

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

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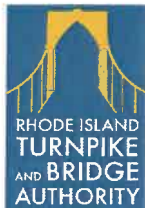
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**Rhode Island Turnpike and Bridge Authority**  
P.O. Box 437 | Jamestown, Rhode Island 02835-0437

September 30, 2019

To the Board of Directors and Customers  
Rhode Island Turnpike and Bridge Authority

The Basic Financial Statements of the Rhode Island Turnpike and Bridge Authority (the Authority) for the fiscal year ended June 30, 2019, is hereby submitted as mandated by state statute. State laws require that all general-purpose local governments publish within three months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants licensed to practice in the State of Rhode Island.

This report consists of management's representations concerning the finances of the Rhode Island Turnpike and Bridge Authority. Consequently, management assumes full responsibilities for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect the Authority's accounts from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America. Since the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The Rhode Island Turnpike and Bridge Authority's financial statements have been audited by Marcum LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Rhode Island Turnpike and Bridge Authority for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved the following: examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Rhode Island Turnpike and Bridge Authority's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.



**Rhode Island Turnpike and Bridge Authority**  
P.O. Box 437 | Jamestown, Rhode Island 02835-0437

## PROFILE OF THE GOVERNMENT

The Rhode Island Turnpike and Bridge Authority (the Authority) is a quasi-public agency created by the Rhode Island General Assembly in 1954 to maintain and operate the Claiborne Pell Bridge (Pell Bridge), on the west shore of Narragansett Bay (the Bay) which connects the City of Newport and Town of Jamestown, and the Mount Hope Bridge, on the east shore of the Bay which connects the Towns of Bristol and Portsmouth, Rhode Island. For over 50 years, the Authority has been committed to maintaining and operating the Pell and Mount Hope Bridges in a fiscally responsible manner that ensures their physical integrity and longevity.

The Jamestown Verrazano Bridge and the Sakonnet River Bridge were turned over to the Authority by the state legislature for the operation and maintenance of the bridge structures and associated parcels of land. Day-to-day operations of the Authority are led by an Executive Director who oversees 128 employees and reports to a five-member Board of Directors (Board) comprised of the Director of Transportation, who is a member ex-officio, and four members appointed by the Governor.

## SIGNIFICANT BALANCES, TRANSACTIONS AND NOTES OF INTEREST

The information presented in the financial statement is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Rhode Island Turnpike and Bridge Authority operates.

### Tolls and Operations

The Claiborne Pell Bridge toll schedule is based upon financial obligations of the Authority. Toll rates are set at a level sufficient to fund ongoing operations, debt service (including reserves), capital improvements, and regular maintenance of the Authority's capital assets. Tolls were removed from the Mount Hope Bridge effective May 1, 1998.

In December 2008, the Authority implemented E-ZPass. The electronic toll collection system was completed in January 2009.

### Tolls and Operations (Continued)

A customer service center, including a walk-in center and a call center, is set up in Jamestown adjacent to the toll plaza where E-ZPass applications are processed, transponders are sold and accounts replenished. Transponders are sold at cost for \$10. As of June 30, 2019, the Authority had 200,932 active accounts with 281,489 active transponders.

The Authority engages Emovis to develop, install, and maintain a new automated Toll Customer Relationship Management System (Toll CRM) which will be utilized in processing Electronic Toll Collections (ETC) (through E-ZPass) transactions, open and close customer E-ZPass



## Rhode Island Turnpike and Bridge Authority

P.O. Box 437 | Jamestown, Rhode Island 02835-0437

accounts on-line, maintain the account information database, and manage transponder inventory. It will also reconcile toll transactions and aid in the resolution of reciprocity disputes between the Authority and its sister E-ZPass agencies. This contract is valid through June 2021.

The operations department is responsible for the collection of tolls from motorists passing through the Authority's toll plaza in Jamestown, adjacent to the Claiborne Pell Bridge. The department is headed by a Manager of Tolling and Operations, who is assisted by a number of supervisors in order to operate the facility 24 hours per day, 365 days per year. The department employs approximately 15 full-time toll collectors throughout the year, all of whom are covered under a collective bargaining agreement, as well as non-union casual collectors utilized primarily during the busy periods during the year. Supervisors are responsible for the smooth operation, 24/7. They are also responsible for reporting any unusual occurrences and to maintain a safe environment for motorists. The Rhode Island State Police is summoned when circumstances dictate, and also undertakes routine patrols at the toll plaza and elsewhere adjacent to the bridges, especially during weekend evenings during the summer. This is done in cooperation with local police and EMT services provided by the municipalities of Jamestown, Newport, Bristol, and Portsmouth.

The Authority has initiated Open Road Tolling (ORT) lanes on the Claiborne Pell Bridge. These lanes, one east-bound and one west-bound, allow vehicles with an E-ZPass transponder to travel through the toll plaza at normal travel speeds without stopping at a gated toll booth.

GASB requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Rhode Island Turnpike and Bridge Authority's MD&A can be found immediately following the report of the independent auditor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Maynard R. Breen".

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
**Rhode Island Turnpike and Bridge Authority**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Rhode Island Turnpike and Bridge Authority (the Authority), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2019, 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.

### *Auditors' 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 auditors' 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 Rhode Island Turnpike and Bridge Authority, a component unit of the State of Rhode Island, as of June 30, 2019, 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 on pages 7 through 14 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 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.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rhode Island Turnpike and Bridge Authority, a component unit of the State of Rhode Island, taken as a whole. The accompanying supplementary information of the schedule of travel and entertainment expenses, and Attachments B, C, D, and E (State of Rhode Island format), for the year ended June 30, 2019, on pages 36 through 42, is presented for purposes of additional analysis and is not a required part of the financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information above is 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 them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019 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.

*Marcum LLP*

Providence, RI  
September 30, 2019



## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Rhode Island Turnpike and Bridge Authority (the Authority) is a quasi-public agency created by the Rhode Island General Assembly in 1954 to maintain and operate the Claiborne Pell Bridge (Pell Bridge), on the west shore of Narragansett Bay (the Bay) which connects the City of Newport and Town of Jamestown, and the Mount Hope Bridge, on the east shore of the Bay, which connects the Towns of Bristol and Portsmouth, Rhode Island. For over 50 years, the Authority has been committed to maintaining and operating the Pell and Mount Hope Bridges in a fiscally responsible manner that ensures their physical integrity and longevity.

In June of 2013, the Jamestown Verrazzano Bridge and the Sakonnet River Bridge were turned over to the Authority by the state legislature for the operation and maintenance of the bridge structures and associated parcels of land. Day-to-day operations of the Authority are led by an Executive Director who oversees 128 employees and reports to a five-member Board of Directors (Board) comprised of the Director of Transportation, who is a member ex-officio, and four members appointed by the Governor.

This discussion and analysis of the Authority’s financial position and performance provides information as of June 30, 2019 and for the year then ended, with comparison as deemed appropriate to the previous fiscal year ended June 30, 2018. Readers are encouraged to utilize this document in conjunction with their review of the Authority’s financial statements.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The Authority is a component unit of the State of Rhode Island for financial reporting purposes and as such, the annual audited financial statements of the Authority are included in the State’s Annual Financial Report and are classified as an enterprise fund.

The Authority’s annual financial statements consist of three parts: management’s discussion and analysis, the basic financial statements with note disclosures, and supplementary information.

The basic financial statements report information about the self-supporting activities of the Authority funded primarily by toll revenue. They consist of a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows, all of which are supported by Notes to the Financial Statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### OVERVIEW OF FINANCIAL STATEMENTS (Continued)

The Authority follows accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements provide indications of the Authority's financial health. The Statement of Net Position summarizes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources (on the accrual basis of accounting) as of the fiscal year-end date, and indicates which assets can be used for general purposes and which are restricted by bond covenants as to their use. The Statement of Revenues, Expenses and Changes in Net Position reports revenues earned and expenses incurred during a fiscal year. The Authority uses the economic resources measurement focus and accrual basis of accounting. All assets and liabilities, and changes in net position, are reported as soon as the underlying event giving rise to the asset or liability and resulting change in net position occurs, regardless of the timing of when the cash is received or paid. In addition to reporting cash provided and used by operating activities, the Statement of Cash Flows also reports other cash sources, such as investment income, and other cash uses, such as the purchase of capital additions and the repayment of bond principal and interest obligations.

