal Year Ending</i> | <i>Annual Pension Cost (APC)</i> | <i>Percentage of APC Contributed</i> | <i>Net Pension Obligation</i> |
|--|---|---|--|
| 6/30/2013 | \$6,796,890 | 100% | \$1,726,343 |
| 6/30/2012 | \$6,718,876 | 100% | \$1,741,566 |
| 6/30/2011 | \$6,405,583 | 101% | \$1,755,708 |

Salaried Unit

The annual required contribution for the current year was determined as part of the January 1, 2013 and January 1, 2012 actuarial valuations using the frozen attained age actuarial cost method. The actuarial assumptions included a 7.5% investment rate of return and projected salary increases of 3% per year. The actuarial value of assets was determined using value reported by the insurance companies plus due and accrued contributions. The unfunded actuarial accrued liability is being amortized over a closed 30 year period on a level dollar basis.

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

Three-Year Trend Information

| <i>Fiscal Year Ending</i> | <i>Annual Pension Cost (APC)</i> | <i>Percentage of APC Contributed</i> | <i>Net Pension Obligation</i> |
|--|---|---|--|
| 6/30/2013 | \$975,367 | 100% | \$ - |
| 6/30/2012 | \$937,100 | 100% | \$ - |
| 6/30/2011 | \$890,868 | 100% | \$ - |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

Schedule of Funding Progress

Bargaining Unit

| 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 for Active Participants (5) | UAAL as a Percent of Covered Payroll (3)/(5) (6) |
|---|--|--|--|--|--|---|
| 1/1/2013 | \$70,147,701 | \$102,747,960 | \$32,600,259 | 68.27% | \$30,729,721 | 106.09% |
| 1/1/2012 | \$59,562,995 | \$91,871,976 | \$32,308,981 | 64.83% | \$30,653,198 | 105.40% |
| 1/1/2011 | \$54,778,816 | \$85,237,701 | \$30,458,885 | 64.27% | \$30,242,652 | 100.71% |

Salaried Unit

| 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 for Active Participants (5) | UAAL as a Percent of Covered Payroll (3)/(5) (6) |
|---|--|--|--|--|--|---|
| 1/1/2013 | \$14,355,346 | \$18,751,278 | \$4,395,932 | 76.56% | \$4,828,950 | 91.03% |
| 1/1/2012 | \$12,738,093 | \$17,288,810 | \$4,550,717 | 73.68% | \$4,853,103 | 93.77% |
| 1/1/2011 | \$12,399,340 | \$17,094,043 | \$4,694,703 | 72.54% | \$5,088,131 | 92.27% |

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

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. 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.

Plan Description

All employees who are members of the Local 808 union are eligible to participate in the plan. An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit and have earned at least one of the years of pension credit during the period that his or her employer is contributing to the plan. The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The regular monthly benefit is payable for each year of pension credit at each contribution rate accepted by the

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2013

plan up to \$2.50 per hour. The plan also provides death and disability benefits. Information regarding the plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers' International Union of North America National (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765 or on the internet at www.lnipf.org.

Funding Policy – The contribution requirements of the Authority and employees are established by contract and may be amended by union negotiation. Employees are required to contribute 81 cents per hour up to a maximum of 40 hours per week to the plan for calendar year 2013. The Authority is not required to contribute to the plan.

NOTE 16 - PARA TRANSIT OPERATIONS

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

NOTE 17 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; errors and omissions; workers' compensation claims and self-insured health care. A detail description of the risks associated with the above are described in Notes 1 and 5.

REQUIRED SUPPLEMENTARY INFORMATION

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Required Supplementary Information

Schedule of Funding Progress (1)

"Unaudited"

| <i>Actuarial Valuation Date</i> | <i>Actuarial Value of Assets (AVA)</i> | <i>Actuarial Accrued Liability (AAL)</i> | <i>Unfunded Actuarial Accrued Liability (UAAL) (AAL - AVA)</i> | <i>Funded Ratio (AVA/AAL)</i> | <i>Covered Payroll</i> | <i>UAAL as a Percentage of Covered Payroll</i> |
|---|--|--|--|---------------------------------------|----------------------------|--|
| <i>Salaried Unit Pension Plan (2)</i> | | | | | | |
| 1/1/2013 | \$14,355,346 | \$ 18,751,278 | \$ 4,395,932 | 76.56% | \$ 4,828,950 | 91.03% |
| 1/1/2012 | 12,738,093 | 17,288,810 | 4,550,717 | 73.68% | 4,853,103 | 93.77% |
| 1/1/2011 | 12,399,340 | 17,094,043 | 4,694,703 | 72.54% | 5,088,131 | 92.27% |
| 1/1/2010 | 11,016,648 | 15,845,292 | 4,828,644 | 69.53% | 5,068,303 | 95.27% |
| 1/1/2009 | 9,341,618 | 14,294,858 | 4,953,240 | 65.35% | 5,260,992 | 94.15% |
| 1/1/2008 | 9,225,518 | 15,184,097 | 5,958,579 | 60.76% | 5,507,617 | 108.19% |
| 1/1/2007 | 8,584,242 | 14,341,947 | 5,757,705 | 59.85% | 4,914,984 | 117.15% |
| 1/1/2006 | 9,075,277 | 16,848,040 | 7,772,763 | 53.87% | 7,068,218 | 109.97% |
| 1/1/2005 | 8,230,659 | 15,688,414 | 7,457,755 | 52.46% | 6,897,584 | 108.12% |
| 1/1/2004 | 7,442,204 | 14,050,162 | 6,607,958 | 52.97% | 6,604,025 | 100.06% |
| 1/1/2003 | 6,622,670 | 13,056,167 | 6,433,497 | 50.72% | 6,437,735 | 99.93% |
| 1/1/2002 | 6,446,196 | 12,115,911 | 5,669,715 | 53.20% | 5,522,334 | 102.67% |
| 1/1/2001 | 6,288,035 | 10,847,671 | 4,559,636 | 57.97% | 4,481,180 | 101.75% |
| <i>Bargaining Unit Pension Plan (2)</i> | | | | | | |
| 1/1/2013 | 70,147,701 | 102,747,960 | 32,600,259 | 68.27% | 30,729,721 | 106.09% |
| 1/1/2012 | 59,562,995 | 91,871,976 | 32,308,981 | 64.83% | 30,653,198 | 105.40% |
| 1/1/2011 | 54,778,816 | 85,237,701 | 30,458,885 | 64.27% | 30,242,652 | 100.71% |
| 1/1/2010 | 45,904,451 | 72,503,693 | 26,599,242 | 63.31% | 30,270,456 | 87.87% |
| 1/1/2009 | 34,390,148 | 61,408,539 | 27,018,391 | 56.00% | 30,223,316 | 89.40% |
| 1/1/2008 | 38,102,478 | 61,341,381 | 23,238,903 | 62.12% | 30,204,278 | 76.94% |
| 1/1/2007 | 33,041,123 | 50,260,359 | 17,219,236 | 65.74% | 29,210,919 | 58.95% |
| 1/1/2006 | 26,329,994 | 43,480,559 | 17,150,565 | 60.56% | 24,091,280 | 71.19% |
| 1/1/2005 | 22,854,889 | 40,219,586 | 17,364,697 | 56.83% | 23,706,541 | 73.25% |
| 1/1/2004 | 18,496,569 | 35,584,946 | 17,088,377 | 51.98% | 24,010,191 | 71.17% |
| 1/1/2003 | 13,557,300 | 28,988,352 | 15,431,052 | 46.77% | 21,206,502 | 72.77% |
| 1/1/2002 | 12,668,565 | 28,252,509 | 15,583,944 | 44.84% | 21,276,554 | 73.24% |
| 1/1/2001 | 13,040,965 | 24,910,283 | 11,869,318 | 52.35% | 20,347,877 | 58.33% |
| <i>Postemployment Medical Benefit Plan (3)</i> | | | | | | |
| 7/1/2012 | - | 89,111,690 | 89,111,690 | 0.00% | 37,830,337 | 235.56% |
| 7/1/2011 | - | 78,362,433 | 78,362,433 | 0.00% | 38,801,901 | 201.96% |
| 7/1/2010 | - | 69,647,632 | 69,647,632 | 0.00% | 36,647,743 | 190.05% |
| 7/1/2009 | - | 62,392,160 | 62,392,160 | 0.00% | 36,209,202 | 172.31% |

