

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

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

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

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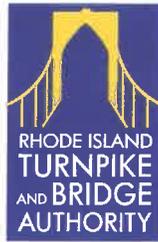
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INTRODUCTORY SECTION



Rhode Island Turnpike and Bridge Authority

One East Shore Road | P.O. Box 437 | Jamestown, Rhode Island 02835-0437

September 30, 2020

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, 2020, 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, 2020, 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, 2020 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.

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 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 96 employees as of June 30, 2020, 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.

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, 2020, the Authority had 211,324 active accounts with 297,123 active transponders.

The Authority engages Emovis to develop, install, and maintain the Toll Customer Relationship Management (Toll CRM) System, which processes Electronic Toll Collections (ETC) (through E-ZPass) transactions; opens and closes customer E-ZPass accounts on-line; maintains the account information database; and manages transponder inventory. It will also reconcile toll transactions and aid in the resolution of reciprocity disputes between the Authority and other E-ZPass agencies. This contract is valid through June 2022.

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 10 full-time toll collectors and 4 supervisors 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 will also undertake 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 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.

The Authority has converted two additional lanes to ORT. These are the outermost lanes in the plaza and allow for local access both on and off the Claiborne Pell Bridge.

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 'Lori Caron Silveira', with a long horizontal flourish extending to the right.

Lori Caron Silveira
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the 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, 2020, 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, 2020, 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 15 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, 2020, on pages 38 through 44, 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, 2020 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.

A handwritten signature in black ink that reads "Marcum LLP". The signature is written in a cursive, flowing style.

Providence, RI
September 30, 2020

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 the 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 96 employees as of June 30, 2020, 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, 2020 and for the year then ended, with comparison as deemed appropriate to the previous fiscal year ended June 30, 2019. 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 2020 by \$2.4 million, or 1.8%, due to operating and investment activity during the year. Capital assets, net of depreciation, increased by \$12.8 million and were principally funded by proceeds from bonds payable as part of the Authority's ongoing capital improvement program (CTP). A comparative summary of the Authority's net position is shown below (dollars in thousands):

Summary of Net Position

	June 30, 2020		June 30, 2019		June 30, 2018	
Assets:						
Capital assets (net)	\$ 228,719	60.6%	\$ 215,838	67.1%	\$ 214,031	67.7%
Other assets:						
Investments	119,756	31.7%	79,341	24.7%	76,935	24.3%
Cash and cash equivalents	24,855	6.6%	23,318	7.2%	22,473	7.1%
Other	4,232	1.1%	3,164	1.0%	2,816	0.9%
Total other assets	148,843	39.4%	105,823	32.9%	102,224	32.3%
Total assets	377,562	100.0%	321,661	100.0%	316,255	100.0%
Deferred outflows of resources	902	--	--	--	--	--
Liabilities:						
Noncurrent, bonds payable	219,677	58.2%	172,267	53.6%	177,118	56.0%
Other liabilities	21,740	5.8%	14,636	4.6%	13,335	4.2%
Total liabilities	241,417	64.0%	186,903	58.2%	190,453	60.2%
Net position:						
Net investment in capital assets	56,364	14.9%	58,710	18.3%	52,946	16.7%
Restricted, bond covenants	81,435	21.6%	70,935	22.1%	70,590	22.3%
Unrestricted (deficit)	(752)	-0.2%	5,113	1.6%	2,266	0.7%
Total net position	\$ 137,047	36.3%	\$ 134,758	42.0%	\$ 125,802	39.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Summary 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):

	2020		2019		2018	
Operating revenues:						
Toll revenues	\$ 19,294	56.6%	\$ 21,563	55.0%	\$ 20,539	55.7%
Gas tax revenue	14,468	42.4%	17,111	43.7%	15,714	42.7%
Grant revenue	--	0.0%	--	0.0%	22	0.1%
Transponder revenues	258	0.8%	443	1.1%	488	1.3%
Other fees	74	0.2%	78	0.2%	79	0.2%
Total operating revenues	34,094	100.0%	39,195	100.0%	36,842	100.0%
Operating expenses:						
Personnel services	5,920	17.4%	5,753	14.7%	5,467	14.8%
Insurance	1,463	4.3%	1,325	3.4%	1,042	2.8%
Repairs and maintenance	1,029	3.0%	684	1.7%	741	2.0%
Other	3,945	11.6%	4,248	10.8%	5,617	15.2%
Transponder expense	185	0.5%	213	0.5%	223	0.6%
Depreciation	12,608	37.0%	13,957	35.6%	14,123	38.3%
Total operating expenses	25,150	73.8%	26,180	66.7%	27,213	73.7%
Operating income (loss)	8,944	26.2%	13,015	33.3%	9,629	26.3%
Nonoperating expenses, net	(6,655)	-19.5%	(4,059)	-10.4%	(6,193)	-16.8%
Change in net position	2,289	6.7%	8,956	22.9%	3,436	9.5%
Net position, beginning of year	134,758		125,802		122,366	
Net position, end of year	\$ 137,047		\$ 134,758		\$ 125,802	

