



**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**



# **omprehensive Annual Financial Report**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



**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, 2014**

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

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

**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2014**

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# INTRODUCTORY SECTION



September 29, 2014

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, 2014. 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, 2014.

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, 2014, 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 8.7 percent in March 2014. The March 2014 unemployment rate is ranked highest in the United States. The average U.S rate is 6.7 percent.

Information from the May 2014 Rhode Island Revenue Estimating Conference, economic consultant Chris Lafakis of Moody's Analytics noted "the State economy is still the laggard of the New England States". He also noted that the positive in the state is the positive growth in the manufacturing sector in 2013, for the first time in a decade.

## **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 \$451,346 operating deficit based on the Board of Directors' approved budget for Fiscal Year 2015 and current management projections which excluded funding of Other Post-Employment Benefits beyond Pay-As-You-Go. The Authority is funded primarily by state gasoline tax revenue, passenger revenues, and to a lesser degree, certain federal funds. Total gasoline tax revenue, and the Authority's share is expected to increase from the previous fiscal year. Other Authority operating costs have increased, notably; utilities and employee wage and benefit costs. Management continues to review all estimated expenditure activity to determine only those expenditures that are of a critical nature as well as proposals to freeze other non-critical expenditure requests. In addition, management plans to propose and request continued debt service funding from the State of Rhode Island which would require appropriation from the General Assembly. During the last legislative session, a transportation infrastructure fund was established. Beginning in FY 2016, approximately \$2.7 million will be realized by RIPTA. In FY 2017, proceeds will approximate \$3.6 million and from FY 2018 forward, \$4.4 million will be received from the new revenue source.

## **Major Capital Initiatives**

The RIPTA's fiscal year 2016-2020 Capital Improvement Program (CIP) identifies projects totaling \$66.7 million either in progress, to be initiated, or to be completed during those fiscal years in addition to \$18.2 million in expenditures for fiscal year 2015. Expenditures on these projects are necessary to maintain the integrity of the RIPTA's infrastructure, and take advantage of technological changes.

The largest project is the ongoing replacement of fixed route buses and paratransit vehicles that will be at the end of their useful life. During the fiscal year 2016 – 2020, RIPTA will replace 80 fixed route buses and 80 paratransit vehicles at an estimated cost of \$45.2 million. Additionally, as part of RIPTA's Strategic Plan, security and passenger facility upgrades and improvements at an estimated cost of \$3 million during fiscal year 2016-2020 will continue. Several major fleet vehicle projects, Automated Transit Management System and fleet cameras are all expected to be completed during fiscal year 2015. Components include CAD/AVL infrastructure, upgrades to RIPTA's public information systems that will allow the phone and web systems to accommodate real-time arrival information, integration with the Rhode Island Statewide Communication Network, allowing for emergency responders to communicate directly with the Authority during emergencies and natural disasters, and enhance the security and safety of transit customers, personnel, equipment and facilities.

## **Funding of the CIP**

In the fiscal year 2015, RIPTA plans to fund the CIP with approximately \$14.7 million in Federal Transit Administration Funds, \$.2 million in State Fleet Replacement matching funds, \$.4 million in RI Capital Asset Protection funds and \$2.9 million in RIPTA and local matching funds.

During the five year period of FY 2016 – 2020 CIP, the RIPTA plans on using \$53.4 million in Federal Transit Funds, \$4.0 million in State Fleet Replacement matching funds, \$5.2 million in RIPTA and local matching funds, \$.8 million in RI Capital Asset Protection funds and \$3.3 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 2013 annual report. This was the second consecutive year RIPTA has received this prestigious award. In order to be eligible for a Certificate of Achievement, RIPTA published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Programs requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Acknowledgements

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

Respectfully Submitted,



Raymond Studley

Chief Executive Officer



Maureen Neira, CPA

Executive Director, Accounting





**Government Finance Officers Association**

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

**Presented to**

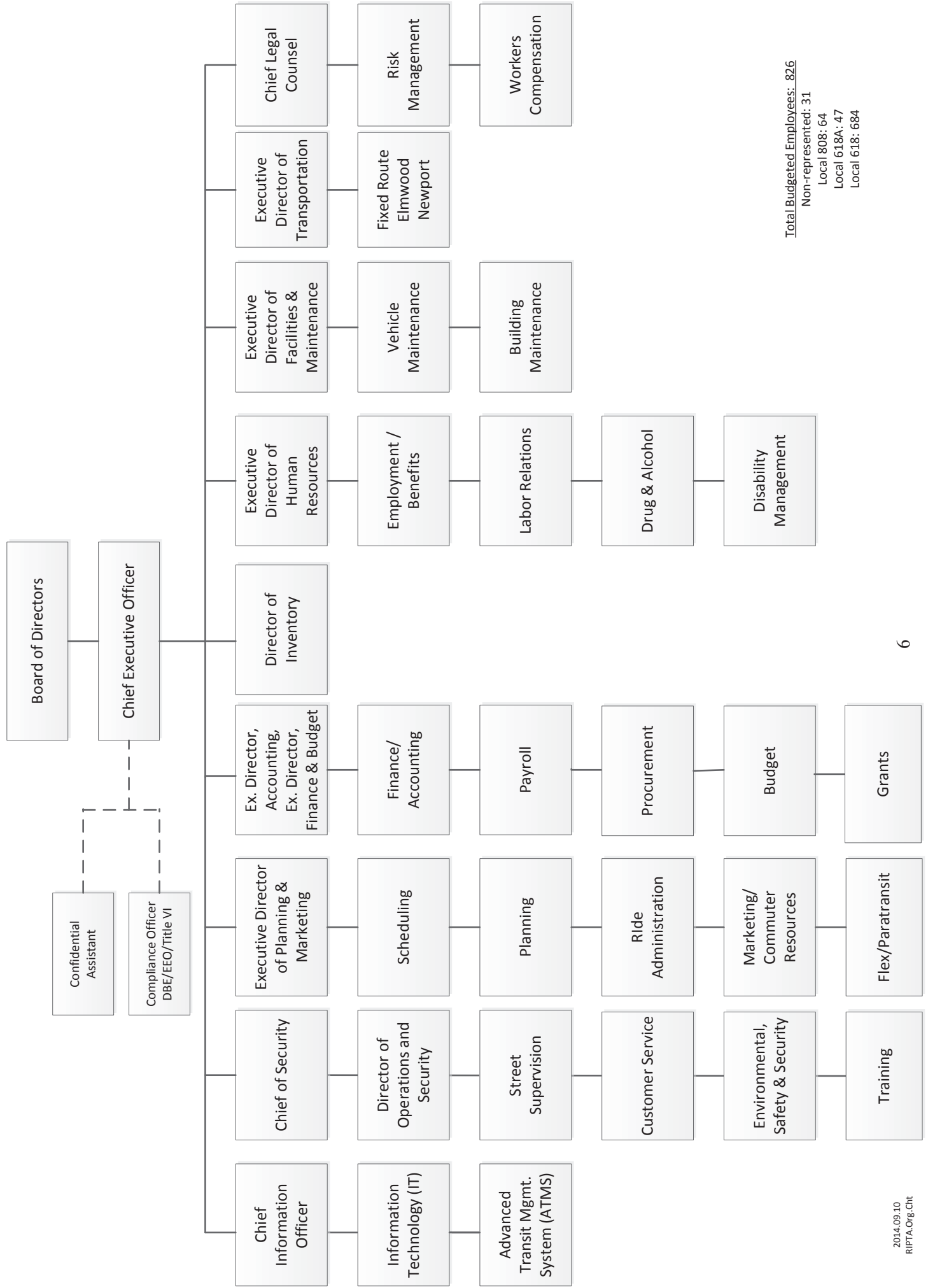
**Rhode Island  
Public Transit Authority**

**For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended**

**June 30, 2013**

**Executive Director/CEO**

The Rhode Island Public Transit Authority  
Organizational Chart – FY 2014



Total Budgeted Employees: 826  
 Non-represented: 31  
 Local 808: 64  
 Local 618A: 47  
 Local 618: 684

***RHODE ISLAND PUBLIC TRANSIT AUTHORITY***

***Principal Officials  
June 30, 2014***

***Chief Executive Officer***

Raymond Studley

***Finance Department***

Maureen Neira, Executive Director of Accounting

***Board of Directors***

Scott Avedisian – Chairperson

Jerome Williams – Vice Chairperson

Stephen Durkee

Michael Lewis

Margaret Holland McDuff

Maureen Martin

Peter Ginaitt



# FINANCIAL SECTION



***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, 2014, 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, 2014 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and supplementary pension and OPEB information on pages 11 through 16 and page 38 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 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 29, 2014 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. That 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 29, 2014

## **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, 2014. 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 Net Position; Statement of Cash Flows; and notes to the financial statements.