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Authority, its accounts are classified, for internal accounting purposes, into a number of separate funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### FINANCIAL STATEMENTS AND OPERATIONAL SUMMARIES

#### *Activity and Year-End Financial Position*

The Authority's total net position increased in 2019 by \$8.9 million, or 7.1%, due to operating activity during the year. Capital assets, net of depreciation, increased by \$1.8 million and were principally funded by proceeds from bonds payable and were part of the Authority's ongoing capital improvement program (CIP). A comparative summary of the Authority's net position is shown below (dollars in thousands):

#### Statements of Net Position

	June 30, 2019		June 30, 2018	
Assets:				
Capital assets (net)	\$ 215,838	67.1%	\$ 214,031	67.7%
Other:				
Investments	79,341	24.7%	76,935	24.3%
Cash and cash equivalents	23,318	7.2%	22,473	7.1%
Other	3,164	1.0%	2,816	0.9%
	105,823	32.9%	102,224	32.3%
Total assets	321,661	100.0%	316,255	100.0%
Liabilities:				
Noncurrent, bonds payable	172,267	53.6%	177,118	56.0%
Other liabilities	14,636	4.5%	13,335	4.2%
Total liabilities	186,903	58.1%	190,453	60.2%
Deferred inflows of resources	-	-	-	-
Net position:				
Net investment in capital assets	58,710	18.3%	52,945	16.7%
Restricted, bond covenants	70,935	22.1%	70,590	22.3%
Unrestricted	5,113	1.6%	2,267	0.7%
Total net position	\$ 134,758	41.9%	\$ 125,802	39.7%

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Statements of Revenues, Expenses and Changes in Net Position

Operating results are discussed in the *Operating Results* section below. A condensed summary of activity follows (dollars in thousands):

	2019		2018	
Operating revenues:				
Toll revenues	\$ 21,563	55.0%	\$ 20,539	55.7%
Gas tax revenue	17,111	43.7%	15,714	42.7%
Grant revenue	-	0%	22	.1%
Transponder revenues	443	1.1%	488	1.3%
Statement and bank fees	78	.2%	79	.2%
	<u>39,195</u>	<u>100.0%</u>	<u>36,842</u>	<u>100.0%</u>
Operating expenses:				
Personnel services	5,753	14.8%	5,467	14.8%
Insurance	1,325	3.4%	1,042	2.8%
Repairs and maintenance	684	1.7%	741	2.0%
Other	4,248	10.8%	5,617	15.3%
Transponder expense	213	.5%	223	.6%
Depreciation	13,957	35.6%	14,123	38.4%
	<u>26,180</u>	<u>66.8%</u>	<u>27,213</u>	<u>73.9%</u>
Operating income (loss)	13,015	33.2%	9,629	26.1%
Non-operating expenses, net	<u>(4,059)</u>	<u>(10.4%)</u>	<u>(6,193)</u>	<u>(16.8%)</u>
Change in net position	<u>8,956</u>	<u>22.8%</u>	<u>3,436</u>	<u>9.3%</u>
Net position, beginning of year	125,802		122,366	
	<u>125,802</u>		<u>125,802</u>	
Net position, end of year	<u>\$ 134,758</u>		<u>\$ 125,802</u>	

The Authority had an increase in toll revenues for the year ended June 30, 2019 (FY2019) of approximately \$1,020,000; approximately 50% of which is attributed to the collection of toll violations. Personnel related expense increases were principally due to increased staffing. The Authority continually monitors both staffing in the customer service center and the lanes in the toll plaza to ensure the proper level of staff to service its customers. The decrease in Other operating expenses in 2019 was primarily due to the completion of environmental remediation at the Mt. Hope and Claiborne Pell bridges, the majority of which occurred in fiscal year 2018.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Operating Results

#### Pell Bridge Traffic and Revenue Summary

Traffic and revenue statistics are as follows:

	2019		2018	
<b>Traffic (number of passages)</b>				
Vehicle fares paid with ETC	9,695,167	88.1%	9,423,123	87.5%
Vehicle fares paid with cash	1,313,977	11.9%	1,350,187	12.5%
	11,009,144	100.0%	10,773,310	100.0%
<b>Revenue (not including violations)</b>				
Vehicle fares paid with ETC	\$14,543,095	73.1%	\$13,942,581	71.8%
Vehicle fares paid with cash	5,342,910	26.9%	5,469,580	28.2%
	\$19,886,005	100.0%	\$19,412,161	100.0%

Traffic and Revenue fares paid by cash decreased from the prior year while fares paid by ETC increased. Overall, Pell Bridge traffic increased in 2019 compared to the previous year, resulting in a slight increase in revenue.

### Engineering and Maintenance

The head of the engineering department is a Director of Engineering who oversees all capital construction activities on behalf of the Authority. In addition, under the Director of Engineering, separate consulting engineering firms, including on-call contracting firms, have been engaged to manage projects undertaken on each structure. Each bridge is subjected to an annual inspection, and a more thorough and complete “in-depth” inspection is performed on each structure every two years.

The Authority’s Board (Board) hired a nationally recognized firm to conduct a risk management study to evaluate the Authority’s procedures to avoid, prepare for and respond to natural and manmade concerns. The firm made recommendations to improve the safety and security of the bridges. The Authority has begun implementing these recommendations.

At June 30, 2019, 67.1 % of the Authority’s assets are capital assets, most notably the two largest suspension bridges in New England, the operation and maintenance of which the Authority has been charged. In order to continue to protect these assets for the foreseeable future, the Board bi-annually revises its ten-year Renewal and Replacement Plan. In June 2019, the Board approved an updated 10-year Capital Improvement Plan (CIP).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Engineering and Maintenance (Continued)

During FY2019, the Authority continued its preventive maintenance programs for both the Claiborne Pell and Mount Hope Bridges, which are designed to ensure the safety, security, and aesthetics of the structures while generating long-term savings for the Authority. As part of this effort, a number of Authority staff have been assigned additional duties, including preventive maintenance of bridge bearings; repair of potholes on approach roads; preventive corrosion treatment on bridges; snow removal at the toll plaza; lawn maintenance, routine inspection on expansion and contraction components of bridges; painting of bridge rails and building interiors; and signage maintenance on bridges.

### Capital and Construction Activities

Under the CIP, the Board has approved \$229.5 million towards various bridge and road projects.

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	Total (in \$1,000's)
Newport Pell totals	\$15,321	\$13,160	\$10,159	\$9,329	\$14,621	\$12,858	\$13,168	\$11,471	\$11,341	\$10,916	\$ 122,344
Mount Hope totals	1,869	1,864	1,528	5,443	6,039	5,425	7,268	5,364	5,250	7,423	47,473
Sakonnet River Bridge totals	696	1,484	654	841	958	872	377	788	352	676	7,698
Jamestown Bridge totals	4,637	5,373	7,403	1,523	2,637	1,389	2,003	1,403	2,883	3,113	32,364
Minor Bridges	84	90	564	2,920	524	140	304	150	194	120	5,090
Rt. 138 Jamestown connector	196	81	289	145	31	181	2,462	1,091	366	75	4,917
Facilities totals	194	1,791	1,628	4,971	238	196	186	121	211	131	9,667
Total all infrastructure	\$22,997	\$23,843	\$22,225	\$25,172	\$25,048	\$21,061	\$25,768	\$20,388	\$20,597	\$22,454	\$229,553

The detail of the activity that happened from July 1, 2018 to June 30, 2019 in capital activities is presented in note 3 of the notes to the financial statements.

### Finance and Accounting

Finance and accounting functions are headed by a Chief Financial Officer who is responsible for maintaining the Authority's books and records and for adhering to covenants and other requirements of agreements entered into with bondholders.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Debt Service

At June 30, 2019, the Authority's debt service consists of bond obligations entered into during 2010 and 2016.

The 2010 Series A Revenue bonds were sold by the Authority in the amount of \$50,000,000, and mature in 2039. Principal payments began in December, 2018. Principal payments during 2019 totaled \$1,345,000.

In February 2016, with the approval of the State of Rhode Island, the Authority issued 2016 Series A Motor Fuel Tax Revenue Bond in the amount of \$117,590,000. The 2016 Bond was sold at a premium of \$16,333,064 with total proceeds of \$133,923,064 of which \$60,000,000 were used to pay off a \$60,000,000 Bond Anticipation Note (BAN) entered into in February, 2014. The remaining proceeds are to be used to fund the updated CIP. Principal payments are due annually, and interest payments semiannually, until maturity in 2040. Principal payments on the 2016 Motor Fuel Tax Revenue Bond Series A bonds during 2019 totaled \$2,880,000.

