

September 27, 2022

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

We have audited the financial statements of the Rhode Island Turnpike and Bridge for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit as well as the following information related to our audit:

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated July 21, 2022, our responsibility, as described by professional standards, was to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Rhode Island Turnpike and Bridge Authority. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Rhode Island Turnpike and Bridge Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our responsibility was to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we will consider the internal control of the Rhode Island Turnpike and Bridge Authority. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to in our meeting about planning matters on May 13, 2022.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Rhode Island Turnpike and Bridge Authority are described in Note 1 to the financial statements. For fiscal year 2022, the Authority should include where applicable the implementation of GASB Statement No 87, Leases, No 93, Accounting for Interest Cost Incurred before the end of a Construction Period, and No 98, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Rhode Island Turnpike and Bridge Authority's financial statements were:

Management's estimate of the useful lives of capital assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on past experience and on analysis of the collectability of individual accounts (accounts receivable and other miscellaneous receivables). We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of claims and judgments outstanding at June 30, 2022 is based on a review of correspondence from the Authority's legal counsel. We reviewed these documents provided by management and the assumptions used to develop the estimated liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 27, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Travel and Entertainment Expenses and the State of Rhode Island Required Format Attachments, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Schedule of Traffic Count and Revenues, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the customers, management, and board of directors of the Rhode Island Turnpike and Bridge Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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

Marcum LLP

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, 2022

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

CONTENTS

INTRODUCTORY SECTION:

Letter of Transmittal..... 1-3

FINANCIAL SECTION:

Independent Auditors' Report..... 4-7

Management's Discussion and Analysis..... 8-16

Financial Statements

Statement of Net Position 17-18
Statement of Revenues, Expenses and Changes in Net Position 19
Statement of Cash Flows..... 20-21

Notes to Financial Statements 22-38

Supplementary Information

Schedule of Travel and Entertainment Expenses39-40

State of Rhode Island Required Format

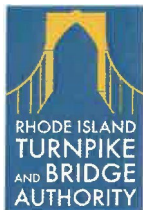
Attachment B - Statement of Net Position 41-42
Attachment C - Statement of Changes in Net Position43
Attachment D - Schedule of Long-Term Debt44
Attachment E - Schedule of Changes in Long-Term Debt.....45

STATISTICAL SECTION:

Schedule of Traffic Count and Revenues.....46

**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***..... 47-48

INTRODUCTORY SECTION



Rhode Island Turnpike and Bridge Authority

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

September 27, 2022

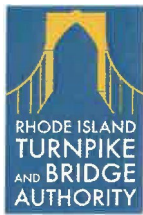
To the Board of Directors

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, 2022, 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, 2022, 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 statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditors 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, 2022, 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 approximately 68 full time and part time employees, and approximately 15 employees from the International Union of Painters and Allied Trades (IUPAT) who are hired on a seasonal basis for specific painting projects. The Executive Director 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

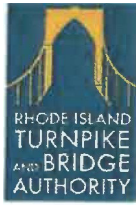
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Rhode Island Turnpike and Bridge Authority operates.

Tolling 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. As of October 29, 2021, the Authority converted 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, 2022, the Authority had 236,400 active accounts with 333,150 active transponders.



Rhode Island Turnpike and Bridge Authority

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

The Authority engages Emovis to 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, 2023.

The Authority has transitioned to All-Electronic Tolling (AET) as of October, 2021.

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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Rhode Island Turnpike and Bridge Authority (“Authority”), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the net position of the Authority, a component unit of the State of Rhode Island, as of June 30, 2022, and the revenues, expenses, and changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 required format), for the year ended June 30, 2022, on pages 38 through 44, are presented for purposes of additional analysis and are not a required part of the financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 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 Authority's internal control over financial reporting and compliance.

Marcum LLP

Providence, RI
September 27, 2022

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 approximately 68 full time and part time employees, and approximately 15 employees from the International Union of Painters and Allied Trades (IUPAT) who are hired on a seasonal basis for specific painting projects. The Executive Director 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, 2022, with comparison as deemed appropriate to the previous fiscal year ended June 30, 2021. 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 four parts: management's discussion and analysis, the basic financial statements with note disclosures, supplementary information, and other 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 2022 by \$5,886,000 or 4.3%, due to operating and investment activity during the year. Capital assets, net of depreciation, decreased by \$10,189,000, or 4.3%, with depreciation of existing assets exceeding investment in assets. Asset investments 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

