

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

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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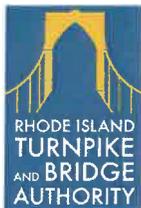
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INTRODUCTORY SECTION



Rhode Island Turnpike and Bridge Authority

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

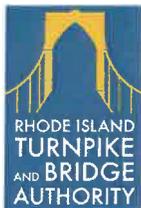
September 28, 2021

To the Board of Directors
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, 2021, are hereby submitted as mandated by state statute. State laws require that all component units 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 Governmental 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, 2021, 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, 2021, 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”), which connects the City of Newport and Town of Jamestown, and the Mount Hope Bridge, 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 98 employees as of June 30, 2021, 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 statements 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. In December 2021, the Authority is planning on converting to an all-electronic tolling system (“AET”).

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. Interior transponders are sold at a cost of \$10; exterior transponders are sold at a cost of \$15. As of June 30, 2021, the Authority had 220,865 active accounts with 311,125 active transponders.



Rhode Island Turnpike and Bridge Authority

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The Authority engages Emovis to develop, install, and maintain the Toll Customer Relationship Management System ("Toll CRM") which processes Electronic Toll Collections ("ETC") (through E-ZPass) transactions, open and close customer E-ZPass 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 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. As stated previously, the Authority is planning on converting to an all-electric tolling ("AET") system which will eliminate cash and credit card toll collection. 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 auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lori Caron Silveira".

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, 2021, 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, 2021, 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, 2021, on pages 38 through 43, 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 28, 2021 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 28, 2021

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 98 employees as of June 30, 2021, 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, 2021 and for the year then ended, with comparison as deemed appropriate to the previous fiscal year ended June 30, 2020. 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.

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 several 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 2021 by \$384,000, or 0.3%, due to operating and investment activity during the year. Capital assets, net of depreciation, increased by \$8.3 million, or 3.6%, and were principally funded by proceeds from bonds payable as 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):

Summary of Net Position

	2021		2020		2019	
Assets:						
Capital assets (net)	\$ 237,071	63.3%	\$ 228,719	60.6%	\$ 215,838	67.1%
Other assets:						
Investments	104,107	27.8%	119,755	31.7%	79,341	24.7%
Cash and cash equivalents	24,414	6.5%	24,855	6.6%	23,318	7.2%
Other	8,644	2.3%	3,954	1.0%	3,164	1.0%
Total other assets	137,165	36.7%	148,564	39.4%	105,823	32.9%
Total assets	374,236	100.0%	377,283	100.0%	321,661	100.0%
Deferred outflows of resources	--	--	902	--	--	--
Liabilities:						
Noncurrent, bonds payable	212,814	56.9%	219,677	58.2%	172,267	53.6%
Other liabilities	23,990	6.4%	21,740	5.8%	14,636	4.6%
Total liabilities	236,804	63.3%	241,417	64.0%	186,903	58.1%
Net position:						
Net investment in capital assets	51,908	13.9%	56,364	14.9%	58,710	18.3%
Restricted, bond covenants	85,688	22.9%	81,435	21.6%	70,935	22.1%
Unrestricted (deficit)	(165)	0.0%	(752)	-0.2%	5,113	1.6%
Total net position	\$ 137,431	36.7%	\$ 137,047	36.3%	\$ 134,758	41.9%

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):

