

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**(A Component Unit of the State of Rhode Island)**

FINANCIAL STATEMENTS AND SCHEDULES  
FISCAL YEARS ENDED JUNE 30, 2008 AND 2007  
(WITH INDEPENDENT AUDITORS' REPORT)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2008 AND 2007**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Rhode Island Public Transit Authority

We have audited the accompanying financial statements of the Rhode Island Public Transit Authority, a component unit of the State of Rhode Island and Providence Plantations (State), as of June 30, 2008 and June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of the Rhode Island Public Transit Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Rhode Island Public Transit Authority, as of June 30, 2008 and 2007 and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9 to the financial statements, the Authority received operating assistance including fare subsidies from the State for the fiscal year ending June 30, 2008 and June 30, 2007 in the amount of \$32,724,644 and \$34,108,373. The amount of such assistance indicates that the Authority may require continued assistance in order to operate at its present level.

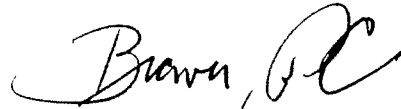
In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2008 on our consideration of the Rhode Island Public Transit Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Boston

Newton

The Management's Discussion and Analysis on Pages 3 – 11 and schedule of funding progress on page 31 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Our audit was conducted for the purpose of forming an opinion on the basic statements taken as a whole. The other supplementary information on Pages 30 - 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Rhode Island Public Transit Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

September 26, 2008

A handwritten signature in cursive script, appearing to read "Brian, PC".

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

Management of the Rhode Island Public Transit Authority (Authority) provides this *Management's Discussion and Analysis* of their financial performance for the readers of the Authority's financial statements. This narrative provides an overview of the Authority's financial activity for the fiscal year ended June 30, 2008 and June 30, 2007. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the Authority's financial activities based on facts, decisions, and conditions currently facing management.

### **Understanding the Authority's Financial Statements**

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

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

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

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

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

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

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

**Financial Highlights**

**FY 2008**

- The Authority's operating, non-operating revenues and transfers from the state increased by 4.6% or \$4 million during FY 2008 compared to FY 2007.
- Operating and non-operating expenses increased by 14.5% or \$13.8 million during FY 2008 as compared to FY 2007. Approximately 52.2% of the increase of \$7.2 million is due to costs associated with the implementation of GASB #45 Other Post-employment Benefits.
- Capital contributions decreased \$1.7 million or 29% from the previous year.
- Capital assets decreased by \$5.8 million or 6.5% from FY 2007.
- The Authority's total net assets decreased by \$14.6 million or 16.7 % from FY 2007.

**FY 2007**

- The Authority's operating, non-operating revenues and transfers from the state increased by 3.8% or \$3.2 million during FY 2007 compared to FY 2006.
- Operating and non-operating expenses increased by 5.0% or \$4.5 million during FY 2007 as compared to FY 2006.
- Capital contributions decreased \$7.4 million or 56.1% from the previous year.
- Capital assets decreased by \$3.5 million or 3.8% from FY 2006.
- The Authority's total net assets decreased by \$3.2 million or 3.5 % from FY 2006.

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

**Assets and Liabilities**

The following schedule presents the condensed Statement of Net Assets for the fiscal years ended June 30, 2008, 2007 and 2006.

	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
<b>Assets:</b>			
Capital assets	\$83,635,672	\$89,483,847	\$92,983,339
Other assets	18,169,413	20,214,544	17,698,338
<b>TOTAL ASSETS</b>	<u>101,805,085</u>	<u>109,698,391</u>	<u>110,681,677</u>
<b>Liabilities:</b>			
Current liabilities	12,241,844	12,294,049	9,977,948
Long-term liabilities	16,433,615	9,625,518	9,769,454
<b>TOTAL LIABILITES</b>	<u>28,675,459</u>	<u>21,919,567</u>	<u>19,747,402</u>
<b>Net assets</b>			
Unrestricted net assets (deficit)	(10,506,046)	(1,705,023)	(2,049,064)
Invested in capital assets	83,635,672	89,483,847	92,983,339
<b>TOTAL NET ASSETS</b>	<u>\$73,129,626</u>	<u>\$87,778,824</u>	<u>\$90,934,275</u>

The majority of the Authority's assets, 82% in FY 2008 and 82% in FY 2007, reflect its investment in capital assets (land, building, revenue vehicles, equipment). Other assets include cash (including amounts invested in cash equivalent type instruments), accounts receivables from federal and state governments, inventories, prepaid expenses and other receivables. Current liabilities consist of vendor, employee, and benefit payments while long-term liabilities include accrued pension, self-insured claims, and a liability of \$7.2 million associated with implementing GASB #45, Other Post-employment benefits effective FY 2008.

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

**Authority Operations**

The following schedule presents the condensed Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2008, 2007 and 2006.

	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
Operating Revenue			
Ritecare program revenue	\$14,308,536	\$14,305,412	\$13,537,568
Passenger revenue	9,171,949	8,146,010	7,836,747
Ride program revenue	6,878,903	6,959,762	6,857,791
Other operating revenues	2,283,774	2,234,639	1,884,889
Non-operating Revenue			
Grant revenue	20,601,873	16,068,970	13,793,116
Contract revenue	3,582,650	3,701,150	3,757,550
Other non-operating revenue	382,190	431,616	277,983
Transfer in from the State	<u>32,724,644</u>	<u>34,108,373</u>	<u>34,840,726</u>
Total Revenues	<u>89,934,519</u>	<u>85,955,932</u>	<u>82,786,369</u>
Operating Expenses			
Management and general	(20,118,600)	(18,391,968)	(18,349,537)
Operations and maintenance	(77,192,216)	(65,281,191)	(61,293,944)
Depreciation	(10,632,983)	(10,536,632)	(10,066,326)
Non-operating Expenses			
Debt service	(675,239)	(684,153)	(649,753)
Other non-operating expenses	(68,763)	0	(10,594)
Total Expenses	<u>(108,687,801)</u>	<u>(94,893,944)</u>	<u>(90,370,154)</u>
Net Income ( Loss) before Capital Contributions	(18,753,282)	(8,938,012)	(7,583,785)
Capital Contributions	<u>4,104,084</u>	<u>5,782,561</u>	<u>13,173,531</u>
Change in Net Assets	(14,649,198)	(3,155,451)	5,589,746
Total Net Assets- Beginning	<u>87,778,824</u>	<u>90,934,275</u>	<u>85,344,529</u>
Total Net Assets- Ending	<u>\$73,129,626</u>	<u>\$87,778,824</u>	<u>\$90,934,275</u>



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

**FY 2008**

The Authority's operating revenue, non-operating revenue, transfers from the state and capital contributions total \$94,038,603 for FY 2008 as compared to \$91,738,493 for FY 2007. The FY 2008 revenue reported as operating revenue, non-operating revenue and transfers from the state increased 4.6% or \$3,978,587 over the prior year. This increase was the result of receiving additional passenger revenue through several organizations and corporations offering participants and employees half-price fare products as well as through the U-Pass program. Revenue received through capital contributions decreased by 29% or \$1.7 million from the prior year. The Authority's operating and non-operating expenses totaled \$ 108,687,801 for FY 2008 as compared to \$94,893,944 for FY 2007. This reflects an increase of 14.5% or \$13.8 million increase over the prior year. The growth is a result of expense increases in wages, fringe benefits (specifically the \$7,220,931 expense associated with the implementation of GASB #45 Other Post-employment Benefits), fuel, and vehicle parts.

**FY 2007**

The Authority's operating revenue, non-operating revenue, transfers from the state and capital contributions total \$91,738,493 for FY 2007 as compared to \$95,959,901 for FY 2006. The FY 2007 revenue reported as operating revenue, non-operating revenue and transfers from the state increased 3.8% or \$3,169,563 over the prior year. This increase was the result of receiving additional passenger revenue through the U-Pass program, additional revenue in support of the RIte Care program and advertising revenue. Revenue received through capital contributions decreased by 56% or \$7.4 million from the prior year. The Authority's operating and non-operating expenses totaled \$94,893,944 for FY 2007 as compared to \$90,370,154 for FY 2006. This reflects an increase of 5.0% or \$4.5 million increase over the prior year. The growth is a result of expense increases in wages, fringe benefits, vehicle parts, and depreciation.

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

**Capital Assets**

The following schedule summarizes the Authority's capital assets and changes therein, for the years ended June 30, 2008, 2007 and 2006.

	2008	2007	2006
Land, shops, garages and buildings	\$60,267,237	\$60,158,108	\$60,136,406
Revenue equipment	91,035,512	90,725,978	87,834,347
Service vehicles and garage equipment	3,699,867	3,457,268	3,453,591
Furnitures and fixtures	3,282,669	2,850,846	2,523,645
Management informations systems	2,631,386	2,524,174	2,522,721
Federal grant projects in process	4,411,466	4,499,187	797,404
	<u>165,328,137</u>	<u>164,215,561</u>	<u>157,268,114</u>
Less accumulated depreciation	(81,692,465)	(74,731,714)	(64,284,775)
Net capital assets	<u>\$83,635,672</u>	<u>\$89,483,847</u>	<u>\$92,983,339</u>

**FY 2008**

At the end of fiscal year 2008, the Authority had \$ 83,635,672 invested in capital assets. This amount represents a \$5.8 million or 6.5% decrease from the last year.