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
Assets:				
Capital assets (net)	\$ 226,882	61.6%	\$ 237,071	63.4%
Other assets:				
Investments	98,835	26.9%	104,107	27.8%
Cash and cash equivalents	35,272	9.6%	24,414	6.5%
Other	7,064	1.9%	8,644	2.3%
Total other assets	141,171	38.4%	137,165	36.6%
Total assets	368,053	100.0%	374,236	100.0%
Deferred outflows of resources	-	-	-	-
Liabilities:				
Noncurrent, bonds payable	205,702	55.9%	212,814	56.9%
Other liabilities	18,884	5.1%	23,990	6.4%
Total liabilities	224,586	61.0%	236,804	63.3%
Deferred inflows of resources	151	-	-	-
Net position:				
Net investment in capital assets	50,313	13.7%	51,908	13.8%
Restricted, bond covenants	92,134	25.0%	85,688	22.9%
Unrestricted (deficit)	869	0.3%	(165)	0.0%
Total net position	\$ 143,316	39.0%	\$ 137,431	36.7%

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):

	June 30, 2022		June 30, 2021	
Operating revenues:				
Toll revenues	\$ 23,846	60.7%	\$ 19,059	56.7%
Gas tax revenue	15,032	38.3%	14,273	42.4%
Transponder revenues	307	0.8%	228	0.7%
Statement and bank fees	76	0.2%	71	0.2%
Total operating revenues	39,261	100.0%	33,631	100.0%
Operating expenses:				
Personnel services	5,476	13.9%	5,529	16.4%
Insurance	1,363	3.5%	1,351	4.0%
Repairs and maintenance	679	1.7%	820	2.4%
Other	4,004	10.2%	4,229	12.6%
Transponder expense	189	0.5%	141	0.4%
Depreciation	13,825	35.2%	13,265	39.4%
Total operating expenses	25,536	65.0%	25,335	75.2%
Operating income (loss)	13,725	35.0%	8,296	24.7%
Nonoperating expenses, net	(7,840)	(20.0%)	(7,912)	(23.5%)
Change in net position	5,885	15.0%	384	1.3%
Net position, beginning of year	137,431		137,047	
Net position, end of year	\$ 143,316		\$ 137,431	

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

The Authority had an increase in toll revenue of \$4.8 million or 25.1%, primarily due to the increase in traffic volume. Fiscal year 2022 traffic volume exceeded fiscal year 2021 traffic volume by 16%, and is approximately 6% less than the pre-pandemic traffic levels of fiscal year 2019. Gas tax revenue also increased by \$0.8 million or 5.3% during the fiscal year. Personnel related expenses decreased principally due to the elimination of toll booth collection at the end of October, 2021. The Authority continues to monitor staffing levels in the E-ZPass customer service center to ensure the proper level of staff is maintained to ensure quality service to its customers. The decrease in net non-operating expenses is mostly related to a decrease in bond interest expense and a decrease in the market value of investments.

Newport Pell Bridge Traffic Summary

Traffic Volume Statistics are as follows:

	YEAR ENDED JUNE 30, 2022	
	Claiborne Pell Bridge	
Traffic count (unaudited):		
ETC Traffic	8,874,795	84.4%
Non-ETC Traffic	1,639,416	15.6%
	<u>10,514,211</u>	
	YEAR ENDED JUNE 30, 2021	
	Claiborne Pell Bridge	
Traffic count (unaudited):		
ETC Traffic	7,662,223	84.4%
Non-ETC Traffic	1,419,579	15.6%
	<u>9,081,802</u>	

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Engineering, Maintenance, and Operations

The Director of Engineering oversees all capital construction and maintenance activities on behalf of the Authority. In addition, the Director of Engineering oversees the operations center which is responsible to monitor the Authority’s assets and the operations center is staffed 24/7/365. The director of Engineering may utilize external consulting engineering firms, with the Board of Directors’ approval, including on-call contracting firms, to manage capital projects on behalf of the Authority. 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, 2022, 61.6% of the Authority's assets are capital assets, most notably the two largest suspension bridges in New England. 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 and will seek Board of Directors’ approval in fiscal year 2023.

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 capital projects and inspections.

	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 for fiscal year 2022 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, 2022, 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 2022 totaled \$1,925,000.

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 2022 totaled \$1,015,000.

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 2022 totaled \$3,280,000.