The Authority had a decrease in toll revenue by \$2.3 million, or 10.5%, primarily due to the decrease in traffic volume resulting from the RI State Government's imposition of COVID-19 restrictions. COVID-19 restrictions also resulted in the Authority's decrease in gas tax revenues of \$2.6 million, or 15%. As a result of these restrictions, the April, 2020 toll revenue had declined 61% compared to April, 2019. As restrictions began to loosen, traffic began to increase in May and June; toll revenue increased, but was still 47% less in May, 2020, and 32% less in June, 2020, as compared to the same months in 2019. The Authority has continued to see an increase in traffic and toll revenue; July, 2020 revenue is approximately 25% less than July, 2019. Personnel related expense increases were principally due to increased staffing necessary for the operations of the Authority, and the continued preventive maintenance and repairs of the property and facilities. Additional staffing hours were necessary for the cleaning of the buildings and toll booths due to COVID-19. 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 increase in non-operating expenses is mostly related to the Authority's issuance of bonds in the Fall, 2019 - an increase in bond interest expense; increased bond discount amortization related to extinguished debt, and cost of issuance expenditures directly associated with the issuance of the bonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Operating Results

Pell Bridge Traffic and Revenue Summary

Traffic and revenue statistics are as follows:

	2020		2019	
Traffic (number of passages)				
Vehicle fares paid with ETC	8,478,204	88.6%	9,695,167	88.1%
Vehicle fares paid with cash	1,095,008	11.4%	1,313,977	11.9%
	9,573,212	100%	11,009,144	100%
	2020		2019	
Revenue (not including violations)				
Vehicle fares paid with ETC	\$ 12,974,128	74.5%	\$ 14,543,095	73.1%
Vehicle fares paid with cash	4,444,479	25.5%	5,342,910	26.9%
	\$ 17,418,607	100%	\$ 19,886,005	100%

Traffic and Revenue fares paid by cash decreased from the prior year while fares paid by ETC increased, which appears to be the trend over the last two fiscal years. As stated previously, Pell Bridge traffic saw an overall decrease as a result of COVID-19 imposed restrictions.

Engineering and Maintenance

The Director of Engineering 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.

As of June 30, 2020, 60.6% 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 FY2020, 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.

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	Total (in \$1,000's)
Newport Pell Bridge	\$ 15,321	\$ 13,160	\$ 10,159	\$ 9,329	\$ 14,621	\$ 12,858	\$ 13,168	\$ 11,471	\$ 11,341	\$ 10,916	\$ 122,344
Mount Hope Bridge	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	696	1,484	654	841	958	872	377	788	352	676	7,698
Jamestown Verrazzano Bridge	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
RI 138 Connector Highway	196	81	289	145	31	181	2,462	1,091	366	75	4,917
Facilities	194	1,791	1,628	4,971	238	196	186	121	211	131	9,667
Total 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, 2019 to June 30, 2020 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

As of June 30, 2020, the Authority's debt service consists of bond obligations entered into during 2016 and 2019.

The 2010 Series A Revenue bonds that were sold by the Authority in the amount of \$50,000,000 and were scheduled to mature in 2039 were defeased by the Authority in December, 2019. The Authority issued \$48,805,000 of 2019 Series 1 Taxable Refunding Toll Revenue Bonds, with an average interest rate of 3.14441%, to advance refund the \$47,250,000 balance of the Series 2010A Revenue Bonds, with an average interest rate of 4.9279%. By completing the advance refunding, the Authority reduced its total debt service payments over the next 20 years by \$9,019,033. Principal payments are due annually, and interest payments semiannually, until maturity in 2039. Principal payments are scheduled to begin on the 2019 Series 1 Taxable Refunding Toll Bonds in December, 2020.

In December 2019, the Authority issued 2019 Series A Motor Fuel Tax Revenue Bonds, in the amount of \$44,525,000. The 2019 bond was issued at a premium in the amount of \$5,887,087, with total proceeds of \$50,412,087. Net proceeds (after payment of issuance costs and underwriting discounts totaling \$401,833) will be utilized to fund future capital renovations and repairs. Principal payments are due annually, and interest payments semiannually until maturity in 2044. Principal payments on the 2019 Series A Motor Fuel Tax Revenue Bonds are scheduled to begin in October, 2020.

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 were 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 2020 totaled \$2,980,000.

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 FY2020 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 31.7% and 24.7% of assets at June 30, 2020 and 2019, 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, 2020, 87.65% of the Authority's investments are in the form of money market mutual funds; U.S. Treasury obligations represent approximately 4.58%. Approximately 4.96% of the Authority's investments are in corporate bonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Union Contract

The Authority is currently in negotiations with the union on a new contract. The previous contract expired June 30, 2020.

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 FY2021 is approximately \$13.9 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 2020, the Authority collected tolls on the behalf of the Department of Transportation in the amount of \$13,958,087, of which \$7,573,976 was remitted to the Department of Transportation. As of June 30, 2020, the amount payable to the Department of Transportation for tolls collected in fiscal year 2020 is \$6,384,111.