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

- Purchase of 175 electronic fare boxes installed on the fixed and flex route vehicles.
- Disposal of old fare boxes
- Disposal of 35 Paratransit vehicles
- Completed the architecture and design phase of the Paratransit Operations and Support Center.

During FY 2008, the Authority purchased and began the installation of the RIdE scheduling software, paratransit vehicle mobile data computers and interactive voice response systems, all to be completed in the Winter of 2008. Additionally, the Authority committed to the purchase of 13 Flex vehicles and 31 Paratransit vehicles scheduled for delivery in the Fall/Winter 2008. The Authority also placed a bid for the construction of the Paratransit Operations and Support Center.

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

**FY 2007**

At the end of fiscal year 2007, the Authority had \$ 89,483,847 invested in capital assets. This amount represents a \$3.5 million or 3.8% decrease from the last year.

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

- Purchase of 35 Dattco Paratransit Vehicles
- Purchase of 4 Dattco Flex Service Vehicles

During FY 2007, the Authority committed to the purchase and installation of electronic fareboxes to be completed in the Fall of 2007, purchase and installation of the RIDE scheduling software to be completed in the Winter of 2008 and the architecture and design phase of the Paratransit Operations and Support Center to be completed in the Spring of 2008.

**Economic Factors and Next Year's Budget**

The Authority's mission is to provide safe, reliable and cost effective transit service with a skilled team of professionals responsive to our customers, the environment, and committed to transit excellence. To accomplish this, the Authority must continuously assess its operational functions, financial capacity and products and services provided.

The Rhode Island Public Expenditure Council (RIPEC) issued a report that focused on the funding crisis facing transportation in Rhode Island. This report makes several recommendations for the current fiscal year as well as suggests some long-term funding solutions.

The following factors were considered in setting the Authority's FY 2009 budget:

- ❑ Level of federal funds appropriated for operating and capital purposes. There is an increased level of overall transit funding approved in the SAFETEA-LU act for operating and capital purposes. The FY 2009 budget includes funding for mobility management reimbursement, ADA reimbursement, preventive maintenance, Jobs Access/Reverse Commute and rural operating assistance.
- ❑ State gasoline tax revenue available for operating purposes. For FY 2009, the yield set at the Revenue Estimating Conference for the gasoline tax is expected to decrease by 1.2% over the previous fiscal year. Additionally, the Board of Director's further decreased the anticipated gasoline tax revenue by \$2 million, or 6%, to compensate for the expected shortage in revenue due to the anticipated reduction of fuel consumption affected by the higher fuel prices. All but one cent of the thirty cents of gasoline tax has been distributed for transportation purposes, either to the Authority or to the Rhode Island Department of Transportation.

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

- Revenue from state agencies to subsidize policy driven transit travel programs. This program provides payment for free and reduced rides for senior citizens and the disabled population. Additionally, the Authority provides the transportation benefit for the states RItE Care program.
- Passenger revenue anticipated which includes increases in new pass product programs such as the U-Pass program and organization sponsored half-fare programs. The U-Pass program allows university students access to all transportation routes by simply displaying their university identification card.
- Cost increases associated with employee contractual contract and health benefit increases. Employee wages and associated fringe benefits made up approximately 65% of the Authority's annual budget. Employee contributions for health care are included in the FY 2009 budget. The Authority's three employee labor contracts expire June 30, 2009.
- Costs associated with fuel prices. The Authority consumes 2.5 million gallons of fuel annually. The budgeted fuel cost for FY 2009 increased 87.5% over the previous fiscal year due to the sharp rise in fuel prices.
- Inclusion of expenses and offsetting reimbursement of the State of Rhode Island DOT vehicle maintenance and repair program contracted with the Authority.
- Americans with Disabilities Act. The cost associated with this unfunded federally mandated program is projected to increase 3.5% over the prior fiscal year.

The following factors were considered in setting the Authority's FY 2008 budget:

- Level of federal funds appropriated for operating and capital purposes. There is an increased level of overall transit funding approved in the SAFETEA-LU act for operating and capital purposes. The FY 2008 budget includes funding for Mobility Management Reimbursement for the first time due to the significant increase on formula funds available.
- State gasoline tax revenue available for operating purposes. For FY 2008, the yield from the gasoline tax is expected to decrease by 2.4% over the previous fiscal year. All but one cent of the thirty cents of gasoline tax has been distributed for transportation purposes, either to the Authority or to the Rhode Island Department of Transportation.

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

- ❑ Revenue from state agencies to subsidize policy driven transit travel programs. This program provides payment for free and reduced rides for senior citizens and the disabled population. Additionally, the Authority provides the transportation benefit for the states RIte Care program.
- ❑ Passenger revenue anticipated which includes increases in new pass product programs such as the U-Pass program and organization sponsored half-fare programs. The U-Pass program allows university students access to all transportation routes by simply displaying their university identification card.
- ❑ Cost increases associated with employee contractual contract and health benefit increases. Employee wages and associated fringe benefits made up approximately 68% of the Authority's annual budget. Employee contributions for health care are included in the FY 2008 budget. The Authority's three employee labor contracts have been negotiated and will not expire until June 30, 2009.
- ❑ Costs associated with fuel prices. The Authority consumes 2.5 million gallons of fuel annually. The budgeted fuel cost for FY 2008 decreased 7.7% over the previous fiscal year.
- ❑ Inclusion of expenses and offsetting reimbursement of the State of Rhode Island DOT vehicle maintenance and repair program contracted with the Authority.
- ❑ Americans with Disabilities Act. The cost associated with this unfunded federally mandated program is projected to increase 11% over the prior fiscal year.

**Contacting the Authority's Financial Management**

This financial report is designed to provide a general overview of the Authority's financial activity for all those interested in the Authority's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Rhode Island Public Transit Authority, 265 Melrose Street, Providence, Rhode Island, 02907.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**STATEMENTS OF NET ASSETS  
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
<b>Cash and cash equivalents:</b>		
Operating fund	\$ 2,191,993	\$ 2,733,055
Capital replacement fund	1,456,029	249,149
Paratransit capital fund	946,890	887,366
Accident and casualty fund	165,995	153,986
<b>Total cash and cash equivalents</b>	<u>4,760,907</u>	<u>4,023,556</u>
Investments	1,938,367	3,849,315
Due from primary government	<u>3,546,868</u>	<u>3,719,629</u>
<b>Receivables:</b>		
Accounts	3,469,240	3,837,787
Grants	1,610,768	1,894,572
<b>Total receivables</b>	<u>5,080,008</u>	<u>5,732,359</u>
Inventories, net allowance of \$42,111 and \$163,060, respectively	2,727,810	2,766,162
Prepaid expenses	<u>115,453</u>	<u>123,523</u>
<b>Total current assets</b>	<u>18,169,413</u>	<u>20,214,544</u>
<b>Long-term assets:</b>		
Capital assets, non-depreciable	6,557,390	6,535,984
Capital assets, depreciable net of depreciation	<u>77,078,282</u>	<u>82,947,863</u>
<b>Total long-term assets</b>	<u>83,635,672</u>	<u>89,483,847</u>
<b>TOTAL ASSETS</b>	<u>101,805,085</u>	<u>109,698,391</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities:</b>		
Accounts payable	6,292,142	6,901,994
Accrued salaries, wages and vacation pay	4,870,618	4,330,235
Other liabilities	1,074,298	1,061,820
Deferred revenue - other	4,786	-
<b>Total current liabilities</b>	<u>12,241,844</u>	<u>12,294,049</u>
<b>Long-term liabilities:</b>		
Accrued self insured claims	7,413,600	7,429,733
Net pension obligation	1,799,084	1,799,084
Net OPEB obligation	7,220,931	-
Deferred revenue - tokens	-	396,701
<b>Total long-term liabilities</b>	<u>16,433,615</u>	<u>9,625,518</u>
<b>Total liabilities</b>	<u>28,675,459</u>	<u>21,919,567</u>
<b>Net assets:</b>		
Unrestricted net deficit	(10,506,046)	(1,705,023)
Invested in capital assets, net	<u>83,635,672</u>	<u>89,483,847</u>
<b>Total net assets</b>	<u>\$ 73,129,626</u>	<u>\$ 87,778,824</u>

SEE NOTES TO THE FINANCIAL STATEMENTS.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Operating revenues:</b>		
Passenger	\$ 23,480,485	\$ 22,451,422
Paratransit	730,508	655,637
Rental	138,512	124,690
Advertising	415,875	416,580
RIDE	6,878,903	6,959,762
Other	998,879	1,037,732
<b>Total operating revenues</b>	<u>32,643,162</u>	<u>31,645,823</u>
<b>Operating expenses:</b>		
Administration	719,851	555,537
Finance	2,856,185	2,743,533
Operations	64,820,427	54,212,301
Marketing	2,159,260	1,880,410
Human resources	911,810	770,135
Risk management	2,384,043	2,140,186
Planning and scheduling	1,522,115	1,076,458
Specialized transportation	2,127,343	1,866,492
Paratransit operations	8,574,177	7,663,243
Purchasing	1,308,288	1,243,539
Flex RIPTA	1,456,972	1,180,456
MIS	733,097	735,032
Ferry	637,978	620,831
RIDE	4,277,150	4,327,987
Centralized Maintenance	1,757,504	1,579,203
Facilities Engineering operations	481,480	431,828
State of Rhode Island - DOT	583,136	645,988
Depreciation	10,632,983	10,536,632
<b>Total operating expenses</b>	<u>107,943,799</u>	<u>94,209,791</u>
<b>Operating loss</b>	<u>(75,300,637)</u>	<u>(62,563,968)</u>
<b>Non-operating revenues (expenses):</b>		
Transfer from State	32,724,644	34,108,373
Grants	20,601,873	16,068,970
Investment income	382,190	423,140
Interest expense	-	-
Contract revenue	3,582,650	3,701,150
Gain (loss) on disposal of assets	(68,763)	8,476
Debt service	(675,239)	(684,153)
<b>Total non-operating revenues</b>	<u>56,547,355</u>	<u>53,625,956</u>
<b>Loss before transfers and capital contributions</b>	(18,753,282)	(8,938,012)

SEE NOTES TO THE FINANCIAL STATEMENTS.