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 FY2022 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 26.9% and 27.8% of assets at June 30, 2022 and 2021, 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, 2022, 86.6% of the Authority's investments are in the form of money market mutual funds; U.S. Treasury obligations represent approximately 4.8%. Approximately 5.7% 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 FY2023 is approximately \$15.9 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 2022, the Authority collected tolls on behalf of the Department of Transportation in the amount of \$37,744,658, of which \$30,626,370 was remitted to the Department of Transportation. As of June 30, 2022, the amount payable to the Department of Transportation for tolls collected in fiscal year 2022 is \$7,118,288.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Legislative Decisions/Developments (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

JUNE 30, 2022

ASSETS:

Current Assets - Unrestricted

Cash and cash equivalents	\$ 1,209,422
Accrued interest receivable	89,132
Accounts receivable	3,750
Due from primary government	918,296
Prepaid expenses	229,030
Inventory	126,782
Current portion of lease receivable	49,328

Current Assets - Restricted

Cash and cash equivalents	21,592,140
Investments	7,667,625
Accounts receivable	4,392,441
Due from primary government	<u>1,150,654</u>

Total Current Assets 37,428,600

Noncurrent Assets

Cash and cash equivalents - restricted	12,470,435
Investments - restricted	91,167,380
Non current portion of lease receivable	
Right to use leased assets, net of amortization	104,767
Capital assets not being depreciated	1,100,948
Capital assets being depreciated, net	<u>225,781,281</u>

Total Noncurrent Assets 330,624,811

Total Assets \$ 368,053,411

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, 2022

LIABILITIES:

Current Liabilities

Accounts payable	\$ 803,818
Due to primary government	7,118,288
Accrued interest payable	1,724,328
Accrued expenses	2,766,894
Electronic toll liability	6,470,774
Current portion of bonds payable	<u>6,460,000</u>

Total Current Liabilities 25,344,102

Bonds Payable, less Current Portion 199,241,557

Total Liabilities 224,585,659

DEFERRED INFLOWS OF RESOURCES:

Deferred inflow of resources on leased assets	<u>151,119</u>
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Net Position

Net investment in capital assets	50,312,623
Restricted, bond covenants	92,133,937
Unrestricted	<u>870,073</u>

Total Net Position \$ 143,316,633

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, 2022

Operating Revenues	
Tolls, including violation fees	\$ 23,845,764
Transponder sales	307,389
Gas tax revenue	15,031,715
Other fees	<u>76,400</u>
Total Operating Revenues	<u>39,261,268</u>
Operating Expenses	
Personnel services	5,475,626
Utilities	148,066
Contractual services	1,276,216
Other supplies and expenses	1,643,263
Insurance	1,362,913
Repairs and maintenance	678,984
Transponder expense	188,701
Bridge Inspections	936,922
Depreciation	<u>13,824,838</u>
Total Operating Expenses	<u>25,535,529</u>
Operating Income	<u>13,725,739</u>
Nonoperating Revenues (Expenses)	
Interest expense	(7,859,157)
Amortization of bond premium	892,572
Non-operational gain on disposition of assets	47,826
Imputed interest income on leased assets	7,197
Investment income, net of trustee fees	(1,062,134)
Miscellaneous income	<u>133,463</u>
Total Nonoperating Revenues (Expenses)	<u>(7,840,233)</u>
Change in net position	5,885,506
Net Position - Beginning of Year	<u>137,431,127</u>
Net Position - End of Year	<u><u>\$ 143,316,633</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, 2022

Cash Flows from Operating Activities

Cash received from:

Tolls	\$ 26,287,667
Transponder sales	307,389
Gas tax revenue	15,125,137
Other	76,400

Cash payments to:

Suppliers for goods and services	(7,893,676)
Employees for services	(5,871,134)

Net Cash Provided by Operating Activities 28,031,783

Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(7,250,653)
Principal paid on bonds	(7,112,572)
Interest paid on bonds	(7,916,252)
Bond premium amortization	892,572

Net Cash Used in Capital and Related Financing Activities (21,386,905)

Cash Flows From Investing Activities

Proceeds from sales and maturities of investments	55,393,872
Purchases of investments	(50,121,595)
Investment income received	(1,058,922)

Net Cash Provided by Investing Activities 4,213,355

Net Increase in Cash and Cash Equivalents 10,858,233

Cash and Cash Equivalents - Beginning of Year 24,413,764

Cash and Cash Equivalents - End of Year \$ 35,271,997

Cash and Cash Equivalents Per Statement of Net Position

Unrestricted Cash and Cash Equivalents	\$ 1,209,422
Restricted Cash and Cash Equivalents	34,062,575
	<u><u>\$ 35,271,997</u></u>

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

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

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	\$ 13,725,739
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	13,824,838
Miscellaneous income	137,685
Changes in assets and liabilities:	
Accounts receivable	1,820,855
Inventory	(102,434)
Prepaid expenses	11,783
Accounts payable	448,892
Accrued expenses	(2,281,443)
Electronic toll liability	445,870
	<hr/>
Net Cash Provided by Operating Activities	<u><u>\$ 28,031,785</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, 2022

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, 2022

**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 2022, the Authority incurred \$2,207,874 of costs supporting the Rhode Works Toll Facilities Project, of which \$1,889,578 was reimbursed to the Authority by RIDOT. The amount due to the Authority from RIDOT as of June 30, 2022 is \$318,296.