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

(2) Frozen Attained Age Actuarial Funding Method - allocation is based on earnings; aggregation is used in the calculation process; there are no other methods used to value benefits under the plan

(3) Individual Entry Age Actuarial Funding Method

SUPPLEMENTARY INFORMATION

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Net Position

June 30, 2013

Attachment B

Assets

Current Assets:

| | |
|-----------------------------|--------------|
| Cash and cash equivalents | \$ 3,304,358 |
| Investments | 2,788,952 |
| Receivables (net) | 4,295,449 |
| Due from primary government | 8,629,915 |
| Inventories | 2,341,577 |
| Other assets | 141,744 |

Total current assets 21,501,995

Noncurrent Assets:

| | |
|------------------------------------|-------------|
| Investments | 1,621,670 |
| Capital assets - nondepreciable | 17,052,459 |
| Capital assets - depreciable (net) | 150,477,625 |

Total noncurrent assets 169,151,754

Total assets 190,653,749

Liabilities

Current liabilities:

| | |
|---------------------------|-----------|
| Accounts payable | 7,793,656 |
| Due to primary government | 929,770 |
| Deferred revenue | 31,810 |
| Other liabilities | 5,859,317 |

Total current liabilities 14,614,553

Noncurrent liabilities:

| | |
|-----------------------------|------------|
| Due to primary government | 14,977,854 |
| Net OPEB obligation | 37,396,738 |
| Net pension obligation | 1,726,343 |
| Accrued self insured claims | 6,473,701 |

Total noncurrent liabilities 60,574,636

Total liabilities 75,189,189

Net position

| | |
|----------------------------------|--------------|
| Net investment in capital assets | 151,622,460 |
| Unrestricted | (36,157,900) |

Total net position \$ 115,464,560

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Activities
For the Fiscal Year Ended June 30, 2013

Attachment C

| | |
|--|------------------------------|
| Expenses | <u>\$ 120,040,206</u> |
| Program revenues: | |
| Charges for services | 33,239,375 |
| Operating grants and contributions | 65,072,735 |
| Capital grants and contributions | 28,895,953 |
| Total program revenues | <u>127,208,063</u> |
| Net (Expenses) Revenues | <u>7,167,857</u> |
| General revenues: | |
| Interest and investment earnings | (4,527) |
| Miscellaneous revenue - debt forgiveness | 964,971 |
| Total general revenues | <u>960,444</u> |
| Change in net position | 8,128,301 |
| Total net position - beginning | 107,336,259 |
| Total net position - ending | <u><u>\$ 115,464,560</u></u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Changes in Long Term Debt

For the Fiscal Year Ended June 30, 2013

Attachment E

| | <i>Beginning Balance</i> | <i>Additions</i> | <i>Reductions</i> | <i>Ending Balance</i> | <i>Amounts Due Within One Year</i> | <i>Amounts Due Thereafter</i> |
|---------------------------------------|-------------------------------------|-------------------------|--------------------------|----------------------------------|---|--|
| Bonds payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net unamortized premium/discount | - | - | - | - | - | - |
| Deferred amount on refunding | - | - | - | - | - | - |
| Bonds payable: | - | - | - | - | - | - |
| Notes payable | - | - | - | - | - | - |
| Loans payable | - | - | - | - | - | - |
| Obligations under capital leases | - | - | - | - | - | - |
| Net OPEB obligation | 29,957,538 | 7,439,200 | - | 37,396,738 | - | 37,396,738 |
| Compensated absences | - | - | - | - | - | - |
| Due to primary government | 12,372,595 | 4,500,000 | 964,971 | 15,907,624 | 929,770 | 14,977,854 |
| Due to other governments and agencies | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - |
| Due to component units | - | - | - | - | - | - |
| Net pension obligation | 1,741,566 | - | 15,223 | 1,726,343 | - | 1,726,343 |
| Accrued self insured claims | 6,331,040 | 2,152,642 | 2,009,981 | 6,473,701 | - | 6,473,701 |
| Included in other liabilities: | | | | | | |
| Arbitrage rebate | - | - | - | - | - | - |
| Pollution remediation | - | - | - | - | - | - |
| Other liabilities | <u>50,402,739</u> | <u>14,091,842</u> | <u>2,990,175</u> | <u>61,504,406</u> | <u>929,770</u> | <u>60,574,636</u> |
| | <u>\$ 50,402,739</u> | <u>\$ 14,091,842</u> | <u>\$ 2,990,175</u> | <u>\$ 61,504,406</u> | <u>\$ 929,770</u> | <u>\$ 60,574,636</u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Changes of Tangible Property
For the Fiscal Year Ended June 30, 2013