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2008 AND 2007**

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	<u>2008</u>	<u>2007</u>
<b>Capital contributions</b>		
Capital contributions	4,104,084	5,782,561
<b>Total capital contributions</b>	<u>4,104,084</u>	<u>5,782,561</u>
<b>Increase (decrease) in net assets</b>	<u>(14,649,198)</u>	<u>(3,155,451)</u>
<b>Net assets, beginning of the year</b>	<u>87,778,824</u>	<u>90,934,275</u>
<b>Net assets, end of the year</b>	<u>\$ 73,129,626</u>	<u>\$ 87,778,824</u>

(CONCLUDED)

SEE NOTES TO THE FINANCIAL STATEMENTS.



**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 32,619,794	\$ 30,246,119
Cash payments to suppliers for goods and services	(77,943,216)	(82,291,294)
Cash payments to employees for services	(12,173,371)	540,243
<b>Net cash used for operating activities</b>	<u>(57,496,793)</u>	<u>(51,504,932)</u>
<b>Cash flows from non-capital financing activities:</b>		
Debt service	(675,239)	(684,153)
Operating transfers in	32,897,405	33,846,117
Contract revenue	3,582,650	3,701,150
<b>Net cash provided by non-capital financing activities</b>	<u>35,804,816</u>	<u>36,863,114</u>
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from grants	24,989,761	21,537,371
Acquisition and construction of capital assets	(4,853,571)	(7,028,664)
<b>Net cash provided by capital and related financing activities</b>	<u>20,136,190</u>	<u>14,508,707</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(8,609,297)	(8,016,542)
Maturity of investments	10,520,245	4,973,095
Interest and dividends on investments	382,190	423,140
<b>Net cash provided by (used for) investing activities</b>	<u>2,293,138</u>	<u>(2,620,307)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	737,351	(2,753,418)
<b>Cash and cash equivalents at beginning of year</b>	<u>4,023,556</u>	<u>6,776,974</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 4,760,907</u>	<u>\$ 4,023,556</u>
<b>Reconciliation of operating loss to net cash used for operating activities:</b>		
Operating loss	\$ (75,300,637)	\$ (62,563,968)
Adjustment to reconcile operating loss to net cash used for operating activities:		
Depreciation	10,632,983	10,536,632
Decrease in inventory allowance	(120,949)	(277,274)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	368,547	(1,451,918)
Decrease (increase) in inventory	159,301	44,724
Decrease (increase) in prepaid expenses	8,070	34,707
Increase (decrease) in accounts payable and accrued expenses	(73,124)	2,119,951
Increase (decrease) in deferred revenue	(391,915)	52,214
Increase in OPEB liability	7,220,931	-
Total adjustments	<u>17,803,844</u>	<u>11,059,036</u>
<b>Net cash used for operating activities</b>	<u>\$ (57,496,793)</u>	<u>\$ (51,504,932)</u>

SEE NOTES TO THE FINANCIAL STATEMENTS.

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

The Rhode Island Public Transit Authority (the Authority) is a body corporate and politic of the State of Rhode Island and Providence Plantations created by Chapter 210, Public Laws of Rhode Island, 1964, as amended. Its purpose is to take over any mass motor bus transportation system if the system has previously filed a petition to discontinue its service with the State Public Utilities Administrator, and further, if the Authority determines it is in the public interest to continue such service. The Authority has no stockholders.

On July 1, 1966, the Authority, in accordance with its purpose as stated above, acquired the property and assets of the United Transit Company (owner and operator of the public transportation system in Providence-Pawtucket Metropolitan area of the state) through the issuance of \$3,200,000 of revenue bonds designated "Rhode Island Public Transit Authority Revenue Bonds, Series 1966".

The powers of the Authority permit it to pledge its assets to the Federal government or any of its agencies.

On July 18, 1972, the Authority acquired the operating rights over intricate routes in Woonsocket for \$3,500.

On May 2, 1974 the Authority acquired the operating assets of Transit Line, Inc., which serviced the Newport-Middletown urban area, for a total purchase price of \$76,931. Federal and State grants were received for this acquisition.

Legislation in 1977 provided that the Authority "shall be deemed an instrumentality and political subdivision of the State".

On March 9, 1979, the Authority entered into an agreement with ABC Bus Lines, Inc. and acquired certain of the company's operating assets and rights to intrastate routes. The total purchase price of \$185,000 was financed by Federal and State capital grants.

On September 7, 1979, the Authority entered into an agreement with Bonanza Bus Lines, Inc. and acquired certain of the company's operating assets and rights to intrastate routes. The total purchase price of \$175,000 was financed by Federal and State capital grants.

The Authority is a component unit of the State of Rhode Island for financial reporting purposes and as such, the financial statements of the Authority will be included in the State of Rhode Island's Annual Financial Report.

***Basis of Presentation***

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

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**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Presentation (Continued)***

The Corporation has elected not to apply Financial Accounting Standards Boards statements and interpretations, accounting principles, board opinions, and Accounting Research Bulletins of the committee of accounting procedures issued after November 30, 1989.

***Recently Issued Accounting Standards***

The Authority has implemented GASB Statement No. 45 – Accounting and Financial Reporting by Employees for Post-employment Benefits Other Than Pensions, effective for the Authority's fiscal year ending June 30, 2008. A net "Other Post-employment Benefit" (OPEB) liability has been recorded as part of this implementation, as described in note 8.

The Authority has implemented GASB Statement No. 50 effective for the Authority's fiscal year ending June 30, 2008.

The Corporation will adopt the following new pronouncement in future years:

GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the Corporation's fiscal year ending June 30, 2010.

The impact of this pronouncement on the Corporation's financial statements has not been determined.

***Federal and State Grants***

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

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

***Investments***

Investments are valued at fair market value.

***Materials and Supplies of Inventory***

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

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property, Plant and Equipment***

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

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

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

***Operating Revenues and Expenses***

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

***Compensated Absences***

Vacation expense is accrued when earned by employees and reflects current rate of pay. Sick leave expense is recorded primarily when taken by employees.

***Income Taxes***

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

***Net Assets***

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

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Self Insurance***

The Authority is self insured for workers' compensation claims, auto liability and property damage claims. Management believes that the accrual for self insurance claims is adequate to cover the ultimate liability arising from such claims. However, the recorded liability is based upon estimates of final settlement amounts, which may be more or less than the amount ultimately paid. The Authority has established a fund for self insurance as more fully described in Note 6.

***Cash and Cash Equivalents***

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

***Estimates***

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

***Advertising Costs***

It is the Authority's policy to expense advertising costs as incurred. Advertising expense for fiscal years ended June 30, 2008 and 2007 was \$549,743 and \$587,298, respectively.

**2. CASH DEPOSITS AND INVESTMENTS**

***Cash Deposits***

The carrying amount of the Authority's deposits, except for petty cash of \$1,100 at June 30, 2008 and 2007 is \$2,301,612 and \$2,839,993, respectively and the bank balance was \$2,972,898 and \$3,896,865, respectively. Of the bank balance, \$100,000 was insured by federal depository insurance and Securities Investor Protection Corporation and the remaining portions, \$2,872,898 and \$3,796,865 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board as of June 30, 2008 and 2007, respectively.

In accordance with General Laws, Chapter 35-10.1, Rhode Island depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions, which do not meet minimum capital standards prescribed by federal regulators, shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2008 and June 30, 2007, the Authority's uncollateralized deposits had maturities of less than sixty (60) days and were with an institution that met the minimum capital standards.<sup>17</sup>

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**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**2. CASH DEPOSITS AND INVESTMENTS (Continued)**

***Investments***

The carrying value of deposits for June 30, 2008 and June 30, 2007 are \$2,301,612 and \$2,839,993. Investments of \$2,458,195, and \$1,182,463 and \$1,100 of petty cash, relate to the balance sheet totals for June 30, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Cash deposits .....	\$2,301,612	\$2,839,993
Add: Petty cash .....	1,100	1,100
Investments classified as cash equivalents for financial statement purposes ..	<u>2,458,195</u>	<u>1,182,463</u>
Cash and cash equivalents per balance sheet .....	<u>\$4,760,907</u>	<u>\$4,023,556</u>

At June 30, 2008, the Authority had the following investments classified as cash equivalents:

<u>Description</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
Government Money Market Fund	NA	N/A	\$1,456,029
Fidelity Institutional Cash	NA	N/A	946,890
Government Obligations Fund	NA	N/A	22,759
Citizens CD	9/30/08	N/A	<u>32,517</u>
			<u>\$2,458,195</u>

At June 30, 2008, the Authority had the following investments:

<u>Description</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
US Treasury Notes	11/30/09	AAA	50,519
National Federal Mortgage Association	8/15/08	AAA	700,658
Federal Home Loan Mortgage Corporation	9/15/08	AAA	1,002,190
GE Commercial Paper	9/30/08	AAA	<u>185,000</u>
			<u>\$1,938,367</u>

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

*Interest Rate Risk.* It is the policy of the corporation to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* As of June 30, 2008, the Authority's investment in National Federal Mortgage Association was rated AAA by Standard and Poors and Moody's Investor Service. Government Money Market is not a rated security, as the fund invests in short-term obligations issued by the U.S. Treasury and invests in repurchase agreements and other instruments collateralized or secured by U.S. Treasury obligations. The U.S. Treasury does not directly or indirectly insure or guarantee the performance of the fund. Treasury obligations have historically involved minimal risk of loss if held to maturity. However, fluctuations in market interest rates may cause the value of Treasury obligations in the Fund's portfolio to fluctuate.