In accordance with the trust agreement entered into between the Authority and BNY Mellon, the trustee, debt service obligations (monthly deposits of toll revenues made into separate principal, interest, and debt service reserve accounts held by the trustee) were made during FY2019 on a timely basis. Compliance with restrictions and covenants stipulated in the trust agreement was monitored during the year by the Authority.

### Investments

The Authority's investments comprise 24.7 % and 24.3 % of assets at June 30, 2019 and 2018, respectively. Under the trust agreement referenced above, "moneys in all funds and accounts shall be invested by the holder of such Fund or Account as soon as practicable upon receipt in Permitted Investments..." The definition of Permitted Investments includes mostly highly-rated fixed-income securities. At June 30, 2019, 83.79% of the Authority's investments are in the form of money market mutual funds; U.S. Treasury obligations represent approximately 4.9%. Approximately 6.4% of the Authority's investments are in corporate bonds.

### Union Contract

The Authority entered into a three-year contract with the union, effective July 1, 2017. The current contract expires June 30, 2020.

### Insurance Cost-Saving Initiatives

The Authority maintains property and casualty insurance coverage as deemed appropriate in consultation with an insurance industry expert. In fiscal year 2008, in order to contain the cost of insuring the bridges, the Board increased the deductible on the marine insurance on the bridges. The Authority continues to competitively bid the commercial insurance policies.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Legislative Decisions/Developments**

The FY2013 State budget included an article that will allow for the transfer of the Sakonnet River and Jamestown/Verrazzano Bridges to the Rhode Island Turnpike and Bridge Authority from the Rhode Island Department of Transportation. The Authority assumed care, custody and control of these new assets in April 2013; however, ownership and title to the bridges and related property remain with the State. Tolls commenced in August 2013 (FY2014) through General Assembly action taken in the FY2015 State budget.

Subsequently, the Rhode Island General Assembly passed the FY2015 State budget, which eliminated the toll on the Sakonnet River Bridge, raised the gas tax and other fees, earmarking \$0.035 of the gas tax to the Authority to fund the additional maintenance costs associated with the addition of the Sakonnet River and Jamestown Verrazzano Bridges. Legislation passed in June 2016 for FY2017 continues the gas tax at \$0.035 per gallon. The annual estimated revenue expected from the gas tax in FY2020 is approximately \$15.5 million.

The Authority has been selected by the Department of Transportation to provide back office functions for the Road Works truck tolling initiative which commenced June 11, 2018. In fiscal year 2019, the Authority collected tolls on the behalf of the Department of Transportation in the amount of \$6,768,034, of which \$5,512,016 was remitted to the Department of Transportation. As of June 30, 2019, the amount payable to the Department of Transportation for tolls collected in fiscal year 2019 is \$1,256,018.

In fiscal year 2019, the Rhode Island General Assembly authorized the Authority to issue approximately \$50,000,000 of additional revenue bonds. The expected date for such issuance will be Fall, 2019. Terms have not yet been determined.

Additionally, in fiscal year 2019, Rhode Island General Assembly approved legislation which reduced the number of infractions for a person to be considered a “toll violator” from 20 to 10; and reduced the number of infractions for a person to be considered a “toll evader” from 100 to 20. Toll violators are reported to the RI Division of Motor Vehicles and cannot renew their driver’s licenses and vehicle registrations until unpaid tolls, administration fees, and fines are paid; toll evaders may receive a traffic violation summons to the RI Traffic Tribunal, which may suspend the toll evader’s driver’s license and assess a fine. Redefining and reducing the number of toll violations assists the Authority in violation collection.

### **Requests for Information**

This financial report is designed to provide a general overview of the Authority and its finances. Questions about any of the information contained in this report and requests for additional information may be addressed to the Executive Director at: Rhode Island Turnpike and Bridge Authority, P.O. Box 437, Jamestown, RI 02835.



**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

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**Assets**

**Current Assets**

Cash and cash equivalents	\$ 7,191,019
Accrued interest receivable	85,368
Accounts Receivable	347,504
Prepaid expenses	153,121
Inventory	37,239

**Restricted**

Cash and cash equivalents	16,126,873
Investments	76,445,144
Accounts receivable	<u>2,540,540</u>

**Total Current Assets** 102,926,808

**Noncurrent Assets**

Investments	2,896,127
Capital assets not being depreciated	2,815,942
Capital assets being depreciated, net	<u>213,022,141</u>

**Total Noncurrent Assets** 218,734,210

**Total Assets** 321,661,018

*The accompanying notes are an integral part of these financial statements.*

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENT OF NET POSITION (CONTINUED)**

**JUNE 30, 2019**

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**Liabilities**

**Current Liabilities**

Accounts payable	861,021
Accrued interest payable	1,470,780
Accrued expenses	6,808,367
Electronic toll liability	5,496,249
Current portion of bonds payable	<u>4,385,000</u>

**Total Current Liabilities** 19,021,417

**Bonds Payable, Less Current Portion** 167,881,881

**Total Liabilities** 186,903,298

**Net Position**

Net investment in capital assets	58,709,500
Restricted, bond covenants	70,934,784
Unrestricted	<u>5,113,436</u>

**Total Net Position** \$ 134,757,720

*The accompanying notes are an integral part of these financial statements.*

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2019**

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<b>Operating Revenues</b>	
Tolls, including violation fees	\$ 21,563,719
Transponder sales	442,558
Gas tax revenue	17,110,500
Other fees	<u>77,655</u>
<b>Total Operating Revenues</b>	<u>39,194,432</u>
<b>Operating Expenses</b>	
Personnel services	5,752,505
Utilities	207,798
Contractual services	1,700,406
Other supplies and expenses	1,568,034
Insurance	1,324,517
Repairs and maintenance	684,493
Transponder expense	212,595
Bridge Inspections	772,216
Depreciation	<u>13,956,955</u>
<b>Total Operating Expenses</b>	<u>26,179,519</u>
<b>Operating Income</b>	<u>13,014,913</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest expense	(7,484,543)
Amortization of bond premium	655,508
Amortization of bond discount	(29,597)
Investment income, net of trustee fees	2,180,857
Miscellaneous income	<u>618,829</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(4,058,946)</u>
<b>Change in Net Position</b>	<u>8,955,967</u>
<b>Net Position – Beginning of Year</b>	<u>125,801,753</u>
<b>Net Position, End of Year</b>	<u><u>\$ 134,757,720</u></u>

*The accompanying notes are an integral part of these financial statements.*

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**Cash Flows from Operating Activities**

Cash received from:

Tolls	\$ 21,640,552
Transponder sales	442,558
Gas tax revenue	17,131,696
Other	77,656

Cash payments to:

Suppliers for goods and services	(6,045,513)
Employees for services	<u>(4,494,015)</u>

**Net Cash Provided by Operating Activities** 28,752,934

**Cash Flows from Capital and Related Financing Activities**

Acquisition and construction of capital assets	(15,935,903)
Principal paid on bonds	(4,225,000)
Interest paid on bonds	<u>(7,510,063)</u>

**Net Cash Used in Capital and Related Financing Activities** (27,670,966)

**Cash Flows from Investing Activities**

Proceeds from sales and maturities of investments	65,511,422
Purchases of investments	(67,917,757)
Investment income received	<u>2,168,939</u>

**Net Cash Used in Investing Activities** (237,396)

**Net Increase in Cash and Cash Equivalents** 844,572

**Cash and Cash Equivalents, Beginning of Year** 22,473,320

**Cash and Cash Equivalents, End of Year** \$ 23,317,892

Cash and Cash Equivalents Per Statement of Net Position:

Unrestricted Cash and Cash Equivalents	\$ 7,191,019
Restricted Cash and Cash Equivalents	<u>16,126,873</u>
	<u><u>\$ 23,317,892</u></u>

*The accompanying notes are an integral part of these financial statements.*

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENT OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities**

Operating income	\$ 13,014,913
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	13,956,955
Miscellaneous income	618,829
Changes in assets and liabilities:	
Accounts receivable	(306,570)
Inventory	(1,370)
Prepaid expenses	(28,150)
Accounts payable	(199,061)
Accrued expenses	1,258,490
Electronic toll liability	438,898

**Net Cash Provided by Operating Activities**

**\$ 28,752,934**

*The accompanying notes are an integral part of these financial statements.*

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*DESCRIPTION OF BUSINESS*

The Rhode Island Turnpike and Bridge Authority (the Authority) was created in 1954 by the Rhode Island General Assembly as a body corporate and politic, with powers to construct, acquire, maintain, and operate bridge projects as defined by law. The Authority was responsible for the construction of the Claiborne Pell Bridge (formerly the Newport Bridge), which was opened for traffic on June 28, 1969, and has been responsible for the operation and maintenance of the Mount Hope Bridge between Bristol, Rhode Island and Portsmouth, Rhode Island and the Claiborne Pell Bridge between Newport, Rhode Island and Jamestown, Rhode Island since 1964 and 1969, respectively. On April 25, 2013, the State of Rhode Island (the State) transferred custody, control and supervision of the land and improvements for the Jamestown and the Sakonnet River Bridges from the Rhode Island Department of Transportation (RIDOT) to the Authority. Ownership and title of the bridges remains with the State and the Authority is responsible for the improvements. The Claiborne Pell Bridge, Mount Hope Bridge, Jamestown Verrazano Bridge and Sakonnet River Bridge are collectively referred to herein as the bridges.

