



RHODE ISLAND PUBLIC TRANSIT AUTHORITY



8x Person Blvd	9x Pascoag
0x Scituate	12x Arctic/117
9x Smithfield	61x Tiverton
5x Wakefield	95x Westerly



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**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, 2017

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

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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

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INTRODUCTORY SECTION



omprehensive Annual Financial Report
FOR THE FISCAL YEAR ENDED JUNE 30, 2017



September 30, 2017

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, 2017. 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, 2017.

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

Our independent auditors Bacon & Company, LLC have issued an unmodified opinion and RIPTA's financial statements for the fiscal year ended June 30, 2017, are presented in conformity with GAAP.

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

Organization and Management

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

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

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

Economic Environment

The RI Department of Labor and Training is reporting that the state's unemployment rate is down one and two tenths of a percentage point from last June's figure of 5.4 percent to 4.2 percent. The national rate was 4.4 percent.

Information from the May 2017 Rhode Island Revenue Estimating Conference, the Department of Labor and Training reports as of March 2017, there were 530,100 RI residents working, which represents a gain of 33,700 since the recession era low of 496,300 recorded in November of 2011.

Long-Term Financial Planning

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

Future Operating Budget

The Authority currently has a projected \$748,790 operating surplus based on the revised budget for Fiscal Year 2018 and current management projections which excluded funding of Other Post-Employment Benefits beyond Pay-As-You-Go. The Authority is funded primarily by state gasoline tax revenue, passenger revenues, and to a lesser degree, certain federal funds. Total gasoline tax revenue, and the Authority's share is expected to decrease from the previous fiscal year. Other Authority operating costs have increased, notably; operating expenses, and employee wage and benefit costs. Management continues to review all estimated expenditure activity to determine only those expenditures that are of a critical nature as well as proposals to freeze other non-critical expenditure requests. In addition, management has received two years of debt service funding from the State of Rhode Island which was appropriated from the General Assembly. During the legislative session of 2014, a transportation infrastructure fund was established. In FY 2018, proceeds will approximate \$4.2 million and from FY 2019 forward, \$4.4 million will be received from the new revenue source. In addition Highway State Maintenance Fund Revenues increased by \$5.0 million to replace Senior/Disabled fares and provide payment for the debt service in FY 2018 and 2019.

Major Capital Initiatives

The RIPTA's fiscal year 2019-2023 Capital Improvement Program (CIP) identifies projects totaling \$102.6 million either in progress, to be initiated, or to be completed during those fiscal years in addition to \$15.2 million in expenditures for fiscal year 2018. Expenditures on these projects are necessary to maintain the integrity of the RIPTA's infrastructure, and take advantage of technological changes.

The largest project is the ongoing replacement of fixed route buses and paratransit vehicles that will be at the end of their useful life. During the fiscal year 2018 – 2023, RIPTA will replace 73 fixed route buses, 17 Flex vehicles, and 100 paratransit vehicles at an estimated cost of \$52.8 million. Additionally, as part of RIPTA's Strategic Plan, security and passenger facility upgrades and improvements at an estimated cost of \$38 million during fiscal year 2018-2023 will continue. New projects include \$17 million for the Downtown Transit Connector, and \$5.5 million for the upgrade of fareboxes.

Funding of the CIP

In the fiscal year 2018, RIPTA plans to fund the CIP with approximately \$12 million in Federal Transit Administration Funds, \$1.1 million in RI Capital Asset Protection funds and \$2.1 million in RIPTA and local matching funds.

During the five year period of FY 2019 – 2023 CIP, the RIPTA plans on using \$82 million in Federal Transit Funds, \$13.5 million in RIPTA and local matching funds, \$7.6 million in RI Capital Asset Protection funds.

Awards

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for the Excellence in Financial Reporting to RIPTA for its 2016 annual report. This was the fifth consecutive year RIPTA has received this prestigious award. In order to be eligible for a Certificate of Achievement, RIPTA published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

Respectfully Submitted,

Raymond Studley
Chief Executive Officer

Karen DiLauro
Executive Director Finance & Budget



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

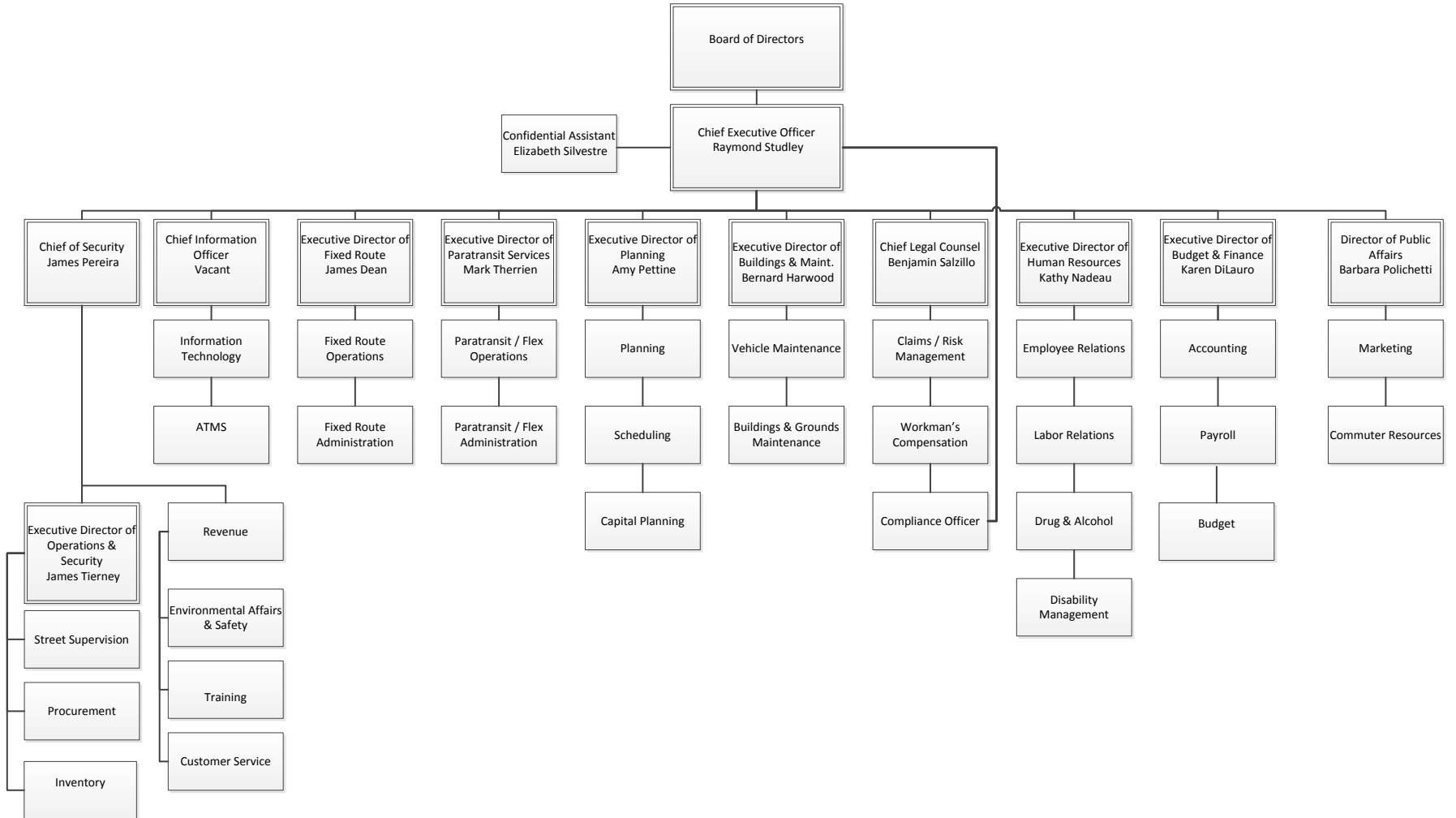
**Rhode Island
Public Transit Authority**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

The Rhode Island Public Transit Authority
Organizational Chart as of June 30, 2017



Total Budgeted Employees: 831

Non-Represented: 38

Local 808: 54

Local 618A: 56

618: 683

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

***Principal Officials
June 30, 2017***

Chief Executive Officer

Raymond Studley

Finance Department

Karen DiLauro, Executive Director of Finance & Budget

Board of Directors

Wayne M. Kezirian – Chairperson

Peter Alviti

Princess Sirleaf Bomba

Joshua H. Brumberger

Maureen Martin

Stephanie Ogidan Preston

Karen A. Santilli

Mark Susa

FINANCIAL SECTION



Comprehensive Annual Financial Report
FOR THE FISCAL YEAR ENDED JUNE 30, 2017



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Rhode Island Public Transit Authority (the Authority), a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and supplementary pension and OPEB information on pages 11 through 16 and pages 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of net position, the schedule of activities, the schedule of changes in long-term debt, the schedule of tangible property, the schedule of operating expenses, the combining schedule of revenues, expenses and changes in net position, the schedule of travel and entertainment, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of net position, the schedule of activities, the schedule of changes in long-term 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, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of net position, the schedule of activities, the schedule of changes in long-term debt, the schedule of tangible property, the schedule of operating expenses, the combining schedule of revenues, expenses and changes in net position, the schedule of travel and entertainment, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bacon & Company, LLC

Warwick, Rhode Island
September 30, 2017

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, 2017. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the Authority's financial activities based on facts, decisions, and conditions currently facing management.

Understanding the Authority's Financial Statements

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

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

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

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

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

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

- The Authority's operating, non-operating and State of RI gas tax revenues increased by 4.0 % or \$4.0 million during FY 2017 compared to FY 2016.
- Operating and non-operating expenses increased by 5.9% or \$7.0 million during FY 2017 as compared to FY 2016.
- Capital contributions increased \$1.5 million or 11.1 % from the previous year.
- Capital assets decreased by \$3.9 million or 2.7% from FY 2016.
- The Authority's total net position decreased by \$9.8 million or 31.8 % from FY 2016.

Net Position

The following schedule presents the condensed Statement of Net Position for the fiscal years ended June 30, 2017 and 2016.

	<u>June 30,</u> 2017	<u>June 30,</u> 2016
Assets:		
Current assets	\$19,923,501	\$16,949,269
Capital assets (net)	140,481,681	144,359,056
Other non-current assets	1,063,834	1,004,711
TOTAL ASSETS	<u>161,469,016</u>	<u>162,313,036</u>
Deferred outflows of resources:		
Deferred pension amounts	27,033,223	16,445,594
	<u>27,033,223</u>	<u>16,445,594</u>
Liabilities:		
Current liabilities	18,498,396	13,699,287
Non-current liabilities	148,414,133	132,376,378
TOTAL LIABILITES	<u>166,912,529</u>	<u>146,075,665</u>
Deferred inflows of resources:		
Deferred pension amounts	516,768	1,793,047
	<u>516,768</u>	<u>1,793,047</u>
Net position		
Unrestricted net position (deficit)	(106,411,740)	(99,822,138)
Net Investment in capital assets	127,484,682	130,712,056
TOTAL NET POSITION	<u>\$21,072,942</u>	<u>\$30,889,918</u>

The majority of the Authority's assets (87%) 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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

of vendor, government, employee, and benefit payments while non-current liabilities include accrued pension, self-insured claims, a liability of \$59.1 million associated with implementing GASB #45, Other Post-employment benefits effective FY 2008, a liability of \$65.8 million associated with implementing GASB #68 and a Due to Primary Government of \$13.0 million. This liability reflects the amounts owed for long-term debt to the State of Rhode Island for bonds issued in the State of Rhode Island's name on behalf of the Authority. The long-term debt is reflected as such on the State of Rhode Island's Financial Statements.

Authority Operations

The following schedule presents the condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2017 and 2016.