	2021		2020		2019	
Operating revenues:						
Toll revenues	\$ 19,059	56.7%	\$ 19,294	56.6%	\$ 21,563	55.0%
Gas tax revenue	14,273	42.4%	14,468	42.4%	17,111	43.7%
Grant revenue	--	0.0%	--	0.0%	--	0.0%
Transponder revenues	228	0.7%	258	0.8%	443	1.1%
Statement and bank fees	71	0.2%	74	0.2%	78	0.2%
Total operating revenues	33,631	100.0%	34,094	100.0%	39,195	100.0%
Operating expenses:						
Personnel services	5,529	16.4%	5,920	17.4%	5,753	14.7%
Insurance	1,351	4.0%	1,463	4.3%	1,325	3.4%
Repairs and maintenance	820	2.4%	1,029	3.0%	684	1.7%
Other	4,229	12.6%	3,945	11.6%	4,248	10.8%
Transponder expense	141	0.4%	185	0.5%	213	0.5%
Depreciation	13,265	39.4%	12,608	37.0%	13,957	35.6%
Total operating expenses	25,335	75.3%	25,150	73.8%	26,180	66.8%
Operating income (loss)	8,296	24.7%	8,944	26.2%	13,015	33.2%
Nonoperating expenses, net	(7,912)	-23.5%	(6,655)	-19.5%	(4,059)	-10.4%
Change in net position	384	1.1%	2,289	6.7%	8,956	22.8%
Net position, beginning of year	137,047		134,758		125,802	
Net position, end of year	<u>\$ 137,431</u>		<u>\$ 137,047</u>		<u>\$ 134,758</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Summary of Revenues, Expenses and Changes in Net Position (Continued)

The Authority had a decrease in toll revenue by \$235,000, or 1.2%, primarily due to the decrease in traffic volume as a result of the COVID-19 pandemic. The COVID-19 pandemic also resulted in the Authority's decrease in gas tax revenues of \$195,000, or 1.3%. During the first half of fiscal year 2021 (July-December, 2020), traffic volume was approximately 76% of the traffic volume in the first half of the previous fiscal year (July-December, 2019). As the impact from the COVID-19 pandemic began to improve in the second half of fiscal year 2021 (January-June, 2021), traffic volume was approximately 116% of the traffic volume in the second half of the previous fiscal year (January-June, 2020). Personnel related expenses decreased principally due to the decreased level of staffing necessary for the operations of the Authority as a result of the COVID-19 pandemic. Specifically, the E-ZPass customer service center was closed and in March 2020, the 3rd shift for the toll collectors was eliminated. The Authority continues to monitor staffing levels in the E-ZPass customer service center and the lanes in the toll plaza to ensure the proper level of staff is maintained to ensure quality service to 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 and an increased bond discount amortization related to extinguished debt.

Operating Results

Newport Pell Bridge Traffic and Revenue Summary

Traffic and revenue statistics are as follows:

	2021		2020	
Traffic (number of passengers)				
Vehicle fares paid with ETC	7,829,258	89.3%	8,478,204	88.6%
Vehicle fares paid with cash	942,204	10.7%	1,095,008	11.4%
	8,771,462	100.0%	9,573,212	100.0%
Revenue (not including violations)				
Vehicle fares paid with ETC	\$ 12,676,272	76.9%	\$12,974,128	74.5%
Vehicle fares paid with cash	3,814,239	23.1%	4,444,479	25.5%
	\$ 16,490,511	100.0%	\$17,418,607	100.0%

Total traffic and revenue decreased by 8.4% and 5.3%, respectively when compared to fiscal year 2020 primarily due to the impact of the COVID-19 pandemic. The percentage of customers paying with cash, or credit card, decreased from 11.4% to 10.7% while the percentage of customers paid by ETC increased from 88.6% to 89.3%. Consistent with the traffic data, the revenue received from cash, or credit card, transactions decreased from 25.5% to 23.1% while revenue received from ETC transactions increased from 74.5% to 76.9%.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Engineering and Maintenance

The Director of Engineering oversees all capital construction and maintenance 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 structure is subject to an inspection every two years per Federal Highway Administration guidelines unless conditions warrant an interim inspection.

As of June 30, 2021, 63.3% 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. To continue to protect these assets for the foreseeable future, the Authority revises its ten-year Renewal and Replacement Plan every few years, or earlier as conditions warrant. In June 2019, the Board approved an updated 10-year Capital Improvement Plan (“CIP”). The Authority is in the process of revising its ten-year Renewal and Replacement Plan.

During FY2021, the Authority continued its preventive maintenance programs for its assets, 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.