The Authority is a component unit of the State for financial reporting purposes and, as such, the financial statements of the Authority will be included in the State's Annual Financial Report. These financial statements present only RITBA and not the financial position, operating results, or cash flows of the State of Rhode Island.

The Authority is exempt from federal and state income taxes.

*FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The Authority engages only in business-type activities, which are activities that are financed in whole or in part by fees charged to external parties. Accounts of the Authority are maintained in compliance with the provisions of the Master Indenture of Trust (the Trust Agreement) entered into with the Trustee of the bonds. The Trust Agreement secures the Authority's revenue bonds and requires that the accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applied to governmental entities.

The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all assets and liabilities, and deferred inflows and outflows of resources associated with operations are included on the statement of net position, revenues are recorded when earned, and expenses are recorded at the time the liabilities are incurred, regardless of the timing of the related cash flows.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

***FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING  
(CONTINUED)***

A Memorandum of Understanding (MOU) exists between the Authority and the Rhode Island Department of Transportation (RIDOT). Under the terms of the MOU, the Authority is to provide E-Z Pass and Video transaction processing support for the Rhode Works Toll Facilities Project which is implemented and administered by RIDOT. Costs incurred by the Authority associated with the implementation and operation of this support are fully reimbursed by RIDOT. Processing of these transactions began on June 11, 2018. During fiscal year 2019, the Authority incurred \$1,644,462 of costs supporting the Rhode Works Toll Facilities Project, of which \$1,416,023 was reimbursed to the Authority by RIDOT. The amount due to the Authority from RIDOT as of June 30, 2019 is \$228,439.

***DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES***

Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. The Authority had no deferred outflows or inflows of resources at June 30, 2019.

***USE OF ESTIMATES***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***OPERATING AND NON-OPERATING REVENUES AND EXPENSES***

Operating revenues and expenses result from providing services for the ongoing operations of the bridges. The principal operating revenue of the Authority is the collection of toll revenue from the users of the Claiborne Pell Bridge. Operating expenses include all expenses for the ongoing management and maintenance of the bridges. Non-operating revenues and expenses include all items that do not meet the definition of operating revenues and expenses.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

***RESTRICTED VERSUS UNRESTRICTED RESOURCES***

When both restricted and unrestricted amounts are available for use, it is the Authority's practice to use restricted resources first.

***CASH AND CASH EQUIVALENTS***

Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

***INVESTMENTS***

Investments are recorded at fair value using Level 1 inputs, except for money market funds, which are used as temporary cash management investments. 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. Money market investments have no withdrawal limitations and a remaining maturity at the time of purchase of one year or less. The underlying investments which are short-term cash equivalent type investments (for example, U.S. Treasury and agency obligations) are generally carried at amortized cost which approximates fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

***RESTRICTED ASSETS***

Certain assets have been restricted in accordance with the provisions of the Trust Agreements and are classified as either current or noncurrent based on the maturities of the underlying securities.

***INVENTORY***

Inventory consists of E-ZPass transponders valued at cost using the first-in, first-out (FIFO) method.

***CAPITAL ASSETS***

All capital assets are stated at cost. The Authority capitalizes substantially all assets acquired with an original cost basis in excess of \$10,000 for equipment and \$25,000 for bridge and building improvements which have an estimated useful life in excess of one year. The cost of the Claiborne Pell Bridge includes engineering, legal, financial, administrative and other costs incident to the construction of the bridge, less income earned on certain investments during



**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

***CAPITAL ASSETS (CONTINUED)***

construction. All capital assets are depreciated using the straight-line method over the estimated useful lives of the respective assets as follows:

Bridges and bridge improvements	5-100 years
Buildings and land improvements	8-30 years
Equipment	3-20 years

The Authority reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. At June 30, 2019, there were no impairment losses recognized for long-lived assets.

***INTANGIBLE ASSETS***

Intangible assets, reported within capital assets, are comprised of licensing fees that do not expire unless certain contractual obligations are broken and are therefore reported at cost with no amortization.

***ACCOUNTS RECEIVABLE***

Accounts receivable principally consist of tolls due from away agencies, unpaid tolls and violations from open-road tolling (ORT) transactions, and gasoline tax receipts. The accounts receivable balances of \$ 347,504 and \$2,540,540 are net of allowance for uncollectible receivables, related to unpaid tolls and violations from ORT and AET transactions totaling \$11,572,853, which management has placed a 100% reserve against as of June 30, 2019, in consistency with industry standards.

Management estimates that there is no allowance needed for receivables generated by away agencies and gasoline taxes as of June 30, 2019.

***BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS***

Bond discounts are amortized on a straight-line basis over the life of the related bond (30 years) for the 2010 bond. At June 30, 2019, bond discounts and accumulated amortization total related to the 2010 bond was \$794,545 and \$143,422, respectively.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

***BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS (CONTINUED)***

Bond premiums are amortized on a straight line basis over the life of the related bond (25 years for the 2016 Gas Tax Revenue Bond). At June 30, 2019 bond premiums and accumulated amortization total \$16,333,064 and \$2,239,656, respectively.

Bond discounts and bond premiums, net of accumulated amortization, are presented in the accompanying financial statements as a component of bonds payable.

Bond issuance costs are expensed as incurred.

***REVENUE RECOGNITION – E-ZPASS***

The Authority uses an automated electronic toll collection system (E-ZPass) which uses transponders to identify vehicles passing through a toll plaza. Upon enrolling in E-ZPass, customers purchase transponders from the Authority. Upon initial enrollment, and subsequently when minimum dollar maintenance requirements are met, customers fund dollars on their transponders. Prepaid toll receipts are recorded by the Authority as an electronic toll liability until the customer completes a toll transaction. Upon completion of a toll transaction by a customer using a valid E-ZPass transponder, the Authority records revenue for crossing the Claiborne Pell Bridge or records a liability payable to another state for a vehicle crossing another state's toll plaza using a transponder issued by the Authority, charges the customer's account, and reduces the electronic toll liability. The Authority records revenue and a related receivable from another state for customers crossing the Claiborne Pell Bridge using a transponder issued by another state.

Toll charges received in cash for crossing the Claiborne Pell Bridge are recorded as revenue when collected.

***REVENUE RECOGNITION-VIOLATION TOLLS AND FEES***

The Authority provides Open Road Tolling (ORT) lanes which utilize both E-ZPass and automatic plate recognition technology. Customers that use ORT lanes that do not have a valid E-ZPass transponder are charged violation tolls and fees. At June 30, 2019 amounts due from violators for ORT and fees total \$11,572,853 and are fully reserved at 100%. Revenue from violation tolls and fees is recognized as collected.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

***REVENUE RECOGNITION - GASOLINE TAX RECEIPTS***

Beginning July 1, 2014, the State of Rhode Island enacted legislation which provides the Authority 3.5 cents of gasoline tax for every gallon sold in Rhode Island. Gas tax revenues and related receivables are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period net of estimated tax refunds.

***INVESTMENT INCOME***

Investment income includes interest, dividends, and realized gains and losses. Additionally, investment income includes unrealized gains and losses recorded to present investments at fair value.

***ACCRUED SICK AND VACATION***

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rates of pay. The amount accrued at year-end includes unused vacation and sick leave earned at the employees' current rates of pay, subject to the applicable limitations.