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
Operating Revenue		
Ritecare program revenue	\$2,641,025	\$2,289,810
Passenger revenue	17,154,799	15,999,222
Rlde program revenue	759,454	1,372,101
Other operating revenues	2,870,208	3,030,848
Non-operating Revenue		
Grant revenue	33,001,483	28,493,367
State of RI - DEA gas tax	3,497,504	3,540,723
Other non-operating revenue	647,432	408,989
State of RI gas tax	42,560,051	44,068,106
Total Revenues	<u>103,131,956</u>	<u>99,203,166</u>
Operating Expenses		
Management and general	(25,893,588)	(21,991,572)
Operations and maintenance	(82,785,388)	(82,199,181)
Depreciation	(18,041,344)	(16,299,930)
Non-operating Expenses		
Debt service	-	-
Other non-operating expenses	(823,819)	(238)
Total Expenses	<u>(127,544,139)</u>	<u>(120,490,921)</u>
Net Income (Loss) before Capital Contributions	(24,412,183)	(21,287,755)
Capital Contributions	<u>14,595,207</u>	<u>13,136,348</u>
Change in Net Position	(9,816,976)	(8,151,407)
Total Net Position- Beginning	<u>30,889,918</u>	<u>39,041,325</u>
Total Net Position- Ending	<u>\$21,072,942</u>	<u>\$30,889,918</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 \$117,727,163. The revenue reported as operating revenue, non-operating revenue and State of RI gas tax increased 4.0% or \$3,928,790 over the prior year. This increase was the result of receiving more Grant Revenue for the Newport Gateway Project. The Authority's operating and non-operating expenses total \$127,544,139. This reflects a increase of 5.9% or \$7,053,218 over the prior year. We had increase in management and general expenses, depreciation and capital contributions.

Capital Assets

The following schedule summarizes the Authority's capital assets and changes therein, for the years ended June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Land, shops, garages and buildings	\$106,475,145	\$106,356,497
Revenue equipment	133,178,629	129,020,312
Service vehicles and garage equipment	6,619,960	5,309,784
Furniture and fixtures	10,262,690	10,433,278
Management information systems	13,181,994	7,723,562
Security Equipment	2,667,109	2,549,672
Federal grant projects in process	1,572,686	10,445,775
	<u>273,958,213</u>	<u>271,838,880</u>
Less accumulated depreciation	<u>(133,476,532)</u>	<u>(127,479,824)</u>
Net capital assets	<u>\$140,481,681</u>	<u>\$144,359,056</u>

At the end of fiscal year 2017, the Authority had \$140,481,681 invested in capital assets. This amount represents a decrease of 2.7% or \$3,877,375 from the prior year. A more detailed account of the capital asset activity for fiscal year 2017 can be found in Note 3, Property, Plant and Equipment.

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

- Replacement of two heavy vehicle lifts
- Installation of an additional generator to ensure continued operations
- Completion of CAD/AVL installation project
- Continuation of financial and maintenance software upgrade

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

During FY 2018, the Authority is committed to upgrading its information systems including financial and maintenance software to improve access to information, which will allow management to make more informed decisions. The Authority will also be preparing to order 35 buses, 29 for fleet replacement, and 6 to meet expanded service for the new Downtown Transit Connector.

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 2018 budget:

- ❑ Level of federal funds appropriated for operating and capital purposes. A new transportation-funding act, the FAST act, was signed into law December 4, 2015 and funds surface transportation for fiscal years 2016 through 2020. The FY 2018 budget includes funding for mobility management reimbursement, preventive maintenance, Jobs Access/Reverse Commute and rural operating assistance with small variations from FY 2016 federal revenues. The budget also includes funding for ADA reimbursement. The FAST act now allows the Authority to double its ADA reimbursement, providing significant flexibility in balancing the budget.
- ❑ State gasoline tax revenue available for operating purposes. For FY 2018, the yield determined by the State of RI Department of Revenue for the gasoline tax is \$4,435,486, relatively stable from the previous fiscal year. In total RIPTA receives 9.25 of the 34 cent gasoline tax and .5 of the 1 cent UST fee annually.
- ❑ During the 2014 legislative session additional state revenue became available to the Authority. The Rhode Island Highway Maintenance Account will allocate 5% of available proceeds in the account to RIPTA beginning in FY 2016. It is estimated that \$3.9 million will be allocated to the Authority in FY 2018, and \$4.3 million allocated in FY 2019. The amount received decreases compared to older projections due to a revised phase-in timeline. Through additional legislation, RIPTA will receive an additional \$5 million in Highway Maintenance Account funds, \$3.4 million to reinstate free trips for qualifying riders and \$1.6 million to cover RIPTA's debt service. This will bring RIPTA's Highway Maintenance Account proceeds to \$8.9 and \$9.3 million for fiscal years 2018 and 2019 respectively. The additional funds are not anticipated to continue to FY 2020.
- ❑ Revenue from state agencies to subsidize policy driven transit travel programs. This program provides partial payment for free and reduced rides for senior citizens and the disabled population. Legislation passed in the 2015 Legislative Session allowed RIPTA to begin charging a reduced fare to this population. Implementation of a fare was delayed, but ultimately implemented during FY

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

2017. However, in FY 2017 new legislation was passed rescinding the ability for RIPTA to charge a fare to this population, and provided additional Highway Maintenance Account funds to make up for the lost revenue. In addition to the reduced fare program, the Authority provides the transportation benefit for the state's RItE Care program, a program which was reduced significantly during FY 2015, but has seen modest increases since.

- Effective March 1, 2016 the Authority implemented a new fare structure, which included introducing new, more effective fare products, changing the price of several products, and the elimination of poor performing fare products. The base fare remains unchanged at \$2.00, but cash transfers have increased from \$0.50 to \$1.00. The price of a day pass remains unchanged, but the price of a 7-day pass has increased from \$23 to \$25. RIPTIKS and 15-ride passes have been eliminated, and a new 10-ride pass has been introduced at a price of \$20. Monthly passes have increased from \$62 to \$70. The cost of an ADA ride remains unchanged at \$4.
- Since FY 2013, the State of Rhode Island has paid the debt service obligation of the Authority. For FY 2018, the State has provided Highway Maintenance Account funds to cover the debt service payment of approximately \$1.6 million. This assistance was formerly provided via General Revenues.
- The contract with the Amalgamated Transit Union has been renewed through 6/30/2019. The Authority is also under contract with LIU 808 for a contract through 6/30/2018. Employee wages and associated fringe benefits (less employee contributions) make up approximately 70% of the Authority's annual budget.
- Costs associated with fuel prices. The Authority consumes approximately 2.3 million gallons of fuel annually. The budgeted fuel cost for FY 2018 is \$1.7395 per gallon for the entire fiscal year as the Authority has locked into a fixed rate through December 2018.
- Inclusion of expenses and offsetting reimbursement of the State of Rhode Island DOT and the Rhode Island Bridge and Turnpike Authority for vehicle maintenance and repair program contracted with the Authority.

Contacting the Authority's Financial Management

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Statement of Net Position

June 30, 2017

Assets

Current assets

Cash and cash equivalents:

Operating fund	\$ 4,779,949
Paratransit capital fund	1,324,018
Accident and casualty fund	512,011
Capital replacement fund	1,634,783
Total cash and cash equivalents	8,250,761

Receivables:

Accounts	873,723
Grants	3,783,999
Total receivables	4,657,722

Due from primary government

5,349,299

Inventories, net allowance of \$1,521

1,486,675

Prepaid expenses

179,044

Total current assets

19,923,501

Non-current assets

Investments

1,063,834

Capital assets, non-depreciable

3,718,610

Capital assets, depreciable - net of depreciation

136,763,071

Total non-current assets

141,545,515

Total assets

161,469,016

Deferred outflows of resources

Deferred pension amounts

27,033,223

Total deferred outflows of resources

27,033,223

(Continued)

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Statement of Net Position (Continued)

June 30, 2017

Liabilities

Current liabilities

Accounts payable	9,210,856
Due to primary government	1,090,122
Accrued salaries, wages and benefits	5,757,448
Accrued compensated absences	337,772
Accrued self insured health claims	958,748
Accrued self insured claims	800,000
Unearned revenue	343,450
<i>Total current liabilities</i>	<u>18,498,396</u>

Non-current liabilities

Due to primary government	12,061,000
Accrued compensated absences	213,211
Accrued self insured claims	11,273,740
Net pension liability	65,812,951
Net OPEB obligation	59,053,231
<i>Total non-current liabilities</i>	<u>148,414,133</u>

Total liabilities

166,912,529

Deferred inflows of resources

Deferred pension amounts	516,768
<i>Total deferred inflows of resources</i>	<u>516,768</u>

Net position

Net investment in capital assets	127,484,682
Unrestricted (deficit)	(106,411,740)
<i>Total net position</i>	<u>\$ 21,072,942</u>

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

<i>Operating revenues</i>	
Passenger	\$ 19,795,824
Paratransit	1,130,267
Rental	150,691
Advertising	521,717
RIDE	759,454
Other	1,067,533
<i>Total operating revenues</i>	<u>23,425,486</u>
<i>Operating expenses</i>	
Administration	1,558,473
Finance	8,339,077
Operations	71,737,547
Marketing	634,211
Human resources	771,079
Administrative services	1,819,654
Risk management	4,104,665
Planning and scheduling	2,502,750
Specialized transportation	1,372,162
Paratransit operations	8,770,659
Purchasing	1,719,532
Information technology	1,780,480
RIDE	1,291,505
Centralized maintenance	1,814,095
State of Rhode Island - DOT & RITBA	463,087
Depreciation	18,041,344
<i>Total operating expenses</i>	<u>126,720,320</u>
<i>Operating loss</i>	<u>(103,294,834)</u>
<i>Nonoperating revenues (expenses)</i>	
State of RI gas tax	42,560,051
State of RI - DEA gas tax	3,497,504
Operating grants	33,001,483
Investment income	(2,568)
Debt forgiveness	539,000
Other nonoperating revenue	111,000
Loss on disposal of capital assets	(823,819)
<i>Total nonoperating revenues (expenses)</i>	<u>78,882,651</u>
<i>Loss before capital contributions</i>	(24,412,183)
<i>Capital contributions</i>	<u>14,595,207</u>
<i>Change in net position</i>	(9,816,976)
<i>Total net position - beginning of year</i>	<u>30,889,918</u>
<i>Total net position - end of year</i>	<u><u>\$ 21,072,942</u></u>

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017*

<i>Cash flows from operating activities</i>	
Cash received from customers	\$ 23,891,662
Cash paid to suppliers for goods and services	(22,603,527)
Cash paid to employees for services	<u>(76,058,504)</u>
<i>Net cash used for operating activities</i>	<u>(74,770,369)</u>
<i>Cash flows from noncapital financing activities</i>	
State gas tax received	47,028,074
Operating grants received	<u>33,221,074</u>
<i>Net cash provided by noncapital financing activities</i>	<u>80,249,148</u>
<i>Cash flows from capital and related financing activities</i>	
Capital contributions received	13,703,629
Debt proceeds received	187,487
Acquisition and construction of capital assets	<u>(15,327,354)</u>
<i>Net cash used for capital and related financing activities</i>	<u>(1,436,238)</u>
<i>Cash flows from investing activities</i>	
Purchase of investments	(1,063,834)
Maturity of investments	1,219,247
Interest and dividends on investments	<u>(2,568)</u>
<i>Net cash provided by investing activities</i>	<u>152,845</u>
<i>Net increase in cash and cash equivalents</i>	4,195,386
<i>Cash and cash equivalents at beginning of year</i>	<u>4,055,375</u>
<i>Cash and cash equivalents at end of year</i>	<u><u>\$ 8,250,761</u></u>
<i>Noncash capital and related financing activities:</i>	
Decrease in due to primary government	\$ 650,000

(Continued)

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Statement of Cash Flows (Continued)
For the Fiscal Year Ended June 30, 2017*

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

<i>Operating loss</i>	<u>\$ (103,294,834)</u>
<i>Adjustments to reconcile operating loss to net cash used for operating activities</i>	
Depreciation and amortization	18,041,344
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	293,776
(Increase) decrease in due from primary government	172,400
(Increase) decrease in inventory	91,091
(Increase) decrease in prepaid expenses	127,659
(Increase) decrease in other assets	154,000
Increase (decrease) in accounts payable and accrued expenses	4,160,520
Increase (decrease) in accrued self insured claims	284,593
Increase (decrease) in accrued compensated absences	(68,698)
Increase (decrease) in net pension liability	13,612,487
Increase (decrease) in net OPEB obligation	3,519,201
(Increase) decrease in deferred outflows of resources	(10,587,629)
Increase (decrease) in deferred inflows of resources	<u>(1,276,279)</u>
<i>Total adjustments</i>	<u>28,524,465</u>
 <i>Net cash used for operating activities</i>	 <u><u>\$ (74,770,369)</u></u>

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

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, 2017

Basis of Presentation and Accounting

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

Recently Issued Accounting Standards

The Authority has implemented the following new accounting pronouncements:

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

The adoption of GASB Statements Nos. 74, 77, 79, 80 and 82 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. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the Authority’s fiscal year ending June 30, 2018.
- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, effective for the Authority’s fiscal year ending June 30, 2018.
- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for the Authority’s fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Authority’s fiscal year ending June 30, 2020.
- GASB Statement No. 85 – *Omnibus 2017*, effective for the Authority’s fiscal year ending June 30, 2018.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*, effective for the Authority’s fiscal year ending June 30, 2018.
- GASB Statement No. 87 – *Leases*, effective for the Authority’s fiscal year ending June 30, 2021.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

The impact of these pronouncements on the Authority's financial statements has not been determined, with the exception of GASB Statement No. 75 which will require the restatement of net position in fiscal year 2018.