	July 2019 to June 2020	July 2020 to June 2021	July 2021 to June 2022	July 2022 to June 2023	July 2023 to June 2024	July 2024 to June 2025	July 2025 to June 2026	July 2026 to June 2027	July 2027 to June 2028	July 2028 to June 2029	Total (in \$1,000s)
NEWPORT PELL BRIDGE											
Capital Projects	14,718	12,407	9,556	8,876	14,018	12,105	12,565	11,018	10,738	10,163	\$116,164
Inspections	603	753	603	453	603	753	603	453	603	753	\$6,180
MOUNT HOPE BRIDGE											
Capital Projects	1,814	1,459	1,473	5,188	5,984	5,020	7,213	5,109	5,195	7,018	\$45,473
Inspections	55	405	55	255	55	405	55	255	55	405	\$2,000
SAKONNET RIVER BRIDGE											
Capital Projects	680	1,154	649	650	953	542	361	608	347	335	\$6,279
Inspections	16	330	5	191	5	330	16	180	5	341	\$1,419
JAMESTOWN VERRAZZANO BRIDGE											
Capital Projects	3,862	4,873	6,628	1,523	1,862	889	1,228	1,403	2,108	2,613	\$26,989
Inspections	775	500	775	0	775	500	775	0	775	500	\$5,375
MINOR BRIDGES											
Capital Projects	0	60	480	2,890	440	110	220	120	110	90	\$4,520
Inspections	84	30	84	30	84	30	84	30	84	30	\$570
RI 138 CONNECTOR HIGHWAY											
Capital Projects	195	30	288	144	30	180	2,411	1,090	365	74	\$4,807
Inspections	1	51	1	1	1	1	51	1	1	1	\$110
FACILITIES											
Capital Projects	194	1,791	1,578	4,971	238	196	186	71	211	131	\$9,567
Inspections	0	0	50	0	0	0	0	50	0	0	\$100
TOTAL INFRASTRUCTURE	22,997	23,843	22,225	25,172	25,048	21,061	25,768	20,388	20,597	22,454	229,553

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital and Construction Activities (Continued)

The detail of the activity that happened from July 1, 2020 to June 30, 2021 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 and Controller who are responsible for maintaining the Authority's books and records and for adhering to covenants and other requirements of agreements entered into with bondholders.

Debt Service

As of June 30, 2021, 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 began on the 2019 Series 1 Taxable Refunding Toll Bonds in December, 2020. Principal payments on the 2019 Series 1 Taxable Refunding Toll Bonds during fiscal year 2021 totaled \$1,885,000.

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 began in October, 2020. Principal payments on the 2019 Series A Motor Fuel Tax Revenue Bonds during fiscal year 2021 totaled \$965,000.

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 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 fiscal year 2021 totaled \$3,120,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Debt Service (Continued)

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 FY2021 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 27.8% and 31.7% of assets at June 30, 2021 and 2020, 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, 2021, 86.2% of the Authority's investments are in the form of money market mutual funds; U.S. Treasury obligations represent approximately 5.4%. Approximately 6.2% of the Authority's investments are in corporate bonds.

Union Contract

The Authority has entered into a collective bargaining agreement with the United Service and Allied Workers of Rhode Island. This agreement expires June 30, 2023.

Legislative Decisions/Developments

The FY2013 State budget included an article that authorized 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 FY2022 is approximately \$14.5 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 2021, the Authority collected tolls on behalf of the Department of Transportation in the amount of \$31,895,767, of which \$22,964,175 was remitted to the Department of Transportation. As of June 30, 2021, the amount payable to the Department of Transportation for tolls collected in fiscal year 2021 is \$8,931,592.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Legislative Decisions/Developments (Continued)

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, 2021

Assets

Current Assets - Unrestricted

Cash and cash equivalents	\$ 505,934
Accrued interest receivable	92,346
Due from primary government	653,444
Prepaid expenses	240,813
Inventory	24,348

Current Assets - Restricted

Cash and cash equivalents	12,912,690
Investments	7,547,176
Accounts receivable	6,388,474
Due from primary government	<u>1,244,077</u>