| | <i>Tangible Property</i> | | | <i>Accumulated Depreciation</i> | | | <i>Net Book Value</i> | | |
|-------------------------------------|-----------------------------------|----------------------|----------------------|------------------------------------|-----------------------------------|----------------------|-----------------------|----------------------|------------------------------------|
| | <i>Balance</i> <i>7/1/2012</i> | <i>Additions</i> | <i>Reductions</i> | <i>Balance</i> <i>6/30/2013</i> | <i>Balance</i> <i>7/1/2012</i> | <i>Additions</i> | | <i>Reductions</i> | <i>Balance</i> <i>6/30/2013</i> |
| Land and land rights | \$ 2,145,924 | \$ - | \$ - | \$ 2,145,924 | \$ - | \$ - | \$ - | \$ - | \$ 2,145,924 |
| Shops, garages and office buildings | 99,296,097 | 824,132 | - | 100,120,229 | 26,744,268 | 3,462,668 | - | 30,206,936 | 69,913,293 |
| Tunnels | 1,572,845 | - | - | 1,572,845 | 815,297 | 41,811 | - | 857,108 | 715,737 |
| Communication system | 5,649,037 | - | - | 5,649,037 | 4,799,210 | 564,052 | - | 5,363,262 | 285,775 |
| Revenue equipment - busses | 81,698,264 | 22,151,661 | 9,315,721 | 94,534,204 | 33,519,196 | 7,245,215 | 9,292,408 | 31,472,003 | 63,062,201 |
| Trolleys | 8,592,306 | - | - | 8,592,306 | 2,475,466 | 611,996 | - | 3,087,462 | 5,504,844 |
| Fare boxes | 4,008,100 | - | - | 4,008,100 | 1,584,797 | 323,106 | - | 1,907,903 | 2,100,197 |
| Service cars and equipment | 2,745,627 | 9,900 | 160,640 | 2,594,887 | 1,968,849 | 322,755 | 160,639 | 2,130,965 | 463,922 |
| Shops and garage equipment | 2,098,489 | 75,482 | - | 2,173,971 | 1,777,274 | 82,248 | - | 1,859,522 | 314,449 |
| Furniture and office equipment | 1,600,100 | 600 | 437 | 1,600,263 | 825,410 | 135,646 | 403 | 960,653 | 639,610 |
| Miscellaneous equipment | 3,975,430 | 236,118 | - | 4,211,548 | 1,780,350 | 275,110 | - | 2,055,460 | 2,156,088 |
| Management information system | 5,298,461 | 782,255 | 8,616 | 6,072,100 | 4,335,408 | 649,131 | 7,597 | 4,976,942 | 1,095,158 |
| Paratransit vans | 9,840,923 | 2,347,727 | 820,904 | 11,367,746 | 6,506,352 | 1,455,947 | 820,904 | 7,141,395 | 4,226,351 |
| Total capital assets | 228,521,603 | 26,427,875 | 10,306,318 | 244,643,160 | 87,131,877 | 15,169,685 | 10,281,951 | 92,019,611 | 152,623,549 |
| Federal grant projects in process | 6,275,959 | 9,952,296 | 1,321,720 | 14,906,535 | - | - | - | - | 14,906,535 |
| Total tangible property | \$ 234,797,562 | \$ 36,380,171 | \$ 11,628,038 | \$ 259,549,695 | \$ 87,131,877 | \$ 15,169,685 | \$ 10,281,951 | \$ 92,019,611 | \$ 167,530,084 |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Schedule of Operating Expenses
For the Year Ended June 30, 2013*

| | |
|----------------------------------|-------------------|
| Administration | |
| Salaries | \$ 337,344 |
| Fringe benefits | 188,606 |
| Legal | 206,808 |
| Supplies | 1,576 |
| Other services | 91,502 |
| Travel and training | 86,592 |
| Total administration | <u>912,428</u> |
| Finance | |
| Salaries | 565,959 |
| Fringe benefits | 418,101 |
| Fringe benefits - retiree health | 1,391,866 |
| Office expense/supplies | 28,040 |
| Utilities | 1,426,353 |
| Other services | 85,872 |
| Travel and training | 13,130 |
| Miscellaneous | 188,585 |
| Tickets & passes | 94,673 |
| Total finance | <u>4,212,579</u> |
| Operations | |
| Wages - drivers | 23,839,402 |
| Wages - other | 9,318,961 |
| Fringe benefits | 23,200,756 |
| Other services | 113,943 |
| Maintenance/service agreements | 244,404 |
| Supplies | 446,301 |
| Travel and training | 6,698 |
| Uniforms | 181,201 |
| Hazardous waste disposal | 87,708 |
| Fuel | 6,370,417 |
| Antifreeze and lubricants | 267,689 |
| Vehicle parts | 3,288,678 |
| Tires and tubes | 544,257 |
| Total operations | <u>67,910,415</u> |
| Marketing | |
| Salaries | 58,262 |
| Fringe benefits | 32,809 |
| Advertising | 217,752 |
| Services | 3,649 |
| Supplies | 198,479 |
| Printing | 173,320 |
| Maintenance agreements | 330 |
| Travel and training | 354 |
| Total marketing | <u>684,955</u> |

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Year Ended June 30, 2013

| | |
|--|-------------------------|
| <i>Human resources</i> | |
| Salaries | 215,880 |
| Fringe benefits | 132,827 |
| Supplies | 1,786 |
| Other services | 130,425 |
| Travel and training | 24,357 |
| <i>Total human resources</i> | <u>505,275</u> |
| <i>Administrative services</i> | |
| Salaries | 962,030 |
| Fringe benefits | 776,383 |
| Supplies | 4,609 |
| Other services | 268,780 |
| Travel and training | 2,595 |
| <i>Total administrative services</i> | <u>2,014,397</u> |
| <i>Risk management</i> | |
| Salaries | 120,929 |
| Fringe benefits | 84,655 |
| Office expense/supplies | 6,856 |
| Other services | 154,560 |
| Insurance | 265,285 |
| Settlements | 930,362 |
| Workers' compensation medical | 101,594 |
| Workers' compensation - other | 712,740 |
| Legal | 371,497 |
| Travel and training | 756 |
| <i>Total risk management</i> | <u>2,749,234</u> |
| <i>Planning and scheduling</i> | |
| Salaries | 1,061,114 |
| Fringe benefits | 730,120 |
| Advertising | 66,211 |
| Other services | 663,269 |
| Travel and training | 7,320 |
| Office expense/supplies | 3,803 |
| <i>Total planning and scheduling</i> | <u>2,531,837</u> |
| <i>Specialized transportation</i> | |
| Salaries | 840,386 |
| Fringe benefits | 717,491 |
| Travel and training | 175 |
| Services | 192,210 |
| Supplies | 6,758 |
| Utilities | 15,390 |
| <i>Total specialized transportation</i> | <u>1,772,410</u> |

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Year Ended June 30, 2013

| | |
|---|-------------------------|
| <i>Paratransit operations</i> | |
| Salaries | 5,388,044 |
| Fringe benefits | 2,635,348 |
| Fuel | 1,080,504 |
| Insurance | 430,408 |
| Supplies | 4,153 |
| Uniforms | 64,441 |
| Travel and training | 6,652 |
| Other services | 16,381 |
| Utilities | 55,227 |
| <i>Total paratransit operations</i> | <u>9,681,158</u> |
| <i>Purchasing</i> | |
| Salaries | 1,023,466 |
| Fringe benefits | 675,928 |
| Supplies | 9,549 |
| Travel and training | 2,425 |
| Uniforms | 2,523 |
| Other services | 71,999 |
| <i>Total purchasing</i> | <u>1,785,890</u> |
| <i>Information technology</i> | |
| Salaries | 411,709 |
| Fringe benefits | 287,906 |
| Travel and training | 4,045 |
| Services | 17,845 |
| Supplies | 24,675 |
| Maintenance agreements | 303,839 |
| <i>Total information technology</i> | <u>1,050,019</u> |
| <i>RIDE</i> | |
| RIDE carriers | 1,778,683 |
| Taxi RIDE providers | 4,010,403 |
| <i>Total RIDE</i> | <u>5,789,086</u> |
| <i>Centralized maintenance</i> | |
| Salaries | 990,032 |
| Fringe benefits | 643,005 |
| Services | 67,957 |
| Lubricants | 55,755 |
| Tire mileage | 21,599 |
| Supplies | 6,457 |
| Repair parts | 735,620 |
| <i>Total centralized maintenance</i> | <u>2,520,425</u> |

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Year Ended June 30, 2013

State of Rhode Island - DOT

| | |
|---|----------------|
| Salaries | 317,167 |
| Fringe benefits | 230,397 |
| Repair parts | 161,212 |
| Other services | 200 |
| Insurance | 17,070 |
| <i>Total State of Rhode Island - DOT</i> | <u>726,046</u> |