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, 2022

**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.

**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, 2022

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

CAPITAL ASSETS (CONTINUED)

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, 2022, 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 due from the State of Rhode Island. The accounts receivable balance of \$4,396,190 is net of allowance for uncollectible receivables. The account receivable balance due from primary government for gasoline tax as of June 30, 2022 is \$1,150,654. 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 \$26,423,531 as of June 30, 2022.

Management estimates that there is no allowance needed for receivables generated by away agencies and gasoline tax as of June 30, 2022.

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, 2022 bond premiums and accumulated amortization totaled \$22,220,151 and \$4,818,594 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, 2022

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

BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS (CONTINUED)

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 2022.

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.

Prior to converting to All-Electronic Tolling (AET) lanes in October 29, 2021, toll charges received in cash for crossing the Claiborne Pell Bridge were recorded as revenue when collected.

REVENUE RECOGNITION - VIOLATION TOLLS AND FEES/BILL BY MAIL

The Authority provides All-Electronic Tolling (AET) lanes which utilize both E-ZPass and automatic plate recognition technology. Prior to AET conversion, the Authority provided Open Road Tolling (ORT) lanes, and customers who used those ORT lanes without a valid E-ZPass transponder were charged violation tolls and fees. Customers using AET lanes who do not have a valid E-ZPass transponder receive a “bill by mail” toll invoice. At June 30, 2022, amounts due from violators for ORT and customers for “bill by mail,” and fees totaled \$26,396,892 and are fully reserved at 100%. Revenue from violation and “bill by mail” tolls and fees are 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, 2022

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

REVENUE RECOGNITION - VIOLATION TOLLS AND FEES/BILL BY MAIL (CONTINUED)

The activity for the year ended June 30, 2022 is presented below:

Unpaid Tolls and Violations - June 30, 2021	\$ 15,780,993
Invoiced Tolls and Violations	16,886,846
Collected Tolls and Violations	<u>(6,270,947)</u>
Unpaid Tolls and Violations - June 30, 2022	<u>\$ 26,396,892</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.

LEASES

For FY 2022, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, except for certain regulated leases. This adjustment had no effect on the beginning net position of the Authority since the deferred inflows equal the amount of the lease receivable.

The implementation of GASB Statement No. 87 had no effect on net position as reported June 30, 2021:

	<u>Business- Type Activities</u>
Net Position June 30, 2021	\$ 137,431,127
Adjustments:	
Lease receivable	201,492
Deferred inflows - leases	<u>(201,492)</u>
Restated Net Position June 30, 2021	<u>\$ 137,431,127</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, 2022

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

LEASES (CONTINUED)

The Authority (Lessor) is in a 10 - year lease agreement, executed on July 1, 2015, with a third party for rental of property located near the Mount Hope Bridge. The current lease expires at June 30, 2025, at which time the lease terms are expected to be re-negotiated. The lease requires a fixed payment of \$4,550 per month. The Authority determined that the net present value at July 1, 2021, of the remainder of the lease term, based upon a reasonable borrowing rate of 4%, was \$201,492. The Authority recognized related rental income of \$50,373 and interest income of \$7,197, during fiscal year 2022. The lease receivable balance at June 30, 2022 was \$154,095 and the deferred inflow of resources balance at June 30, 2022 was \$151,119.

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, 2022, E-ZPass account balances totaled \$6,470,774.

**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, 2022

**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, 2022 was \$35,271,997, while the bank balance was \$35,200,638. Of the bank balance, \$500,000 was covered by federal depository insurance and \$34,700,638 was held in fully collateralized repurchase agreements. Daily cash on hand for the customer service center was \$2,050.

**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, 2022

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS

Fair Value Measurements

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

Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management’s own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

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, 2022. There have been no changes in the methodologies for 2022.