Total Current Assets

29,609,302

Noncurrent Assets

Cash and cash equivalents - restricted	10,995,140
Investments - restricted	96,560,105
Capital assets not being depreciated	3,064,357
Capital assets being depreciated, net	<u>234,006,259</u>

Total Noncurrent Assets

344,625,861

Total Assets

374,235,163

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, 2021

Liabilities

Current Liabilities

Accounts payable	465,380
Due to primary government	8,931,592
Accrued interest payable	1,781,423
Accrued expenses	6,786,608
Electronic toll liability	6,024,905
Current portion of bonds payable	<u>6,220,000</u>

Total Current Liabilities 30,209,908

Bonds Payable, less Current Portion 206,594,128

Total Liabilities 236,804,036

Net Position

Net investment in capital assets	51,907,579
Restricted by bond covenants	85,687,680
Unrestricted (deficit)	<u>(164,132)</u>

Total Net Position \$ 137,431,127

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 CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

Operating Revenues	
Tolls, including violation fees	\$ 19,058,932
Transponder sales	228,279
Gas tax revenue	14,273,325
Other fees	<u>70,718</u>
Total Operating Revenues	<u>33,631,254</u>
Operating Expenses	
Personnel services	5,528,624
Utilities	134,446
Contractual services	1,577,435
Other supplies and expenses	1,202,195
Insurance	1,350,848
Repairs and maintenance	819,632
Transponder expense	141,361
Bridge inspections	1,314,905
Depreciation	<u>13,265,070</u>
Total Operating Expenses	<u>25,334,516</u>
Operating Income	<u>8,296,738</u>
Nonoperating Revenues (Expenses)	
Interest expense	(8,111,030)
Amortization of bond premium	892,572
Amortization of deferred loss on advance refunding	(901,677)
Investment income, net of trustee fees	26,777
Miscellaneous income	<u>181,139</u>
Total Nonoperating Revenues (Expenses)	<u>(7,912,219)</u>
Change in net position	384,519
Net Position - Beginning of Year	<u>137,046,608</u>
Net Position - End of Year	<u><u>\$ 137,431,127</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, 2021

Cash Flows from Operating Activities

Cash received from:

Tolls	\$ 15,599,016
Transponder sales	228,279
Gas tax revenue	14,145,445
Other	65,818

Cash payments to:

Suppliers for goods and services	(534,432)
Employees for services	<u>(5,301,393)</u>

Net Cash Provided by Operating Activities 24,202,733

Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(26,180,926)
Principal paid on bonds	(5,970,000)
Interest paid on bonds	<u>(8,165,271)</u>

Net Cash Used in Capital and Related Financing Activities (40,316,197)

Cash Flows From Investing Activities

Proceeds from sales and maturities of investments	70,571,374
Purchases of investments	(54,923,201)
Investment income received	<u>24,519</u>

Net Cash Provided by Investing Activities 15,672,692

Net Decrease in Cash and Cash Equivalents (440,772)

Cash and Cash Equivalents - Beginning of Year 24,854,536

Cash and Cash Equivalents - End of Year \$ 24,413,764

Cash and Cash Equivalents Per Statement of Net Position

Unrestricted cash and cash equivalents	505,934
Restricted cash and cash equivalents	<u>23,907,830</u>
	<u>\$ 24,413,764</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, 2021

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities	\$ 8,296,738
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	13,265,070
Gain on sale of equipment	(4,900)
Miscellaneous income	181,139
Changes in assets and liabilities:	
Accounts receivable	(3,985,658)
Due from primary government	(376,182)
Inventory	15,894
Prepaid expenses	(63,646)
Accounts payable	232,474
Due to primary government	2,547,481
Accrued expenses	3,690,751
Electronic toll liability	<u>403,572</u>
Net Cash Provided by Operating Activities	<u>\$ 24,202,733</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, 2021

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

DESCRIPTION OF BUSINESS

The Rhode Island Turnpike and Bridge Authority (the “Authority” or “RITBA”) 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, 2021

**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-ZPass 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 2021, the Authority incurred \$2,031,082 of costs supporting the Rhode Works Toll Facilities Project, of which \$1,377,638 was reimbursed to the Authority by RIDOT. The amount due to the Authority from RIDOT as of June 30, 2021 is \$653,444.