Depreciation

15,169,685

Total operating expenses

\$ 120,015,839

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2013

| | <u>Fund 01</u> | <u>Fund 02</u> | <u>Fund 04</u> | <u>Total</u> | <u>Interfund Eliminations</u> | <u>Total</u> |
|---|---------------------|-----------------------|-------------------|---------------------|-----------------------------------|---------------------|
| Operating revenues | | | | | | |
| Passenger | \$ 21,547,853 | \$ - | \$ - | \$ 21,547,853 | \$ - | \$ 21,547,853 |
| Paratransit | 279,288 | 8,324,561 | - | 8,603,849 | (7,551,709) | 1,052,140 |
| Rental | 193,285 | - | - | 193,285 | - | 193,285 |
| Advertising | 583,272 | - | - | 583,272 | - | 583,272 |
| RIDE | 1,968,981 | - | 13,951,909 | 15,920,890 | (7,278,210) | 8,642,680 |
| Other | 1,220,145 | - | - | 1,220,145 | - | 1,220,145 |
| Total operating revenues | <u>25,792,824</u> | <u>8,324,561</u> | <u>13,951,909</u> | <u>48,069,294</u> | <u>(14,829,919)</u> | <u>33,239,375</u> |
| Operating expenses | | | | | | |
| Administration | 912,428 | - | - | 912,428 | - | 912,428 |
| Finance | 4,212,579 | - | - | 4,212,579 | - | 4,212,579 |
| Operations | 67,910,415 | - | - | 67,910,415 | - | 67,910,415 |
| Marketing | 684,955 | - | - | 684,955 | - | 684,955 |
| Human resources | 505,275 | - | - | 505,275 | - | 505,275 |
| Administrative services | 2,014,397 | - | - | 2,014,397 | - | 2,014,397 |
| Risk management | 2,749,234 | - | - | 2,749,234 | - | 2,749,234 |
| Planning and scheduling | 2,531,837 | - | - | 2,531,837 | - | 2,531,837 |
| Specialized transportation | 9,050,620 | - | - | 9,050,620 | (7,278,210) | 1,772,410 |
| Paratransit operations | - | 9,681,158 | - | 9,681,158 | - | 9,681,158 |
| Purchasing | 1,785,890 | - | - | 1,785,890 | - | 1,785,890 |
| Informational technology | 1,050,019 | - | - | 1,050,019 | - | 1,050,019 |
| RIDE | - | - | 13,340,795 | 13,340,795 | (7,551,709) | 5,789,086 |
| Centralized maintenance | 2,520,425 | - | - | 2,520,425 | - | 2,520,425 |
| State of Rhode Island - DOT | 726,046 | - | - | 726,046 | - | 726,046 |
| Depreciation | 15,169,685 | - | - | 15,169,685 | - | 15,169,685 |
| Total operating expenses | <u>111,823,805</u> | <u>9,681,158</u> | <u>13,340,795</u> | <u>134,845,758</u> | <u>(14,829,919)</u> | <u>120,015,839</u> |
| Operating income (loss) | <u>(86,030,981)</u> | <u>(1,356,597)</u> | <u>611,114</u> | <u>(86,776,464)</u> | <u>-</u> | <u>(86,776,464)</u> |
| Nonoperating revenues (expenses) | | | | | | |
| State of RI gas tax | 40,780,987 | - | - | 40,780,987 | - | 40,780,987 |
| State of RI - DEA gas tax | 3,232,381 | - | - | 3,232,381 | - | 3,232,381 |
| Operating grants | 21,059,367 | - | - | 21,059,367 | - | 21,059,367 |
| Investment income | (4,527) | - | - | (4,527) | - | (4,527) |
| Debt forgiveness | 964,971 | - | - | 964,971 | - | 964,971 |
| Loss on disposal of capital assets | (24,367) | - | - | (24,367) | - | (24,367) |
| Total nonoperating revenues (expenses) | <u>66,008,812</u> | <u>-</u> | <u>-</u> | <u>66,008,812</u> | <u>-</u> | <u>66,008,812</u> |
| Income (loss) before capital contributions | <u>(20,022,169)</u> | <u>(1,356,597)</u> | <u>611,114</u> | <u>(20,767,652)</u> | <u>-</u> | <u>(20,767,652)</u> |
| Capital contributions | <u>28,895,745</u> | <u>208</u> | <u>-</u> | <u>28,895,953</u> | <u>-</u> | <u>28,895,953</u> |
| Change in in net position | <u>\$ 8,873,576</u> | <u>\$ (1,356,389)</u> | <u>\$ 611,114</u> | <u>\$ 8,128,301</u> | <u>\$ -</u> | <u>\$ 8,128,301</u> |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Travel and Entertainment

For the Year Ended June 30, 2013

| <u><i>Traveler's Name</i></u> | <u><i>Purpose</i></u> | <u><i>Amount</i></u> |
|-------------------------------|--|----------------------|
| David Joseph | TSI Fund Accident Investigation | \$ 293.25 |
| Thomas Arseneault | TSI Fund Accident Investigation | 293.25 |
| Lori Richards | TSI Adv Problems Collision Investigation | 390.50 |
| Lori Richards | TSI Adv Problems Collision Investigation | 80.00 |
| Lori Richards | TSI Adv Problems Collision Investigation | 500.40 |
| David Joseph | TSI Fund Accident Investigation | 677.30 |
| Thomas Arseneault | TSI Fund Accident Investigation | 677.30 |
| Joel Darelus | Bus Inspection | 1,188.50 |
| Joel Darielus | Bus Inspection | 289.50 |
| David Joseph | TSI Fund Accident Investigation | 50.00 |
| Paul Laflamme | ATMS Field Acceptance Training | 378.35 |
| Thomas Arseneault | TSI Fund Accident Investigation | 99.00 |
| Richard Sullivan | ATMS Field Acceptance Training | 91.50 |
| Roger Mencarini | FTA Bus Procurement Training | 51.00 |
| Thomas LaPlante | ATMS Field Acceptance Training | 91.50 |
| John Toohey | ATMS Field Acceptance Training | 91.50 |
| Michael McGrane | FTA Bus Procurement Training | 47.00 |
| John Toohey | ATMS Field Acceptance Training | 427.20 |
| Richard Sullivan | ATMS Field Acceptance Training | 432.84 |
| Paul Laflamme | ATMS Field Acceptance Training | 414.84 |
| Thomas Laplante | ATMS Field Acceptance Training | 409.20 |
| Vincent Reina | ATMS Field Acceptance Training | 425.20 |
| Thomas Arseneault | TSI Fund Accident Investigation | 467.40 |
| David Joseph | TSI Fund Accident Investigation | 485.71 |
| Brian Marquis | Hastus Int'l User Group | 1,096.20 |
| Kevin Perry | Smart Card Alliance Conference | 243.60 |
| Lori Richards | TSI Adv Problems Collision Investigation | 715.95 |
| Kevin Perry | Smart Card Alliance Conference | 165.00 |
| Roger Mencarini | NEPTA Tri-State Conference | 557.64 |
| Brian Marquis | Hastus Int'l User Group | 319.50 |
| Cristy Raposo | Clean Air Award | 106.50 |
| Vincent Reina | ATMS Field Acceptance Training | 91.50 |
| Kevin Perry | Smart Card Alliance Conference | 403.30 |
| Brian Marquis | Hastus Int'l User Group | 634.67 |
| Cristy Raposo | Clean Air Award | 189.60 |
| David Joseph | TSI Fund Accident Investigation | (18.31) |
| Mark Therrien | TRB Rapid Transit Conference | 1,389.50 |
| Joel Darelus | Gillig - Bus Inspection | 274.50 |
| Francis Rose | Gillig - Bus Inspection | 640.50 |
| Joel Darelus | Gillig - Bus Inspection | 931.80 |
| Francis Rose | Gillig - Bus Inspection | 1,688.20 |
| Marian Lonczak | Gillig - Bus Inspection | 274.50 |
| Marian Lonczak | Gillig - Bus Inspection | 1,161.62 |