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

**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, 2022

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

At June 30, 2022, the Authority's investments, including restricted amounts, consist of the following:

	Fair Value	Interest Rate	Maturity
Federated Government Obligations Money Market Funds	\$ 85,613,391	NA	NA
United States Treasury Bonds and Notes	4,730,093	.375% to 3.125%	1/31/2023 to 2/15/2046
US Government Agencies Bonds/Notes	1,930,273	1.00 % to 2.72%	11/1/2023 to 9/14/2029
US Government Mortgage Agency Mortgage backed Securities	418,712	2.50% to 4.5%	12/1/2028 to 10/1/2047
US Corporate Bonds and Notes	5,600,090	0.75% to 4.583%	12/14/2022 to 6/3/2031
Foreign Corporate Bonds	83,391	4.103% to 4.103%	3/8/2027 to 3/8/2027
Municipal Bonds	424,810	1.62% to 4.91%	4/1/2025 to 5/1/2029
Non-agency CMOs/REMICs	34,245	3.001% to 3.198%	5/12/2045 to 3/15/2048
Total	\$ 98,835,005		

At June 30, 2022, 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
\$	93,406,279	Aaa	94.51%
	1,002,122	A1	1.01%
	1,837,371	A2	1.86%
	1,127,001	A3	1.14%
	226,059	Aa1	0.23%
	594,745	Aa2	0.60%
	558,037	Aa3	0.56%
	83,391	Baa3	0.08%
\$	98,835,005		100%

**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, 2022

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that 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, 2022 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, 2022

NOTE 3 - CAPITAL ASSETS

	Balance, July 1, 2021	Additions	Retirements and Disposals	Balance, June 30, 2022
Capital assets not being depreciated:				
Construction in progress	\$ 2,814,357	\$ 850,948	\$ (2,814,357)	\$ 850,948
Licensing fees	<u>250,000</u>	<u>--</u>	<u>--</u>	<u>250,000</u>
Total capital assets not being depreciated	<u>3,064,357</u>	<u>850,948</u>	<u>(2,814,357)</u>	<u>1,100,948</u>
Capital assets being depreciated:				
Bridges	349,471,739	1,564,875	1,216,836	352,253,450
Buildings	9,013,232	14,999	--	9,028,231
Land improvements	9,681,080	--	--	9,681,080
Equipment	<u>25,387,313</u>	<u>1,205,635</u>	<u>1,375,158</u>	<u>27,968,106</u>
Total capital assets being depreciated	<u>393,553,364</u>	<u>2,785,509</u>	<u>2,591,994</u>	<u>398,930,867</u>
Less accumulated depreciation:				
Bridges	131,913,825	11,624,677	--	143,538,502
Buildings	4,718,539	291,169	--	5,009,708
Land improvements	4,319,940	520,361	--	4,840,301
Equipment	<u>18,594,801</u>	<u>1,388,637</u>	<u>(222,363)</u>	<u>19,761,075</u>
Total accumulated depreciation	<u>159,547,105</u>	<u>13,824,844</u>	<u>(222,363)</u>	<u>173,149,586</u>
Capital assets being depreciated, net	<u>234,006,259</u>	<u>(11,039,335)</u>	<u>2,814,357</u>	<u>225,781,281</u>
Capital assets, net	<u>\$ 237,070,616</u>	<u>\$ (10,188,388)</u>	<u>\$ --</u>	<u>\$ 226,882,229</u>

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 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.

**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, 2022

NOTE 4 - BONDS PAYABLE (CONTINUED)

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.

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 semi-annually commencing October 2016, until maturity in 2040.

During the year ended June 30, 2022, changes in bonds payable consisted of the following:

	Balance 6/30/2021	Additions	Retirements/ Amortization	Balance 6/30/2022	Amount Due in One Year
Revenue Bonds Payable	\$ 194,520,000	\$ --	\$ 6,220,000	\$ 188,300,000	\$ 6,460,000
Bond Premium (discounts)	18,294,128	--	892,571	17,401,557	
Total Bonds Payable	<u>\$ 212,814,128</u>	<u>\$ --</u>	<u>\$ 7,112,571</u>	<u>\$ 205,701,557</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, 2022

NOTE 4 - BONDS PAYABLE (CONTINUED)

The following represents debt service and sinking fund requirements to maturity as of June 30, 2022:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	7,545,000	6,586,814	14,131,814
2028-2032	42,835,000	27,852,744	70,687,744
2033-2037	52,685,000	18,011,951	70,696,951
2038-2042	49,930,000	6,169,550	56,099,550
2043-2045	<u>7,995,000</u>	<u>488,100</u>	<u>8,483,100</u>
	<u>\$ 188,300,000</u>	<u>\$ 88,337,719</u>	<u>\$ 276,637,719</u>

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 an 18-month extension through March 1, 2024. The cost for the first twelve -month period is approximately \$171,000, and the second six months will be based upon a cost-of-living adjustment.

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 back-office support to the ETC system at an annual cost of approximately \$662,000. The Emovis contract has been extended until June 21, 2023.