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

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

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

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



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

**Financial Highlights**

- The Authority's operating, non-operating and State of RI gas tax revenues decreased by 1.4 % or \$1.4 million during FY 2014 compared to FY 2013.
- Operating and non-operating expenses decreased by .2% or \$.2 million during FY 2014 as compared to FY 2013.
- Capital contributions decreased \$23 million or 80% from the previous year.
- Capital assets decreased by \$9.0 million or 5.4% from FY 2013.
- The Authority's total net position decreased by \$16.3 million or 14.0 % from FY 2013.

**Net Position**

The following schedule presents the condensed Statement of Net Position for the fiscal years ended June 30, 2014 and 2013.

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
Assets:		
Current assets	\$20,937,315	\$21,501,995
Capital assets (net)	158,459,945	167,530,084
Other non-current assets	934,451	1,621,670
TOTAL ASSETS	<u>180,331,711</u>	<u>190,653,749</u>
Liabilities:		
Current liabilities	12,715,423	14,254,121
Non-current liabilities	68,055,147	60,574,636
TOTAL LIABILITES	<u>80,770,570</u>	<u>74,828,757</u>
Net position		
Unrestricted net position (deficit)	(43,793,950)	(35,797,468)
Net investment in capital assets	143,355,091	151,622,460
TOTAL NET POSITION	<u>\$99,561,141</u>	<u>\$115,824,992</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 non-current liabilities include accrued pension, self-insured claims, a liability of \$44.0 million associated with implementing GASB #45, Other Post-employment benefits effective FY 2008 and a Due to Primary

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

Government of \$14.0 million. This liability reflects the amounts owed for long-term debt to the State of Rhode Island for bonds issued in the State of Rhode Island's name on behalf of the Authority. The long-term debt is reflected as such on the State of Rhode Island's Financial Statements.

**Authority Operations**

The following schedule presents the condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2014 and 2013.

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
Operating Revenue		
Ritecare program revenue	\$ 7,741,972	\$ 7,793,570
Passenger revenue	14,038,002	13,754,283
Ride program revenue	8,292,568	8,642,680
Other operating revenues	2,958,092	3,048,842
Non-operating Revenue		
Grant revenue	19,823,747	21,059,367
State of RI - DEA gas tax	3,344,275	3,232,381
Other non-operating revenue	937,460	964,971
State of RI gas tax	<u>40,772,363</u>	<u>40,780,987</u>
Total Revenues	<u>97,908,479</u>	<u>99,277,081</u>
Operating Expenses		
Management and general	(24,724,923)	(24,008,110)
Operations and maintenance	(79,488,077)	(80,838,044)
Depreciation	(15,629,521)	(15,169,685)
Non-operating Expenses		
Debt service	0	0
Other non-operating expenses	(527)	(28,894)
Total Expenses	<u>(119,843,048)</u>	<u>(120,044,733)</u>
Net Income ( Loss) before Capital Contributions	(21,934,569)	(20,767,652)
Capital Contributions	<u>5,670,718</u>	<u>28,895,953</u>
Change in Net Position	(16,263,851)	8,128,301
Total Net Position- Beginning	<u>115,824,992</u>	<u>107,696,691</u>
Total Net Position- Ending	<u>\$99,561,141</u>	<u>\$115,824,992</u>

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

The Authority's operating revenue, non-operating revenue, State of RI gas tax and capital contributions total \$103,579,197. The revenue reported as operating revenue, non-operating revenue and State of RI gas tax decreased 1.4% or \$1,368,602 over the prior year. This decrease was the result of receiving less RIDE program revenue and less grant revenue from federal funds. The Authority's operating and non-operating expenses total \$119,843,048. This reflects a decrease of .2% or \$201,685 over the prior year. Although there were increases in depreciation expense and management and general expense, there was an offsetting decrease in operations and maintenance expenses. The largest decrease was in Capital Contributions, totaling \$23,225,235 or 80.4%. This is attributable to not purchasing certain capital assets (Revenue Vehicles) during FY 14 as was done in FY 13. The FY 13 Net Position was restated (increased) by \$360,432 for a correction in accrued vacation. Note 18 fully describes this Net Position restatement.

**Capital Assets**

The following schedule summarizes the Authority's capital assets and changes therein, for the years ended June 30, 2014 and 2013.

	2014	2013
Land, shops, garages and buildings	\$106,287,248	\$103,838,998
Revenue equipment	115,362,852	124,151,393
Service vehicles and garage equipment	4,686,746	4,768,858
Furniture and fixtures	6,204,003	5,811,811
Management information systems	10,390,159	6,072,100
Federal grant projects in process	13,954,222	14,906,535
	256,885,230	259,549,695
Less accumulated depreciation	(98,425,285)	(92,019,611)
Net capital assets	\$158,459,945	\$167,530,084

At the end of fiscal year 2014, the Authority had \$ 158,459,945 invested in capital assets. This amount represents a decrease of 5.4% or \$9.0 million from the prior year. A more detailed account of the capital asset activity for fiscal year 2014 can be found in Note 3, Property, Plant and Equipment.

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

- Completion of the Elmwood transportation facility roof and solar panel installation
- Completion of the Newport facility roof
- Completion of the statewide radio project
- Continuation of the CAD/AVL installation project
- Continuation of fixed route and Paratransit fleet camera installation
- Continuation of financial and maintenance software upgrade

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

During FY 2015, the Authority has committed to the continued upgrade to the financial and maintenance software. The Authority will also be continuing the installation of the CAD/AVL system as part of the multi-year ITS project as well as the fleet camera installations. The Authority also plans to purchase 25 Ride vehicles and 11 Flex vehicles as well as fund the passenger amenity upgrades in Kennedy Plaza as well as the R-Line route.

### **Economic Factors and Next Year's Budget**

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

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

- ❑ Level of federal funds appropriated for operating and capital purposes. A new transportation funding act, MAP – 21 was signed into law July 6, 2012 and took effect on October 1, 2012. Funding under MAP – 21 has been extended through May 2015. The FY 2016 budget includes funding for mobility management reimbursement, ADA reimbursement, preventive maintenance, Jobs Access/Reverse Commute and rural operating assistance level funded from FY 2015 federal revenues.
- ❑ State gasoline tax revenue available for operating purposes. For FY 2016, the yield determined by the State of RI Department of Revenue for the gasoline tax is expected to increase from the previous fiscal year. In total RIPTA receives 9.25 of the 32 cent gasoline tax and .5 of the 1 cent UST fee annually.
- ❑ During the 2014 legislative session additional state revenue became available to the Authority. The Rhode Island Highway Maintenance Account will allocate 5% of available proceeds in the account to RIPTA beginning in FY 2016. It is estimated that \$2.7 million will be allocated to the Authority in FY 2016, \$3.6 million allocated in FY 2017, and \$4.4 million allocated in FY 2018.
- ❑ Revenue from state agencies to subsidize policy driven transit travel programs. This program provides 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 2015 and FY 16.

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

- ❑ Since FY 2013, the State of Rhode Island has paid the debt service obligation of the Authority. RIPTA is requesting that the State continue to pay the debt service from general revenues, approximately \$1.7 million, in the FY 2016. This will reduce the deficit for the Authority.
- ❑ The FY 2015 budget is based on contractual agreements with the Amalgamated Transit Union regarding wage increases through 6/30/2016. The Authority completed negotiations with LIU 808 for a contract thru 6/30/18. Employee wages and associated fringe benefits (less employee contributions) make up approximately 69% of the Authority's annual budget.
- ❑ Costs associated with fuel prices. The Authority consumes approximately 2.3 million gallons of fuel annually. The budgeted fuel cost for FY 2016 is \$3.205 per gallon. The Authority has locked in a fixed rate expected to meet consumption through December 2015. A long term lock is being sought for the second half of FY 2016, expected to not exceed \$3.25 per gallon.
- ❑ Inclusion of expenses and offsetting reimbursement of the State of Rhode Island DOT vehicle maintenance and repair program contracted with the Authority.