Federal and State Grants

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

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

Investments

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

Materials and Supplies of Inventory

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

Property, Plant and Equipment

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

Operating Revenues and Expenses

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

Compensated Absences

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

Income Taxes

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

Net Position

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

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

Self-insurance

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

Cash and Cash Equivalents

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

Estimates

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

Advertising Costs

It is the Authority's policy to expense advertising costs as incurred. Advertising expense for fiscal year ended June 30, 2017 was \$225,618.

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, 2017, was \$5,267,684 and the bank balance was \$9,469,252. Of the bank balance, \$477,419 was insured by federal depository insurance, \$8,649,562 was collateralized with securities held by the pledging financial institution or its agent in the Authority's name and \$342,271 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, 2017, the Authority's uncollateralized deposits had maturities of less than sixty (60) days and were with an institution that met the minimum capital standards.

The carrying value of deposits for June 30, 2017 is \$5,267,684. Investments of \$2,981,977 and \$1,100 of petty cash, relate to the statement of net position totals for June 30, 2017 as follows:

Cash deposits	\$5,267,684
Add: Petty cash	1,100
Investments classified as cash equivalents for financial statement purposes	2,981,977
Cash and cash equivalents per statement of net position	<u>\$8,250,761</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

Investments

At June 30, 2017, the Authority had the following money market investments classified as cash equivalents:

<u>Investments</u>	<u>Average Maturity in Days</u>	<u>Standards & Poor's Rating</u>	<u>Fair Value</u>
Federated Government Obligations Fund	34	AAAm	\$ 23,176
Fidelity Institutional Money Market Treasury Portfolio- Class III	34	AAAm	1,324,018
TDAM US Government Fund Institutional Service Class	41	AAAm	1,634,783
			<u>\$2,981,977</u>

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

At June 30, 2017, the Authority had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Moody's Rating</u>	<u>Fair Value</u>
Federal National Mortgage Association	2/26/19-2/28/20	Aaa	\$109,562
US Treasury Notes	4/30/18-5/15/20	Aaa	834,868
Federal Home Loan Mortgage Corporation	4/15/19-4/20/20	Aaa	119,404
			<u>\$1,063,834</u>

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

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

Credit Risk - As of June 30, 2017, the Authority's investments in US Treasury Notes, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation were rated Aaa by Moody's Investor Service. As of June 30, 2017, the Authority's investments in Federated Government Obligations Fund, Fidelity Institutional Money Market Treasury Portfolio – Class III and TDAM US Government Fund Institutional Service Class were rated AAAm by Standard & Poor's. The Authority does not have a formal policy relative to credit risk.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

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

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

The Authority has the following recurring fair value measurements as of June 30, 2017:

- U.S. Treasury notes and Agency bonds (GSE) of \$834,868 and \$228,966, respectively, are valued using a market approach that considers benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications (Level 2 inputs).

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2017:

	<i>Balance July 1, 2016</i>	<i>Additions & Transfers</i>	<i>Removals & Transfers</i>	<i>Balance June 30, 2017</i>
<i>Capital assets, not being depreciated:</i>				
Land and land rights	\$ 2,145,924	\$ -	\$ -	\$ 2,145,924
Federal grant projects in process	10,445,775	2,863,383	11,736,472	1,572,686
Total capital assets, not being depreciated	<u>12,591,699</u>	<u>2,863,383</u>	<u>11,736,472</u>	<u>3,718,610</u>
<i>Capital assets, being depreciated:</i>				
Shop, garages and buildings	104,210,573	118,648	-	104,329,221
Revenue equipment	129,020,312	12,044,314	7,885,997	133,178,629
Service vehicles and garage equipment	5,309,784	1,562,943	252,767	6,619,960
Furniture and office and other equipment	12,982,950	142,406	195,557	12,929,799
Management information system	7,723,562	9,339,808	3,881,376	13,181,994
Total capital assets being depreciated	<u>259,247,181</u>	<u>23,208,119</u>	<u>12,215,697</u>	<u>270,239,603</u>
<i>Total capital assets</i>	<u>271,838,880</u>	<u>26,071,502</u>	<u>23,952,169</u>	<u>273,958,213</u>
<i>Less accumulated depreciation for:</i>				
Shop, garages and buildings	42,778,357	3,922,812	-	46,701,169
Revenue equipment	68,609,119	10,979,751	7,807,057	71,781,813
Service vehicles and garage equipment	4,780,610	383,115	252,768	4,910,957
Furniture and office and other equipment	5,029,754	1,429,648	195,557	6,263,845
Management information system	6,281,984	1,416,766	3,880,002	3,818,748
<i>Total accumulated depreciation</i>	<u>127,479,824</u>	<u>18,132,092</u>	<u>12,135,384</u>	<u>133,476,532</u>
<i>Total capital assets being depreciated, net</i>	<u>131,767,357</u>	<u>5,076,027</u>	<u>80,313</u>	<u>136,763,071</u>
<i>Capital assets, net</i>	<u>\$ 144,359,056</u>	<u>\$ 7,939,410</u>	<u>\$ 11,816,785</u>	<u>\$ 140,481,681</u>

Depreciation expense for the fiscal year ended June 30, 2017 was \$18,041,344.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

NOTE 4 - CAPITAL REPLACEMENT FUNDS

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

The activity in the capital replacement account for fiscal year ended June 30, 2017 was as follows:

<i>Balance at beginning of year</i>	\$2,282,245
Capital replacement deposits	462,899
Local match payments	(80,506)
Investment income	(4,142)
<i>Balance at end of year</i>	<u>\$2,660,496</u>
Classified as cash and cash equivalents	\$1,634,783
Classified as investments	1,025,713
<i>Total cash, cash equivalents and investments</i>	<u>\$2,660,496</u>

NOTE 5 - SELF-INSURANCE

Automobile Liability and Workers' Compensation

The Authority established an accident and casualty account as of July 1, 1977 for the purpose of paying all insurance claims and related losses and expenses. This reserve account is augmented annually by depositing interest income earned on investments and insurance settlements into the accident and casualty account. Beginning in FY 2014, a transfer of funds from the operating account to the accident and casualty account will occur until the fund reaches \$5,000,000. The activity in the accident and casualty account for fiscal years ended June 30, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
<i>Balance at beginning of year</i>	\$511,310	\$1,160,671
Insurance settlements	-	-
Transfer from operating	250,000	250,000
Disbursements	(250,000)	(900,000)
Interest earnings on investments	701	639
<i>Balance at end of year</i>	<u>\$512,011</u>	<u>\$511,310</u>

Assets at June 30, 2017 and 2016 in the accident and casualty account amounted to \$512,011 and \$511,310, respectively. For fiscal years 2017 and 2016, \$512,011 and \$511,310, respectively, are classified as cash and cash equivalents.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

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

At June 30, 2017 and 2016, 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, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Amount of claims liabilities, beginning of year	\$11,668,834	\$10,428,118
Incurred claims	4,117,893	3,946,688
Payments on claims	<u>(3,712,987)</u>	<u>(2,705,972)</u>
Amount of claims liabilities, end of year	<u>\$12,073,740</u>	<u>\$11,668,834</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, 2017 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, 2017 and June 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of year	\$1,079,061	\$866,068
Incurred claims	15,626,561	14,532,300
Payments on claims	<u>(15,746,874)</u>	<u>(14,319,307)</u>
Unpaid claims, end of year	<u>\$958,748</u>	<u>\$1,079,061</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

NOTE 6 - CHANGE IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Due to Primary Government	\$ 13,647,000	\$ 154,122	\$ 650,000	\$ 13,151,122	\$ 1,090,122
Accrued compensated absences	619,681	-	68,698	550,983	337,772
Net pension liability	52,200,464	13,612,487	-	65,812,951	-
Net OPEB obligation	55,534,030	3,519,201	-	59,053,231	-
Accrued self-insurance claims	11,668,834	4,117,893	3,712,987	12,073,740	800,000
Total	<u>\$ 133,670,009</u>	<u>\$ 21,403,703</u>	<u>\$ 4,431,685</u>	<u>\$ 150,642,027</u>	<u>\$ 2,227,894</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Claims and Legal Actions

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

Contract Commitments

The Authority is committed under various contracts in the amount of \$6,350,887 at June 30, 2017.

NOTE 8 - POST-RETIREMENT BENEFITS

Plan Description

The Authority's Post-Employment Medical Benefit Plan is a single-employer defined benefit post-retirement health and life insurance program that is administered through the State of Rhode Island's insurance carrier and healthcare reimbursement account administrator. The Authority provides lifetime health care and life insurance benefits to substantially all retired employees and their spouses. Health care benefits were paid for 559 retirees and spouses during fiscal year ended June 30, 2017 and life insurance benefits were paid for 330 retirees during fiscal year ended June 30, 2017. Benefits are provided through a group insurance policy that covers both active and Pre-65 retired employees. Post-65 retired employee healthcare coverage benefits are provided through contributions to healthcare reimbursement accounts. Any changes to these provisions are subject to the Authority's approval. The plan does not issue a separate audit report.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

Funding Policy

Any changes to these provisions are subject to the Authority's approval. For employees retiring on or before July 1, 2006, the Authority contributes the full health care premium for the retired plan member and their spouse. For employees retiring after July 1, 2006 and prior to January 1, 2014, covered spouses pay a spousal healthcare contribution for coverage until age 65 and surviving spouses contribute 50% of the health care premium. Effective January 1, 2014 (July 1, 2014 for 808 Union), spouses of employees that retire must contribute 16% of the health care premium (17% for employees who retire in 2015 and 18% for employees who retire in 2016 or later). Spouses of employees hired after October 21, 2013 (July 1, 2014 for 808 Union) must contribute 50% of the health care premium upon the employee's retirement. Effective January 1, 2016, post-65 healthcare coverage for retirees and covered spouses is provided through monthly contributions to healthcare reimbursement accounts (\$225 per month for retirees, spouses receive a reduced percentage based on year of retirement, and surviving spouses receive 50% of the retiree contribution amount). The Authority contributes the full premium for life insurance for the retired plan member. For the year ended June 30, 2017, the Plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to Plan members.

The annual OPEB cost was determined as part of the July 1, 2016 actuarial valuation using the individual entry age funding method. The actuarial assumptions included a 2.71% discount rate (prior valuation 3.73%) and the RP-2014 Employee and Healthy Annuitant Tables with Scale MP-2016 generational improvements from 2006 (Male/Female) (prior valuation RP-2014 Employee and Healthy Annuitant Tables with Scale MP-2015 generational improvements from 2006).