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, 2021

**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 assets includes engineering, legal, financial, administrative and other costs incidental to the construction of the bridge, less income earned on certain investments during construction. All

**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, 2021

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

CAPITAL ASSETS (CONTINUED)

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, 2021, 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 balance of \$6,388,474 is net of allowance for uncollectible receivables. Consistent 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 \$15,806,622 as of June 30, 2021.

Management estimates that there is no allowance needed for receivables generated by away agencies and gasoline taxes as of June 30, 2021.

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, 2021 bond premiums and accumulated amortization total \$22,220,151 and \$3,926,022, 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, 2021

**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, 2021 the deferred loss on the advanced refunding is fully amortized.

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. No bond issuance costs incurred in fiscal year 2021.

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 using ORT lanes who do not have a valid E-ZPass transponder are charged violation tolls and fees. At June 30, 2021 amounts due from violators for ORT and fees total \$15,780,993 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, 2021

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

REVENUE RECOGNITION - VIOLATION TOLLS AND FEES (CONTINUED)

The activity for the year ended June 30, 2021 is presented below:

Unpaid Tolls and Violations - June 30, 2020	\$ 12,800,196
Invoiced Tolls and Violations	5,548,906
Collected Tolls and Violations	<u>(2,568,109)</u>
Unpaid Tolls and Violations - June 30, 2021	<u>\$ 15,780,993</u>

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 LEAVE

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.

ELECTRONIC TOLL LIABILITY

Electronic toll liability consists of prepaid deposits made by customers into E-ZPass accounts held by the Authority. At June 30, 2021, E-ZPass account balances totaled \$6,024,905.

**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, 2021

**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, 2021 was \$24,413,764 while the bank balance was \$24,562,080. Of the bank balance, \$598,393 was covered by federal depository insurance and \$23,963,687 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, 2021

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, 2021. There have been no changes in the methodologies for 2021.

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, 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

At June 30, 2021, the Authority's investments, including restricted amounts, consist of the following:

	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Federated Government Obligations Money Market Funds	\$ 89,753,271	NA	NA
United States Treasury Bonds and Notes	5,653,536	.125% to 2.75%	2/15/2020 to 8/15/2046
US Government Agencies Bonds/Notes	1,063,310	1.90 % to 3.80%	11/27/2020 to 1/29/2029
US Government Mortgage Agency Mortgage Backed Securities	694,360	3.50% to 5.0%	6/01/2026 to 10/1/2047
US Corporate Bonds and Notes	6,485,257	1.6% to 6.7%	10/15/2020 to 4/15/2030
Foreign Corporate Bonds	95,719	3.125% to 5.1%	12/10/2020 to 3/8/2027
Municipal Bonds	280,593	2.39% to 4.91%	7/1/2020 to 5/1/2029
Non-agency CMOs/REMICs	<u>81,235</u>	3.0% to 3.4%	5/12/2045 to 3/15/2048
Total	<u>\$ 104,107,281</u>		

At June 30, 2021, the Authority's ratings from Moody's and the S&P 500 are disclosed below based on the fair value of investments:

	<u>Amount</u>	<u>Rating</u>	<u>% of Total</u>
\$	97,458,981	Aaa	93.61%
	1,110,619	A1	1.07%
	2,654,943	A2	2.55%
	895,748	A3	0.86%
	151,986	Aa1	0.15%
	444,547	Aa2	0.43%
	418,912	Aa3	0.40%
	445,308	Baa1	0.43%
	293,415	Baa2	0.28%
	<u>232,822</u>	<u>Baa3</u>	<u>0.22%</u>
<u>\$</u>	<u>104,107,281</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, 2021

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, 2021 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, 2021