**Contacting the Authority's Financial Management**

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

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

Statement of Net Position

June 30, 2014

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**Assets**

**Current assets**

Cash and cash equivalents:	
Operating fund	\$ 3,455,071
Paratransit capital fund	579,365
Accident and casualty fund	857,984
Capital replacement fund	2,195,618
Total cash and cash equivalents	<u>7,088,038</u>
Investments	1,569,086
Receivables:	
Accounts	2,830,834
Grants	1,692,695
Total receivables	<u>4,523,529</u>
Due from primary government	5,749,936
Inventories, net allowance of \$7,633	1,848,628
Prepaid expenses	158,098
<b>Total current assets</b>	<u>20,937,315</u>

**Non-current assets**

Investments	934,451
Capital assets, non-depreciable	16,100,146
Capital assets, depreciable - net of depreciation	142,359,799
<b>Total non-current assets</b>	<u>159,394,396</u>

**Total assets** 180,331,711

**Liabilities**

**Current liabilities**

Accounts payable	5,606,598
Due to primary government	1,046,898
Accrued salaries, wages and benefits	4,837,424
Accrued self insured health claims	1,199,502
Unearned revenue	25,001
<b>Total current liabilities</b>	<u>12,715,423</u>

**Non-current liabilities**

Due to primary government	14,057,956
Accrued compensated absences	398,426
Accrued self insured claims	7,846,253
Net pension obligation	1,709,957
Net OPEB obligation	44,042,555
<b>Total non-current liabilities</b>	<u>68,055,147</u>

**Total liabilities** 80,770,570

**Net position**

Net investment in capital assets	143,355,091
Unrestricted (deficit)	(43,793,950)
<b>Total net position</b>	<u>\$ 99,561,141</u>

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

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Statement of Revenues, Expenses and Changes in Net Position*

*For the Year Ended June 30, 2014*

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<b>Operating revenues</b>	
Passenger	\$ 21,779,974
Paratransit	1,003,013
Rental	186,128
Advertising	530,023
RIDE	8,292,568
Other	1,238,928
<b>Total operating revenues</b>	<u>33,030,634</u>
<b>Operating expenses</b>	
Administration	1,148,809
Finance	5,202,466
Operations	66,494,651
Marketing	712,898
Human resources	562,255
Administrative services	1,467,858
Risk management	3,480,825
Planning and scheduling	1,998,577
Specialized transportation	1,573,368
Paratransit operations	9,958,956
Purchasing	1,626,790
Information technology	866,437
RIDE	6,084,640
Centralized maintenance	2,277,039
State of Rhode Island - DOT	757,431
Depreciation	15,629,521
<b>Total operating expenses</b>	<u>119,842,521</u>
<b>Operating loss</b>	<u>(86,811,887)</u>
<b>Nonoperating revenues (expenses)</b>	
State of RI gas tax	40,772,363
State of RI - DEA gas tax	3,344,275
Operating grants	19,823,747
Investment income	7,690
Debt forgiveness	929,770
Loss on disposal of capital assets	(527)
<b>Total nonoperating revenues (expenses)</b>	<u>64,877,318</u>
<b>Loss before capital contributions</b>	(21,934,569)
<b>Capital contributions</b>	<u>5,670,718</u>
<b>Change in net position</b>	(16,263,851)
<b>Total net position - beginning of year - restated</b>	<u>115,824,992</u>
<b>Total net position - end of year</b>	<u>\$ 99,561,141</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, 2014*

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<b><i>Cash flows from operating activities</i></b>	
Cash received from customers	\$ 33,552,861
Cash paid to suppliers for goods and services	(27,478,460)
Cash paid to employees for services	<u>(69,506,553)</u>
<b><i>Net cash used for operating activities</i></b>	<b><u>(63,432,152)</u></b>
<b><i>Cash flows from noncapital financing activities</i></b>	
State gas tax received	44,713,983
Operating grants received	<u>19,787,230</u>
<b><i>Net cash provided by noncapital financing activities</i></b>	<b><u>64,501,213</u></b>
<b><i>Cash flows from capital and related financing activities</i></b>	
Capital contributions received	7,359,753
Acquisition and construction of capital assets	<u>(6,559,909)</u>
<b><i>Net cash provided by capital and related financing activities</i></b>	<b><u>799,844</u></b>
<b><i>Cash flows from investing activities</i></b>	
Purchase of investments	(2,503,537)
Maturity of investments	4,410,622
Interest and dividends on investments	<u>7,690</u>
<b><i>Net cash provided by investing activities</i></b>	<b><u>1,914,775</u></b>
<b><i>Net increase in cash and cash equivalents</i></b>	<b>3,783,680</b>
<b><i>Cash and cash equivalents at beginning of year</i></b>	<b><u>3,304,358</u></b>
<b><i>Cash and cash equivalents at end of year</i></b>	<b><u>\$ 7,088,038</u></b>
<b><i>Noncash capital and related financing activities:</i></b>	
Decrease in due to primary government	\$ (929,770)

*(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, 2014*

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

<b><i>Operating loss</i></b>	<b><u>\$ (86,811,887)</u></b>
<b><i>Adjustments to reconcile operating loss to net cash used for operating activities</i></b>	
Depreciation and amortization	15,629,521
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,923,924)
(Increase) decrease in due from primary government	2,446,151
(Increase) decrease in inventory	492,949
(Increase) decrease in prepaid expenses	(16,354)
Increase (decrease) in accounts payable and accrued expenses	(2,080,425)
Increase (decrease) in accrued self insured claims	1,803,960
Increase (decrease) in accrued compensated absences	398,426
Increase (decrease) in net pension obligation	(16,386)
Increase (decrease) in net OPEB obligation	6,645,817
<b><i>Total adjustments</i></b>	<b><u>23,379,735</u></b>
 <b><i>Net cash used for operating activities</i></b>	 <b><u><u>\$ (63,432,152)</u></u></b>

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

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

**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, 2014***

***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. 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. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the Authority's fiscal year ending June 30, 2014.

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

The 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.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

***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.

***Operating Revenues and Expenses***

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

***Compensated Absences***

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

***Income Taxes***

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

***Net Position***

Net position comprises the various net earnings from operating and non-operating revenues, expenses and 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

***RHODE ISLAND PUBLIC TRANSIT AUTHORITY***  
***Notes to Financial Statements***  
***June 30, 2014***

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.

***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, 2014 was \$345,203.

**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, 2014, was \$4,288,905 and the bank balance was \$6,765,162. Of the bank balance, \$725,721 was insured by federal depository insurance, \$5,942,355 was collateralized with securities held by the pledging financial institution or its agent in the Authority's name and \$97,086 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, 2014, the Authority's uncollateralized deposits had maturities of less than sixty (60) days and were with an

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

institution that met the minimum capital standards.

The carrying value of deposits for June 30, 2014 is \$4,288,905. Investments of \$2,798,033 and \$1,100 of petty cash, relate to the statement of net position totals for June 30, 2014 as follows:

Cash deposits	\$4,288,905
Add: Petty cash	1,100
Investments classified as cash equivalents for financial statement purposes	<u>2,798,033</u>
Cash and cash equivalents per statement of net position	<u><u>\$7,088,038</u></u>

***Investments***

At June 30, 2014, the Authority had the following investments classified as cash equivalents:

<b><u>Description</u></b>	<b><u>Maturity</u></b>	<b><u>Rating</u></b>	<b><u>Fair Value</u></b>
Government Money Market Fund	On Demand	AAAm	\$ 23,050
Fidelity Institutional Treasury Fund	On Demand	AAAm	579,365
US Government Institutional Fund	On Demand	AAAm	<u>2,195,618</u>
			<u><u>\$2,798,033</u></u>

At June 30, 2014, the Authority had the following investments:

<b><u>Description</u></b>	<b><u>Maturity</u></b>	<b><u>Rating</u></b>	<b><u>Fair Value</u></b>
Federal National Mortgage Association	3/16/15	AAA	\$170,321
US Treasury Notes	7/31/14-4/30/17	AAA	1,789,191
US Treasury Bonds	5/15/16	AAA	149,591
Federal Home Loan Mortgage	11/17/15	AAA	68,976
Freddie Mac	8/27/14	AAA	<u>325,458</u>
			<u><u>\$2,503,537</u></u>

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

***Interest Rate Risk*** - It is the policy of the Authority to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing interest rates.

***Credit Risk*** - As of June 30, 2014, the Authority's investments in Federal National Mortgage Association, Federal Home Loan Mortgage and Freddie Mac were rated AAA by Standard & Poor's and Moody's Investor Service. As of June 30, 2014, the Authority's investments in Government Money Market Fund, Fidelity Institutional Treasury Fund and US Government Institutional Fund were rated AAAm by Standard & Poor's. The Authority does not have a formal policy relative to credit risk.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