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

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**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**3. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following at June 30, 2008:

	<u>Balance 7/1/07</u>	<u>Additions</u>	<u>Transfers &amp; Removals</u>	<u>Balance 6/30/08</u>
<b>Cost:</b>				
Land .....	\$ 2,036,797	\$ 109,127	\$ -	\$ 2,145,924
Shop, garages and buildings.....	58,121,313	-	-	58,121,313
Revenue equipment.....	90,725,978	3,894,396	3,584,862	91,035,512
Service vehicles and garage equipment .....	3,457,834	317,364	75,331	3,699,867
Furniture and office equipment .....	2,845,527	441,000	3,858	3,282,669
Management information system.....	2,528,925	179,405	76,944	2,631,386
<b>Total fixed assets</b> .....	<u>159,716,374</u>	<u>4,941,292</u>	<u>3,740,995</u>	<u>160,916,671</u>
Federal grant projects in process.....	4,499,187	4,277,865	4,365,586	4,411,466
<b>Total cost</b> .....	<u>164,215,561</u>	<u>9,219,157</u>	<u>8,106,581</u>	<u>165,328,137</u>
<b>Accumulated depreciation:</b>				
Shop, garages and buildings.....	15,673,825	1,910,661	-	17,584,486
Revenue equipment.....	52,171,343	8,287,605	3,518,986	56,939,962
Service vehicles and garage equipment .....	2,938,069	193,863	75,331	3,056,601
Furniture and office equipment .....	1,614,211	152,900	3,858	1,763,253
Management information system.....	2,334,266	87,954	74,057	2,348,163
<b>Total accumulated depreciation</b> .....	<u>74,731,714</u>	<u>10,632,983</u>	<u>3,672,232</u>	<u>81,692,465</u>
<b>Total property, plant and equipment</b> .....	<u>\$89,483,847</u>	<u>(1,413,826)</u>	<u>4,434,349</u>	<u>\$83,635,672</u>

Depreciation expense for the fiscal year ended June 30, 2008 was \$10,632,983.

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**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**3. PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Balance <u>7/1/2006</u>	<u>Additions</u>	<u>Removals</u>	Balance <u>6/30/07</u>
<b>Cost:</b>				
Land .....	\$ 2,036,797	\$ -	\$ -	\$ 2,036,797
Shop, garages and buildings.....	58,099,609	21,704	-	58,121,313
Revenue equipment.....	87,834,347	2,891,631	-	90,725,978
Service vehicles and garage equipment .....	3,453,591	5,132	889	3,457,834
Furniture and office equipment .....	2,523,645	356,487	34,605	2,845,527
Management information system.....	2,522,721	67,523	61,319	2,528,925
<b>Total fixed assets</b> .....	<u>156,470,710</u>	<u>3,342,477</u>	<u>96,813</u>	<u>159,716,374</u>
Federal grant projects in process.....	797,404	3,701,783		4,499,187
<b>Total cost</b> .....	<u>157,268,114</u>	<u>7,044,260</u>	<u>96,813</u>	<u>164,215,561</u>
 <b>Accumulated depreciation:</b>				
Shop, garages and buildings.....	13,762,256	1,911,569	-	15,673,825
Revenue equipment.....	44,001,771	8,169,572	-	52,171,343
Service vehicles and garage equipment .....	2,735,905	202,598	434	2,938,069
Furniture and office equipment .....	1,497,582	145,274	28,645	1,614,211
Management information system.....	2,287,261	107,619	60,614	2,334,266
<b>Total accumulated depreciation</b> .....	<u>64,284,775</u>	<u>10,536,632</u>	<u>89,693</u>	<u>74,731,714</u>
 <b>Total property, plant and equipment</b> .....	<u>\$92,983,339</u>	<u>(3,492,372)</u>	<u>7,120</u>	<u>\$89,483,847</u>

Depreciation expense for the fiscal year ended June 30, 2007 was \$10,536,632.

**4. NOTES PAYABLE**

The Authority has a \$2,000,000 line of credit with a financial institution for 2008 and 2007. The line of credit is due on demand with interest payable at a floating rate at the financial institution's base rate or fixed rate options at the financial institution's cost of funds plus 2.00% for June 30, 2008 and 2007. No amount was due under this line of credit at June 30, 2008 and June 30, 2007.

(CONTINUED)



**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**5. CAPITAL REPLACEMENT FUNDS**

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

The activity in the capital replacement fund for fiscal years ended June 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Balance at beginning of year .....	\$3,099,511	\$3,051,512
Deposits:		
Capital replacement deposits .....	275,578	471,746
Local match payments .....	(407,400)	(569,373)
Interest & dividend earnings .....	144,812	145,626
Change in market value of securities .....	-	-
Transfer from operating .....	-	-
Balance at end of year .....	<u>\$3,112,501</u>	<u>\$3,099,511</u>
Classified as cash and cash equivalents .....	1,456,029	249,149
Classified as investments .....	<u>1,656,472</u>	<u>2,850,362</u>
Balance at end of year .....	<u>\$3,112,501</u>	<u>\$3,099,511</u>

**6. SELF INSURANCE**

The Authority established an accident and casualty fund as of July 1, 1977 for the purpose of paying all insurance claims and related losses and expenses. This reserve fund is augmented annually by depositing interest income earned on all investments and insurance settlements into the Accident and Casualty fund.

The activity in the accident and casualty fund is as follows:

	<u>2008</u>	<u>2007</u>
Balance at beginning of year .....	\$338,986	\$324,357
Deposits:		
Interest earnings on investments .....	<u>12,008</u>	<u>14,629</u>
Balance at end of year .....	<u>\$350,994</u>	<u>\$338,986</u>

Assets restricted at June 30, 2008 and 2007 in the accident and casualty fund amounted to \$350,994 and \$338,986, respectively. For fiscal year 2008, \$165,994 is classified as cash and cash equivalents and \$185,000 is classified as investments.

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

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**6. SELF INSURANCE (Continued)**

At June 30, 2008 and 2007, the Authority obtained an independent evaluation of its self-insurance reserve for losses. The reserve for losses reflects the actuarial determined amount at the 75% confidence level.

The activity in the liability for self-insured claims for fiscal year ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Amount of claims liabilities, beginning of year .....	\$7,429,733	\$7,603,435
Incurred claims.....	1,442,170	721,769
Payments on claims.....	<u>(1,458,303)</u>	<u>(895,471)</u>
Amount of claims liabilities, end of year.....	<u>\$7,413,600</u>	<u>\$7,429,733</u>

**Health Care**

During fiscal year June 30, 2005, the Authority changed to a self-insured program administered by the State of Rhode Island. The unpaid claims liability at June 30, 2008 and 2007 is recorded as other liabilities in the Statement of Net Assets. The Authority's incurred but not reported claims as of June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims beginning of year.....	\$ 915,172	\$ 855,878
Incurred claims.....	15,103,778	11,163,504
Payments on claims.....	<u>(15,087,260)</u>	<u>(11,104,210)</u>
Unpaid claims end of year.....	<u>\$ 931,690</u>	<u>\$ 915,172</u>

**7. COMMITMENTS AND CONTINGENCIES**

**Claims and Legal Actions**

The Authority is involved in a suit involving the rescinding of a contract by the Authority. The amount of a settlement, if any, is not presently determinable. As a result, no liability has been recorded in the financial statements.

During the ordinary course of its operations, the Authority is a party to various claims, legal actions and complaints. In the opinion of the Authority's management and legal counsel, these matters are not anticipated to have a material financial impact on the Authority.

**Contract Commitments**

The Authority is committed under various contracts in the amount of \$4,646,591 at June 30, 2008 and \$5,935,161, at June 30, 2007.

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**8. POST RETIREMENT BENEFITS**

***Plan Description***

The Authority's Post-Employment Medical Benefit Plan is a single-employer defined benefit postretirement health and life insurance program. The Authority provides lifetime health care and life insurance benefits to substantially all retired employees and their spouses. Health care benefits were paid to 407 employees during fiscal years June 30, 2008 and 2007 and life insurance benefits were paid to 212 employees during fiscal year ended June 30, 2008 and 207 employees during fiscal year ended June 30, 2007. These benefits are provided through a group insurance policy that covers both active and retired employees. Prior to the adoption of GASB 45, the Authority funded these post retirement benefits on a pay as you go basis. The total cost of these benefits for June 30, 2007 was \$1,870,126. These benefits are provided as part of the employee's contract.