**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, 2022

NOTE 5 - COMMITMENTS (CONTINUED)

CONSTRUCTION IN PROGRESS

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 \$3,862,334. The project is substantially complete as of June 30, 2022. Completed costs as of June 30, 2022, totaled \$3,786,421, and remaining commitments on these contracts total \$75,913.

The Authority entered into contracts totaling \$3,937,000 for steel repairs to the Mount Hope and Sakonnet River Bridges. The project is substantially complete as of June 30, 2022. Completed costs as of June 30, 2022, totaled \$2,875,002, and remaining commitments on these contracts total \$1,061,998.

The Authority entered into contracts totaling \$1,560,110 for temporary expansion of the ORT Lanes and conceptual design of a new gantry at the Claiborne Pell Bridge. The project is substantially completed as of June 30, 2022. Completed costs totaled \$1,354,972 as of June 30, 2022, and remaining commitments on these contracts total \$205,138.

The Authority entered into contracts totaling \$2,462,506 for the design and implementation of a customer service back-office system. The project is in the initial development phase, and its anticipated completion date is late Fall, 2023/early Spring, 2024. Completed costs as of June 30, 2022, totaled \$538,147, and remaining commitments on these contracts total \$1,924,359.

The Authority entered into contracts totaling \$5,689,098 for a roadside toll collection system upgrade at the Claiborne Pell Bridge. The project is in the initial development phase, and its anticipated completion date is late Fall of 2023/early Spring, 2024. Completed costs as of June 30, 2022, totaled \$156,849, and remaining commitments on these contracts total \$5,532,249.

The Authority entered into contracts totaling \$533,500 for girder temporary shoring and bearing removal and replacement at the Claiborne Pell Bridge. Approved change orders have revised the total contract amounts to \$770,025. The expected completion date of the project is Fall, 2022. Completed costs as of June 30, 2022 totaled \$182,277, and remaining commitments on these contracts total \$587,748.

COLLECTIVE BARGAINING AGREEMENT

The Authority has 24 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.

**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, 2022

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 2022, the Authority's supplemental contribution to the Plan was 3.4% of the employee's salary. As of July 1, 2022, the Board of Directors approved an increase in the Authority’s supplemental contribution from 3.4% to 3.5%. The employees' contributions to the Plan for fiscal year 2022 were \$216,713, while the total cost of the matching and supplemental employer contribution for fiscal year 2022 was \$234,027. The payroll for employees covered by the Plan for fiscal year 2022 was \$3,921,184 and the Authority's total payroll was \$5,262,283. 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, 2022.

NOTE 8 - 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 2022, the Authority collected tolls on behalf of the Department of Transportation in the amount of \$37,744,658, of which \$30,626,370 was remitted to the Department of Transportation. As of June 30, 2022, the amount payable to the Department of Transportation for tolls collected in fiscal year 2022 is \$7,118,288.

**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, 2022

NOTE 9 - SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 27, 2022, 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, 2022