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

Three-Year Trend Information

<i>Fiscal Year Ending</i>	<i>Annual OPEB Cost</i>	<i>Percentage of Annual OPEB Cost Contributed</i>	<i>Net OPEB Obligation</i>
6/30/2017	\$5,550,086	36.6%	\$59,053,231
6/30/2016	\$7,228,499	27.5%	\$55,534,030
6/30/2015	\$8,226,269	24.0%	\$50,290,790

The Authority's annual OPEB cost and net OPEB obligation for the year ended June 30, 2017 was as follows:

Annual required contribution	\$ 6,773,248
Interest on net OPEB obligation	1,504,972
Adjustment to annual required contribution	<u>(2,728,134)</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
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Annual OPEB cost	\$ 5,550,086
Contributions made	(2,030,885)
Increase in net OPEB obligation	<u>3,519,201</u>
Net OPEB obligation, beginning of year	<u>55,534,030</u>
Net OPEB obligation, end of year	<u>\$59,053,231</u>

Schedule of Funding Progress

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

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (AVA) (1)</i>	<i>Actuarial Accrued Liability (AAL) (2)</i>	<i>Unfunded AAL (UAAL) (2)-(1) (3)</i>	<i>AVA as a Percent of AAL (1)/(2) (4)</i>	<i>Covered Payroll (5)</i>	<i>UAAL as a Percent of Covered Payroll (3)/(5) (6)</i>
07/01/2016	\$ -	\$67,668,740	\$67,668,740	0%	\$39,320,762	172.1%
07/01/2015	\$ -	\$62,114,650	\$62,114,650	0%	\$37,543,728	165.4%
07/01/2014	\$ -	\$90,314,341	\$90,314,341	0%	\$35,984,237	251.0%

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 2017 was determined based on the July 1, 2016 valuation. The annual required contribution was determined using the individual entry age funding method. The unfunded actuarial accrued liability (UAAL) is amortized using a level dollar thirty year open amortization basis. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date. The Authority makes contributions to the plan on a pay-as-you-go basis. The Board of Directors of the Authority has the authority to establish and/or amend the plan's provisions and the plan's contribution rates.

The individual entry age actuarial funding method is used to determine the annual required contribution amounts and the annual net OPEB obligation. Under this funding method, projected benefits are assumed to accrue on a level annual basis from date of hire to the expected retirement date. Normal cost for a participant is the present value of the projected benefit which accrues in the current plan year. Normal cost for the plan is the sum of the normal costs for all participants. The actuarial assumptions include a 2.71% discount rate, a 2.5% inflation rate, and an annual healthcare cost trend of 6.5% in 2016 graded down by the Getzen Model to an ultimate rate of 3.84% in 2075 (prior valuation 7% graded down by the Getzen Model to ultimate rate of 3.84% in 2075). Changes in assumptions between the 2015 and the 2016 valuations include changes in the discount rate, mortality, and the health care cost trend rates. The assumption changes were made to better reflect current expectations of future experience.

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

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, 2017, the Authority received \$42,560,051 from the dedicated gas tax as operating assistance in support of the transit system. The Authority anticipates receiving approximately \$43,431,921 in fiscal year ended June 30, 2018 from the State.

NOTE 10 – FEDERAL APPROPRIATIONS

On July 6, 2012, President Obama signed Moving Ahead for Progress in the 21st Century (MAP-21) into law effective October 1, 2012, authorizing Federal transportation programs through Federal fiscal year 2014. Funding under MAP-21 was extended through September 2015. This act maintained the provision allowing for the use of capital funds for preventative maintenance activities and the use of capital funds to cover the costs of providing ADA service, up to a maximum of 10 percent of the annual Section 5307 apportionment. A new transportation funding act, the FAST act, was signed into law on December 4, 2015, and funds surface transportation for Federal fiscal years 2016 through 2020. The act continues allowing the use of capital funds for preventative maintenance activities and increases the amount that can be used for ADA services.

For fiscal year 2017, the Authority used \$12,770,713 for preventative maintenance expenses.

NOTE 11 - ELDERLY BUS SERVICE

Beginning July 1, 1994, the Authority entered into an agreement with the Department of Elderly Affairs, Rhode Island Department of Transportation and the Governor's Commission on the Handicapped. The agreement provides for the Rhode Island Public Transit Authority to receive funds to cover the cost of the fixed route elderly bus service provided in accordance with Rhode Island General Law 39-18-4(7), and to fund paratransit services. The funding source for the above revenue is a portion of the one-cent gasoline tax dedicated to the Department of Human Services. For the fiscal year ended June 30, 2017, the Authority recorded \$3,497,504 of contract

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
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revenue from this agreement. For fiscal year 2018, RIPTA anticipates receiving \$3,519,099 under this agreement.

NOTE 12 - DUE FROM/TO PRIMARY GOVERNMENT

At June 30, 2017, the Rhode Island Public Transit Authority is owed \$5,349,299 from the State of Rhode Island.

At June 30, 2017, the Rhode Island Public Transit Authority owes \$12,997,000 to the State of Rhode Island related to payments for debt service.

At June 30, 2017, the Rhode Island Public Transit Authority owes \$154,122 to the State of Rhode Island related to the Highway Maintenance Trust Fund.

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

The amount paid by the State for fiscal year 2017 was \$1,150,621 which included \$539,000 in principal and \$611,621 in interest. The Authority recognized as revenue debt forgiveness the principal amount of \$539,000 and the State paid the interest portion directly in the amount of \$611,621.

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

For fiscal year 2018, the Authority will be receiving \$1,600,000 from the Highway Maintenance Trust Fund to fully fund debt service.

NOTE 13 - NET POSITION

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position amount at June 30, 2017 was as follows:

<i>Net investment in capital assets</i>	\$127,484,682
<i>Unrestricted (deficit)</i>	<u>(106,411,740)</u>
<i>Total net position</i>	<u>\$ 21,072,942</u>

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NOTE 14 - DEFERRED COMPENSATION PLAN

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

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

NOTE 15 - PENSION PLANS

A. *RIPTA Employees' Pension Plan*

Plan Description

The Plan is a single-employer defined benefit pension plan. The Bargaining Unit plan was established effective January 1, 1974 and the Salaried Unit Plan was established effective July 1, 1946. Effective January 1, 2002, the Authority consolidated its Bargaining Unit and Salaried Unit single-employer defined benefit pension plans into the Rhode Island Public Transit Authority Employees' Pension Plan (the "Plan"). The Plan was most recently amended effective January 1, 2017. Employees of the Authority who work more than 1,000 hours per year are eligible to participate in the Plan immediately upon employment. There are no age or minimum service requirements. Plan benefits and other provisions are established by State Statutes. Any changes to the Plan are subject to the collective bargaining process.

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

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
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Plan Membership

At January 1, 2016, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	497
Inactive plan members entitled to but not yet receiving benefits	74
Transferred plan members with vested benefits	8
Active plan members	786
	1,365

Contributions

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

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

Vesting

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

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

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

Benefits Provided

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

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
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retirement or termination of the Plan. A participant's right to his benefit is non-forfeitable upon reaching normal retirement age.

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

Early Retirement – 618 participants who have attained age 55 with 10 years of service may receive an early retirement benefit which equals the accrued benefit reduced by 5/9% for each full month by which the starting date of the benefits precedes the participant's normal retirement date. Other than 618 participants who have attained age 52 with 10 years of service may receive an early retirement benefit which equals the accrued benefit reduces by .50% for each of the first 60 months and by .25% for each of the next 60 months by which the starting date of the benefits precedes the participant's normal retirement age.

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

The normal form of benefit payment is a life annuity payable monthly. Alternatively, a participant may choose from the following options: ten year certain option, contingent annuitant option and post-retirement spouse benefit, and social security option (for other than 618 participants only).

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2016.

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation performed as of January 1, 2016 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method – actuarially determined contribution	Frozen Attained Age Normal Cost Method
Actuarial cost method - GASB 67 & 68	Entry Age Normal Cost Method
Investment return	7.00%, net of expenses, including inflation
Inflation	2.50%
Salary increases	3.00% per annum
Withdrawal rate	Sarason Table W-70

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
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June 30, 2017

Disability rate	Two times Railroad Retirement Rates
Assumed retirement age	Later of age 62 or the completion of 10 years of service
Expenses	Prior year's actual expenses, rounded to nearest \$100

Mortality rates were based on the RP-2014 Blue Collar Tables with Scale MP-2016 generational improvement from 2006 (Male/Female).

Changes in actuarial assumptions included the following:

- Investment rate of return/discount rate was changed from 7.50% to 7%.
- The mortality tables were changed from the RP-2014 Blue Collar with MP-2014 generational projection to the RP-2014 Blue Collar with MP-2016 generational improvements from 2006.

Changes in benefit terms included the following:

- 618 retirees received an additional \$15 a month benefit and 618 surviving spouses \$7.50 on July 1, 2015.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	40.00%	8.23%
International equity	15.00%	8.05%
Fixed income	40.00%	4.59%
Real estate/other	5.00%	8.25%
Cash	0.00%	2.75%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that the Plan member contributions will be made at the current contribution rate and that the Authority contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance 7/1/2015	\$166,380,623	\$114,180,159	\$52,200,464
Changes for the year:			
Service cost	2,990,663	-	2,990,663
Interest on total pension liability	12,297,798	-	12,297,798
Differences between expected and actual experience	2,977,141	-	2,977,141
Changes of assumptions	4,215,850	-	4,215,850
Changes in benefit terms	933,025	-	933,025
Contributions – employer	-	8,125,339	(8,125,339)
Contributions – employee	-	1,213,686	(1,213,686)
Net investment income	-	635,766	(635,766)
Benefit payments	(7,810,634)	(7,810,634)	-
Administrative expense	-	(172,801)	172,801
Net changes	<u>15,603,843</u>	<u>1,991,356</u>	<u>13,612,487</u>
Balance 6/30/2016	<u>\$181,984,466</u>	<u>\$116,171,515</u>	<u>\$65,812,951</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Authority, calculated using the discount rate of 7%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1- percentage-point higher (8%) than the current rate:

	<u>1% Decrease</u> <u>6%</u>	<u>Current Discount Rate</u> <u>7%</u>	<u>1% Increase</u> <u>8%</u>
Authority's Net Pension Liability	\$85,526,392	\$65,812,951	\$49,064,113

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

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

For the year ended June 30, 2017, the Authority recognized pension expense of \$10,452,927. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$3,735,410	\$516,768
Changes of assumptions	8,829,106	-
Difference between projected and actual earnings on Plan investments	5,821,745	-
Total	<u>\$18,386,261</u>	<u>\$516,768</u>

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

<u>Fiscal Year Ending June 30,</u>	
2018	\$3,893,153
2019	3,893,154
2020	5,103,790
2021	4,203,635
2022	775,761
Thereafter	-

The Authority's contributions made subsequent to the measurement date of the net pension liability, June 30, 2016, of \$8,646,962 are included in the accompanying financial statements as a deferred outflow of resources at June 30, 2017.

Payable to the Plan

At June 30, 2017, the Authority reported a payable of \$4,594,823 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2017.

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

Plan Description

All employees who are members of the Local 808 union participate in the Laborers' International Union of North America National Pension Fund, a cost sharing multiple-employer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan is not a state or local government pension plan, provides defined benefit pensions to employees of state or local governmental employers and employees of employers that are not state or local governments and has no predominant state or local government employer. As a result, the Plan is accounted for and reported in accordance with

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2017

GASB Statement No. 78, Pensions Provided through Certain Multiple – Employer Defined Benefit Pension Plans. The Plan is administered by the Fund’s Board of Trustees. Eligibility and benefit provisions are defined in Plan document adopted by the Board of Trustees.

All employees who are members of the Local 808 union are eligible to participate in the Plan (51 employees as of June 30, 2017). An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit and have earned at least one of the years of pension credit during the period that his or her employer is contributing to the Plan. The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The regular monthly benefit is payable for each year of pension credit at each contribution rate accepted by the plan up to \$2.50 per hour. The Plan also provides death and disability benefits. Information regarding the Plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers’ International Union of North America National (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765 or on the internet at www.lnipf.org.

Funding Policy – The contribution requirements of the Authority and employees are established by contract and may be amended by union negotiation. The current union contract expires on June 30, 2018. Employees are required to contribute \$1.20 per hour up to a maximum of 40 hours per week to the Plan for calendar year 2017 (\$1.09 for calendar year 2016). The Authority is not required to contribute to the Plan.

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

NOTE 16 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance for property damage and general liability and is self-insured for automobile liability and workers’ compensation claims. Settlement of claims related to property damage and general liability claims have not exceeded the insurance coverage in any of the past three fiscal years. A detailed description of the self-insured risks is described in Notes 1 and 5.