***Funding Policy***

The Authority funding policy provides for actuarially determined periodic contributions to the plans at rates that, increase gradually over time so that sufficient assets will be available to pay benefits when due. For employees retiring on or before July 1, 2006, the Authority contributes the full premium for the retired plan member and their spouse. For employees retiring after July 1, 2006, covered spouses must contribute \$26 per month (surviving spouses contribute 50% of the premium) for coverage until age 65. The annual OPEB cost was determined as part of the January 1, 2008 actuarial valuation using the projected unit credit funding method (with service proration). The actuarial assumptions included a 4% discount rate and the 1983 Group Annuity Table.

The Authority adopted GASB 45 during fiscal year ended June 30, 2008. The available trend information is presented below.

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$9,089,144	20.55%	\$7,220,931
6/30/2007	N/A	N/A	N/A
6/30/2006	N/A	N/A	N/A

The Authority's annual OPEB cost and net OPEB obligation for the year ended June 30, 2008 was as follows:

Annual required contribution .....	\$9,089,144
Interest on net OPEB obligation.....	-0-
Adjustment to annual required contribution .....	-0-
Annual OPEB cost (expense) .....	9,089,144
Contributions made.....	<u>(1,868,213)</u>
Increase in net OPEB obligation .....	7,220,931
Net OPEB obligation-beginning of year .....	-0-
Net OPEB obligation-end of year.....	<u>\$7,220,931</u>

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**8. POST RETIREMENT BENEFITS (Continued)**

**Schedule of Funding Progress**

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

<u>Actuarial Valuation Date</u>	Actuarial Value of Assets (AVA) (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1) (3)	AVA as a Percent of AAL (1)/(2) (4)	Covered Payroll (5)	UAAL as a Percent of Covered Payroll (3)/(5) (6)
07/01/07	N/A	\$69,005,181	\$69,005,181	N/A	\$33,456,402	206.25%

**9. OPERATING TRANSFERS**

State statute directs the Authority to generate sufficient revenues to pay all costs of operating and maintaining the transit system during each fiscal year. Beginning July 1, 1992, the Authority was not given a fixed appropriation from the State but was allocated the revenue generated from a three-cent dedicated gas tax. For fiscal years ended June 30, 2008 and 2007, the State appropriated a total of seven and one quarter cents of dedicated gas tax. For the fiscal years ending June 30, 2008 and 2007, the Authority received \$32,724,644 and \$34,108,373, respectively from the dedicated gas tax as operating assistance in support of the transit system. The Authority anticipates receiving approximately \$33,567,500 in fiscal year ended June 30, 2009 from the State.

On August 10, 2005, President Bush signed *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU) authorizing federal transportation programs through federal fiscal year 2009. This act maintained the provision allowing for the use of capital funds for preventative maintenance activities and the use of capital funds to cover the costs of providing ADA service, up to a maximum of 10 percent of the annual Section 5307 apportionment.

For fiscal years 2008 and 2007, RIPTA used \$10,020,613 and \$8,562,679, respectively, for preventative maintenance expenses.

**10. ELDERLY BUS SERVICE**

Beginning July 1, 1994, the Authority entered into an agreement with the Department of Elderly Affairs, Rhode Island Department of Transportation and the Governor's Commission on the Handicapped. The agreement provides for the Rhode Island Public Transit Authority to receive funds to cover the cost of the fixed route elderly bus service provided in accordance with Rhode Island General Law 39-18-4(7), and to fund paratransit services. The funding source for the above revenue is a portion of the one-cent gasoline tax dedicated to the Department of Elderly Affairs. For the fiscal year ended June 30, 2008 and 2007, the Authority recorded \$3,582,650 and \$3,701,150, respectively of contract revenue from this agreement. For fiscal year 2009, RIPTA anticipates receiving \$3,657,000 under this agreement.

**11. DUE FROM PRIMARY GOVERNMENT**

At June 30, 2008 and 2007, the Rhode Island Public Transit Authority is owed \$3,546,868 and \$3,719,629, respectively from the Rhode Island Department of Transportation.

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**12. NET ASSETS**

Net assets represent the difference between assets and liabilities. The net asset amount at June 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
<b><i>Invested in capital assets, net of related debt:</i></b>		
Net capital assets in service.....	\$83,635,672	\$89,483,847
<b><i>Total restricted for capital activity and debt service ...</i></b>	<u>83,675,672</u>	<u>89,483,847</u>
<b><i>Unrestricted (deficit) .....</i></b>	<u>(10,506,046)</u>	<u>(1,705,023)</u>
<b><i>Total net assets .....</i></b>	<u>\$73,129,626</u>	<u>\$87,778,824</u>

**13. DEFERRED COMPENSATION PLAN**

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

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

**14. PENSION PLANS**

Effective January 1, 2002, the Authority consolidated its' Bargaining Unit and Salaried Unit single-employer defined benefit pension plans into the Rhode Island Public Transit Authority Employees' Pension Plan. The pension plan eligibility, contributions and benefit provisions are defined in the Rhode Island Public Transit Authority Employee's Pension Plan document. Any changes to these provisions are subject to the collective bargaining process.

**Plan Description** - The Authority has a funded pension plan for all employees (the Rhode Island Public Transit Authority Employees' Pension Plan), for which eligibility to participate begins immediately upon employment. Benefits vest upon completion of ten years of service. Authority employees are eligible to retire upon attainment of age 62 and 10 years of continuous service. Retired employees are entitled to a monthly retirement benefit for life as stipulated in the plan provisions. The plan also provides death and disability benefits. Employees are required to contribute 3% of their base salary to the plan. The remaining contributions to the plan are made by the Authority.

***Funding Policy***

The Authority funding policy provides for actuarially determined periodic contributions to the plans at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**14. PENSION PLANS (Continued)**

**Annual Pension Cost and Net Pension Obligation**

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

<u>2008</u>	<u>Bargaining Unit</u>	<u>Salaried Unit</u>
Annual required contribution.....	\$4,738,675	\$960,656
Interest on net pension obligation.....	165,762	0
Adjustment to annual required contribution.....	(165,762)	0
Annual pension cost.....	4,738,675	960,656
Contributions made.....	(4,738,675)	(960,656)
Increase (decrease) in net pension obligation.....	0	0
Net pension obligation, June 30, 2007.....	1,799,084	0
Net pension obligation, June 30, 2008.....	<u>\$1,799,084</u>	<u>\$ 0</u>

<u>2007</u>	<u>Bargaining Unit</u>	<u>Salaried Unit</u>
Annual required contribution.....	\$4,093,670	\$948,792
Interest on net pension obligation.....	131,436	0
Adjustment to annual required contribution.....	(165,762)	0
Annual pension cost.....	4,059,344	948,792
Contributions made.....	(4,093,670)	(948,792)
Increase (decrease) in net pension obligation.....	(34,326)	0
Net pension obligation, June 30, 2006.....	1,833,410	0
Net pension obligation, June 30, 2007.....	<u>\$1,799,084</u>	<u>\$ 0</u>

**Bargaining Unit**

The annual required contribution for the current year was determined as part of the January 1, 2008 actuarial valuation. The actuarial assumptions included 8% investment rate of return and projected salary increases of 3% per year. The actuarial value of assets was determined using values used by insurance companies plus due and accrued contributions. The unfunded actuarial accrued liability is being amortized over 30 years. The remaining amortization period at June 30, 2008 is 22.5 years. Effective January 1, 2008, the mortality table was changed from the 1971 group annuity mortality table to the RP-2000 combined healthy mortality table.

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**14. PENSION PLANS (Continued)**

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

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$3,822,702	100.00%	\$1,833,410
6/30/07	4,059,344	100.86%	1,799,084
6/30/08	4,738,675	100.00%	1,799,084

**Salaried Unit**

The annual required contribution for the current year was determined as part of the January 1, 2008. The actuarial assumptions included a 7% investment rate of return and projected salary increases of 3% per year. The actuarial value of assets was determined using value used by insurance companies plus due and accrued contributions. The unfunded actuarial accrued liability is being amortized over 30 years on a level basis. The remaining amortization period at June 30, 2008 is 22 years. Effective January 1, 2008, the actuarial cost method was changed from the entry age normal method to the frozen attained age method and the mortality table was changed from the 1971 group annuity mortality table to the RP-2000 combined healthy mortality table.

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

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2006	1,045,661	100%	-0-
6/30/2007	948,792	100%	-0-
6/30/2008	960,956	100%	-0-

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**14. PENSION PLANS (Continued)**

**Schedule of Funding Progress**

**Bargaining Unit**

<u>Actuarial Valuation Date</u>	Actuarial Value of Assets (AVA) (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1) (3)	AVA as a Percent of AAL (1)/(2) (4)	Covered Payroll for Active Participants (5)	UAAL as a Percent of Covered Payroll (3)/(5) (6)
Jan 1, 2008	\$38,102,478	\$61,341,381	\$23,238,903	62.12%	\$30,204,278	76.94%

**Salaried Unit**

<u>Actuarial Valuation Date</u>	Actuarial Value of Assets (AVA) (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1) (3)	AVA as a Percent of AAL (1)/(2) (4)	Covered Payroll for Active Participants (5)	UAAL as a Percent of Covered Payroll (3)/(5) (6)
January 1, 2008	\$9,225,518	\$15,184,097	\$5,958,579	60.76%	\$5,507,617	108.19%

**15. PARATRANSIT OPERATIONS**

Beginning June 1, 2003, the Authority was awarded a five-year contract to provide paratransit service in the Providence, Central, Northeast and South County areas. Along with two other carriers, the Authority supplies service as a coordinated paratransit system in the State. RIPTA operates 87 of the 107 runs under the RIDE Program. The transportation needs include trips to meal sites, workshops, adult daycare and medical visits.