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Travel and Entertainment

For the Year Ended June 30, 2013

| <u><i>Traveler's Name</i></u> | <u><i>Purpose</i></u> | <u><i>Amount</i></u> |
|-------------------------------|--------------------------|----------------------------|
| Raymond Studley | TSA Conference | 248.50 |
| Lisa D'Arezzo | FTA Training | 274.50 |
| Joel Darelius | Gillig - Bus Inspection | 74.99 |
| Francis Rose | Gillig - Bus Inspection | 499.98 |
| Marian Lonczak | Gillig - Bus Inspection | 135.92 |
| Lisa D'Arezzo | FTA Training | 643.01 |
| Ray Studley | TSA Conference | 835.42 |
| Francis Rose | Gillig - Bus Inspection | 579.50 |
| Roger Mencarini | NEPTA Conference | 241.75 |
| Francis Rose | Gillig bus inspection | 1,617.70 |
| Marian Lonczak | Gillig bus inspection | 1,953.40 |
| Francis Rose | Gillig bus inspection | 1,718.02 |
| Francis Rose | Gillig bus inspection | 701.50 |
| Marian Lonczak | Gillig bus inspection | 274.50 |
| Paul Laflamme | Xerox ITS | 587.64 |
| Paul Laflamme | Xerox ITS | 423.88 |
| Marian Lonczak | Gillig bus inspection | 249.98 |
| Francis Rose | Gillig bus inspection | 469.34 |
| Francis Rose | Gillig bus inspection | 554.95 |
| Lisa D'Arezzo | FTA Training | (45.75) |
| Elaine Roffo | Sungard Conf | 1,446.80 |
| Vincent Reina | Sungard Conf | 1,502.70 |
| James Vincent | NTI DBE training | 1,030.48 |
| James Vincent | NTI DBE training | 233.50 |
| James Vincent | Triennial review seminar | 141.26 |
| | | <u><u>\$ 35,611.48</u></u> |



STATISTICAL SECTION

Comprehensive Annual Financial Report

Statistical Section

This part of the RIPTA'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 RIPTA's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the RIPTA'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 RIPTA'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 RIPTA'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 RIPTA's financial report relates to the service the RIPTA provides and the activity it performs.

- Fare Structure
- Operating Indicators

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

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Shops, garages, and office buildings | \$ 56,259,919 | \$ 56,324,203 | \$ 56,526,762 | \$ 56,548,466 | \$ 56,548,466 | \$ 56,548,468 | \$ 56,577,568 | \$ 98,304,879 | \$ 99,296,097 | \$ 100,120,229 |
| Tunnels | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 | 1,572,845 |
| Communication system | 7,308,026 | 7,319,148 | 5,631,926 | 5,631,926 | 5,649,037 | 5,649,037 | 5,649,037 | 5,649,037 | 5,649,037 | 5,649,037 |
| Revenue equipment-buses | 57,133,493 | 55,915,162 | 65,583,547 | 65,916,312 | 65,346,226 | 63,435,848 | 62,673,957 | 86,968,271 | 81,698,264 | 94,534,204 |
| Trolleys | 6,729,015 | 6,729,015 | 6,729,015 | 6,729,015 | 6,729,015 | 6,729,015 | 4,701,613 | 10,636,348 | 8,592,306 | 8,592,306 |
| Fare boxes | 1,102,368 | 1,099,868 | 1,099,868 | 1,099,868 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 | 4,008,100 |
| Service cars and equipment | 1,638,031 | 1,645,415 | 1,699,005 | 1,699,005 | 1,941,605 | 1,941,604 | 2,647,599 | 2,982,293 | 2,745,627 | 2,594,887 |
| Shops and garage equipment | 1,748,811 | 1,755,646 | 1,754,020 | 1,758,263 | 1,758,263 | 1,754,413 | 1,996,084 | 2,100,040 | 2,097,922 | 2,173,971 |
| Furniture and office equipment | 916,591 | 885,369 | 882,084 | 922,587 | 919,968 | 925,085 | 935,123 | 995,525 | 1,605,420 | 1,600,263 |
| Miscellaneous equipment | 1,099,199 | 1,104,077 | 1,646,880 | 1,928,259 | 2,362,701 | 2,835,859 | 2,989,156 | 3,189,642 | 3,975,423 | 4,211,548 |
| Management information systems | 2,937,844 | 2,636,605 | 2,517,970 | 2,524,174 | 2,631,387 | 2,647,684 | 4,675,672 | 5,118,557 | 5,293,715 | 6,072,100 |
| Leased Paratransit vans | 9,045,088 | 8,623,304 | 8,789,991 | 11,348,857 | 9,303,134 | 11,325,351 | 9,278,837 | 11,534,086 | 9,840,923 | 11,367,746 |
| Total capital assets being depreciated | <u>147,491,230</u> | <u>145,610,657</u> | <u>154,433,913</u> | <u>157,679,577</u> | <u>158,770,747</u> | <u>159,373,309</u> | <u>157,705,591</u> | <u>233,059,623</u> | <u>226,375,679</u> | <u>242,497,236</u> |
| Accumulated depreciation | (56,359,250) | (58,674,816) | (64,284,775) | (74,731,714) | (81,692,465) | (88,498,631) | (84,705,892) | (81,471,768) | (87,131,877) | (92,019,611) |
| Total capital assets being depreciated, net | <u>91,131,980</u> | <u>86,935,841</u> | <u>90,149,138</u> | <u>82,947,863</u> | <u>77,078,282</u> | <u>70,874,678</u> | <u>72,999,699</u> | <u>151,587,855</u> | <u>139,243,802</u> | <u>150,477,625</u> |
| Land | 2,036,797 | 2,036,797 | 2,036,797 | 2,036,797 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 | 2,145,924 |
| Federal grant projects in process | 344,973 | 842,730 | 797,404 | 4,499,187 | 4,411,466 | 21,901,664 | 38,665,311 | 3,893,927 | 6,275,959 | 14,906,535 |
| Total Invested in Capital Assets | <u>\$ 93,513,750</u> | <u>\$ 89,815,368</u> | <u>\$ 92,983,339</u> | <u>\$ 89,483,847</u> | <u>\$ 83,635,672</u> | <u>\$ 94,922,266</u> | <u>\$ 113,810,934</u> | <u>\$ 157,627,706</u> | <u>\$ 147,665,685</u> | <u>\$ 167,530,084</u> |