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>
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Postemployment Medical Benefit Plan (2)

7/1/2016	\$ -	\$ 67,688,740	\$ 67,688,740	0.00%	\$39,320,762	172.1%
7/1/2015	-	62,114,650	62,114,650	0.00%	37,543,728	165.4%
7/1/2014	-	90,314,341	90,314,341	0.00%	35,984,237	251.0%
7/1/2013	-	87,230,304	87,230,304	0.00%	38,827,774	224.7%
7/1/2012	-	89,111,690	89,111,690	0.00%	37,830,337	235.6%
7/1/2011	-	78,362,433	78,362,433	0.00%	38,801,901	202.0%

- (1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.
- (2) Individual Entry Age Actuarial Funding Method
- (3) Effective January 1, 2014 (July 1, 2014 for 808 members), spouses of members that retire must contribute a portion of the healthcare premium (16% for 2014 retirees, 17% for 2015 retirees and 18% for 2016 or later retirees). Spouses of members hired after October 21, 2013 (July 1, 2014 for 808 members) must contribute 50% of the healthcare premium.
- (4) Effective January 1, 2016, post-65 healthcare coverage is provided through contributions to healthcare reimbursement accounts.

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

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

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

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

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Required Supplementary Information - RIPTA Employees' Pension Plan
Schedule of Authority Contributions (1) (2)
Last Ten Fiscal Years
"Unaudited"

<i>Fiscal Year</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 8,646,962	\$ 8,125,339	\$ 7,379,362	\$ 7,328,560	\$ 7,787,480	\$ 7,670,118	\$ 7,296,451	\$ 7,743,892	\$ 7,238,060	\$ 5,699,331
Contributions in relation to the actuarially determined contribution	8,646,962	8,125,339	7,379,362	7,328,560	7,787,480	7,670,118	7,339,827	7,743,892	7,238,060	5,699,331
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,376)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 39,869,008	\$ 40,456,200	\$ 38,688,200	\$ 37,273,833	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	21.69%	20.08%	19.07%	19.66%	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Notes to Required Supplementary Information
June 30, 2017

Note 1 – RIPTA Employees’ Pension Plan

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

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

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

Changes of Assumptions Used to Calculate the Total Pension Liability:

- Investments rate of return/discount rate changed from 7.5% to 7%.
- The mortality tables were changed from the RP-2014 Blue Collar (Male/Female) tables with scale MP-2014 generational improvements to the RP-2014 Blue Collar (Male/Female) tables with scale MP-2016 generational improvements from 2006.

Changes of Benefit Terms:

In 2016, benefit terms were modified to increase monthly benefits for 618 retirees. As of July 1, 2015, all 618 pensioners received an additional \$15 a month benefit, surviving spouses \$7.50.

Actuarially Determined Contributions:

The following actuarial methods and assumptions were used to determine contribution amounts reported in that schedule:

- Actuarial cost method - Frozen Attained Age Normal Actuarial Cost Method
- Amortization method - Level dollar, closed
- Remaining amortization period - 30 years
- Asset valuation method - Assets are equal to the value reported by insurance companies; guaranteed deposit accounts are valued at contract value; separate accounts are valued at fair value; plus due and accrued contributions
- Inflation - 2.50%
- Investment return - 7.50%, net of expenses, including inflation
- Salary increases - 3.00% per annum
- Retirement age - Later of age 62 or the completion of 10 years of service
- Morality – RP-2014 Blue Collar tables with scale MP-2015 generational improvements from 2006 (Male/Female) (previously RP-2014 Blue Collar with MP-2014 generational projection)(Male/Female)

SUPPLEMENTARY INFORMATION

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Net Position

June 30, 2017

Attachment B

Assets

Current Assets:

Cash and cash equivalents	\$ 8,250,761
Investments	-
Receivables (net)	4,657,722
Due from primary government	5,349,299
Due from other governments	-
Inventories	1,486,675
Other assets	179,044
Total current assets	<u>19,923,501</u>

Noncurrent Assets:

Investments	1,063,834
Capital assets - nondepreciable	3,718,610
Capital assets - depreciable (net)	136,763,071
Total noncurrent assets	<u>141,545,515</u>
Total assets	<u>161,469,016</u>

Deferred outflows of resources

Deferred pension amounts	<u>27,033,223</u>
Total deferred outflows of resources	<u>27,033,223</u>

Liabilities

Current liabilities:

Accounts payable	9,210,856
Due to primary government	1,090,122
Unearned revenue	343,450
Other current liabilities	7,853,968
Total current liabilities	<u>18,498,396</u>

Noncurrent liabilities:

Due to primary government	12,061,000
Net pension liability	65,812,951
Net OPEB obligation	59,053,231
Compensated absences	213,211
Accrued self insured claims	11,273,740
Total noncurrent liabilities	<u>148,414,133</u>
Total liabilities	<u>166,912,529</u>

Deferred inflows of resources

Deferred pension amounts	<u>516,768</u>
Total deferred inflows of resources	<u>516,768</u>

Net position

Net investment in capital assets	127,484,682
Unrestricted (deficit)	(106,411,740)
Total net position	<u>\$ 21,072,942</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Activities
For the Fiscal Year Ended June 30, 2017

Attachment C

Expenses	\$ 127,544,139
Program revenues:	
Charges for services	23,425,486
Operating grants and contributions	79,059,038
Capital grants and contributions	14,595,207
Total program revenues	<u>117,079,731</u>
Net (Expenses) Revenues	<u>(10,464,408)</u>
General revenues:	
Interest and investment earnings	(2,568)
Miscellaneous revenue	650,000
Total general revenues	<u>647,432</u>
Change in net position	(9,816,976)
Total net position - beginning	30,889,918
Total net position - ending	<u><u>\$ 21,072,942</u></u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Schedule of Changes in Long Term Debt
For the Fiscal Year Ended June 30, 2017

Attachment E

	<u><i>Beginning Balance</i></u>	<u><i>Additions</i></u>	<u><i>Reductions</i></u>	<u><i>Ending Balance</i></u>	<u><i>Amounts Due Within One Year</i></u>	<u><i>Amounts Due Thereafter</i></u>
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net unamortized premium/discount	-	-	-	-	-	-
Bonds payable:	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Obligations under capital leases	-	-	-	-	-	-
Net OPEB obligation	55,534,030	3,519,201	-	59,053,231	-	59,053,231
Net pension liability	52,200,464	13,612,487	-	65,812,951	-	65,812,951
Due to primary government	13,647,000	154,122	650,000	13,151,122	1,090,122	12,061,000
Due to component units	-	-	-	-	-	-
Due to other governments and agencies	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Compensated absences	619,681	-	68,698	550,983	337,772	213,211
Accrued self insured claims	11,668,834	4,117,893	3,712,987	12,073,740	800,000	11,273,740
Reported as other liabilities:						
Arbitrage rebate	-	-	-	-	-	-
Pollution remediation	-	-	-	-	-	-
Other liabilities	<u>133,670,009</u>	<u>21,403,703</u>	<u>4,431,685</u>	<u>150,642,027</u>	<u>2,227,894</u>	<u>148,414,133</u>
	<u>\$ 133,670,009</u>	<u>\$ 21,403,703</u>	<u>\$ 4,431,685</u>	<u>\$ 150,642,027</u>	<u>\$ 2,227,894</u>	<u>\$ 148,414,133</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Changes of Tangible Property

For the Fiscal Year Ended June 30, 2017

	<i>Tangible Property</i>			<i>Accumulated Depreciation</i>				<i>Net Book Value</i>	
	<i>Balance</i>		<i>Balance</i>	<i>Balance</i>		<i>Balance</i>	<i>Balance</i>		
	<u>7/1/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2017</u>	<u>7/1/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2017</u>	<u>6/30/2017</u>
Land and land rights	\$ 2,145,924	\$ -	\$ -	\$ 2,145,924	\$ -	\$ -	\$ -	\$ -	\$ 2,145,924
Shops, garages and office buildings	102,617,799	118,648	-	102,736,447	41,795,153	3,879,674	-	45,674,827	57,061,620
Tunnels	1,592,774	-	-	1,592,774	983,204	43,138	-	1,026,342	566,432
Communication system	9,879,043	237,400	13,637	10,102,806	7,742,129	855,521	13,637	8,584,013	1,518,793
Revenue equipment - buses	97,026,222	11,806,914	5,990,845	102,842,291	46,470,079	8,280,884	5,911,906	48,839,057	54,003,234
Trolleys	6,931,795	-	-	6,931,795	3,177,071	577,650	-	3,754,721	3,177,074
Fare boxes	4,008,100	-	1,885	4,006,215	2,877,224	323,108	1,885	3,198,447	807,768
Service cars and equipment	2,806,758	306,256	198,994	2,914,020	2,641,128	182,843	198,995	2,624,976	289,044
Shops and garage equipment	2,503,026	1,256,687	53,773	3,705,940	2,139,482	200,272	53,773	2,285,981	1,419,959
Furniture and office equipment	1,547,393	17,294	59,311	1,505,376	1,238,996	119,267	59,311	1,298,952	206,424
Miscellaneous equipment	8,885,885	7,675	136,246	8,757,314	3,445,409	790,787	136,246	4,099,950	4,657,364
Management information system	7,723,562	9,339,808	3,881,376	13,181,994	6,281,984	1,416,766	3,880,002	3,818,748	9,363,246
Security equipment	2,549,672	117,437	-	2,667,109	345,349	519,594	-	864,943	1,802,166
Paratransit vans	11,175,152	-	1,879,630	9,295,522	8,342,616	942,588	1,879,629	7,405,575	1,889,947
Total capital assets	261,393,105	23,208,119	12,215,697	272,385,527	127,479,824	18,132,092	12,135,384	133,476,532	138,908,995
Federal grant projects in process	10,445,775	2,863,383	11,736,472	1,572,686	-	-	-	-	1,572,686
Total tangible property	\$ 271,838,880	\$ 26,071,502	\$ 23,952,169	\$ 273,958,213	\$ 127,479,824	\$ 18,132,092	\$ 12,135,384	\$ 133,476,532	\$ 140,481,681

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Schedule of Operating Expenses
For the Fiscal Year Ended June 30, 2017*

Administration	
Salaries	\$ 747,122
Fringe benefits	378,088
Legal	89,330
Supplies	9,640
Other services	329,374
Travel and training	4,919
Total administration	<u>1,558,473</u>
Finance	
Salaries	593,923
Fringe benefits	496,742
Fringe benefits - retiree health	2,056,540
Office expense/supplies	38,987
Utilities	1,363,002
Other services	98,043
Travel and training	17,392
Other taxes	49,239
Special projects	3,625,209
Total finance	<u>8,339,077</u>
Operations	
Wages - drivers	27,988,037
Wages - other	10,911,683
Fringe benefits	21,848,607
Other services	143,731
Maintenance/service agreements	17,608
Supplies	714,413
Travel and training	1,208
Uniforms	245,298
Hazardous waste disposal	89,379
Fuel	3,426,904
Antifreeze and lubricants	291,950
Vehicle and other parts	5,359,934
Tires and tubes	655,618
Tickets and passes	43,177
Total operations	<u>71,737,547</u>
Marketing	
Salaries	131,647
Fringe benefits	57,216
Advertising	98,753
Services	4,551
Supplies	141,298
Printing	196,555
Travel and training	4,191
Total marketing	<u>634,211</u>

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2017

Human resources

Salaries	384,220
Fringe benefits	238,521
Supplies	2,921
Other services	127,162
Travel and training	18,255
<i>Total human resources</i>	<u>771,079</u>

Administrative services

Salaries	961,241
Fringe benefits	731,404
Supplies	8,843
Other services	109,944
Travel and training	7,425
Uniforms	797
<i>Total administrative services</i>	<u>1,819,654</u>

Risk management

Salaries	138,343
Fringe benefits	90,540
Office expense/supplies	2,337
Other services	33,753
Insurance	602,195
Settlements	1,431,075
Workers' compensation medical	487,030
Workers' compensation - other	951,119
Legal	367,948
Travel and training	325
<i>Total risk management</i>	<u>4,104,665</u>

Planning and scheduling

Salaries	1,139,480
Fringe benefits	638,036
Advertising	125,905
Other services	543,707
Travel and training	21,085
Office expense/supplies	34,537
<i>Total planning and scheduling</i>	<u>2,502,750</u>

Specialized transportation

Salaries	740,256
Fringe benefits	542,508
Services	20,536
Travel and training	1,282
Supplies	1,212
Utilities	66,368
<i>Total specialized transportation</i>	<u>1,372,162</u>

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2017

Paratransit operations

Salaries	4,533,332
Fringe benefits	2,788,710
Fuel	472,236
Self insurance	909,492
Supplies	12,058
Uniforms	11,164
Travel and training	23,209
Other services	20,458
<i>Total paratransit operations</i>	<u>8,770,659</u>