In fiscal year 2019, the Rhode Island General Assembly authorized the Authority to issue approximately \$50,000,000 of additional revenue bonds. In December 2019, the Authority issued 2019 Series A Motor Fuel Tax Revenue Bonds, in the amount of \$44,525,000. The 2019 bond was issued at a premium in the amount of \$5,887,087, with total proceeds of \$50,412,087. Net proceeds (after payment of issuance costs and underwriting discounts totaling \$401,833) will be utilized to fund future capital renovations and repairs.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

FOR THE YEAR ENDED JUNE 30, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 621,858
Accrued interest receivable	90,088
Accounts receivable	5,610
Due from primary government	277,362
Prepaid expenses	177,167
Inventory	40,242

Restricted

Cash and cash equivalents	24,232,678
Investments	87,922,102
Accounts receivable	2,524,986
Due from primary government	<u>1,116,197</u>

Total Current Assets 117,008,290

Noncurrent Assets

Investments	31,833,353
Capital assets not being depreciated	6,657,892
Capital assets being depreciated, net	<u>222,061,481</u>

Total Noncurrent Assets 260,552,726

Total Assets 377,561,016

Deferred Outflows of Resources

Deferred Loss on Advanced Refunding, net of amortization	<u>901,677</u>
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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)

FOR THE YEAR ENDED JUNE 30, 2020

Liabilities

Current Liabilities

Accounts payable	1,053,068
Due to primary government	6,384,111
Accrued interest payable	1,835,664
Accrued expenses	6,845,209
Electronic toll liability	5,621,333
Current portion of bonds payable	<u>5,970,000</u>

Total Current Liabilities 27,709,385

Bonds Payable, less Current Portion 213,706,700

Total Liabilities 241,416,085

Net Position

Net investment in capital assets	56,363,213
Restricted, bond covenants	81,434,981
Unrestricted (deficit)	<u>(751,586)</u>

Total Net Position \$ 137,046,608

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, 2020

Operating Revenues	
Tolls	\$ 17,418,607
Violation fees	1,874,974
Transponder sales	258,596
Gas tax revenue	14,468,350
Other fees	<u>73,691</u>
Total Operating Revenues	<u>34,094,218</u>
Operating Expenses	
Personnel services	5,920,305
Utilities	206,339
Contractual services	1,735,442
Other supplies and expenses	1,282,407
Insurance	1,463,097
Repairs and maintenance	1,029,037
Transponder expense	184,696
Bridge Inspections	721,080
Depreciation	<u>12,608,067</u>
Total Operating Expenses	<u>25,150,470</u>
Operating Income	<u>8,943,748</u>
Nonoperating Revenues (Expenses)	
Interest expense	(7,858,934)
Amortization of bond premium	793,795
Amortization of bond discount	(1,274,680)
Cost of issuance expenses	(812,101)
Investment income, net of trustee fees	2,226,661
Miscellaneous income	<u>270,398</u>
Total Nonoperating Expenses	<u>(6,654,861)</u>
Change in Net Position	2,288,887
Net Position - Beginning of Year	<u>134,757,721</u>
Net Position - End of Year	<u><u>\$ 137,046,608</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, 2020

Cash Flows from Operating Activities

Cash received from:

Tolls	\$ 16,897,981
Violation fees	1,874,974
Transponder sales	258,596
Gas tax revenue	14,639,794
Other	73,691

Cash payments to:

Suppliers for goods and services	(2,736,157)
Employees for services	<u>(5,903,938)</u>

Net Cash Provided by Operating Activities 25,104,942

Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(23,097,162)
Principal paid on bonds	(3,633,153)
Advance refunding payment to escrow agent	(48,655,000)
Bond proceeds	99,217,087
Interest paid on bonds	(7,494,050)
Bond issuance costs	<u>(1,713,776)</u>

Net Cash Provided by Capital and Related Financing Activities 14,623,946

Cash Flows From Investing Activities

Proceeds from sales and maturities of investments	98,003,816
Purchases of investments	(138,418,000)
Investment income received	<u>2,221,941</u>

Net Cash Used in Investing Activities (38,192,243)

Net Increase in Cash and Cash Equivalents 1,536,645

Cash and Cash Equivalents - Beginning of Year 23,317,891

Cash and Cash Equivalents - End of Year \$ 24,854,536

Cash and Cash Equivalents Per Statement of Net Position

Unrestricted Cash and Cash Equivalents	621,858
Restricted Cash and Cash Equivalents	<u>24,232,678</u>

\$ 24,854,536

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, 2020

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities	\$ 8,943,748
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	12,608,067
Miscellaneous income	270,398
Changes in assets and liabilities:	
Accounts receivable	357,447
Due from primary government	(1,393,559)
Inventory	(3,003)
Prepaid expenses	(24,046)
Accounts payable	(455,261)
Due to primary government	6,384,112
Accrued expenses	(1,708,045)
Electronic toll liability	<u>125,084</u>
Net Cash Provided by Operating Activities	<u><u>\$ 25,104,942</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)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

DESCRIPTION OF BUSINESS

The Rhode Island Turnpike and Bridge Authority (the Authority or RIBTA) 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 Verrazzano 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, 2020

**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 2020, the Authority incurred \$1,484,980 of costs supporting the Rhode Works Toll Facilities Project, of which \$1,212,918 was reimbursed to the Authority by RIDOT. The amount due to the Authority from RIDOT as of June 30, 2020 is \$272,062.