NOTE 3 - CAPITAL ASSETS

	Balance, July 1, 2020	Additions	Retirements and Disposals	Balance, June 30, 2021
Capital assets not being depreciated:				
Construction in progress	\$ 6,407,892	\$ 2,814,357	\$ (6,407,892)	\$ 2,814,357
Licensing fees	<u>250,000</u>	<u>--</u>	<u>--</u>	<u>250,000</u>
Total capital assets not being depreciated	<u>6,657,892</u>	<u>2,814,357</u>	<u>(6,407,892)</u>	<u>3,064,357</u>
Capital assets being depreciated:				
Bridges	324,730,601	18,333,246	6,407,892	349,471,739
Buildings	9,013,232	--	--	9,013,232
Land improvements	9,681,080	--	--	9,681,080
Equipment	<u>25,007,014</u>	<u>476,742</u>	<u>(96,443)</u>	<u>25,387,313</u>
Total capital assets being depreciated	<u>368,431,927</u>	<u>18,809,988</u>	<u>6,311,449</u>	<u>393,553,364</u>
Less accumulated depreciation:				
Bridges	120,639,451	11,274,374	--	131,913,825
Buildings	4,427,592	290,947	--	4,718,539
Land improvements	3,780,642	539,298	--	4,319,940
Equipment	<u>17,522,761</u>	<u>1,160,451</u>	<u>(88,411)</u>	<u>18,594,801</u>
Total accumulated depreciation	<u>146,370,446</u>	<u>13,265,070</u>	<u>(88,411)</u>	<u>159,547,105</u>
Capital assets being depreciated, net	<u>222,061,481</u>	<u>5,544,918</u>	<u>6,399,860</u>	<u>234,006,259</u>
Capital assets, net	<u>\$ 228,719,373</u>	<u>\$ 8,359,275</u>	<u>\$ (8,032)</u>	<u>\$ 237,070,616</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, 2021

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, was being amortized (fully amortized at June 30, 2021) 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, until maturity in 2039.

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, until maturity in 2044.

**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, 2021

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, 2021, changes in bonds payable consisted of the following:

	Balance 6/30/2020	Additions	Retirements/ Amortization	Balance 6/30/2021	Amount Due in One Year
Revenue Bonds Payable	\$ 200,490,000	\$ -	\$ 5,970,000	\$ 194,520,000	\$ 6,220,000
Bond Premium (discounts)	19,186,700	-	892,572	18,294,128	
Total Bonds Payable	<u>\$ 219,676,700</u>	<u>\$ -</u>	<u>\$ 6,862,572</u>	<u>\$ 212,814,128</u>	

The following represents debt service and sinking fund requirements to maturity as of June 30, 2021:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	7,235,000	6,902,501	14,137,501
2027-2031	41,080,000	29,594,721	70,674,721
2032-2036	50,555,000	20,145,002	70,700,002
2037-2041	58,900,000	8,512,336	67,412,336
2042-2045	<u>10,455,000</u>	<u>857,100</u>	<u>11,312,100</u>
	<u>\$ 194,520,000</u>	<u>\$ 96,253,971</u>	<u>\$ 290,773,971</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, 2021

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 sister 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

The Authority entered into contracts, with approved changed orders, totaling \$22,257,696 for a partial deck replacement on the Claiborne Pell Bridge. The project is substantially completed as of June 30, 2021. Completed costs as of June 30, 2021, totaled \$21,855,917, and remaining commitments on these contracts total \$401,779.

The Authority entered into contracts totaling \$3,937,000 for steel repairs to the Mount Hope and Sakonnet River Bridges, and this project has an anticipated completion date of December 2021. As of June 30, 2021, completed costs totaled \$2,393,729, and remaining commitments on these contracts total \$1,543,271.