**16. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; errors and omissions; workers' compensation claims and self-insured health care. A detail description of the risks associated with the above are described in Notes 1 and 6.

(CONCLUDED)



***SUPPLEMENTARY INFORMATION***

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**SCHEDULE OF FUNDING PROGRESS**

**June 30, 2008**

**Required supplementary information**

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**Rhode Island Public Transit Authority's schedule of funding progress is as follows:**

**Salaried Unit**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1) (3)	AVA as a Percent of AAL (1)/(2) (4)	Covered Payroll for Active Participants (5)	UAAL as a Percent of Covered Payroll (3)/(5) (6)
January 1, 2008	\$ 9,225,518	\$ 15,184,097	\$ 5,958,579	60.76%	\$ 5,507,617	108.19%
January 1, 2007	8,584,242	14,341,947	5,757,705	59.85%	4,914,984	117.15%
January 1, 2006	9,075,277	16,848,040	7,772,763	53.87%	7,068,218	109.97%
January 1, 2005	8,230,659	15,688,414	7,457,755	52.46%	6,897,586	108.12%
January 1, 2004	7,442,204	14,593,295	7,151,091	51.00%	6,604,025	108.28%
January 1, 2003	6,622,670	13,056,167	6,433,497	50.72%	6,437,735	99.93%
January 1, 2002	6,446,196	12,115,911	5,669,715	53.20%	5,522,334	102.67%
January 1, 2001	6,288,035	10,847,671	4,559,636	57.97%	4,481,180	101.75%
January 1, 2000	6,201,287	10,371,393	4,170,106	59.79%	4,048,872	102.99%
January 1, 1999	5,983,551	10,079,376	4,095,825	59.36%	2,784,609	147.09%

**Bargaining Unit**

January 1, 2008	\$ 38,102,478	\$ 61,341,381	\$ 23,238,903	62.12%	\$ 30,204,278	76.94%
January 1, 2007	33,041,125	50,250,369	17,209,244	65.75%	29,210,919	58.91%
January 1, 2006	26,329,994	43,480,559	17,150,565	60.56%	24,091,280	71.19%
January 1, 2005	22,854,889	40,219,586	17,364,697	56.83%	23,706,541	73.25%
January 1, 2004	18,496,569	35,584,946	17,088,377	51.98%	24,010,191	71.17%
January 1, 2003	13,557,300	28,988,352	15,431,052	46.77%	21,206,502	72.77%
January 1, 2002	12,668,565	28,252,509	15,583,944	44.84%	21,276,554	73.24%
January 1, 2001	13,040,965	24,910,283	11,869,318	52.35%	20,347,877	58.33%
January 1, 2000	13,237,585	25,212,610	11,975,025	52.50%	17,668,588	67.78%
January 1, 1999	11,042,015	23,042,740	12,000,725	47.92%	15,762,022	76.14%

Additional disclosures for Frozen Attained Age Funding Method:

Allocation is based on earnings

Aggregation is used in the calculation process

There are no other methods used to value benefits under this plan

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**SCHEDULE OF TANGIBLE PROPERTY  
JUNE 30, 2008**

	Tangible Property			Rate	Accumulated Depreciation		Net Book Value 6/30/2008
	Balance 7/1/2007	Additions	Removals		Balance 7/1/2008	Additions	
Land and land rights	\$ 2,036,797	\$ 109,127					\$ 2,145,924
Shops, garages and office buildings	56,548,466			3 1/3%	\$ 15,067,578	\$ 1,868,851	\$ 39,612,037
Tunnels	1,572,845			4%	606,247	41,810	924,788
Communication system	5,631,926	17,111		10%	1,980,174	562,830	3,106,033
Revenue equipment - busses	65,916,312		\$ 570,086	8 1/3%	36,385,176	5,642,366	23,822,896
Trolleys	6,729,015			8 1/3%	5,116,602	675,914	936,499
Fare boxes	1,099,868	3,877,285	969,053	8 1/3%	1,099,748	161,674	3,715,731
Service cars and equipment	1,699,005	317,931	75,331	25%	1,656,541	82,206	278,189
Shops and garage equipment	1,758,263			10-20%	1,281,528	111,657	365,078
Furniture and office equipment	922,587	1,239	3,858	10-20%	717,365	44,223	162,238
Miscellaneous equipment	1,928,259	434,442		5-10%	896,846	108,677	1,357,178
Management information systems	2,524,174	184,157	76,944	10-20%	2,334,266	87,954	283,224
Leased Paratransit Vans	11,348,857		2,045,723	20%	7,589,643	1,244,822	2,514,391
Total fixed assets	159,716,374	4,941,292	3,740,995		74,731,714	10,632,984	79,224,206
Federal grant projects in process	4,499,187	4,277,865	4,365,586				4,411,466
<b>Total tangible property</b>	<b>\$ 164,215,561</b>	<b>\$ 9,219,157</b>	<b>\$ 8,106,581</b>		<b>\$ 74,731,714</b>	<b>\$ 10,632,984</b>	<b>\$ 83,635,672</b>

**Total tangible property** \$ 164,215,561 \$ 9,219,157 \$ 8,106,581 \$ 165,328,137 \$ 74,731,714 \$ 10,632,984 \$ 3,672,233 \$ 81,692,465 \$ 83,635,672

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**SCHEDULE OF TANGIBLE PROPERTY  
JUNE 30, 2007**

	Tangible Property			Rate	Balance 7/1/2006	Removals	Balance 6/30/2007	Accumulated Depreciation			Balance 6/30/2007	Net Book Value 6/30/2007
	Balance 7/1/2006	Additions	Removals					Additions	Transfers/ Removals	Balance 6/30/2007		
Land and land rights	\$ 2,036,797						\$ 2,036,797					\$ 2,036,797
Shops, garages and office buildings	56,526,762	\$ 21,704		3 1/3%	\$ 13,197,819		56,548,466	\$ 1,869,759		\$ 15,067,578		41,480,888
Tunnels	1,572,845			4%	564,437		1,572,845	41,810		606,247		966,598
Communication system	5,631,926			10%	1,418,567		5,631,926	561,607		1,980,174		3,651,752
Revenue equipment - busses	65,583,547	332,765		8 1/3%	30,735,595		65,916,312	5,649,581		36,385,176		29,531,136
Trolleys	6,729,015			8 1/3%	4,440,688		6,729,015	675,914		5,116,602		1,612,413
Fare boxes	1,099,868			8 1/3%	1,097,408		1,099,868	2,340		1,099,748		120
Service cars and equipment	1,699,005			25%	1,571,611		1,699,005	84,930		1,656,541		42,464
Shops and garage equipment	1,754,020	5,132	\$ 889	10-20%	1,164,294		1,758,263	117,668	\$ 434	1,281,528		476,735
Furniture and office equipment	882,084	75,108	34,605	10-20%	701,946		922,587	44,064	28,645	717,365		205,222
Miscellaneous equipment	1,646,880	281,379		5-10%	795,636		1,928,259	101,210		896,846		1,031,413
Management information systems	2,517,970	67,523	61,319	10-20%	2,287,261		2,524,174	107,619	60,614	2,334,266		189,908
Leased Paratransit Vans	8,789,991	2,558,866		20%	6,309,513		11,348,857	1,280,130		7,589,643		3,759,214
Total fixed assets	156,470,710	3,342,477	96,813		64,284,775		159,716,374	10,536,632	89,693	74,731,714		84,984,660
Federal grant projects in process	797,404	3,701,783					4,499,187					4,499,187
<b>Total tangible property</b>	<b>\$ 157,268,114</b>	<b>\$ 7,044,260</b>	<b>\$ 96,813</b>		<b>\$ 64,284,775</b>		<b>\$ 164,215,561</b>	<b>\$ 10,536,632</b>	<b>\$ 89,693</b>	<b>\$ 74,731,714</b>		<b>\$ 89,483,847</b>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**SCHEDULES OF OPERATING EXPENSES  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Administration:</b>		
Salaries	214,515	\$ 206,846
Fringes	147,576	95,096
Legal	294,170	130,150
Other services	63,590	123,445
<b>Total administration</b>	<u>719,851</u>	<u>555,537</u>
<b>Finance:</b>		
Salaries	514,236	453,378
Fringes	380,232	328,444
Office expense/supplies	30,878	28,729
Utilities	1,539,009	1,497,574
Lease expense	699	1,127
Other services	58,037	10,768
Travel	15,867	17,035
Miscellaneous	143,884	342,328
Tickets & passes	173,343	64,150
<b>Total finance</b>	<u>2,856,185</u>	<u>2,743,533</u>
<b>Operations:</b>		
Salaries	50,452	46,544
Wages - drivers	19,475,569	18,078,506
Wages - other	8,948,087	8,848,179
Fringe benefits	23,818,924	17,360,105
Other services	16,349	27,038
Maintenance agreement	15,345	22,163
Supplies	607,383	883,833
Uniforms	124,182	132,288
Hazardous waste disposal	127,213	116,869
Fuel	7,146,278	4,955,237
Antifreeze and lubricants	275,171	274,160
Parts - revenue vehicles	2,810,000	2,542,854
Parts - service vehicles	74,511	58,715
Tires and tubes	553,270	572,596
Major components	342,317	195,420
Inventory adjustment (recovery)	284,416	(45,324)
Miscellaneous	150,960	143,118
<b>Total operations</b>	<u>64,820,427</u>	<u>54,212,301</u>
<b>Marketing:</b>		
Salaries	825,444	777,739
Fringes	673,211	493,831
Public relations	99,733	143,157
Time tables	202,835	190,919
Advertising	180,882	138,667
Services	70,524	48,251
Miscellaneous	34,072	11,377
Miscellaneous supplies	72,559	76,469
<b>Total marketing</b>	<u>2,159,260</u>	<u>1,880,410</u>