***NET POSITION***

The Authority's net position has been segregated into the following three components:

Net investment in capital assets – represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by assets and deferred outflows of resources related to the liquidation of those outstanding bonds, if any.

Restricted – assets that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments or internally by enabling legislation or law, less the restricted liabilities associated with these assets.

Unrestricted – a residual category for the balance of net position.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 2 - CASH AND INVESTMENTS**

The Trust Agreement specifies the permitted investments that may be used by the Authority. In addition, the State requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its federal regulator must be collateralized.

***DEPOSITS***

The carrying amount of the Authority's cash and cash equivalents, including restricted amounts, at June 30, 2019 was \$23,317,892 while the bank balance was \$23,444,541. Of the bank balance, \$729,116 was covered by federal depository insurance and \$22,715,425 was held in fully collateralized repurchase agreements. The remaining balance of \$5,550 represents daily cash on hand for the customer service center and the toll plaza.

***INVESTMENTS***

***FAIR VALUE MEASUREMENTS***

In determining fair value, the Authority uses various valuation approaches, as appropriate in the circumstances. GASB 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available (Level 1), of how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

*INVESTMENTS (CONTINUED)*

*U.S. Government Securities (United States Treasury Bonds, US Government Agencies Bonds/Notes, US Government Mortgage Agency Mortgage Backed Securities, US Corporate Bonds and Notes):* Valued at the closing price reported on the active market on which the individual securities are traded.

*Foreign Corporate Bonds, Municipal Bonds and Non-Agency CMOs/REMICs:* Valued using quoted prices in an active market for identical assets.

At June 30, 2019, the Authority's investments, including restricted amounts, consist of the following:

	Fair Value	Interest Rate	Maturity
Federated Government Obligations Money Market Fund	\$ 66,482,687	NA	NA
United States Treasury Bonds and Notes	3,837,269	.125% to 2.75%	2/15/2020 to 8/15/2046
US Government Agencies Bonds/Notes	1,237,145	1.90 % to 3.80%	11/27/2020 to 1/29/2029
US Government Mortgage Agency Mortgage backed Securities	1,663,945	3.50% to 5.0%	6/01/2026 to 10/1/2047
US Corporate Bonds and Notes	5,109,097	1.6% to 6.7%	10/15/2019-6/26/2028
Foreign Corporate Bonds	500,987	3.125% to 5.1%	10/17/2019-3/8/2027
Municipal Bonds	385,370	2.39% to 4.91%	7/1/2020 to 5/1/2029
Non-agency CMOs/REMICs	<u>124,771</u>	3.0% to 3.4%	5/12/2045 to 3/15/2048
Total	<u>\$ 79,341,271</u>		

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

*INVESTMENTS (CONTINUED)*

At June 30, 2019, the Authority's ratings from Moody's and the S&P 500 are disclosed below based on the fair value of investments:

<b>Fair Value</b>	<b>Rating</b>	<b>% of Total</b>
\$ 73,312,217	Aaa	92.4%
427,586	A1	0.5%
1,359,845	A2	1.7%
996,657	A3	1.3%
147,159	Aa1	0.2%
824,630	Aa2	1.0%
666,795	Aa3	0.8%
621,333	Baa1	0.8%
572,953	Baa2	0.7%
412,096	Baa3	0.5%
\$ 79,341,271		100%
Investments, current (restricted)		\$ 76,445,144
Investments, non-current		2,896,127
Total investments		\$ 79,341,271

*Interest rate risk:*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

*INVESTMENTS (CONTINUED)*

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The majority of the Authority's investments have interest rates that are fixed for long periods and are subject to more variability in their fair value as a result of future changes in interest rates.

**Concentration of Credit Risk**

The Authority does not have an investment policy for concentration of credit risk.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of financial institution failure, the Authority's deposits and/or investments may not be returned. The Authority does not have a deposit or investment policy for custodial credit risk. At June 30, 2019 and for the year then ended, all of the Authority's investments were direct investments not subject to custodial credit risk.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 3 - CAPITAL ASSETS**

	Balance, July 1, 2018	Additions	Transfers	Balance, June 30, 2019
<b>Capital Assets Not Being Depreciated</b>				
Construction in Progress	\$ 1,479,390	\$ 2,565,942	\$ (1,479,390)	\$ 2,565,942
Licensing fees	<u>250,000</u>	<u>--</u>	<u>--</u>	<u>250,000</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>1,729,390</u>	<u>2,565,942</u>	<u>(1,479,390)</u>	<u>2,815,942</u>
<b>Capital Assets Being Depreciated</b>				
Bridges and improvements *	292,841,097	10,610,567	557,204	304,008,868
Buildings and improvements	8,063,621	46,458	879,819	8,989,898
Land improvements	9,275,933	359,265	40,932	9,676,130
Equipment	<u>21,926,043</u>	<u>2,182,146</u>	<u>1,435</u>	<u>24,109,624</u>
<b>Total Capital Assets Being Depreciated</b>	<u>332,106,694</u>	<u>13,198,436</u>	<u>1,479,390</u>	<u>346,784,520</u>
<b>Less Accumulated Depreciation</b>				
Bridges and improvements *	99,459,616	10,831,466	(183,362)	110,107,720
Buildings and improvements	4,730,600	289,715	(883,477)	4,136,838
Land improvements	1,802,046	537,974	901,145	3,241,165
Equipment	<u>13,813,162</u>	<u>2,297,800</u>	<u>165,694</u>	<u>16,276,656</u>
<b>Total Accumulated Depreciation</b>	<u>119,805,424</u>	<u>13,956,955</u>	<u>--</u>	<u>133,762,379</u>
<b>Capital Assets Being Depreciated Net</b>	<u>212,301,270</u>	<u>(758,519)</u>	<u>1,479,390</u>	<u>213,022,141</u>
<b>Capital Assets Net</b>	<u>\$ 214,030,660</u>	<u>\$ 1,807,423</u>	<u>\$ --</u>	<u>\$ 215,838,083</u>

\* Mount Hope and Claiborne Pell bridges

The Board has approved a \$229.5 million budget towards various bridge and road projects through FY2029.



**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 4 - BONDS PAYABLE**

On April 8, 2010, the Authority issued \$50,000,000 of Series 2010A Revenue Bonds. The proceeds of the Series 2010A Bonds were used to finance the renovation, renewal, repair, rehabilitation, retrofitting, upgrading and improvement of the Claiborne Pell Bridge, the Mount Hope Bridge and such other activities as are authorized under the Authority Act authorizing the issuance of the Bonds. The Series 2010A Bonds are fixed-rate bonds bearing interest at rates ranging from 3.5% to 5%, payable semi-annually on December 1 and June 1. Principal repayments of the bonds are due annually commencing on December 1, 2018 with a final payment due on December 1, 2039. The Series 2010A Bonds maturing on or after December 1, 2021 are subject to redemption prior to maturity at the option of the Authority.

In February 2016, with the approval of the State of Rhode Island, the Authority issued 2016 Series A Motor Fuel Tax Revenue Bond in the amount of \$117,590,000. The 2016 Bond was sold at a premium of \$16,333,064 with total proceeds of \$134,223,064 of which \$60,000,000 were used to pay off a \$60,000,000 Bond Anticipation Note (BAN) entered into in February 2014. The remaining proceeds were used to fund the future capital renovations and repairs. The Series 2016 Series A Motor Fuel Tax Revenue Bonds are fixed-rate bonds bearing interest at rates ranging from 3% to 5%, payable semi-annually on October 1 and April 1. Principal payments are due annually, and interest payments semiannually commencing October 2016, until maturity in 2040.

During the year ended June 30, 2019, changes in bonds payable consisted of the following:

	Balance, July 1, 2018	Additions	Retirements and Amortization	Balance, June 30, 2019	Amount Due Within One Year
Bonds payable	\$ 163,020,000	\$ --	\$ 4,225,000	\$ 158,795,000	\$ 4,385,000
Net unamortized premium/discount	<u>14,097,792</u>	<u>--</u>	<u>625,911</u>	<u>13,471,881</u>	<u>--</u>
Bonds payable	<u>\$ 177,117,792</u>	<u>\$ --</u>	<u>\$ 4,850,911</u>	<u>\$ 172,266,881</u>	<u>\$ 4,385,000</u>

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 4 - BONDS PAYABLE (CONTINUED)**

The following represents debt service and sinking fund requirements to maturity as of June 30, 2019:

Fiscal year ending June 30,	Principal	Interest	Total
2020	\$ 4,385,000	\$ 7,348,600	\$ 11,733,600
2021	4,595,000	7,139,000	11,734,000
2022	4,825,000	6,911,225	11,736,225
2023	5,035,000	6,697,625	11,732,625
2024	5,225,000	6,509,128	11,734,128
2025-2029	29,985,000	28,691,263	58,676,263
2030-2034	37,910,000	20,779,497	58,689,497
2035-2039	47,935,000	10,758,644	58,693,644
2040-2041	18,900,000	864,000	19,764,000
	<u>\$ 158,795,000</u>	<u>\$ 95,698,982</u>	<u>\$ 254,493,982</u>

The State of Rhode Island has authorized the Authority to issue approximately \$50,000,000 of additional revenue bonds. The expected date for such issuance will be Fall 2019. Terms have not yet been determined.