**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, 2021

NOTE 5 - COMMITMENTS (CONTINUED)

CONSTRUCTION IN PROGRESS (CONTINUED)

The Authority entered into contracts totaling \$11,411,625 for miscellaneous and underwater repairs to the Claiborne Pell and Jamestown Verrazzano Bridges. Approved changed orders have revised the total contract amounts to \$11,654,225. The project has an anticipated completion date of December 2021. As of June 30, 2021, completed costs totaled \$11,074,009, and remaining commitments on these contracts total \$580,216.

The Authority entered into contracts totaling \$4,058,859 for electrical and communication upgrades to the Claiborne Pell and Mount Hope Bridges. Approved change orders have revised the total contract amounts to \$4,098,859. The project is substantially complete as of June 30, 2021. Completed costs as of June 30, 2021, totaled \$3,701,913, and remaining commitments on these contracts total \$396,946.

COLLECTIVE BARGAINING AGREEMENT

The Authority has 28 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, 2023.

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. For the investments held by the Plan, Pensionmark Meridien acts as a 3(38) Fiduciary for the plan, and can also act as an advice provider for plan participants. This type of fiduciary, an ERISA Section 3(38) Fiduciary, which is also referred to as a "Discretionary 3(38) Investment Manager, has full discretion for investment selection and monitoring, and may eliminate the plan sponsor for the investment selection and monitoring process if desired. The Administrator of the Plan is the Angell Pension Group. They are the Third Party Administrator ("TPA"), and are responsible for compliance, document, and regulatory oversight of the Plan. 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 2021, 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 2021 was \$211,461 while the total cost of the matching and supplemental employer contribution for fiscal year 2021 was \$256,872.

**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, 2021

NOTE 6 - TAX DEFERRED SAVINGS INCENTIVE PLAN (CONTINUED)

The payroll for employees covered by the Plan for fiscal year 2021 was \$3,876,575 and the Authority's total payroll was \$5,005,126. 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 reductions in insurance coverage. Accordingly, the Authority has not recorded a liability for such claims at June 30, 2021.

NOTE 8 - CONTINGENCIES

On September 15, 2021, the Authority's Board of Directors voted to settle a lawsuit brought by a contractor against the Authority in connection with an approximate \$8,100,000 pass-through claim submitted by a subcontractor to the contractor in connection with the subcontractor's cleaning and painting of the Newport Pell Bridge. For its part of the settlement, the Authority will release and pay \$945,000 in previously-withheld liquidated damages and will pay \$2,655,000 in full settlement of the matter. This resolution was the product of a mediated settlement among the parties and will result in the final dismissal of the pending lawsuit.

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 recorded an accrual for their portion of the project costs totaling \$3,600,000 as of June 30, 2021 and this has been capitalized as part of the project costs.

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 across the country. There is considerable uncertainty about the duration and lasting impacts.

**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, 2021

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 2021, the Authority collected tolls on the behalf of the Department of Transportation in the amount of \$31,895,767, of which \$22,964,175 was remitted to the Department of Transportation. As of June 30, 2021, the amount payable to the Department of Transportation for tolls collected in fiscal year 2021 is \$8,931,592.

NOTE 10 - SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 28, 2021, the date these financial statements were authorized for issuance. There are no such events requiring recognition or disclosure in the financial statements other than the resolution settlement described in Note 8.

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, 2021

Date	Payee	Purpose	Amount
8/14/2020	Lori Silveira	Coping with Coronavirus Webinar	\$ 49.00
1/8/2021	Lori Silveira	Business Meeting with Board Chairperson	38.36
2/17/2021	Frank Flowers	Reimbursement for Maintenance Meeting Refreshments	23.72
4/30/2021	Lori Silveira	2021 RI Congressional Forum Registration	25.00
5/12/2021	Bryan Rainville	Mileage Reimbursement-Travel for RITT	36.96
6/1/2021	Lori Silveira	Parking Reimbursement	7.00
6/30/2021	Jeffrey Goulart	2021 RI Congressional Forum Registration	25.00
6/30/2021	Eric Seabury	2021 RI Congressional Forum Registration	25.00
6/30/2021	Lori Silveira	Economic Update Luncheon Registration	<u>50.00</u>
			<u>\$ 280.04</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 NET POSITION