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**SCHEDULES OF OPERATING EXPENSES  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Human resources:</b>		
Salaries	428,416	408,114
Fringes	367,758	266,906
Miscellaneous	115,636	95,115
<b>Total human resources</b>	<u>911,810</u>	<u>770,135</u>
<b>Risk management:</b>		
Salaries	167,673	166,585
Fringes	137,958	103,918
Office expense/supplies	2,790	3,208
Insurance	167,710	163,572
Settlements	940,653	621,165
Workers' compensation legal	57,610	77,156
Workers' compensation medical	166,106	102,259
Workers' compensation	253,847	417,511
Workers' compensation - other	97,697	94,076
Judgments	17,221	22,467
Legal	219,781	210,239
Miscellaneous	154,997	158,030
<b>Total risk management</b>	<u>2,384,043</u>	<u>2,140,186</u>
<b>Planning and Scheduling:</b>		
Salaries	665,976	584,264
Fringes	532,406	348,126
Professional services	282,951	124,863
Other services	19,835	8,165
Office expense/supplies	7,379	7,059
Miscellaneous	13,568	3,981
<b>Total planning and scheduling</b>	<u>1,522,115</u>	<u>1,076,458</u>
<b>Specialized transportation:</b>		
Salaries	945,929	904,151
Fringe benefits	827,547	633,757
Professional services	10,951	10,196
Other services	8,387	33,964
Temporary help	49,837	36,659
Maintenance agreement	216,637	178,821
Miscellaneous	68,055	68,944
<b>Total specialized transportation</b>	<u>2,127,343</u>	<u>1,866,492</u>
<b>Paratransit operations:</b>		
Wages – drivers	4,132,386	3,983,256
Wages – other	442,014	418,404
Fuel	1,195,089	873,547
Fringe benefits	2,249,985	1,886,602
Insurance	438,782	370,953
Supplies	19,140	6,791
Uniforms/laundry	34,528	40,457
Parts – vehicles	-	-
Inspection/registration fees	1,846	2,041
Training	4,744	6,620
Miscellaneous	55,663	74,572
<b>Total paratransit</b>	<u>8,574,177</u>	<u>7,663,243</u>

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**SCHEDULES OF OPERATING EXPENSES  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Purchasing:</b>		
Salaries	672,331	721,235
Fringe	581,411	456,161
Supplies	5,103	6,893
Travel	1,289	10,020
Other services	48,154	49,230
<b>Total purchasing</b>	<u>1,308,288</u>	<u>1,243,539</u>
<b>Flex RIPTA:</b>		
Salaries	671,042	608,815
Fringes	520,252	345,670
Supplies	6,714	5,391
Vehicle maintenance	253,365	216,938
Miscellaneous	5,599	3,642
<b>Total Flex RIPTA</b>	<u>1,456,972</u>	<u>1,180,456</u>
<b>MIS:</b>		
Salaries	304,283	315,031
Fringes	220,639	178,019
Services	34,694	48,367
Maintenance agreements	148,662	161,046
Supplies	24,701	32,569
Travel	118	-
<b>Total MIS</b>	<u>733,097</u>	<u>735,032</u>
<b>Ferry:</b>		
Professional services	-	-
Contracted services	508,964	449,566
Advertising	66,343	114,555
Building lease	62,671	56,710
<b>Total Ferry</b>	<u>637,978</u>	<u>620,831</u>
<b>RIDE</b>		
RIDE carriers	1,802,029	1,683,245
Taxi RIDE providers	2,475,121	2,644,742
<b>Total RIDE</b>	<u>4,277,150</u>	<u>4,327,987</u>
<b>Centralized Maintenance:</b>		
Salaries	737,035	751,757
Fringes	536,527	374,543
Services	20,299	12,828
Lubricants	26,021	3,786
Tire mileage	25,127	23,502
Repair parts	412,495	412,787
<b>Total Centralized Maintenance</b>	<u>1,757,504</u>	<u>1,579,203</u>

(CONTINUED)

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**SCHEDULES OF OPERATING EXPENSES  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Facilities Engineering Operations:</b>		
Salaries	263,936	263,249
Fringes	217,417	164,765
Miscellaneous	127	3,814
<b>Total Facilities Engineering</b>	<u>481,480</u>	<u>431,828</u>
<b>State of Rhode Island - DOT:</b>		
Salaries	213,069	246,277
Fringes	195,405	169,105
Tools	-	2,404
Repair parts	174,662	228,202
<b>Total State of Rhode Island - DOT</b>	<u>583,136</u>	<u>645,988</u>
<b>Depreciation:</b>		
Shops, garages and office buildings	1,868,127	1,869,759
Communication system	562,830	561,607
Revenue equipment	5,643,023	5,649,581
Service cars and equipment	82,206	84,930
Shop and garage equipment	111,600	117,668
Furniture and office equipment	49,644	44,064
Trolleys	675,914	675,914
Fare boxes	161,674	2,340
Miscellaneous equipment	109,401	101,210
Tunnel improvements	41,810	41,810
MIS equipment	81,932	107,619
Leased paratransit vans	1,244,822	1,280,130
<b>Total depreciation</b>	<u>10,632,983</u>	<u>10,536,632</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 107,943,799</u>	<u>\$ 94,209,791</u>

(CONCLUDED)



**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2008**

	<u>FUND 01</u>	<u>FUND 02</u>	<u>FUND 04</u>	<u>TOTAL</u>	<u>INTERFUND ELIMINATIONS</u>	<u>TOTAL</u>
<b>Operating revenues:</b>						
Passenger	23,480,485			\$ 23,480,485		\$ 23,480,485
Paratransit	281,301	7,456,011		7,737,312	\$ (7,006,804)	730,508
Rental	138,512			138,512		138,512
Advertising	415,875			415,875		415,875
RIDE	1,721,077		11,339,646	13,060,723	(6,181,820)	6,878,903
Other	998,879			998,879		998,879
<b>Total operating revenues</b>	<u>27,036,129</u>	<u>7,456,011</u>	<u>11,339,646</u>	<u>45,831,786</u>	<u>(13,188,624)</u>	<u>32,643,162</u>
<b>Operating expenses:</b>						
Administrative	719,851			719,851		719,851
Finance	2,856,185			2,856,185		2,856,185
Operations	64,820,427			64,820,427		64,820,427
Marketing	2,159,260			2,159,260		2,159,260
Human resources	911,810			911,810		911,810
Risk management	2,384,043			2,384,043		2,384,043
Planning and scheduling	1,522,115			1,522,115		1,522,115
Specialized transportation	8,309,163			8,309,163	(6,181,820)	2,127,343
Paratransit operations		8,574,177		8,574,177		8,574,177
Purchasing	1,308,288			1,308,288		1,308,288
Flex RIPTA	1,456,972			1,456,972		1,456,972
MIS	733,097			733,097		733,097
Ferry	637,978			637,978		637,978
RIDE			11,283,954	11,283,954	(7,006,804)	4,277,150
Centralized Maintenance	1,757,504			1,757,504		1,757,504
Facilities Engineering operations	481,480			481,480		481,480
State of Rhode Island - DOT	583,136			583,136		583,136
Depreciation	10,632,326	657		10,632,983		10,632,983
<b>Total operating expenses</b>	<u>101,273,635</u>	<u>8,574,834</u>	<u>11,283,954</u>	<u>121,132,423</u>	<u>(13,188,624)</u>	<u>107,943,799</u>
<b>Operating income (loss)</b>	<u>(74,237,506)</u>	<u>(1,118,823)</u>	<u>55,692</u>	<u>(75,300,637)</u>	<u>-</u>	<u>(75,300,637)</u>
<b>Non-operating revenues (expenses):</b>						
Transfer from grants	32,724,644			32,724,644		32,724,644
Grants	20,601,873			20,601,873		20,601,873
Investment income	382,190			382,190		382,190
Interest expense	-			-		-
Contract revenue	3,582,650			3,582,650		3,582,650
Other non-operating revenue	-			-		-
Gain (loss) on disposal of assets	(68,763)			(68,763)		(68,763)
Debt service	(675,239)			(675,239)		(675,239)
<b>Total non-operating revenues</b>	<u>56,547,355</u>	<u>-</u>	<u>-</u>	<u>56,547,355</u>	<u>-</u>	<u>56,547,355</u>
<b>Gain (loss) before transfers and capital contributions</b>	<u>(17,690,151)</u>	<u>(1,118,823)</u>	<u>55,692</u>	<u>(18,753,282)</u>	<u>-</u>	<u>(18,753,282)</u>
<b>Capital contributions</b>						
Capital contributions	4,104,084			4,104,084		4,104,084
<b>Total capital contributions</b>	<u>4,104,084</u>	<u>-</u>	<u>-</u>	<u>4,104,084</u>	<u>-</u>	<u>4,104,084</u>
<b>Decrease in net assets</b>	<u>\$ (13,586,067)</u>	<u>\$ (1,118,823)</u>	<u>\$ 55,692</u>	<u>\$ (14,649,198)</u>	<u>\$ -</u>	<u>\$ (14,649,198)</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2007**