Property, plant and equipment consist of the following at June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Transfers &amp; Removals</u>	<u>Balance June 30, 2014</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 2,145,924	\$ -	\$ -	\$ 2,145,924
Federal grant projects in process	14,906,535	6,101,699	7,054,012	13,954,222
Total capital assets, not being depreciated	<u>17,052,459</u>	<u>6,101,699</u>	<u>7,054,012</u>	<u>16,100,146</u>
Capital assets, being depreciated:				
Shop, garages and buildings	101,693,074	2,448,250	-	104,141,324
Revenue equipment	124,151,393	-	8,788,541	115,362,852
Service vehicles and garage equipment	4,768,858	116,910	199,022	4,686,746
Furniture and office equipment	5,811,811	469,100	76,908	6,204,003
Management information system	6,072,100	4,477,962	159,903	10,390,159
Total capital assets being depreciated	<u>242,497,236</u>	<u>7,512,222</u>	<u>9,224,374</u>	<u>240,785,084</u>
<b>Total capital assets</b>	<u>259,549,695</u>	<u>13,613,921</u>	<u>16,278,386</u>	<u>256,885,230</u>
<b>Less accumulated depreciation for:</b>				
Shop, garages and buildings	31,064,044	3,781,960	-	34,846,004
Revenue equipment	48,972,025	10,179,611	8,788,541	50,363,095
Service vehicles and garage equipment	3,990,487	359,980	199,022	4,151,445
Furniture and office equipment	3,016,113	442,079	76,785	3,381,407
Management information system	4,976,942	865,891	159,499	5,683,334
<b>Total accumulated depreciation</b>	<u>92,019,611</u>	<u>15,629,521</u>	<u>9,223,847</u>	<u>98,425,285</u>
<b>Total capital assets being depreciated, net</b>	<u>150,477,625</u>	<u>(8,117,299)</u>	<u>527</u>	<u>142,359,799</u>
<b>Capital assets, net</b>	<u>\$ 167,530,084</u>	<u>\$ (2,015,600)</u>	<u>\$ 7,054,539</u>	<u>\$ 158,459,945</u>

Depreciation expense for the fiscal year ended June 30, 2014 was \$15,629,521.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

**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, 2014 was as follows:

<i>Balance at beginning of year</i>	\$3,435,340
Capital replacement deposits	404,350
Local match payments	(680,568)
Investment income	6,187
<i>Balance at end of year</i>	<u>\$3,165,309</u>
Classified as cash and cash equivalents	\$2,195,618
Classified as investments	969,691
<i>Total cash, cash equivalents and investments</i>	<u>\$3,165,309</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. Beginning in FY 2014, a transfer of funds from the operating account to the self insurance fund will occur until the fund reaches \$5,000,000. The activity in the accident and casualty fund for fiscal years ended June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
<i>Balance at beginning of year</i>	\$361,018	\$360,282
Insurance settlements	246,061	-
Transfer from operating	250,000	-
Interest earnings on investments	905	736
<i>Balance at end of year</i>	<u>\$857,984</u>	<u>\$361,018</u>

Assets restricted at June 30, 2014 and 2013 in the accident and casualty fund amounted to \$857,984 and \$361,018, respectively. For fiscal years 2014 and 2013, \$857,984 and \$361,018, respectively, is classified as cash and cash equivalents.

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



**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

"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.

At June 30, 2014 and 2013, 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, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Amount of claims liabilities, beginning of year	\$6,473,701	\$6,331,040
Incurred claims	2,672,739	2,152,642
Payments on claims	<u>(1,300,187)</u>	<u>(2,009,981)</u>
<b>Amount of claims liabilities, end of year</b>	<u>\$7,846,253</u>	<u>\$6,473,701</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, 2014 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, 2014 and June 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$768,094	\$814,721
Incurred claims	14,257,113	14,671,219
Payments on claims	<u>(13,825,705)</u>	<u>(14,717,846)</u>
<b>Unpaid claims, end of year</b>	<u>\$1,199,502</u>	<u>\$768,094</u>

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

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Amounts Due Within One Year</i>
Due to Primary Government	\$ 15,907,624	\$ 127,000	\$ 929,770	\$ 15,104,854	\$ 1,046,898
Accrued compensated absences	-	398,426	-	398,426	-
Net pension obligation	1,726,343	-	16,386	1,709,957	-
Net OPEB obligation	37,396,738	6,645,817	-	44,042,555	-
Accrued self-insurance claims	6,473,701	2,672,739	1,300,187	7,846,253	-
<b>Total</b>	<u>\$ 61,504,406</u>	<u>\$ 9,843,982</u>	<u>\$ 2,246,343</u>	<u>\$ 69,102,045</u>	<u>\$ 1,046,898</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Notes to Financial Statements*  
*June 30, 2014*

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

*Claims and Legal Actions*

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

*Contract Commitments*

The Authority is committed under various contracts in the amount of \$3,660,734 at June 30, 2014.

**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 531 retirees during fiscal year ended June 30, 2014 and life insurance benefits were paid to 177 retirees during fiscal year ended June 30, 2014. These benefits are provided through a group insurance policy that covers both active and retired employees. Any changes to these provisions are subject to the Authority's approval. The plan does not issue a separate audit report.

*Funding Policy*

The Authority's funding policy provides for actuarially determined periodic contributions to the plans at rates that increase gradually over time so that sufficient assets will be available to pay benefits when due. Any changes to these provisions are subject to the Authority's approval. For employees retiring on or before July 1, 2006, the Authority contributes the full health care premium for the retired plan member and their spouse. For employees retiring after July 1, 2006 and prior to January 1, 2014, covered spouses contribute per month for coverage until age 65 and surviving spouses contribute 50% of the health care premium. Effective January 1, 2014, spouses of employees that retire must contribute 16% of the health care premium (17% for employees who retire in 2015 and 18% for employees who retire in 2016). Spouses of employees hired after October 21, 2013 must contribute 50% of the health care premium upon the employee's retirement. Changes effective January 1, 2014 and October 21, 2013 do not apply to the Authority's 808 union. 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, 2013 actuarial valuation using the individual entry age funding method. The actuarial assumptions included a 4.32% discount rate and the IRS 2014 P.V. Annuitant and Non-Annuitant Tables for males and females.

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

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

**Three-Year Trend Information**

<b><u>Fiscal</u> <u>Year</u> <u>Ending</u></b>	<b><u>Annual</u> <u>OPEB</u> <u>Cost</u></b>	<b><u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u></b>	<b><u>Net</u> <u>OPEB</u> <u>Obligation</u></b>
6/30/2014	\$8,458,571	21.4%	\$44,042,555
6/30/2013	\$8,830,842	15.8%	\$37,396,738
6/30/2012	\$7,987,503	21.1%	\$29,957,538

The Authority's annual OPEB cost and net OPEB obligation for the year ended June 30, 2014 was as follows:

Annual required contribution	\$ 9,090,495
Interest on net OPEB obligation	1,615,539
Adjustment to annual required contribution	<u>(2,247,463)</u>
Annual OPEB cost	8,458,571
Contributions made	<u>(1,812,754)</u>
Increase in net OPEB obligation	6,645,817
Net OPEB obligation, beginning of year	<u>37,396,738</u>
Net OPEB obligation, end of year	<u><u>\$44,042,555</u></u>

**Schedule of Funding Progress**

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

<b><u>Actuarial</u> <u>Valuation</u> <u>Date</u></b>	<b><u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(AVA)</u> <u>(1)</u></b>	<b><u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(2)</u></b>	<b><u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(2)-(1)</u> <u>(3)</u></b>	<b><u>AVA as a</u> <u>Percent</u> <u>of AAL</u> <u>(1)/(2)</u> <u>(4)</u></b>	<b><u>Covered</u> <u>Payroll</u> <u>(5)</u></b>	<b><u>UAAL as a</u> <u>Percent of</u> <u>Covered</u> <u>Payroll</u> <u>(3)/(5)</u> <u>(6)</u></b>
07/01/2013	\$ -	\$87,230,304	\$87,230,304	0%	\$38,827,774	224.7%
07/01/2012	-	\$89,111,690	\$89,111,690	0%	\$37,830,337	235.6%
07/01/2011	-	\$78,362,433	\$78,362,433	0%	\$38,801,901	202.0%

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 2014 was determined based on the July 1, 2013 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

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

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 4.32% discount rate and an annual healthcare cost trend of 8.25% progressively declining to 4% after 9 years. Changes in assumptions between the 2012 and the 2013 valuations include changes in the discount rate, the health care cost trend rates and mortality tables used. The assumption changes were made to better reflect current expectations of future experience.

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

**NOTE 9 – STATE OF RHODE ISLAND GAS TAX**

State statute directs the Authority to generate sufficient revenues to pay all costs of operating and maintaining the transit system during each fiscal year. Beginning July 1, 1992, the Authority was not given a fixed appropriation from the State, but was allocated the revenue generated from a three-cent dedicated gas tax. Beginning fiscal year 2011, the Authority has been allocated nine and one quarter cents of dedicated gas tax and a half cent of gas tax from the Underground Storage Tank Fund. For fiscal year ending June 30, 2014, the Authority received \$40,772,363 from the dedicated gas tax as operating assistance in support of the transit system. The Authority anticipates receiving approximately \$40,896,473 in fiscal year ended June 30, 2015 from the State.

**NOTE 10 – FEDERAL APPROPRIATIONS**

On July 6, 2012, President Obama signed Moving Ahead for Progress in the 21<sup>st</sup> 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 2014, RIPTA used \$10,276,700 for preventative maintenance expenses.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Notes to Financial Statements*  
**June 30, 2014**

**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, 2014, the Authority recorded \$3,344,275 of contract revenue from this agreement. For fiscal year 2015, RIPTA anticipates receiving \$3,313,663 under this agreement.