Source:RIPTA Annual Audited Financial Statements

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|--------------------|
| ASSETS: | | | | | | | | | | |
| Capital Assets | \$93,513,750 | \$89,815,368 | \$92,983,339 | \$89,483,847 | \$83,635,672 | \$94,922,266 | \$113,810,934 | \$157,627,706 | \$147,665,685 | 167,530,084 |
| Other Assets | <u>13,388,044</u> | <u>14,005,712</u> | <u>17,698,338</u> | <u>20,214,544</u> | <u>18,169,413</u> | <u>20,573,089</u> | <u>20,803,447</u> | <u>22,315,056</u> | <u>22,659,721</u> | <u>23,123,665</u> |
| Total Assets | <u>106,901,794</u> | <u>103,821,080</u> | <u>110,681,677</u> | <u>109,698,391</u> | <u>101,805,085</u> | <u>115,495,355</u> | <u>134,614,381</u> | <u>179,942,762</u> | <u>170,325,406</u> | <u>190,653,749</u> |
| LIABILITIES: | | | | | | | | | | |
| Current Liabilities | 8,965,151 | 9,172,326 | 9,977,948 | 12,294,049 | 12,241,844 | 14,161,257 | 13,549,821 | 12,473,314 | 13,551,379 | 14,614,553 |
| Long-term Liabilities | <u>9,443,904</u> | <u>9,304,225</u> | <u>9,769,454</u> | <u>9,625,518</u> | <u>16,433,615</u> | <u>26,793,735</u> | <u>32,927,227</u> | <u>43,953,177</u> | <u>49,437,768</u> | <u>60,574,636</u> |
| Total Liabilities | <u>18,409,055</u> | <u>18,476,551</u> | <u>19,747,402</u> | <u>21,919,567</u> | <u>28,675,459</u> | <u>40,954,992</u> | <u>46,477,048</u> | <u>56,426,491</u> | <u>62,989,147</u> | <u>75,189,189</u> |
| NET POSITION: | | | | | | | | | | |
| Unrestricted Net Position (Deficit) | (5,021,011) | (4,470,839) | (2,049,064) | (1,705,023) | (10,506,046) | (12,442,776) | (16,512,606) | (21,226,895) | (27,956,831) | (36,157,900) |
| Net investment In Capital Assets | <u>93,513,750</u> | <u>89,815,368</u> | <u>92,983,339</u> | <u>89,483,847</u> | <u>83,635,672</u> | <u>86,983,139</u> | <u>104,649,939</u> | <u>144,743,166</u> | <u>135,293,090</u> | <u>151,622,460</u> |
| Total Net Position | <u>\$88,492,739</u> | <u>\$85,344,529</u> | <u>\$90,934,275</u> | <u>\$87,778,824</u> | <u>\$73,129,626</u> | <u>\$74,540,363</u> | <u>\$88,137,333</u> | <u>\$123,516,271</u> | <u>\$107,336,259</u> | <u>115,464,560</u> |

Source: RIPTA Annual Audited Financial Statements

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|----------------------|----------------------|--------------------|----------------------|-----------------------|--------------------|---------------------|---------------------|-----------------------|--------------------|
| Operating Revenues: | | | | | | | | | | |
| Passenger Revenue | \$14,378,623 | \$19,988,875 | \$21,969,622 | \$23,107,059 | \$24,210,993 | \$24,853,200 | \$19,778,436 | \$21,564,851 | \$ 21,147,737 | \$ 21,547,853 |
| Other Revenues | 7,573,140 | 7,675,199 | 8,147,372 | 8,538,764 | 8,432,169 | 9,156,452 | 7,918,563 | 9,524,953 | 12,190,461 | 11,691,522 |
| Total Operating Revenue | <u>21,951,763</u> | <u>27,664,074</u> | <u>30,116,994</u> | <u>31,645,823</u> | <u>32,643,162</u> | <u>34,009,652</u> | <u>27,696,999</u> | <u>31,089,804</u> | <u>33,338,198</u> | <u>33,239,375</u> |
| Operating Expenses | 71,311,484 | 73,133,783 | 79,643,481 | 83,673,159 | 97,310,816 | 95,271,016 | 96,263,187 | 102,154,502 | 103,947,502 | 104,846,154 |
| Depreciation Expense | <u>9,002,167</u> | <u>9,937,330</u> | <u>10,066,326</u> | <u>10,536,632</u> | <u>10,632,983</u> | <u>9,814,455</u> | <u>9,484,280</u> | <u>12,673,713</u> | <u>14,943,582</u> | <u>15,169,685</u> |
| Operating Loss | (58,361,888) | (55,407,039) | (59,592,813) | (62,563,968) | (75,300,637) | (71,075,819) | (78,050,468) | (83,738,411) | (85,552,886) | (86,776,464) |
| Non-operating Revenues(Expenses): | | | | | | | | | | |
| State of RI gas tax | 31,868,219 | 30,218,664 | 34,840,726 | 34,108,373 | 32,724,644 | 33,613,398 | 41,788,014 | 41,025,227 | 40,945,215 | 40,780,987 |
| Grants | 12,735,107 | 12,609,255 | 13,793,116 | 16,068,970 | 20,601,873 | 21,181,376 | 21,853,994 | 24,372,884 | 20,694,389 | 21,059,367 |
| Investment income | 2,907 | 55,637 | 275,011 | 423,140 | 382,190 | 104,475 | 41,817 | 54,766 | 33,001 | (4,527) |
| State of RI - DEA gas tax | 3,728,800 | 3,713,000 | 3,757,550 | 3,701,150 | 3,582,650 | 3,476,000 | 3,382,654 | 3,341,398 | 3,317,009 | 3,232,381 |
| Other non-operating revenue | 3 | 7 | | | | | | | | |
| Loss on disposal of assets | (5,331) | (4,509) | (7,622) | 8,476 | (68,763) | (397,678) | (197,970) | (5,455) | (111,049) | (24,367) |
| Debt forgiveness | - | - | - | - | - | - | - | - | - | 964,971 |
| Debt service | (387,969) | (581,595) | (649,753) | (684,153) | (675,239) | (693,341) | (386,869) | (483,462) | (410,079) | - |
| Total Non-operating Revenues(Expenses) | <u>47,941,736</u> | <u>46,010,459</u> | <u>52,009,028</u> | <u>53,625,956</u> | <u>56,547,355</u> | <u>57,284,230</u> | <u>66,481,640</u> | <u>68,305,358</u> | <u>64,468,486</u> | <u>66,008,812</u> |
| Net Loss | (10,420,152) | (9,396,580) | (7,583,785) | (8,938,012) | (18,753,282) | (13,791,589) | (11,568,828) | (15,433,053) | (21,084,400) | (20,767,652) |
| Capital Contribution | <u>9,181,043</u> | <u>6,241,621</u> | <u>13,173,531</u> | <u>5,782,561</u> | <u>4,104,084</u> | <u>20,657,398</u> | <u>25,165,798</u> | <u>50,811,991</u> | <u>4,904,388</u> | <u>28,895,953</u> |
| Change in Net Position | <u>(\$1,239,109)</u> | <u>(\$3,154,959)</u> | <u>\$5,589,746</u> | <u>(\$3,155,451)</u> | <u>(\$14,649,198)</u> | <u>\$6,865,809</u> | <u>\$13,596,970</u> | <u>\$35,378,938</u> | <u>(\$16,180,012)</u> | <u>\$8,128,301</u> |