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 is reporting \$901,677 in deferred outflows of resources related to the difference between the reacquisition price and the net carrying amount of the old debt in the advanced refunding of the 2010 Toll Revenue Bond, net of amortization.

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, 2020

**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, 2020

**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, 2020, 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 \$5,610 and \$2,524,986 are net of allowance for uncollectible receivables. In consistency with industry standards, management has placed a 100% reserve against accounts receivable related to unpaid tolls and violations from ORT and All-Electronic Tolling (AET) transactions totaling \$12,823,650 as of June 30, 2020.

Management estimates that there is no allowance needed for receivables generated by away agencies and gasoline taxes as of June 30, 2020.

BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS

Bond premiums are amortized on a straight line basis over the life of the related bonds (25 years for the 2016 Gas Tax Revenue Bond and 25 years for the 2019 Motor Fuel Bond). At June 30, 2020 bond premiums and accumulated amortization total \$22,220,151 and \$3,033,451, 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, 2020

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

BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS (CONTINUED)

The advance refunding of the Series 2010A Revenue Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,164,025. This difference, reported in the accompanying financial statements as deferred outflow of resources, is being amortized through November 30, 2020, using the straight-line method. At June 30, 2020 the deferred loss on the advanced refunding and accumulated amortization total \$2,164,025 and \$1,262,348 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. In fiscal year 2020, bond issuance costs incurred totaled \$812,101.

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.

**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, 2020

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

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, 2020 amounts due from violators for ORT and fees total \$12,800,196 and are fully reserved at 100%. Revenue from violation tolls and fees is recognized as collected.

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.

**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, 2020

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

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.

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, 2020 was \$24,854,536 while the bank balance was \$25,288,909. Of the bank balance, \$719,725 was covered by federal depository insurance and \$24,569,184 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

**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, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

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).

Investments are recorded at fair value using Level 1 inputs, except for money market funds, which are used as temporary cash management investments.

The following presents the valuation basis for the investments held at June 30, 2020. There have been no changes in the methodologies for 2020.

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.

**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, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

At June 30, 2020, the Authority's investments, including restricted amounts, consist of the following:

	Fair Value	Interest Rate	Maturity
Federated Government Obligations Money Market Funds	\$ 104,970,673	NA	NA
United States Treasury Bonds and Notes	5,494,134	.125% to 2.75%	2/15/2020 to 8/15/2046
US Government Agencies Bonds/Notes	1,190,667	1.90 % to 3.80%	11/27/2020 to 1/29/2029
US Government Mortgage Agency			
Mortgage backed Securities	1,292,155	3.50% to 5.0%	6/01/2026 to 10/1/2047
US Corporate Bonds and Notes	5,944,844	1.6% to 6.7%	10/15/2020 to 4/15/2030
Foreign Corporate Bonds	394,674	3.125% to 5.1%	12/10/2020 to 3/8/2027
Municipal Bonds	379,803	2.39% to 4.91%	7/1/2020 to 5/1/2029
Non-agency CMOs/REMICs	<u>88,505</u>	3.0% to 3.4%	5/12/2045 to 3/15/2048
Total	<u>\$ 119,755,455</u>		

At June 30, 2020, the Authority's ratings from Moody's and the S&P 500 are disclosed below based on the fair value of investments:

Amount	Rating	% of Total
\$ 113,036,134	Aaa	94.39%
688,590	A1	0.57%
2,049,741	A2	1.71%
1,099,239	A3	0.92%
154,669	Aa1	0.13%
653,862	Aa2	0.55%
794,972	Aa3	0.66%
23,224	Ba1	0.02%
34,045	Ba2	0.03%
541,722	Baa1	0.45%
402,418	Baa2	0.34%
276,839	Baa3	0.23%
<u>\$ 119,755,455</u>		<u>100%</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, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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.

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, 2020 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, 2020