**NOTE 12 - DUE FROM/TO PRIMARY GOVERNMENT**

At June 30, 2014, the Rhode Island Public Transit Authority is owed \$5,749,936 from the State of Rhode Island.

At June 30, 2014, the Rhode Island Public Transit Authority owes \$15,104,854 to the State of Rhode Island related to payments for debt service.

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

The amount paid by the State for fiscal year 2014 was \$1,659,020 which included \$929,770 in principal and \$729,250 in interest. The Authority recognized as revenue debt forgiveness the principal amount of \$929,770 and the State paid the interest portion directly in the amount of \$729,250.

For fiscal year 2015, the anticipated amount to be paid by the State will be \$1,733,655, of which \$1,046,898 is principal and \$686,757 is interest.

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

**NOTE 13 - NET POSITION**

Net position represents the difference between assets and liabilities. The net position amount at June 30, 2014 was as follows:

<i>Net investment in capital assets</i>	\$143,355,091
<i>Unrestricted (deficit)</i>	(43,793,950)
<i>Total net position</i>	<u>\$99,561,141</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

**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 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.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

**Annual Pension Cost and Net Pension Obligation**

The Authority's annual pension cost and net pension obligation for the year ended June 30, 2014 was as follows:

	<b><u>Bargaining</u></b> <b><u>Unit</u></b>	<b><u>Salaried</u></b> <b><u>Unit</u></b>
Annual required contribution	\$6,450,787	\$877,774
Interest on net pension obligation	142,608	-
Adjustment to annual required contribution	(158,994)	-
Annual pension cost	<u>6,434,401</u>	<u>877,774</u>
Contributions made	<u>(6,450,787)</u>	<u>(877,774)</u>
Decrease in net pension obligation	(16,386)	-
Net pension obligation, beginning of year	<u>1,726,343</u>	-
Net pension obligation, end of year	<u><u>\$1,709,957</u></u>	<u><u>\$ -</u></u>

**Bargaining Unit**

The annual required contribution for the current year was determined as part of the January 1, 2014 and January 1, 2013 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.

**Three-Year Trend Information**

<b><u>Fiscal</u></b> <b><u>Year</u></b> <b><u>Ending</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost</u></b> <b><u>(APC)</u></b>	<b><u>Percentage of</u></b> <b><u>APC</u></b> <b><u>Contributed</u></b>	<b><u>Net</u></b> <b><u>Pension</u></b> <b><u>Obligation</u></b>
6/30/2014	\$6,434,401	100%	\$1,709,957
6/30/2013	\$6,796,890	100%	\$1,726,343
6/30/2012	\$6,718,876	100%	\$1,741,566

**Salaried Unit**

The annual required contribution for the current year was determined as part of the January 1, 2014 and January 1, 2013 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. Assets in guaranteed deposit accounts are valued at

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

contract (book) value. Other assets are valued at market value. 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**

<b><u>Fiscal</u> <u>Year</u> <u>Ending</u></b>	<b><u>Annual</u> <u>Pension</u> <u>Cost</u> <u>(APC)</u></b>	<b><u>Percentage of</u> <u>APC</u> <u>Contributed</u></b>	<b><u>Net</u> <u>Pension</u> <u>Obligation</u></b>
6/30/2014	\$877,774	100%	\$ -
6/30/2013	\$975,367	100%	\$ -
6/30/2012	\$937,100	100%	\$ -

**Schedule of Funding Progress**

**Bargaining Unit**

<b><u>Actuarial</u> <u>Valuation</u> <u>Date</u></b>	<b><u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(AVA)</u> <u>(1)</u></b>	<b><u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(2)</u></b>	<b><u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(2)-(1)</u> <u>(3)</u></b>	<b><u>AVA as a</u> <u>Percent</u> <u>of AAL</u> <u>(1)/(2)</u> <u>(4)</u></b>	<b><u>Covered</u> <u>Payroll</u> <u>for Active</u> <u>Participants</u> <u>(5)</u></b>	<b><u>UAAL as a</u> <u>Percent of</u> <u>Covered</u> <u>Payroll</u> <u>(3)/(5)</u> <u>(6)</u></b>
1/1/2014	\$84,712,181	\$123,759,875	\$39,047,694	68.45%	\$30,378,508	128.54%
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%

**Salaried Unit**

<b><u>Actuarial</u> <u>Valuation</u> <u>Date</u></b>	<b><u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(AVA)</u> <u>(1)</u></b>	<b><u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(2)</u></b>	<b><u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(2)-(1)</u> <u>(3)</u></b>	<b><u>AVA as a</u> <u>Percent</u> <u>of AAL</u> <u>(1)/(2)</u> <u>(4)</u></b>	<b><u>Covered</u> <u>Payroll</u> <u>for Active</u> <u>Participants</u> <u>(5)</u></b>	<b><u>UAAL as a</u> <u>Percent of</u> <u>Covered</u> <u>Payroll</u> <u>(3)/(5)</u> <u>(6)</u></b>
1/1/2014	\$16,707,018	\$21,770,089	\$5,063,071	76.74%	\$4,257,513	118.92%
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%



**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2014**

***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 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](http://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 90 cents per hour up to a maximum of 40 hours per week to the plan for calendar year 2014. 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.

***RHODE ISLAND PUBLIC TRANSIT AUTHORITY***  
***Notes to Financial Statements***  
***June 30, 2014***

**NOTE 18 - RESTATEMENTS**

The following restatement was recorded to beginning net position:

Net position – June 30, 2013, as previously reported	\$115,464,560
Correction of accrued vacation	<u>360,432</u>
Net position – June 30, 2013, as restated	<u>\$115,824,992</u>

***REQUIRED SUPPLEMENTARY INFORMATION***

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Required Supplementary Information*

*Schedule of Funding Progress (1)*

*"Unaudited"*

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (AVA)</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Actuarial Accrued Liability (UAAL) (AAL - AVA)</i>	<i>Funded Ratio (AVA/AAL)</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
<b>Salaried Unit Pension Plan (2)</b>						
1/1/2014	\$16,707,018	\$ 21,770,089	\$ 5,063,071	76.74%	\$ 4,257,513	118.92%
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%
<b>Bargaining Unit Pension Plan (2)</b>						
1/1/2014	84,712,181	123,759,875	39,047,694	68.45%	30,378,508	128.54%
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%
<b>Postemployment Medical Benefit Plan (3)</b>						
7/1/2013	-	87,230,304	87,230,304	0.00%	38,827,774	224.66%
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, 2014

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**Attachment B**

**Assets**

Current Assets:

Cash and cash equivalents	\$	7,088,038
Investments		1,569,086
Receivables (net)		4,523,529
Due from primary government		5,749,936
Inventories		1,848,628
Other assets		158,098
Total current assets		<u>20,937,315</u>

Noncurrent Assets:

Investments		934,451
Capital assets - nondepreciable		16,100,146
Capital assets - depreciable (net)		142,359,799
Total noncurrent assets		<u>159,394,396</u>
Total assets		<u>180,331,711</u>

**Liabilities**

Current liabilities:

Accounts payable		5,606,598
Due to primary government		1,046,898
Unearned revenue		25,001
Other liabilities		6,036,926
Total current liabilities		<u>12,715,423</u>

Noncurrent liabilities:

Due to primary government		14,057,956
Net OPEB obligation		44,042,555
Net pension obligation		1,709,957
Compensated absences		398,426
Accrued self insured claims		7,846,253
Total noncurrent liabilities		<u>68,055,147</u>
Total liabilities		<u>80,770,570</u>

**Net position**

Net investment in capital assets		143,355,091
Unrestricted (deficit)		(43,793,950)
Total net position	\$	<u>99,561,141</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Schedule of Activities*  
*For the Fiscal Year Ended June 30, 2014*

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**Attachment C**

<b>Expenses</b>	<u>\$ 119,843,048</u>
<b>Program revenues:</b>	
Charges for services	33,030,634
Operating grants and contributions	63,940,385
Capital grants and contributions	<u>5,670,718</u>
<b>Total program revenues</b>	<u>102,641,737</u>
<b>Net (Expenses) Revenues</b>	<u>(17,201,311)</u>
<b>General revenues:</b>	
Interest and investment earnings	7,690
Miscellaneous revenue - debt forgiveness	<u>929,770</u>
<b>Total general revenues</b>	<u>937,460</u>
<b>Change in net position</b>	(16,263,851)
<b>Total net position - beginning as restated</b>	<u>115,824,992</u>
<b>Total net position - ending</b>	<u><u>\$ 99,561,141</u></u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Schedule of Changes in Long Term Debt*  
*For the Fiscal Year Ended June 30, 2014*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due Thereafter</u>
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net unamortized premium/discount	-	-	-	-	-	-
Bonds payable:						
Notes payable	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Obligations under capital leases	-	-	-	-	-	-
Net OPEB obligation	37,396,738	6,645,817	-	44,042,555	-	44,042,555
Compensated absences	-	398,426	-	398,426	-	398,426
Due to primary government	15,907,624	127,000	929,770	15,104,854	1,046,898	14,057,956
Due to other governments and agencies	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-
Net pension obligation	1,726,343	-	16,386	1,709,957	-	1,709,957
Accrued self insured claims	6,473,701	2,672,739	1,300,187	7,846,253	-	7,846,253
Included in other liabilities:						
Arbitrage rebate	-	-	-	-	-	-
Pollution remediation	-	-	-	-	-	-
Other liabilities	<u>61,504,406</u>	<u>9,843,982</u>	<u>2,246,343</u>	<u>69,102,045</u>	<u>1,046,898</u>	<u>68,055,147</u>
	<u>\$ 61,504,406</u>	<u>\$ 9,843,982</u>	<u>\$ 2,246,343</u>	<u>\$ 69,102,045</u>	<u>\$ 1,046,898</u>	<u>\$ 68,055,147</u>