JUNE 30, 2021

<u>Statement of Net Position</u>	<u>Attachment B</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 505,934
Receivables	92,346
Restricted assets:	
Cash and cash equivalents	12,912,690
Investments	7,547,176
Other assets	6,388,474
Due from primary government	1,897,521
Inventories	24,348
Other assets	<u>240,813</u>
Total current assets	29,609,302
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	10,995,140
Investments	96,560,105
Other assets	
Capital assets - nondepreciable	3,064,357
Capital assets - depreciable (net)	<u>234,006,259</u>
Total noncurrent assets	<u>344,625,861</u>
Total assets	<u>374,235,163</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 NET POSITION (CONTINUED)

JUNE 30, 2021

<u>Statement of Net Position (continued)</u>	<u>Attachment B</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 465,380
Due to primary government	8,931,592
Deferred revenue	6,024,905
Other liabilities	8,568,031
Current portion of long-term debt	6,220,000
Total current liabilities	<u>30,209,908</u>
Noncurrent liabilities:	
Bonds payable	206,594,128
Total noncurrent liabilities	<u>206,594,128</u>
Total liabilities	<u>236,804,036</u>
Net position	
Net investment in capital assets	51,907,579
Restricted for:	
Debt	85,687,680
Unrestricted (deficit)	(164,132)
Total net position	<u>\$ 137,431,127</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, 2021

<u>Statement of Activities</u>	<u>Attachment C</u>
Expenses	<u>\$ 33,454,651</u>
Program revenues:	
Charges for services	19,353,029
Operating grants and contributions	--
Capital grants and contributions	--
	<u>19,353,029</u>
Total program revenues	<u>19,353,029</u>
Net (expenses) revenues	<u>(14,101,622)</u>
General revenues:	
Gas tax revenue	14,273,325
Interest and investment earnings	26,777
Miscellaneous revenue	186,039
	<u>14,486,141</u>
Total general revenue	<u>14,486,141</u>
Special items	--
Extraordinary items	--
	<u>384,519</u>
Change in net position	384,519
Total net position - beginning	<u>137,046,608</u>
Total net position - ending	<u>\$ 137,431,127</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, 2021

Fiscal Year Ending June 30,	Principal	Interest	<u>Attachment D</u> Total
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	7,235,000	6,902,501	14,137,501
2027-2031	41,080,000	29,594,721	70,674,721
2032-2036	50,555,000	20,145,002	70,700,002
2037-2041	58,900,000	8,512,336	67,412,336
2042-2045	<u>10,455,000</u>	<u>857,100</u>	<u>11,312,100</u>
	<u>\$ 194,520,000</u>	<u>\$ 96,253,972</u>	<u>\$ 290,773,972</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, 2021

	Beginning Balance	Additions	Reductions	Ending Balance	Attachment E	
					Amounts Due Within One Year	Amounts Due Thereafter
Bonds payable	\$ 200,490,000	\$ --	\$ 5,970,000	\$ 194,520,000	\$ 6,220,000	\$ 188,300,000
Net unamortized premium/discount	<u>19,186,700</u>	<u>--</u>	<u>892,572</u>	<u>18,294,128</u>	<u>--</u>	<u>18,294,128</u>
Bonds payable	<u>\$ 219,676,700</u>	<u>\$ --</u>	<u>\$ 6,862,572</u>	<u>\$ 212,814,128</u>	<u>\$ 6,220,000</u>	<u>\$ 206,594,128</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, 2021

	<u>Claiborne Pell Bridge</u>
Traffic Count (Unaudited):	
Vehicle fares paid with ETC	7,829,258
Vehicle fares paid with cash	<u>942,204</u>
	<u>8,771,462</u>
Toll Revenues (Audited):	
Vehicle fares paid with ETC	\$ 12,676,272
Vehicle fares paid with cash	<u>3,814,239</u>
	<u>\$ 16,490,511</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND REPORT ON COMPLIANCE AND OTHER
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, 2021, 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 28, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 28, 2021