NOTE 3 - CAPITAL ASSETS

	Balance June 30, 2019	Additions	Transfers	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Construction in progress	\$ 2,565,942	\$ 6,407,892	\$ (2,565,942)	\$ 6,407,892
Licensing fees	<u>250,000</u>	<u>--</u>	<u>--</u>	<u>250,000</u>
Total Capital Assets Not Being Depreciated	<u>2,815,942</u>	<u>6,407,892</u>	<u>(2,565,942)</u>	<u>6,657,892</u>
Capital Assets Being Depreciated				
Bridges and improvements *	304,008,868	18,155,791	2,565,942	324,730,601
Buildings and improvements	8,989,898	23,334	--	9,013,232
Land improvements	9,676,130	4,950	--	9,681,080
Equipment	<u>24,109,624</u>	<u>897,390</u>	<u>--</u>	<u>25,007,014</u>
Total Capital Assets Being Depreciated	<u>346,784,520</u>	<u>19,081,465</u>	<u>2,565,942</u>	<u>368,431,927</u>
Less Accumulated Depreciation				
Bridges and improvements *	110,107,720	10,531,731	--	120,639,451
Buildings and improvements	4,136,838	290,754	--	4,427,592
Land improvements	3,241,165	539,477	--	3,780,642
Equipment	<u>16,276,656</u>	<u>1,246,105</u>	<u>--</u>	<u>17,522,761</u>
Total Accumulated Depreciation	<u>133,762,379</u>	<u>12,608,067</u>	<u>--</u>	<u>146,370,446</u>
Capital Assets Being Depreciated Net	<u>213,022,141</u>	<u>6,473,398</u>	<u>2,565,942</u>	<u>222,061,481</u>
Capital Assets Net	<u>\$ 215,838,083</u>	<u>\$ 12,881,290</u>	<u>\$ --</u>	<u>\$ 228,719,373</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, 2020

NOTE 4 - BONDS PAYABLE

On April 8, 2010, the Authority issued \$50,000,000 of Series 2010A Revenue Bonds. On December 10, 2019, the Authority issued \$48,805,000 of 2019 Series 1 Taxable Refunding Toll Revenue Bonds, with an average interest rate of 3.14441%, to advance refund \$47,250,000 of the Series 2010A Revenue Bonds, with an average interest rate of 4.9279%. The Authority defeased the Series 2010A Revenue Bonds by placing \$48,804,830 on deposit with an escrow agent. The amount placed in escrow included the proceeds of the bond as well as additional funds from the Authority, net of underwriting fees and issuance costs in the amount of \$426,802, and the funds were used to purchase State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2010A Revenue Bonds. As a result, the Series 2010A Revenue Bonds are defeased, and the liability for those bonds has not been included in the financial statements of the Authority.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,164,025. This difference, reported in the accompanying financial statements as deferred outflow of resources, is being amortized (amortization at June 30, 2020 was \$1,262,348) through November 30, 2020, using the straight-line method. By completing the advance refunding, the Authority reduced its total debt service payments over the next 20 years by \$9,019,033, which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$6,260,567.

The 2019 Series 1 Taxable Refunding Toll Revenue Bonds are fixed rate bonds, bearing interest at rates ranging from 2.024% to 3.460%, with interest payable semi-annually on June 1 and December 1, commencing on June 1, 2020. Principal payments are due annually, commencing on December 1, 2020.

In December 2019, the Authority issued 2019 Series A Motor Fuel Tax Revenue Bonds, in the amount of \$44,525,000. The 2019 bond was issued at a premium in the amount of \$5,887,087, with total proceeds of \$50,412,087. Net proceeds (after payment of issuance costs and underwriting discounts totaling \$401,833) will be utilized to fund future capital renovations and repairs. The 2019 Series A Motor Fuel Tax Revenue Bonds are fixed rate bonds, bearing interest at rates ranging from 3% - 5%, payable semi-annually on April 1 and October 1, commencing on April 1, 2020. Principal payments are due annually, commencing on October 1, 2020.

**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, 2020

NOTE 4 - BONDS PAYABLE (CONTINUED)

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, 2020, changes in bonds payable consisted of the following:

	Balance 6/30/2019	Additions	Retirements/ Amortization	Balance 6/30/2020	Amount Due in One Year
Revenue Bonds Payable	\$ 158,795,000	\$ 93,330,000	\$ 51,635,000	\$ 200,490,000	\$ 5,970,000
Bond Premium (discounts)	<u>13,471,881</u>	<u>5,887,087</u>	<u>172,268</u>	<u>19,186,700</u>	
Total Bonds Payable	<u>\$ 172,266,881</u>	<u>\$ 99,217,087</u>	<u>\$ 51,807,268</u>	<u>\$ 219,676,700</u>	

The following represents debt service and sinking fund requirements to maturity as of June 30, 2020:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 5,970,000	\$ 8,165,272	\$ 14,135,272
2022	6,220,000	7,916,252	14,136,252
2023	6,460,000	7,671,986	14,131,986
2024	6,680,000	7,451,858	14,131,858
2025	6,935,000	7,202,215	14,137,215
2026-2030	39,380,000	31,298,966	70,678,966
2031-2035	48,525,000	22,168,231	70,693,231
2036-2040	59,675,000	11,026,214	70,701,214
2041-2045	<u>20,645,000</u>	<u>1,518,249</u>	<u>22,163,249</u>
	<u>\$ 200,490,000</u>	<u>\$ 104,419,244</u>	<u>\$ 304,909,244</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, 2020

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 Authority signed a two year extension through August 31, 2022. Approximate annual cost is \$154,000.

E-ZPASS CUSTOMER SERVICE CONTRACT

The Authority has a contract with Emovis to 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.