**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Schedule of Changes of Tangible Property*  
*For the Fiscal Year Ended June 30, 2014*

	Tangible Property			Accumulated Depreciation			Net Book Value 6/30/2014
	Balance 7/1/2013	Additions	Reductions	Balance 7/1/2013	Additions	Reductions	
Land and land rights	\$ 2,145,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,145,924
Shops, garages and office buildings	100,120,229	2,448,250	-	30,206,936	3,740,149	-	68,621,394
Tunnels	1,572,845	-	-	857,108	41,811	-	673,926
Communication system	5,649,037	-	-	5,363,262	283,900	-	5,647,162
Revenue equipment - busses	94,534,204	-	6,668,500	31,472,003	7,521,947	6,668,499	55,540,253
Trolleys	8,592,306	-	1,660,511	3,087,462	594,822	1,660,511	4,910,022
Fare boxes	4,008,100	-	-	1,907,903	323,107	-	1,777,090
Service cars and equipment	2,594,887	116,910	176,580	2,130,965	283,808	176,580	297,024
Shops and garage equipment	2,173,971	-	22,442	1,859,522	76,172	22,442	238,277
Furniture and office equipment	1,600,263	10,623	76,908	960,653	134,047	76,785	516,063
Miscellaneous equipment	4,211,548	458,477	-	2,055,460	308,032	-	2,306,533
Management information system	6,072,100	4,477,962	159,903	4,976,942	865,891	159,499	4,706,825
Paratransit vans	11,367,746	-	459,530	7,141,395	1,455,835	459,531	2,770,517
<b>Total capital assets</b>	<b>244,643,160</b>	<b>7,512,222</b>	<b>9,224,374</b>	<b>92,019,611</b>	<b>15,629,521</b>	<b>9,223,847</b>	<b>144,505,723</b>
Federal grant projects in process	14,906,535	6,101,699	7,054,012	-	-	-	13,954,222
<b>Total tangible property</b>	<b>\$ 259,549,695</b>	<b>\$ 13,613,921</b>	<b>\$ 16,278,386</b>	<b>\$ 92,019,611</b>	<b>\$ 15,629,521</b>	<b>\$ 9,223,847</b>	<b>\$ 158,459,945</b>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Operating Expenses  
For the Year Ended June 30, 2014*

---

***Administration***

Salaries	\$ 537,380
Fringe benefits	201,649
Legal	48,335
Supplies	8,931
Other services	335,004
Travel and training	17,510
<b><i>Total administration</i></b>	<b><u>1,148,809</u></b>

***Finance***

Salaries	596,125
Fringe benefits	791,749
Fringe benefits - retiree health	1,812,838
Office expense/supplies	25,060
Utilities	1,734,360
Other services	128,062
Travel and training	17,214
Tickets and passes	97,058
<b><i>Total finance</i></b>	<b><u>5,202,466</u></b>

***Operations***

Wages - drivers	25,007,956
Wages - other	9,430,363
Fringe benefits	21,258,416
Other services	60,764
Maintenance/service agreements	86,640
Supplies	412,959
Travel and training	1,125
Uniforms	188,845
Hazardous waste disposal	11,669
Fuel	6,352,583
Antifreeze and lubricants	247,467
Vehicle and other parts	2,818,385
Tires and tubes	617,479
<b><i>Total operations</i></b>	<b><u>66,494,651</u></b>

***Marketing***

Salaries	76,188
Fringe benefits	29,863
Advertising	215,476
Services	3,179
Supplies	164,822
Printing	220,365
Maintenance agreements	350
Travel and training	2,655
<b><i>Total marketing</i></b>	<b><u>712,898</u></b>

*(Continued)*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Operating Expenses (Continued)*

*For the Year Ended June 30, 2014*

---

<b><i>Human resources</i></b>	
Salaries	305,216
Fringe benefits	153,855
Supplies	3,691
Other services	79,327
Travel and training	20,166
<b><i>Total human resources</i></b>	<b><u>562,255</u></b>
<b><i>Administrative services</i></b>	
Salaries	834,895
Fringe benefits	579,034
Supplies	3,983
Other services	49,946
<b><i>Total administrative services</i></b>	<b><u>1,467,858</u></b>
<b><i>Risk management</i></b>	
Salaries	127,062
Fringe benefits	75,162
Office expense/supplies	3,707
Other services	199,405
Insurance	284,654
Settlements	1,721,846
Workers' compensation medical	82,776
Workers' compensation - other	583,463
Legal	402,750
<b><i>Total risk management</i></b>	<b><u>3,480,825</u></b>
<b><i>Planning and scheduling</i></b>	
Salaries	1,035,788
Fringe benefits	438,054
Advertising	142,174
Other services	366,448
Travel and training	11,905
Office expense/supplies	4,208
<b><i>Total planning and scheduling</i></b>	<b><u>1,998,577</u></b>
<b><i>Specialized transportation</i></b>	
Salaries	816,549
Fringe benefits	523,569
Travel and training	545
Services	215,073
Supplies	3,628
Utilities	14,004
<b><i>Total specialized transportation</i></b>	<b><u>1,573,368</u></b>

*(Continued)*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Operating Expenses (Continued)*

*For the Year Ended June 30, 2014*

---

<b><i>Paratransit operations</i></b>	
Salaries	5,304,080
Fringe benefits	2,774,235
Fuel	1,066,453
Insurance	707,630
Supplies	12,697
Uniforms	6,711
Travel and training	7,638
Other services	24,610
Utilities	54,902
<b><i>Total paratransit operations</i></b>	<b><u>9,958,956</u></b>
<b><i>Purchasing</i></b>	
Salaries	1,017,466
Fringe benefits	576,176
Supplies	4,941
Travel and training	3,455
Uniforms	1,691
Other services	23,061
<b><i>Total purchasing</i></b>	<b><u>1,626,790</u></b>
<b><i>Information technology</i></b>	
Salaries	415,353
Fringe benefits	228,328
Travel and training	273
Services	26,517
Supplies	19,089
Maintenance agreements	176,877
<b><i>Total information technology</i></b>	<b><u>866,437</u></b>
<b><i>RIDE</i></b>	
RIDE carriers	1,835,241
Taxi RIDE providers	4,249,399
<b><i>Total RIDE</i></b>	<b><u>6,084,640</u></b>
<b><i>Centralized maintenance</i></b>	
Salaries	963,791
Fringe benefits	625,282
Services	27,869
Lubricants	41,624
Tire mileage	20,417
Supplies	4,588
Repair parts	593,468
<b><i>Total centralized maintenance</i></b>	<b><u>2,277,039</u></b>

*(Continued)*

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Operating Expenses (Continued)*

*For the Year Ended June 30, 2014*

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***State of Rhode Island - DOT***

Salaries	325,204
Fringe benefits	210,825
Repair parts	201,573
Other services	(200)
Insurance	20,029

***Total State of Rhode Island - DOT*** 757,431

***Depreciation***

15,629,521

***Total operating expenses***

\$ 119,842,521

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
*Combining Schedule of Revenues, Expenses and Changes in Net Position*  
*For the Fiscal Year Ended June 30, 2014*