**NOTE 5 - COMMITMENTS**

***TOLL LANE IMPLEMENTATION AND MAINTENANCE CONTRACT***

The Authority has a contract with Kapsch TrafficCom Transportation for ongoing maintenance service related to the electronic toll system E-ZPass. The three year contract commences upon final acceptance of the toll system upgrades made through June 2016 with an approximate annual cost of \$163,000. Final acceptance occurred in 2018.

***E-ZPASS CUSTOMER SERVICE CONTRACT***

Early in fiscal year 2012, the Authority entered into a new service contract with CS IT America, now known as Sanef IT America (now Emovis). Emovis was engaged to design, implement, and maintain the Authority's customer relationship database, and the Authority's toll transactions in the travel lanes. The system (Toll CRM) processes all monetary transactions related to the Authority's E-ZPass customer accounts, including toll and violation activity.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 5 - COMMITMENTS (CONTINUED)**

***E-ZPASS CUSTOMER SERVICE CONTRACT (CONTINUED)***

Toll CRM also processes all toll transactions related to the Electronic Toll Collection System (ETC), sorting and processing them with the Authority's sister E-ZPass agencies. The contract also engages Emovis to provide operation and maintenance services at an annual cost of approximately \$481,800. Commencing October 2016, the Authority entered into an additional contract with Emovis to provide back office support to the ETC system at an annual cost of approximately \$180,000. The contracts are due to expire in 2020.

During 2017, the Authority entered into a contract with Duncan to provide DMV look-up services for ORT violations at an annual cost not to exceed \$57,000.

***CONSTRUCTION IN PROGRESS***

The Authority entered into contracts, totaling \$11,662,750 for protective coating and steel rehabilitation for the Mount Hope Bridge which is expected to take over a year to complete. As of June 30, 2019, expenditures totaled \$11,015,955 and remaining commitments on these contracts total \$646,795.

The Authority entered into contracts, totaling \$2,988,418 for cable work on the Claiborne Pell Bridge. Work commenced in 2019 and is expected to take over a year to complete. As of June 30, 2019, expenditures totaled \$2,930,249 and remaining commitments on these contracts total \$58,169.

The Authority entered into contracts, totaling \$1,117,777 for parapet rehabilitation for the Sakonnet River Bridge which is expected to take over a year to complete. As of June 30, 2019, expenditures totaled \$961,822 and remaining commitments on these contracts total \$155,955.

The Authority entered into contracts totaling \$18,977,640 for partial deck replacement for the Claiborne Pell Bridge, which is expected to take over a year to complete. As of June 30, 2019, expenditures totaled \$1,678,062 and remaining commitments on these contracts total \$17,299,578.

The Authority entered into contracts totaling \$1,929,600 for concrete/asphalt/walkway repairs to the Mount Hope and Sakonnet River Bridges, which are expected to take over a year to complete. As of June 30, 2019, expenditures totaled \$270,940 and remaining commitments on these contracts total \$1,658,660.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 5 - COMMITMENTS (CONTINUED)**

*COLLECTIVE BARGAINING AGREEMENT*

The Authority has 32 employees under the terms of a contract with the United Service and Allied Workers of Rhode Island, a collective bargaining unit. The contract expires on June 30, 2020.

**NOTE 6 - TAX DEFERRED SAVINGS INCENTIVE PLAN**

The Authority sponsors an employee tax-deferred savings incentive 401(k) plan (the Rhode Island Turnpike & Bridge Authority Retirement Plan established in 1985; the Plan), which is available to employees who meet the Plan's eligibility requirements. The investments held by the Plan, a defined contribution plan, are managed by third-party service providers and the Plan is administered by Pensionmark Meridien. Under the Plan, the Authority matches up to 5% of the employees' contributions. The Authority may also make a supplemental contribution such that its total annual contribution does not exceed 10% of employee adjusted net compensation. The 10% limit includes the aggregate of the life insurance costs as well as the 401(k) contribution. In fiscal year 2019, the Authority's supplemental contribution to the Plan was 3.4% of the employee's salary. The employees' contributions to the Plan for fiscal year 2019 was \$249,742, while the total cost of the matching and supplemental employer contribution for fiscal year 2019 was \$243,254. The payroll for employees covered by the Plan for fiscal year 2019 was \$3,265,341 and the Authority's total payroll was \$4,380,639. The Plan has a corporate trustee, Great-West Company, LLC. Upper management of the Authority are responsible for establishing or amending the Plan's provisions and contributions. The Board of Directors of the Authority must approve all amendments to the Plan.

**NOTE 7 - 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; workers' compensation claims; and natural disasters for which the Authority carries commercial insurance. Settled claims resulting from these risks have not exceeded the Authority's coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage. Accordingly, the Authority has not recorded a reserve for such claims at June 30, 2019.

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 8 - CONTINGENCIES**

A contractor hired by the Authority (the Prime Contractor) submitted a pass-through claim to the Authority on behalf of a subcontractor engaged by the Prime Contractor in which the subcontractor is claiming additional compensation of approximately \$8,100,000 for cleaning and painting the Newport Pell Bridge as a result of the Prime Contractor's performance. The Authority vigorously disputes the matter and denies any liability to the Prime Contractor and the subcontractor. At this early stage, the Authority and its legal counsel have determined that it is not possible to fully evaluate the matter, including the likelihood of an unfavorable outcome.

The Authority follows the guidance prescribed in accounting principles generally accepted in the United States of America and appropriately accrues for estimated liabilities when it is probable that a contingency will ultimately result in loss or expense in excess of insurance coverages.

***ENVIRONMENTAL REMEDIATION***

The Authority has completed work on a lead remediation program on the Claiborne Pell and the Mount Hope Bridges. Expenses relate to this project totaled \$260,016 in 2019.

**NOTE 9 - SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events through September 30, 2019, the date these financial statements were authorized for issuance. There are no events that require disclosure or recognition in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2019**