Toll CRM also process all toll transactions related to the Electronic Toll Collection System (ETC), sorting and processing them with the sizer E-ZPass agencies. The contract also engages Emovis to provide operations 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 Emovis contracts are due to expire June 21, 2022.

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

CONSTRUCTION IN PROGRESS

In FY 2019, the Authority entered into a contracts totaling \$19,327,640 for partial deck replacement for the Claiborne Pell Bridge, which is expected to take over a year to complete. As of June 30, 2020, expenditures totaled \$14,471,660, and remaining commitments on these contracts total \$4,855,980.

In FY 2019, the Authority entered into a contract 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, 2020, expenditures totaled \$1,740,970 and remaining commitments on these contracts total \$188,630.

The Authority entered into a contract totaling \$3,238,000 for steel repairs to the Mount Hope and Sakonnet River Bridges, which is expected to take over a year to complete. As of June 30, 2020, expenditures totaled \$466,475, and remaining commitments on these contracts total \$2,771,525.

**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, 2020

NOTE 5 - COMMITMENTS (CONTINUED)

CONSTRUCTION IN PROGRESS (CONTINUED)

The Authority entered into a contract totaling \$10,433,625 for miscellaneous and underwater repairs to the Claibore Pell and Jamestown Verrazzano Bridges, which are expected to take over a year to complete. As of June 30, 2020, expenditures totaled \$4,924,111, and remaining commitments on these contracts total \$5,509,514.

The Authority entered into a contract totaling \$2,666,359 for electrical and communications upgrades to the Claiborne Pell and Mount Hope Bridges, which are expected to take over a year to complete. As of June 30, 2020, expenditures totaled \$731,343, and remaining commitments on these contracts total \$1,935,016.

COLLECTIVE BARGAINING AGREEMENT

The Authority has 31 employees under the terms of a contract with the United Service and Allied Workers of Rhode Island, a collective bargaining unit. The contract expired on June 30, 2020 and the Authority is currently in negotiations with the Union.

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 2020, 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 2020 was \$222,304 while the total cost of the matching and supplemental employer contribution for fiscal year 2020 was \$251,482. The payroll for employees covered by the Plan for fiscal year 2020 was \$3,375,082 and the Authority's total payroll was \$5,142,367. 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.

**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, 2020

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, 2020.

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. The Authority has not recorded an accrual for such a contingency at June 30, 2020.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States and the World. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Authority has been able to continue most of its operations in a remote environment. We have been actively evaluating the recent introduction of the COVID-19 virus as it relates to our business and have concluded that while it is reasonably possible that COVID-19 could have a negative effect on the financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**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, 2020

NOTE 9 – RELATED PARTY TRANSACTIONS

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 2020, the Authority collected tolls on the behalf of the Department of Transportation in the amount of \$13,958,087, of which \$7,573,976 was remitted to the Department of Transportation. As of June 30, 2020, the amount payable to the Department of Transportation for tolls collected in fiscal year 2020 is \$6,384,111.

NOTE 10 - SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 30, 2020, the date these financial statements were authorized for issuance. There are no such events requiring recognition or disclosure 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, 2020

Date	Payee	Purpose	Amount
7/17/2019	Marianne Durgin	Mileage Reimbursement	\$ 35.50
7/17/2019	Joseph Levesque	Mileage Reimbursement	24.94
7/29/2019	Buddy Croft	IBTTA Halifax Conference Travel	54.04
7/29/2019	Buddy Croft	IBTTA Halifax Conference Travel	745.33
7/29/2019	Raphe Sciola	IBTTA Seattle Conference Travel	796.00
7/29/2019	Kathryn O'Connor	IBTTA Halifax Conference Travel	372.77
7/29/2019	Kathryn O'Connor	IBTTA Halifax Conference Fee	675.00
7/29/2019	Kathryn Coleman	IBTTA Halifax Conference Fee	675.00
7/29/2019	Kathryn Coleman	IBTTA Halifax Conference Travel	36.00
7/29/2019	Kathryn Coleman	IBTTA Halifax Conference Travel	372.64
7/31/2019	Marianne Durgin	Mileage Reimbursement	12.53
8/1/2019	Raphe Sciola	IBTTA Seattle Conference Travel	77.04
8/1/2019	Raphe Sciola	IBTTA Seattle Conference Meals	36.60
8/1/2019	Raphe Sciola	IBTTA Seattle Conference Lodging	713.78
8/15/2019	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
8/23/2019	Eric Offenburger	IBTTA Halifax Conference Fee	675.00
8/23/2019	Buddy Croft	IBTTA Halifax Conference Fee	675.00
8/23/2019	Eric Offenburger	IBTTA Halifax Conference Travel	544.49
8/23/2019	Eric Offenburger	IBTTA Halifax Conference Travel	48.00
8/23/2019	Eric Offenburger	IBTTA Halifax Conference Travel	25.00
8/23/2019	Eric Offenburger	IBTTA Halifax Conference Travel	24.72
8/23/2019	Buddy Croft	2019 Economic Outlook Luncheon	75.00
9/4/2019	Buddy Croft	Parking Reimbursement	16.00
9/4/2019	Alexandra Tasso	Parking Reimbursement	17.50
9/19/2019	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
9/27/2019	Buddy Croft	IBTTA Halifax Conference Meals	11.00
9/27/2019	Kathryn Coleman	IBTTA Halifax Conference Lodging	542.33
9/27/2019	Kathryn Coleman	IBTTA Halifax Conference Meals	16.00
9/27/2019	Kathryn O'Connor	IBTTA Halifax Conference Travel	46.07
9/27/2019	Kathryn O'Connor	IBTTA Halifax Conference Lodging	910.16
10/4/2019	Eric Offenburger	IBTTA Halifax Conference Travel	287.90
10/16/2019	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
10/23/2019	Maggie Baker	Mileage Reimbursement	104.28
10/24/2019	Buddy Croft	IBTTA Halifax Conference Meals	7.08
10/24/2019	Buddy Croft	IBTTA Halifax Conference Parking	55.93
10/24/2019	Buddy Croft	IBTTA Halifax Conference Travel	50.32
10/24/2019	Buddy Croft	IBTTA Halifax Conference Lodging	657.34
10/24/2019	Buddy Croft	2019 Economic Outlook Luncheon Parking	15.00
10/24/2019	Buddy Croft	I95 Corridor Washington DC Conference Travel	64.98
10/24/2019	Buddy Croft	I95 Corridor Washington DC Conference Travel	58.98
10/24/2019	Eric Offenburger	IBTTA Halifax Conference Lodging	1,474.23
10/24/2019	Eric Offenburger	Parking Reimbursement	15.00
			11,180.23