	<u>Fund 01</u>	<u>Fund 02</u>	<u>Fund 04</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total</u>
<b>Operating revenues</b>						
Passenger	\$ 21,779,974	\$ -	\$ -	\$ 21,779,974	\$ -	\$ 21,779,974
Paratransit	269,075	8,363,503	-	8,632,578	(7,629,565)	1,003,013
Rental	186,128	-	-	186,128	-	186,128
Advertising	530,023	-	-	530,023	-	530,023
RIDE	2,152,598	-	13,162,936	15,315,534	(7,022,966)	8,292,568
Other	1,238,928	-	-	1,238,928	-	1,238,928
<b>Total operating revenues</b>	<u>26,156,726</u>	<u>8,363,503</u>	<u>13,162,936</u>	<u>47,683,165</u>	<u>(14,652,531)</u>	<u>33,030,634</u>
<b>Operating expenses</b>						
Administration	1,148,809	-	-	1,148,809	-	1,148,809
Finance	5,202,466	-	-	5,202,466	-	5,202,466
Operations	66,494,651	-	-	66,494,651	-	66,494,651
Marketing	712,898	-	-	712,898	-	712,898
Human resources	562,255	-	-	562,255	-	562,255
Administrative services	1,467,858	-	-	1,467,858	-	1,467,858
Risk management	3,480,825	-	-	3,480,825	-	3,480,825
Planning and scheduling	1,998,577	-	-	1,998,577	-	1,998,577
Specialized transportation	8,596,334	-	-	8,596,334	(7,022,966)	1,573,368
Paratransit operations	-	9,958,956	-	9,958,956	-	9,958,956
Purchasing	1,626,790	-	-	1,626,790	-	1,626,790
Informational technology	866,437	-	-	866,437	-	866,437
RIDE	-	-	13,714,205	13,714,205	(7,629,565)	6,084,640
Centralized maintenance	2,277,039	-	-	2,277,039	-	2,277,039
State of Rhode Island - DOT	757,431	-	-	757,431	-	757,431
Depreciation	15,629,521	-	-	15,629,521	-	15,629,521
<b>Total operating expenses</b>	<u>110,821,891</u>	<u>9,958,956</u>	<u>13,714,205</u>	<u>134,495,052</u>	<u>(14,652,531)</u>	<u>119,842,521</u>
<b>Operating loss</b>	<u>(84,665,165)</u>	<u>(1,595,453)</u>	<u>(551,269)</u>	<u>(86,811,887)</u>	<u>-</u>	<u>(86,811,887)</u>
<b>Nonoperating revenues (expenses)</b>						
State of RI gas tax	40,772,363	-	-	40,772,363	-	40,772,363
State of RI - DEA gas tax	3,344,275	-	-	3,344,275	-	3,344,275
Operating grants	19,822,209	1,538	-	19,823,747	-	19,823,747
Investment income	7,690	-	-	7,690	-	7,690
Debt forgiveness	929,770	-	-	929,770	-	929,770
Loss on disposal of capital assets	(527)	-	-	(527)	-	(527)
<b>Total nonoperating revenues (expenses)</b>	<u>64,875,780</u>	<u>1,538</u>	<u>-</u>	<u>64,877,318</u>	<u>-</u>	<u>64,877,318</u>
<b>Loss before capital contributions</b>	<u>(19,789,385)</u>	<u>(1,593,915)</u>	<u>(551,269)</u>	<u>(21,934,569)</u>	<u>-</u>	<u>(21,934,569)</u>
<b>Capital contributions</b>	<u>5,670,718</u>	<u>-</u>	<u>-</u>	<u>5,670,718</u>	<u>-</u>	<u>5,670,718</u>
<b>Change in net position</b>	<u>\$ (14,118,667)</u>	<u>\$ (1,593,915)</u>	<u>\$ (551,269)</u>	<u>\$ (16,263,851)</u>	<u>\$ -</u>	<u>\$ (16,263,851)</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

*Schedule of Travel and Entertainment*

*For the Year Ended June 30, 2014*

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<u>Traveler's Name</u>	<u>Purpose</u>	<u>TOTAL</u>
Karen DiLauro	FTA Biennial State Program	\$ 177.50
Wayne Hannon	FTA Biennial State Program	177.50
Karen DiLauro	FTA Biennial State Program	788.61
Wayne Hannon	FTA Biennial State Program	788.61
Wayne Hannon	ABBG Conference	352.28
Raymond Studley	ABBG Conference	380.28
Wayne Hannon	ABBG Conference	177.50
Raymond Studley	ABBG Conference	177.50
Wayne Hannon	ABBG Conference	172.48
Raymond Studley	ABBG Conference	144.48
Raymond Studley	ABBG Conference	221.40
Raymond Studley	Legislative Comm Mtg	205.80
Lillian Picchione	Legislative Comm Mtg	205.80
Raymond Studley	Legislative Comm Mtg	228.42
Lillian Picchione	Legislative Comm Mtg	228.42
Lillian Picchione	Legislative Comm Mtg	129.50
Daniel Bannister	Mktg & Comm Conf	575.00
Daniel Bannister	Mktg & Comm Conf	319.50
Kevin Perry	Revenue Mgmt Summit	525.00
Greg Nordin	Transit Network Design:An Interactive Course	1,231.72
Kevin Perry	Revenue Mgmt Summit	248.50
Kevin Perry	Revenue Mgmt Summit	643.40
Raymond Studley	Legislative conf	376.00
Lillian Picchione	Legislative conf	396.00
Lillian Picchione	Legislative conf	800.00
Raymond Studley	Legislative conf	1,297.98
Daniel Bannister	Mktg & Comm Conf	66.00
Dan Bannister	Mktg & Comm Conf	952.68
Lillian Picchione	Legislative conf	(218.00)
Raymond Studley	Legislative conf	(218.00)
Kevin Perry	Revenue Mgmt Summit	412.80
Kevin Perry	Revenue Mgmt Summit	66.00
Lillian Picchione	Legislative conf	1,143.56
Karen DiLauro	Sungard Users	1,264.35
Roger Mencarini	Sungard Users	1,264.35
Roger Mencarini	Sungard Users	390.50
Karen DiLauro	Sungard Users	390.50
Kevin Perry	Natl Trans Inst Conf	152.50
Roger Mencarini	Sungard Users	59.00
Karen DiLauro	Sungard Users	50.00
Karen DiLauro	Sungard Users	844.00
Roger Mencarini	Sungard Users	819.00
Kevin Perry	Natl Trans Inst Conf	404.25
Greg Harris	APTA Multimodal Oper	907.08
Ed Brown	APTA Multimodal Oper	907.08
		<u><u>\$ 20,626.83</u></u>



# STATISTICAL SECTION





## **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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Shops, garages and office buildings	\$ 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	\$ 102,568,479
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	7,319,148	5,631,926	5,631,926	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037
Revenue equipment-buses	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	87,865,704
Trolleys	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	6,931,795
Fare boxes	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	4,008,100
Service cars and equipment	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	2,535,217
Shops and garage equipment	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	2,151,529
Furniture and office equipment	885,369	882,084	922,587	919,968	925,085	935,123	995,525	1,605,420	1,600,263	1,533,978
Miscellaneous equipment	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	4,670,025
Management information systems	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	10,390,159
Leased Paratransit vans	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	10,908,216
Total capital assets being depreciated	145,610,657	154,433,913	157,679,577	158,770,747	159,373,309	157,705,591	233,059,623	226,375,679	242,497,236	240,785,084
Accumulated depreciation	(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)	(98,425,285)
Total capital assets being depreciated, net	86,935,841	90,149,138	82,947,863	77,078,282	70,874,678	72,999,699	151,587,855	139,243,802	150,477,625	142,359,799
Land	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	2,145,924
Federal grant projects in process	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	13,954,222
<b>Total Invested in Capital Assets</b>	<b>\$ 89,815,368</b>	<b>\$ 92,983,339</b>	<b>\$ 89,483,847</b>	<b>\$ 83,635,672</b>	<b>\$ 94,922,266</b>	<b>\$ 113,810,934</b>	<b>\$ 157,627,706</b>	<b>\$ 147,665,685</b>	<b>\$ 167,530,084</b>	<b>\$ 158,459,945</b>

Source:RIPTA Annual Audited Financial Statements

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>ASSETS:</b>										
Capital Assets	\$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	\$158,459,945
Other Assets	14,005,712	17,698,338	20,214,544	18,169,413	20,573,089	20,803,447	22,315,056	22,659,721	23,123,665	21,871,766
Total Assets	103,821,080	110,681,677	109,698,391	101,805,085	115,495,355	134,614,381	179,942,762	170,325,406	190,653,749	180,331,711
<b>LIABILITIES:</b>										
Current Liabilities	9,172,326	9,977,948	12,294,049	12,241,844	14,161,257	13,549,821	12,473,314	13,551,379	14,254,121	12,715,423
Long-term Liabilities	9,304,225	9,769,454	9,625,518	16,433,615	26,793,735	32,927,227	43,953,177	49,437,768	60,574,636	68,055,147
Total Liabilities	18,476,551	19,747,402	21,919,567	28,675,459	40,954,992	46,477,048	56,426,491	62,989,147	74,828,757	80,770,570
<b>NET POSITION:</b>										
Unrestricted Net Position(Deficit)	(4,470,839)	(2,049,064)	(1,705,023)	(10,506,046)	(12,442,776)	(16,512,606)	(21,226,895)	(27,956,831)	(35,797,468)	(43,793,950)
Investment in Capital Assets	89,815,368	92,983,339	89,483,847	83,635,672	86,983,139	104,649,939	144,743,166	135,293,090	151,622,460	143,355,091
Total Net Position	\$85,344,529	\$90,934,275	\$87,778,824	\$73,129,626	\$74,540,363	\$88,137,333	\$123,516,271	\$107,336,259	\$115,824,992	\$99,561,141