Date	Payee	Purpose	Amount
8/31/2021	Lori Silveria	IBTTA Conference Fee	\$ 675.00
9/30/2021	East Ferry Deli	Board of Directors Meeting Refreshments	45.25
9/30/2021	Lori Silveria	Meal Reimbursment	30.78
9/30/2021	Lori Silveria	2021 Economic Outlook Forum Conference Fee	40.00
10/8/2021	East Ferry Deli	Board of Directors Meeting Refreshments	41.50
10/31/2021	Raphe Sciola	Toll Collectors Last Day Celebration Meal Reimbursement	196.41
10/31/2021	Lori Silveria	IBTTA California Conference Airfare	334.41
10/31/2021	Lori Silveria	IBTTA California Conference Meal	36.37
10/31/2021	Lori Silveria	IBTTA California Conference Transport	50.59
10/31/2021	Lori Silveria	IBTTA California Conference Transport	50.59
10/31/2021	Lori Silveria	IBTTA California Conference Airfare	109.34
10/31/2021	Lori Silveria	IBTTA California Conference Airfare	307.02
10/31/2021	Lori Silveria	IBTTA California Conference Lodging	1,526.99
11/5/2021	East Ferry Deli	Board of Directors Meeting Refreshments	49.25
11/30/2021	Lori Silveria	IBTTA Atlanta Conference Airfare	228.80
12/16/2021	Raphe Sciola	Reimb Pastries - Meeting	64.18
12/16/2021	Steve Cahill	Holiday Pot Luck Reimbursement	50.13
12/31/2021	Lori Silveria	IBTTA Atlanta Conference Airfare	176.00
1/21/2022	Lori Silveria	2022 RI Legislative Leadership Forum Conference Fee	40.00
1/21/2022	Jeffrey Goulart	2022 RI Legislative Leadership Forum Conference Fee	40.00
1/31/2022	Lori Silveria	2022 RI Legislative Leadership Forum,HNTB, RKK Parking	114.00
1/31/2022	Raphe Sciola	Legislators Meeting Meal	80.56
1/31/2022	East Ferry Deli	Board of Directors Meeting Refreshments	136.50
1/31/2022	Lori Silveria	The Lawyer's Guide to the Access to Public Records Act Webinar Fee	54.00
1/31/2022	Lori Silveria	IBTTA DC Leadership Academy Conference Airfare	287.20
1/31/2022	Lori Silveria	HNTB Meeting Meal	30.78
2/11/2022	Jeffrey Goulart	IBTTA '22 Technology Summit Conference Fee	775.00
2/18/2022	Lori Silveria	IBTTA DC Leadership Academy Conference Parking	48.00
2/18/2022	East Ferry Deli	Board of Directors Meeting Refreshments	31.80
2/28/2022	Lori Silveria	US Secretary of Labor Martin J. Walsh Conference Fee	25.00
2/28/2022	Ali Tasso	SHRM Mohegan Sun Conference Fee	650.00
2/28/2022	Ali Tasso	SHRM Mohegan Sun Conference Lodging	182.85
3/1/2022	Jeffrey Goulart	IBTTA Orlando Conference Airfare	382.96
3/4/2022	Eric Seabury	Eastern Transportation Coalition Washington DC Conference Airfare	341.21
3/4/2022	Eric Seabury	Eastern Transportation Coalition Washington DC Conference Transport	42.87
3/4/2022	Eric Seabury	Eastern Transportation Coalition Washington DC Conference Parking	32.00
3/4/2022	Eric Seabury	Eastern Transportation Coalition Washington DC Conference Meals	44.72
3/31/2022	Lori Silveria	Meal Reimbursment	74.66
3/31/2022	Lori Silveria	Government Affairs Forum Conference Fee	35.00
3/31/2022	Jeffrey Goulart	IBTTA Orlando Conference Transport	70.41
3/31/2022	Jeffrey Goulart	IBTTA Orlando Conference Lodging	855.39
3/31/2022	Jeffrey Goulart	IBTTA Orlando Conference Meals	66.98
4/8/2022	Steve Cahill	Maintenance Safety Training Refreshments	57.20
4/30/2022	Jeffrey Goulart	Bristol Town Council Meeting Meal	54.82
4/30/2022	Ali Tasso	SHRM Mohegan Sun Conference Meal	40.78
4/30/2022	Ali Tasso	SHRM Mohegan Sun Conference Transport	56.98
4/30/2022	Lori Silveria	2022 Congressional Breakfast Conference Fee	650.00

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

FOR THE YEAR ENDED JUNE 30, 2022

Date	Payee	Purpose	Amount
4/30/2022	Lori Silveria	IBTTA Denver Conference Airfare	\$ 565.18
4/30/2022	Ali Tasso	SHRM Mohegan Sun Conference Lodging	218.85
5/12/2022	Jeffrey Goulart	IBTTA Transportation Finance Summit Conference Fee	600.00
5/31/2022	East Ferry Deli	Board of Directors Meeting Refreshments	31.80
5/31/2022	Jeffrey Goulart	IBTTA Transportation Finance Summit Transport	467.89
5/31/2022	Jeffrey Goulart	IBTTA Transportation Finance Summit Parking	100.00
5/31/2022	Jeffrey Goulart	IBTTA Transportation Finance Summit Lodging	929.18
5/31/2022	Jeffrey Goulart	IBTTA Transportation Finance Summit Meals	24.76
5/31/2022	Lori Silveria	Equity, Diversity & Elimination of Bias Conference Fee	79.00
5/31/2022	Steve Cahill	Employee Appreciation Meal	485.17
6/17/2022	East Ferry Deli	Board of Directors Meeting Refreshments	31.80
6/30/2022	Frank Flowers	IBTTA Maintenance, Engineering & Operations Conference Fee	615.00
6/30/2022	Jeffrey Wiggin	NCHRP Cable Workshop Conference Airfare	537.97
6/30/2022	Jeffrey Wiggin	NCHRP Cable Workshop Conference Lodging	296.57
6/30/2022	Eric Seabury	IBTTA Maintenance, Engineering & Operations Airfare	479.08
6/30/2022	Eric Seabury	IBTTA Maintenance, Engineering & Operations Parking	100.00
6/30/2022	Eric Seabury	IBTTA Maintenance, Engineering & Operations Conference Fee	415.00
6/30/2022	Eric Seabury	IBTTA Maintenance, Engineering & Operations Lodging	491.16
6/30/2022	Eric Seabury	IBTTA Maintenance, Engineering & Operations Meals	29.84
6/30/2022	Eric Seabury	NCHRP Cable Workshop Conference Transport	67.39
6/30/2022	Eric Seabury	NCHRP Cable Workshop Conference Meals	75.72
6/30/2022	Frank Flowers	IBTTA Maintenance, Engineering & Operations Airfare	862.46
6/30/2022	Frank Flowers	IBTTA Maintenance, Engineering & Operations Lodging	491.16
			<u>\$ 17,309.26</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, 2022