Purchasing

Salaries	1,078,990
Fringe benefits	604,721
Supplies	7,536
Travel and training	1,931
Uniforms	1,483
Other services	24,871
<i>Total purchasing</i>	<u>1,719,532</u>

Information technology

Salaries	387,671
Fringe benefits	254,722
Travel and training	3,985
Services	38,435
Supplies	18,351
Maintenance agreements	1,077,316
<i>Total information technology</i>	<u>1,780,480</u>

RIDE

Taxi RIDE providers	1,291,505
<i>Total RIDE</i>	<u>1,291,505</u>

Centralized maintenance

Salaries	778,569
Fringe benefits	491,693
Services	52,283
Lubricants	29,868
Tires and tubes	17,469
Supplies	2,875
Repair parts	441,338
<i>Total centralized maintenance</i>	<u>1,814,095</u>

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Operating Expenses (Continued)

For the Fiscal Year Ended June 30, 2017

State of Rhode Island - DOT & RITBA

Salaries	207,342
Fringe benefits	129,895
Repair parts	82,652
Insurance	43,198
<i>Total State of Rhode Island - DOT & RITBA</i>	<u>463,087</u>

Depreciation 18,041,344

Total operating expenses \$ 126,720,320

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Fund 01</u>	<u>Fund 02</u>	<u>Fund 04</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Operating revenues						
Passenger	\$ 19,795,824	\$ -	\$ -	\$ 19,795,824	\$ -	\$ 19,795,824
Paratransit	610,421	6,692,872	-	7,303,293	(6,173,026)	1,130,267
Rental	150,691	-	-	150,691	-	150,691
Advertising	521,717	-	-	521,717	-	521,717
RIDE	1,000,204	1,094,321	3,557,989	5,652,514	(4,893,060)	759,454
Other	1,067,533	-	-	1,067,533	-	1,067,533
Total operating revenues	<u>23,146,390</u>	<u>7,787,193</u>	<u>3,557,989</u>	<u>34,491,572</u>	<u>(11,066,086)</u>	<u>23,425,486</u>
Operating expenses						
Administration	1,558,473	-	-	1,558,473	-	1,558,473
Finance	8,339,077	-	-	8,339,077	-	8,339,077
Operations	71,737,547	-	-	71,737,547	-	71,737,547
Marketing	634,211	-	-	634,211	-	634,211
Human resources	771,079	-	-	771,079	-	771,079
Administrative services	1,819,654	-	-	1,819,654	-	1,819,654
Risk management	4,104,665	-	-	4,104,665	-	4,104,665
Planning and scheduling	2,502,750	-	-	2,502,750	-	2,502,750
Specialized transportation	6,265,222	-	-	6,265,222	(4,893,060)	1,372,162
Paratransit operations	-	8,770,659	-	8,770,659	-	8,770,659
Purchasing	1,719,532	-	-	1,719,532	-	1,719,532
Informational technology	1,780,480	-	-	1,780,480	-	1,780,480
RIDE	-	-	7,464,531	7,464,531	(6,173,026)	1,291,505
Centralized maintenance	1,814,095	-	-	1,814,095	-	1,814,095
State of Rhode Island - DOT & RITBA	463,087	-	-	463,087	-	463,087
Depreciation	18,041,344	-	-	18,041,344	-	18,041,344
Total operating expenses	<u>121,551,216</u>	<u>8,770,659</u>	<u>7,464,531</u>	<u>137,786,406</u>	<u>(11,066,086)</u>	<u>126,720,320</u>
Operating loss	<u>(98,404,826)</u>	<u>(983,466)</u>	<u>(3,906,542)</u>	<u>(103,294,834)</u>	<u>-</u>	<u>(103,294,834)</u>
Nonoperating revenues (expenses)						
State of RI gas tax	42,560,051	-	-	42,560,051	-	42,560,051
State of RI - DEA gas tax	3,497,504	-	-	3,497,504	-	3,497,504
Operating grants	33,001,483	-	-	33,001,483	-	33,001,483
Investment income	(2,568)	-	-	(2,568)	-	(2,568)
Debt forgiveness	539,000	-	-	539,000	-	539,000
Other nonoperating revenue	111,000	-	-	111,000	-	111,000
Loss on disposal of capital assets	(823,819)	-	-	(823,819)	-	(823,819)
Total nonoperating revenues (expenses)	<u>78,882,651</u>	<u>-</u>	<u>-</u>	<u>78,882,651</u>	<u>-</u>	<u>78,882,651</u>
Loss before capital contributions	<u>(19,522,175)</u>	<u>(983,466)</u>	<u>(3,906,542)</u>	<u>(24,412,183)</u>	<u>-</u>	<u>(24,412,183)</u>
Capital contributions	<u>14,595,207</u>	<u>-</u>	<u>-</u>	<u>14,595,207</u>	<u>-</u>	<u>14,595,207</u>
Change in net position	<u>\$ (4,926,968)</u>	<u>\$ (983,466)</u>	<u>\$ (3,906,542)</u>	<u>\$ (9,816,976)</u>	<u>\$ -</u>	<u>\$ (9,816,976)</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

*Schedule of Travel and Entertainment
For the Fiscal Year Ended June 30, 2017*

<u>Travelers Name</u>	<u>Destination</u>	<u>Purpose</u>	<u>Amount</u>
Amy Pettine	Washington DC	APTA Conf	\$ 90.00
Amy Pettine	Washington DC	APTA Conf	413.45
Amy Pettine	Washington DC	APTA Conf	580.25
Anthony Mace	San Fran	Bus Inspection	360.00
Anthony Mace	San Fran	Bus inspection	2,648.18
Anthony Mace	San Fran	Bus inspection	156.00
Ariel Mercedes	Seattle, WA	HASTUS User Group Mtg	326.97
Ariel Mercedes	Seattle, WA	HASTUS User Group Mtg	834.84
Ariel Mercedes	Seattle, WA	HASTUS User Group Mtg	120.00
Brian Marquis	Seattle, WA	HASTUS User Group Mtg	326.97
Brian Marquis	Seattle, WA	HASTUS User Group Mtg	834.84
Brian Marquis	Seattle, WA	HASTUS User Group Mtg	120.00
Brooks Almonte	Newington CT	ADA Elig Training	60.00
Brooks Almonte	Newington, CT	ADA Elig Training	142.60
Brooks Almonte	St. Petersburg FL	ABBG Paratransit Conf	90.00
Brooks Almonte	St. Petersburg FL	ABBG Paratransit Conf	935.74
Chadwick/Monti	San Fran	Bus Inspection	1,040.40
Chadwick/Monti	San Fran	Bus Inspection	2,114.60
Chris McKenna	Newington CT	ADA Elig Training	60.00
Chris McKenna	Newington, CT	ADA Elig Training	142.60
Chris McKenna	St. Petersburg FL	ABBG Paratransit Conf	90.00
Chris McKenna	St. Petersburg FL	ABBG Paratransit Conf	122.74
Chris McKenna	St. Petersburg FL	ABBG Paratransit Conf	935.74
Dan Bannister	Nashville, TN	Eventbrite	1,354.88
Dan Bannister	Nashville	Marketing & Comm Workshop	120.00
Dan Bannister	Nashville	Marketing & Comm Workshop	2,507.09
Drew Pflaumer	Kansas City	NTD training	120.00
Drew Pflaumer	Kansas City	NTD training	172.84
Drew Pflaumer	Kansas City	NTD training	162.60
Edward Brown	Seattle, WA	HASTUS User Group Mtg	326.97
Edward Brown	Seattle, WA	HASTUS User Group Mtg	834.84
Edward Brown	Seattle, WA	HASTUS User Group Mtg	120.00
Francis Rose	San Fran	Bus Inspection	630.00
Francis Rose	San Fran	Bus inspection	4,168.21
Francis Rose	San Fran	Bus inspection	1,731.82
Greg Nordin	San Fran, CA	Railvolution Conference	2,659.41
Greg Nordin	San Fran, CA	Railvolution Conference	150.00
James Pereira	Dallas TX	Transit Bus Summit	382.20
John Chadwick	San Fran	Bus Inspection	150.00
Joseph Monti	San Fran	Bus Inspection	150.00
Karen DiLauro	North Carolina	Sungard Conf	125.00
Karen DiLauro	North Carolina	Sungard Conf	90.00

(Continued)

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Travel and Entertainment (Continued)

For the Fiscal Year Ended June 30, 2017

<i><u>Travelers</u></i>			
<i><u>Name</u></i>	<i><u>Destination</u></i>	<i><u>Purpose</u></i>	<i><u>Amount</u></i>
Kevin Perry	Kansas City	NTD training	120.00
Kevin Perry	Kansas City	NTD training	172.84
Kevin Perry	Kansas City	NTD training	162.60
Kevin Perry	Kansas City	NTD Training	1,459.14
Kevin Perry	San Antonio, TX	APTA Fare Collection	150.00
Kevin Perry	San Antonio, TX	APTA Fare Collection	1,708.88
Kevin Perry	San Antonio, TX	APTA Fare Collection	1,281.49
Kevin/Drew/Sarah	Kansas City	NTD training	435.86
Laurie Brayton	Hartford CT	Triennial Training	60.00
Laurie Brayton	Hartford, CT	Triennial Review Wkshp	142.60
Lillian Picchione	Washington DC	APTA Conf	120.00
Lily Picchione	Washington DC	APTA Conf	1,817.01
Lily Picchione	Washington DC	APTA Conf	589.11
Nathan Watchous	Portsmouth, NH	Triennial Review Wkshp	90.00
Nathan Watchous	Portsmouth, NH	Triennial Review Wkshp	248.52
Nathan Watchous	Portsmouth, NH	Triennial Review Wkshp	62.75
Ray Studley	Washington DC	APTA Conf	383.88
Ray Studley	Washington DC	APTA Conf	609.82
Ray Studley	Washington DC	APTA Conf	90.00
Sarah Ingle	Atlanta, GA	FTA Compliance Training	60.00
Sarah Ingle	Atlanta, GA	FTA Compliance Training	322.96
Sarah Ingle	Kansas City	NTD training	90.00
Sarah Ingle	Kansas City	NTD training	335.20
Sarah Ingle	Milwaukee	APTA Sustainability & Multimodal Wkshp	509.96
Seth Morgan	Washington DC	TRB Annual Meeting	90.00
Seth Morgan	Washington DC	TRB Annual Meeting	107.97
Seth Morgan	Washington DC	TRB Annual Meeting	325.00
Thomas Cabral	San Fran	Bus Inspection	570.00
Thomas Cabral	San Fran	Bus inspection	1,721.80
Thomas Cabral	San Fran	Bus Inspection	3,924.85
Thomas Denny	Windsor, CT	Smith System training	60.00
Thomas Denny	Hartford CT	Smith Driver Training	142.60
Thomas LaPlante	Windsor, CT	Smith System training	60.00
Thomas LaPlante	Hartford CT	Smith Driver Training	142.60
William Smith	Windsor, CT	Smith System training	60.00
William Smith	Hartford CT	Smith Driver Training	142.60