	<u>FUND 01</u>	<u>FUND 02</u>	<u>FUND 04</u>	<u>TOTAL</u>	<u>INTERFUND ELIMINATIONS</u>	<u>TOTAL</u>
<b>Operating revenues:</b>						
Passenger	\$ 22,451,422			\$ 22,451,422		\$ 22,451,422
Paratransit	218,763	\$ 7,417,375		7,636,138	\$ (6,980,501)	655,637
Rental	124,690			124,690		124,690
Advertising	416,580			416,580		416,580
RIDE	1,458,394		\$ 11,384,180	12,842,574	(5,882,812)	6,959,762
Other	1,037,732			1,037,732		1,037,732
<b>Total operating revenues</b>	<u>25,707,581</u>	<u>7,417,375</u>	<u>11,384,180</u>	<u>44,509,136</u>	<u>(12,863,313)</u>	<u>31,645,823</u>
<b>Operating expenses:</b>						
Administrative	555,537			555,537		555,537
Finance	2,743,533			2,743,533		2,743,533
Operations	54,212,301			54,212,301		54,212,301
Marketing	1,880,410			1,880,410		1,880,410
Human resources	770,135			770,135		770,135
Risk management	2,140,186			2,140,186		2,140,186
Planning and scheduling	1,076,458			1,076,458		1,076,458
Specialized transportation	7,749,304			7,749,304	(5,882,812)	1,866,492
Paratransit operations		7,663,243		7,663,243		7,663,243
Purchasing	1,243,539			1,243,539		1,243,539
Flex RIPTA	1,180,456			1,180,456		1,180,456
MIS	735,032			735,032		735,032
Ferry	620,831			620,831		620,831
RIDE			11,308,488	11,308,488	(6,980,501)	4,327,987
Centralized Maintenance	1,579,203			1,579,203		1,579,203
Facilities Engineering operations	431,828			431,828		431,828
State of Rhode Island - DOT	645,988			645,988		645,988
Depreciation	10,535,975	657		10,536,632		10,536,632
<b>Total operating expenses</b>	<u>88,100,716</u>	<u>7,663,900</u>	<u>11,308,488</u>	<u>107,073,104</u>	<u>(12,863,313)</u>	<u>94,209,791</u>
<b>Operating income (loss)</b>	<u>(62,393,135)</u>	<u>(246,525)</u>	<u>75,692</u>	<u>(62,563,968)</u>	<u>-</u>	<u>(62,563,968)</u>
<b>Non-operating revenues (expenses):</b>						
Transfer from grants	34,108,373			34,108,373		34,108,373
Grants	16,068,970			16,068,970		16,068,970
Investment income	423,140			423,140		423,140
Interest expense	-			-		-
Contract revenue	3,701,150			3,701,150		3,701,150
Other non-operating revenue	-			-		-
Gain on disposal of assets	8,476			8,476		8,476
Debt service	(684,153)			(684,153)		(684,153)
<b>Total non-operating revenues</b>	<u>53,625,956</u>			<u>53,625,956</u>	<u>-</u>	<u>53,625,956</u>
<b>Gain (loss) before transfers and capital contributions</b>	<u>(8,767,179)</u>	<u>(246,525)</u>	<u>75,692</u>	<u>(8,938,012)</u>	<u>-</u>	<u>(8,938,012)</u>
<b>Capital contributions</b>						
Capital contributions	5,782,561			5,782,561		5,782,561
<b>Total capital contributions</b>	<u>5,782,561</u>			<u>5,782,561</u>		<u>5,782,561</u>
<b>Decrease in net assets</b>	<u>\$ (2,984,618)</u>	<u>\$ (246,525)</u>	<u>\$ 75,692</u>	<u>\$ (3,155,451)</u>	<u>\$ -</u>	<u>\$ (3,155,451)</u>

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**SCHEDULES OF TRAVEL AND ENTERTAINMENT**  
**YEAR ENDED JUNE 30, 2008**

<u>Payee</u>	<u>Travelers Name</u>	<u>Purpose</u>	<u>Amount</u>
Harriet Holbrook	H Holbrook	FTA Conference	1,198.05
Marine Log	H Kinch	Ferry Conference	725.00
Doug Wood	Wood/Leclerc	Rte Match/Meeting	979.60
Cheryl Leclerc	C. Leclerc	Rte Match/Meeting	140.00
Atwood World Travel	Braga/Monti	EBMMC	505.20
EBMMC	Braga/Monti	EBMMC	220.00
Embassy Suites Deerfield Beach	Braga/Monti	EBMMC	705.96
John Braga	J Braga	EBMMC	102.00
Joseph Monti	J Monti	EBMMC	102.00
Al Moscola	A Moscola	APTA/Annual	626.30
Ed Scott	Ed Scott	APTA/Annual	621.30
Al Moscola	A Moscola	APTA/Annual	820.52
Ed Scott	Ed Scott	APTA/Annual	863.27
Cheryl Leclerc	C. Leclerc	Rte Match/Meeting	500.05
Doug Wood	D Wood	Rte Match/Meeting	445.05
Henry Kinch	H Kinch	Ferry Conference	670.93
L' Enfant Plaza Hotel	A Moscola	APTA/Leg	773.57
L' Enfant Plaza Hotel	Picchione/Therrien	APTA/Leg	455.72
Alfred Moscola	A Moscola	APTA/Leg	200.00
Alfred Moscola	A Moscola	APTA/Leg	199.97
Lillian Picchione	L Picchione	APTA/Leg	82.00
Bank of America	Picchione/Therrien	APTA/Leg	725.60
Roger Mencarini	R Mencarini	Nepta/Annual	52.86
Bank of America	Various	APTA/Leg	1,725.00
Lisa Medeiros	L Medeiros	DBE Conference	202.00
Jason Karren	J Karren	FTA/Seminar	64.07
Lillian Picchione	L Picchione	FTA/Seminar	58.00
Lisa Medeiros	L Medeiros	DBE Conf	330.27
Mark Therrien	M Therrien	APTA/Annual	114.80
JW Marriott Hotel	Various	APTA/Annual	1,094.62
Lillian S Picchione	L Picchione	APTA/Annual	150.00
Mark Therrien	M Therrien	APTA/Annual	150.00
Bank of America	Various	APTA/Annual	1,358.52
Alfred Moscola	J Moscola	APTA/Annual	1,660.06
Bank of Merica	Neira, Scott	APTA/Fare Colletion	950.00
Ed Scott	E Scott	APTA/Fare Colletion	94.00
Maureen Neira	M Neira	APTA/Fare Colletion	102.70
Mark Therrien	M Therrien	APTA/Annual	40.00
Roger Mencarini	R Mencarini	NEPTA/B Meeting	73.73
Douglas Wood	D Wood	RIDE CTA	242.00
Douglas Wood	D Wodd	RIDE CTA	1,330.25
Alfred Moscola	A Moscola		79.50

<b>TOTAL</b>	<b>21,534.47</b>
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**RHODE ISLAND PUBLIC TRANSIT AUTHORITY**  
**SCHEDULES OF TRAVEL AND ENTERTAINMENT**  
**YEAR ENDED JUNE 30, 2007**

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<u>Payee</u>	<u>Travelers Name</u>	<u>Purpose</u>	<u>Amount</u>
Atwood World Travel	F. Rose	Bus Inspection	453.20
Ramada Inn		Bus Inspection	246.09
Francis Rose		Bus Inspection	180.00
Francis Rose		Bus Inspection	248.13
Bank of America	A. Mosocola	Bus Conference	100.00
Marine Log	H. Kinch	Ferry Conference	695.00
Henry Kinch		Ferry Conference	925.72
Alfred Moscola		Bus Conference	1,506.86
Alfred Moscola		APTA Leg. Conference	1,117.32
Mark Therrien		APTA Leg. Conference	568.01
Bank of America		APTA Leg. Conference	1,150.00
William Barbieri		Comp Training	486.10
Mark Therrien		APTA Leg. Conference	959.28
Alfred Moscola		APTA Leg. Conference	1,168.08
Harriet Holbrook		WTS Meeting	80.00
Bank of America	Various		478.75
Atwood World Travel	Various	Farebox Training	734.37
Best Western Chicago		Farebox Training	1,052.28
Jose Martins		Farebox Training	194.00
Joseph Monti		Farebox Training	194.00
David Ogni		Farebox Training	194.00
Bank of America	Moscola / Scott	Washington	1,150.00
<b>GRAND TOTAL</b>			<b>\$ <u>13,881.19</u></b>

(CONCLUDED)