<u>Statement of Net Position</u>	<u>Attachment B</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,209,422
Receivables	92,882
Other assets	49,328
Restricted assets:	
Cash and cash equivalents	21,592,140
Investments	7,667,625
Other assets	4,392,441
Due from primary government	2,068,950
Inventories	126,782
Other assets	229,030
Total current assets	37,428,600
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	12,470,435
Investments	91,167,380
Capital assets - nondepreciable	1,100,948
Capital assets - depreciable (net)	225,781,281
Other assets	104,767
Total noncurrent assets	330,624,811
Total assets	\$ 368,053,411

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, 2022

<u>Statement of Net Position (continued)</u>	<u>Attachment B</u>
Liabilities	
Current liabilities:	
Cash overdraft	
Accounts payable	\$ 803,818
Due to primary government	7,118,288
Deferred revenue	6,470,774
Other liabilities	4,491,222
Current portion of long-term debt	6,460,000
Total current liabilities	<u>25,344,102</u>
Noncurrent liabilities:	
Bonds payable	<u>199,241,557</u>
Total noncurrent liabilities	<u>199,241,557</u>
Total liabilities	<u>224,585,659</u>
Deferred inflows of resources	
Deferred inflow of resources on leased assets	<u>151,119</u>
Net position	
Net investment in capital assets	50,312,623
Restricted for:	
Debt	92,133,937
Unrestricted (deficit)	<u>870,073</u>
Total net position	<u>\$ 143,316,633</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, 2022

<u>Statement of Activities</u>	<u>Attachment C</u>
Expenses	\$ <u>32,502,115</u>
Program revenues:	
Charges for services	<u>24,229,554</u>
Total program revenues	<u>24,229,554</u>
Net (expenses) revenues	<u>(8,272,561)</u>
General revenues:	
Gas tax revenue	15,031,715
Interest and investment earnings	(1,062,134)
Miscellaneous revenue	<u>188,486</u>
Total general revenue	<u>14,158,067</u>
Change in net position	<u>5,885,506</u>
Total net position - beginning	<u>137,431,127</u>
Total net position - ending	\$ <u>143,316,633</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, 2022

Attachment D

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	7,545,000	6,586,814	14,131,814
2028-2032	42,835,000	27,852,744	70,687,744
2033-2037	52,685,000	18,011,951	70,696,951
2038-2042	49,930,000	6,169,550	56,099,550
2043-2045	7,995,000	488,100	8,483,100
	<u>\$ 188,300,000</u>	<u>\$ 88,337,719</u>	<u>\$ 276,637,719</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, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	<u>Attachment E</u>	
					Amounts Due Within One Year	Amounts Due Thereafter
Bonds payable	\$ 194,520,000	\$ --	\$ 6,220,000	\$ 188,300,000	\$ 6,460,000	\$ 181,840,000
Net unamortized premium/discount	18,294,128	--	892,571	17,401,557	--	17,401,557
Bonds payable	\$ 212,814,128	\$ --	\$ 7,112,571	\$ 205,701,557	\$ 6,460,000	\$ 199,241,557

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

FOR THE YEAR ENDED JUNE 30, 2022

YEAR ENDED JUNE 30, 2022

	<u>Claiborne Pell Bridge</u>	
Traffic count (unaudited):		
ETC Traffic	8,874,795	84.4%
Non-ETC Traffic	<u>1,639,416</u>	15.6%
	<u><u>10,514,211</u></u>	

YEAR ENDED JUNE 30, 2021

	<u>Claiborne Pell Bridge</u>	
Traffic count (unaudited):		
ETC Traffic	7,662,223	84.4%
Non-ETC Traffic	<u>1,419,579</u>	15.6%
	<u><u>9,081,802</u></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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rhode Island Turnpike and Bridge Authority (Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 27, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Providence, RI
September 27, 2022