\$ 46,871.82

STATISTICAL SECTION



omprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

- Revenues by Source

Economic and Demographic Information

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

- Demographic & Economic Statistics
- Principal Employers

Operating Information

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

- Fare Structure
- Operating Indicators

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Shops, garages, and office buildings	\$ 56,548,466	\$ 56,548,468	\$ 56,577,568	\$ 98,304,879	\$ 99,296,097	\$ 100,120,229	\$ 102,568,479	\$ 102,574,379	\$ 102,617,799	\$ 102,736,447
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	1,592,774	1,592,774
Communication system	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	5,649,037	9,833,939	9,879,043	10,102,806
Revenue equipment-buses	65,346,226	63,435,848	62,673,957	86,968,271	81,698,264	94,534,204	87,865,704	87,310,100	97,026,222	102,842,291
Trolleys	6,729,015	6,729,015	4,701,613	10,636,348	8,592,306	8,592,306	6,931,795	6,931,795	6,931,795	6,931,795
Fare boxes	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,008,100	4,006,215
Service cars and equipment	1,941,605	1,941,604	2,647,599	2,982,293	2,745,627	2,594,887	2,535,217	2,670,965	2,806,758	2,914,020
Shops and garage equipment	1,758,263	1,754,413	1,996,084	2,100,040	2,097,922	2,173,971	2,151,529	2,447,064	2,503,026	3,705,940
Furniture and office equipment	919,968	925,085	935,123	995,525	1,605,420	1,600,263	1,533,978	1,541,323	1,547,393	1,505,376
Miscellaneous equipment	2,362,701	2,835,859	2,989,156	3,189,642	3,975,423	4,211,548	4,670,025	5,893,303	8,885,885	8,757,314
Management information systems	2,631,387	2,647,684	4,675,672	5,118,557	5,293,715	6,072,100	10,390,159	7,645,051	7,723,562	13,181,994
Security Equipment	-	-	-	-	-	-	-	451,909	2,549,672	2,667,109
Leased Paratransit vans	9,303,134	11,325,351	9,278,837	11,534,086	9,840,923	11,367,746	10,908,216	9,623,660	11,175,152	9,295,522
Total capital assets being depreciated	<u>158,770,747</u>	<u>159,373,309</u>	<u>157,705,591</u>	<u>233,059,623</u>	<u>226,375,679</u>	<u>242,497,236</u>	<u>240,785,084</u>	<u>242,504,433</u>	<u>259,247,181</u>	<u>270,239,603</u>
Accumulated depreciation	(81,692,465)	(88,498,631)	(84,705,892)	(81,471,768)	(87,131,877)	(92,019,611)	(98,425,285)	(112,223,266)	(127,479,824)	(133,476,532)
Total capital assets being depreciated, net	<u>77,078,282</u>	<u>70,874,678</u>	<u>72,999,699</u>	<u>151,587,855</u>	<u>139,243,802</u>	<u>150,477,625</u>	<u>142,359,799</u>	<u>130,281,167</u>	<u>131,767,357</u>	<u>136,763,071</u>
Land	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924	2,145,924
Federal grant projects in process	4,411,466	21,901,664	38,665,311	3,893,927	6,275,959	14,906,535	13,954,222	14,236,340	10,445,775	1,572,686
Total Invested in Capital Assets	<u>\$ 83,635,672</u>	<u>\$ 94,922,266</u>	<u>\$ 113,810,934</u>	<u>\$ 157,627,706</u>	<u>\$ 147,665,685</u>	<u>\$ 167,530,084</u>	<u>\$ 158,459,945</u>	<u>\$ 146,663,431</u>	<u>\$ 144,359,056</u>	<u>\$ 140,481,681</u>

Source:RIPTA Annual Audited Financial Statements

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

	2008	2009	2010	2011	2012	2013	2014	(1) 2015	2016	2017
ASSETS:										
Capital Assets	\$83,635,672	\$94,922,266	\$113,810,934	\$157,627,706	\$147,665,685	\$ 167,530,084	\$ 158,459,945	\$ 146,663,431	\$ 144,359,056	\$ 140,481,681
Other Assets	18,169,413	20,573,089	20,803,447	22,315,056	22,659,721	23,123,665	21,871,766	18,575,871	17,953,980	20,987,335
Total Assets	<u>101,805,085</u>	<u>115,495,355</u>	<u>134,614,381</u>	<u>179,942,762</u>	<u>170,325,406</u>	<u>190,653,749</u>	<u>180,331,711</u>	<u>165,239,302</u>	<u>162,313,036</u>	<u>161,469,016</u>
Deferred outflow of resources										
Deferred pension amounts	-	-	-	-	-	-	-	14,904,214	16,445,594	27,033,223
LIABILITIES:										
Current Liabilities	12,241,844	14,161,257	13,549,821	12,473,314	13,551,379	14,254,121	12,715,423	13,391,812	13,699,287	18,498,396
Long-term Liabilities	16,433,615	26,793,735	32,927,227	43,953,177	49,437,768	60,574,636	68,055,147	122,614,165	132,376,378	148,414,133
Total Liabilities	<u>28,675,459</u>	<u>40,954,992</u>	<u>46,477,048</u>	<u>56,426,491</u>	<u>62,989,147</u>	<u>74,828,757</u>	<u>80,770,570</u>	<u>136,005,977</u>	<u>146,075,665</u>	<u>166,912,529</u>
Deferred inflows of resources										
Deferred pension amounts	-	-	-	-	-	-	-	5,096,214	1,793,047	516,768
NET POSITION:										
Unrestricted Net Assets(Deficit)	(10,506,046)	(12,442,776)	(16,512,606)	(21,226,895)	(27,956,831)	(35,797,468)	(43,793,950)	(93,584,150)	(99,822,138)	(106,411,740)
Investment In Capital Assets	83,635,672	86,983,139	104,649,939	144,743,166	135,293,090	151,622,460	143,355,091	132,625,475	130,712,056	127,484,682
Total Net Position	<u>\$73,129,626</u>	<u>\$74,540,363</u>	<u>\$88,137,333</u>	<u>\$123,516,271</u>	<u>\$107,336,259</u>	<u>\$ 115,824,992</u>	<u>\$ 99,561,141</u>	<u>\$ 39,041,325</u>	<u>\$ 30,889,918</u>	<u>\$ 21,072,942</u>

Source: RIPTA Annual Audited Financial Statements

Note:

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Revenues:										
Passenger Revenue	\$24,210,993	\$24,853,200	\$19,778,436	\$21,564,851	\$ 21,147,737	\$ 21,547,853	\$ 21,779,974	\$ 19,076,441	\$ 18,289,032	\$ 19,795,824
Other Revenues	8,432,169	9,156,452	7,918,563	9,524,953	12,190,461	11,691,522	11,250,660	5,511,767	4,402,949	3,629,662
Total Operating Revenue	<u>32,643,162</u>	<u>34,009,652</u>	<u>27,696,999</u>	<u>31,089,804</u>	<u>33,338,198</u>	<u>33,239,375</u>	<u>33,030,634</u>	<u>24,588,208</u>	<u>22,691,981</u>	<u>23,425,486</u>
Operating Expenses	97,310,816	95,271,016	96,263,187	102,154,502	103,947,502	104,846,154	104,213,000	102,863,774	104,190,753	108,678,976
Depreciation Expense	<u>10,632,983</u>	<u>9,814,455</u>	<u>9,484,280</u>	<u>12,673,713</u>	<u>14,943,582</u>	<u>15,169,685</u>	<u>15,629,521</u>	<u>15,587,461</u>	<u>16,299,930</u>	<u>18,041,344</u>
Operating Loss	(75,300,637)	(71,075,819)	(78,050,468)	(83,738,411)	(85,552,886)	(86,776,464)	(86,811,887)	(93,863,027)	(97,798,702)	(103,294,834)
Non-operating Revenues(Expenses):										
Transfer from State	32,724,644	33,613,398	41,788,014	41,025,227	40,945,215	40,780,987	40,772,363	42,960,321	44,068,106	42,560,051
Grants	20,601,873	21,181,376	21,853,994	24,372,884	20,694,389	21,059,367	19,823,747	20,410,146	28,493,367	33,001,483
Investment Income	382,190	104,475	41,817	54,766	33,001	(4,527)	7,690	44,129	18,033	(2,568)
Contract Revenue	3,582,650	3,476,000	3,382,654	3,341,398	3,317,009	3,232,381	3,344,275	3,466,651	3,540,723	3,497,504
Other Non-operating Revenue									353,956	111,000
Loss on disposal of assets	(68,763)	(397,678)	(197,970)	(5,455)	(111,049)	(24,367)	(527)	(2,672)	(238)	(823,819)
Forgiveness of Debt	-	-	-	-	-	964,971	929,770	1,035,898	37,000	539,000
Debt Service	(675,239)	(693,341)	(386,869)	(483,462)	(410,079)	-	-	-	-	-
Total Non-operating Revenues(Expenses)	<u>56,547,355</u>	<u>57,284,230</u>	<u>66,481,640</u>	<u>68,305,358</u>	<u>64,468,486</u>	<u>66,008,812</u>	<u>64,877,318</u>	<u>67,914,473</u>	<u>76,510,947</u>	<u>78,882,651</u>
Net Loss	(18,753,282)	(13,791,589)	(11,568,828)	(15,433,053)	(21,084,400)	(20,767,652)	(21,934,569)	(25,948,554)	(21,287,755)	(24,412,183)
Capital Contribution	<u>4,104,084</u>	<u>20,657,398</u>	<u>25,165,798</u>	<u>50,811,991</u>	<u>4,904,388</u>	<u>28,895,953</u>	<u>5,670,718</u>	<u>3,381,020</u>	<u>13,136,348</u>	<u>14,595,207</u>
Change in Net Position	<u>(\$14,649,198)</u>	<u>\$6,865,809</u>	<u>\$13,596,970</u>	<u>\$35,378,938</u>	<u>(\$16,180,012)</u>	<u>\$8,128,301</u>	<u>(\$16,263,851)</u>	<u>\$ (22,567,534)</u>	<u>\$ (8,151,407)</u>	<u>\$ (9,816,976)</u>

Source:RIPTA Annual Audited Financial Statements

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

Operating Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration	\$ 719,851	\$ 612,889	\$ 745,630	\$ 1,051,673	\$ 831,055	\$ 912,428	\$ 1,148,809	\$ 1,209,899	\$ 1,149,167	\$ 1,558,473
Finance	2,856,185	3,546,753	2,542,358	2,914,240	3,360,279	4,212,579	5,202,466	4,755,930	5,568,007	8,339,077
Operations	64,820,427	62,621,671	62,886,241	64,852,587	66,301,762	67,910,415	66,494,651	68,978,501	71,289,003	71,737,547
Marketing	2,159,260	1,992,280	2,053,360	2,261,023	2,399,414	684,955	712,898	666,310	799,351	634,211
Human Resources	911,810	775,889	820,430	1,083,730	1,236,857	505,275	562,255	566,928	658,430	771,079
Administrative Services	-	-	-	-	-	2,014,397	1,467,858	1,311,504	1,527,983	1,819,654
Risk Management	2,384,043	2,811,779	2,959,890	3,960,334	3,124,406	2,749,234	3,480,825	5,330,045	4,259,693	4,104,665
Planning & Scheduling	1,522,115	1,795,816	1,731,730	2,031,745	2,749,057	2,531,837	1,998,577	1,706,164	1,995,991	2,502,750
Specialized Transportation	2,127,343	2,194,668	2,209,427	2,252,563	1,702,980	1,772,410	1,573,368	1,333,228	1,092,621	1,372,162
Paratransit Operations	8,574,177	8,315,993	8,820,120	9,143,192	9,528,144	9,681,158	9,958,956	8,966,234	8,303,185	8,770,659
Purchasing	1,308,288	1,354,314	1,458,570	1,471,253	1,628,566	1,785,890	1,626,790	1,567,070	1,642,969	1,719,532
Flex	1,456,972	1,549,183	1,661,692	1,850,649	1,658,143	-	-	-	-	-
MIS	733,097	861,059	785,047	908,176	717,103	1,050,019	866,437	1,149,734	1,282,531	1,780,480
Ferry	637,978	386,042	50,251	-	-	-	-	-	-	-
RIDE	4,277,150	3,662,446	4,328,300	5,150,770	5,557,983	5,789,086	6,084,640	2,476,886	2,014,829	1,291,505
Centralized Transportation	1,757,504	1,738,311	2,178,137	2,247,392	2,385,326	2,520,425	2,277,039	2,091,705	1,918,155	1,814,095
Facilities Engineering	481,480	452,696	419,723	362,581	-	-	-	-	-	-
**State of RI-DOT & RITBA	583,136	599,227	612,281	612,594	666,427	726,046	757,431	753,636	688,838	463,087
Depreciation	10,632,983	9,814,455	9,484,280	12,673,713	14,943,582	15,169,685	15,629,521	15,587,461	16,299,930	18,041,344
Operating Expenses	107,943,799	105,085,471	105,747,467	114,828,215	118,791,084	120,015,839	119,842,521	118,451,235	120,490,683	126,720,320
Non-operating Expenses										
Interest Expense	-	-	-	-	-	-	-	-	-	-
Debt Service	675,239	693,341	386,869	483,462	410,079	-	-	-	-	-
	675,239	693,341	386,869	483,462	410,079	-	-	-	-	-
Total Expenses	\$ 108,619,038	\$ 105,778,812	\$ 106,134,336	\$ 115,311,677	\$ 119,201,163	\$ 120,015,839	\$ 119,842,521	\$ 118,451,235	\$ 120,490,683	\$ 126,720,320