Source: RIPTA Annual Audited Financial Statements

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

| Operating Expenses | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Administration | \$ 712,037.00 | \$ 560,763 | \$ 720,405 | \$ 555,537 | \$ 719,851 | \$ 612,889 | \$ 745,630 | \$ 1,051,673 | \$ 831,055 | \$ 912,428 |
| Finance | 2,482,382.00 | 2,363,268 | 3,404,523 | 2,743,533 | 2,856,185 | 3,546,753 | 2,542,358 | 2,914,240 | 3,360,279 | 4,212,579 |
| Operations | 45,277,835.00 | 47,813,147 | 51,307,167 | 54,212,301 | 64,820,427 | 62,621,671 | 62,886,241 | 64,852,587 | 66,301,762 | 67,910,415 |
| Marketing | 1,328,572.00 | 1,577,699 | 1,670,142 | 1,880,410 | 2,159,260 | 1,992,280 | 2,053,360 | 2,261,023 | 2,399,414 | 684,955 |
| Human Resources | 688,544.00 | 658,635 | 711,954 | 770,135 | 911,810 | 775,889 | 820,430 | 1,083,730 | 1,236,857 | 505,275 |
| Administrative Services | - | - | - | - | - | - | - | - | - | 2,014,397 |
| Risk Management | 4,705,682.00 | 2,837,954 | 2,401,902 | 2,140,186 | 2,384,043 | 2,811,779 | 2,959,890 | 3,960,334 | 3,124,406 | 2,749,234 |
| Planning & Scheduling | 1,070,081.00 | 1,003,344 | 978,135 | 1,076,458 | 1,522,115 | 1,795,816 | 1,731,730 | 2,031,745 | 2,749,057 | 2,531,837 |
| Specialized Transportation | 1,441,103.00 | 1,560,467 | 1,845,550 | 1,866,492 | 2,127,343 | 2,194,668 | 2,209,427 | 2,252,563 | 1,702,980 | 1,772,410 |
| Paratransit Operations | 5,089,481.00 | 5,997,339 | 6,710,057 | 7,663,243 | 8,574,177 | 8,315,993 | 8,820,120 | 9,143,192 | 9,528,144 | 9,681,158 |
| Purchasing | 995,935.00 | 1,082,951 | 970,931 | 1,243,539 | 1,308,288 | 1,354,314 | 1,458,570 | 1,471,253 | 1,628,566 | 1,785,890 |
| Flex | 829,587.00 | 934,573 | 1,029,084 | 1,180,456 | 1,456,972 | 1,549,183 | 1,661,692 | 1,850,649 | 1,658,143 | - |
| MIS | 654,725.00 | 657,489 | 855,711 | 735,032 | 733,097 | 861,059 | 785,047 | 908,176 | 717,103 | 1,050,019 |
| Ferry | 678,082.00 | 642,942 | 601,101 | 620,831 | 637,978 | 386,042 | 50,251 | - | - | - |
| RIDE | 3,392,019.00 | 3,508,671 | 3,788,469 | 4,327,987 | 4,277,150 | 3,662,446 | 4,328,300 | 5,150,770 | 5,557,983 | 5,789,086 |
| Centralized Transportation | 1,734,956.00 | 1,514,680 | 1,692,114 | 1,579,203 | 1,757,504 | 1,738,311 | 2,178,137 | 2,247,392 | 2,385,326 | 2,520,425 |
| Facilities Engineering | 230,463.00 | 395,033 | 400,714 | 431,828 | 481,480 | 452,696 | 419,723 | 362,581 | - | - |
| State of RI-DOT | - | 24,828 | 555,522 | 645,988 | 583,136 | 599,227 | 612,281 | 612,594 | 666,427 | 726,046 |
| Depreciation | 9,002,167.00 | 9,937,330 | 10,066,326 | 10,536,632 | 10,632,983 | 9,814,455 | 9,484,280 | 12,673,713 | 14,943,582 | 15,169,685 |
| Operating Expenses | 80,313,651.00 | 83,071,113 | 89,709,807 | 94,209,791 | 107,943,799 | 105,085,471 | 105,747,467 | 114,828,215 | 118,791,084 | 120,015,839 |
| Non-operating Expenses | | | | | | | | | | |
| Interest Expense | 17,488.00 | 9,865 | 2,972 | - | - | - | - | - | - | - |
| Debt Service | 387,969.00 | 581,595 | 649,753 | 684,153 | 675,239 | 693,341 | 386,869 | 483,462 | 410,079 | - |
| | 405,457.00 | 591,460 | 652,725 | 684,153 | 675,239 | 693,341 | 386,869 | 483,462 | 410,079 | - |
| Total Expenses | 80,719,108.00 | \$ 83,662,573 | \$ 90,362,532 | \$ 94,893,944 | \$ 108,619,038 | \$ 105,778,812 | \$ 106,134,336 | \$ 115,311,677 | \$ 119,201,163 | \$ 120,015,839 |

Source: RIPTA Annual Audited Financial Statements

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

| Operating Revenues | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
| Passenger Fares | \$13,930,782 | \$19,504,737 | \$21,374,315 | \$22,451,422 | \$23,480,485 | \$24,044,176 | \$18,048,941 | \$19,778,407 | \$ 21,147,737 | \$ 21,547,853 |
| Paratransit | 447,841 | 484,138 | 595,307 | 655,637 | 730,508 | 809,024 | 1,729,495 | 1,786,444 | 1,911,627 | 1,052,140 |
| Rental | 117,218 | 113,392 | 121,973 | 124,690 | 138,512 | 127,418 | 151,171 | 192,096 | 195,707 | 193,285 |
| Advertising | 395,372 | 360,899 | 270,417 | 416,580 | 415,875 | 497,887 | 554,516 | 579,260 | 546,020 | 583,272 |
| RIDE | 6,829,146 | 6,762,201 | 6,857,791 | 6,959,762 | 6,878,903 | 6,563,964 | 6,157,915 | 7,163,120 | 7,884,343 | 8,642,680 |
| Other | 231,404 | 438,707 | 897,191 | 1,037,732 | 998,879 | 1,967,283 | 1,054,961 | 1,590,477 | 1,652,764 | 1,220,145 |
| Total operating revenues | 21,951,763 | 27,664,074 | 30,116,994 | 31,645,823 | 32,643,162 | 34,009,752 | 27,696,999 | 31,089,804 | 33,338,198 | 33,239,375 |
| Non-operating Revenues | | | | | | | | | | |
| State of RI gas tax | 31,868,219 | 30,218,664 | 34,840,726 | 34,108,373 | 32,724,644 | 33,613,398 | 41,788,014 | 41,025,227 | 40,945,215 | 40,780,987 |
| Federal and State Grants | 12,735,107 | 12,609,255 | 13,793,116 | 16,068,970 | 20,601,876 | 21,181,376 | 21,853,994 | 27,372,884 | 20,694,389 | 21,059,367 |
| Investment Income | 20,395 | 65,502 | 277,983 | 423,140 | 382,190 | 104,475 | 41,817 | 54,766 | 33,001 | (4,527) |
| State of RI - DEA gas tax | 3,728,800 | 3,713,000 | 3,757,550 | 3,701,150 | 3,582,650 | 3,476,000 | 3,382,654 | 3,341,398 | 3,317,009 | 3,232,381 |
| Debt Forgiveness | - | - | - | - | - | - | - | - | - | 964,971 |
| Other non-operating revenue | 2,836 | 6,756 | - | - | - | - | - | - | - | - |
| Gain(Loss) on disposal of Assets | (5,331) | (4,509) | (7,622) | 8,476 | (68,763) | (397,678) | (197,970) | (5,455) | (111,049) | (24,367) |
| Total non-operating revenues | 48,350,026 | 46,608,668 | 52,661,753 | 54,310,109 | 57,222,597 | 57,977,571 | 66,868,509 | 71,788,820 | 64,878,565 | 66,008,812 |
| Total Revenues | \$70,301,789 | \$74,272,742 | \$82,778,747 | \$85,955,932 | \$89,865,759 | \$91,987,323 | \$94,565,508 | \$102,878,624 | \$98,216,763 | \$ 99,248,187 |