Source: RIPTA Annual Audited Financial Statements

**Rhode Island Public Transit Authority**  
**Changes in Net Position**  
**Last Ten Years**  
**(Unaudited)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Operating Revenues:</b>										
Passenger Revenue	\$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	\$ 21,779,974
Other Revenues	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	11,250,660
Total Operating Revenue	<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>	<u>33,030,634</u>
Operating Expenses	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	104,213,000
Depreciation Expense	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	15,629,521
Operating Loss	<u>(55,407,039)</u>	<u>(59,592,813)</u>	<u>(62,563,968)</u>	<u>(75,300,637)</u>	<u>(71,075,819)</u>	<u>(78,050,468)</u>	<u>(83,738,411)</u>	<u>(85,552,886)</u>	<u>(86,776,464)</u>	<u>(86,811,887)</u>
<b>Non-operating Revenues(Expenses):</b>										
State of RI gas tax	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	40,772,363
Grants	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	19,823,747
Investment Income	55,637	275,011	423,140	382,190	104,475	41,817	54,766	33,001	(4,527)	7,690
State of RI-DEA gas tax	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	3,344,275
Other Non-operating Revenue		(7,622)	8,476	(68,763)	(397,678)	(197,970)	(5,455)	(111,049)	(24,367)	(527)
Loss on disposal of assets	(4,509)								964,971	929,770
Forgiveness of Debt										
Debt Service	(581,595)	(649,753)	(684,153)	(675,239)	(693,341)	(386,869)	(483,462)	(410,079)		
Total Non-operating Revenues(Expenses)	<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>	<u>64,877,318</u>
Net Loss	(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)	(21,934,569)
Capital Contribution	6,241,621	13,173,531	5,782,561	4,104,084	20,657,398	25,165,798	50,811,991	4,904,388	28,895,953	5,670,718
Change in Net Position	<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>	<u>(\$16,263,851)</u>

Source: RIPTA Annual Audited Financial Statements

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Operating Expenses</b>										
Administration	\$ 560,763	\$ 720,405	\$ 555,537	\$ 719,851	\$ 612,889	\$ 745,630	\$ 1,051,673	\$ 831,055	\$ 912,428	\$ 1,148,809
Finance	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	5,202,466
Operations	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	66,494,651
Marketing	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	712,898
Human Resources	658,635	711,954	770,135	911,810	775,889	820,430	1,083,730	1,236,857	505,275	562,255
Administrative Services	-	-	-	-	-	-	-	-	2,014,397	1,467,858
Risk Management	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	3,480,825
Planning & Scheduling	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	1,998,577
Specialized Transportation	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	1,573,368
Paratransit Operations	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	9,958,956
Purchasing	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	1,626,790
Flex	934,573	1,029,084	1,180,456	1,456,972	1,549,183	1,661,692	1,850,649	1,658,143	-	-
MIS	657,489	855,711	735,032	733,097	861,059	785,047	908,176	717,103	1,050,019	866,437
Ferry	642,942	601,101	620,831	637,978	386,042	50,251	-	-	-	-
RIDE	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	6,084,640
Centralized Transportation	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	2,277,039
Facilities Engineering	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	757,431
Depreciation	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	15,629,521
<b>Operating Expenses</b>	<b>83,071,113</b>	<b>89,709,807</b>	<b>94,209,791</b>	<b>107,943,799</b>	<b>105,085,471</b>	<b>105,747,467</b>	<b>114,828,215</b>	<b>118,791,084</b>	<b>120,015,839</b>	<b>119,842,521</b>
<b>Non-operating Expenses</b>										
Interest Expense	9,865	2,972	-	-	-	-	-	-	-	-
Debt Service	581,595	649,753	684,153	675,239	693,341	386,869	483,462	410,079	-	-
	591,460	652,725	684,153	675,239	693,341	386,869	483,462	410,079	-	-
<b>Total Expenses</b>	<b>\$ 83,662,573</b>	<b>\$ 90,362,532</b>	<b>\$ 94,893,944</b>	<b>\$ 108,619,038</b>	<b>\$ 105,778,812</b>	<b>\$ 106,134,336</b>	<b>\$ 115,311,677</b>	<b>\$ 119,201,163</b>	<b>\$ 120,015,839</b>	<b>\$ 119,842,521</b>

Source: RIPTA Annual Audited Financial Statements

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Operating Revenues</b>										
Passenger Fares	\$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	\$21,779,974
Paratransit	484,138	595,307	655,637	730,508	809,024	1,729,495	1,786,444	1,911,627	1,052,140	1,003,013
Rental	113,392	121,973	124,690	138,512	127,418	151,171	192,096	195,707	193,285	186,128
Advertising	360,899	270,417	416,580	415,875	497,887	554,516	579,260	546,020	583,272	530,023
RIDE	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	8,292,568
Other	438,707	897,191	1,037,732	998,879	1,967,283	1,054,961	1,590,477	1,652,764	1,220,145	1,238,928
Total operating revenues	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	33,030,634
<b>Non-operating Revenues</b>										
State of RI Gas tax	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	40,772,363
Federal and State Grants	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	19,823,747
Investment Income	65,502	277,983	423,140	382,190	104,475	41,817	54,766	33,001	(4,527)	7,690
State of RI-DEA gas tax	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	3,344,275
Debt Forgiveness	-	-	-	-	-	-	-	-	964,971	929,770
Other non-operating revenue	6,756	-	-	-	-	-	-	-	-	-
Gain(Loss) on disposal of Assets	(4,509)	(7,622)	8,476	(68,763)	(397,678)	(197,970)	(5,455)	(111,049)	(24,367)	(527)
Total non-operating revenues	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	64,877,318
<b>Total Revenues</b>	\$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	\$97,907,952

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)
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	1,051,511	49,434	47,012	555,643	142,008	9.49%
2014	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 2013  
(Unaudited)

2013		2005					
Rank	Name of Company	Employees	% of Total Employment	Rank	Name of Company	Employees	% of Total Employment
1	Rhode Island	13,900	22.26%	1	Rhode Island	14,561	20.97%
2	Lifespan	11,559	18.52%	2	Lifespan	10,597	15.26%
3	Care New England	6,350	10.17%	3	US Government(excluding military)	9,800	14.11%
4	CVS Caremark, Corp	6,200	9.95%	4	Care New England	6,526	9.40%
5	Providence	5,603	8.97%	5	Roman Catholic Church	6,200	8.93%
6	Royal Bank of Scotland(Citizens Bank)	5,389	8.63%	6	Royal Bank of Scotland(Citizens Bank)	5,500	7.92%
7	Brown University	4,288	6.87%	7	CVS Caremark, Corp	5,314	7.65%
8	Fidelity Invesments/Roman Catholic Church	3,600	5.77%	8	Stop & Shop Supermarket	4,455	6.42%
9	Charter Care Health Partners	2,981	4.77%	9	Brown University	3,251	4.68%
10	Electric Boat	2,560	4.09%	10	Bank of America	3,240	4.66%

Source: 2005 Rhode Island Economic Development Corporation  
Source: 2013 Providence Business News



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

Fare Products	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Cash</b>										
Cash-Full Fare	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.75	\$ 1.75	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Cash-Half Fare	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.85	\$ 0.85	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Cash-Short Zone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Passes</b>										
Monthly Passes	\$ 45.00	\$ 45.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00
1 Day Pass	\$ -	\$ -	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
7 Day Pass	\$ -	\$ -	\$ -	\$ -	\$ 20.00	\$ 20.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00
15 Ride Pass	\$ -	\$ -	\$ -	\$ 20.00	\$ 23.00	\$ 23.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00
<b>RIPTIKS</b>										
RIPTIKS(Book of 10)	\$ 13.50	\$ 13.50	\$ 15.00	\$ 15.00	\$ 17.50	\$ 17.50	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
<b>Transfers</b>										
Cash-Transfer	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Cash Half Fare Transfer	\$ -	\$ -	\$ -	\$ 0.05	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Customers	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	20,525,312
Vehicle Hours	918,542	931,303	930,987	955,943	940,505	947,724	961,430	982,525	907,244	912,918
Vehicle Miles	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	13,059,259
Peak Fleet Request	328	322	328	330	322	320	333	306	305	305
Total Active Fleet	370	406	406	389	396	388	402	384	389	389
Number of Employees	925	829	840	844	830	846	815	794	766	763

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, 2014, and the related notes to the financial statements, which collectively comprise RIPTA's basic financial statements, and have issued our report thereon dated September 29, 2014.

***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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether 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 29, 2014