See independent auditors' report on supplementary information.

**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, 2020

Date	Payee	Purpose	Amount
10/24/2019	Alexandra Tasso	Parking Reimbursement	15.00
11/14/2019	McQuade's Markeplace	Board of Directors Meeting Refreshments	5.49
11/14/2019	McQuade's Markeplace	Board of Directors Meeting Refreshments	11.98
11/14/2019	McQuade's Markeplace	Board of Directors Meeting Refreshments	17.97
11/14/2019	McQuade's Markeplace	Board of Directors Meeting Refreshments	14.37
11/14/2019	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
11/21/2019	Kathryn O'Connor	IBTTA Coral Gables Conference Travel	102.00
11/21/2019	Buddy Croft	IBTTA Coral Gables Conference Travel	9.00
11/21/2019	Buddy Croft	IBTTA Coral Gables Conference Travel	150.00
11/21/2019	Buddy Croft	IBTTA Coral Gables Conference Parking	12.00
11/21/2019	Buddy Croft	IBTTA Coral Gables Conference Travel	234.00
11/21/2019	Buddy Croft	IBTTA Coral Gables Conference Travel	135.50
12/14/2019	Maggie Baker	Mileage Reimbursement	39.56
12/17/2019	Kathryn O'Connor	EMC New York Conference Travel	119.00
12/17/2019	Kathryn O'Connor	EMC New York Conference Lodging	180.87
12/17/2019	Kathryn O'Connor	I95 Corridor Washington DC Conference Travel	259.55
12/17/2019	Kathryn O'Connor	I95 Corridor Washington DC Conference Parking	13.98
12/27/2019	Buddy Croft	IBTTA Washington DC Conference Parking	8.00
12/27/2019	Buddy Croft	I95 Corridor Washington DC Conference Parking	13.98
12/27/2019	Lori Silveria	2020 Legislative Luncheon	80.00
12/27/2019	Buddy Croft	EMC New York Conference Travel	16.00
12/27/2019	Buddy Croft	EMC New York Conference Meals	8.90
12/27/2019	Buddy Croft	EMC New York Conference Parking	15.00
12/31/2019	Maggie Baker	Mileage Reimbursement	19.78
1/7/2020	McQuade's Markeplace	Board of Directors Meeting Refreshments	11.98
1/14/2020	Maggie Baker	Mileage Reimbursement	40.31
1/17/2020	Kathryn O'Connor	IBTTA Coral Gables Conference Travel	20.58
1/17/2020	Kathryn O'Connor	IBTTA Coral Gables Conference Parking	60.60
1/17/2020	Kathryn O'Connor	IBTTA Coral Gables Conference Lodging	881.40
1/23/2020	Buddy Croft	IBTTA Coral Gables Conference Meals	42.47
1/23/2020	Buddy Croft	IBTTA Coral Gables Conference Meals	7.71
1/23/2020	Buddy Croft	IBTTA Coral Gables Conference Parking	45.45
1/23/2020	Buddy Croft	IBTTA Coral Gables Conference Lodging	587.60
2/27/2020	Buddy Croft	IBTTA Coral Gables Conference Meals	9.40
3/12/2020	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
3/12/2020	Jamie Swanberg	IBTTA Washington DC Conference Travel	400.79
3/12/2020	Jamie Swanberg	IBTTA Washington DC Conference Lodging	1,281.71
3/26/2020	Eric Offenburg	Parking Reimbursement	15.00
3/26/2020	Maggie Baker	Parking Reimbursement for RIDOT Meeting	5.00
3/26/2020	Raphe Sciola	Board of Directors Meeting Refreshments Reimbursement	61.35
3/26/2020	Kathryn O'Connor	IBTTA Denver Conference Fee	188.70
3/26/2020	Kathryn O'Connor	IBTTA Denver Conference Fee	172.20
3/26/2020	Lori Silveria	IBTTA Denver Conference Fee	119.96
			\$ 16,704.87

See independent auditors' report on supplementary information.