Date	Payee	Purpose	Amount
7/25/2018	Kathryn O'Connor	IBTTA Baltimore Conference Airfare	\$ 250.96
7/25/2018	Kathryn Coleman	IBTTA Baltimore Conference Airfare	15.00
7/25/2018	Kathryn Coleman	IBTTA Baltimore Conference Airfare	240.96
7/25/2018	Kathryn Coleman	IBTTA Baltimore Conference Airfare	15.00
7/25/2018	Kathryn O'Connor	IBTTA Baltimore Conference Fee	675.00
7/25/2018	Kathryn Coleman	IBTTA Baltimore Conference Fee	675.00
7/25/2018	Buddy Croft	IBTTA Harrisburg Conference Airfare	134.00
7/25/2018	Buddy Croft	IBTTA Harrisburg Conference Transportation Rental	59.36
7/25/2018	Buddy Croft	IBTTA Harrisburg Conference Lodging	165.39
7/25/2018	Frank Flowers	IBTTA Harrisburg Conference Lodging	732.60
7/25/2018	Eric Offenber	IBTTA Harrisburg Conference Lodging	732.60
7/25/2018	Buddy Croft	IBTTA Harrisburg Conference Meals	4.19
7/25/2018	Buddy Croft	IBTTA Harrisburg Conference Meals	15.00
7/25/2018	Buddy Croft	IBTTA Harrisburg Conference Parking	10.00
7/25/2018	Buddy Croft	IBTTA Harrisburg Conference Parking	26.77
7/25/2018	Eric Offenber	IBTTA Harrisburg Conference Parking	72.00
8/8/2018	Kathryn O'Connor	IBTTA Portland OR Conference Transportation	82.83
8/8/2018	Kathryn O'Connor	IBTTA Portland OR Conference Parking	40.15
8/8/2018	Kathryn O'Connor	IBTTA Portland OR Conference Lodging	620.32
8/16/2018	Kathryn O'Connor	EMC/IAG Meeting - PA Transportation	52.24
8/24/2018	Buddy Croft	IBTTA Baltimore Conference Airfare	227.96
9/13/2018	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
9/26/2018	Margaret Baker	Mileage Reimbursement	56.14
9/26/2018	Alexandra Tasso	Mileage Reimbursement	32.59
9/28/2018	Eric Offenber	ICSBOA Nantong China Conference Airfare	1,163.27
9/30/2018	Eric Offenber	ICSBOA Nantong China Conference Registration Fee	500.00
9/30/2018	Buddy Croft	RITBA EZ Pass Reload - Out of State Travel	100.00
10/10/2018	Kathryn Coleman	Mileage Reimbursement	173.86
10/25/2018	Buddy Croft	PVD Meeting Parking	15.00
10/25/2018	Eric Offenber	ICSBOA Visa Services	15.00
10/25/2018	Buddy Croft	PVD Meeting Parking	12.00
10/25/2018	Eric Offenber	ICSBOA Visa Services	489.26
10/25/2018	Buddy Croft	IBTTA Baltimore Conference Transportation	43.00
10/25/2018	Eric Offenber	ICSBOA Nantong China Conference Airport Transfer	474.08
10/25/2018	Eric Offenber	ICSBOA Nantong China Conference Airport Parking	75.00
10/25/2018	Eric Offenber	ICSBOA Nantong China Conference Meals	300.00
10/25/2018	Eric Offenber	ICSBOA Nantong China Conference Lodging	636.44
10/25/2018	Kathryn Coleman	IBTTA Baltimore Conference Transportation	65.26
10/25/2018	Kathryn Coleman	IBTTA Baltimore Conference Meals	19.08
10/25/2018	Kathryn Coleman	IBTTA Baltimore Conference Lodging	841.10
10/25/2018	Kathryn O'Connor	IBTTA Baltimore Conference Transportation	58.81
10/25/2018	Kathryn O'Connor	IBTTA Baltimore Conference Parking	83.89
10/25/2018	Kathryn O'Connor	IBTTA Baltimore Conference Lodging	1,656.30
11/16/2018	Buddy Croft	IBTTA Baltimore Conference Parking	13.98
12/3/2018	Buddy Croft	Parking Reimbursement	8.00
12/3/2018	Alexandra Tasso	Parking for Department for Labor	15.00
12/12/2018	East Ferry Deli	Board of Directors November Meeting Refreshments	45.25
12/12/2018	East Ferry Deli	Board of Directors December Meeting Refreshments	45.25
12/20/2018	Kathryn O'Connor	IBTTA Miami Conference Airfare	229.99
1/16/2019	Kathryn O'Connor	IBTTA Miami Conference Transportation	24.60
1/16/2019	Kathryn O'Connor	IBTTA Miami Conference Parking	55.93
1/16/2019	Kathryn O'Connor	IBTTA Miami Conference Lodging	864.45
1/25/2019	Buddy Croft	Cong Cicilline Washington DC Airfare	305.60
1/25/2019	Eric Offenber	Cong Cicilline Washington DC Airfare	360.59
1/25/2019	Buddy Croft	IBTTA Government Affairs Washington DC Airfare	152.96
2/12/2019	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
2/22/2019	Buddy Croft	IBTTA Government Affairs Washington DC Airfare	10.03
2/22/2019	Kathryn Coleman	IBTTA Orlando Technology Summit Airfare Insurance	19.00
2/22/2019	Jamie Swanberg	IBTTA Orlando Technology Summit Airfare Insurance	27.00
2/22/2019	Buddy Croft	Cong Cicilline Washington DC Airfare	15.15
2/22/2019	Kathryn Coleman	IBTTA Orlando Technology Summit Airfare	185.98
2/22/2019	Jamie Swanberg	IBTTA Orlando Technology Summit Airfare	378.81
2/22/2019	Jamie Swanberg	IBTTA Orlando Technology Summit Conference Fee	640.00
2/22/2019	Kathryn Coleman	IBTTA Orlando Technology Summit Conference Fee	640.00
Subtotal - page 1 of 2			<u>15,785.48</u>

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2019**

2/22/2019	Buddy Croft	Cong Cicilline Washington DC Transportation	22.90
2/22/2019	Buddy Croft	Cong Cicilline Washington DC Transportation	22.69
2/22/2019	Buddy Croft	Cong Cicilline Washington DC Meals	5.83
2/22/2019	Buddy Croft	Cong Cicilline Washington DC Meals	19.72
2/22/2019	Buddy Croft	Cong Cicilline Washington DC Parking	13.98
2/22/2019	Buddy Croft	Cong Cicilline Washington DC Meals	7.60
2/22/2019	Buddy Croft	IBTTA Government Affairs Washington DC Airfare	33.45
2/22/2019	Buddy Croft	IBTTA Government Affairs Washington DC Airfare	418.60
2/22/2019	Buddy Croft	Cong Cicilline Washington DC Parking	15.00
2/27/2019	Eric Offenber	EMC Parking Reimbursement	23.00
2/27/2019	Paul Sikorskyj	CPR Training Refreshments	43.43
2/27/2019	Marianne Durgin	EMC Meeting Refreshments	27.15
2/27/2019	Kathryn O'Connor	Emovis Site Visit Ireland Transportation	68.69
3/7/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	250.00
3/28/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	154.98
3/28/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	19.46
3/28/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	5.89
3/28/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	12.36
3/28/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	7.70
3/28/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	5.15
3/28/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	27.96
3/28/2019	Buddy Croft	IBTTA Government Affairs Washington DC Conferenc	9.55
3/28/2019	Eric Offenber	IBTTA Orlando Technology Summit Airfare Insurance	31.24
3/28/2019	Eric Offenber	IBTTA Orlando Technology Summit Airfare	480.54
3/28/2019	Eric Offenber	IBTTA Orlando Technology Summit Lodging	806.64
4/4/2019	Paul Sikorskyj	First Aid Training Refreshments	34.41
4/4/2019	Eric Offenber	Interviews with Engineer Consulting Team Refreshmen	34.87
4/4/2019	Marianne Durgin	Project 19-2 Refreshments	16.13
4/10/2019	Marianne Durgin	Mileage Reimbursement	29.12
4/18/2019	Kathryn Coleman	IBTTA Orlando Technology Summit Lodging	806.64
4/18/2019	Jamie Swanberg	IBTTA Orlando Technology Summit Transportation	5.75
4/18/2019	Jamie Swanberg	IBTTA Orlando Technology Summit Parking	112.00
4/18/2019	Jamie Swanberg	IBTTA Orlando Technology Summit Lodging	806.64
4/18/2019	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
4/18/2019	Eric Offenber	IBTTA Orlando Technology Conference Parking	56.12
4/18/2019	Eric Offenber	IBTTA Orlando Technology Conference Meals	58.31
4/24/2019	Joseph J. Levesque	IBTTA Virginia Maintenance Conference Airfare	549.00
4/24/2019	Frank Flowers	IBTTA Virginia Maintenance Conference Airfare	549.00
4/24/2019	Joseph J. Levesque	IBTTA Virginia Maintenance Conference Lodging	221.30
4/24/2019	Frank Flowers	IBTTA Virginia Maintenance Conference Lodging	221.30
4/24/2019	Eric Offenber	IBTTA Orlando Technology Summit Conference Fee	600.00
4/24/2019	Alexandra Tasso	Mileage Reimbursement	35.73
5/8/2019	Margaret Baker	Mileage Reimbursement	36.54
5/21/2019	Kathryn O'Connor	IBTTA Philadelphia Conference Summit Transportation	200.75
5/21/2019	Kathryn O'Connor	IBTTA Philadelphia Conference Summit Lodging	764.52
5/21/2019	Kathryn O'Connor	IBTTA Philadelphia Conference Summit Conference Fee	600.00
5/21/2019	Kathryn Coleman	I-95 Corridor Coralition DC Airfare	110.30
5/21/2019	Buddy Croft	I-95 Corridor Coralition DC Airfare	168.30
5/21/2019	Buddy Croft	I-95 Corridor Coralition DC Airfare	168.98
5/21/2019	Kathryn Coleman	I-95 Corridor Coralition DC Airfare	168.98
5/21/2019	Kathryn O'Connor	I-95 Corridor Coralition DC Airfare	126.98
5/21/2019	Kathryn O'Connor	I-95 Corridor Coralition DC Airfare	173.30
6/5/2019	Margaret Baker	Mileage Reimbursement	36.54
6/6/2019	Eric Offenber	Parking Reimbursement	53.00
6/6/2019	Paul Sikorskyj	Summer Safety Operation Refreshments	34.41
6/6/2019	Paul Sikorskyj	Excavation Operation Training Refreshments	34.41
6/27/2019	Buddy Croft	IBTTA Washington DC Conference Airfare	60.31
6/27/2019	Buddy Croft	Transportation Long Island	34.98
6/27/2019	Buddy Croft	PVD Meeting Parking	27.96
6/27/2019	Ralph Sciola	IBTTA Seattle Conference Fee	400.00
6/27/2019	Joseph J. Levesque	2019 Maintenance & Roadway Operations Workshop C	690.00
6/27/2019	Frank Flowers	2019 Maintenance & Roadway Operations Workshop C	690.00
6/27/2019	Buddy Croft	IBTTA Philadelphia Board of Directors Lodging	254.84
6/27/2019	Buddy Croft	IBTTA Philadelphia Board of Directors Meals	55.33
6/27/2019	Buddy Croft	IBTTA Philadelphia Board of Directors Meals	5.22
6/27/2019	Buddy Croft	IBTTA Philadelphia Board of Directors Meals	10.69
6/27/2019	Buddy Croft	IBTTA Philadelphia Board of Directors Meals	9.50
6/30/2019	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
6/30/2019	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
6/30/2019	Joseph J. Levesque	2019 Maintenance & Roadway Operations Workshop 1	22.85
6/30/2019	Joseph J. Levesque	2019 Maintenance & Roadway Operations Workshop F	55.93
6/30/2019	Joseph J. Levesque	2019 Maintenance & Roadway Operations Workshop M	142.81
6/30/2019	Kathryn O'Connor	I-95 Corridor Coralition DC Transportation	37.76
6/30/2019	Kathryn O'Connor	I-95 Corridor Coralition DC Parking	13.98
6/30/2019	Joseph J. Levesque	2019 Maintenance & Roadway Operations Workshop C	442.60
6/30/2019	Frank Flowers	2019 Maintenance & Roadway Operations Workshop C	442.60
6/30/2019	Buddy Croft	I-95 Corridor Coralition DC Meals	9.66
6/30/2019	Buddy Croft	I-95 Corridor Coralition DC Meals	29.44
6/30/2019	Buddy Croft	I-95 Corridor Coralition DC Parking	13.98
6/30/2019	Buddy Croft	IBTTA Washington DC Conference Lodging	228.75
	Subtotal - page 2 of 2		<u>13,161.78</u>
	Total travel and entertainment expenses		<u>28,947.26</u>