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

Rhode Island Public Transit Authority
Revenues by Source

Last Ten Years
(Unaudited)

Operating Revenues	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Passenger Fares	\$23,480,485	\$24,044,176	\$18,048,941	\$19,778,407	\$ 21,147,737	\$ 21,547,853	\$ 21,779,974	\$ 19,076,441	\$ 18,289,032	\$ 19,795,824
Paratransit	730,508	809,024	1,729,495	1,786,444	1,911,627	1,052,140	1,003,013	1,140,886	1,082,260	1,130,267
Rental	138,512	127,418	151,171	192,096	195,707	193,285	186,128	174,423	165,879	150,691
Advertising	415,875	497,887	554,516	579,260	546,020	583,272	530,023	676,607	517,792	521,717
RIDE	6,878,903	6,563,964	6,157,915	7,163,120	7,884,343	8,642,680	8,292,568	2,282,146	1,372,101	759,454
Other	998,879	1,967,283	1,054,961	1,590,477	1,652,764	1,220,145	1,238,928	1,237,705	1,264,917	1,067,533
Total operating revenues	32,643,162	34,009,752	27,696,999	31,089,804	33,338,198	33,239,375	33,030,634	24,588,208	22,691,981	23,425,486
Non-operating Revenues										
Transfers From State	32,724,644	33,613,398	41,788,014	41,025,227	40,945,215	40,780,987	40,772,363	42,960,321	44,068,106	42,560,051
Federal and State Grants	20,601,876	21,181,376	21,853,994	27,372,884	20,694,389	21,059,367	19,823,747	20,410,146	28,493,367	33,001,483
Investment Income	382,190	104,475	41,817	54,766	33,001	(4,527)	7,690	44,129	18,033	(2,568)
Contract Revenue	3,582,650	3,476,000	3,382,654	3,341,398	3,317,009	3,232,381	3,344,275	3,466,651	3,540,723	3,497,504
Debt Forgiveness	-	-	-	-	-	964,971	929,770	1,035,898	37,000	539,000
Other non-operating revenue	-	-	-	-	-	-	-	-	353,956	111,000
Gain(Loss) on disposal of Assets	(68,763)	(397,678)	(197,970)	(5,455)	(111,049)	(24,367)	(527)	(2,672)	(238)	(823,819)
Total non-operating revenues	57,222,597	57,977,571	66,868,509	71,788,820	64,878,565	66,008,812	64,877,318	67,914,473	76,510,947	78,882,651
Total Revenues	\$89,865,759	\$91,987,323	\$94,565,508	\$102,878,624	\$98,216,763	\$ 99,248,187	\$ 97,907,952	\$ 92,502,681	\$ 99,202,928	\$ 102,308,137

Source: RIPTA Annual Audited Financial Statements

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

Fiscal Year	<u>Population(1)</u>	<u>Personal Income(4)</u>	<u>Per Capita Income(4)</u>	<u>Labor Force(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(2)</u>
2008	1,050,788	43,091	41,008	567,597	151,619	7.80%
2009	1,053,209	43,185	41,003	567,093	145,342	11.20%
2010	1,052,567	44,801	42,579	566,166	145,231	10.30%
2011	1,051,302	46,294	43,992	563,506	142,854	11.27%
2012	1,050,292	47,253	44,990	560,428	142,481	10.42%
2013	1,051,511	49,434	47,012	560,428	142,008	9.49%
2014	1,055,173	51,532	48,838	553,347	141,959	7.65%
2015	1,056,420	52,905	50,080	554,699	142,014	5.95%
2016	1,056,426	54,486	51,576	523,100	142,142	5.50%
2017	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 2016
(Unaudited)

2016				2008			
Rank	Name of Company	Employees	% of Total Employment	Rank	Name of Company	Employees	% of Total Employment
1	Rhode Island	14,500	20.56%	1	Rhode Island	15,978	21.43%
2	Lifespan	12,050	17.08%	2	Lifespan	11,772	15.79%
3	Care New England	8,500	12.05%	3	US Government(excluding military)	9,700	13.01%
4	CVS Caremark, Corp	7,800	11.06%	4	Roman Catholic Diocese of Providence	6,200	8.32%
5	Providence	5,800	8.22%	5	Care New England	6,193	8.31%
6	Citizens Bank	5,318	7.54%	6	CVS Corp	5,954	7.99%
7	General Dynamics	5,068	7.19%	7	Citizens Financial Group	5,500	7.38%
8	Brown University	4,000	5.67%	8	Brown University	4,877	6.54%
8	Fidelity Investments	4,000	5.67%	9	Stop & Shop	4,385	5.88%
9	Roman Catholic Diocese of Providence	3,500	4.96%	10	Bank of America	4,000	5.35%

Source: 2008 Rhode Island Economic Development Corporation

Source: 2016 Providence Business News

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

Fare Products

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>*2016</u>	<u>2017</u>
Cash										
Cash-Full Fare	\$ 1.50	\$ 1.75	\$ 1.75	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Cash-Half Fare	\$ 0.75	\$ 0.85	\$ 0.85	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Passes										
Monthly Passes	\$ 55.00	\$ 55.00	\$ 55.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 70.00	\$ 70.00
1 Day Pass	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
7 Day Pass	\$ -	\$ 20.00	\$ 20.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ 25.00	\$ 25.00
10 Ride Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.00	\$ 20.00
15 Ride Pass	\$ 20.00	\$ 23.00	\$ 23.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	N/A	N/A
RIPTIKS										
RIPTIKS(Book of 10)	\$ 15.00	\$ 17.50	\$ 17.50	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	N/A	N/A
Transfers										
Cash-Transfer	\$ 0.10	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 1.00	\$ 1.00
Cash Half Fare Transfer	\$ 0.05	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PASSENGERS(RIDERSHIP)										
BUS	21,061,741	19,819,547	19,543,988	19,463,820	19,762,912	19,785,010	19,780,040	18,074,137	17,813,105	16,239,062.00
DEMAND RESPONSE	670,363	590,863	616,875	641,534	706,315	698,290	668,452	402,751	373,629	332,759.00
	<u>21,732,104</u>	<u>20,410,410</u>	<u>20,160,863</u>	<u>20,105,354</u>	<u>20,469,227</u>	<u>20,483,300</u>	<u>20,448,492</u>	<u>18,476,888</u>	<u>18,186,734</u>	<u>16,571,821.00</u>
REVENUE MILES										
BUS	8,041,642	8,210,973	8,352,120	8,417,792	8,387,715	8,077,334	8,264,927	8,483,016	8,546,906	8,555,359.00
DEMAND RESPONSE	4,164,026	4,131,543	4,259,705	4,438,006	4,891,615	4,981,925	4,766,876	3,164,569	2,975,367	2,772,570.00
	<u>12,205,668</u>	<u>12,342,516</u>	<u>12,611,825</u>	<u>12,855,798</u>	<u>13,279,330</u>	<u>13,059,259</u>	<u>13,031,803</u>	<u>11,647,585</u>	<u>11,522,273</u>	<u>11,327,929.00</u>
REVENUE HOURS										
BUS	636,111	633,381	628,890	628,557	632,734	603,704	633,454	658,848	673,409	672,788.00
DEMAND RESPONSE	319,832	307,124	318,834	332,573	319,086	309,214	296,754	220,473	179,245	167,075.00
	<u>955,943</u>	<u>940,505</u>	<u>947,724</u>	<u>961,130</u>	<u>951,820</u>	<u>912,918</u>	<u>930,208</u>	<u>879,321</u>	<u>852,654</u>	<u>839,863.00</u>
PASSENGER PER REVENUE MILE										
BUS	2.62	2.41	2.34	2.31	2.36	2.45	2.39	2.13	2.08	1.90
DEMAND RESPONSE	0.16	0.14	0.14	0.14	0.14	0.14	0.14	0.13	0.13	0.12
	<u>1.78</u>	<u>1.65</u>	<u>1.60</u>	<u>1.56</u>	<u>1.54</u>	<u>1.57</u>	<u>1.57</u>	<u>1.59</u>	<u>1.58</u>	<u>1.46</u>
PASSENGER PER REVENUE HOUR										
BUS	33.11	31.29	31.08	30.97	31.23	32.77	31.23	27.43	26.45	24.14
DEMAND RESPONSE	2.10	1.92	1.93	1.93	2.21	2.26	2.25	1.83	2.08	1.99
	<u>22.73</u>	<u>21.70</u>	<u>21.27</u>	<u>20.92</u>	<u>21.51</u>	<u>22.44</u>	<u>21.98</u>	<u>21.01</u>	<u>21.33</u>	<u>19.73</u>
Operating Expenses**	<u>\$ 97,310,816</u>	<u>\$ 95,271,016</u>	<u>\$ 96,263,187</u>	<u>\$ 102,154,502</u>	<u>\$ 103,847,502</u>	<u>\$ 104,846,154</u>	<u>\$ 104,213,000</u>	<u>\$ 102,863,774</u>	<u>\$ 104,190,753</u>	<u>\$ 108,678,976</u>
Operating expenses per mile	\$ 7.97	\$ 7.72	\$ 7.63	\$ 7.95	\$ 7.82	\$ 8.03	\$ 8.00	\$ 8.83	\$ 9.04	\$ 9.59
Operating expenses per hour	\$ 101.80	\$ 101.30	\$ 101.57	\$ 106.29	\$ 109.10	\$ 114.85	\$ 112.03	\$ 116.98	\$ 122.20	\$ 129.40
Operating expenses per passenger	\$ 4.48	\$ 4.67	\$ 4.77	\$ 5.08	\$ 5.07	\$ 5.12	\$ 5.10	\$ 5.57	\$ 5.73	\$ 6.56
Peak Fleet Request										
BUS	207	199	196	215	188	192	191	196	195	194
DEMAND RESPONSE	123	123	124	118	118	118	115	101	104	91
Total Active Fleet										
BUS	240	249	239	255	237	246	229	230	249	223
DEMAND RESPONSE	149	147	136	147	147	147	144	122	126	85
Number of Employees										
BUS	667	655	677	642	619	599	611	641	638	655
DEMAND RESPONSE	177	175	169	173	175	167	152	153	138	132

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

Source: National Transit Database



CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rhode Island Public Transit Authority (the Authority), a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 30, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Warwick, Rhode Island
September 30, 2017

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2017

<i>Federal Grantor/ Pass-Through Grantor Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
<i>U.S. Department of Transportation</i>			
<i>Direct Programs:</i>			
<i>Federal Transit Cluster:</i>			
Capital Investment Grants	20.500	RI 03-0045	\$ 93,152
Capital Investment Grants	20.500	RI 04-0008	(156,691)
Formula Grants	20.507	RI 90-X057	4,456
Formula Grants	20.507	RI 90-X058	518,274
Formula Grants	20.507	RI 90-X060	354,756
Formula Grants	20.507	RI 90-X061	5,331,218
Formula Grants	20.507	RI 90-X062	1,207,110
Formula Grants	20.507	RI 90-X063	5,324,403
Formula Grants	20.507	RI 90-X064	5,670,693
Formula Grants	20.507	RI 90-X065	8,033,072
Formula Grants	20.507	RI 95-X005	41,868
Formula Grants	20.507	RI 95-X006	359,232
Formula Grants	20.507	RI 95-X007	17,925
Formula Grants	20.507	RI 95-X009	661,557
Formula Grants	20.507	RI 2016-001-00	1,700,226
Formula Grants	20.507	RI 2017-001-00	1,371,979
Formula Grants	20.507	RI 2017-003-00	4,922,689
Formula Grants	20.507	RI 2017-004-00	63,980
Bus and Bus Facilities Formula Program	20.526	RI 2016-005-00	25,773
<i>Total Federal Transit Cluster</i>			<u>35,545,672</u>
Formula Grants for Rural Areas	20.509	RI 18-X032	390,626
Public Transportation Emergency Relief Program	20.527	RI 44-X002	3,274,126
TIGER 6	20.933	RI 2016-006-00	534,255
<i>Passed through RI Department of Transportation:</i>			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction	20.205	CMG-M531 (001)	442,164
<i>Total Highway Planning and Construction Cluster</i>			<u>442,164</u>
<i>Total U.S. Department of Transportation</i>			<u>40,186,843</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 40,186,843</u>

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Rhode Island Public Transit Authority under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Rhode Island Public Transit Authority, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Rhode Island Public Transit Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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