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

STATEMENTS OF NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

<u>Statement of Net Position</u>	<u>Attachment B</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 621,858
Receivables	95,698
Due from primary government	277,362
Restricted assets:	
Cash and cash equivalents	24,232,678
Investments	87,922,102
Other assets	2,524,986
Due from primary government	1,116,197
Inventories	40,242
Other assets	177,167
Total Current Assets	<u>117,008,290</u>
Noncurrent assets:	
Investments	31,833,353
Capital assets - nondepreciable	6,657,892
Capital assets - depreciable (net)	222,061,481
Total Noncurrent Assets	<u>260,552,726</u>
Total Assets	<u>377,561,016</u>
Deferred outflows of resources	
Deferred loss on advance debt refunding	<u>901,677</u>

See independent auditors' report on supplementary information.

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

STATEMENTS OF NET POSITION (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Attachment B</u>
Liabilities	
Current liabilities:	
Accounts payable	1,053,068
Due to primary government	6,384,111
Deferred revenue	5,621,333
Other liabilities	8,680,873
Current portion of long-term debt	5,970,000
Total Current Liabilities	<u>27,709,385</u>
Noncurrent liabilities:	
Bonds payable	213,706,700
Total Noncurrent Liabilities	<u>213,706,700</u>
Total Liabilities	<u>241,416,085</u>
Deferred inflows of resources	
Deferred gain on advance debt refunding	
Net position	
Net investment in capital assets	56,363,213
Restricted for:	
Debt	81,434,981
Unrestricted (deficit)	(751,586)
Total net position	<u>\$ 137,046,608</u>

See independent auditors' report on supplementary information.

**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, 2020

	<u>Attachment C</u>
Expenses	\$ 34,302,390
Program Revenues	
Charges for services	19,625,868
Operating grants and contributions	
Capital grants and contributions	
Total Program Revenues	<u>19,625,868</u>
Net (Expenses) Revenues	<u>(14,676,522)</u>
General Revenues	
Gas tax revenue	14,468,350
Interest and investment earnings	2,226,661
Miscellaneous revenue	<u>270,398</u>
Total General Revenues	<u>16,965,409</u>
Special items	--
Extraordinary items	<u>--</u>
Change in Net Position	2,288,887
Total Net Position - Beginning	<u>134,757,721</u>
Total Net Position - Ending	<u><u>\$ 137,046,608</u></u>

See independent auditors' report on supplementary information.

**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, 2020

Fiscal Year Ending June 30,	Principal	Interest	<u>Attachment D</u> Total
2021	\$ 5,970,000	\$ 8,165,272	\$ 14,135,272
2022	6,220,000	7,916,252	14,136,252
2023	6,460,000	7,671,986	14,131,986
2024	6,680,000	7,451,858	14,131,858
2025	6,935,000	7,202,215	14,137,215
2026-2030	39,380,000	31,298,966	70,678,966
2031-2035	48,525,000	22,168,231	70,693,231
2036-2040	59,675,000	11,026,214	70,701,214
2041-2045	<u>20,645,000</u>	<u>1,518,249</u>	<u>22,163,249</u>
	<u>\$ 200,490,000</u>	<u>\$ 104,419,244</u>	<u>\$ 304,909,244</u>

See independent auditors' report on supplementary information.

**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, 2020

	Beginning Balance	Additions	Reductions	Ending Balance	Attachment E	
					Amounts Due Within One Year	Amounts Due Thereafter
Bonds payable	\$ 158,795,000	\$ 93,330,000	\$ 51,635,000	\$ 200,490,000	\$ 5,970,000	\$ 194,520,000
Net unamortized premium/discount	13,471,881	5,887,087	172,268	19,186,700	--	19,186,700
Bonds payable	<u>\$ 172,266,881</u>	<u>\$ 99,217,087</u>	<u>\$ 51,807,268</u>	<u>\$ 219,676,700</u>	<u>\$ 5,970,000</u>	<u>\$ 213,706,700</u>

See independent auditors' report on supplementary information.

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, 2020

	Claiborne Pell Bridge
Traffic Count (Unaudited)	
Vehicle fares paid with ETC	8,478,204
Vehicle fares paid with cash	<u>1,095,008</u>
	<u>9,573,212</u>
Toll Revenues (Audited)	
Vehicle fares paid with ETC	\$ 12,974,128
Vehicle fares paid with cash	<u>4,444,479</u>
	<u>\$ 17,418,607</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***

To the 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, 2020, 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, 2020.

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, 2020