**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENTS OF NET POSITION**

**JUNE 30, 2019**

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<b>Assets</b>	<b><u>Attachment B</u></b>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 7,191,019
Investments	
Receivables	204,433
(Receivables allowance)	
Other assets	
Restricted assets:	
Cash and cash equivalents	16,126,873
Investments	76,445,144
Other assets	1,252,899
Due from primary government	1,516,080
Due from other governments	
Inventories	37,239
<b>Other Assets</b>	<u>153,121</u>
<b>Total Current Assets</b>	<u>102,926,808</u>
<b>Noncurrent Assets</b>	
Investments	2,896,127
Receivables	
(Receivables allowance)	
Restricted assets:	
Cash and cash equivalents	
Investments	
Other assets	
Capital assets - nondepreciable	2,815,942
Capital assets - depreciable (net)	213,022,141
Other assets, net of amortization	
<b>Total Noncurrent Assets</b>	<u>218,734,210</u>
<b>Total Assets</b>	<u>321,661,018</u>

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENTS OF NET POSITION (CONTINUED)**

**JUNE 30, 2019**

<b>Liabilities</b>	<b><u>Attachment B</u></b>
<b>Current Liabilities</b>	
Cash overdraft	
Accounts payable	861,021
Due to primary government	1,256,018
Due to (from) other component units	
Due to other governments	
Deferred revenue	5,370,237
Other liabilities	7,149,141
Current portion of long-term debt	<u>4,385,000</u>
<b>Total Current Liabilities</b>	<u>19,021,417</u>
<b>Noncurrent Liabilities</b>	
Due to primary government	
Due to other governments	
Deferred revenue	
Notes payable	
Loans payable	
Obligations under capital leases	
Other liabilities	
Compensated absences	
Bonds payable	<u>167,881,881</u>
<b>Total Noncurrent Liabilities</b>	<u>167,881,881</u>
<b>Total Liabilities</b>	<u>186,903,298</u>
<b>Deferred Inflows of Resources</b>	
Deferred gain on advance debt refunding	--
<b>Net Position</b>	
<b>Net Investment in Capital Assets</b>	58,709,500
Restricted for:	
Debt	70,934,784
Other	
Other nonexpendable	
<b>Unrestricted (Deficit)</b>	<u>5,113,436</u>
<b>Total Net Position</b>	<u><u>\$ 134,757,720</u></u>

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENT OF CHANGES IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Attachment C</u>
<b>Expenses</b>	\$ 33,038,151
<b>Program Revenues</b>	
Charges for services	22,083,932
Operating grants and contributions	
Capital grants and contributions	
<b>Total Program Revenues</b>	<u>22,083,932</u>
<b>Net (Expenses) Revenues</b>	<u>(10,954,219)</u>
<b>General Revenues</b>	
Gas tax revenue	17,110,500
Interest and investment earnings	2,180,857
Miscellaneous revenue	<u>618,829</u>
<b>Total General Revenue</b>	<u>19,910,186</u>
Special items	--
Extraordinary items	<u>--</u>
<b>Change in Net Position</b>	8,955,967
<b>Total Net Position - Beginning</b>	<u>125,801,753</u>
<b>Total Net Position - Ending</b>	<u><u>\$ 134,757,720</u></u>

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**SCHEDULE OF LONG-TERM DEBT**

**FOR THE YEAR ENDED JUNE 30, 2019**

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 4,385,000	\$ 7,348,600	\$ 11,733,600
2021	4,595,000	7,139,000	11,734,000
2022	4,825,000	6,911,225	11,736,225
2023	5,035,000	6,697,625	11,732,625
2024	5,225,000	6,509,128	11,734,128
2025-2029	29,985,000	28,691,263	58,676,263
2030-2034	37,910,000	20,779,497	58,689,497
2035-2039	47,935,000	10,758,644	58,693,644
2040-2041	18,900,000	864,000	19,764,000
	\$ 158,795,000	\$ 95,698,982	\$ 254,493,982

Attachment D

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**SCHEDULE OF CHANGES IN LONG-TERM DEBT**

**FOR THE YEAR ENDED JUNE 30, 2019**

	Beginning Balance	Additions	Reductions	Ending Balance	Attachment E Amounts	
					Due Within One Year	Due Thereafter
<b>Bonds Payable</b>	\$ 163,020,000	\$ --	\$ 4,225,000	\$ 158,795,000	\$ 4,385,000	\$ 154,410,000
Net unamortized premium/discount	14,097,792	--	625,911	13,471,881	--	13,471,881
Bonds payable	177,117,792	--	4,850,911	172,266,881	4,385,000	167,881,881
	<u>\$ 177,117,792</u>	<u>\$ --</u>	<u>\$ 4,850,911</u>	<u>\$ 172,266,881</u>	<u>\$ 4,385,000</u>	<u>\$ 167,881,881</u>

# **STATISTICAL SECTION**

**RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**SCHEDULE OF TRAFFIC COUNT AND REVENUES**

**FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>Clairborne Pell Bridge</u>
Traffic count (unaudited):	
Vehicle fares paid with ETC	9,695,167
Vehicle fares paid with cash	<u>1,313,977</u>
	<u>11,009,144</u>
Toll revenues (audited):	
Vehicle fares paid with ETC	\$ 14,543,095
Vehicle fares paid with cash	<u>5,342,910</u>
	<u>\$ 19,886,005</u>

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

Board of Directors  
**Rhode Island Turnpike and Bridge Authority**

We have audited, 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, the financial statements of the Rhode Island Turnpike and Bridge Authority (the Authority), a component unit of the State of Rhode Island, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2019.

**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 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Providence, RI  
September 30, 2019