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) |
|----------------|---------------|-----------------------|-------------------------|-------------------|-------------------------|-------------------------|
| 2004 | 1,071,095 | 36,453 | 33,733 | 562,289 | 159,205 | 5.20% |
| 2005 | 1,064,439 | 38,907 | 36,153 | 569,451 | 158,592 | 5.00% |
| 2006 | 1,058,991 | 39,054 | 36,289 | 578,243 | 153,560 | 5.10% |
| 2007 | 1,053,136 | 41,745 | 39,463 | 576,987 | 153,417 | 5.00% |
| 2008 | 1,050,788 | 43,091 | 41,008 | 567,597 | 151,619 | 7.80% |
| 2009 | 1,053,209 | 43,185 | 41,003 | 567,093 | 145,342 | 11.20% |
| 2010 | 1,052,567 | 44,801 | 42,579 | 566,166 | 145,231 | 10.30% |
| 2011 | 1,051,302 | 46,294 | 43,992 | 563,506 | 142,854 | 11.27% |
| 2012 | 1,050,292 | 47,253 | 44,990 | 560,428 | 142,481 | 10.42% |
| 2013 | 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 2011
(Unaudited)

| 2011 | | | | 2004 | | | |
|------|--------------------------------------|-----------|-----------------------|------|---------------------------------------|-----------|-----------------------|
| Rank | Name of Company | Employees | % of Total Employment | Rank | Name of Company | Employees | % of Total Employment |
| 1 | Lifespan | 11,869 | 22.59% | 1 | Lifespan | 11,110 | 22.20% |
| 2 | Roman Catholic Diocese of Providence | 5,800 | 11.80% | 2 | Care New England | 5,858 | 11.70% |
| 3 | Care New England | 5,953 | 11.33% | 3 | Roman Catholic Diocese of Providence | 5,630 | 11.25% |
| 4 | CVS Corporation | 5,800 | 11.04% | 4 | CVS Corp | 5,183 | 10.36% |
| 5 | Citizens Financial Group | 4,991 | 9.50% | 5 | Royal Bank of Scotland(Citizens Bank) | 4,984 | 9.96% |
| 6 | Brown University | 4,800 | 9.14% | 6 | Stop & Shop Supermarkets | 4,555 | 9.10% |
| 7 | Stop & Shop Supermarkets | 3,632 | 6.91% | 7 | Brown University | 4,450 | 8.89% |
| 8 | Bank of America | 3,500 | 6.66% | 8 | Bank of America | 3,636 | 7.26% |
| 9 | Fidelity Investments | 2,934 | 5.59% | 9 | Rhode Island Arc | 2,383 | 4.76% |
| 10 | Rhode Island ARC | 2,851 | 5.43% | 10 | Shaws Supermarkets | 2,260 | 4.52% |

Source: Rhode Island Economic Development Corporation
This information is no longer available by the RIDEDEC after the year 2011
This Schedule will no longer be presented after fiscal year 2013

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

Fare Products

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash | | | | | | | | | | | |
| Cash-Full Fare | \$ 1.25 | \$ 1.25 | \$ 1.50 | \$ 1.50 | \$ 1.50 | \$ 1.50 | \$ 1.75 | \$ 1.75 | \$ 2.00 | \$ 2.00 | \$ 2.00 |
| Cash-Half Fare | \$ 0.60 | \$ 0.60 | \$ 0.75 | \$ 0.75 | \$ 0.75 | \$ 0.75 | \$ 0.85 | \$ 0.85 | \$ 1.00 | \$ 1.00 | \$ 1.00 |
| Cash-Short Zone | \$ 0.50 | \$ 0.50 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Passes | | | | | | | | | | | |
| Monthly Passes | \$ 45.00 | \$ 45.00 | \$ 45.00 | \$ 45.00 | \$ 55.00 | \$ 55.00 | \$ 55.00 | \$ 55.00 | \$ 62.00 | \$ 62.00 | \$ 62.00 |
| 1 Day Pass | \$ - | \$ - | \$ - | \$ - | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 6.00 | \$ 6.00 | \$ 6.00 |
| 7 Day Pass | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 20.00 | \$ 20.00 | \$ 23.00 | \$ 23.00 | \$ 23.00 |
| 15 Ride Pass | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 20.00 | \$ 23.00 | \$ 23.00 | \$ 26.00 | \$ 26.00 | \$ 26.00 |
| RIPTIKS | | | | | | | | | | | |
| RIPTIKS(Book of 10) | \$ - | \$ - | \$ 13.50 | \$ 13.50 | \$ 15.00 | \$ 15.00 | \$ 17.50 | \$ 17.50 | \$ 20.00 | \$ 20.00 | \$ 20.00 |
| Transfers | | | | | | | | | | | |
| Cash-Transfer | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 |
| Cash Half Fare Transfer | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0.05 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 |

Rhode Island Public Transit Authority
 Operating Indicators
 Last Ten Years
 (Unaudited)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Customers | 20,245,918 | 21,975,506 | 24,280,823 | 25,943,883 | 20,768,535 | 18,617,900 | 18,016,223 | 18,237,728 | 20,092,225 | 19,874,900 |
| Vehicle Hours | 909,272 | 918,542 | 931,303 | 930,987 | 955,943 | 940,505 | 947,724 | 961,430 | 982,525 | 907,244 |
| Vehicle Miles | 11,511,150 | 11,529,375 | 11,779,355 | 11,885,387 | 12,205,668 | 12,342,516 | 12,611,825 | 12,855,798 | 13,274,669 | 13,012,739 |
| Peak Fleet Request | 324 | 328 | 322 | 328 | 330 | 322 | 320 | 333 | 306 | 305 |
| Total Active Fleet | 371 | 370 | 406 | 406 | 389 | 396 | 388 | 402 | 384 | 389 |
| Number of Employees | 893 | 925 | 829 | 840 | 844 | 830 | 846 | 815 | 794 | 766 |

Source: National Transit Data for all Data except Customers. Customers from monthly CEO Report



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 (RIPTA) a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise RIPTA's basic financial statements, and have issued our report thereon dated September 23, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RIPTA'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 RIPTA's internal control. Accordingly, we do not express an opinion on the effectiveness of RIPTA'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 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 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 RIPTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Warwick, Rhode Island
September 23, 2013